

**Arirang Age-Friendly Community Centre**  
**Financial Statements**  
*March 31, 2022*

# Arirang Age-Friendly Community Centre Contents

*For the year ended March 31, 2022*

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To the Board of Arirang Age-Friendly Community Centre:

## Qualified Opinion

We have audited the financial statements of Arirang Age-Friendly Community Centre (the "Charity"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at March 31, 2022, 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 Charity 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 Charity. Therefore, we are not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses and cash flow from operations for the year ended March 31, 2022, the current assets as at March 31, 2022 and the net assets as at April 1, 2021 and March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of 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 Charity 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 qualified 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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:

- 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 Charity'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 Charity'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 Charity 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.

Markham, Ontario

September 7, 2022

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# Arirang Age-Friendly Community Centre

## Statement of Financial Position

*As at March 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current</b>		
Cash	139,315	55,855
Government remittance receivable	6,942	1,494
Prepaid expense	1,993	1,765
Restricted cash (Note 3)	5,168,678	1,494,104
	<b>5,316,928</b>	1,553,218
<b>Property and equipment (Note 4)</b>	<b>1,293</b>	595
	<b>5,318,221</b>	1,553,813
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	29,131	27,491
Deferred contributions (Note 5)	5,225,961	1,494,699
	<b>5,255,092</b>	1,522,190
<b>Net Assets</b>	<b>63,129</b>	31,623
	<b>5,318,221</b>	1,553,813

Approved on behalf of the Board of Directors



Director



Director

*The accompanying notes are an integral part of these financial statements*

## Arirang Age-Friendly Community Centre Statement of Operations and Changes in Net Assets

*For the year ended March 31, 2022*

	2022	2021
<b>Revenue</b>		
Korean Nursing Home Project donations	64,012	21,798
Fundraising	81,415	-
Donations	16,737	8,913
Investments	14,105	-
Other income	1,169	-
New Horizons for Seniors Program Grant	122	157
	<b>177,560</b>	<b>30,868</b>
<b>Expenses</b>		
Korean Nursing Home Project (Schedule 1)	64,012	21,798
Salaries and benefits	33,205	-
Fundraising (Schedule 1)	31,139	-
Adult Day Programs	7,181	-
Office and general	9,480	263
Honorarium	471	-
Bank charges and interest	444	212
Amortization - New Horizons Program	122	157
	<b>146,054</b>	<b>22,430</b>
<b>Excess of revenue over expenses</b>	<b>31,506</b>	<b>8,438</b>
<b>Net assets beginning of year</b>	<b>31,623</b>	<b>23,185</b>
<b>Net assets, end of year</b>	<b>63,129</b>	<b>31,623</b>

*The accompanying notes are an integral part of these financial statements*

**Arirang Age-Friendly Community Centre**  
**Statement of Cash Flows**  
*For the year ended March 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	31,506	8,438
Amortization	122	157
	<b>31,628</b>	<b>8,595</b>
Changes in working capital accounts		
Accounts receivable	-	48
Government remittance receivable	(5,448)	(1,293)
Prepaid expense	(228)	(1,765)
Accounts payable and accruals	1,640	478
Deferred contributions	3,731,262	1,475,726
	<b>3,758,854</b>	<b>1,481,789</b>
<b>Investing</b>		
Purchase of property and equipment	(820)	-
<b>Increase in cash</b>	<b>3,758,034</b>	<b>1,481,789</b>
<b>Cash, beginning of year</b>	<b>1,549,959</b>	<b>68,170</b>
<b>Cash, end of year</b>	<b>5,307,993</b>	<b>1,549,959</b>
<b>Cash resources are composed of:</b>		
Unrestricted cash	139,315	55,855
Restricted cash	5,168,678	1,494,104
	<b>5,307,993</b>	<b>1,549,959</b>

*The accompanying notes are an integral part of these financial statements*

# Arirang Age-Friendly Community Centre

## Notes to the Financial Statements

For the year ended March 31, 2022

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### 1. Nature of operations

Arirang Age Friendly Community Centre (the "Charity") was incorporated without share capital under the authority of the Canada Not-for-profit Corporations Act on March 17, 2014. The Charity was registered as a charitable organization on January 20, 2017 with an effective date of May 31, 2016.

The Charity is exempt from income taxes under Section 149.1 of the Income Tax Act (the "Act").

The Charity provides services to relieve conditions associated with the elderly by providing services for senior citizens through senior citizen centres, respite services, home care and pursuing such other complementary purposes consistent with these objects.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### ***Fund accounting***

The Charity 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 the 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.

#### ***Revenue recognition***

Revenues from fundraising activities and donations are recognized as revenue when received or receivable when amounts can be reasonably estimated and collection is reasonably assured. Donations received from the Korean Nursing Home Project and Multicultural Community Capacity Program Grant are externally restricted and are recognized as revenue in the period in which the related expenses are made.

#### ***Property and equipment***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	55 %
Furniture and fixtures	declining balance	20 %

#### ***Financial instruments***

The Charity recognizes its financial instruments when the Charity becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Charity may irrevocably elect to subsequently measure any financial instrument at fair value. The Charity has not made such an election during the year. All financial assets and liabilities are subsequently measured at their amortized cost.

The Charity's financial assets include cash, restricted cash, donations receivable and government remittance receivable.

The Charity's financial liabilities include accounts payable and accruals and deferred contributions.



# Arirang Age-Friendly Community Centre

## Notes to the Financial Statements

*For the year ended March 31, 2022*

### 2. Significant accounting policies *(Continued from previous page)*

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

Contributions of services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Charity's operations and would otherwise have been purchased.

Volunteers contribute their time and expertise to the Charity. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### **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 reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

### 3. Restricted cash

	<b>2022</b>	<b>2021</b>
Restricted for Korean Nursing Home Project	<b>5,168,678</b>	1,494,104

#### **Korean Nursing Home Project**

During the year, the Charity received \$3,945,396 (2021 - \$1,502,804) of funding from various private donors. The use of the funding is restricted for the acquisition of the Rose of Sharon Korean Long-Term Care Home. As at March 31, 2022, \$1,074,689 (2021 - \$924,705) of the restricted cash is held in trust on deposit for the purchase of the property, \$2,913,053 (2021 - \$Nil) of the restricted cash is as investments in term deposits and GICs, with the remaining \$1,180,936 (2021 - \$569,399) held as cash in the Charity's bank accounts.

The application to the Ontario Ministry of Long-Term Care for the transfer of the licence related to the Rose of Sharon Korean Long-Term Care Home (the "Home") is in progress and the acquisition of the Home is expected to close during the fiscal year ending March 31, 2023.

### 4. Capital assets

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2022 Net book value</b>	<b>2021 Net book value</b>
Computer equipment	1,478	654	824	9
Furniture and fixtures	1,759	1,290	469	586
	<b>3,237</b>	<b>1,944</b>	<b>1,293</b>	<b>595</b>

# Arirang Age-Friendly Community Centre

## Notes to the Financial Statements

For the year ended March 31, 2022

### 5. Deferred contributions

The deferred contributions represent donations related to the Korean Nursing Home Project and the New Horizons for Seniors Program Grant received from the Employment and Social Development Canada. The funds received are externally restricted for these purposes. Restricted contributions are deferred until corresponding expenses arise and are recognized as revenue in the period in which the related expenses are incurred. Contributions of property and equipment are included as deferred contributions related to property and equipment and are amortized to revenue at the same rate and on the same basis as the amortization of the related property and equipment.

	2022	2021
Restricted for Korean Nursing Home Project	5,225,488	1,494,104
Unamortized portion of capital assets purchased by New Horizons Program Grant	473	595
	<b>5,225,961</b>	<b>1,494,699</b>

### 6. Financial instruments

The Charity, as part of its operations, carries a number of financial instruments. It is management's opinion that the Charity is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets and liabilities, known as price risk.

#### **Liquidity risk**

Liquidity risk is the risk that the Charity will encounter difficulty in meeting obligations associated with financial liabilities. The Charity's exposure to liquidity risk is dependent on the collection of donations, purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

Financial obligations include accounts payable and accruals of \$29,131 (2021 - \$27,491).

### 7. Impact of COVID-19 on operations

During the year, the ongoing pandemic caused by the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in economic uncertainty. This outbreak may also cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the financial condition or results of operations of the Charity. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

**Arirang Age-Friendly Community Centre**  
**Schedule 1 - Schedule of Program and Fundraising Expenses**

*For the year ended March 31, 2022*

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	<b>2022</b>	2021
<b>Schedule of Korean Nursing Home Program</b>		
Professional fees	<b>38,294</b>	13,671
Advertising and promotions	<b>18,800</b>	5,825
Office and general	<b>6,918</b>	1,560
Insurance	-	742
	<b>64,012</b>	21,798
<b>Schedule of Fundraising</b>		
General expenses	<b>29,722</b>	-
Advertising and promotions	<b>1,417</b>	-
	<b>31,139</b>	-

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