

**Charity Foundation of Canada
Financial Statements
For the year ended December 31, 2018**

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For the year ended December 31, 2018**

Contents

Auditors' Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9



Independent Auditors' Report

To the Directors of Charity Foundation of Canada

Opinion

We have audited the financial statements of Charity Foundation of Canada (the "Entity"), which comprise the Statement of Financial Position as at December 31, 2018 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, 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 Opinion

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 Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Emphasis of Matter

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and net assets.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 21, 2019

Charity Foundation of Canada
Statement of Financial Position

December 31 **2018** **2018**

Assets

Current

Cash (Note 2) \$ 21,808 \$ 6,851

Liabilities and Net Assets

Current


Accounts payable and accrued liabilities \$ 8,596 \$ 5,000


Net assets

13,212 1,851

\$ 21,808 \$ 6,851

Approved on behalf of the Foundation:


_____ Director


_____ Director

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

For the period ended December 31	2018	2018 (298-day period)
Revenue		
Contributions	\$ 122,900	\$ 95,000
Expenses		
Bank charges	2	32
Donations	96,300	64,000
Marketing	7,586	5,300
Office	370	3,420
Professional fees	7,179	11,044
Travel	-	5
Salaries and wages	102	9,348
	111,539	93,149
Excess of revenue over expenses for the year	11,361	1,851
Net assets, beginning of year	1,851	-
Net assets, end of year	\$ 13,212	\$ 1,851

Charity Foundation of Canada
Statement of Cash Flows

For the period ended December 31	2018	2018 (298-day period)
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 11,361	\$ 1,851
Changes in non-cash working capital balances		
Accounts payable and accrued liabilities	<u>3,596</u>	<u>5,000</u>
Increase in cash and cash equivalents during the year	14,957	6,851
Cash, beginning of year	<u>6,851</u>	-
Cash, end of year	<u>\$ 21,808</u>	<u>\$ 6,851</u>

Charity Foundation of Canada
Notes to Financial Statements

December 31, 2018

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

Donation revenue is recognized when received or when a charitable donation agreement is signed and executed and the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Financial Instruments

When a financial asset is originated or acquired or a financial liability is issued or assumed in an arm's length transaction, the Foundation measures it at its fair value adjusted by financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. At each reporting date, the Trust measures its financial assets and financial liabilities at amortized cost.

At the end of each reporting period, the Foundation assesses whether there are any indications that a financial asset, or group of similar financial assets, measured at cost or amortized cost may be impaired. When there is an indication of impairment, and the net realizable amount is less than the carrying amount the carrying amount is written down accordingly. If, in a subsequent period, the amount of the impairment loss decreases, the reversal of the previously recognized impairment loss is recognized in the Statement of Operations.

Charity Foundation of Canada
Notes to Financial Statements

December 31, 2018

2. Cash

The Foundations cash is held with a Canadian financial institution and bears no interest.

3. Related party transactions

During the year, the Foundation received the following contributions from the entities with a common director below:

	<u>2018</u>	<u>2017</u>
Sun Real Estate Funds Management Ltd.	\$ -	\$ 25,000
Sun Commercial Real Estate Ltd.	<u>60,000</u>	<u>70,000</u>
	<u>\$ 60,000</u>	<u>\$ 95,000</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 consideration established and agreed to by the related parties).

4. 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, 2018. There have been no changes to these risks from the prior year except for the interest rate risk.

(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) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is not exposed to interest rate risk as it has no interest bearing assets or liabilities.

Charity Foundation of Canada
Notes to Financial Statements

December 31, 2018

4. Financial Instrument Risks (continued)

(c) 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.