

**ARIRANG AGE-FRIENDLY
COMMUNITY CENTRE**

FINANCIAL STATEMENTS

March 31, 2019

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Arirang Age-Friendly Community Centre

Qualified Opinion

I have audited the financial statements of Arirang Age-Friendly Community Centre, which comprise the statement of financial position as at March 31, 2019, 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.

Except as noted in the following paragraph, in my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2019 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 Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities 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 organization. Therefore, 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 years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. My audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 ASNPO, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

INDEPENDENT AUDITOR'S REPORT, continued

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

John K. Jang Chartered Professional Accountant

Licensed Public Accountant
Toronto, Ontario
December 15, 2020

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
STATEMENT OF OPERATIONS
Year ended March 31, 2019

	2019	2018
Receipts		
New Horizons for Seniors Program Grant	\$ 282	\$ 7,587
Fundraising	-	87,190
Donations	31,703	15,800
Korean Nursing Home Project donations	49,293	12,276
Multicultural Community Capacity Grant	3,323	4,277
	84,601	127,130
Disbursements		
Korean Nursing Home , Schedule 1	47,615	12,123
Adult day programs	25,597	58,600
Multicultural Community Capacity Grant program, Schedule 2	3,180	6,512
Professional fees	2,500	10,856
Insurance	2,268	-
Office and general	1,086	539
Amortization-New Horizons Program	282	404
Interest and bank charges	136	177
Fundraising, Schedule 3	-	18,916
New Horizons for Seniors Program 2018	-	6,275
	82,664	114,402
Excess of receipts over disbursements	\$ 1,937	\$ 12,728

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2019

	2019	2018
Balance, beginning of year	\$ 6,946	\$ (5,782)
Excess of receipts over disbursements	1,937	12,728
Balance, end of year	\$ 8,883	\$ 6,946

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
STATEMENT OF FINANCIAL POSITION
March 31, 2019

	2019	2018
ASSETS		
Current		
Cash	\$ 11,288	\$ 9,792
Restricted cash - note 5	151,096	193,202
HST receivable	7,294	3,912
	169,678	206,906
Property, plant and equipment - note 6	959	1,242
	\$ 170,637	\$ 208,148
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	\$ 21,387	\$ 11,135
Unearned revenue - note 7	140,367	190,067
	161,754	201,202
Net assets (unrestricted net assets)	8,883	6,946
	\$ 170,637	\$ 208,148

On behalf of the board

_____ Director

_____ Director

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
STATEMENT OF CASH FLOWS
Year ended March 31, 2019

	2019	2018
Operating activities		
Excess of receipts over disbursements	\$ 1,937	\$ 12,728
Adjustment for		
Amortization	282	404
	2,219	13,132
Change in non-cash working capital items		
Prepaid expenses	-	2,292
HST receivable	(3,382)	(3,027)
Accounts payable and accrued liabilities	10,253	(509)
Unearned revenue	(49,700)	181,578
Increase (decrease) in cash	(40,610)	193,466
Cash, beginning of year	202,994	9,528
Cash, end of year	\$ 162,384	\$ 202,994
Cash consists of:		
Cash	\$ 11,288	\$ 9,792
Restricted cash	151,096	193,202
	\$ 162,384	\$ 202,994

The accompanying notes are an integral part of these financial statements

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

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, 2019

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, 2019

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 \$21,388 (2018-\$11,135). 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

	2019	2018
Restricted for Korean Nursing Home Project.	\$ 151,096	\$ 191,399
Restricted for Multicultural Community Capacity Grant program	-	1,803
	\$ 151,096	\$ 193,202

ARIRANG AGE-FRIENDLY COMMUNITY CENTRE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

6. PROPERTY, PLANT AND EQUIPMENT

				2019	2018
	Rate	Cost	Accumulated amortization	Net Book Value	Net Book Value
Furniture and fixtures	20	\$ 1,759	\$ 843	\$ 916	\$ 1,145
Computer equipment	55	658	615	43	97
		\$ 2,417	\$ 1,458	\$ 959	\$ 1,242

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.

	2019	2018
Restricted for Multicultural Community Capacity Grant Program	\$ -	\$ 1,803
Unamortized portion of capital assets purchased by NH Grant	960	1,242
Restricted for Korean Nursing Home Project	139,407	187,022
	\$ 140,367	\$ 190,067

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, 2019

SCHEDULE OF KOREAN NURSING HOME

Schedule 1

	2019	2018
Salaries and related benefits	\$ 12,442	\$ 7,536
Professional fees	27,815	1,554
Office and general	7,358	3,033
	\$ 47,615	\$ 12,123

SCHEDULE OF MULTICULTURAL COMMUNITY CAPACITY GRANT PROGRAM

Schedule 2

	2019	2018
Salaries and related benefits	\$ 1,525	\$ 2,377
Workshop expenses	738	1,664
Office and general	917	311
Insurance	-	2,160
	\$ 3,180	\$ 6,512

SCHEDULE OF FUNDRAISING

Schedule 3

	2019	2018
Advertising and promotion	\$ -	\$ 1,910
Fundraising gala dinner	-	12,773
General gala expenses	-	4,233
	\$ -	\$ 18,916
