

HUMANITY FIRST CANADA

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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BERMAN, LOFCHICK & LUM, LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Humanity First Canada, which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net assets 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 generally accepted accounting principles, 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.

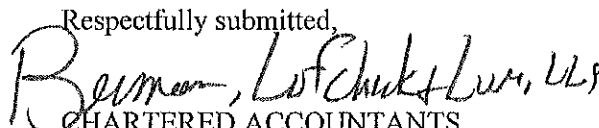
Basis for Qualified Opinion

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, 2011, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario.
July 24, 2012.

Respectfully submitted,

CHARTERED ACCOUNTANTS.
Licensed Public Accountants.

HUMANITY FIRST CANADA

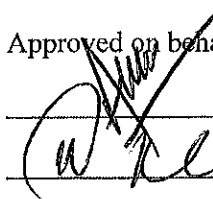
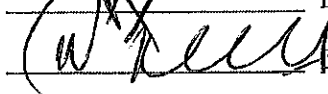
(a charitable organization)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

	2011	2010
ASSETS		
Current		
Cash	\$ 198,157	\$ 761,198
Guaranteed Investment Certificates - 1.25% due March 11, 2012	800,548	501,015
Accounts receivable	1,892	-
Prepaid expenses and sundry assets	<u>10,867</u>	<u>7,263</u>
	1,011,464	1,269,476
Capital at cost less accumulated amortization (note 3)	<u>615,364</u>	<u>13,215</u>
	<u>1,626,828</u>	<u>1,282,691</u>
Funds held in trust	721	687,590
Trust funds payable	<u>721</u>	<u>(687,590)</u>
	-	-
	<u>\$ 1,626,828</u>	<u>\$ 1,282,691</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 3,806	\$ 5,166
Current portion of long-term debt (note 4)	<u>18,588</u>	<u>-</u>
	22,394	5,166
Long-term debt (note 4)	<u>81,412</u>	<u>-</u>
	103,806	5,166
NET ASSETS		
Unrestricted net assets	<u>1,523,022</u>	<u>1,277,525</u>
	<u>\$ 1,626,828</u>	<u>\$ 1,282,691</u>

Approved on behalf of the Board:

 Director
 Director

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

HUMANITY FIRST CANADA

(a charitable organization)

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2011

	2011 Unrestricted	2010 Unrestricted
BALANCE - Beginning of year	\$ 1,277,525	\$ 640,607
- Excess of revenues over expenses	<u>245,497</u>	<u>636,918</u>
BALANCE - End of year	\$ <u>1,523,022</u>	\$ <u>1,277,525</u>

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

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HUMANITY FIRST CANADA

(a charitable organization)

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2011

	2011	2010
REVENUES		
Donations	\$ 605,619	\$ 1,312,654
Interest income	<u>3,250</u>	<u>-</u>
	<u>608,869</u>	<u>1,312,654</u>
EXPENSES		
Charitable program expenses (per attached schedule)	246,411	548,679
Food bank costs	84,348	82,527
Wages and wages costs	8,988	9,698
Professional fees	5,423	4,900
Marketing and advertising	4,544	4,842
Insurance	3,800	-
Office and general	3,608	8,920
Bank charges and interest (net)	1,285	1,340
Telecommunication	1,000	1,052
Travel costs	-	1,734
Amortization	<u>3,965</u>	<u>12,044</u>
	<u>363,372</u>	<u>675,736</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>245,497</u>	\$ <u>636,918</u>

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

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HUMANITY FIRST CANADA

(a charitable organization)

SCHEDULE OF CHARITABLE PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2011

	2011	2010
Pakistan flood relief	98,672	147,749
Nigeria Water Wells Project	33,471	75,546
Africa Relief	23,000	-
Community programs (HFCC)	23,000	100,149
Haiti Relief	22,638	-
Japan Relief	10,142	-
Fundraising events	8,719	8,244
Philippines flood relief	7,525	3,045
Nigeria Computer School Project	7,471	843
Brazil relief	5,170	-
Seniors' First	4,365	-
Feed a Family program	1,650	2,122
Healthcare programs	588	2,602
Haiti earthquake relief	-	188,994
Bangladesh flood relief	-	19,135
Small enterprise development	-	250
	<u>\$ 246,411</u>	<u>\$ 548,679</u>

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

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HUMANITY FIRST CANADA
(a charitable organization)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

	2011	2010
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ <u>245,497</u>	\$ <u>636,918</u>
Adjustment for:		
Amortization	<u>3,965</u>	<u>12,044</u>
Changes in non-cash working capital:		
Increase in accounts receivable	(1,892)	-
Increase in GIC	(299,533)	(501,015)
Increase in prepaid expenses and sundry assets	(3,604)	(6,875)
Decrease in accounts payable and accrued liabilities	<u>(1,360)</u>	<u>(16,614)</u>
	<u>(306,389)</u>	<u>(524,504)</u>
Cash flow (deficiency) from operating activities:	<u>(56,927)</u>	<u>124,458</u>
Cash flow from financing activities		
Bank debt	<u>100,000</u>	<u>-</u>
Cash flow from investing activities:		
Purchase of capital assets	<u>(606,114)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(563,041)	124,458
CASH AND CASH EQUIVALENTS - Beginning of year	<u>761,198</u>	<u>636,740</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 198,157</u>	<u>\$ 761,198</u>

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

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HUMANITY FIRST CANADA

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. 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 Ontario 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.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) 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.

(c) 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.

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HUMANITY FIRST CANADA

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

...Continued

(d) **AMORTIZATION**

Amortization of the automobile has been provided at 30% of the unamortized cost. The building has not been amortized in the current year as it was not acquired until December 15, 2011.

(e) The organization considers its capital to be the balance maintained in its Unrestricted Net Assets. The primary objective of the organization is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the organization with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The organization is not subject to any externally imposed requirements of its capital.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2011 Net	2010 Net
Automobile	\$ 26,968	\$ 17,718	\$ 9,250	\$ 13,215
Land	120,000	-	120,000	-
Building	<u>486,114</u>	<u>-</u>	<u>486,114</u>	<u>-</u>
	\$ <u>633,082</u>	\$ <u>17,718</u>	\$ <u>615,364</u>	\$ <u>13,215</u>

4. LONG-TERM DEBT

	2011	2010
Royal Bank of Canada Loan - variable rate of prime plus .60% per annum, due January 14, 2013 and repayable in blended monthly payments of \$1,823.59 principal and interest	\$ 100,000	\$ -
Deduct - current portion	<u>18,588</u>	<u>-</u>
	\$ <u>81,412</u>	\$ <u>-</u>

As security for the bank loan the Organization has given a general security agreement covering its assets, a general assignment of bank debts and a chattel over specified property.

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HUMANITY FIRST CANADA

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

...Continued

5. Under Community Programs in Canada, Humanity First Canada has built a community center in the city of Vaughan. Humanity First donated \$100,149 to this project and handed over the partially completed facility to Ahmadiyya Muslim Jama'at Canada Inc. (a not-for-profit charitable organization) for the benefit of the local community in the city of Vaughan.

Humanity First Canada has returned the full amount of the grant which was received from the government for the construction of the community centre in the amount of \$1,045,441.84. The breakdown of the payments are as follows:

1. \$ 557,181.66 (cheque #: 35)
2. \$ 488,260.18 (cheque #: 36)

6. FINANCIAL INSTRUMENTS

RISK

The organization's financial instruments consist of cash, GIC's, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is the opinion of management that the organization is not exposed to significant interest, currency or credit risk arising from these financial instruments.

FAIR VALUE

The carrying values of the financial instruments approximate their fair values because of the relatively short period to maturity of the instruments or because they are receivable or payable on demand.

RELIEF INTERNATIONAL INC.
o/a Humanity First Canada
10610 Jane Street
Maple, Ontario
L6A 3A2

Berman, Lofchick & Lum, LLP
Licensed Public Accountants
#300 - 230 Sheppard Avenue, West
Willowdale, Ontario
M2N 1N1

July 24, 2012

Dear Sir/Madam:

We are providing this letter in connection with your audit of the financial statements of Relief International Inc. o/a Humanity First Canada as of December 31, 2011 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operation, and cash flows of Relief International Inc. in accordance with Canadian generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles. We acknowledge that we are also responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances for the purpose of obtaining reasonable assurance that the financial statements are free of material misstatement. However, such an audit is based on selective tests. Because you do not perform a detailed examination of all transactions, there is a risk that material fraud, error, violation or possible violation of laws or regulation may exist, but not be detected. Based on our assessment, we believe the risk that the financial statements may be materially misstated as a result of fraud to be acceptably low.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

1. We have made available to you:
All financial records and related data; and
Minutes of the meetings of board of directors.
2. The financial statements of the organization:
 - . present on a fair and consistent basis all assets and all known liabilities of the organization at the year end;
 - . fairly reflect all donated property, plant and equipment except as noted in the financial statements;
 - . record only those donated materials and services whose fair values could be reasonably estimated;
 - . record all other donations received during the year;
 - . record only those pledges whose realizable value could be reasonably estimated and whose ultimate collection is reasonably assured;
 - . properly disclose the nature and amount of any restrictions on funds;
 - . fairly reflect and summarize on a consistent basis the results of all transactions entered into by the organization during the period;

Continued...

(2)

- . segregate where required all transactions between the organization and its directors and members and/or other organizations under common management. There have been no exchange of goods or services with any related parties for which appropriate accounting treatment and financial statement disclosure has not been given;
 - . record only those assets to which the organization has title and reflect only those transactions properly related to the activities of the organization;
3. We have reviewed and approved all of the following:
- . Journal entries you prepared or changed;
 - . Account codes you determined or change;
 - . Transactions you classified; and
 - . Accounting records you prepared or changed.
4. All assets, wherever located, to which the organization had satisfactory title at the year end, have been fairly stated and recorded in the financial statements.
5. Accounts receivable represent bona fide claims against customers for sales or other charges arising on or before the year end. They do not include any amounts for goods shipped on consignment or approval.
- The total of accounts receivable written off during the year is hereby approved and, in our opinion, the allowance for doubtful accounts is adequate to cover all known or anticipated losses from uncollectible accounts and those accounts not paid within normal credit.
6. The total of pledges written-off during the year is hereby approved and, in our opinion, the balance of pledges is fairly stated at its realizable value.
7. We are aware of the environmental laws and regulations that impact on our organization and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.
8. The estimated useful lives of capital assets, as disclosed in the financial statements, are a reasonable basis for amortization. Appropriate provisions have been made for idle or obsolete assets or where site restoration costs will be necessary.
9. There were no direct or contingent liabilities, unusual contractual obligations nor any substantial commitments, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the company, except as disclosed in the financial statements.
10. We have disclosed to you all significant customers and/or suppliers of the organization who individually represent a significant volume of transactions with our organization. We are of the opinion that the volume of transactions (sales, services, purchases, borrowing and lending) done by the organization with any one party is not of sufficient magnitude that discontinuance would have a material negative effect on the ongoing operations of the organization.
11. There are no outstanding legal actions or possible claims which have not been provided for or disclosed in the financial statements.
12. The minute books of the organization are a complete record of all meetings and resolutions of the directors throughout the year and to the present date.

Continued...

(3)

13. There have been no irregularities involving management or employees who have significant roles in the system of internal control.
14. There have been no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
15. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
16. The effects of uncorrected financial statement misstatements aggregated by your firm are immaterial, both individually and in aggregate, to the financial statements as a whole. All material adjustments have been made and included in the financial statements.
17. It is our responsibility for the implementation and operation of internal controls designed to prevent and detect fraud and error. All significant facts relating to any frauds or suspected frauds known to management and the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud have been disclosed.

Per: X