

**Charity Foundation of Canada  
Financial Statements  
For the year ended December 31, 2019**

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## Independent Auditors' Report

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### To the Directors of the Charity Foundation of Canada

#### Qualified Opinion

We have audited the accompanying financial statements of Charity Foundation of Canada (the "Foundation"), which comprise the Statement of Financial Position as at December 31, 2019 and the Statements of Operations and 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 Foundation as at December 31, 2019, and its results of 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 Foundation derives revenue from contributions, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to contributions revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 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 Foundation 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 opinion.

#### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 expressing an opinion on the effectiveness of the Foundation'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 Foundation'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 Foundation 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.

### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*BDO Canada LLP*

Chartered Professional Accountants


Vancouver, British Columbia  
May 29, 2020

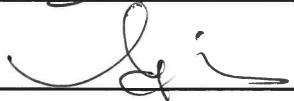
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**Charity Foundation of Canada  
Statement of Financial Position**

<b>December 31</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 25,183	\$ 21,808
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 7,350	\$ 8,596
<b>Net assets</b>	<u>17,833</u>	<u>13,212</u>
	<u>\$ 25,183</u>	<u>\$ 21,808</u>

Approved on behalf of the Foundation:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**Charity Foundation of Canada**  
**Statement of Operations and Changes in Net Assets**

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Contributions	\$ 81,131	\$ 122,900
<b>Expenses</b>		
Bank charges	6	2
Donations	57,800	96,300
Marketing	8,361	7,586
Office	55	370
Professional fees	10,288	7,179
Salaries and wages	-	102
	<u>76,510</u>	<u>111,539</u>
<b>Excess of revenue over expenses for the year</b>	<b>4,621</b>	<b>11,361</b>
<b>Net assets, beginning of year</b>	<u><b>13,212</b></u>	<u><b>1,851</b></u>
<b>Net assets, end of year</b>	<u><b>\$ 17,833</b></u>	<u><b>\$ 13,212</b></u>

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**Charity Foundation of Canada  
Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 4,621	\$ 11,361
Changes in non-cash working capital balances		
Accounts payable and accrued liabilities	<u>(1,246)</u>	<u>3,596</u>
<b>Increase in cash during the year</b>	<b>3,375</b>	<b>14,957</b>
<b>Cash, beginning of year</b>	<u><b>21,808</b></u>	<u><b>6,851</b></u>
<b>Cash, end of year</b>	<u><b>\$ 25,183</b></u>	<u><b>\$ 21,808</b></u>

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# Charity Foundation of Canada Notes to Financial Statements

December 31, 2019

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## 1. Summary of Significant Accounting Policies

### (a) Nature and Purpose of the Foundation

The Foundation was incorporated on March 9, 2017 under the Societies Act (British Columbia) and is a registered charity under Section 149 of the Income Tax Act (Canada) and, as such, is exempt from income taxes and may issue tax receipts to donors.

The objectives of the Foundation include:

- i) To fund, facilitate, promote and carry out activities and programs to raise funds for qualified donees, in a way the law regards as charitable;
- ii) To receive gifts, bequests, funds and property and to hold, invest, develop, manage, administer, accumulate and distribute funds and property for the purpose of the Foundation, for such other organizations as are "qualified donees" under the provisions of the Income Tax Act (Canada) which are charitable at law and for such other purposes and activities as are authorized for registered charities under the provisions of the Income Tax Act (Canada); and
- iii) To do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the powers of the Foundation.

### (b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

### (c) Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions, donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

### (c) Contributed Services

Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

### (d) Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.



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## Charity Foundation of Canada Notes to Financial Statements

December 31, 2019

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(d) Financial Instruments - Continued

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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### 2. Related Party Transactions

During the year, the Foundation received the following contributions from the entities with a common director below; which represents 99% (2018: 49%) of the Foundation's total contributions revenue.

	<u>2019</u>	<u>2018</u>
Sun Real Estate Funds Management Ltd.	\$ 80,000	\$ -
Sun Commercial Real Estate Ltd. (a)	-	60,000
	<u>\$ 80,000</u>	<u>\$ 60,000</u>

Sun Commercial Real Estate Ltd also provided administrative functions for no consideration to the Foundation.

These transactions are in the normal course of operations and are measured at the exchange value the amount of cash consideration at date of contribution.

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### 3. Financial Instrument Risks

The Foundation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks as at December 31, 2019. There have been no changes to these risks from the prior year other than an increase in liquidity risk due to the impact of COVID-19, which as described in Note 5, has disrupted the world-wide economy and could impact the Foundation's ability to continue to meet other obligations as they come due.

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## Charity Foundation of Canada Notes to Financial Statements

December 31, 2019

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### Financial Instrument Risks - Continued

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk resulting from the possibility that a borrower or counterparty to a financial instrument defaults on their financial obligations. The Foundation's exposure to credit risks arises primarily from its cash balances, which are held at a Canadian chartered bank.

(b) Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations as they fall due. The Foundation ensures sufficient liquid financial resources are available to cover financial obligations as they come due while sustaining operations under normal and adverse conditions by regularly evaluating its cash inflows and outflows.

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### 4. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. If the impacts of COVID-19 continue there could be further impact on the Foundation and its major donors that could impact the timing and amounts realized on the Foundation's future revenue and expenditures. At this time, the full potential impact of COVID-19 on the Foundation is not known.