

ACTION FOR HUMANITY CANADA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Action For Humanity Canada

Qualified Opinion

We have audited the financial statements of Action For Humanity Canada (the "Organization"), which comprise the as at December 31, 2023, and the statement of operations, statement of changes in net assets and statement of 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might be necessary to donations, and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2023 and December 31, 2022, current assets and net assets as at December 31, 2023 and December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.



INDEPENDENT AUDITOR'S REPORT, continued

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.

Woodbridge, Ontario
March 5, 2024

AGT Partners LLP
AGT Partners LLP
Licensed Public Accountants

ACTION FOR HUMANITY CANADA

Balance Sheet

As at December 31, 2023

	2023	2022
ASSETS		
Current		
Cash (Note 3)	\$ 1,820,407	\$ 216,945
Donations receivable	72,104	2,087
Government remittances	13,305	-
Prepaid expenses	2,391	2,391
Short term investment	10,000	-
	<u>1,918,207</u>	<u>221,423</u>
Capital assets (Note 4)	11,251	9,933
	<u>\$ 1,929,458</u>	<u>\$ 231,356</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 203,342	\$ 403,703
Government remittances	-	60
	<u>203,342</u>	<u>403,763</u>
General Fund	1,094,228	200,558
Restricted Fund	631,888	(372,965)
	<u>1,726,116</u>	<u>(172,407)</u>
	<u>\$ 1,929,458</u>	<u>\$ 231,356</u>

ON BEHALF OF THE BOARD

Othman Moqbel Director

Zohaib Naqvi Director

(The accompanying notes are an integral part of these financial statements)

ACTION FOR HUMANITY CANADA

Statement of Operations

Year ended December 31, 2023

	General Funds	Restricted	December 31	December 31
	2023	Funds	2023	2022
		2023		
Revenues				
General donations	\$ 704,067	\$ 1,034,517	\$ 1,738,584	\$ 453,969
Donations and private grants from other charities	860,482	1,618,715	2,479,197	836,506
	1,564,549	2,653,232	4,217,781	1,290,475
Expenses				
Program expenses				
Contributions towards international agreements	-	1,641,691	1,641,691	1,033,083
Donations to qualified donees	21,500	2,000	23,500	105,000
Other direct program related costs	310,546	374	310,920	178,607
Program support				
Fundraising	232,439	3,984	236,423	105,744
Administration	106,394	330	106,724	40,448
	670,879	1,648,379	2,319,258	1,462,882
Excess revenues (expenses) for the year	\$ 893,670	\$ 1,004,853	\$ 1,898,523	\$ (172,407)

(The accompanying notes are an integral part of these financial statements)

ACTION FOR HUMANITY CANADA

Statement of Changes in Net Assets
For the year ended December 31, 2023

	General Funds	Restricted	December 31	December 31
	2023	Funds	2023	2022
		2023		
Net assets, beginning of year	\$ 200,558	\$ (372,965)	\$ (172,407)	\$ -
Excess revenues (expenses) for the year	893,670	1,004,853	1,898,523	(172,407)
Net assets (deficiency), ending of year	\$ 1,094,228	\$ 631,888	\$ 1,726,116	\$ (172,407)

(The accompanying notes are an integral part of these financial statements)

ACTION FOR HUMANITY CANADA

Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Operating activities		
Net Income	\$ 1,898,523	\$ (172,407)
Adjustments for Amortization	3,651	1,753
Change in non-cash working capital items		
Accounts receivable	(70,017)	(2,087)
Prepaid expenses	-	(2,391)
Short term investment	(10,000)	-
Accounts payable and accrued liabilities	(200,361)	403,703
Government remittances	(13,365)	60
	1,608,431	228,631
Investing activities		
Capital assets	(4,969)	(11,686)
	(4,969)	(11,686)
Increase (decrease) in cash	1,603,462	216,945
Cash, beginning of year	216,945	-
Cash, end of year	\$ 1,820,407	\$ 216,945

(The accompanying notes are an integral part of these financial statements)

Action For Humanity Canada

Notes to the Financial Statements

December 31, 2023

1. Nature of operations

Action For Humanity was incorporated under the Business Corporations Act of Canada without share capital on February 9, 2021. The Organization's purpose is provide aid and assistance to people affected by natural and man-made disasters.

Action For Humanity Canada is a registered Canadian Charitable Organization under the Income Tax Act and exempt from income taxes. The Organization obtained its charitable status on March 23, 2021. The Organization started its operations in March 2022, and as this is the first full year of operations. The comparative numbers reflect the result of nine months from the start of the operations.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

The Organization follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue when the contributions are received or become receivable, if collection of the amount to be received is reasonably assured. Externally restricted contributions are recognized as revenue of the restricted fund when the contributions are received or become receivable, if collection of the amount to be received is reasonably assured. Transfers between these funds are made to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are recorded as a component of changes in fund balances.

Fundraising revenue is recognized when the events are complete and when cash is received.

For financial reporting purposes, the accounts have been classified into the following funds:

Unrestricted Fund

The unrestricted fund consists of undesignated donations and fundraising revenue less expenses in the operating fund. This fund primarily reflects the activities associated with the operations of the Organization's administrative activities.

Restricted Fund

The externally restricted fund accumulates contributions which must be used for the purpose specified by the donors. The restricted fund is segregated into programs as determined by the Organization's Board of Directors. Donations, fundraising and expenses relating to specific programs are allocated accordingly.

(b) Contributed services

Directors and volunteers contribute a significant amount of time each year in carrying out the Organization's activities, however, the value of volunteer time is not recognized in these financial statements as fair market value cannot be reasonably determined.

Action For Humanity Canada

Notes to the Financial Statements

December 31, 2023

2. Significant accounting policies, continued

(c) Capital assets

Capital assets are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Office equipment	Declining balance	30%
Furniture and fixtures	Straight-line	4 years
Computer equipment	Declining balance	30%

(d) Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and donations receivable. Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

(e) Financial asset impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write-down reflects the difference between the carrying amount and the higher of:

- i) The present value of the future cash flows expected to be generated by the asset or group of assets, discounted using a current market rate of interest;
- ii) The amount that could be realized by selling the asset or group of assets;
- iii) The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(f) International operations

The Organization treats all funds remitted to donees as expenditures in the year payment is made. Subsequently upon receiving the final program report from the donee, under spent programs are treated as an expense reduction in the year this information becomes available, and recorded receivable. The amounts are either reimbursed to the Organization or applied to another approved program.

Action For Humanity Canada

Notes to the Financial Statements

December 31, 2023

2. Significant accounting policies, continued

(g) Foreign exchange

Monetary assets and liabilities of the Organization which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

(h) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(i) Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Organization are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is amortized on the same basis as described above. Payments under operating leases are expensed as incurred.

3. Cash

Cash consists of restricted and unrestricted cash collected on an ongoing basis. Restricted funds received for specified expenditures which have not been fully incurred, are not used for general operations other than certain defined expenses mandated by the Board of Directors.

4. Capital assets

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Office equipment	\$ 5,107	\$ 1,742	\$ 3,365	\$ 3,256
Computer equipment	10,057	3,512	6,545	6,677
Furniture and fixtures	1,490	149	1,341	-
	\$ 16,654	\$ 5,403	\$ 11,251	\$ 9,933

Action For Humanity Canada

Notes to the Financial Statements

December 31, 2023

5. Lease commitment

The Organization had a rental property leased but the lease was expired during the year and it is renewed on a month to month basis.

Othman Moqbel

Chair of the Board

Zohaib Naqvi

Director

Signature Certificate

Reference number: ULWTS-6PHT5-KPSOP-XKYTK

Signer

Timestamp

Signature

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Signed: 16 Mar 2024 14:54:16 UTC



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