

HUMANITI FOUNDATION
Financial Statements
Year Ended December 31, 2023

HUMANITI FOUNDATION
Index to Financial Statements
Year Ended December 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

Pathak Professional Corporation

Chartered Professional Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Members of Humaniti Foundation

Qualified Opinion

I have audited the financial statements of Humaniti Foundation (the organization), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, 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 (ASNPO)

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, current assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2022 are unaudited.

Emphasis of Matter - Comparative Information

I draw attention to Note 1 to the financial statements which describes that Humaniti Foundation adopted ASNPO on January 1, 2023 with a transition date of January 1, 2022. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2022 and January 1, 2022, and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended December 31, 2022 and related disclosures. My opinion is not modified in respect of this matter.

I was not engaged to report on the comparative information, and as such, it is unaudited.

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.

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Independent Auditor's Report To the Members of Humaniti Foundation (*continued*)

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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Pathak Professional Corporation

Brampton, Ontario
May 17, 2024

CHARTERED PROFESSIONAL ACCOUNTANT
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

HUMANITI FOUNDATION
Statement of Financial Position
As at December 31, 2023

	2023	2022 (Unaudited)
ASSETS		
CURRENT		
Cash	\$ 2,308	\$ -
Harmonized sales tax recoverable	1,244	-
Other receivable	25,000	-
	\$ 28,552	\$ -
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 9,955	\$ 5,155
NET ASSETS	18,597	(5,155)
LIABILITIES AND NET ASSETS	\$ 28,552	\$ -

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

HUMANITI FOUNDATION
Statement of Revenues and Expenditures
For the Year Ended December 31, 2023

	2023	2022 <i>(Unaudited)</i>
DONATIONS	\$ 61,911	\$ 4,389
EXPENSES		
Program Expenses	24,359	3,712
Professional fees	9,874	1,219
Salaries and wages	3,000	-
Telephone	598	540
Office	250	148
Bank charges	78	39
	38,159	5,658
EXCESS (DEFICIENCY) OF DONATIONS OVER EXPENSES	\$ 23,752	\$ (1,269)

HUMANITI FOUNDATION
Statement of Changes in Net Assets
For the Year Ended December 31, 2023

	2023	2022 <i>(Unaudited)</i>
NET ASSETS - BEGINNING OF YEAR	\$ (5,155)	\$ (3,886)
EXCESS OF DONATIONS OVER EXPENSES	23,752	(1,269)
NET ASSETS - END OF YEAR	\$ 18,597	\$ (5,155)

HUMANITI FOUNDATION
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022 <i>(Unaudited)</i>
OPERATING ACTIVITIES		
Excess (deficiency) of donations over expenses	\$ 23,752	\$ (1,269)
Changes in non-cash working capital:		
Accounts payable	4,800	843
Harmonized sales tax payable	(1,244)	-
Other receivable	(25,000)	-
	(21,444)	843
Cash flow from (used by) operating activities	2,308	(426)
INVESTING ACTIVITY		
Repayment of loans	-	(5,174)
INCREASE (DECREASE) IN CASH FLOW	2,308	(5,600)
Cash - beginning of year	-	5,600
CASH - END OF YEAR	\$ 2,308	\$ -
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 2,308	\$ -

HUMANITI FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2023

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the organization adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNPO had no impact on net assets as at January 1, 2022 or revenues and expenditures or cash flows for the year ended December 31, 2022 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles. There were no assets and liabilities other than cash as at January 1, 2022, hence, no opening statement of financial position as at January 1, 2022 was presented.

2. PURPOSE OF THE ORGANIZATION

The Humaniti Foundation (the Organization) was incorporated as a not-for-profit organization under Canada Not-for-Profit Corporations Act on March 10, 2017 with a name "Music & Arts for Life". Its name was changed to "Humaniti Foundation" on January 10, 2024 and is a registered charity. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization's objectives includes improving socio-economic conditions in Canada and abroad by investing in other social enterprises focused on supporting youth, refugee, seniors, widows, orphans, children, veterans, single parents, new immigrants, their respective families and any one else in need; irrespective of sex, creed, religion, race and/or belief (Humanity).

3. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

The preparation of financial statements in conformity 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 amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

Humaniti Foundation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations in-kind are recognized as revenue at their fair value when received.. Donated services including voluntary services are not recognized because of difficulty in estimating of value of services.

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HUMANITI FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

5. ECONOMIC DEPENDENCE

The organization depends on the continuous funding from various donees. The Organization currently generates 78% of its revenue from Humaniti International.

6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. There are no receivables and organization manages its credit risk by keeping its cash with chartered banks. There is a change in the risk as cash balances have increased in the current year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from donors and payment of its operating expenses and accounts payable. There is change in the risk as operating expenses and accounts payable balance have increased from prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization does not use derivative instruments to reduce its exposure to foreign currency risk. The organization is not exposed to the currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is not exposed any interest rate risk. There is no change in the risk from prior year.

Other price risk

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HUMANITI FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2023

6. FINANCIAL INSTRUMENTS *(continued)*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to other price risk.

7. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Comparative information is unaudited.
