

Canadian Women for Women in Afghanistan
Financial Statements
August 31, 2021

Management's Responsibility

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.



Lauryn Oates, Executive Director

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, 2021, 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, 2021, 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 2 to the financial statements which describes that certain comparative information presented for the year ended August 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

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

February 17, 2022

MNP LLP

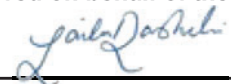
Chartered Professional Accountants

Canadian Women for Women in Afghanistan Statement of Financial Position

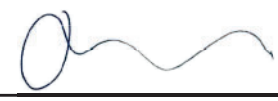
As at August 31, 2021

	General Fund	Restricted Fund	2021	2020
				<i>(Restated - note 2)</i>
Assets				
Current				
Cash and cash equivalents	352,601	-	352,601	423,479
Marketable securities	735,392	-	735,392	741,852
Accounts receivable	58,520	101,733	160,253	101,252
Sales tax recoverable	-	-	-	4,681
Prepaid expenses	12,451	-	12,451	9,406
Inventory	13,211	-	13,211	13,211
	1,172,175	101,733	1,273,908	1,293,881
Capital assets (Note 5)	57,866	-	57,866	5,240
Restricted cash (Note 6)	22,083	306,026	328,109	16,022
	1,252,124	407,759	1,659,883	1,315,143
Liabilities				
Current				
Accounts payable and accruals	138,083	-	138,083	120,213
Deferred contributions	34,000	-	34,000	-
	172,083	-	172,083	120,213
Long-term debt (Note 8)	30,000	-	30,000	30,000
	202,083	-	202,083	150,213
Significant events (Note 4)				
Net Assets				
Unrestricted	98,873	-	98,873	197,740
Internally restricted	951,168	-	951,168	951,168
Externally restricted	-	407,759	407,759	16,022
	1,050,041	407,759	1,457,800	1,164,930
	1,252,124	407,759	1,659,883	1,315,143

Approved on behalf of the Board



Director



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, 2021

	General Fund	Restricted Fund	2021	2020
				(Restated - note 2)
Revenue				
Donations	338,229	998,895	1,337,124	787,016
Fundraising activities	64,838	61,352	126,190	114,150
Investment income	3,069	-	3,069	7,123
Product sales	1,683	-	1,683	3,248
Rental income	300	-	300	-
Forgivable portion of CEBA loan (Note 8)	-	-	-	10,000
	408,119	1,060,247	1,468,366	921,537
Program expenses (Note 10)				
Overseas projects	269,981	611,498	881,479	827,518
Public engagement	186,660	40,351	227,011	163,587
Cost of goods sold	1,878	-	1,878	2,242
	458,519	651,849	1,110,368	993,347
Deficiency (excess) of revenue over expenses before administrative expenses and other items	(50,400)	408,398	357,998	(71,810)
Expenses				
Professional fees	10,763	-	10,763	13,617
Administrative	5,004	-	5,004	2,420
Bank charges and interest	3,819	-	3,819	814
Total administrative and other expenses	19,586	-	19,586	16,851
Deficiency (excess) of revenue over expenses before other items	(69,986)	408,398	338,412	(88,661)
Other losses				
Loss on disposal of capital assets	-	(16,661)	(16,661)	-
Realized loss on foreign exchange	(9,688)	-	(9,688)	(7,232)
Unrealized loss on foreign exchange	(19,193)	-	(19,193)	(12,679)
	(28,881)	(16,661)	(45,542)	(19,911)
Deficiency (excess) of revenue over expenses	(98,867)	391,737	292,870	(108,572)

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, 2021

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Internally restricted</i>	2021	<i>2020</i>
					<i>(Restated - note 2)</i>
Net assets, beginning of year	197,740	-	951,168	1,148,908	1,196,604
Retrospective application of change in accounting policy (Note 2)	-	16,022	-	16,022	76,898
Net assets, beginning of year, as restated	197,740	16,022	951,168	1,164,930	1,273,502
Excess (deficiency) of revenue over expenses	(98,867)	391,737	-	292,870	(108,572)
Net assets, end of year	98,873	407,759	951,168	1,457,800	1,164,930

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, 2021

	2021	2020 (Restated - note 2)
Cash provided by (used for) the following activities		
Operating		
Deficiency (excess) of revenue over expenses	292,870	(108,572)
Amortization	12,298	3,712
Gain on disposal of capital assets	16,661	-
Forgivable portion of CEBA loan	-	(10,000)
	321,829	(114,860)
Changes in working capital accounts		
Accounts receivable	(59,001)	(91,444)
Sales tax recoverable	4,681	2,438
Prepaid expenses	(3,045)	7,659
Inventory	-	(1,658)
Accounts payable and accruals	17,869	23,758
Deferred contributions	34,000	-
	316,333	(174,107)
Financing		
Advances of long-term debt	-	40,000
Investing		
Purchase of capital assets	(81,584)	(6,728)
Increase (decrease) in cash resources	234,749	(140,835)
Cash resources, beginning of year	1,181,353	1,322,188
Cash resources, end of year	1,416,102	1,181,353
Cash resources are composed of:		
Cash and cash equivalents	352,601	423,479
Restricted cash	328,109	16,022
Marketable securities	735,392	741,852
	1,416,102	1,181,353

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, 2021

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. 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 for August 31, 2020 was to increase revenue by \$16,022 and decrease deferred revenue by \$16,022.

The cumulative effect in the prior year, as of September 1, 2019, was to increase net assets by \$76,898 and decrease deferred revenue by \$76,898.

3. 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.

	Method	Rate
Computer equipment	straight-line	3 years
Motor vehicles	declining balance	30%

Canadian Women for Women in Afghanistan

Notes to the Financial Statements

For the year ended August 31, 2021

3. Significant accounting policies (Continued from previous page)

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: Investment in Basic Education; Technology for Education; Afghanistan Reads!; Grants; Public Engagement; and Afghanistan Policy Dialogue. This fund reports externally restricted amounts.

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 \$nil (2020 – \$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 revenue over expenses for the current period.

Canadian Women for Women in Afghanistan

Notes to the Financial Statements

For the year ended August 31, 2021

3. 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 revenue 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.

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.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook Section 3840 *Related Party Transactions*.

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

The Organization subsequently measures equity instruments at fair value, without any deduction for transaction costs incurred on sale or other disposal. Gains and losses arising from changes in fair value are recognized immediately in the statement of operations and changes in net assets. The fair value of the equity instruments approximate their carrying value due to the short-term nature of these investments. All other financial instruments are recorded at amortized cost, unless management has elected to record at fair value.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. 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. If so, 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; 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 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 the excess of revenue over expenses in the year the reversal occurs.

Canadian Women for Women in Afghanistan

Notes to the Financial Statements

For the year ended August 31, 2021

4. Significant events

Taliban takeover

In August of 2021, there was a sudden seizure of government control in Afghanistan by the Taliban, a group of fundamentalist insurgents. The Taliban pose immediate threats to Afghan's civil and political rights by re-establishing and enforcing strict prohibitions on behaviour deemed to be against their doctrine. These prohibitions have a particular impact on Afghan women which could jeopardize the Organization's operations in Afghanistan. In light of these events, the Organization has modified certain programs offered in Afghanistan to protect its staff and affiliates. However, the Organization has been able to continue to operate and offer support through various remote programs which it had put in place as a response to the COVID-19 pandemic. Further, there has been a large outpouring of support from individuals and corporations resulting in a significant increase in funding to support the Organization's initiatives in Afghanistan. Although the Organization continues to achieve its goals of supporting Afghan women, the situation remains fluid and thus the impact on future operations in Afghanistan is uncertain.

COVID-19

Since March 2020, there has been a global outbreak of COVID-19 (Coronavirus), which has had a significant impact on organizations and governments through the restrictions put in place by Canadian and foreign governments regarding travel, business operations, and isolation orders.

Due to restrictions in place, the Organization had to temporarily cancel some of its in-person programs and fundraising events throughout 2020 and 2021 and develop the Organization's Darakht-e Danesh Library online platform and distance learning program which assisted in mitigating the pandemic's impact.

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Computer equipment	91,951	42,408	49,543	5,240
Motor vehicles	18,508	10,185	8,323	-
	110,459	52,593	57,866	5,240

During the year, amortization of capital assets amounted to \$12,298 (2020 - \$3,712).

6. Restricted cash

Included in the restricted fund is \$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 \$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.

7. 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, 2021

8. Long-term debt

During the prior year, 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% 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 is included as government revenue on the statement of operations.

If the loan is not repaid in full on or before December 31, 2023, the full \$40,000 amount will be converted to a 2 year term loan, bearing interest at 5% per annum.

9. 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, 2021:

	2021	<i>2020</i>
	CAD	<i>CAD</i>
Cash - USD	78,730	32,960
Cash - AFN	19,071	20,145
Marketable securities - USD	329,692	340,208
Accounts payable - USD	(27,103)	(14,028)
Accounts payable - AFN	(76,841)	(65,902)

10. Government assistance

During the year, \$nil (2020 - \$5,783) was recognized under the Canada Emergency Wage Subsidy program and is included as an offset to program expenses on the statement of operations.