

HUMANITY FIRST CANADA

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

INDEX

1. Independent Auditors' Report
2. Statement of Financial Position
3. Statement of Changes in Net Assets
4. Statement of Operations
5. Schedule of Charitable Program Expenses
6. Statements of Cash Flows
- 7-10. Notes to Financial Statements

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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, 2012, 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 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, fundraising and expenditures thereon, 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, fundraising and expenditures 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, 2012, 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,

CHARTERED PROFESSIONAL ACCOUNTANTS.
Licensed Public Accountants

Toronto, Ontario.
June 26, 2013.

HUMANITY FIRST CANADA

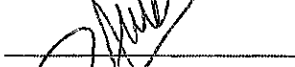
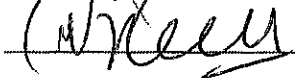
(a charitable organization)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

	2012	2011 (Unaudited Note 7)
ASSETS		
Current		
Cash	\$ 126,870	\$ 198,157
Temporary investments	807,141	800,548
Accounts receivable	10,271	1,892
Prepaid expenses and sundry assets	<u>20,861</u>	<u>10,867</u>
	965,143	1,011,464
Capital at cost less accumulated amortization (note 3)	<u>669,655</u>	<u>615,364</u>
Funds held in trust	-	721
Trust funds payable	<u>-</u>	<u>721</u>
	<u>-</u>	<u>-</u>
	<u>\$ 1,634,798</u>	<u>\$ 1,626,828</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 6,691	\$ 3,806
Current portion of long-term debt (note 4)	<u>-</u>	<u>18,588</u>
	6,691	22,394
Long-term debt (note 4)	<u>-</u>	<u>81,412</u>
	6,691	103,806
NET ASSETS		
Unrestricted net assets	<u>1,628,107</u>	<u>1,523,022</u>
	<u>\$ 1,634,798</u>	<u>\$ 1,626,828</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, 2012

	2012 Unrestricted	2011 Unrestricted (Unaudited Note 7)
BALANCE - Beginning of year	\$ 1,523,022	\$ 1,277,525
Add - Excess of revenues over expenses	<u>105,085</u>	<u>245,497</u>
BALANCE - End of year	\$ <u>1,628,107</u>	\$ <u>1,523,022</u>

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

-3-

HUMANITY FIRST CANADA
(a charitable organization)
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012

	2012	2011 (Unaudited Note 7)
REVENUES		
Donations	\$ 388,737	\$ 605,619
Interest income	<u>11,590</u>	<u>3,250</u>
	<u>400,327</u>	<u>608,869</u>
EXPENSES		
Charitable program expenses (per attached schedule)(note 6)	145,109	246,411
Food bank costs	96,217	84,348
Wages and wage costs	10,092	8,988
Insurance	7,739	3,800
Bank charges and interest	6,855	1,285
Office and general	4,551	3,608
Professional fees	3,980	5,423
Marketing and advertising	2,164	4,544
Telecommunication	562	1,000
Amortization	<u>17,973</u>	<u>3,965</u>
	<u>295,242</u>	<u>363,372</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>105,085</u>	\$ <u>245,497</u>

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

-4-

HUMANITY FIRST CANADA

(a charitable organization)

SCHEDULE OF CHARITABLE PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2012

	2012	2011 (Unaudited Note 7)
Nigeria Computer School Project	\$ 30,389	\$ 33,471
Seniors' First	23,205	4,365
Africa Relief	19,300	23,000
Fundraising events	18,575	8,719
Philippines Flood Relief	9,812	7,525
Haiti Relief	8,044	22,638
DRT Response	8,983	-
Orphan Care	6,989	-
Other Disaster	6,747	-
Fiji Disaster	5,000	-
Feed a Family Program	4,116	588
Nigeria Water Wells Project	3,745	7,471
Healthcare Programs	204	588
Community programs (HFCC)	-	23,000
Japan Relief	-	10,142
Pakistan Flood Relief	-	98,672
Brazil Relief	-	5,170
	<u>\$ 145,109</u>	<u>\$ 246,411</u>

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

-5-

HUMANITY FIRST CANADA
(a charitable organization)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

	2012	2011 (Unaudited Note 7)
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ <u>105,085</u>	\$ <u>245,497</u>
Adjustment for:		
Amortization	<u>17,973</u>	<u>3,965</u>
Changes in non-cash working capital:		
Increase in accounts receivable	(8,379)	(1,892)
Increase in temporary investments	(6,593)	(299,533)
Increase in prepaid expenses and sundry assets	(9,994)	(3,604)
Increase (decrease) in accounts payable and accrued liabilities	<u>2,885</u>	<u>(1,360)</u>
	<u>(22,081)</u>	<u>(306,389)</u>
Cash flow from operating activities:	<u>100,977</u>	<u>(56,927)</u>
Cash flow from financing activities		
Increase (decrease) in long-term debt	(100,000)	100,000
Cash flow from investing activities:		
Purchase of capital assets	<u>(72,266)</u>	<u>(606,114)</u>
Net decrease in cash and cash equivalents	(71,287)	(563,041)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>198,157</u>	<u>761,198</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 126,870</u>	<u>\$ 198,157</u>

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

-6-

HUMANITY FIRST CANADA

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

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.

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

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-7-

HUMANITY FIRST CANADA

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

...Continued

(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.

(d) **AMORTIZATION**

Amortization of the automobile has been provided at 30% of the unamortized cost. The building been amortized in the current year at the rate of 2.5% of cost.

(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	2012 Net	2011 Net (Unaudited Note 7)
Equipment	\$ 2,343	\$ 469	\$ 1,874	\$ -
Furniture and fixtures	2,609	522	2,087	-
Automobile	26,968	20,493	6,475	9,250
Land	120,000	-	106,218	120,000
Building under construction	551,299	13,782	551,299	486,114
Computer	<u>2,128</u>	<u>426</u>	<u>1,702</u>	<u>-</u>
	<u>\$ 705,347</u>	<u>\$ 35,692</u>	<u>\$ 669,655</u>	<u>\$ 615,364</u>

Continued...

HUMANITY FIRST CANADA

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

...Continued

4. LONG-TERM DEBT

	2012	2011 (Unaudited Note 7)
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>-</u>	<u>18,588</u>
	\$ <u>-</u>	\$ <u>81,412</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.

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)

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-9-

HUMANITY FIRST CANADA

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

...Continued

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.

**7. ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS (ASNFPO)
FIRST TIME ADOPTION**

These financial statements are the first financial statements for which the entity has applied Canadian Accounting Standards for not-for-profit organizations (ASNFPO), and were prepared in accordance with *CICA Handbook - Accounting*, Part III, Section 1501, First-time adoption.

The organization issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by *CICA Handbook - Part V-Accounting XFI*. The adoption of ASNFPO had no impact on the previously reported assets, liabilities and net assets of the organization, and accordingly, no adjustments have been recorded in the comparative statements of financial position, operations, net assets and cash flows. Certain of the organizations disclosures included in these financial statements reflect the new disclosure requirements.

SINCE THE PREVIOUS YEAR'S FINANCIAL STATEMENTS WERE AUDITED UNDER PART V OF THE CICA HANDBOOK AND NOT PART III, FOR COMPARATIVE PURPOSES WE ARE SHOWING THEM AS UNAUDITED.