

**HUMANITY FIRST**

**(a charitable organization)**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

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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, 2017, 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, 2017, 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  
June 17, 2018

HUMANITY FIRST

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STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	2017	2016
<b>ASSETS</b>		
Current		
Cash	\$ 554,657	\$ 364,766
Temporary investments (note 2)	2,027,901	2,622,652
Accounts receivable	-	6,771
Prepaid expenses	<u>14,025</u>	<u>9,455</u>
	2,596,583	3,003,644
Capital - at cost less accumulated amortization (note 3)	<u>615,143</u>	<u>629,142</u>
	<u>\$ 3,211,726</u>	<u>\$ 3,632,786</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ <u>8,132</u>	\$ <u>38,675</u>
<b>NET ASSETS</b>		
Restricted for net assets	615,143	629,142
Restricted net assets	2,158,813	2,456,753
Unrestricted net assets	<u>429,638</u>	<u>508,216</u>
	<u>3,203,594</u>	<u>3,594,111</u>
	<u>\$ 3,211,726</u>	<u>\$ 3,632,786</u>

Approved on behalf of the Board:

  
\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

**HUMANITY FIRST**

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**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2017**

	Restricted for Capital purposes	Restricted	Unrestricted	2017	2016
<b>BALANCE - Beginning of year</b>	\$ 629,142	\$ 2,456,753	\$ 508,216	\$ 3,594,111	\$ 2,957,618
- Excess (deficiency) of revenues over expenses	<u>(13,999)</u>	<u>(297,940)</u>	<u>(78,578)</u>	<u>(390,517)</u>	<u>636,493</u>
<b>BALANCE - End of year</b>	\$ <u>615,143</u>	\$ <u>2,158,813</u>	\$ <u>429,638</u>	\$ <u>3,203,594</u>	\$ <u>3,594,111</u>

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

**HUMANITY FIRST**

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**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2017**

	2017	2016
<b>REVENUES</b>		
Donations	\$ 1,404,458	\$ 2,534,944
Interest income	<u>22,458</u>	<u>27,098</u>
	<u>1,426,916</u>	<u>2,562,042</u>
<b>EXPENSES</b>		
Charitable program expenses (per attached schedule)	1,733,751	1,833,397
Marketing and advertising	15,739	2,549
Office and general	15,337	11,712
Wages and wage costs	13,517	33,574
Professional fees	7,119	6,700
Insurance	6,879	10,016
Bank charges and interest	6,362	6,738
Amortization	<u>18,729</u>	<u>20,863</u>
	<u>1,817,433</u>	<u>1,925,549</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ <u>(390,517)</u>	\$ <u>636,493</u>

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

**HUMANITY FIRST**

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**SCHEDULE OF CHARITABLE PROGRAM EXPENSES**

**YEAR ENDED DECEMBER 31, 2017**

	2017	2016
<b>Canadian Programs</b>		
Refugee/Immigration resettlement	\$ 744,507	\$ 811,486
Food bank (note 5)	231,934	258,384
Fundraising events	23,264	60,363
Seniors First	10,930	35,758
Healthcare	1,437	2,273
Our Children and Our Future	4,916	1,301
Disaster relief	<u>60,291</u>	<u>1,000</u>
	<u>1,077,279</u>	<u>1,170,565</u>
<b>International Programs</b>		
Healthcare	\$ 182,364	\$ 345,541
Food security	126,316	131,900
Disaster relief	83,744	81,949
Water for Life	172,329	31,900
Orphan care	7,514	31,806
Knowledge for Life	60,574	28,530
Learn a Skill	12,585	11,206
Community care	<u>15,850</u>	<u>-</u>
	<u>661,276</u>	<u>662,832</u>
	<u>\$ 1,738,555</u>	<u>\$ 1,833,397</u>
<b>Program expenses by Country</b>		
Canada	\$ 1,077,279	\$ 1,170,565
Senegal	144,802	357,372
Pakistan	126,279	-
Nigeria	98,906	28,173
Niger	79,690	83,800
Chad	50,850	9,000
Kenya	49,286	-
Cameroon	44,200	36,374
Liberia	5,940	30,806
Philippines	22,000	12,850
Congo	14,500	-
Gabon	3,650	-
Belize	3,000	8,019
Malaysia	2,470	-
Ecuador	779	19,928
Fiji	-	10,000
Haiti	-	31,898
Jordan	-	17,230
Program support	<u>14,924</u>	<u>17,382</u>
	<u>\$ 1,738,555</u>	<u>\$ 1,833,397</u>

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

**HUMANITY FIRST**  
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**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2017**

	2017	2016
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ <u>(390,517)</u>	\$ <u>636,493</u>
Adjustment for:		
Amortization	<u>18,729</u>	<u>20,863</u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	6,771	(6,771)
(Increase) decrease in temporary investments	594,751	(1,109,900)
(Increase) decrease in prepaid expenses	(4,570)	16,322
Increase in accounts payable and accrued liabilities	<u>(30,543)</u>	<u>23,875</u>
	<u>566,409</u>	<u>(1,076,474)</u>
Cash flow from operating activities:	<u>194,621</u>	<u>(419,118)</u>
Cash flow from investing activities:		
Increase in capital assets	<u>(4,730)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	189,891	(419,118)
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>364,766</u>	<u>783,884</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u>\$ 554,657</u>	<u>\$ 364,766</u>

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



# HUMANITY FIRST

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## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 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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# HUMANITY FIRST

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## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### (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

Capital assets are initially recorded at cost when acquired and are subsequently amortized:

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	2017 Net	2016 Net
Building	\$ 551,299	\$ 77,695	\$ 473,604	\$ 485,748
Land	120,000	-	120,000	120,000
Automobile	50,843	40,809	10,034	14,334
Furniture and fixtures	5,520	3,494	2,026	2,532
Equipment	11,513	4,596	6,917	3,325
Computer	<u>6,479</u>	<u>3,917</u>	<u>2,562</u>	<u>3,203</u>
	<u>\$ 745,654</u>	<u>\$ 130,511</u>	<u>\$ 615,143</u>	<u>\$ 629,142</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.

## 5. FOOD BANK

Food bank charitable expenses also include payroll costs incurred during the year.