

CARE Canada

Financial Statements
June 30, 2023



Independent auditor's report

To the Board of Directors of CARE Canada

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CARE Canada (the Organization) as at June 30, 2023 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.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at June 30, 2023;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
December 7, 2023

CARE Canada

Statement of Financial Position

As at June 30, 2023

(in thousands of dollars)

	2023 \$	2022 \$
Assets		
Current assets		
Cash and cash equivalents	46,189	29,318
Amounts receivable (note 4)	986	1,404
Project advances (note 4)	4,883	7,644
Contributions receivable from donors (note 5)	4,452	6,986
Prepaid expenses	127	84
	<hr/>	<hr/>
	56,637	45,436
Restricted investments (note 6)	245	249
Loans receivable (note 9)	-	2
Capital assets (note 7)	<hr/>	<hr/>
	2,935	3,083
	<hr/>	<hr/>
	59,817	48,770
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	7,878	7,842
Government remittances payable	3	3
Deferred contributions (note 6)	44,498	34,036
Current portion of long-term debt (note 11)	-	144
	<hr/>	<hr/>
	52,379	42,025
Long-term debt (note 11)	-	167
Deferred contributions (note 6)	<hr/>	<hr/>
	230	230
	<hr/>	<hr/>
	52,609	42,422
Fund balances		
Annual Fund		
Unrestricted	4,273	3,576
Invested in capital assets	<hr/>	<hr/>
	2,935	2,772
	<hr/>	<hr/>
	7,208	6,348
	<hr/>	<hr/>
	59,817	48,770
Commitments and contingent liabilities (note 10)		

Approved by the Board of Directors

_____ Director _____ Director

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

CARE Canada
Statement of Operations
For the year ended June 30, 2023

(in thousands of dollars)

	2023	2022
	\$	\$
Support and revenue		
Fundraising	8,415	5,263
Canadian funded	49,975	50,390
CARE International members	1,960	1,290
Miscellaneous and investment revenue	1,086	327
	<hr/>	<hr/>
	61,436	57,270
	<hr/>	<hr/>
Expenses		
Program activities		
Humanitarian programs	23,929	21,610
Development programs		
Food & Nutrition Security and Resilience to Climate Change	6,563	8,671
Sexual, Reproductive and Maternal Health	9,605	4,994
Women's Economic Empowerment	10,162	11,332
Other	1,194	1,511
Country office management and international programming	1,300	903
	<hr/>	<hr/>
	52,753	49,021
	<hr/>	<hr/>
Support services		
Management and general	6,110	6,220
Fundraising, public and donor relations	1,207	958
Membership in CARE International	506	549
	<hr/>	<hr/>
	7,823	7,727
	<hr/>	<hr/>
	60,576	56,748
	<hr/>	<hr/>
Excess of revenue over expenses	860	522
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The accompanying notes are an integral part of these financial statements.

CARE Canada
Statement of Changes in Fund Balances
For the year ended June 30, 2023

(in thousands of dollars)

	Annual Fund		Total
	Unrestricted	Invested in capital assets	
	\$	\$	\$
Fund balances as at June 30, 2021	3,517	2,309	5,826
Excess of revenue over expenses	522	-	522
Net change in invested in capital assets ¹	(463)	463	-
Fund balances as at June 30, 2022	3,576	2,772	6,348
Excess of revenue over expenses	860	-	860
Net change in invested in capital assets ¹	(163)	163	-
Fund balances as at June 30, 2023	4,273	2,935	7,208

	2023	2022
	\$	\$
¹ Net change in invested in capital assets		
Acquisition of capital assets	123	93
Amortization of capital assets	(271)	(231)
Net repayment of long-term debt	311	601
	163	463

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

CARE Canada
Statement of Cash Flows
For the year ended June 30, 2023

(in thousands of dollars)

	2023	2022
	\$	\$
Operating activities		
Excess of revenue over expenses	860	522
Item not affecting cash		
Amortization of capital assets	271	231
	<u>1,131</u>	<u>753</u>
Changes in non-cash operating working capital items		
Decrease (increase) in amounts receivable and project advances	3,179	(1,003)
Decrease (increase) in contributions receivable from donors	2,534	(256)
Decrease (increase) in prepaid expenses	(43)	86
Increase in accounts payable and accrued liabilities	36	485
Decrease in government remittances payable	-	(24)
Increase in deferred contributions	10,462	573
	<u>17,299</u>	<u>614</u>
Investing activities		
Acquisition of capital assets	(123)	(93)
Decrease (increase) in restricted investments	4	(14)
Decrease in loans receivable	2	199
	<u>(117)</u>	<u>92</u>
Financing activities		
Repayment of long-term debt	(311)	(601)
Net increase in cash and cash equivalents during the year	<u>16,871</u>	<u>105</u>
Cash and cash equivalents – Beginning of year	<u>29,318</u>	<u>29,213</u>
Cash and cash equivalents – End of year	<u>46,189</u>	<u>29,318</u>

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

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

1 Description of the organization

CARE Canada was established in 1946 and was incorporated in 1977 under Part II of the Canada Corporations Act. In 2014, CARE Canada received a certificate of continuance under the Canada Not-for-profit Corporations Act. CARE Canada is a not-for-profit, non-governmental organization in the field of relief, reconstruction and development in developing countries and is governed by a volunteer Board of Directors whose services are provided at no cost to CARE Canada.

CARE Canada is a registered charitable organization for purposes of the Income Tax Act (Canada) and as such is not subject to income tax. CARE Canada is an independent member of CARE International.

2 Significant accounting policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and include the following significant accounting policies.

Basis of presentation

These financial statements include the assets and liabilities of CARE Canada's operations in Canada and Cuba for which it has responsibility, and the revenues and expenses for which CARE Canada and its operations in the Cuba office enter into contracts with donors for the funding of projects.

Controlled entity

CARE Canada established the CEP Investment Trust in 2007 and provided the trust with long-term loans to facilitate investments in pro-poor businesses in the Third World. CARE Canada is the sole beneficiary of the CEP Investment Trust. The CEP Investment Trust's financial statements have not been consolidated with CARE Canada's financial statements. The CEP Investment Trust has a December 31 year-end.

Use of estimates

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

Fund accounting

CARE Canada follows the restricted fund method of accounting for contributions. To ensure observance of limitations and restrictions placed on the use of resources available to CARE Canada, the accounts of CARE Canada are classified for reporting purposes into funds in accordance with activities or objectives specified by the donors or in accordance with the directives issued by the Board of Directors.

The Annual Fund reports resources to be used for CARE Canada's programs and administrative activities. This fund reports unrestricted resources and those invested in capital assets. There are no restricted funds for the year ended June 30, 2023.

Revenue recognition

Unrestricted contributions are recorded as revenue of the Annual Fund in the year received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue in the Annual Fund in the year in which the related expenses are incurred.

CARE Canada enters into contracts with the Canadian government (the Department of Global Affairs Canada (GAC)) and other donors for the funding of projects in various countries. These funds are recorded as revenue of the Annual Fund as related expenses are incurred. Any indirect cost recovery, management fee or procurement fees that are applicable to CARE Canada are recorded as revenue of the Annual Fund in accordance with the terms in the individual contracts.

The portion of the contributions that relates to a future period is deferred and recognized as revenue of the Annual Fund in the period in which the contributions are spent. Any contribution expended in excess of the contributions received from the donors is shown in the statement of financial position as contributions receivable from donors.

Other investment revenue is recognized as revenue of the Annual Fund when earned.

Contributions and donated services

Contributions in kind received from multilateral donors, the Canadian government and other organizations are recorded as revenue and program activity expenses at fair value.

Wherever the government and local communities in countries in which CARE Canada operates contribute labour services, transportation and storage facilities to various projects, the value of such contributions is not reflected in the financial statements because of the difficulty of measurement.

Similarly, contributions in kind by various media for public information and fundraising campaigns are not reflected in the financial statements because of the difficulty of measurement.

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

Donated capital assets are capitalized and amortized and contributions received toward the acquisition of capital assets are deferred and amortized to revenue on the same basis as the related capital assets are amortized.

Expense allocation

CARE Canada's expenses are recorded and reported by program and support services. CARE Canada incurs a number of general support expenses that are common to the administration of CARE Canada and its programs. General support expenses incurred in CARE Canada's Canadian operations are included under country office management and international programming, management and general and fundraising, public and donor relations. There is no allocation of Canadian general support expenses to different program activities. General support expenses, such as budgeting, accounting, human resources, and information technology, incurred in CARE Canada's one overseas country office are allocated to program activities. Personnel costs are allocated based on the percentage of relevant employees' time involved in supporting the program, and other operating and general expenses are allocated on a proportionate basis relating to the function. Such allocations are reviewed, updated and applied on a prospective basis.

Financial instruments

CARE Canada's financial instruments consist of cash and cash equivalents, amounts receivable, project advances, contributions receivable from donors, restricted investments, accounts payable and accrued liabilities and government remittances payable.

CARE Canada initially measures its financial assets and financial liabilities at fair value. CARE Canada subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and cash equivalents and restricted investments, which are measured at fair value.

Transaction costs related to financial assets measured at fair value are expensed as incurred. Transaction costs related to other financial assets and financial liabilities are included or deducted in the initial measurement of the asset or liability.

At the end of each reporting period, CARE Canada assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and CARE Canada determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized.

Cash and cash equivalents

Cash and cash equivalents consist of internally restricted and unrestricted cash and cash equivalents. In accordance with the investment policy approved by the Board of Directors, cash and cash equivalents are held in highly liquid investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

Capital assets

Capital assets acquired for direct use in donor-funded projects are expensed in the year of acquisition as CARE Canada is not entitled to ownership. Those that are not project-specific are capitalized at cost and amortized over their estimated useful life. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the estimated useful lives as follows:

Buildings	10 and 40 years
Vehicles	3 years
Office equipment	5 years
Computer equipment	3 years
Computer software	1 to 7 years

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset (or asset group) exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposal. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Impairments of long-lived assets are not reversed.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the statement of financial position date. All other assets and liabilities are translated at the exchange rates prevailing at the transaction date. Revenue and expense are translated at the exchange rates prevailing at the transaction date. Any resulting foreign exchange gains or losses are recorded in the statement of operations.

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

3 Capital management

CARE Canada's objectives in managing capital are to:

- ensure that sufficient financial resources are in place to deliver on the priorities set by the Board of Directors during its annual budget and business plan review;
- safeguard its ability to continue as a charitable organization and meet the objectives of the Annual Fund as described in note 2;
- maintain the Annual Fund's unrestricted reserve to an equivalent of a minimum of six months of operating expenses; and
- invest funds in financial instruments that conform to the investment policy and which present a low risk for CARE Canada.

CARE Canada manages several funding agreements with external restrictions that specify the conditions for using these financial resources. CARE Canada has complied with the requirements respecting these restricted contributions. CARE Canada monitors its capital by reviewing various financial metrics, including cash flows and variances to forecasts and budgets.

Capital management objectives, policies and procedures are unchanged since the preceding year. CARE Canada has complied with all the capital requirements.

4 Amounts receivable and project advances

	2023	2022
	\$	\$
General funding receivable	5,572	8,921
Government remittances	297	127
	<hr/>	<hr/>
	5,869	9,048
	<hr/>	<hr/>

Project advances consist of short-term deferred contributions (note 6) that are unspent as at June 30, 2023.

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

5 Contributions receivable from donors

	2023 \$	2022 \$
Contributions receivable from donors	4,452	6,986
Allowance for doubtful accounts	-	-
	<u>4,452</u>	<u>6,986</u>

6 Deferred contributions

Short-term deferred contributions represent externally restricted contributions to fund program expenses for the next 12 months.

	2023 \$	2022 \$
Balance – Beginning of year		
Short-term deferred contributions	34,036	33,463
Contributions receivable from donors	(6,986)	(6,730)
	<u>27,050</u>	<u>26,733</u>
Amounts received during the year		
Cash	68,306	52,492
In kind	-	78
	<u>68,306</u>	<u>52,570</u>
Amounts recognized as revenue	<u>(55,310)</u>	<u>(52,253)</u>
	12,996	317
Balance – End of year	<u>40,046</u>	<u>27,050</u>
Balance – End of year represented by		
Short-term deferred contributions	44,498	34,036
Contributions receivable from donors (note 5)	(4,452)	(6,986)
	<u>40,046</u>	<u>27,050</u>

Contributions receivable include \$4,428 (2022 – \$6,984) associated with projects held with GAC.

Short-term deferred contributions include \$4,647 (2022 – \$5,840) of advances to projects that are unspent as at June 30, 2023. This amount is included in project advances in the statement of financial position.

Amounts recognized as revenue totalling \$55,310 (2022 – \$52,253) are allocated between Canadian funded and globally funded CARE International members.

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

Restricted investments

Long-term deferred contributions of \$230 (2022 – \$230) are represented by restricted investments in fixed income securities. The principal of \$230 must be maintained until 2031. The fair value of the restricted investments is \$245 (2022 – \$249), which consist of Canadian bonds. Coupon rates on the bonds as at June 30, 2023 range between 3.05% and 4.62% (2022 – between 2.38% and 3.05%) and mature between April 2024 and May 2025 (2022 – April 2023 and January 2025).

7 Capital assets

			2023	2022
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	249		249	249
Buildings	4,289	2,026	2,263	2,376
Office equipment	314	314	-	-
Computer equipment	1,067	935	132	92
Computer software	1,122	867	255	314
Building improvements	101	65	36	52
	7,142	4,207	2,935	3,083

Amortization expense for the year was \$271 (2022 – \$231).

8 Pension plan

The pension plan for employees of CARE Canada (the Plan) is a defined contribution plan covering all employees of CARE Canada who meet eligibility requirements as specified in the plan agreement. CARE Canada is required to contribute 5% of the employee's gross earnings for all members. CARE Canada contributed \$318 during the year (2022 – \$311).

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

9 Controlled entity

CARE Canada has committed to provide funds to the CEP Investment Trust to fund certain investment activities, including loans to enterprises in developing countries. There were no loans outstanding between CEP Investment Trust and CARE Canada at June 30, 2023 (2022 – \$2).

CEP Investment Trust has a non-contemporaneous year-end (December 31). As at December 31, 2022, CEP Investment Trust had total assets of \$2 (2021 – \$200), total liabilities of \$8 (2021 – \$205) and a capital deficit of \$6 (2021 – deficit of \$5). Total revenues in 2022 were nil (2021 – nil), and expenses were \$1.5 (2021 – \$1.5).

10 Commitments and contingent liabilities

Legal actions

In the ordinary course of business, CARE Canada becomes involved in various legal actions. While the ultimate effect of such actions cannot be ascertained at this time, management believes that their resolution will not have a material adverse effect on the financial statements.

Uncertain tax position

While CARE Canada was responsible for managing the country office operational platform in Kenya (transferred in 2021 to another CARE member), two tax disputes emerged. The first tax dispute was related to the Kenya Revenue Authority (KRA) denying exempt taxation status of expatriate staff. A judgment has been awarded in CARE Canada's favour; however, the KRA has appealed. CARE Canada is negotiating with the KRA on the second tax dispute related to reporting compliance. A portion of CARE Canada's estimated exposure in these disputes has been reflected in these financial statements and is included in accounts payable and accrued liabilities at \$625 (2022 – \$625).

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

11 Long-term debt

In 2020, CARE Canada secured financing with an initial principal amount of \$1,000. During the year ended June 30, 2023, CARE Canada fully repaid the loan amount and no balance is outstanding as at year-end.

	2023 \$	2022 \$
Loan repayable in monthly principal instalments of \$12 plus interest, at Royal Bank of Canada's prime rate plus 2%, matured in September 2022 and secured by land and building located at 9 Gurdwara Road, Ottawa, Ontario	-	311
Less: Current portion	-	144
	<hr/>	<hr/>
	-	167

A line of credit of \$2,000 (2022 – \$2,000) is available for use by CARE Canada and secured by land and building located at 9 Gurdwara Road, Ottawa, Ontario (refer to note 15). Advances under the line of credit bear interest at the bank's prime rate and are repayable on demand. As at June 30, 2023 and 2022, there was no outstanding balance.

12 Government contributions

As stated in note 2, the contributions from GAC and other donors may be subject to restrictions as to the use of the funds. CARE Canada's accounting records, as well as those of member institutions subcontracted to execute the projects, are subject to audit by GAC and other funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Adjustments to the financial statements as a result of these audits, if any, will be recorded in the period in which they become known.

13 Financial instruments

Fair values

The carrying values of amounts receivable, project advances, contributions receivable from donors, accounts payable and accrued liabilities and government remittances payable approximate their fair values due to the relatively short periods to maturity of the instruments.

Refer to note 6 for fair values related to CARE Canada's other financial instruments.

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

Investment risk

CARE Canada's Board of Directors has approved an investment policy that provides the guidelines for managing the investments of the organization. The overall objective of CARE Canada's investment program is to allocate the assets of CARE Canada in order to support the strategic and operational objectives of the organization.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. CARE Canada is exposed to liquidity risk mainly with respect to its accounts payable and accrued liabilities. Cash flows from operations provide a substantial portion of the Company's cash requirements. CARE Canada also has a line of credit as described in note 11. The full amount of the facility is available as at June 30, 2023.

Market risk

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

Currency risk

CARE Canada operates internationally, giving rise to significant exposure to market risks from changes in interest rates and foreign exchange rates. CARE Canada does not use derivatives to hedge its foreign exchange risk but relies on prudent cash management practices to minimize exposure to foreign exchange risk.

Amounts denominated in foreign currencies are as follows:

	2023		2022	
	Monetary assets \$	Monetary liabilities \$	Monetary assets \$	Monetary liabilities \$
United States dollars	12,452	14,630	5,624	8,724
British pounds	61	-	61	109
Euros	147	-	147	-
Kenyan shillings	53	63	-	-
Zambian kwachas	190	79	-	-
	12,903	14,772	5,832	8,833

Monetary assets consist of cash and cash equivalents, amounts receivable, project advances and contributions receivable from donors. Monetary liabilities consist of accounts payable and accrued liabilities and deferred contributions.

CARE Canada

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

Interest rate risk

Interest rate risk refers to adverse consequences of interest rate changes on CARE Canada's cash flows, financial position, investment income and interest expenses.

CARE Canada's fixed income investments are exposed to interest rate changes. The impact of adverse changes in rates is not considered material.

Credit risk

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum credit exposure of CARE Canada is represented by the fair value of the cash and cash equivalents, restricted investments, amounts receivable, project advances and contributions receivable from donors.

Substantially all of the Company's cash and cash equivalents are maintained at major financial institutions; therefore, the Company considers the risk of non-performance of these instruments to be remote.

14 Tax receipted donations

CARE Canada is a member of Imagine Canada and has adopted the Ethical Fundraising and Financial Accountability Code (the Code). The Code requires disclosure of donations that are receipted for income tax purposes. During the year, CARE Canada issued donation receipts for income tax purposes in the amount of \$3,721 (2022 – \$2,910). This figure does not include non-receiptable fundraising revenues received during the year from other charitable organizations.

15 Subsequent event

On November 14, 2023, CARE Canada accepted an offer to purchase its land and building at 9 Gurdwara Road, Ottawa, Ontario, for the price of \$3,275. The sale is subject to customary closing conditions and is expected to close within the next fiscal year. As the line of credit is secured by this land and building, it will no longer be available for use following the close of the sale.