

**HUMANITY FIRST**

**(a charitable organization)**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

## INDEX

- 1-2. Independent Auditors' Report
- 3. Statement of Financial Position
- 4. Statement of Changes in Net Assets
- 5. Statement of Operations
- 6. Schedule of Charitable Program Expenses
- 7. Statements of Cash Flows
- 8-9. Notes to Financial Statements

**BERMAN, LOFCHICK & LUM, LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

MARSHALL LOFCHICK, B.A. (HONS.), CPA, CA  
WINSTON LUM, B.Comm., CPA, CA  
ISAAC ALTBERG, Bsc., CPA, CA

230 SHEPPARD AVENUE WEST  
SUITE 300  
TORONTO, ONTARIO M2N 1N1  
TELEPHONE: (416) 229-9360  
FAX: (416) 229-9375  
marsh31@rogers.com  
wilum@rogers.com  
isaac.altberg@rogers.com

**INDEPENDENT AUDITORS' REPORT**

To the members of **Humanity First**

***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, 2018, 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.

We have audited the accompanying financial statements of Humanity First, which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

***Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## *Auditor's 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 auditor's report that includes our opinion. 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 the Organization'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 the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

Respectfully submitted,



Toronto, Ontario  
Date

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

HUMANITY FIRST

(a charitable organization)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

	2018	2017
<b>ASSETS</b>		
Current		
Cash	\$ 512,103	\$ 554,657
Temporary investments (note 2)	2,689,106	2,027,901
Accounts receivable	35,313	-
Prepaid expenses	<u>30,896</u>	<u>14,025</u>
	3,267,419	2,596,583
Capital - at cost less accumulated amortization (note 3)	<u>597,993</u>	<u>615,143</u>
	<u>\$ 3,865,412</u>	<u>\$ 3,211,726</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ <u>14,277</u>	\$ <u>8,132</u>
<b>NET ASSETS</b>		
Restricted for net assets	597,993	615,143
Restricted net assets	3,019,379	2,158,813
Unrestricted net assets	<u>233,763</u>	<u>429,638</u>
	<u>3,851,135</u>	<u>3,203,594</u>
	<u>\$ 3,865,412</u>	<u>\$ 3,211,726</u>

Approved on behalf of the Board:

 \_\_\_\_\_ Director

\_\_\_\_\_ Director

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

**HUMANITY FIRST**

**(a charitable organization)**

**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2018**

	Restricted for Capital purposes	Restricted	Unrestricted	2018	2017
<b>BALANCE - Beginning of year</b>	\$ 615,143	\$ 2,158,813	\$ 429,638	\$ 3,203,594	\$ 3,594,111
- Excess (deficiency) of revenues over expenses	<u>(17,150)</u>	<u>860,566</u>	<u>(195,875)</u>	<u>647,542</u>	<u>(390,517)</u>
<b>BALANCE - End of year</b>	<u>\$ 597,993</u>	<u>\$ 3,019,379</u>	<u>\$ 233,763</u>	<u>\$ 3,851,136</u>	<u>\$ 3,203,594</u>

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

**HUMANITY FIRST**  
**(a charitable organization)**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>REVENUES</b>		
Donations	\$ 1,870,060	\$ 1,404,458
Interest income	<u>35,345</u>	<u>22,458</u>
	<u>1,905,405</u>	<u>1,426,916</u>
<b>EXPENSES</b>		
Charitable program expenses (per attached schedule)	1,176,852	1,733,751
Marketing and advertising	16,633	15,739
Wages and wage costs	15,743	13,517
Insurance	9,368	6,879
Bank charges and interest	9,327	6,362
Professional fees	6,600	7,119
Office and general	6,190	15,337
Amortization	<u>17,150</u>	<u>18,729</u>
	<u>1,257,863</u>	<u>1,817,433</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ <u>647,542</u></b>	<b>\$ <u>(390,517)</u></b>

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

HUMANITY FIRST

(a charitable organization)

SCHEDULE OF CHARITABLE PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2018

	2018	2017
Canadian Programs		
Food bank (note 5)	\$ 305,099	\$ 231,934
Refugee/Immigration resettlement	194,552	744,507
Seniors First	14,472	10,930
Disaster relief	13,907	60,291
Healthcare	2,404	1,437
Our Children and Our Future	7,000	4,916
Fundraising events	-	23,264
	<u>537,434</u>	<u>1,077,279</u>
International Programs		
Water for Life	239,920	172,329
Food security	156,574	126,316
Healthcare	138,033	182,364
Disaster relief	52,276	83,744
Knowledge for Life	41,081	60,574
Orphan care	8,524	7,514
Community care	3,010	15,850
Learn a Skill	-	12,585
	<u>639,418</u>	<u>661,276</u>
	<u>\$ 1,176,852</u>	<u>\$ 1,738,555</u>
Program expenses by Country		
Canada	\$ 537,434	\$ 1,077,279
Pakistan	163,150	126,279
Nigeria	97,144	98,906
Chad	95,700	50,850
Banladesh	48,481	-
Cameroon	47,150	44,200
Niger	46,350	79,690
Senegal	30,477	144,802
Philippines	22,200	22,200
Thailand	15,400	-
Ghana	13,386	-
Congo	12,000	14,500
Guinea	10,000	-
Brazil	9,000	-
Kenya	7,976	49,286
Somalia	5,000	-
Tanzania	5,000	-
Malaysia	4,000	2,470
Parguay	3,271	-
Ecuador	3,057	779
Belize	2,800	3,000
Gabon	-	3,650
Liberia	-	5,940
Program support	<u>(2,123)</u>	<u>14,924</u>
	<u>\$ 1,176,852</u>	<u>\$ 1,738,555</u>

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



**HUMANITY FIRST**  
**(a charitable organization)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018**

	2018	2017
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ <u>647,541</u>	\$ <u>(390,517)</u>
Adjustment for:		
Amortization	<u>17,150</u>	<u>18,729</u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(35,313)	6,771
(Increase) decrease in temporary investments	(661,205)	594,751
(Increase) decrease in prepaid expenses	(16,871)	(4,570)
Increase in accounts payable and accrued liabilities	<u>6,144</u>	<u>(30,543)</u>
	<u>(707,244)</u>	<u>566,409</u>
Cash flow from operating activities:	<u>42,554</u>	<u>194,621</u>
Cash flow from investing activities:		
Increase in capital assets	<u>-</u>	<u>(4,730)</u>
Net increase (decrease) in cash and cash equivalents	(42,554)	189,891
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>554,657</u>	<u>364,766</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u>\$ 512,103</u>	<u>\$ 554,657</u>

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

# HUMANITY FIRST

(a charitable organization)

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

### 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.

Continued...

-8-

# HUMANITY FIRST

(a charitable organization)

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

...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

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 and other charitable programs.

## 3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net	2017 Net
Building	\$ 551,299	\$ 89,535	\$ 461,764	\$ 473,604
Land	120,000	-	120,000	120,000
Automobile	50,843	43,819	7,024	10,034
Equipment	11,513	5,979	5,534	6,917
Computer	6,479	4,429	2,050	2,562
Furniture and fixtures	<u>5,520</u>	<u>3,899</u>	<u>1,621</u>	<u>2,026</u>
	<u>\$ 745,654</u>	<u>\$ 147,661</u>	<u>\$ 597,993</u>	<u>\$ 615,143</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.