

ASCEND CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2020



Kanish & Partners LLP
Chartered Professional Accountants

**ASCEND CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Members of **Ascend Canada**

Opinion

We have audited the financial statements of **Ascend Canada** (the "Organization"), which comprise the financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit 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 opinion.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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:

- 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 Organization'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 Organization'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 Organization 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.

Kanish & Partners LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Toronto, Canada
February 26, 2021

**ASCEND CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
REVENUE		
Sponsorship fees	\$ 301,000	\$ 242,500
Events and programs	26,606	159,640
Membership fees	2,627	3,449
Other Income	<u>345</u>	<u>30</u>
	<u>330,578</u>	<u>405,619</u>
EXPENSES		
Bad debts	20,083	14,000
Donations	18,243	-
Events and programs	22,532	280,231
Office and general	69,981	66,972
Conference and meetings	10,230	10,432
Professional fees	13,790	13,804
Insurance	4,197	3,973
Amortization	<u>4,893</u>	<u>-</u>
	<u>163,949</u>	<u>389,412</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 166,629	\$ 16,207

(The accompanying notes form an integral part of these financial statements.)

**ASCEND CANADA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

	2020	2019
ASSETS		
Current		
Cash (note 4)	\$ 299,536	\$ 394,845
Short-term investment (note 3)	250,345	-
Accounts receivable	448	45,445
HST recoverable	-	4,172
Prepaid expenses	<u>92,332</u>	<u>39,495</u>
	642,661	483,957
Intangible		
	Cost	Accumulated Amortization
Software and website development	\$ <u>32,617</u>	\$ <u>4,893</u>
	27,724	-
	\$ 670,385	\$ 483,957

(The accompanying notes form an integral part of these financial statements.)

**ASCEND CANADA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 9,787	\$ 18,887
Deferred revenue	60,163	35,163
HST payable	<u>3,899</u>	<u>-</u>
	<u>73,849</u>	<u>54,050</u>

NET ASSETS

Unrestricted funds	546,536	379,907
Internally restricted funds (note 3)	<u>50,000</u>	<u>50,000</u>
	596,536	429,907

	\$ 670,385	\$ 483,957
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Approved on Behalf of the Board:

Director

Director

(The accompanying notes form an integral part of these financial statements.)

**ASCEND CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Internally restricted	Unrestricted	2020	2019
BALANCE - beginning of year	\$ 50,000	\$ 379,907	\$ 429,907	\$ 413,700
Excess of revenue over expenses	-	166,629	166,629	16,207
BALANCE - end of year	\$ 50,000	\$ 546,536	\$ 596,536	\$ 429,907

(The accompanying notes form an integral part of these financial statements.)

**ASCEND CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 166,629	\$ 16,207
Item not requiring an outlay of cash:		
Amortization	<u>4,893</u>	<u>-</u>
	171,522	16,207
Net changes in non-cash working capital:		
Accounts receivable	44,997	(30,191)
Prepaid expenses	(52,837)	(25,441)
HST payable/ recoverable	8,071	(9,739)
Accounts payable and accrued liabilities	(9,100)	(3,279)
Deferred revenue	<u>25,000</u>	<u>6,851</u>
	<u>187,653</u>	<u>(45,592)</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Short term investment	(250,345)	-
Software and website development	<u>(32,617)</u>	<u>-</u>
	<u>(282,962)</u>	<u>-</u>
DECREASE IN CASH	(95,309)	(45,592)
CASH - beginning of year	394,845	440,437
<hr/>		
CASH - end of year	\$ 299,536	\$ 394,845

(The accompanying notes form an integral part of these financial statements.)

ASCEND CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. NATURE OF ORGANIZATION

Ascend Canada (the "Organization") is a national not-for-profit Pan-Asian membership organization for business professionals in Canada, currently with active chapters in Toronto and Vancouver. Pan-Asians include anyone of Asian origin, including South Asian, Asia-Pacific Islanders, Southeast Asians, North Asians, East Asians and multi-racial, multi-cultural, mixed heritage backgrounds. The Organization is inclusive and is open to those of all ethnicities and races who share in the mission of the Organization.

The Organization is the first international location of Ascend US, a not-for-profit professional organization based in the United States (U.S.) and was initiated by seven founding firms in 2011. Its vision is to have a diverse and inclusive Canadian workplace where Pan-Asian talent can achieve its full potential. The Organization is a not-for-profit organization organized and operated exclusively for this purpose by volunteers from the business community.

The Organization was incorporated under the Canada Not-for-profit Corporations Act on January 5, 2012. The Organization operates as a not-for-profit organization and is not subject to income taxes under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with accounting standards for not-for-profit organizations (ASNFPO) in part III of the CPA Canada Handbook. The significant accounting policies used are as follows:

(These notes form an integral part of the financial statements.)

ASCEND CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. ACCOUNTING POLICIES - continued

a) Revenue

The Organization follows the deferral method for recognizing contributions. Contributions are recognized as revenue in the same period as the related expenses are incurred, when the amount to be received can be reasonably estimated and collection is reasonably assured.

Sponsorship fees are recognized as revenue proportionately over the fiscal year.

Membership fees are recognized as revenue over the term of membership.

Events and program fees are recognized as revenue upon the occurrence of the event.

The Organization receives contributions from the founding firms. It collects sponsorship fees from sponsoring firms, as well as membership and events and program fees from members.

b) Contributed Goods and Services

The operations of the Organization are almost entirely dependent on the voluntary services of many members and other volunteers. The value of these contributed services is not recognized in the financial statements due to the difficulty in estimating the fair value of such services.

Contributed goods and services are recognized when fair value can be reasonably estimated and when the goods and services are used in the normal course of operations and would otherwise have been purchased.

c) Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(These notes form an integral part of the financial statements.)

ASCEND CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. ACCOUNTING POLICIES - continued

c) Financial Instruments - continued

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.

d) Foreign Currency Transactions

Revenue and expenses are translated at the rates of exchange in effect at the transaction dates. The resulting gains and losses are included in the statement of operations.

e) Use of Estimates

The preparation of financial statements in conformity with ASNPFO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at December 31, 2020 and the revenues and expenses reported for the year then ended. Estimates are used when accounting for a number of items including, but not limited to, accounts payable and the valuation of accrued liabilities. Actual results could differ from the estimates and assumptions used.

f) Intangible Asset

Intangible asset is recorded at cost and amortized over the estimated useful life of the asset using the declining-balance method at the following rates.

Software and website development	30% per annum
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(These notes form an integral part of the financial statements.)

ASCEND CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. SHORT - TERM INVESTMENT

Short term investment consists of a GIC earning interest at 0.3% per annum and matures on March 10, 2021.

4. INTERNALLY RESTRICTED FUNDS

The internally restricted funds of \$50,000 are to set up future chapters, to conduct research studies and other projects that further knowledge on challenges and opportunities of Pan Asians, and to support future conferences. This amount is included in cash.

5. FINANCIAL INSTRUMENTS

Risks and Concentrations

Ascend is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of Ascend's risk exposure as at December 31, 2020.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Ascend's main credit risks relate to its accounts receivable. Ascend provides credit to its clients in the normal course of its operations.

b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Ascend is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

(These notes form an integral part of the financial statements.)

**ASCEND CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

5. FINANCIAL INSTRUMENTS - continued

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The market risk which has a significant impact on the financial statements of the Organization is as follows:

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in the market interest rate. The Organization reduces this risk by diversifying the duration of fixed-income investments that are held at any given time.

6. SIGNIFICANT EVENT

On March 11, 2020 the World Health Organization characterized the COVID-19 outbreak as a pandemic. The impact of the outbreak on the financial results of the Organization will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the industry and the overall economy are highly uncertain and cannot be predicted. If the overall economy are impacted for an extended amount of time, the financial statements of the Organization may be materially adversely affected. The Organization has taken various steps to mitigate the impacts of this pandemic, including improving operating efficiencies and securing financing. Management believes that these steps will help mitigate the overall risk to the Organization's ability to continue to operate.

(These notes form an integral part of the financial statements.)