CAUSE CANADA

Financial Statements

For the Year Ended March 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of CAUSE Canada have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of the Organization's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance and Audit Committees. The Finance and Audit Committees are appointed by the Board and meet periodically with management and the board of directors' auditors to review significant accounting, reporting and internal control matters. Following their review of the financial statements and discussions with the auditors, the Finance and Audit Committees report to the Board of Directors prior to their approval of the financial statements. The Committees also consider, for review by the Board and approval by the board of directors, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the board of directors by Metrix Group LLP, and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Wendy Fehr

Wendy Fehr, Executive Director

Calgary Alberta

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of CAUSE Canada

Opinion

We have audited the financial statements of CAUSE Canada (the Organization), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenditures, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and the results of its operations and 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 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.

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.

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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.

Metrix Group LLP

Chartered Professional Accountants

Edmonton, Alberta
September 10, 2024

CAUSE CANADA

Statement of Financial Position

As at March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	**$ 319,130**	$ 83,093
Accounts receivable	**12,843**	52,127
Donated assets	**18,199**	20,162
Goods and services tax recoverable	**2,699**	3,941
Prepaid expenses	**16,308**	10,305
	369,179	169,628
TANGIBLE CAPITAL ASSETS *(Note 2)*	**70,488**	73,733
	$ 439,667	$ 243,361
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities *(Note 3)*	**$ 55,009**	$ 60,375
Payroll liabilities	**33,449**	9,078
Deferred revenue	**187,056**	4,576
	275,514	74,029
CANADA EMERGENCY BUSINESS ACCOUNT	**-**	40,000
	275,514	114,029
NET ASSETS		
Unrestricted net assets	**93,664**	55,598
Invested in tangible capital assets	**70,489**	73,734
	164,153	129,332
	$ 439,667	$ 243,361

COMMITMENTS *(Note 6)*

ON BEHALF OF THE BOARD

_______________________ *Director*

_______________________ *Director*

CAUSE CANADA

Statement of Revenues and Expenditures

For The Year Ended March 31, 2024

	2024	2023
REVENUES		
Government of Canada	**$ 538,717**	$ 499,198
International organizations	**410,364**	185,486
General donations	**356,010**	215,364
Foundation revenue	**226,344**	376,149
Microcredit finance revenue	**169,686**	159,769
Designated donations	**140,624**	176,641
Events	**13,100**	16,286
Interest and miscellaneous	**3,346**	(82)
	1,858,191	1,628,811
EXPENSES		
PODER program	**443,907**	452,771
CAUSE Canada programs (Sierra Leone)	**469,368**	528,978
International organizations programs	**414,053**	220,506
Administration	**260,127**	208,900
Microcredit programs	**240,847**	196,543
Fundraising	**59,051**	32,568
Amortization	**3,245**	3,468
	1,890,598	1,643,734
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	**(32,407)**	(14,923)
OTHER EXPENSES (INCOME)		
Gain on microcredit loan obligation	**(346)**	(1,075)
Gain on foreign exchange	**(66,882)**	(45,925)
	(67,228)	(47,000)
EXCESS OF REVENUES OVER EXPENSES	**$ 34,821**	$ 32,077

CAUSE CANADA

Statement of Changes in Net Assets

For the Year Ended March 31, 2024

	Unrestricted Net Assets	Invested in Tangible Capital Assets	**2024**	2023
NET ASSETS - BEGINNING OF YEAR	$ 55,598	$ 73,734	**$ 129,332**	$ 97,255
Excess of revenue over expenses	34,821	-	**34,821**	32,077
Purchase of tangible capital assets	-	-	**-**	-
Amortization of tangible capital assets	3,245	(3,245)	**-**	-
NET ASSETS - END OF YEAR	$ 93,664	$ 70,489	**$ 164,153**	$ 129,332

CAUSE CANADA

Statement of Cash Flows

For the Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenses	**$ 34,821**	$ 32,077
Item not affecting cash:		
Amortization	**3,245**	3,468
	38,066	35,545
Changes in non-cash working capital:		
Accounts receivable	**39,284**	(34,302)
	-	-
Donated assets	**1,963**	2,240
Accounts payable and accrued liabilities	**(5,366)**	26,809
Deferred revenue	**182,480**	(27,119)
Prepaid expenses	**(6,003)**	7,207
Goods and services tax payable	**1,242**	(1,692)
Payroll liabilities	**24,371**	(1,772)
	237,971	(28,629)
Cash flow from operating activities	**276,037**	6,916
FINANCING ACTIVITIES		
Microfinancing	**-**	(2,032)
Repayment of Canada Emergency Business Account Loan	**(40,000)**	-
Cash flow used by financing activities	**(40,000)**	(2,032)
INCREASE IN CASH FLOW	**236,037**	4,884
CASH - BEGINNING OF YEAR	**83,093**	78,209
CASH - END OF YEAR	**$ 319,130**	$ 83,093

NATURE OF OPERATIONS

CAUSE Canada (the "Organization") is a charitable, not-for-profit organization incorporated under the Canadian Corporations Act on June 18, 1984. The Organization serves the following purposes:

- to enable socio-economically disadvantaged communities to achieve, in so far as possible, community self-reliance;
- to provide emergency assistance to people in need; and,
- to encourage dialogue on development issues between all people.

CAUSE Canada is a registered charity with the Canada Revenue Agency and as such the Organization is exempt from income taxes pursuant to paragraph 149(1)(l) of the Income Tax Act.

The assets of the Organization are intended for charitable use and, in the event of dissolution, any remaining assets will be donated to other charitable not-for-profit organizations in Canada.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash

Cash consists of balances held with financial institutions both in Canada and foreign countries where the Organization has operations.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution.

Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	40 years	straight-line method
Leasehold improvements	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Computer equipment	2 years	straight-line method
Office equipment	5 years	straight-line method

The Organization regularly reviews its tangible capital assets to eliminate obsolete items.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign Currency Transactions

The Organization uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the date of the statement of financial position. Other assets and liabilities are translated at the exchange rate in effect as at the transaction date. Items appearing in the current year's statement of operations, except for cost of inventories and amortization translated at historic rate, are translated at average year rates.

Exchange gains and losses are recognized in the statement of operations.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted donations are recognized as revenue when received or receivable if it can be reasonably estimated and collection is reasonably assured.

Contributions subject to external restrictions from funders are recognized as revenue in the year in which the related expenses are recognized.

The Organization internally restricts the use of portions of its unrestricted net assets for specific future uses. When incurred, related expenses are charged to operations and the balance of internally restricted net assets is reduced accordingly.

Donated tangible capital assets and contributions received towards the acquisition of capital assets are deferred and amortized to income on the same basis as the related depreciable tangible capital assets are amortized.

Contributions related to tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related tangible capital assets.

Investment income is restricted and recognized when earned in accordance with the terms set by the funders of the restricted contributions.

Expense allocation

Expenses are recorded and reported by program, revenue generating and support services. Certain officers and employees perform a combination of program, fundraising, and administrative activities. As such, salaries are allocated based on time dedicated to each operating activity. Other operating and general costs have been allocated based on the level of benefit received by each program and support service. Expense allocations are reviewed on an annual basis and if required, updated and applied on a prospective basis.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instruments.

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 excess of revenue over expenses.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

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

The Organization has no financial assets measured at fair value.

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 the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Transaction costs

The Organization recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their organization, issuance or assumption.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year $nil in goods were donated (2023 - $nil).

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization, recoverability of accounts receivable and the amount of accrued liabilities. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

2. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2024 Net book value**	2023 Net book value
Land	$ 11,192	$ -	**$ 11,192**	$ 11,192
Buildings	113,544	55,432	**58,112**	60,951
Automotive equipment	787,297	787,297	**-**	-
Leasehold improvements	37,833	37,833	**-**	-
Computer equipment	25,326	24,263	**1,063**	1,381
Office equipment	275,853	275,732	**121**	209
	$ 1,251,045	$ 1,180,557	**$ 70,488**	$ 73,733

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Organization has credit cards with authorized limits of $8,000, $9,000, 10,000 and $20,000, and bear interest at a rate of 19.99%, per annum, calculated and payable monthly. As at March 31, 2024 a total balance of $1,386 (2023 - $7,213) was outstanding on the credit cards.

Included in accounts payable is government remittances payable of $10,045 as at March 31, 2024 (2023 - $9,078)

4. MICROCREDIT LOAN OBLIGATION

Draws from the Butterfly Effect Microcredit Foundation ("BEMF") endowment principal are used to finance microcredit loans in Guatemala, Honduras and Sierra Leone. These microcredit loans are administered by the Organization pursuant to the terms of agency agreements between the Organization and BEMF.

As a condition of these agency agreements, which have ten year terms from the date of advance of endowment principal, both parties will participate in the interest earned on the microcredit loan portfolio. The Organization's share required to be used solely for the administration of the microcredit loan program. BEMF's share of interest earned on the portfolio is to be redeployed as microcredit loans and forms part of the endowment principal.

The microcredit loan obligation represents the difference between the balance of the endowment principal to be returned to BEMF and the value of the microcredit loan portfolio assets outstanding, net of any foreign exchange losses that the Organization is not responsible for.

In addition to identifying specific impaired loans, the Organization estimates an annual loss provision for the loan portfolio and adjusts the microcredit loan obligation accordingly. The loss provision accrued by the Organization at year-end is $nil (2023 - $nil).

The Organization is not responsible for loan losses on the portfolio to the extent that they are a result of force majeure or specifically forgiven by BEMF. The Organization will not be responsible for any foreign currency losses upon eventual repayment of the endowment principal.

Relevant terms that vary by agency agreement are as follows:

Guatemala

The Organization is responsible for losses due to theft or fraud, unless the Organization demonstrates in written form that it complied with policies and procedures in place at the time of the loss and those policies and procedures did not prevent the loss due to theft or fraud. In that event, the Organization is only responsible for 75% of the loss due to theft or fraud.

Honduras

The Organization is responsible to return the full endowment principal at the conclusion of the arrangement. As such, the Organization is responsible for both borrower defaults and losses due to fraud or theft unless specifically forgiven by BEMF.

5. FINANCIAL INSTRUMENTS

It is Management's opinion that the Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2024.

(a) 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 risks relate to accounts receivable and microcredit loans obligations. The Organization administers loans to overseas microcredit borrowers in the normal course of operations which entails credit risk in respect of defaults for the Honduran loan portfolio to the extent that losses do not arise from force majeure.

(b) Liquidity risk

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

The Organization mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

(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 exchange rates. The Organization is exposed to currency risk as it applies to the Organization's microcredit financing activities which take place in foreign jurisdictions and its foreign currency denominated bank accounts.

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

6. COMMITMENTS

The Organization has an operating lease for its premises expiring on December 31, 2024.

Annual lease payments are as follows:

2025	$ 20,142

7. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.