HUMANITY FIRST

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the members of **Humanity First**

Qualified Opinion

We have audited the accompanying financial statements of Humanity First, which comprise the statement of financial position as at December 31, 2022, and the statements of operations, 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, except for the possible effects 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 following paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As in the common with many charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2022 and current assets and net assets as at January 1, 2022 and December 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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.

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.

Markham, Ontario
June 27, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

HUMANITY FIRST

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STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	2022	2021
ASSETS		
Current		
Cash	$ 1,036,606	$ 3,530,975
Temporary investments	8,234,643	6,158,523
Prepaid expenses	4,042	57,953
Intercompany loans receivable	15,835	-
	9,291,126	9,747,451
Capital - at cost less accumulated amortization (note 3)	1,656,887	588,432
Total assets	$10,948,013	$10,335,883
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 68,947	$ 19,220
Total liabilities	68,947	19,220
NET ASSETS		
Restricted net assets	6,390,100	6,390,100
Unrestricted net assets	4,488,966	3,926,563
	10,879,066	10,316,663
	$10,948,013	$10,335,883

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, 2022

	Restricted	Unrestricted	2022	2021
BALANCE - Beginning of year	$ 6,390,100	$ 3,926,563	$10,316,663	$ 7,347,331
Add - Excess of revenues over expenses	-	562,403	562,403	2,969,332
BALANCE - End of year	$ 6,390,100	$ 4,488,966	$10,879,066	$10,316,663

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

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STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUES		
Donations	$ 5,472,140	$ 5,049,596
Interest	107,865	11,936
	5,580,005	5,061,532
EXPENSES		
Charitable program expenses (per attached schedule)	4,880,147	1,997,010
Wages and benefits	41,499	27,644
Office and general	28,444	15,895
Bank charges and interest	14,228	14,173
Professional fees	9,840	9,492
Marketing and advertising	4,403	1,660
Insurance	-	(1,139)
Amortization	39,041	27,465
	5,017,602	2,092,200
EXCESS OF REVENUES OVER EXPENSES	$ 562,403	$ 2,969,332

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

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SCHEDULE OF CHARITABLE PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022	2021
Canadian Programs		
Refugee/immigration resettlement	$ 2,971,450	$ 750,236
Food security	463,239	256,293
Community care	64,554	2,015
Disaster relief	63,136	609
Seniors first	24,105	548
Fundraising events	12,300	-
Global Health	3,071	-
Knowledge for life	1,427	-
Healthcare	-	12,418
	3,603,282	1,022,119
International Programs		
Global Health	376,234	-
Food security	287,942	273,992
Water for life	265,664	204,085
Disaster relief	98,815	51,496
Community care	82,550	84,606
Gift to sight	63,525	38,379
Knowledge for life	55,171	79,968
Orphan care	51,367	68,074
Healthcare	-	174,291
	1,281,268	974,891
	$ 4,884,550	$ 1,997,010
Program expenses by Country		
Canada	$ 3,603,282	$ 1,022,119
Bangladesh	36,776	41,330
Belize	6,800	11,800
Brazil	5,500	1,400
Cameroon	200,720	175,545
Chad	154,810	99,850
Congo Brazaville	62,200	49,200
Ecuador	-	1,270
Gabon	2,500	4,000
Ghana	-	1,255
Guatemala	-	2,507

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

Continued.....

Guinea	4,000	-
Haiti	4,064	43,192
Ivory Coast Hospital	330,148	64,260
Kenya	26,671	7,069
Madagascar	23,805	-
Malaysia	32,200	109,844
Mali	30,398	27,439
Middle East	-	37,902
Nigeria	109,926	101,002
Pakistan	58,000	-
Philippines	12,000	26,000
Senegal	143,100	120,275
Somalia	-	12,400
Tanzania	14,700	5,000
Thailand	22,950	32,351
	$ 4,884,550	$ 1,997,010

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STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	2022	2021
Cash and cash equivalents provided (used) in:		
Operating activities:		
Excess of revenue over expenses	$ 562,403	$ 2,969,332
Adjustments for:		
Amortization of capital assets	39,041	27,465
Changes in non-cash working capital:		
Increase in temporary investments	(2,076,120)	(2,991,936)
(Increase) decrease in prepaid expenses	53,912	(3,502)
Increase (decrease) in accounts payable and accrued liabilities	49,725	(12,379)
Increase (decrease) in loan receivable	(15,835)	-
	(1,988,318)	(3,007,817)
Cash flow from operating activities:	(1,386,874)	(11,020)
Net decrease in cash and cash equivalents	(2,494,369)	(11,020)
CASH AND CASH EQUIVALENTS - Beginning of year	3,530,975	3,541,995
CASH AND CASH EQUIVALENTS - End of year	$ 1,036,606	$ 3,530,975

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

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 CPA Canada Handbook - Accounting.

(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 particularity 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.

(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 purchased and are subsequently amortized st the following rate:

Building	- 2.5% of unamortized cost
Buildings after 2022	- 4% 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	2022 Net	2021 Net
Building	$ 1,316,990	$ 149,323	$ 1,167,667	$ 427,989
Land	448,153	-	448,153	120,000
Automobile	130,843	105,833	25,010	35,729
Furniture and fixtures	19,171	6,221	12,950	830
Equipment	11,513	9,246	2,267	2,834
Computer	6,479	5,639	840	1,050
	$ 1,933,149	$ 276,262	$ 1,656,887	$ 588,432

4. FINANCIAL INSTRUMENTS

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