

**CHI HENG FOUNDATION CANADA**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

# CHI HENG FOUNDATION CANADA

**Financial Statements  
December 31, 2017**

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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 **December 31, 2017** and the statements of operations, changes in net assets and cash flows for the year 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 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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.

### **Basis for Qualified Opinion**

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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended December 31, 2017, current assets as at December 31, 2017 and net assets as at December 31, 2017 . Our audit opinion on the financial statements for the year ended December 31, 2016 was also modified accordingly because of the possible effects of this limitation in scope.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the **CHI HENG FOUNDATION CANADA** as at December 31, 2017 and the statements of operations, changes in net assets and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

*C.C.I.*

**Chartered Professional Accountants Professional Corporation  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario**

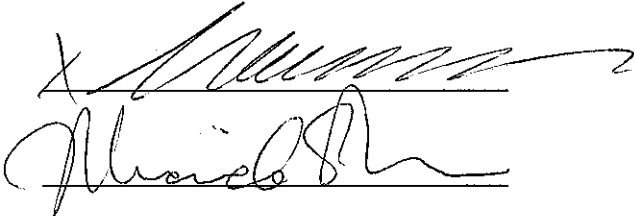
Toronto, Ontario  
June 28, 2018

**CHI HENG FOUNDATION CANADA**

**Statement of Financial Position  
December 31, 2017**

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	483,596	253,963
Accounts receivable	5,680	5,369
Government remittances receivable	<u>9,721</u>	<u>6,888</u>
	<u><b>498,997</b></u>	<u><b>266,220</b></u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	<b>141,001</b>	<b>28,730</b>
<b>Net Assets</b>		
General fund	<u><b>357,996</b></u>	<u><b>237,490</b></u>
	<u><b>498,997</b></u>	<u><b>266,220</b></u>

**Approved by Board of Directors**



(See accompanying notes to financial statements)

**CHI HENG FOUNDATION CANADA**

**Statement of Changes in Net Assets  
Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>NET ASSETS</b>		
Balance, beginning of year	237,490	302,801
Excess (deficiency) of revenues over expenses	<u>120,506</u>	<u>(65,311)</u>
<b>Balance, end of year</b>	<u><b>357,996</b></u>	<u><b>237,490</b></u>

(See accompanying notes to financial statements)

# CHI HENG FOUNDATION CANADA

## Statement of Operations Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>Revenues</b>		
Donations	554,933	455,154
Sponsorship	29,050	18,470
Interest income	1,724	1,571
	<u>585,707</u>	<u>475,195</u>
<b>Expenses</b>		
Advertising and program books	31,101	24,974
Administrative costs	3,741	2,735
Fundraising events	25,298	59,189
Interest and bank charges	17,146	16,609
Professional fees	7,476	7,068
Student sponsorship	326,742	377,750
Telethon	48,536	45,229
Travel	5,161	6,952
	<u>465,201</u>	<u>540,506</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>120,506</u>	<u>(65,311)</u>

(See accompanying notes to financial statements)

# CHI HENG FOUNDATION CANADA

## Statement of Cash Flows Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>Funds provided (used):</b>		
<b>Operating Activities</b>		
Excess (deficiency) of revenues over expenses	120,506	(65,311)
Changes in other non-cash working capital components (1)	<u>109,127</u>	<u>(20,351)</u>
	<u>229,633</u>	<u>(85,662)</u>
<b>Net increase (decrease) in cash</b>	<b>229,633</b>	<b>(85,662)</b>
Cash, beginning of year	<u>253,963</u>	<u>339,625</u>
<b>Cash, end of year</b>	<u><b>483,596</b></u>	<u><b>253,963</b></u>
(1) Changes in other non-cash working capital components represented by:		
Accounts receivable	(311)	10,671
Government remittances receivable	(2,833)	115
Accounts payable and accruals	<u>112,271</u>	<u>(31,137)</u>
	<u>109,127</u>	<u>(20,351)</u>

(See accompanying notes to financial statements)



# CHI HENG FOUNDATION CANADA

## Notes to Financial Statements December 31, 2017

### 1. Purpose of the Organization

The Chi Heng Foundation Canada is a Canadian registered charitable organization. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act. (Canada).

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 accounting standards for not-for-profit organizations 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 and government remittance 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.

# **CHI HENG FOUNDATION CANADA**

## **Notes to Financial Statements December 31, 2017**

### **4. Commitment**

The Foundation is committed to sponsor the construction of a reading room in the amount of approximately \$90,000.

The fund was disbursed in 2018. No accrual was made in 2017 because the amount could not be determined at the year end.