

CANADIAN AID AND RELIEF FOUNDATION (CARF)

Financial Statements

Year Ended December 31, 2025

Draft for discussion purposes only

Preparer	Reviewer
HW 4/08/26	AM 4/11/26

CANADIAN AID AND RELIEF FOUNDATION (CARF)
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Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Canadian Aid and Relief Foundation (CARF)

Report on the Financial Statements

Opinion

We have audited the financial statements of Canadian Aid and Relief Foundation (CARF) (the "foundation"), which comprise the statement of financial position as at December 31, 2025, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2025, 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 foundation 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 foundation'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 foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the foundation's financial reporting process.

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Independent Auditor's Report to the Directors of Canadian Aid and Relief Foundation (CARF) (*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 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 foundation'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 foundation'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 foundation 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.

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Independent Auditor's Report to the Directors of Canadian Aid and Relief Foundation (CARF) (*continued*)

Langley, British Columbia
May 8, 2026

Chartered Professional Accountants

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CANADIAN AID AND RELIEF FOUNDATION (CARF)
Statement of Financial Position
December 31, 2025

	2025	<i>2024</i> <i>Unaudited</i>
ASSETS		
CURRENT		
Cash	\$ 85,102	\$ 209,226
Goods and services tax recoverable	853	1,682
Term deposits	-	414,959
	\$ 85,955	\$ 625,867
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,679	\$ 10,000
Vacation pay payable	-	17
Employee deductions payable	-	58
	11,679	10,075
NET ASSETS	74,276	615,792
	\$ 85,955	\$ 625,867

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APPROVED BY THE DIRECTORS

_____ Director

_____ Director

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 See notes to financial statements

Prep _____ Added _____ Approved _____

CANADIAN AID AND RELIEF FOUNDATION (CARF)
Statement of Operations
Year Ended December 31, 2025

	2025	2024 <i>(Unaudited)</i>
REVENUES	\$ 1,227,737	\$ 1,952,513
GRANTS AND DIRECT PROGRAM COSTS		
Orphans & Widows	695,669	463,512
Poor	343,755	151,474
Education	236,682	228,912
Healthcare Services	143,382	98,713
Food	122,861	100,094
Refugee	64,857	162,674
Administration	59,148	63,844
Student Loan	18,268	59,736
In-kind Support	8,151	7,788
	<u>1,692,773</u>	<u>1,336,747</u>
	<u>(465,036)</u>	<u>615,766</u>
OPERATING EXPENSES		
Interest and bank charges	40,516	29,106
Advertising and promotion	13,321	12,398
Accounting fees	11,752	11,150
Consulting fees	3,500	4,385
Office	3,378	3,021
Legal fees	2,829	491
Meetings and conventions	1,140	-
Travel	810	-
Telephone	542	859
Postage and freight	337	463
Fundraising expenses	-	2,483
	<u>78,125</u>	<u>64,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER OPERATING EXPENSES BEFORE OTHER INCOME	(543,161)	551,410
OTHER INCOME		
Interest income	<u>1,645</u>	<u>32,773</u>
EXCESS (DEFICIENCY) OF REVENUES OVER OPERATING EXPENSES	\$ (541,516)	\$ 584,183

CANADIAN AID AND RELIEF FOUNDATION (CARF)
Statement of Changes in Net Assets
Year Ended December 31, 2025

	2025	2024	<i>(Unaudited)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 615,792	\$ 31,609	
DEFICIENCY OF REVENUES OVER OPERATING EXPENSES	(541,516)	584,183	
NET ASSETS - END OF YEAR	\$ 74,276	\$ 615,792	

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CANADIAN AID AND RELIEF FOUNDATION (CARF)
Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024 <i>Unaudited</i>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over operating expenses	\$ (541,516)	\$ 584,183
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	1,680	8,320
Goods and services tax payable	829	(550)
Vacation pay payable	(17)	17
Employee deductions payable	(58)	17
	<u>2,434</u>	<u>7,804</u>
Cash flow from (used by) operating activities	<u>(539,082)</u>	<u>591,987</u>
INVESTING ACTIVITY		
Term deposits	<u>414,959</u>	<u>(414,959)</u>
INCREASE (DECREASE) IN CASH FLOW	(124,123)	177,028
Cash - beginning of year	<u>209,226</u>	<u>32,197</u>
CASH - END OF YEAR	\$ 85,102	\$ 209,226

CANADIAN AID AND RELIEF FOUNDATION (CARF)
Notes to Financial Statements
Year Ended December 31, 2025

1. PURPOSE OF THE FOUNDATION

Canadian Aid and Relief Foundation (CARF) (the "foundation") is a not-for-profit organization of British Columbia. As a registered charity the foundation is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The foundation operates to provide funding to assist those who are less fortunate in Canada, Iraq, and elsewhere. CARF provides grants alongside training and consultation to the partnered registered organization in the area worked with. CARF achieves its mission through programs that include education, healthcare and support services to children, widows and underserved families.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

Revenue recognition

Donations/Contributions

CARF follows the deferral method of accounting for contributions in accordance with the Canadian accounting standards for not-for-profit organizations.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

Interest income

Interest income is recognised as interest accrued on a time basis by reference to the principal outstanding and to the effective interest rate applicable. The effective interest rate applicable is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Foreign currency translation

CARF conducts all of its financial transactions and maintains its accounting records in Canadian dollars. For certain international aid activities, the Foundation transfers funds in Canadian dollars to a licensed money service business, (Orbit Money) which is responsible for converting the funds into U.S. dollars and distributing them to intended recipients abroad, including beneficiaries in Iraq.

As the Foundation does not engage in the foreign exchange transactions directly and does not hold or manage foreign currency balances, no foreign currency gains or losses are recognized in its financial statements.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. The transaction costs for financial instruments recorded subsequently at amortized cost are included in the cost.

CANADIAN AID AND RELIEF FOUNDATION (CARF)
Notes to Financial Statements
Year Ended December 31, 2025

3. RELATED PARTY TRANSACTIONS

The following is a summary of the foundation's related party transactions:

	2025	2024
Development and Relief Foundation - USA (Related Party by virtue of common Directorship)		
Orphans& Widows	\$ 314,099	\$ -
Poor Support	226,778	-
Education	142,657	-
Food	90,885	-
Healthcare Service	42,303	-
Administration	41,881	-
Student Loan	12,833	-
General Donation	4,720	-
Gifts in Kind - Goods	1,326	-
	<u>877,482</u>	<u>-</u>
Development and Relief Foundation - Iraq (Related Party by virtue of common Directorship)		
Grants:Orphans & Widows	695,669	463,512
Grants:Poor	343,755	151,474
Grants:Education	236,682	228,912
Grants:Healthcare Services	143,382	98,713
Grants:Food	122,861	100,094
Grants:Administration	59,148	61,094
Grants:Refugee	64,857	162,674
Grants:Student Loan	18,268	59,736
Grants:In-kind Support	8,151	7,788
Grants:General Contribution	-	2,750
	<u>1,692,773</u>	<u>1,336,747</u>
Mahdi Dialdeen (Related Party by Being the Son of Director Saleh Dialdeen)		
Contract Services:Subcontracts	3,500	3,000
	<u>3,500</u>	<u>3,000</u>
	<u>\$ 2,573,755</u>	<u>\$ 1,339,747</u>

4. COMPARATIVE FIGURES

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

5. ECONOMIC DEPENDENCE

The foundation received 94.95% of its total donation revenue from two donors, and is economically dependent on this funding to support current level of operations.

CANADIAN AID AND RELIEF FOUNDATION (CARF)
Notes to Financial Statements
Year Ended December 31, 2025

6. FINANCIAL INSTRUMENTS

The foundation is exposed to financial risks through its financial instruments. It maintains a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the foundation's risk exposure and concentration as of December 31, 2025.

Currency risk

Currency risk is the risk to the foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The foundation is exposed to foreign currency exchange risk on revenues received and project direct costs spent outside of Canada.

Unless otherwise noted, it is management's opinion that the foundation is not exposed to significant other price risks arising from these financial instruments. Risks arising from financial instruments have not changed significantly from the previous year.

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