

**Canadian Women for Women in Afghanistan**  
**Financial Statements**  
*August 31, 2022*

## Management's Responsibility

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To the Members of Canadian Women for Women in Afghanistan:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

November 21, 2022

e-Signed by Lauryn Oates

2022-11-21 17:53:05:05 MST

Lauryn Oates, Executive Director

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To the Members of Canadian Women for Women in Afghanistan:

## Qualified Opinion

We have audited the financial statements of Canadian Women for Women in Afghanistan (the "Organization"), which comprise the statement of financial position as at August 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 the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 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

In common with many not-for-profit organizations, the Organization derives revenues 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 amount recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenses, current assets, long-term assets, current liabilities, or net assets.

## 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 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.

Calgary, Alberta

November 21, 2022

*MNP LLP*

Chartered Professional Accountants

**MNP**

# Canadian Women for Women in Afghanistan

## Statement of Financial Position

*As at August 31, 2022*

	General Fund	Restricted Fund	2022	2021
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	683,606	-	<b>683,606</b>	352,601
Marketable securities	757,189	-	<b>757,189</b>	735,392
Accounts receivable	3,376	34,321	<b>37,697</b>	160,253
Prepaid expenses	8,904	-	<b>8,904</b>	12,451
Inventory	13,008	-	<b>13,008</b>	13,211
	<b>1,466,083</b>	<b>34,321</b>	<b>1,500,404</b>	1,273,908
<b>Capital assets (Note 3)</b>	30,881	-	<b>30,881</b>	57,866
<b>Restricted cash (Note 4)</b>	11,685	147,190	<b>158,875</b>	328,109
	<b>1,508,649</b>	<b>181,511</b>	<b>1,690,160</b>	1,659,883
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accruals	146,334	-	<b>146,334</b>	138,083
Deferred contributions	-	-	-	34,000
	<b>146,334</b>	-	<b>146,334</b>	172,083
<b>Long-term debt (Note 6)</b>	30,000	-	<b>30,000</b>	30,000
	<b>176,334</b>	-	<b>176,334</b>	202,083
<b>Net Assets</b>				
Unrestricted	351,147	-	<b>351,147</b>	98,873
Internally restricted	981,168	-	<b>981,168</b>	951,168
Externally restricted	-	181,511	<b>181,511</b>	407,759
	<b>1,332,315</b>	<b>181,511</b>	<b>1,513,826</b>	1,457,800
	<b>1,508,649</b>	<b>181,511</b>	<b>1,690,160</b>	1,659,883

**Approved on behalf of the Board**

e-Signed by Laila Rashid  
2022-11-30 00:19:31:31 MST

**Director**

e-Signed by Pat Cashion  
2022-11-21 21:12:46:46 MST

**Director**

*The accompanying notes are an integral part of these financial statements*

# Canadian Women for Women in Afghanistan

## Statement of Operations

*For the year ended August 31, 2022*

	<i>General Fund</i>	<i>Restricted Fund</i>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>				
Donations	743,121	448,649	<b>1,191,770</b>	1,337,124
Fundraising activities	91,818	30,277	<b>122,095</b>	126,190
Investment income	6,375	-	<b>6,375</b>	3,069
Product sales	203	-	<b>203</b>	1,683
Rental income	-	-	-	300
	<b>841,517</b>	<b>478,926</b>	<b>1,320,443</b>	1,468,366
<b>Program expenses</b>				
Overseas projects	277,414	610,452	<b>887,866</b>	881,479
Public engagement	262,662	98,825	<b>361,486</b>	228,889
	<b>540,076</b>	<b>709,277</b>	<b>1,249,352</b>	1,110,368
<b>Excess (deficiency) of revenue over expenses before administrative expenses and other items</b>	<b>301,441</b>	<b>(230,351)</b>	<b>71,091</b>	357,998
<b>Expenses</b>				
Professional fees	12,877	-	<b>12,877</b>	10,763
Administrative	5,099	-	<b>5,099</b>	5,004
Bank charges and interest	8,192	50	<b>8,242</b>	3,819
Office, telephone and postage	405	-	<b>405</b>	-
<b>Total administrative and other expenses</b>	<b>26,573</b>	<b>50</b>	<b>26,623</b>	19,586
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>274,868</b>	<b>(230,401)</b>	<b>44,468</b>	338,412
<b>Other gains and losses</b>				
Gain (loss) on disposal of capital assets	3,486	5,031	<b>8,517</b>	(16,661)
Realized loss on foreign exchange	-	-	-	(9,688)
Loss on disposal of investments	(287)	-	<b>(287)</b>	-
Unrealized gain (loss) on foreign exchange	4,206	(878)	<b>3,328</b>	(19,193)
	<b>7,405</b>	<b>4,153</b>	<b>11,558</b>	(45,542)
<b>Excess (deficiency) of revenue over expenses</b>	<b>282,273</b>	<b>(226,248)</b>	<b>56,026</b>	292,870

*The accompanying notes are an integral part of these financial statements*

## Canadian Women for Women in Afghanistan Statement of Changes in Net Assets

*For the year ended August 31, 2022*

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Internally restricted</i>	<b>2022</b>	<b>2021</b>
<b>Net assets, beginning of year</b>	98,873	407,759	951,168	1,457,800	1,148,908
<b>Retrospective application of change in accounting policy (Note 8)</b>	-	-	-	-	16,022
<b>Net assets, beginning of year, as restated</b>	98,873	407,759	951,168	1,457,800	1,164,930
<b>Excess (deficiency) of revenue over expenses</b>	282,274	(226,248)	-	56,026	292,870
<b>Internally imposed restrictions (Note 2)</b>	(30,000)	-	30,000	-	-
<b>Net assets, end of year</b>	351,147	181,511	981,168	1,513,826	1,457,800

*The accompanying notes are an integral part of these financial statements*

# Canadian Women for Women in Afghanistan

## Statement of Cash Flows

For the year ended August 31, 2022

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	56,026	292,870
Amortization	14,385	12,298
(Gain) loss on disposal of capital assets	(8,517)	16,661
	61,894	321,829
Changes in working capital accounts		
Accounts receivable	122,556	(54,320)
Prepaid expenses	3,547	(3,045)
Inventory	203	-
Accounts payable and accruals	8,251	17,869
Deferred contributions	(34,000)	34,000
	162,451	316,333
<b>Investing</b>		
Purchase of capital assets	(3,886)	(81,584)
Proceeds on disposal of capital assets	25,003	-
	21,117	(81,584)
<b>Increase in cash resources</b>	<b>183,568</b>	<b>234,749</b>
<b>Cash resources, beginning of year</b>	<b>1,416,102</b>	<b>1,181,353</b>
<b>Cash resources, end of year</b>	<b>1,599,670</b>	<b>1,416,102</b>
<b>Cash resources are composed of:</b>		
Cash and cash equivalents	683,606	352,601
Restricted cash	158,875	328,109
Marketable securities	757,189	735,392
	1,599,670	1,416,102

The accompanying notes are an integral part of these financial statements



# Canadian Women for Women in Afghanistan

## Notes to the Financial Statements

For the year ended August 31, 2022

### 1. Incorporation and nature of the organization

Canadian Women for Women in Afghanistan (the "Organization") was a federally incorporated not-for-profit entity under Industry Canada in May 2003, and became a registered charity in February 2009 (Canada Revenue Agency BN #887718203 RR0001). The stated purposes of the Organization are to advance education and educational opportunities for Afghan women and their families, and to increase the understanding of Canadians about human rights in Afghanistan. Its mission statement is: "Canadians taking action, in partnership with Afghan women, towards improving conditions of human rights, ending women's oppression, and providing opportunities for Afghan women to live their lives with dignity, certainty and purpose." As a registered charity, the Organization is not subject to the payment of income tax under section 149 of the Income Tax Act.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **Cash and cash equivalents**

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### **Marketable securities**

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

#### **Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Computer equipment	straight-line	3 years
Motor vehicles	declining balance	30 %

#### **Fund accounting**

The Organization follows the restricted fund method of accounting for contributions. Activities of the Organization are segregated in the following funds:

- i) The General Fund accounts for the Organization's administrative and general operating activities. This fund reports unrestricted resources and other internally restricted amounts.
- ii) The Restricted Fund accounts for the assets, liabilities, revenue and expenses associated with specified programs and government funding. The Organization chose to establish a separate restricted fund for the following restricted programs and government funding: Investing in Basic Education; Technology for Education; Afghanistan Reads!; Grants & Scholarships; Public Engagement; Emergency Assistance; and Advocacy. This fund reports externally restricted amounts.

# Canadian Women for Women in Afghanistan

## Notes to the Financial Statements

For the year ended August 31, 2022

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### 2. Significant accounting policies (Continued from previous page)

#### **Revenue recognition**

The Organization uses the restricted fund method of accounting for contributions. Restricted contributions related to specified programs and government funding are recognized as revenue of the Restricted Fund in the year received or receivable. All other restricted contributions are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Restricted investment income earned on resources is recognized as revenue in the related fund. Unrestricted investment income is recognized as revenue in the General Fund when earned.

Other fundraising revenue is recognized when received or receivable.

#### **Internally restricted net assets**

During the year, the Organization's Board of Directors internally restricted \$30,000 (2021 – \$nil) of unrestricted net assets. Internally restricted net assets are held for future programs and public engagement. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

#### **Contributed services**

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

#### **Government assistance**

Government assistance is recognized when there is reasonable assurance that the conditions attached to the government assistance will be met and that assistance will be received. Government assistance is recognized as income over the periods necessary to match it with the related costs that it is intended to compensate, or at the time of the grant date when a portion of the loan agreement is forgivable and the Organization continues to meet certain requirements specified at the time when the agreement was signed.

#### **Foreign currency translation**

These financial statements have been presented in Canadian dollars, the principal currency of the Organization's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

# Canadian Women for Women in Afghanistan

## Notes to the Financial Statements

For the year ended August 31, 2022

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### 2. Significant accounting policies (Continued from previous page)

#### **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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

The COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various levels of government around the world responding in different ways to address the outbreak. The Organization continues to monitor its operations and assess the impacts COVID-19 will have on its business activities.

#### **Foreign operations**

The Organization provides educational opportunities for Afghan women, their families and educates Canadians about human rights in Afghanistan. The Organization's foreign operations are subject to a number of risks and uncertainties such as unstable government regimes, civil and/or labor unrest, strikes, terrorist threats, regulatory uncertainty and complex commercial arrangements. The Organization's operations in Afghanistan are subject to certain restrictions with respect to the transfer of funds into or out of the country. While such restrictions are not considered significant to the Organization at this time due to the relatively small size of its operations, and contractual provisions implemented to protect the Organization, the long-term impact of these restrictions is unknown due to ongoing changes within the country.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

#### **Financial instruments**

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

#### **Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

# Canadian Women for Women in Afghanistan

## Notes to the Financial Statements

*For the year ended August 31, 2022*

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### 2. Significant accounting policies *(Continued from previous page)*

#### Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factors. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

### 3. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>	<i>2021 Net book value</i>
Computer equipment	95,120	64,239	30,881	49,543
Motor vehicles	-	-	-	8,323
	<b>95,120</b>	<b>64,239</b>	<b>30,881</b>	<b>57,866</b>

During the year, amortization of capital assets amounted to \$14,385 (2021 - \$12,298).

### 4. Restricted cash

Included in the restricted fund is \$147,190 (2021 - 306,026) in restricted cash from externally restricted contributions for various education and literacy programs executed in Afghanistan and Canada.

Included in the general fund restricted cash balance is \$1,248 (2021 - \$22,083) relating to withdrawal restrictions imposed by the Da Afghanistan Bank ("DAB") due to a liquidity crisis caused by the change in government in Afghanistan. These withdrawal limits apply to all individual, corporate and non-profit entity accounts held in Afghanistan. Corporate and non-profit entity accounts are limited to weekly withdrawals of 5% of operating expenses.

### 5. Income taxes

The Organization is registered as a charitable organization under the *Income Tax Act* (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

# Canadian Women for Women in Afghanistan

## Notes to the Financial Statements

For the year ended August 31, 2022

### 6. Long-term debt

During the fiscal year ended August 31, 2020, the Organization obtained a \$40,000 Canada Emergency Business Account ("CEBA") loan available to small businesses experiencing temporary revenue reductions. The federal government program requires that the Organization only use the proceeds of the loan to cover non-deferrable operating costs. The loan is non-interest-bearing, requiring no minimum monthly payments until December 31, 2023. If at least 75% of the loan is repaid before December 31, 2023, the remaining balance, up to \$10,000, will be forgiven. \$30,000 of the loan is reported as CEBA loan payable and the \$10,000 grant amount was taken into income during 2020.

If at least 75% of the loan is not repaid on or before December 31, 2023, the remaining balance of the loan will be converted to a 2 year term loan, bearing interest at 5% per annum.

### 7. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest rate, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed. The Organization's exposure to currency risk is disclosed below:

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization enters into transactions to generate donations and to make purchases denominated in both United States Dollars ("USD") and Afghan Afghani ("AFN") currency for which the related revenue, expenses, cash, marketable securities and accounts payable balances are subject to exchange rate fluctuations. The following items are denominated in both United States Dollars ("USD") and Afghan Afghani ("AFN") currency but converted into Canadian Dollars ("CAD") as at August 31, 2022:

	2022 CAD	2021 CAD
Cash - USD	169,498	78,730
Cash - AFN	11,584	19,071
Marketable securities - USD	345,189	329,692
Accounts payable - USD	(13,744)	(27,103)
Accounts payable - AFN	(77,523)	(76,841)

### 8. Change in accounting policy

In 2021 the Board of Directors decided to change the Organization's revenue recognition policy. Below are the details and impact of the change:

#### Revenue recognition policy change

Effective September 1, 2020, the Organization voluntarily changed its accounting policy retrospectively with respect to its revenue recognition policy which was changed from the deferral method to the restricted fund method.

The impact of this change in accounting policy on retained earnings at September 1, 2020 was to increase it by \$16,022.

### 9. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.