

**CANADIAN HERO FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015**

CANADIAN HERO FUND

**Financial Statements
December 31, 2015**

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AKLER, BROWNING, FRIMET & LANDZBERG LLP

CHARTERED ACCOUNTANTS

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, 2015, 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 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 Canadian Hero Fund and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditures and cash flows from operations for the year ended December 31, 2015, or total assets and net assets as at December 31, 2015.

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, 2015 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.

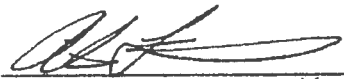
*Akler, Browning, Frimet
& Landzberg LLP*

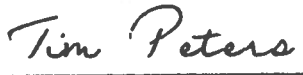
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
September 7, 2016

CANADIAN HERO FUND
Statement of Financial Position
December 31, 2015

	2015	2014
Assets		
Current		
Cash and cash equivalents	\$ 460,957	\$ 421,468
Accounts receivable	13,231	8,529
Total Assets	\$ 474,188	\$ 429,997
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 11,193	\$ 11,210
Fund Balances		
Net assets	462,995	418,787
Total Liabilities and Fund Balances	\$ 474,188	\$ 429,997

Approved on behalf of the Board:


 _____ Director
Sept. 7, 2016 Date

DocuSigned by:

 _____ Director
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CANADIAN HERO FUND
Statement of Operations and Changes in Net Assets
Year ended December 31, 2015

	2015	2014
Revenues		
Donations	\$ 109,547	\$ 162,841
Gain on foreign exchange	2,852	-
Interest	1,905	2,813
Total revenues	114,304	165,654
Expenditures		
Awards	60,000	52,500
Professional fees	4,025	4,603
Fundraising costs	3,032	2,241
Advertising and promotion	2,266	586
Office and general	773	583
Travel	-	379
Total expenditures	70,096	60,892
Excess of revenues over expenditures for the year	44,208	104,762
Net assets, beginning of year	418,787	314,025
Net assets, end of year	\$ 462,995	\$ 418,787

CANADIAN HERO FUND
Statement of Cash Flows
Year ended December 31, 2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 44,208	\$ 104,762
Net change in non-cash working capital items		
Accounts receivable	(4,702)	782
Accounts payable and accrued liabilities	(17)	1,285
	(4,719)	2,067
Net increase in cash and cash equivalents	39,489	106,829
Cash and cash equivalents, beginning of year	421,468	314,639
Cash and cash equivalents, end of year	\$ 460,957	\$ 421,468

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.

1. 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 and cash equivalents

Bank balances, including bank overdrafts with balances that fluctuate from positive to overdrawn, are presented under cash and cash equivalents. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of approximately three months or less from date of acquisition.

(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 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 in the period incurred.

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Financial instruments, continued

Impairment

For financial assets measured at amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 the reversal is recognized in excess of revenues over expenditures.

(e) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenditures for the period covered. The main estimates relate to allowance for doubtful accounts.

2. 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 organization's main credit risk relate to its accounts receivable.

(b) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed mainly in respect to its accounts payable and accrued liabilities. The organization expects to meet these obligations as they become due by generating sufficient cash flow from operations.

(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.

CANADIAN HERO FUND
Notes to the Financial Statements
December 31, 2015

2. FINANCIAL INSTRUMENTS, continued

(d) Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization holds cash in US dollars which is exposed to foreign exchange fluctuations. As of December 31, 2015 cash totaling \$7,428 (2014 - \$7,190) is denominated in US dollars and converted into Canadian dollars.
