

**CANADIAN HERO FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2013**

CANADIAN HERO FUND

**Financial Statements
December 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Directors of the Canadian Hero Fund

We have audited the accompanying financial statements of the Canadian Hero Fund, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and 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 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 organization'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 organization'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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Canadian Hero Fund derives revenue from donations, the completion 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 Canadian Hero Fund. Therefore we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses and cash flows from operation for the year ended December 31, 2013, or total assets and net assets as at December 31, 2013.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants
Licensed Public Accountants
Toronto, Canada
September 15, 2014

CANADIAN HERO FUND
Statement of Financial Position
December 31, 2013

	2013	2012
Assets		
Current		
Cash and cash equivalents	\$ 314,639	\$ 274,123
Accounts receivable	9,312	3,607
Total Assets	\$ 323,951	\$ 277,730
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 9,926	\$ 4,885
Fund Balances		
Net assets	314,025	272,845
Total Liabilities and Fund Balances	\$ 323,951	\$ 277,730

Approved on behalf of the Board:



Director



Director

CANADIAN HERO FUND
Statement of Operations and Changes in Net Assets
Year ended December 31, 2013

	2013	2012
Revenues		
Donations	\$ 127,874	\$ 152,203
Other	76	-
Total revenues	127,950	152,203
Expenditures		
Awards	60,575	45,000
Advertising and promotion	10,121	1,379
Professional fees	8,312	3,966
Fundraising costs	6,177	3,038
Office and general	1,102	1,168
Travel	483	1,368
Total expenditures	86,770	55,919
Excess of revenues over expenditures for the year	41,180	96,284
Net assets, beginning of year	272,845	176,561
Net assets, end of year	\$ 314,025	\$ 272,845

CANADIAN HERO FUND
Statement of Cash Flows
Year ended December 31, 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 41,180	\$ 96,284
Net change in non-cash working capital items		
Accounts receivable	(5,705)	(1,675)
Accounts payable and accrued liabilities	5,041	481
	(664)	(1,194)
Net increase in cash and cash equivalents	40,516	95,090
Cash and cash equivalents, beginning of year	274,123	179,033
Cash and cash equivalents, end of year	\$ 314,639	\$ 274,123

1. NATURE OF OPERATIONS

The Canadian Hero Fund is a non-profit organization incorporated without share capital and is registered with the Canada Revenue Agency as a charity, within the meaning of the Income Tax Act. The purpose of the organization is to receive and maintain funds to provide scholarships for the benefit of spouses and children of Canadian fallen soldiers.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Cash equivalents

Cash and cash equivalents are defined as cash and short term deposits.

(b) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Contributed services

The organization benefits from various contributed services of volunteers. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(d) Financial instruments

Measurement of financial instruments

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

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized include accounts payable and accrued liabilities.

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

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) **Financial instruments, continued**

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net income. Any previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in excess of revenues over expenses.

(e) **Use of estimates**

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 amount of assets and liabilities, revenues and expenses.

The main estimates relate to the impairment of financial assets.

3. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) **Credit risk**

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The company's main credit risk relate to its accounts receivable. There has been no change to the risk exposure from the prior year.

(b) **Liquidity risk**

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization's exposure is dependent on its ability to repay its trade creditors as payments become due. There has been no change to the risk exposure from the prior year.

(c) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization does not have significant exposure to any of these types of risks.

4. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
