

**ARIRANG AGE-FRIENDLY
COMMUNITY CENTRE**

FINANCIAL STATEMENTS

March 31, 2018

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, 2018, 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 and fundraising activities, 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 donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2018, current assets as at March 31, 2018 and net assets as at April 1 and March 31, 2018.

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, 2018 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

September 24, 2018

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
STATEMENT OF OPERATIONS
Year ended March 31, 2018

	2018	2017
Receipts		
New Horizons for Seniors Program Grant	\$ 7,587	\$ 17,748
Fundraising	87,190	-
Donations	15,800	3,874
Korean Nursing Home Project donations	12,276	-
Multicultural Community Capacity Grant	4,277	-
	127,130	21,622
Disbursements		
Adult day programs	58,600	17,056
Fundraising, Schedule 1	18,916	-
Korean Nursing Home , Schedule 2	12,123	-
Professional fees	10,856	5,658
Multicultural Community Capacity Grant program, Schedule 3	6,512	-
New Horizons for Seniors Program 2018, Schedule 4	6,275	-
Office and general	539	634
Amortization-New Horizons Program	404	506
Interest and bank charges	177	72
Salaries and related benefits-New Horizons Program	-	6,100
Workshop expenses-New Horizons Program	-	3,725
Video production-New Horizons Program	-	2,883
Advertising and promotion-New Horizons Program	-	1,536
Brochure and educational materials-New Horizons Program	-	1,272
Telephone-New Horizons Program	-	877
	114,402	40,319
Excess (deficiency) of receipts over disbursements	\$ 12,728	\$ (18,697)

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, 2018

	2018	2017
Balance, beginning of year	\$ (5,782)	\$ 12,915
<u>Excess (deficiency) of receipts over disbursements</u>	<u>12,728</u>	<u>(18,697)</u>
Balance, end of year	\$ 6,946	\$ (5,782)

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
STATEMENT OF FINANCIAL POSITION
March 31, 2018

	2018	2017
ASSETS		
Current		
Cash	\$ 9,792	\$ 2,685
Prepaid expenses	-	2,292
Restricted cash - note 5	193,202	6,843
HST receivable	3,912	885
	206,906	12,705
Property, plant and equipment - note 6	1,242	1,646
	\$ 208,148	\$ 14,351
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	\$ 11,135	\$ 11,644
Unearned revenue - note 7	190,067	8,489
	201,202	20,133
Net assets (unrestricted net assets)	6,946	(5,782)
	\$ 208,148	\$ 14,351

On behalf of the board

_____ Director

_____ Director

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017
Operating activities		
Excess (deficiency) of receipts over disbursements	\$ 12,728	\$ (18,697)
Adjustment for		
Amortization	404	506
	13,132	(18,191)
Change in non-cash working capital items		
Prepaid expenses	2,292	(2,292)
HST receivable	(3,027)	(885)
Accounts payable and accrued liabilities	(509)	8,643
Unearned revenue	181,578	7,252
	193,466	(5,473)
Investing activity		
Purchase of property, plant and equipment	-	(914)
Increase (decrease) in cash	193,466	(6,387)
Cash, beginning of year	9,528	15,915
Cash, end of year	\$ 202,994	\$ 9,528
Cash consists of:		
Cash	\$ 9,792	\$ 2,685
Restricted cash	193,202	6,843
	\$ 202,994	\$ 9,528

The accompanying notes are an integral part of these financial statements

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

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, fundraising 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, Korean Nursing Home Project donations, Multicultural Community Capacity Program Grant 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, Korean Nursing Home Project donations and Multicultural Community Capacity Program Grant are externally restricted and are 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, 2018

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, 2018

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's liquidity risk is the risk that it will not be able to repay its obligations to creditors when they become due and consists mainly of accounts payable and accrued liabilities of \$11,135 (2017-\$11,644). The organization has sufficient cash balances and other assets to sufficiently discharge these liabilities as they become due. Therefore, in the opinion of management, the liquidity risk exposure to the organization is low and 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. INCOME TAXES

The organization is a non-profit organization under the Income Tax Act (Canada) and as such, is exempt from income taxes.

5. RESTRICTED CASH

	2018	2017
Restricted for Korean Nursing Home Project.	\$ 191,399	\$ -
Restricted for Multicultural Community Capacity Grant program	1,803	-
Restricted for New Horizons for Seniors Program	-	6,843
	\$ 193,202	\$ 6,843

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

6. PROPERTY, PLANT AND EQUIPMENT

			2018		2017	
	Rate	Cost	Accumulated amortization	Net Book Value	Net Book Value	
Furniture and fixtures	20	\$ 1,759	\$ 614	\$ 1,145	\$ 1,431	
Computer equipment	55	658	561	97	215	
		\$ 2,417	\$ 1,175	\$ 1,242	\$ 1,646	

7. UNEARNED REVENUE

The unearned revenue represents the New Horizons for Seniors Program Grant received from the Employment and Social Development Canada, Korean Nursing Home Project donations and the Multicultural Community Capacity Grant. The funds are externally restricted only for the programs. 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.

	2018		2017	
Restricted for Multicultural Community Capacity Grant Program	\$ 1,803	\$ -		
Unamortized portion of capital assets purchased by NH Grant	1,242	1,646		
Restricted for Korean Nursing Home Project	187,022	-		
Restricted for NH program	-	6,843		
	\$ 190,067	\$ 8,489		

8. 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.

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
SCHEDULES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2018

SCHEDULE OF FUNDRAISING	Schedule 1	
	2018	2017
Advertising and promotion	\$ 1,910	\$ 300
Fundraising gala dinner	12,773	-
General gala expenses	4,233	-
	\$ 18,916	\$ 300

SCHEDULE OF KOREAN NURSING HOME	Schedule 2	
	2018	2017
Salaries and related benefits	\$ 7,536	\$ -
Professional fees	1,554	-
Office and general	3,033	-
	\$ 12,123	\$ -

SCHEDULE OF MULTICULTURAL COMMUNITY CAPACITY GRANT PROGRAM	Schedule 3	
	2018	2017
Salaries and related benefits	\$ 2,377	\$ -
Workshop expenses	1,664	-
Office and general	311	-
Insurance	2,160	-
	\$ 6,512	\$ -

SCHEDULE OF NEW HORIZONS FOR SENIORS PROGRAM 2018	Schedule 4	
	2018	
Advertising and promotion	\$	311
Brochure and educational materials		5,964
	\$	6,275