

**HONG KONG VETERANS
COMMEMORATIVE ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

Draft for Discussion, Purposes Only

HEISINGER and MONTGOMERY
Chartered Professional Accountants
501 – 177 Lombard Avenue
WINNIPEG, Manitoba
R3B 0W5

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **Hong Kong Veterans Commemorative Association**, which comprise the balance sheet as at December 31, 2017, the statement of income and fund balances 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 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hong Kong Veterans Commemorative Association as at December 31, 2017 and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba

Chartered Professional Accountants

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BALANCE SHEET

AS AT DECEMBER 31, 2017

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash in Bank - National General Account	\$27,251	\$20,016
Inventory – at the lower of cost and net realizable value	<u>4,568</u>	<u>2,351</u>
	<u>\$31,819</u>	<u>\$22,367</u>

FUND BALANCES

Balance – per statement	<u>\$31,819</u>	<u>\$22,367</u>
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STATEMENT OF INCOME AND FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Income		
Dues	\$ 4,980	\$ 3,970
Donations	5,878	3,883
Other	3,102	917
Books	230	170
Monument/Badges	<u>667</u>	<u>300</u>
	<u>14,857</u>	<u>9,240</u>
 Expenses		
Postage and Shipping	1,332	262
Supplies	110	335
Annual General Meeting	1,348	2,065
Audit	508	508
Annual Business Registration	40	40
Newsletter	2,376	1,028
Mailbox	585	304
Flags	(2,474)	3,524
Miscellaneous	1,146	147
Cost of Sales - Books and DVD's	160	580
- Crests	----	118
- Badges/Pins	<u>274</u>	<u>398</u>
	<u>5,405</u>	<u>9,309</u>
 Excess of Income over Expenses	9,452	(69)
 Fund Balances – beginning of year	<u>22,367</u>	<u>22,436</u>
 Fund Balances – end of year	<u><u>\$31,819</u></u>	<u><u>\$22,367</u></u>

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – PURPOSE OF THE ORGANIZATION

Hong Kong Veterans Commemorative Association was organized to honour the Hong Kong Veterans. It is a not-for-profit organization and is a registered charity under the Income Tax Act.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

Hong Kong Veterans Commemorative Association follows the restricted fund method of accounting for contributions.

The general fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources.

Fixed Assets

Fixed asset purchases are capitalized in the year of acquisition and amortized over their estimated useful life.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the general fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue of the general fund when earned.

Contributed Services

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

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Capital purchases are expensed when purchased. To date there have been no capital expenditures.

Cash Flow Statement

A cash flow statement has not been included because the information is apparent from the other statements.

NOTE 3 – ACCOUNTING ESTIMATES

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the presents status of an asset or liability. Examples include the allowance for doubtful accounts, loss provisions and the estimated useful life of an asset. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.