

CHI HENG FOUNDATION CANADA

FINANCIAL STATEMENTS

JULY 31, 2011

CHI HENG FOUNDATION CANADA

Financial Statements July 31, 2011

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of:
CHI HENG FOUNDATION CANADA**

Report on the Financial Statements

We have audited the accompanying statement of financial position of **CHI HENG FOUNDATION CANADA** as at **July 31, 2011** and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial position based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Chi Heng Foundation Canada** as at **July 31, 2011**, 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 24, 2012

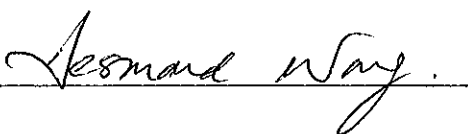
CHI HENG FOUNDATION CANADA

Statement of Financial Position July 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Assets		
Current		
Cash	172,268	291,541
Government remittance receivable	<u>5,666</u>	<u>1,042</u>
	<u>177,934</u>	<u>292,583</u>
Liabilities		
Current		
Accounts payable and accruals	6,203	205,767
Net Assets		
General fund	<u>171,731</u>	<u>86,816</u>
	<u>177,934</u>	<u>292,583</u>

Approved by Board of Directors





CHI HENG FOUNDATION CANADA

Statement of Changes in Net Assets Year ended July 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
NET ASSETS		
Balance, beginning of year	86,816	-
Excess of revenues over expenses	<u>84,915</u>	<u>86,816</u>
Balance, end of year	<u>171,731</u>	<u>86,816</u>

(See accompanying notes to financial statements)

CHI HENG FOUNDATION CANADA

Statement of Operations Year ended July 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Revenues		
Donations	594,874	285,818
Sponsorship	31,170	48,100
Fundraising events - Veggie Dinner, net	5,165	5,525
Interest income	<u>2,409</u>	<u>41</u>
	<u>633,618</u>	<u>339,484</u>
Expenses		
Advertising and program books	12,411	22,722
Administrative costs	3,237	-
Amortization	-	338
Interest and bank charges	3,976	2,496
Other events	-	1,849
Professional fees	7,236	5,000
Student sponsorship	498,300	195,791
Telethon	20,752	14,718
Travel	2,791	5,039
Web design costs	<u>-</u>	<u>4,715</u>
	<u>548,703</u>	<u>252,668</u>
Excess of Revenues Over Expenses	<u>84,915</u>	<u>86,816</u>

(See accompanying notes to financial statements)

CHI HENG FOUNDATION CANADA

Statement of Cash Flows Year ended July 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
Funds provided (used):		
Operating Activities		
Excess of Revenues Over Expenses	84,915	86,816
Changes in other non-cash working capital components (1)	<u>(204,188)</u>	<u>204,725</u>
	(119,273)	291,541
Net (decrease) increase in cash	(119,273)	291,541
Cash, beginning of year	<u>291,541</u>	<u>-</u>
Cash, end of year	<u>172,268</u>	<u>291,541</u>

(1) Changes in other non-cash working capital components represented by:

Government remittance receivable	(4,624)	(1,042)
Accounts payable and accruals	<u>(199,564)</u>	<u>205,767</u>
	<u>(204,188)</u>	<u>204,725</u>

(See accompanying notes to financial statements)

CHI HENG FOUNDATION CANADA

Notes to Financial Statements

July 31, 2011

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.