

**Action Contre La Faim (Canada)/ Action Against Hunger (Canada)**  
**Financial Statements**  
*December 31, 2022*

# Action Contre La Faim (Canada)/ Action Against Hunger (Canada) Contents

For the year ended December 31, 2022

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To the Board of Directors of Action Contre La Faim (Canada)/ Action Against Hunger (Canada):

## Opinion

We have audited the financial statements of Action Contre La Faim (Canada)/ Action Against Hunger (Canada) (the "Organization"), which comprise the statement of financial position as at December 31, 2022, 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 Organization as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for 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 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.

Mississauga, Ontario

June 23, 2023

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

## Statement of Financial Position

As at December 31, 2022

	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	1,216,697	2,152,381
Short-term investment (Note 3)	621,100	200,000
Grants and other receivables	1,106,045	701,556
Sales taxes recoverable	166,532	71,520
Prepaid expenses and deposits	164,601	175,705
Receivables and grant advances - other Action Against Hunger agencies (Note 4)	4,757,685	11,791,036
	8,032,660	15,092,198
<b>Tangible capital assets (Note 5)</b>	41,878	39,313
<b>Intangible assets (Note 6)</b>	1,331,331	83
	9,405,869	15,131,594
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	627,562	574,598
Deferred grants (Note 7)	6,834,261	13,150,687
Accounts payable - other Action Against Hunger agencies (Note 9)	-	2,439
	7,461,823	13,727,724
<b>Loans and other payables - other Action Against Hunger agencies (Note 9)</b>	538,485	702,568
<b>Deferred contributions related to intangible asset (Note 10)</b>	737,333	-
	8,737,641	14,430,292
<b>Net Assets</b>		
Invested in capital assets	635,876	39,395
Unrestricted	(577,723)	51,832
Internally restricted	610,075	610,075
	668,228	701,302
	9,405,869	15,131,594
<b>Approved on behalf of the Board</b>		
e-Signed by Leslie Carter	e-Signed by Chinmaya Thakore	
2023-06-27 07:28:02:02 MDT	2023-06-26 14:20:23:23 MDT	
<b>Director</b>	<b>Director</b>	

The accompanying notes are an integral part of these financial statements

# Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

## Statement of Operations

For the year ended December 31, 2022

	2022	2021
<b>Revenue</b>		
Program revenue (Note 6), (Note 7)	39,207,323	24,308,383
Professional services	1,436,946	859,003
Donations	665,778	408,500
Revenue from Action Against Hunger International	596,529	697,199
Management fees and other	495,627	80,478
Government assistance	-	90,704
	<b>42,402,203</b>	<b>26,444,267</b>
<b>Expenses</b>		
Programs (Note 6)	38,317,656	23,209,225
Salaries and benefits	3,356,437	2,857,185
Fundraising	398,148	169,357
General and administration	220,993	166,098
Rent	64,888	76,994
Travel	63,408	6,031
Telecommunications and information technology	34,222	39,781
Interest and bank charges	13,296	7,412
Advertising	7,141	41,208
Amortization	26,360	9,588
	<b>42,502,549</b>	<b>26,582,879</b>
<b>Excess of expenses over revenue before other items</b>	<b>(100,346)</b>	<b>(138,612)</b>
<b>Other items</b>		
Foreign exchange gain (Note 13)	67,272	26,635
<b>Excess of expenses over revenue</b>	<b>(33,074)</b>	<b>(111,977)</b>

The accompanying notes are an integral part of these financial statements

**Action Contre La Faim (Canada)/ Action Against Hunger (Canada)**  
**Statement of Changes in Net Assets**  
*For the year ended December 31, 2022*

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>Internally restricted</i>	<b>2022</b>	<i>2021</i>
<b>Net assets, beginning of year</b>	<b>39,395</b>	<b>51,832</b>	<b>610,075</b>	<b>701,302</b>	813,279
<b>Excess of expenses over revenue</b>	<b>(26,360)</b>	<b>(6,714)</b>	-	<b>(33,074)</b>	(111,977)
<b>Acquisition of tangible capital assets</b>	<b>17,092</b>	<b>(17,092)</b>	-	-	-
<b>Acquisition of intangible assets</b>	<b>1,343,082</b>	<b>(1,343,082)</b>	-	-	-
<b>Receipt of contributions related to capital assets</b>	<b>(737,333)</b>	<b>737,333</b>	-	-	-
<b>Net assets, end of year</b>	<b>635,876</b>	<b>(577,723)</b>	<b>610,075</b>	<b>668,228</b>	701,302

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

# Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

## Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of expenses over revenue	(33,074)	(111,977)
Amortization	26,360	9,588
Investment income compounded	(1,100)	-
	(7,814)	(102,389)
Changes in working capital accounts		
Grants and other assets	(404,489)	(124,740)
Sales taxes recoverable	(95,012)	12,826
Prepaid expenses and deposits	11,104	(114,192)
Receivables and grant advances - other Action Against Hunger agencies	7,033,351	(4,041,393)
Accounts payable and accrued liabilities	52,965	335,428
Deferred grants	(6,316,426)	5,304,378
Accounts payable - and other Action Against Hunger agencies	(2,439)	(331,769)
Deferred contributions related to intangible asset	737,333	-
	1,008,573	938,149
<b>Financing</b>		
Loans and other payable - other Action Against Hunger agencies	(164,083)	(117,333)
<b>Investing</b>		
Purchase of short-term investment	(420,000)	(200,000)
Acquisition of capital assets	(17,092)	(17,027)
Acquisition of intangible assets	(1,343,082)	-
	(1,780,174)	(217,027)
<b>(Decrease) increase in cash</b>	<b>(935,684)</b>	<b>603,789</b>
<b>Cash, beginning of year</b>	<b>2,152,381</b>	<b>1,548,592</b>
<b>Cash, end of year</b>	<b>1,216,697</b>	<b>2,152,381</b>

The accompanying notes are an integral part of these financial statements



# Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

## Notes to the Financial Statements

For the year ended December 31, 2022

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### 1. Purpose of the organization

Action Contre La Faim (Canada)/ Action Against Hunger (Canada) (the "Organization") was incorporated under Part II of the Canada Corporations Act and is a non-profit organization as defined in the Income Tax Act. The Organization was continued under the Canada Not-for-Profit Corporations Act on April 25, 2013. It has the objective of the fight against hunger in the world through the prevention, detection and treatment of malnutrition, by intervening during and after emergency situations of social conflict, war and natural disaster. The Organization also implements development projects and programs in Canada and internationally.

The Organization's is part of Action Against Hunger International and shares a common objective and vision as Action Contre La Faim, Action Against Hunger UK, Accion Contra El Hambre and Action Against Hunger USA. The Organization has an economic interest in the other Action Against Hunger agencies based on the financial support by way of various grants provided to assist in the implementation of the Organization's common vision. The Organization has subcontracting agreements with the other Action Against Hunger agencies when they perform work on behalf of the Organization with regards to certain projects and programs.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles and include the following significant accounting policies:

#### **Fund accounting**

The Organization follows the deferral method of accounting for contributions and reports using fund accounting.

Unrestricted net assets represents amounts available to support ongoing operations.

Internally restricted net assets represent funds set aside by the Board as a contingency reserve against extraordinary events. Funds may only be accessed at the Board's discretion.

#### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. The 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.

Government assistance is recognized where there is reasonable assurance the assistance will be received and the conditions will be complied with. Government assistance is recognized in earnings over the periods in which the Company recognizes expenses to which the assistance relates.

Revenues from donations are recognized when received.

Contributions related to the acquisition of intangible assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related intangible assets.

Interest income is recognized as revenue when earned.

#### **Contributed materials and services**

Contribution of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would have otherwise been purchased.

The Organization benefits from the receipt of volunteers time and efforts. Due to the difficulty in establishing the fair value of volunteered time, it is not recognized in the financial statements.

# Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

## Notes to the Financial Statements

For the year ended December 31, 2022

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### 2. Significant accounting policies (Continued from previous page)

#### **Financial instruments**

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

#### **Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

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

All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of expenses over revenue. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Related party financial instruments**

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of expenses over revenue.

# Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

## Notes to the Financial Statements

For the year ended December 31, 2022

### 2. Significant accounting policies (Continued from previous page)

#### Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; and no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; 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.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of expenses over revenue.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of expenses over revenue in the year the reversal occurs.

#### Tangible capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	30 %
Furniture and fixtures	declining balance	20 %

#### Intangible assets

Intangible assets recognized separately from goodwill and subject to amortization are recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at a rate intended to amortize the cost of intangible assets over their estimated useful life.

	<b>Method</b>	<b>Rate</b>
SMART+	straight-line	8 years
ERP software	straight-line	8 years
Other software	straight-line	3 years

When intangible assets no longer contributes to the Organization's ability to provide goods or services, or the value of future economic benefits or service potential associated with the intangible assets is less than its net carrying amount, its carrying amount is written down to fair value.

# Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

## Notes to the Financial Statements

For the year ended December 31, 2022

### 2. Significant accounting policies (Continued from previous page)

#### **Impairment of long-lived assets**

Long-lived assets, which comprise capital assets and intangible assets, are reviewed for impairment when certain events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value calculated using discounted cash flows.

#### **Deferred revenue**

Deferred revenue represents the difference between the funds received and the revenue recognized for specific programs.

#### **Foreign exchange**

The Organization follows the temporal method to translate its foreign currency balances and transactions into Canadian dollars. Under this method, monetary assets and liabilities are translated at the rates of exchange in effect at year-end and the other Statement of financial position items and Statement of operations items are translated at the monthly average exchange rates. Exchange gains and losses are included in the excess of revenue over expenses for the year.

#### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Primary components of these financial statements which include estimates are: the collectibility of receivable amounts and the assessment of expenditures for capitalization and their expected useful life for amortization. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

### 3. Short-term investment

Short-term investment represents \$621,100 of cashable Guaranteed Investment Certificates earning interest between 4.25% and 4.30% and maturing on January 2023.

### 4. Receivables and grant advances - other Agencies Against Hunger agencies

	2022	2021
Action Contre la Faim	2,026,837	4,031,692
Accion Contra El Hambre	2,027,419	5,319,739
Action Against Hunger USA	703,429	2,439,605
	<b>4,757,685</b>	<b>11,791,036</b>

**Action Contre La Faim (Canada)/ Action Against Hunger (Canada)**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

**5. Tangible capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>	<i>2021 Net book value</i>
Computer equipment	106,865	67,006	39,859	36,789
Furniture and fixtures	17,729	15,710	2,019	2,524
	<b>124,594</b>	<b>82,716</b>	<b>41,878</b>	<b>39,313</b>

Amortization of \$14,516 (2021 – 9,553), related to capital assets, is included in current year earnings.

**6. Intangible assets**

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>2022 Net book value</i>	<i>2021 Net book value</i>
SMART+	1,226,795	-	1,226,795	-
ERP software	111,766	11,131	100,635	-
Other software	10,302	6,401	3,901	83
	<b>1,348,863</b>	<b>17,532</b>	<b>1,331,331</b>	<b>83</b>

Amortization of \$11,834 (2021 – \$35), related to intangible assets, is included in current year earnings.

At year end, the SMART+ software remains under development and no amortization has been expensed during the year. The Organization received funding in the amount of \$737,333 relating to the development of SMART+ during the year (refer to Note 10).

**7. Deferred grants**

	<i>Global Affairs Canada</i>	<i>SMART</i>	<i>Irish Aid</i>	<i>Other</i>	<i>2022</i>	<i>2021</i>
Opening balances	12,404,188	125,841	220,922	399,736	13,150,687	7,846,309
Funding received during the year	30,461,922	184,533	219,316	250,000	31,115,771	29,343,661
Change in grants receivable	-	12,501	-	(11,965)	536	142,539
Revenue recognized during the year	(36,753,303)	(14,770)	(331,426)	(333,234)	(37,432,733)	(24,181,822)
	<b>6,112,807</b>	<b>308,105</b>	<b>108,812</b>	<b>304,537</b>	<b>6,834,261</b>	<b>13,150,687</b>

SMART represents the Standardized Monitoring and Assessment of Relief and Transition.

Changes in grants receivable includes foreign exchange gains and losses.

**8. Banking facility**

The Organization has a line of credit facility with Royal Bank of Canada in the amount of \$70,000 (2022 - \$70,000), bearing interest at the prime rate plus 1.53%, unsecured and due on demand. As at December 31, 2022, the Organization has drawn \$Nil (2022 - \$Nil) from the facility.

# Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

## Notes to the Financial Statements

For the year ended December 31, 2022

### 9. Loans and other payable

	2022	2021
<b>Accounts payable - other Action Against Hunger agencies</b>		
Action Against Hunger UK	-	2,439
	-	2,439
<b>Non-current loans and other payable - other Action Against Hunger agencies</b>		
Action Contre La Faim	369,185	487,330
Action Against Hunger UK	-	16,333
Action Contra El Hambre	-	198,905
Action Against Hunger USA	169,300	-
	538,485	702,568

Loans and other payables are unsecured, non-interest bearing, due on various dates up to 2027 except for loan payable to Action Against Hunger USA. Loan to Action Against Hunger USA is unsecured, non-interest bearing and repaid by 50% of the net income created through the fundraising.

### 10. Deferred contributions related to intangible asset

During the year, the Organization received contributions in the amount of \$737,333 relating to development of SMART+ software. No amortization has been recorded in respect of the software asset and no amount of the contributions have been recognized as revenue during the year.

### 11. Related party transactions

Program revenue recognized during the year from Action Against Hunger agencies totalled \$2,502,717 (2021 - \$3,286,560).

Program expenditures incurred during the year by Action Against Hunger agencies totalled \$36,732,132 (2021 - \$22,043,627)

These transactions occurred in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 12. Interfund transfer

During the year, the Organization transferred amount of \$Nil (2021 - \$200,000) from unrestricted net assets to the internally restricted net assets to increase the contingency reserve against extraordinary events.

# Action Contre La Faim (Canada)/ Action Against Hunger (Canada)

## Notes to the Financial Statements

For the year ended December 31, 2022

### 13. Financial instruments

The Organization, as part of its operations, carries a number of financial assets and liabilities. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization realized some of its transactions in foreign currencies currency for which assets and liabilities balances are subject to exchange rate fluctuations. As at December 31, 2022, the following are denominated in foreign currencies:

	2022 CAD\$	2021 CAD\$
Cash - U.S. dollars	28,930	455,017
Loans and receivables - other Action Against Hunger agencies - U.S. dollars	556,838	422,744
Loans and receivables - other Action Against Hunger agencies - Euros	-	10,012
Deferred grants - U.S. dollars	497,919	22,660
Deferred grants - Euros	54,824	220,922
Deferred grants - Swedish Krona	445,562	-
Grant receivable - U.S. dollars	531,152	216,033
Loans and other payable - other Action Against Hunger agencies - U.S. dollars	201,318	210,395
Loans and other payable - other Action Against Hunger agencies - Euros	409,991	423,707
Loans and other payable - other Action Against Hunger agencies - British pound	308	188

The foreign exchange loss recognized for the year includes a realized loss since the start of the year of \$Nil (2021 - \$Nil) and a unrealized gain since the start of the year of \$67,272 (2021 - \$26,635 unrealized gain).

#### **Liquidity risk**

Liquidity risk is the risk that the Organization will encounter difficulties in meeting obligations associated with financial liabilities. The Organization manages its liquidity risk by monitoring actual and forecasted cash flows and requirements. Assets are held in cash and instruments that are readily convertible to cash.

#### **Credit concentration**

The Organization is subject to a concentration of credit risk with its receivables and grant advances due from other Action Against Hunger agencies. The Organization is in regular communication with its network partners and is able to evaluate the credit risk related to these amounts on an ongoing basis. The significant reduction in the amount of receivable and grant advances has reduced the credit risk during the year.

### 14. Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees subject to disclosure are as follows:

(i) The Organization has provided indemnities under a lease agreement for the use of an operating facility. Under the terms of this agreement, the Organization agrees to indemnify the counter parties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after, the term of the agreement. The Organization has purchased property insurance to mitigate the cost of any potential exposure. The maximum amount of any potential future payment cannot be reasonably estimated.

(ii) The Organization indemnifies all directors and volunteers for various items, including but not limited to, all costs to settle suits or actions due to services provided to the Organization, subject to certain restrictions. The Organization has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.

There were no known actions as at December 31, 2022 and 2021.