

RIGHT TO LEARN AFGHANISTAN

FINANCIAL STATEMENTS

AUGUST 31, 2025

RIGHT TO LEARN AFGHANISTAN
TABLE OF CONTENTS
AUGUST 31, 2025

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Members of Right to Learn Afghanistan

Opinion

We have audited the financial statements of Right to Learn Afghanistan (the "Organization"), which comprise the statement of financial position as at August 31, 2025, 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, 2025, 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.

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, we are 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. 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.

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 12, 2025**

**CHARTERED PROFESSIONAL
ACCOUNTANTS**


RIGHT TO LEARN AFGHANISTAN
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2025

	2025	2024
Assets		
Current		
Cash	\$ 212,454	\$ 361,288
Restricted cash (Note 5)	1,849,295	334,194
Investments (Note 3)	1,097,396	1,184,714
Accounts receivable (Note 5)	108,147	79,810
Prepaid expenses	14,180	11,592
Inventory	5,737	5,737
	3,287,209	1,977,335
Capital assets (Note 4)	3,204	20,527
	\$ 3,290,413	\$ 1,997,862

Liabilities and net assets

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 119,528	\$ 149,041
Net assets		
General fund	160,837	317,293
Internally restricted	1,136,253	1,136,253
Restricted fund (Note 5)	1,873,795	395,275
	3,170,885	1,848,821
	\$ 3,290,413	\$ 1,997,862

Approved on behalf of the board

 _____ Director

 _____ Director

RIGHT TO LEARN AFGHANISTAN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2025

	General fund	Restricted fund	Total 2025	Total 2024
Revenue				
Grants	\$ -	\$ 1,597,537	\$ 1,597,537	\$ 1,131,796
Donations	724,631	1,495,584	2,220,215	1,059,190
Resettlement funds	-	426,628	426,628	-
Fundraising	26,987	128,641	155,628	107,745
Interest income	41,435	20,625	62,060	56,990
	<u>793,053</u>	<u>3,669,015</u>	<u>4,462,068</u>	<u>2,355,721</u>
Program expenses				
Overseas projects	67,219	2,275,301	2,342,520	1,254,476
Public engagement	355,647	350,654	706,301	697,040
Resettlement	-	60,273	60,273	54,900
	<u>422,866</u>	<u>2,686,228</u>	<u>3,109,094</u>	<u>2,006,416</u>
Excess of revenue over expenses before administrative expenses and other items	<u>370,187</u>	<u>982,787</u>	<u>1,352,974</u>	<u>349,305</u>
Administrative expenses				
Professional fees	12,418	10,170	22,588	21,762
Office and administration	5,585	4,690	10,275	8,527
Interest and bank charges	7,644	4,293	11,937	7,852
Total administrative expenses	<u>25,647</u>	<u>19,153</u>	<u>44,800</u>	<u>38,141</u>
Excess of revenue over expenses before other items	<u>344,540</u>	<u>963,634</u>	<u>1,308,174</u>	<u>311,164</u>
Other income and expense				
Gain (loss) on foreign exchange	13,890	-	13,890	(26,763)
Gain on sale of capital assets	-	-	-	823
	<u>13,890</u>	<u>-</u>	<u>13,890</u>	<u>(25,940)</u>
Excess of revenue over expenses	<u>\$ 358,430</u>	<u>\$ 963,634</u>	<u>\$ 1,322,064</u>	<u>\$ 285,224</u>

The accompanying notes are an integral part of the financial statements

RIGHT TO LEARN AFGHANISTAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2025

	General fund	Restricted fund (Note 5)	Internally restricted	2025	2024
Balance, beginning of year	\$ 317,293	\$ 395,275	\$ 1,136,253	\$ 1,848,821	\$ 1,563,597
Excess of revenue over expenses	358,430	963,634	-	1,322,064	285,224
Interfund transfer (Note 6)	(514,886)	514,886	-	-	-
Balance, ending of year	<u>\$ 160,837</u>	<u>\$ 1,873,795</u>	<u>\$ 1,136,253</u>	<u>\$ 3,170,885</u>	<u>\$ 1,848,821</u>

The accompanying notes are an integral part of the financial statements

RIGHT TO LEARN AFGHANISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024
Cash flows from operating activities		
Excess of revenue over expenses	\$ 1,322,064	\$ 285,224
Adjustments for		
Amortization	13,482	27,911
Gain on sale of capital assets	-	(823)
	1,335,546	312,312
 Change in non-cash working capital items		
Accounts receivable	(28,337)	80,780
Prepaid expenses	(2,588)	(3,235)
Inventory	-	6,211
Accounts payable and accrued liabilities	(29,513)	54,869
	1,275,108	450,937
 Cash flows from investing activities		
Purchase of capital assets	(2,000)	(21,924)
Proceeds on disposal of capital assets	5,841	1,021
Purchase of investments	(215,594)	(343,704)
Proceeds on disposal of investments	302,912	529,358
	91,159	164,751
 Cash flows from financing activities		
Repayment of loan payable	-	(30,000)
 Increase in cash	1,366,267	585,688
Cash, beginning of year	695,482	109,794
 Cash, end of year	\$ 2,061,749	\$ 695,482
 Cash consists of:		
Cash	\$ 212,454	\$ 361,288
Restricted cash	1,849,295	334,194
	\$ 2,061,749	\$ 695,482

The accompanying notes are an integral part of the financial statements

RIGHT TO LEARN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

1. Nature of operations

Right to Learn Afghanistan (the "Organization") formerly Canadian Women for Women in Afghanistan 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 general operations is included in restricted cash. Cash includes funds held in trust on behalf of co-sponsors.

(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. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. Amortization is calculated as follows:

Computer equipment	Straight-line	3 years
Computer software	Declining balance	55%

RIGHT TO LEARN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

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 and Family Literacy; Grants and 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, government funding and resettlement funds 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.

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.

RIGHT TO LEARN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

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 ASNPO 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 restricted cash, investments, and accounts receivable and restricted accounts receivable.

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

Financial assets measured at fair value include marketable securities and guaranteed investment certificates (GIC's).

RIGHT TO LEARN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

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**

	2025	2024
Marketable securities	\$ 881,801	\$ 841,010
GIC - cashable, 2.00%, maturing April 14, 2026	215,595	208,794
GIC - non-cashable, 4.50%, matured during the year	-	134,910
	\$ 1,097,396	\$ 1,184,714

RIGHT TO LEARN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

4. **Capital assets**

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Computer software	\$ 16,082	\$ 14,874	\$ 1,208	\$ 15,893
Computer equipment	57,640	55,644	1,996	4,634
	\$ 73,722	\$ 70,518	\$ 3,204	\$ 20,527

Amortization expense of \$13,482 (2024 - \$27,911) relates to capital assets and is included in overseas projects and public engagement.

5. **Restricted funds**

The restricted fund consists of the following restricted cash and accounts receivables, prepaids and accounts payable and accrued liabilities from externally restricted contributions for the various education and literacy programs that the Organization provides.

	2025	2024
Cash	\$ 1,849,295	\$ 334,194
Accounts receivable	99,018	61,081
Prepaids	471	-
Accounts payable and accrued liabilities	(74,989)	-
	\$ 1,873,795	\$ 395,275

6. **Interfund transfer**

During the year, \$514,886 was reclassified from the General Fund (Unrestricted Net Assets) to the Restricted Fund to cover deficits in donor-restricted programs that provide educational opportunities and resources for Afghan women, girls and their families.

7. **Financial instruments**

The Organization is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Company's exposure to these risks.

RIGHT TO LEARN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

7. Financial instruments, continued

(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 labour 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.

(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, 2025, USD cash and marketable securities have been converted into \$44,695 and \$411,341 Canadian ("CAD"), respectively (2024 - \$200,331 and \$522,061). Similarly, USD, AFN and GBP accounts payable and accrued liabilities has been converted into \$525, \$20,110 and \$3,464 CAD, respectively (2024 - \$3,034, \$35,815 and \$nil). In addition, EUR accounts receivable has been converted into \$16,287 (2024 - \$nil).

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its accounts receivable.

RIGHT TO LEARN AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

7. Financial instruments, continued

(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 risk on its fixed and floating interest rate financial instruments. Fixed-rate financial instruments subject the Organization to a fair value risk, while the floating-rate financial instruments subject the Organization to a cash flow risk.