

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN

FINANCIAL STATEMENTS

AUGUST 31, 2023

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Women for Women in Afghanistan

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, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 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 Opinion

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 opinion.

Other Matters

The financial statements of Canadian Women for Women in Afghanistan for the year ended August 31, 2022 were audited by another auditor who expressed a qualified opinion on those statements on November 21, 2022.

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 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, required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

Baker Tilly Catalyst LLP

**CALGARY, ALBERTA
DECEMBER 13, 2023**

**CHARTERED PROFESSIONAL
ACCOUNTANTS**

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023

	General fund	Restricted fund	August 31 2023	August 31 2022
Assets				
Current				
Cash	\$ 2,040	\$ -	\$ 2,040	\$ 683,606
Investments (Note 3)	1,370,368	-	1,370,368	757,189
Accounts receivable	15,681	144,910	160,591	37,697
Prepaid expenses	8,357	-	8,357	8,904
Inventory	11,948	-	11,948	13,008
	<u>1,408,394</u>	<u>144,910</u>	<u>1,553,304</u>	<u>1,500,404</u>
Restricted cash (Note 4)	-	107,753	107,753	158,875
Capital assets (Note 5)	<u>26,712</u>	<u>-</u>	<u>26,712</u>	<u>30,881</u>
	<u>26,712</u>	<u>107,753</u>	<u>134,465</u>	<u>189,756</u>
	<u>\$ 1,435,106</u>	<u>\$ 252,663</u>	<u>\$ 1,687,769</u>	<u>\$ 1,690,160</u>

Liabilities and net assets

Current				
Accounts payable and accrued liabilities	\$ 94,172	\$ -	\$ 94,172	\$ 146,334
Loan payable (Note 6)	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
	<u>124,172</u>	<u>-</u>	<u>124,172</u>	<u>146,334</u>
Loan payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
	<u>124,172</u>	<u>-</u>	<u>124,172</u>	<u>176,334</u>
Net assets				
Unrestricted	294,681	-	294,681	351,147
Internally restricted	1,016,253	-	1,016,253	981,168
Externally restricted	<u>-</u>	<u>252,663</u>	<u>252,663</u>	<u>181,511</u>
	<u>1,310,934</u>	<u>252,663</u>	<u>1,563,597</u>	<u>1,513,826</u>
	<u>\$ 1,435,106</u>	<u>\$ 252,663</u>	<u>\$ 1,687,769</u>	<u>\$ 1,690,160</u>

Approved on behalf of the board

 Director

 Director

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2023

	General fund	Restricted fund	August 31 2023	August 31 2022
Revenue				
Donations	\$ 516,451	\$ 512,559	\$ 1,029,010	\$ 1,039,966
Grants	-	491,170	491,170	150,459
Fundraising	54,331	33,609	87,940	122,298
Interest income	38,164	1,837	40,001	7,720
	<u>608,946</u>	<u>1,039,175</u>	<u>1,648,121</u>	<u>1,320,443</u>
Program expenses				
Overseas projects	234,658	749,308	983,966	887,866
Public engagement	371,356	83,194	454,550	361,486
Resettlement	-	125,515	125,515	-
	<u>606,014</u>	<u>958,017</u>	<u>1,564,031</u>	<u>1,249,352</u>
Excess of revenue over expenses before administrative expenses and other items	<u>2,932</u>	<u>81,158</u>	<u>84,090</u>	<u>71,091</u>
Administrative expenses				
Professional fees	12,201	3,500	15,701	12,877
Interest and bank charges	4,991	3,506	8,497	8,242
Office and administration	4,051	3,000	7,051	5,504
Total administrative expenses	<u>21,243</u>	<u>10,006</u>	<u>31,249</u>	<u>26,623</u>
Excess (deficiency) of revenue over expenses before other items	<u>(18,311)</u>	<u>71,152</u>	<u>52,841</u>	<u>44,468</u>
Other income and expenses				
Gain on sale of capital assets	-	-	-	8,517
Gain (loss) on foreign exchange	(3,070)	-	(3,070)	3,328
Loss on sale of investments	-	-	-	(287)
	<u>(3,070)</u>	<u>-</u>	<u>(3,070)</u>	<u>11,558</u>
Excess (deficiency) of revenue over expenses	<u>\$ (21,381)</u>	<u>\$ 71,152</u>	<u>\$ 49,771</u>	<u>\$ 56,026</u>

The accompanying notes are an integral part of the financial statements

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2023

	General fund	Restricted fund	Internally restricted (Note 2)	2023	2022
Balance, beginning of year	\$ 351,147	\$ 181,511	\$ 981,168	\$ 1,513,826	\$ 1,457,800
Excess (deficiency) of revenue over expenses	(56,466)	71,152	35,085	49,771	56,026
Balance, ending of year	\$ 294,681	\$ 252,663	\$ 1,016,253	\$ 1,563,597	\$ 1,513,826

The accompanying notes are an integral part of the financial statements

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2023

	2023	2022
Cash flows from operating activities		
Excess of revenue over expenses	\$ 49,771	\$ 56,026
Adjustments for		
Gain on sale of capital assets	-	(8,517)
Amortization	11,211	14,385
	60,982	61,894
Change in non-cash working capital items		
Accounts receivable	(122,894)	122,556
Prepaid expenses	547	3,547
Inventory	1,060	203
Accounts payable and accrued liabilities	(52,162)	8,251
Deferred contributions	-	(34,000)
	(112,467)	162,451
Cash flows from investing activities		
Purchase of capital assets	(7,042)	(3,886)
Purchase of investments	(613,179)	(21,797)
Proceeds on disposal of capital assets	-	25,003
	(620,221)	(680)
Increase (decrease) in cash	(732,688)	161,771
Cash, beginning of year	842,481	680,710
Cash, end of year	\$ 109,793	\$ 842,481
Cash consists of:		
Cash	\$ 2,040	\$ 683,606
Restricted cash	107,753	158,875
	\$ 109,793	\$ 842,481

The accompanying notes are an integral part of the financial statements

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

1. Nature of operations

Canadian Women for Women in Afghanistan (the "Organization") was federally incorporated as a not-for-profit entity under Industry Canada on May 29, 2003, and became a registered charity in February 2009. The Organization's purpose includes making the right to learn a reality for Afghan women and girls by advancing education and educational opportunities for Afghan women and their families, increasing the understanding of Canadians about human rights in Afghanistan, and providing settlement services to at-risk Afghans. 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

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

(a) Cash and cash equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at year-end. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(b) 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.

(c) Capital assets

Capital assets are recorded at cost, less accumulated amortization. Individual assets with a cost of \$2,000 or less are expensed in the year of acquisition. Amortization is calculated on a straight-line over the estimated useful lives of the assets as follows:

Computer equipment	Straight-line	3 years
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CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

2. Significant accounting policies, continued

(c) Capital assets, continued

Capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison 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.

(d) Fund accounting

The revenues and expenses related to the collection of unrestricted donations and fundraising activities are reported in the General Fund. The Organization maintains an internally restricted fund for amounts held for future programs and public engagement. These amounts are not available for other purposes without approval of the Board of Directors.

The Restricted Fund reports amounts for which the use is restricted by the donors and related investment income on the fund balance. The following are the restricted programs and government funding: Investing in Basic Education; Technology for Education; Community & Family Literacy; Grants & Scholarships; Public Engagement; Advocacy and Resettlement.

(e) 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 if the amount to be received can be reasonably estimated and collection is reasonably assured.

(f) Contributed services

A substantial number of volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

2. Significant accounting policies, continued

(g) Foreign currency transactions

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 of translation or settlement are included in other income and expenses.

(h) Measurement uncertainty

The preparation of financial statements in accordance with requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: useful life of capital assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

(i) Financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents, guaranteed investment certificates (GIC's) and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include marketable securities.

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

2. Significant accounting policies, continued

(j) Financial asset impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenues over expenses. The previously recognized impairment loss may be reversed 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 reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

(k) Transaction costs

The entity recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transactions costs that are directly attributable to their organization, issuance or assumption.

3. Investments

	2023	2022
Marketable securities	\$ 799,836	\$ 757,189
GICs - cashable, 4.50%, maturing April 12, 2024	300,000	-
GIC - non-cashable, 4.50%, maturing August 12, 2024	270,532	-
	\$ 1,370,368	\$ 757,189

4. Restricted cash

Included in the restricted and general fund is \$107,753 (\$158,875 - 2022) in restricted cash from externally restricted contributions for the various education and literacy programs that the Organization provides.

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

5. **Capital assets**

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Computer equipment	\$ 102,162	\$ 75,450	\$ 26,712	\$ 30,881

Amortization expense of \$11,211 (2022 - \$14,385) relates to capital assets and is included in overseas projects and public engagement.

6. **Loan payable**

In an attempt to mitigate the impact of the COVID-19 pandemic, the Canadian government has introduced several grants and subsidies.

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 loan totalled \$40,000 with \$10,000 being forgivable debt if the balance is repaid prior to January 18, 2024. The forgivable portion was recorded in the Statement of Operations in 2020 as the Organization intends to pay the loan in full prior to January 18, 2024.

7. **Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) **Foreign operations risk**

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.

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

7. Financial instruments, continued

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Organization is subject to this risk due to their holdings in marketable securities. To mitigate this risk, the Organization invests in low risk securities and monitors investments closely.

(c) Currency risk

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"), and as a result, some financial assets are exposed to foreign exchange fluctuations.

As at August 31, 2023, cash, and marketable securities of \$13,949 and \$639,342, respectively (2022 - \$181,082 and \$345,189) are shown in USD or AFN and converted into Canadian dollars. Similarly, accounts payable of \$30,886 are shown in USD or AFN and converted into Canadian dollars.

(d) Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in financial loss. Canadian Women for Women in Afghanistan is subject to credit risk related to its accounts receivable.

(e) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

(f) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Organization is exposed to interest rate price risk to the extent that its guaranteed investment certificates earn interest at fixed rates. A significant change in market interest rates would impact the fair value of these financial instruments.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

CANADIAN WOMEN FOR WOMEN IN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

8. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.