

**ARIRANG AGE-FRIENDLY  
COMMUNITY CENTRE**

FINANCIAL STATEMENTS

March 31, 2017

# ARIRANG AGE-FRIENDLY COMMUNITY CENTRE

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Arirang Age-Friendly Community Centre**

I have audited the accompanying financial statements of Arirang Age-Friendly Community Centre, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many charitable organizations, Arirang Age-Friendly Community Centre derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly my verification of these revenues was limited to the amounts recorded in the records of Arirang Age-Friendly Community Centre and I was not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2017, current assets as at March 31, 2017 and net assets as at April 1 and March 31, 2017.

**INDEPENDENT AUDITOR'S REPORT, continued**

*Qualified Opinion*

Except as noted in the above paragraph, in my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2017 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.

*John K. Jang Chartered Professional Accountant*

Licensed Public Accountant  
Toronto, Ontario  
December 7, 2017

**ARIRANG AGE-FRIENDLY COMMUNITY CENTRE**  
**STATEMENT OF OPERATIONS**  
Year ended March 31, 2017

	<b>2017</b>	<b>2016</b>
<b>Receipts</b>		
New Horizons for Seniors Program Grant	\$ 17,748	\$ 22,673
Donations	3,874	16,905
	<b>21,622</b>	<b>39,578</b>
<b>Disbursements</b>		
Adult day programs	17,056	-
Salaries and related benefits	6,100	6,020
Professional fees	5,658	3,000
Workshop expenses	3,725	3,160
Video production	2,883	-
Advertising and promotion	1,536	2,379
Brochure and educational materials	1,272	8,774
Telephone	877	586
Office and general	634	1,405
Amortization	506	265
Interest and bank charges	72	74
Honorarium	-	1,000
	<b>40,319</b>	<b>26,663</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>\$ (18,697)</b>	<b>\$ 12,915</b>

The accompanying notes are an integral part of these financial statements

**ARIRANG AGE-FRIENDLY COMMUNITY CENTRE**  
**STATEMENT OF CHANGES IN NET ASSETS**  
Year ended March 31, 2017

	<b>2017</b>	<b>2016</b>
<b>Balance, beginning of year</b>	\$ 12,915	\$ -
Excess (deficiency) of receipts over disbursements	(18,697)	12,915
<b>Unrestricted net assets, end of year</b>	<b>\$ (5,782)</b>	<b>\$ 12,915</b>

**ARIRANG AGE-FRIENDLY COMMUNITY CENTRE**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 9,528	\$ 15,915
Prepaid expenses	2,292	-
HST receivable	885	-
	12,705	15,915
Property, plant and equipment - note 4	1,646	1,238
	<b>\$ 14,351</b>	<b>\$ 17,153</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 11,644	\$ 3,001
Unearned revenue - note 5	8,489	1,237
	20,133	4,238
<b>Net assets (unrestricted net assets)</b>	<b>(5,782)</b>	<b>12,915</b>
	<b>\$ 14,351</b>	<b>\$ 17,153</b>

On behalf of the board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**ARIRANG AGE-FRIENDLY COMMUNITY CENTRE**  
**STATEMENT OF CASH FLOWS**  
Year ended March 31, 2017

	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Excess (deficiency) of receipts over disbursements	\$ (18,697)	\$ 12,915
Adjustment for		
Amortization	506	265
	(18,191)	13,180
Change in non-cash working capital items		
Prepaid expenses	(2,292)	-
HST receivable	(885)	-
Accounts payable and accrued liabilities	8,643	2,962
Unearned revenue	7,252	(22,673)
	(5,473)	(6,531)
<b>Investing activity</b>		
Purchase of property, plant and equipment	(914)	(1,503)
<b>Decrease in cash</b>	(6,387)	(8,034)
<b>Cash, beginning of year</b>	15,915	23,949
<b>Cash, end of year</b>	<b>\$ 9,528</b>	<b>\$ 15,915</b>

The accompanying notes are an integral part of these financial statements



# ARIRANG AGE-FRIENDLY COMMUNITY CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

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### 1. NATURE OF OPERATIONS

Arirang Age-Friendly Community Centre was incorporated under the Canada Not-for-profit Corporations Act on March 17, 2014 as a corporation without share capital to provide services to relieve conditions associated with the elderly by providing services for senior citizens with Senior Citizens' Centres, Respite Services, Home Care, and such other complementary purposes not inconsistent with these.

The corporation was registered as a charitable organization in January 20, 2017 with an effective date of May 31, 2016.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The organization applies the Canadian accounting standards for not-for-profit organizations.

#### **Fund accounting**

The organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

#### **Receipts recognition**

Revenue are derived from fundraising activities, donations, and New Horizons for Seniors Program Grant from the Employment and Social Development Canada. Revenue from fundraising activities and donations is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The New Horizons Grant is externally restricted and is recognized as revenue in the period in which the related expenses are made.

#### **Contributed materials and services**

Directors, committee members and volunteers volunteer their time to assist in the corporation's activities. While these services benefit the corporation considerably, a reasonable estimate of their amount and fair value cannot be made and accordingly, these contributed services are not recognized in the financial statements. Contributions of materials are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials are used in the normal course of operations, and would otherwise have been purchased.

**ARIRANG AGE-FRIENDLY COMMUNITY CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Financial instruments**

The company initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The company subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities.

**Property, plant and equipment**

Property, plant and equipment are recorded at cost, less accumulated amortization. The organization provides for amortization using the following methods at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% Declining balance
Computer equipment	55% Declining balance

**Impairment of long-lived assets**

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Any impairment results in a writedown of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases. Since there were no events or changes in circumstances which indicated that the carrying amount of the organization's long lived assets may not be recoverable, property, plant and equipment were not tested for impairment.

**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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are useful lives of property, plant and equipment and accrued liabilities

**ARIRANG AGE-FRIENDLY COMMUNITY CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2017**

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**3. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates.

(b) Liquidity risk

The organization does have a liquidity risk in the accounts payable and accrued liabilities of \$11,644 (2016-\$3,001). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the organization low and is not material.

(c) Interest rate risk

The organization's exposure to interest rate fluctuations is low as there is no operating credits and no long term debt. In the opinion of management the interest rate risk exposure to the organization low and is not material.

**4. PROPERTY, PLANT AND EQUIPMENT**

			<b>2017</b>		<b>2016</b>	
	<b>Rate</b>	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>	
Furniture and fixtures	20	\$ 1,759	\$ 328	\$ 1,431	\$ 761	
Computer equipment	55	658	443	215	477	
		\$ 2,417	\$ 771	\$ 1,646	\$ 1,238	

**ARIRANG AGE-FRIENDLY COMMUNITY CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2017**

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**5. UNEARNED REVENUE**

The unearned revenue represents the New Horizons for Seniors Program Grant received from the Employment and Social Development Canada. The fund is externally restricted only for the New Horizons for Seniors Program. As with the deferral method for contribution which was adapted as revenue recognition policy, restricted contributions are deferred until corresponding expenses arise and is recognized as revenue in the period in which the related expenses are made. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

	<b>2017</b>	<b>2016</b>
Restricted for NH program	\$ 6,843	\$ 1,237
Unamortized portion of capital assets purchased by NH Grant	1,646	-
	<b>\$ 8,489</b>	<b>\$ 1,237</b>

**6. ECONOMIC DEPENDENCE**

The organization received \$25,000 (in 2015 \$24,000 for its 2016 operation), which represents a significant portion of the organization's receipts from the Employment and Social Development Canada.

**7. COMPARATIVE AMOUNTS**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.