

**HONGKONGER STATION
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

HONGKONGER STATION

DECEMBER 31, 2022

I N D E X

Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8

INDEPENDENT AUDITORS' REPORT

To the Directors of
HongKonger Station

Opinion

We have audited the financial statements of **HongKonger Station**, which comprise the statement of financial position as at December 31, 2022, 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 **HongKonger Station** as at December 31, 2022, and its financial performance 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of **HongKonger Station** 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.

Other Matter

The financial statements of **HongKonger Station** for the period ended December 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on May 9, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 **HongKonger Station'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 **HongKonger Station** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **HongKonger Station's** financial reporting process.

Auditors' 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 auditors' report that includes our opinion.

INDEPENDENT AUDITORS' REPORT (continued)

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 **HongKonger Station'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 **HongKonger Station's** ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause **HongKonger Station** 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.

Yale PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 22, 2023

HONGKONGER STATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 149,421	\$ 227,319
Accounts receivable	<u>-</u>	<u>8,525</u>
	<u>\$ 149,421</u>	<u>\$ 235,844</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 13,784	\$ 5,390
Government remittances payable	2,275	6,397
Deferred revenue (note 3)	<u>9,980</u>	<u>-</u>
	<u>26,039</u>	<u>11,787</u>
NET ASSETS		
NET ASSETS	<u>123,382</u>	<u>224,057</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 149,421</u>	<u>\$ 235,844</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

HONGKONGER STATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021 (11 months)
REVENUE		
Donations	\$ 129,765	\$ 480,841
Advertising	37,040	35,382
Merchandise sales	29,448	24,624
Grants (note 4)	17,103	-
Events	14,895	6,277
Interest	714	-
	<u>228,965</u>	<u>547,124</u>
EXPENSES		
Subcontractors (note 5)	133,218	139,450
Salaries and benefits (note 5)	79,254	80,576
Overseas contractors	62,672	47,426
Events support	25,738	24,146
Merchandise purchases	11,788	17,820
Bank charges	4,916	3,988
Rent	3,600	2,100
Professional fees	3,000	3,000
Meals and entertainment	2,418	2,775
IT expenses	1,743	731
Office and general	1,293	1,055
	<u>329,640</u>	<u>323,067</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(100,675)	224,057
NET ASSETS, BEGINNING OF YEAR	<u>224,057</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 123,382</u>	<u>\$ 224,057</u>

HONGKONGER STATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021 (11 months)
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (100,675)	\$ 224,057
Changes in non-cash working capital		
Accounts receivable	8,525	(8,525)
Accounts payable and accrued liabilities	8,394	5,390
Government remittances payable	(4,122)	6,397
Deferred revenue	<u>9,980</u>	<u>-</u>
NET CASH INCREASE FOR THE YEAR	(77,898)	227,319
Cash and cash equivalents, beginning of the year	<u>227,319</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 149,421</u>	<u>\$ 227,319</u>

HONGKONGER STATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. STATUS AND PURPOSE OF THE ORGANIZATION

The HongKonger Station ("the Organization") was incorporated without share capital under the laws of Canada on January 22, 2021. The purpose of the Organization is to provide relevant information to Hong Kong immigrants allowing them to freely express their opinion in a safe environment and help them to integrate into Canadian society.

For Canadian income tax purpose, the Organization qualifies as a not-for profit entity which is exempt from income tax under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments in money market instruments.

Revenue recognition

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

Advertising revenue is recognized using the completed contract method whereby revenue related to completed contracts is only recognized when the measurable outcomes are achieved and collection is reasonably assured.

Events revenue is recognized when the events are held.

Merchandise sales revenue is recognized when the goods are shipped and the significant risk of ownership has been transferred to the customers and collection is reasonably assured.

Interest income is recognized on a time proportion basis.

HONGKONGER STATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Translation of foreign currency transactions

The Organization uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the excess of revenues over expenses.

Contributed services

Members of the Organization's board of directors and other volunteers contribute their time or services without monetary compensation. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in accordance with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Significant financial statement items subject to such estimates and assumptions include the estimated accrued liabilities. These estimates are reviewed periodically, and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Financial instruments

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

HONGKONGER STATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. DEFERRED REVENUE

Deferred revenue represents grants received with imposing restrictions as to how funds can be used. Changes in the deferred revenue balance are as follows:

	2022	2021
Balance, beginning of the year	\$ -	\$ -
Restricted grants received during the year	27,083	-
Recognized as revenue during the year	<u>(17,103)</u>	<u>-</u>
Balance, end of the year	<u>\$ 9,980</u>	<u>\$ -</u>

4. GRANT REVENUE

	2022	2021
National Endowment For Democracy	<u>\$ 17,103</u>	<u>\$ -</u>

5. RELATED PARTY TRANSACTIONS

Included in subcontractors expense is \$16,500 (2021 - \$21,600) charged by one of the Board members.

Included in salaries and benefits expense is \$60,000 (2021 - \$75,000) paid to one (2021 - two) Board members.

6. FINANCIAL INSTRUMENTS

It is management's opinion that the Organization is not exposed to significant risks with respect to its financial instruments.

7. COMPARATIVE FIGURES

Prior year comparative figures have been reclassified to conform with the current year financial statement presentation.