

**KOREAN AMERICAN SENIOR ASSOCIATION OF  
ORANGE COUNTY  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

**KOREAN AMERICAN SENIOR ASSOCIATION OF ORANGE COUNTY  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**YEAR ENDED JUNE 30, 2012**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have audited the accompanying statement of financial position of the Transportation Development Act (TDA) Article 4.5 Funds (Funds) of the Korean American Senior Association of Orange County, (KASA), a non-profit corporation, and a subrecipient of the City of Garden Grove, California (City), as of June 30, 2012, and the related statements of activities and cash flows, for the year then ended. These financial statements are the responsibility of the management of KASA. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KASA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present the TDA Funds of KASA only and do not purport to, and do not, present fairly the financial position of KASA as of June 30, 2012, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the TDA Funds of KASA as of June 30, 2012, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2012 on our consideration of KASA's internal control over financial reporting for the TDA Funds, and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements of the TDA Funds. The accompanying schedule of allocations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of allocations is fairly stated, in all material respects in relation to the financial statements taken as a whole.

*Vawrinch, Train, Day & Co., LLP*

Laguna Hills, California

December 3, 2012

**KOREAN AMERICAN SENIOR ASSOCIATION OF ORANGE COUNTY  
TRANSPORTATION DEVELOPMENT ACT FUND**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2012**

	<u>Article 4.5</u>
<b>ASSETS</b>	
Cash and Investments	\$ 17,052
	<u>17,052</u>
Total Assets	<u><u>\$ 17,052</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
Due to Korean American Senior Association of Orange County	\$ 15,000
Payroll Tax Payable	2,154
	<u>17,154</u>
Total Liabilities	<u>17,154</u>
Net Assets - Unrestricted	<u>(102)</u>
Total Liabilities and Net Assets	<u><u>\$ 17,052</u></u>

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

**KOREAN AMERICAN SENIOR ASSOCIATION OF ORANGE COUNTY  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
TDA Allocation	\$ -	\$ 81,949	\$ 81,949
Local Match	-	20,487	20,487
Released from Temporary Restriction	102,436	(102,436)	-
Total Public Support and Revenue	<u>102,436</u>	<u>-</u>	<u>102,436</u>
 <b>EXPENSES</b>			
Program Services:			
TDA Expenses	102,990	-	102,990
Total Expenses	<u>102,990</u>	<u>-</u>	<u>102,990</u>
Change in Net Assets	<u>(554)</u>	<u>-</u>	<u>(554)</u>
Net Assets, Beginning of Year	<u>452</u>	<u>-</u>	<u>452</u>
Net Assets, End of Year	<u>\$ (102)</u>	<u>\$ -</u>	<u>\$ (102)</u>

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

**KOREAN AMERICAN SENIOR ASSOCIATION OF ORANGE COUNTY  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (554)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Changes in operating assets and liabilities:	
Increase in payroll tax payable	<u>2,154</u>
Net cash flows from operating activities	<u>1,600</u>
Net change in cash and cash equivalents	1,600
Cash and cash equivalents, beginning of year	<u>15,452</u>
Cash and cash equivalents, end of year	<u><u>\$ 17,052</u></u>

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

**KOREAN AMERICAN SENIOR ASSOCIATION OF ORANGE COUNTY  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

***NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES***

The financial statements are intended to reflect the financial position and results of operations of the Korean American Senior Association of Orange County (KASA) Transportation Development Act (TDA) Article 4.5 Funds (Funds) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of KASA and changes in net assets and cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

On June 23, 2003, KASA entered into a Cooperative Agreement (Agreement) with OCTA and the City of Garden Grove (City) to provide transportation services to eligible individuals in accordance with Section 99275 of the California Public Utilities Code (Code). The Agreement extends through June 30, 2012. The Agreement provides that all TDA Program monies are to be passed through the City to KASA. According to the Code, TDA Program funds may only be expended for community transit services, including services for the disabled who cannot use conventional transit services. In accordance with the Agreement, KASA is required to provide matching funds equal to 20% of the allocation amount. KASA satisfied its required match of the fiscal year ended June 30, 2012.

Nature of Activities

KASA was organized in 1976 as a non-profit organization and is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The purpose of KASA is to provide social service assistance, including transportation services, and English language classes to the Korean senior population in Orange County.

Financial Statement Presentation and Basis of Accounting

The TDA Funds financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The TDA Funds are required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The TDA Funds report information regarding its financial position and activities according to three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets, and Permanently Restricted Net Assets. Unrestricted Net Assets are the net assets that are neither permanently restricted nor temporarily restricted by donor imposed stipulations. Temporarily Restricted Net Assets are net assets that result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be removed by actions of KASA pursuant to those stipulations. Permanently Restricted Net Assets are net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the action of KASA.

Program Expenses

The TDA Funds support the Senior Mobility Program which provides transportation to seniors within the local community. The costs to support the program include support staff, vehicle maintenance, and administrative costs, which are all considered direct expenses by KASA.



**KOREAN AMERICAN SENIOR ASSOCIATION OF ORANGE COUNTY  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

***NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, (Continued)***

Income Taxes

KASA is exempt from Federal income and California franchise taxes under Section 501(c) (3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements.

Statement of Cash Flows

The indirect method is used to report cash flows from operating activities. Cash and cash equivalents include short term highly liquid cash balances with maturities less than 90 days, not restricted by donors for specific purposes.

Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Investments

Cash and investments are pooled to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Funds based upon the average cash balance. The investment policies and any related risks, applicable to the TDA Funds, are those of KASA and are disclosed in KASA's basic financial statements. KASA's basic financial statements can be obtained at KASA, Garden Grove, California.

***NOTE 2 – SUBSEQUENT EVENTS***

KASA's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 3, 2012, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

***NOTE 3 – DEFICIT NET ASSETS***

The TDA Funds ended the fiscal year ending June 30, 2012 with deficit net assets of \$102.

**SUPPLEMENTARY INFORMATION**

**KOREAN AMERICAN SENIOR ASSOCIATION OF ORANGE COUNTY  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR  
YEAR ENDED JUNE 30, 2012**

<u>Project Description</u>	<u>Project Type</u>	<u>Year Allocated</u>	<u>Allocation Amount</u>	<u>Unspent Allocations at 06/30/2011</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Unspent Allocations at 06/30/2012</u>	<u>Project Status</u>
Senior Transportation Program	Local	2011-12	81,949	-	81,949	81,949	-	Completed
Totals			<u>\$ 81,949</u>	<u>\$ -</u>	<u>\$ 81,949</u>	<u>\$ 81,949</u>	<u>\$ -</u>	



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Orange County Transportation Authority  
Orange, California

We have audited the financial statements of the Transportation Development Act (TDA) Article 4.5 Funds (Funds) of the Korean American Senior Association of Orange County (KASA), a non-profit corporation, and a subrecipient of the City of Garden Grove, California (City), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. Our report included an explanatory paragraph stating that the financial statements of the TDA Funds do not purport to, and do not, present fairly the financial position of KASA as of June 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of KASA is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered KASA's internal control over financial reporting of the TDA Funds as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of KASA's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of KASA's TDA Funds financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting of the TDA Program of KASA that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Funds of KASA are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Part 21 of the California Code of Regulations and the allocation instructions of the Orange County Transportation Authority (OCTA), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including the requirements of Section 6667 of Part 21 of the California Code of Regulations and the allocation instructions of OCTA.

This report is intended solely for the information of management of KASA, the City of Garden Grove, and OCTA and is not intended to be and should not be used by anyone other than these specified parties.



Laguna Hills, California  
December 3, 2012