

HUMANITY FIRST

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Humanity First, which comprise the statement of financial position as at December 31, 2016, and the statements of financial position, changes in net assets, operations 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 qualified audit opinion.

Basis for Qualified Opinion

As is the case of most organizations in receipt of funds by donations and fundraising, verification of such items was impractical beyond accounting for amounts recorded in the accounts of the organization, and we were not able to determine whether adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2016, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Respectfully submitted,

Berman, Lofchick & Lum LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
May 17, 2017

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STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

	2016	2015
ASSETS		
Current		
Cash	\$ 364,766	\$ 783,884
Temporary investments (note 2)	2,622,652	1,512,752
Accounts receivable	6,771	-
Prepaid expenses and sundry assets	<u>9,455</u>	<u>25,777</u>
	3,003,644	2,322,413
Capital at cost less accumulated amortization (note 3)	<u>629,142</u>	<u>650,005</u>
	<u>\$ 3,632,786</u>	<u>\$ 2,972,418</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ <u>38,675</u>	\$ <u>14,800</u>
NET ASSETS		
Restricted net assets	1,480,931	1,480,931
Unrestricted net assets	<u>2,113,180</u>	<u>1,476,687</u>
	<u>3,594,111</u>	<u>2,957,618</u>
	<u>\$ 3,632,786</u>	<u>\$ 2,972,418</u>

Approved on behalf of the Board:


_____ Director

_____ Director

The accompanying notes form an integral part of these financial statements.

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STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2016

	Restricted	Unrestricted	2016	2015
BALANCE - Beginning of year	\$ 1,480,931	\$ 1,476,687	\$ 2,957,618	\$ 2,323,036
- Excess of revenues over expenses	<u>1,604,964</u>	<u>(968,471)</u>	<u>636,493</u>	<u>634,582</u>
BALANCE - End of year	\$ <u>3,085,895</u>	\$ <u>508,216</u>	\$ <u>3,594,111</u>	\$ <u>2,957,618</u>

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STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUES		
Donations	\$ 2,534,944	\$ 1,562,693
Interest income	<u>27,098</u>	<u>7,353</u>
	<u>2,562,042</u>	<u>1,570,046</u>
EXPENSES		
Charitable program expenses (per attached schedule)	1,833,397	854,739
Wages and wage costs	33,574	25,534
Office and general	11,712	6,346
Insurance	10,016	9,958
Bank charges and interest	6,738	6,304
Professional fees	6,700	5,335
Marketing and advertising	2,549	6,976
Amortization	<u>20,863</u>	<u>20,272</u>
	<u>1,925,549</u>	<u>935,464</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>636,493</u>	\$ <u>634,582</u>

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SCHEDULE OF CHARITABLE PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2016

	2016	2015
Canadian Programs		
Refugee/Immigration resettlement	\$ 811,486	\$ 40,170
Food bank	258,384	206,578
Fundraising events	60,363	66,278
Seniors First	35,758	24,622
Disaster relief	1,000	13,092
Healthcare	2,273	1,095
Our Children and Our Future	<u>1,301</u>	<u>7,627</u>
	<u>\$ 1,170,565</u>	<u>\$ 359,462</u>
International Programs		
Healthcare	345,541	69,988
Food security	131,900	82,161
Disaster relief	81,949	199,777
Water for Life	31,900	17,845
Orphan care	31,806	36,437
Knowledge for Life	28,530	67,069
Learn a Skill	<u>11,206</u>	<u>22,000</u>
	<u>\$ 662,832</u>	<u>\$ 495,277</u>
	<u>\$ 1,833,397</u>	<u>\$ 854,739</u>
Program expenses by Country		
Canada	1,170,565	359,462
Senegal	374,754	67,938
Niger	83,800	68,000
Cameroon	36,374	-
Haiti	31,898	-
Liberia	30,806	-
Nigeria	28,173	13,517
Ecuador	19,928	-
Jordan	17,230	57,069
Philipines	12,850	179,358
Fiji	10,000	-
Chad	9,000	-
Belize	8,019	-
Pakistan	-	70,895
Sierra Leone	-	32,920
Nepal	<u>-</u>	<u>5,580</u>
	<u>\$ 1,833,397</u>	<u>\$ 854,739</u>

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STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

	2016	2015
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ <u>636,493</u>	\$ <u>634,582</u>
Adjustment for:		
Amortization	<u>20,863</u>	<u>20,272</u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(6,771)	-
Increase in temporary investments	(1,109,900)	(303,253)
(Increase) decrease in prepaid expenses	16,322	(15,265)
Increase in accounts payable and accrued liabilities	<u>23,875</u>	<u>10,399</u>
	<u>(1,076,474)</u>	<u>(308,119)</u>
Cash flow from operating activities:	<u>(419,118)</u>	<u>346,735</u>
Cash flow from investing activities:		
Increase in capital assets	<u>-</u>	<u>(19,175)</u>
Net increase (decrease) in cash and cash equivalents	(419,118)	327,560
CASH AND CASH EQUIVALENTS - Beginning of year	<u>783,884</u>	<u>456,324</u>
CASH AND CASH EQUIVALENTS - End of year	\$ <u><u>364,766</u></u>	\$ <u><u>783,884</u></u>

The accompanying notes form an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit organizations in Part III of the CICA Handbook.

(a) PURPOSE OF THE ORGANIZATION

To carry-out humanitarian relief work wherever required in the world, to and for victims of natural and man-made disasters including floods, famines, earthquakes, war, aggression, illness or any other misfortune of life that may befall. To provide goods and services to the victims as required. To help relieve poverty and deprivation that may exist anywhere in the world, particularly among the vulnerable segment of the community including the elderly, children, widows/widowers, orphan, prisoners of conscience, victims of human right violations, refugees and others. This assistance can take various shapes e.g. providing for housing at low cost and its maintenance, temporary accommodation, food, means of education for children, providing for training to bring about self-sufficiency and self-reliance and general welfare of an appropriate kind. To help promote health and education particularly in Africa where the need is acutely felt in those areas.

The organization is incorporated under the Canada Corporations Act as a not-for-profit charitable organization and is a registered charity under the Income Tax Act, registration number 87254 1040 RR0001 and is exempt from income taxes under Section 149 of the Income Tax Act.

(b) REVENUE RECOGNITION

Receipts for all government grants are recorded in these financial statements on the cash basis. Therefore, the amounts recorded in these financial statements correspond to the actual amounts received during the fiscal year.

(c) AGENT RELATIONS

Humanity First Canada carries out some of its charitable activities through intermediaries such as an agent or a contractor. A formal written agency agreement is in place with these intermediaries in other countries. Humanity First Canada maintains fund transfer records, invoices and expenses for the charitable activities as per agreement and controls projects at its discretion.

(d) RESTRICTED DONATIONS

Some of the donations collected by Humanity First Canada are Restricted Funds by donors where these funds are tied to a specific project or purpose and not available for the general purposes of the organization.

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DECEMBER 31, 2016

...Continued

(e) VOLUNTEERS

Humanity First Canada heavily relies on volunteer participation. Countless hours are spent by volunteers performing various charitable activities, however, the volunteer hours i.e. time spent by volunteers are not included in the financial statements. Due to difficulty in accurately calculating the time spent by volunteers and difficulty in exact conversion into dollar figures, these amounts are excluded from the financial statements.

(f) AMORTIZATION

Amortization is taken at the following annual rates and basis:

Building	-	2.5% of unamortized cost
Land	-	0% of unamortized cost
Automobile	-	30% of unamortized cost
Furniture and fixtures	-	20% of unamortized cost
Equipment	-	20% of unamortized cost
Computers	-	20% of unamortized cost

2. TEMPORARY INVESTMENTS

This amount represents restricted donations temporarily held as cashable GICs for various projects including refugee resettlement projects that are earmarked for spending in 2017 and 2018 and Hospital Projects in Senegal.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2016 Net	2015 Net
Building	\$ 551,299	\$ 65,551	\$ 485,748	\$ 493,203
Land	120,000	-	120,000	120,000
Automobile	50,843	36,509	14,334	20,477
Furniture and fixtures	5,520	2,988	2,532	3,165
Equipment	6,783	3,458	3,325	4,156
Computer	<u>6,479</u>	<u>3,276</u>	<u>3,203</u>	<u>4,004</u>
	<u>\$ 740,924</u>	<u>\$ 111,782</u>	<u>\$ 629,142</u>	<u>\$ 650,005</u>

4. FINANCIAL INSTRUMENTS

(a) The organization believes that it is not exposed to significant interest, currency, credit, market or other price risks arising from holding financial instruments.