

CHI HENG FOUNDATION CANADA

FINANCIAL STATEMENTS

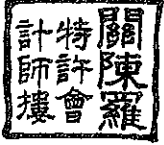
JULY 31, 2010

CHI HENG FOUNDATION CANADA

Financial Statements
July 31, 2010

CONTENTS

	<u>Page</u>
Auditors' Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to Financial Statements	6



AUDITORS' REPORT

To the Board of Directors of:
CHI HENG FOUNDATION CANADA

We have audited the statement of financial position of **CHI HENG FOUNDATION CANADA** as at **July 31, 2010** and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many registered charities, the foundation receives fundraising revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of fundraising revenue was limited to the amounts recorded in the records of the association and we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess (deficiency) of revenues over expenses, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which might have been required had we been able to satisfy ourselves with respect to the completeness of fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the **CHI HENG FOUNDATION CANADA** as at July 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Kwan Chan Law

Professional Corporation, Authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario

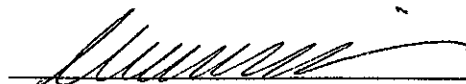
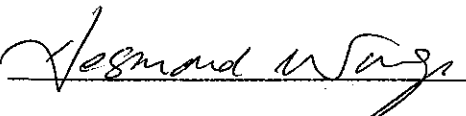
Toronto
January 12, 2011

CHI HENG FOUNDATION CANADA

**Statement of Financial Position
July 31, 2010**

	<u>2010</u>
	\$
Assets	
Current	
Cash	291,541
Accounts receivable	<u>1,042</u>
	<u>292,583</u>
Liabilities	
Current	
Accounts payable and accruals	205,767
Net Assets	
General fund	<u>86,816</u>
	<u>292,583</u>

Approved by Board of Directors

CHI HENG FOUNDATION CANADA

Statement of Changes in Net Assets Year ended July 31, 2010

	<u>2010</u>
	\$
NET ASSETS	
Balance, beginning of year	-
Excess of revenues over expenses	<u>86,816</u>
Balance, end of year	<u>86,816</u>

(See accompanying notes to financial statements)

CHI HENG FOUNDATION CANADA

Statement of Operations Year ended July 31, 2010

	<u>2010</u>
	\$
Revenues	
Donations	285,818
Sponsorship	48,100
Fundraising events - Veggie Dinner, net	5,525
Interest income	41
	<u>339,484</u>
Expenses	
Advertising and program books	22,722
Administrative costs	1,849
Amortization	338
Interest and bank charges	2,496
Professional fees	5,000
Student sponsorship	195,791
Telethon	14,718
Travel	5,039
Web design costs	4,715
	<u>252,668</u>
Excess of Revenues Over Expenses	<u>86,816</u>

(See accompanying notes to financial statements)

CHI HENG FOUNDATION CANADA

Statement of Cash Flows Year ended July 31, 2010

	<u>2010</u>
	\$
Funds provided (used):	
Operating Activities	
Excess of Revenues Over Expenses	86,816
Changes in other non-cash working capital components (1)	<u>204,725</u>
	<u>291,541</u>
Net increase in cash	291,541
Cash, beginning of year	<u>-</u>
Cash, end of year	<u>291,541</u>
(1) Changes in other non-cash working capital components represented by:	
Accounts receivable	(1,042)
Accounts payable and accruals	<u>205,767</u>
	<u>204,725</u>

(See accompanying notes to financial statements)

CHI HENG FOUNDATION CANADA

Notes to Financial Statements

July 31, 2010

1. Purpose of the Organization

The Chi Heng Foundation Canada is a Canadian registered charitable organization. The main objective of the foundation is to sponsor AIDS - impacted children by providing scholarships and living expense assistance. In addition, the organization provides courses, seminars and workshops about the effects of poverty on HIV and its related diseases.

2. Significant Accounting Policies

The general fund reports revenue from sponsorship, advertising and other fund raising activities.

Measurement Uncertainty:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Actual results could differ from estimates.

Revenue recognition:

The foundation receives donations from corporate sponsors and private donors, as well as annual fundraising campaigns for operating purposes and for providing scholarships. Revenue was recorded upon receipt.

Financial instruments:

The foundation initially measures its financial assets and liabilities at fair value.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

The entity has not designated any financial asset or financial liability to be measured at fair value.

3. Remuneration

No remuneration and benefits were paid by the foundation to its Board, executives and volunteers since the incorporation of the foundation.