

Arirang Age Friendly Community Centre
Financial Statements
March 31, 2024

Arirang Age Friendly Community Centre Contents

For the year ended March 31, 2024

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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, 2024, 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, 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, 2024, 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, 2024, the current assets as at March 31, 2024 and the net assets as at April 1, 2023 and March 31, 2024. Our audit opinion on the financial statements for the year ended March 31, 2024 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

July 29, 2024

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants


Arirang Age Friendly Community Centre

Statement of Financial Position

As at March 31, 2024

	2024	2023
Assets		
Current		
Cash	1,601,022	163,178
Accounts and other receivable (Note 5)	235,754	-
Term deposits (Note 4)	401,273	-
Government remittance receivable	95,329	8,963
Prepaid expense	25,313	2,077
Restricted cash (Note 3)	469,532	5,148,455
	2,828,223	5,322,673
Property and equipment (Note 6)	7,312,036	746
	10,140,259	5,323,419
Liabilities		
Current		
Accounts payable and accruals (Note 7)	464,589	10,266
Deferred contributions (Note 9)	679,468	5,198,845
Due to Ministry of Long-Term Care (Note 8)	1,009,544	-
Current portion of mortgage payable (Note 10)	145,988	-
	2,299,589	5,209,111
Mortgage Payable (Note 10)	3,374,066	-
Deferred capital contributions (Note 9)	4,228,043	-
	9,901,698	5,209,111
Net Assets	238,561	114,308
	10,140,259	5,323,419

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, 2024

	2024	2023
Revenue		
Ministry of long-term care	2,790,428	-
Rental income	1,415,670	-
Special funding	294,452	-
Korean Nursing Home Project donations	225,949	43,675
Amortization of deferred capital contributions	108,411	-
Donations	47,130	13,430
Fundraising	63,874	72,367
Other income	45,930	10
Investments	28,816	44,115
New Horizons for Seniors Program Grant	279	24,297
	5,020,939	197,894
Expenses		
Salaries and benefits	2,648,731	34,618
Purchased services	605,353	-
Amortization expense	255,385	-
Office and general	233,618	4,417
Food expense	228,759	-
Korean Nursing Home Project (Schedule 1)	225,949	43,675
Utilities	193,469	-
Supplies	177,945	1,812
Repairs and maintenance	142,980	-
Interest on long-term debt	130,174	-
Fundraising (Schedule 1)	48,017	40,128
Honorarium	3,338	620
Bank charges and interest	2,226	395
New Horizons program (Schedule 1)	402	21,050
Adult day programs	340	-
	4,896,686	146,715
Excess of revenue over expenses	124,253	51,179
Net assets beginning of year	114,308	63,129
Net assets, end of year	238,561	114,308

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, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	124,253	51,179
Amortization - New Horizons Program	279	547
Amortization of property and equipment	255,385	-
Amortization of deferred capital contributions	(108,411)	-
	271,506	51,726
Changes in working capital accounts		
Accounts and other receivable	(235,754)	-
Government remittance receivable	(86,366)	(2,021)
Prepaid expense	(23,236)	(84)
Accounts payable and accruals	1,463,866	(18,865)
Deferred contributions	(182,923)	(27,116)
	1,207,093	3,640
Financing		
Advances of mortgage payable	3,520,054	-
Investing		
Purchase of property and equipment	(7,566,953)	-
Purchase of term deposits	(401,273)	-
	(7,968,226)	-
Increase (decrease) in cash	(3,241,079)	3,640
Cash, beginning of year	5,311,633	5,307,993
Cash, end of year	2,070,554	5,311,633
Cash resources are composed of:		
Unrestricted cash	1,601,022	163,178
Restricted cash	469,532	5,148,455
	2,070,554	5,311,633

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, 2024

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.

On June 1, 2023, the entity acquired Rose of Sharon Long term Care Home, which provides long term care services and well being among Korean seniors.

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.

Ministry of long-term care and related rental and special funding is recognized in the period which it relates, is collected or reasonably collectible by the entity and the benefit expected to be disbursed.

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.

	Method	Rate
Buildings	declining balance	5 %
Computer equipment	declining balance	55 %
Furniture and fixtures	declining balance	20 %

Arirang Age Friendly Community Centre

Notes to the Financial Statements

For the year ended March 31, 2024

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, term deposits, accounts receivable and government remittance receivable.

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

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

	2024	2023
Restricted for Korean Nursing Home Project	469,532	5,148,455

Korean Nursing Home Project

During the year, the Charity received \$16,286 (2023 - \$3,945,396) 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, 2024, \$Nil (2023 - \$1,074,689) of the restricted cash is held in trust on deposit for the purchase of the property, \$Nil (2023 - \$2,455,574) of the restricted cash is as investments in term deposits and GICs, with the remaining \$469,532 (2023 - \$1,618,192) 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 complete and the acquisition of the Home closed on June 1, 2023 for a total cost of \$7,100,000. A loan was obtained for \$3,625,000 to cover the remaining portion of the Home purchase, bearing interest at a fixed rate of 4.85% maturing June 1, 2040

Arirang Age Friendly Community Centre

Notes to the Financial Statements

For the year ended March 31, 2024

4. Term deposits

Term deposits include short term deposits maturing on November 2024 carrying an interest rate of 5.60% per annum.

5. Accounts and other receivable

Accounts receivable includes amounts recoverable from Infrastructure Ontario's debt service account in the amount of \$156,757 (2023 - \$Nil).

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2024 Net book value</i>	<i>2023 Net book value</i>
Land	756,695	-	756,695	-
Buildings	5,675,215	141,880	5,533,335	-
Computer equipment	1,478	1,311	167	371
Furniture and fixtures	1,136,802	114,963	1,021,839	375
	7,570,190	258,154	7,312,036	746

7. Accounts payable and accruals

The Charity's accounts payable and accrued liabilities is comprised of trade accounts payable for \$218,452 (2023 - \$Nil), accrued liabilities of \$187,166 (2023 - \$10,000), payroll liabilities for \$58,973 (2023 - \$932).

8. Due to Ministry of Long-Term Care

Due to Ministry of Long-Term care comprises of amounts payable to the Ministry of Long-Term care as a result of overfunding. The balance comprises of the following amounts.

	<i>2024</i>	<i>2023</i>
Supplemental overfunding	774,835	-
Government overfunding	184,077	-
Minor capital equipment overfunding	50,632	-
	1,009,544	-

Arirang Age Friendly Community Centre

Notes to the Financial Statements

For the year ended March 31, 2024

9. 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 and deferred nursing revenues from long term care operation. 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.

	2024	2023
Restricted for Korean Nursing Home Project	643,901	5,198,099
Unamortized portion of capital assets purchased by New Horizons Program Grant	467	746
Deferred nursing revenue	35,100	-
	679,468	5,198,845
Deferred capital contributions	4,336,454	-
Less: Amortization of Deferred capital contribution	(108,411)	-
	4,228,043	-

10. Mortgage Payable

	2024	2023
The mortgage payable bears interest at 4.85% per annum, requires blended monthly installments in the amount of \$26,125, and is due on June 1, 2040.	3,520,054	-
Less: Current portion of mortgage payable	(145,988)	-
	3,374,066	-

Principal repayments on the mortgage payable in each of the next five years are estimated as follows:

2025	145,988
2026	153,228
2027	160,827
2028	168,803
2029 and thereafter	2,891,208
	3,520,054

The entity is has a financial obligation towards Infrastructure Ontario to keep the debt service ratio at or above 1.15. As at 31 March 2024, the entity is in compliance with this obligation.

Arirang Age Friendly Community Centre

Notes to the Financial Statements

For the year ended March 31, 2024

11. 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 \$1,474,135 (2023 - \$10,266).

Arirang Age Friendly Community Centre
Schedule 1 - Schedule of Program and Fundraising Expenses
For the year ended March 31, 2024

	2024	2023
Schedule of Korean Nursing Home Program		
Professional fees	222,928	34,115
Advertising and promotions	2,017	-
Office and general	254	1,010
Donation	750	8,550
	225,949	43,675
Schedule of Fundraising		
General expenses	47,527	39,996
Advertising and promotions	490	132
	48,017	40,128
Schedule of New Horizons Program		
Honouraria	-	10,000
Staff wages & MERCs	-	5,880
Hospitality	123	2,041
Phone	(728)	900
Advertisement	728	1,682
Amortization	279	547
	402	21,050