

**FINANCIAL STATEMENTS**

**NIKKEI NATIONAL MUSEUM AND  
CULTURAL CENTRE**

**March 31, 2020**



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Nikkei National Museum and Cultural Centre**

### ***Qualified Opinion***

We have audited the financial statements of Nikkei National Museum and Cultural Centre (the "Society"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in fund balances and cash flows for the 12 months period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and the results of its operations and its cash flows for the twelve month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Qualified Opinion***

In common with many not-for-profit organizations, the Society derives revenue from donations, fundraising and special events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations, fundraising and special events revenue, excess of revenues over expenses, and cash flows from operations for the 12 months period ended March 31, 2020, current assets as at March 31, 2020 and 2019, and fund balances as at April 1, 2019 and March 31, 2020 and 2019. Our audit opinion on the financial statements for the period ending March 31, 2019 was modified accordingly because the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 13 in the financial statements which indicates that the Society has a Fund deficiency of \$243,122 as at March 31, 2020 in the Society Fund. As stated in Note 13, these events or conditions along with other matters as set forth in Note 13, indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



## INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding period.

*Tompkins Wozny LLP*

Vancouver, Canada  
June 17, 2020

Chartered Professional Accountants



## STATEMENT OF FINANCIAL POSITION

As at March 31

	2020			2019
		Restricted Fund		
	Society Fund \$	Capital Asset Fund \$	Total \$	Total \$
ASSETS				
Current				
Cash	391,633	—	391,633	568,776
Investment - Repairs & Maintenance Fund [note 3]	161,072	—	161,072	—
Accounts receivable [note 4]	4,350	—	4,350	19,380
Inventory	36,304	—	36,304	36,384
Prepaid expenses	25,837	—	25,837	25,622
Due from Nikkei Place Foundation [note 5(a)]	9,355	—	9,355	136,813
Total current assets	628,551	—	628,551	786,975
Property and equipment [note 6(i)]	—	4,375,654	4,375,654	4,354,409
Intangible asset [note 6(ii)]	—	109,931	109,931	51,250
Collections, at nominal value	—	1	1	1
	628,551	4,485,586	5,114,137	5,192,635
LIABILITIES AND FUND BALANCES (DEFICIENCY)				
Current liabilities				
Current portion of bank loan [note 7]	13,421	—	13,421	31,650
Accounts payable and accruals [note 8]	118,145	—	118,145	459,024
Deferred revenue - grants	235,189	—	235,189	163,254
- donations [note 10]	38,805	—	38,805	48,187
- other	44,622	—	44,622	54,180
Deferred contributions - Repairs & Maintenance Fund [note 12]	158,576	—	158,576	—
Due to Nikkei Place Foundation [note 5(a)]	14,551	—	14,551	2,040
Interfund payable (receivable), no specific terms	(9,811)	9,811	—	—
Total current liabilities	613,498	9,811	623,309	758,335
Bank loan [note 7]	258,175	—	258,175	663,150
	871,673	9,811	881,484	1,421,485
Fund balances (deficiency)				
Invested in capital assets	—	4,475,775	4,475,775	4,522,546
Deficiency	(243,122)	—	(243,122)	(751,396)
Total fund balances (deficiency)	(243,122)	4,475,775	4,232,653	3,771,150
	628,551	4,485,586	5,114,137	5,192,635

Endowment Funds [note 9]

COVID-19 [note 16]

Contingency [note 17]

Subsequent event [note 18]

See accompanying notes to the financial statements

Approved by:

  
 Director

  
 Director


## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Period ended March 31

	2020		2019	
	Society Fund \$	Restricted Fund	Total \$	Total \$
		Capital Asset Fund \$		
			[12 months ended]	[15 months ended]
<b>REVENUE</b>				
Rental [note 5(a)]	364,274	—	364,274	421,821
Grants [note 11]	444,835	108,682	553,517	842,473
Donations - cash	748,438	—	748,438	800,235
- in-kind	15,342	—	15,342	37,125
Fundraising	172,092	—	172,092	170,586
School and Centre programs	81,501	—	81,501	107,808
Museum sales	52,864	—	52,864	74,493
Special events	82,051	—	82,051	68,033
Memberships and other	41,708	—	41,708	62,241
Museum exhibits	91,489	—	91,489	13,122
Nikkei Place Foundation contribution [note 5(a)]	—	—	—	20,000
	<b>2,094,594</b>	<b>108,682</b>	<b>2,203,276</b>	<b>2,617,937</b>
<b>EXPENSES</b>				
Salaries and benefits [note 11 & 14]	733,535	—	733,535	844,692
Museum	301,211	—	301,211	222,970
Amortization	—	155,453	155,453	169,272
Fundraising - expenditures	134,015	—	134,015	179,102
- in-kind	15,342	—	15,342	37,125
Utilities	87,342	—	87,342	99,436
Special events and programs	56,159	—	56,159	61,174
Repairs and maintenance	50,727	—	50,727	59,993
Office, supplies and other	28,953	—	28,953	45,994
Interest on bank loan	28,742	—	28,742	43,599
Property taxes	32,584	—	32,584	41,152
Shop purchases - museum	28,054	—	28,054	35,263
Insurance	28,061	—	28,061	33,970
Professional	21,301	—	21,301	20,447
Bank and credit card charges	22,007	—	22,007	18,888
Rental	3,814	—	3,814	10,999
Advertising and promotion	9,369	—	9,369	8,630
Japanese War Memorial	5,104	—	5,104	4,125
Steveston Memorial	—	—	—	575
	<b>1,586,320</b>	<b>155,453</b>	<b>1,741,773</b>	<b>1,937,406</b>
<b>Revenue over (under) expenses for the period</b>	<b>508,274</b>	<b>(46,771)</b>	<b>461,503</b>	<b>680,531</b>
<b>Fund balances (deficiency), beginning of period</b>	<b>(751,396)</b>	<b>4,522,546</b>	<b>3,771,150</b>	<b>3,090,619</b>
<b>Fund balances (deficiency), end of period</b>	<b>(243,122)</b>	<b>4,475,775</b>	<b>4,232,653</b>	<b>3,771,150</b>

See accompanying notes to the financial statements



## STATEMENT OF CASH FLOWS

Period ended March 31

	2020		2019	
	Society Fund \$	Restricted Fund	Total \$	Total \$
		Capital Asset Fund \$		
			[12 months ended]	[15 months ended]
<b>OPERATING ACTIVITIES</b>				
Revenue over (under) expenses for the period	508,274	(46,771)	461,503	680,531
Items not affecting cash				
Amortization of capital assets	—	155,453	155,453	169,272
Changes in non-cash working capital items				
Accounts receivable	15,030	—	15,030	(12,878)
Inventory	80	—	80	(5,831)
Prepaid expenses	(215)	—	(215)	19,871
Accounts payable and accruals	11,803	—	11,803	39,752
Deferred revenue	52,995	—	52,995	108,610
Deferred contributions	158,576	—	158,576	—
<b>Cash provided by operating activities</b>	<b>746,543</b>	<b>108,682</b>	<b>855,225</b>	<b>999,327</b>
<b>INVESTING ACTIVITIES</b>				
Acquisition of capital assets (net of payables)	—	(588,061)	(588,061)	(812,595)
Purchase of investments	(161,072)	—	(161,072)	—
Advance from Nikkei Place				
Foundation (net)	16,844	123,125	139,969	195,966
Advance from Nikkei Senior's Health				
Care and Housing Society (net)	—	—	—	1,615
<b>Cash used in investing activities</b>	<b>(144,228)</b>	<b>(464,936)</b>	<b>(609,164)</b>	<b>(615,014)</b>
<b>FINANCING ACTIVITIES</b>				
Repayment of bank loan	(423,204)	—	(423,204)	(45,200)
Change in interfund balances	(356,254)	356,254	—	—
<b>Cash provided by (used in) financing activities</b>	<b>(779,458)</b>	<b>356,254</b>	<b>(423,204)</b>	<b>(45,200)</b>
<b>Increase (decrease) in cash for the period</b>	<b>(177,143)</b>	<b>—</b>	<b>(177,143)</b>	<b>339,113</b>
Cash, beginning of period	568,776	—	568,776	229,663
<b>Cash, end of period</b>	<b>391,633</b>	<b>—</b>	<b>391,633</b>	<b>568,776</b>

See accompanying notes to the financial statements

## **NOTES TO FINANCIAL STATEMENTS**

March 31, 2020

### **1. NATURE OF OPERATIONS**

The Society was incorporated pursuant to the British Columbia Societies Act on September 16, 1975. On April 19, 1995, the Japanese Canadian Cultural Society changed its name to the National Nikkei Heritage Centre Society. The Society constructed the cultural and community centre portion of Nikkei Place. On December 4, 2002, the National Nikkei Heritage Centre Society changed its name to the National Nikkei Museum and Heritage Centre, and on May 31, 2003 the Society merged with the Japanese Canadian National Museum ("JCNM"). Pursuant to the agreement, the members of the JCNM became members of the Society and the Constitution of the Society was amended to incorporate the purposes of the JCNM. On July 12, 2012, the Society changed its name to the Nikkei National Museum and Cultural Centre. The Society's Constitution currently includes as its mandate to promote and work with other organizations for:

- (i) a better understanding and appreciation of Japanese Canadian culture;
- (ii) an awareness of the contribution of Japanese Canadians to Canadian society; and
- (iii) closer relations between Canada and Japan.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets and the determination of the deferred portion of grants received. Actual results could differ from these estimates.

#### **Fund Accounting**

The Society Fund accounts for current operations and programs as well as the Society's general operations. Unrestricted contributions (donations and grants) and restricted contributions to be used for operations are reported in this fund.

The Capital Asset Fund accounts for the unamortized cost of capital assets and any inter fund debt. Restricted contributions received for capital assets are reported as revenue in this fund.





## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Revenue Recognition

The Society follows the restricted fund method for the Capital Asset Fund whereby externally restricted contributions (grants and donations) are recognized in the respective fund corresponding to the purpose for which they were contributed and received.

Unrestricted contributions are recognized as revenue in the Society Fund, which follows the deferral method.

Restricted contributions related to the Society Fund are recorded as revenue of the fund in the year the related expenses are incurred.

Unrestricted donations are recorded as revenue at the time the donations are received. Restricted donations received by the Society Fund are deferred and recognized as revenue when the related expense is incurred.

Donations in kind are recorded as revenue at the time the donations are received and are recorded at fair value, if independent evidence is available to support the fair value.

Revenue from sales is recognized when the title to the goods is transferred to the customer which generally coincides with the receipt of payment. Revenue from rentals is recognized over the applicable rental period and other revenue is recognized when the related service is performed.

#### Contributed Services

Volunteers contribute their time to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value except for certain non-arm's length transactions.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, GIC, money market funds, accounts receivable and due from Nikkei Place Foundation.

Financial liabilities measured at amortized cost includes bank loan, accounts payable, and amounts due to Nikkei Place Foundation.



## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

#### Inventory

Inventory is valued at the lower of cost and net realized value as determined by management. Cost includes direct purchase price and is determined by specific identification.

#### Property and Equipment

Property and equipment is recorded at cost.

Contributed property and equipment is recorded at fair value, if independent evidence is available to support the fair value.

Amortization of the Society's property and equipment is provided on the declining-balance basis. The rate is 4% for the cultural community centre and parking garage and 20% for equipment and furniture. The artwork and paintings are not amortized. The value of the artwork and paintings is assessed on an annual basis to determine if any write-down is required. Amortization expense is reported in the Capital Asset Fund.

No amortization is recorded on property and equipment until the year the asset is available for use.

#### Collections

Collections are recorded at a nominal value of \$1.

The Nikkei National Museum is home to the largest community-driven repository of Japanese Canadian history in Canada. By acquiring, preserving, and making accessible archival records and personal belongings related to Japanese Canadian heritage, we offer an important resource for all communities to learn about Japanese Canadians' place in our country's history. Preserved within our archives storage vault are over 41,000 photographs and digital images, 38 metres of textual records, 650+ oral history records, 156 film reels, and over 2600 artworks and objects that were once the personal belongings of individuals and organizations in our community. We are governed by our NNM Collections Policy and the NNM Loans Policy; we carry out work procedures in accordance with the NNM Collection Management Practices and Procedures which includes but not limited to acquisition, rejections, deaccessions, appraisal, arrangement and description, digitization, preservation and conservation, repatriation, and access; and we support the codes of ethics of the International Council of Museums, Association of Canadian Archivists, Canadian Conservation Institute, and the Canadian Museums Association.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 3. INVESTMENTS - REPAIRS & MAINTENANCE FUND

The Repairs & Maintenance Fund includes the following investments: GIC's of \$24,856 [2019 - \$Nil] and money market funds of \$136,216 [2019 - \$Nil].

### 4. ACCOUNTS RECEIVABLE

	2020 \$	2019 \$
Operating	2,221	9,565
Government remittances - GST	2,129	9,815
	4,350	19,380

### 5. RELATED PARTY TRANSACTIONS

The Society and the Nikkei Place Foundation ("Foundation") have certain directors in common.

#### a) Nikkei Place Foundation

The Foundation was incorporated in 2002 pursuant to the Societies Act of British Columbia and provides fundraising for the Society.

As at March 31, 2020, the Society has a receivable from the Foundation in the amount of \$9,355 [2019 - \$136,813].

As at March 31, 2020, the Society has a payable to the Foundation in the amount of \$14,551 [2019 - \$2,040]. The payable is non-interest bearing and is unsecured.

Rental revenue includes \$6,000 [2019 - \$7,000] charged to the Foundation.

The Society reimbursed the Foundation for fundraising expense in Capital Asset Fund in the amount of \$Nil [2019 - \$38,437].

In addition, the following related party transactions also occurred during the period:

	2020 \$	2019 \$
Disbursements received from the Foundation	—	20,000
Expenses paid to the Foundation		
Fundraising expenses	19,885	8,104
Project expenses	—	2,697
Salaries expenses	—	10,287

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 5. RELATED PARTY TRANSACTIONS (CONT'D)

#### b) Donation Revenue

For the year ended March 31, 2020, the Society received donations from the board of directors in the amount of \$33,244 [2019 - \$22,203]. Of these donations, \$2,585 [2019 - \$1,904] of in-kind donations were received.

The above amounts were incurred in the normal course of business and are measured at the exchange amount, which is the amount of the consideration established and agreed to by the parties.

### 6. CAPITAL ASSETS

#### i) Property and Equipment

	Cost \$	Accumulated amortization \$	Net \$
<b>2020</b>			
Land	740,000	—	740,000
Cultural Community Centre	5,705,157	2,303,137	3,402,020
Parking garage	220,000	108,928	111,072
Equipment and furniture	570,708	502,321	68,387
Artwork and paintings	54,175	—	54,175
	<b>7,290,040</b>	<b>2,914,386</b>	<b>4,375,654</b>
<b>2019</b>			
Land	740,000	—	740,000
Cultural Community Centre	5,550,897	2,167,702	3,383,195
Parking garage	220,000	104,300	115,700
Equipment and furniture	548,270	486,931	61,339
Artwork and paintings	54,175	—	54,175
	<b>7,113,342</b>	<b>2,758,933</b>	<b>4,354,409</b>

\$Nil [2019 - \$35,725] of salaries have been capitalized to the redevelopment and expansion of the museum.

The Society's land, cultural centre and parking garage is pledged as collateral for the Society's bank loan [note 7].

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 6. CAPITAL ASSETS (CONT'D)

The Nikkei Seniors Health Care and Housing Society (the "Housing Society"), formerly the Japanese Canadian Society of Greater Vancouver for Senior Citizens Housing, has transferred in past years, for legal purposes, its allocated property to the Society and is currently leasing the property for 60 years for \$10. At the end of the lease, the lessee has the option to purchase the land for \$10. This property has not been recorded in these financial statements as the benefit and use of property remain with the transferor.

The Housing Society is responsible for operating expenses, such as property taxes and common area maintenance, relating to their share of the property.

#### ii) Intangible Asset – Virtual Museum Website

As at March 31, 2020, the Society has commenced the development of a virtual museum website and had incurred \$109,931 in costs [2019 - \$51,250].

The website will be assessed for a useful life and amortization once it is completed.

### 7. BANK LOAN

The Society has a non-revolving credit facility in the amount of \$723,333 at the Toronto Dominion Bank. As at March 31, 2020, the balance was \$271,596 [2019 - \$694,800].

	2020 \$	2019 \$
Repayable in monthly blended payments of \$2,167, including interest at 4.694%, renewable June, 2020.	271,596	694,800
Less: current portion	(13,421)	(31,650)
	258,175	663,150

The bank loan is supported by a security agreement covering a continuing collateral mortgage in the amount of \$1,000,000 representing a first charge on the Society's land and Cultural Community Centre [note 6]. A general assignment of rents and an assignment of fire insurance to the Toronto Dominion Bank in the amount of \$9,500,000 as First Loss Payee is also pledged as collateral for the loan.

Principal payments due on the mortgage payable in the next five years are estimated as follows:

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

**7. BANK LOAN (CONT'D)**

	\$
2021	13,421
2022	14,072
2023	14,753
2024	15,468
2025 and thereafter	213,882
	<b>271,596</b>

**8. ACCOUNTS PAYABLE AND ACCRUALS**

	2020 \$	2019 \$
Operating	108,963	65,120
Museum redevelopment and expansion	—	352,681
Wages payable	7,881	39,943
Government remittances - WorkSafe BC	975	770
- PST	326	510
	<b>118,145</b>	<b>459,024</b>

**9. ENDOWMENT FUNDS****i) Nikkei Place Endowment Fund**

The Nikkei Place Endowment Fund was established for the purpose of supporting the development of programs and for support of the operating costs of the Society. The Society has set up the Endowment Fund with the Vancouver Foundation, the capital balance of the endowment fund is \$17,125 [2019 - \$17,125] and market value of \$17,545 [2019 - \$19,284]. There was \$Nil [2019 - \$100] in new contributions during the current year. The contributions to the Vancouver Foundation will not be returned to the Society. The Society is entitled to the interest earned which is paid annually to the Society.

**ii) Restricted Endowment Fund - Nikkei Place Foundation**

In December 2017, a Restricted Endowment Fund was established by the Nikkei Place Foundation ("NPF") in the amount of \$100,000 for the benefit of the Society with the income earned on this amount to be paid to the Society on an annual basis.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 9. ENDOWMENT FUNDS (CONT'D)

#### iii) Restricted Endowment Fund - Private

In June 2018, a Restricted Endowment Fund was established by the NPF in the amount of \$253,035, for the benefit of the Society with the income earned on this amount to be paid to the Society on an annual basis.

As at March 31, 2020, the Society had a receivable of \$9,355 [2019 - \$8,572] from investment income related to pooled funds of the Endowment funds.

### 10. DEFERRED DONATIONS

Deferred donations consist of \$16,196 [2019 - \$19,469] designated for the "They Went to War" Campaign which will help preserve the Japanese Canadian War Memorial cenotaph at Stanley Park, \$6,215 [2019 - \$13,565] designated for a signage project, \$16,394 [2019 - \$10,929] designated for the Steveston Memorial project, and \$Nil [2019 - \$4,224] designated for the 2020 Matsuri Festival.

	2020	2019
	\$	\$
Balance, beginning of period	48,187	33,867
Contributions in the period	7,356	574,255
Recognized in the period	(16,738)	(559,935)
<b>Balance, end of period</b>	<b>38,805</b>	<b>48,187</b>

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 11. GRANTS REVENUE

Grant revenue includes the following:

	2020 \$	2019 \$
	[12 months ended]	[15 months ended]
University of Victoria - SSHRC & MAP	166,815	64,950
Library & Archives Canada - DHCP	76,554	31,731
B.C. Arts Council	39,101	56,799
B.C. Community Gaming (a)	50,000	50,000
Canadian Heritage - Canada Cultural Spaces Fund	50,000	450,000
Canadian Museum of History	50,000	51,040
Canadian Heritage - Matsuri	32,100	25,475
Province of BC - BC Arts Council Early Career Development	30,546	35,926
City of Burnaby	15,000	11,000
UBC - Irving Barber Foundation	11,410	12,043
Canada Summer Job	8,661	6,072
Metro Vancouver Regional District	3,505	1,000
Vancouver Foundation	2,738	—
B.C. Museum Association	700	600
B.C. Teachers Association	—	1,000
Deux Mille Foundation	—	2,000
Metro Vancouver Cultural Grant	—	5,000
National Association of Japanese Canadians	—	14,500
Other (Hastings Park)	—	344
Veteran Affairs Canada	1,200	1,200
Young Canada Works	15,187	21,793
	<b>553,517</b>	<b>842,473</b>
Grants monies used for capital and intangible purchases	<b>(108,682)</b>	<b>(470,500)</b>
	<b>444,835</b>	<b>371,973</b>

Grant monies used for funding salaries and wages \$171,264 [2019 - \$184,898].

(a) Cash includes \$467 [2019 - \$900] of gaming funds received from the Province of B.C. The balance is held in a separate bank account.



## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 12. DEFERRED CONTRIBUTIONS - REPAIRS & MAINTENANCE FUND

The Society previously earned investment income from the Foundation's Repairs & Maintenance Fund. During the year, the Foundation gifted the assets in the Fund to the Society in the amount of \$104,246. In addition, the Society received other contributions during the year. The contributions are restricted for use on the repair and maintenance of the Society's building.

	2020 \$
Balance, beginning of period	—
Foundation contributions	104,246
Other contributions	54,330
<b>Balance, end of period</b>	<b>158,576</b>

### 13. GOING CONCERN

As at March 31, 2020, the Society has a Fund deficiency of \$243,122 [2019 - \$751,396] in the Society Fund. The Society's ability to continue as a going concern is dependent upon the generation of future revenue over expenses, the continued support of its creditors, its bank, members, funders and the support of the Nikkei Place Foundation.

### 14. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Society is required to disclose wages and benefits paid to employees and contractors when amounts paid are \$75,000 or more during the fiscal year.

During the period, no employee [2019 - one] earned over \$75,000. The total amount paid to the employee for the twelve month period was \$Nil [2019 - \$124,589 - 15 months]. Of this amount, \$Nil [2019 - \$10,260] has been capitalized to the redevelopment and expansion of the Society's museum and \$Nil [2019 - \$114,329] has been included in salaries and benefits expense.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 15. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at March 31, 2020:

#### Credit Risk

The Society is exposed to credit risk with respect to its cash, GIC, money market fund, due from Nikkei Place Foundation and accounts receivable. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive based on their net realizable value. Cash is held by a Canadian chartered bank.

#### Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

The Society is exposed to additional liquidity risk due to its Fund deficiency in the Society Fund [note 13].

#### Interest Rate Risk

The Society has interest rate risk on its cash, GIC, money market fund, and bank loan. Changes in the bank's prime lending rate or other rates can cause fluctuations in interest payments and cash flows.

It is management's opinion that the Society is not exposed to other significant risks on its financial instruments. There has been no change in the Society's risk exposure in the above noted risks since the previous period.

### 16. COVID-19

On March 18, 2020, the NNMCC temporarily closed due to government orders in response to COVID-19, halting regular operations. During this time, NNMCC reduced expenses, deferred discretionary costs, and applied for COVID-19 funding through various levels of government sources and granting bodies. A revised fundraising campaign strategy will mitigate the significant loss in revenue and event-based fundraising. On June 2, 2020, the NNMCC reopened with a gradual return of programs.

## **NOTES TO FINANCIAL STATEMENTS**

March 31, 2020

### **17. CONTINGENCY**

The Society was named as a beneficiary of an estate. However, under the British Columbia Wills Variation Act, an action has been filed in the Supreme Court of British Columbia by a potential claimant. Since the amount to be received by the Society is unknown and the outcome of the claimant's action is not currently determinable, no amount has been recorded as an asset or liability.

### **18. SUBSEQUENT EVENT**

Subsequent to the year end, the Society applied for and received a \$40,000 loan under the Canada Emergency Business Account. The loan is non-interest bearing until December 31, 2022, and then interest accrues at the prime rate until December 31, 2025, when the loan is due. If the loan is repaid on or before December 31, 2022, \$10,000 of the loan will be forgiven.

### **19. COMPARATIVE FIGURES**

The comparative figures for the period ending March 31, 2019 are for a fifteen period as the Society changed its fiscal year end from December 31 to March 31 effective for the period ending March 31, 2019.