

International Development and
Relief Foundation
Financial Statements
For the year ended June 30, 2021

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Independent Auditor's Report

To the Directors of
International Development and Relief Foundation

Qualified Opinion

We have audited the accompanying financial statements of International Development and Relief Foundation (the "Foundation"), which comprise the statement of financial position as at June 30, 2021, 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 and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2021, 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 Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising events revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2021 and 2020, current assets as at June 30, 2021 and 2020, and net assets as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario
November 18, 2021

International Development and Relief Foundation
Statement of Financial Position

June 30 2021 2020

Assets

Current

Cash	\$ 6,432,328	\$ 5,269,665
Marketable securities	97,962	33,000
HST receivable	68,267	482,061
Other receivables	57,203	145,177
Prepaid expenses	71,279	76,198

6,727,039 6,006,101

Note receivable (Note 2)

700,000 700,000

Capital assets (Note 3)

2,359,942 2,435,600

\$ 9,786,981 \$ 9,141,701

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 203,280	\$ 110,156
Deferred revenue (Note 4)	791,184	1,177,040

994,464 1,287,196

Net Assets

Unrestricted	5,906,377	5,457,806
Internally restricted for international development projects	<u>2,886,140</u>	<u>2,396,699</u>

8,792,517 7,854,505

\$ 9,786,981 \$ 9,141,701

On behalf of the Board:

_____ Director

_____ Director

International Development and Relief Foundation
Statement of Operations

For the year ended June 30	2021	2020
Revenue		
Donations and fundraising events (Note 4)	\$13,038,537	\$ 10,148,121
Donations in kind (Note 4)	1,441,207	1,098,345
Interest and other income	37,334	41,605
	14,517,078	11,288,071
Expenses		
Program Services		
Development programs (Notes 5 and 6)	12,225,413	9,626,736
Educational development (Note 5)	74,213	83,430
	12,299,626	9,710,166
Supporting Services		
Amortization	93,909	92,713
Fundraising (Note 5)	950,336	815,677
General and administrative (Note 5)	235,195	262,237
	1,279,440	1,170,627
	13,579,066	10,880,793
Excess of revenue over expenses	\$ 938,012	\$ 407,278

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

International Development and Relief Foundation
Statements of Changes in Net Assets

For the year ended June 30

	Unrestricted	Internally Restricted	Total 2021	Total 2020
Balance, beginning of year	\$ 5,457,806	\$ 2,396,699	\$ 7,854,505	\$ 7,447,227
Excess of revenue over expenses	938,012	-	938,012	407,278
Transfer to internally restricted fund (Note 7)	(489,441)	489,441	-	-
Balance, end of year	\$ 5,906,377	\$ 2,886,140	\$ 8,792,517	\$ 7,854,505

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

International Development and Relief Foundation
Statement of Cash Flows

For the year ended June 30	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 938,012	\$ 407,278
Adjustment to reconcile excess of revenue over expenses to net cash from operating activities		
Amortization	93,909	92,713
Loss on sale of capital assets	-	50,286
Changes in non-cash operating balances		
Interest receivable	-	13,911
HST receivable	413,794	(443,715)
Other receivables	87,974	(118,745)
Prepaid expenses	4,919	(53,259)
Accounts payable and accrued liabilities	93,124	38,606
Deferred revenue	(385,856)	562,747
	<u>1,245,876</u>	<u>549,822</u>
Investing activities		
Net proceeds of short-term investments	-	3,741,134
Purchase of short-term investments	(64,962)	-
Purchase of capital assets	(18,251)	(2,510,106)
	<u>(83,213)</u>	<u>1,231,028</u>
Net change in cash	1,162,663	1,780,850
Cash, beginning of year	<u>5,269,665</u>	<u>3,488,815</u>
Cash, end of year	<u>\$ 6,432,328</u>	<u>\$ 5,269,665</u>

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

International Development and Relief Foundation

Notes to Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies

a. Purpose of Organization The International Development and Relief Foundation (the "Foundation") is a Canadian charitable organization dedicated to empowering the disadvantaged people of the world through emergency relief and participatory development programs based on the Islamic principles of human dignity, self-reliance and social justice.

The Foundation undertakes relief and rehabilitation programs in developing countries and organizes educational conferences and seminars on international development issues.

The Foundation was incorporated under the Canada Corporations Act as a corporation without share capital. The Foundation is exempt from tax by virtue of section 149(1)(f) of the Income Tax Act (Canada).

b. Basis of Accounting The Foundation has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

c. Revenue Recognition The Foundation follows the deferral method of accounting for contributions whereby restricted donations are recognized as revenue in the year in which related expenses are incurred. Unrestricted donations are recognized as revenue when received. Contributions received during the year that have not been used for their specified purposes, are deferred until such time as they are used for the intended purpose. Donations in kind are recorded as revenue at fair value and are shown as a corresponding expenditure in the period received.

Interest and other income is recognized on a time proportionate basis.

The Foundation is dependent on the work of volunteers to fulfil its mission. These donated services are not recorded in these financial statements due to the difficulty in determining their fair value.

International Development and Relief Foundation

Notes to Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies (continued)

d. Capital Assets Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful life of the asset as follows:

Building	- 40 years straight line basis
Furniture and equipment	- 20% diminishing balance basis
Computer hardware	- 30% diminishing balance basis
Computer software	- 30% diminishing balance basis

e. Net Assets Internally Restricted for International Development Projects Relief and rehabilitation project expenses approved for future years are appropriated at the year end and reported as internally restricted net assets.

f. Allocation of Expenses The Foundation engages in Development Programs, Educational Development and Fundraising programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Foundation also incurs a number of general support expenses that are common to the administration of the Foundation and each of its programs.

The Foundation allocates certain of its general support expenses by identifying an appropriate basis of allocating each component expense, and applies that basis consistently each year. The Foundation allocates 70%, 4% and 14% of general administrative expenses to development programs, educational development and fundraising programs, respectively, with the exception of the following items, which are allocated to development programs, educational development and fundraising programs, respectively, as follows:

Postage and courier costs — 25%, 5%, 50%

International salaries and travel — 100%, 0%, 0%

Bank charges — 0%, 0%, 100%

International Development and Relief Foundation

Notes to Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies (continued)

g. Write-down of Long-Lived Assets

The Foundation monitors its use of capital assets and when the capital asset no longer contributes to the Foundation's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, an impairment is recognized as an expense in the statement of operations.

h. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All investments have been designated to be in the fair value category, with gains and losses reported in operations in the period in which they arise. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

i. Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

International Development and Relief Foundation
Notes to Financial Statements

June 30, 2021

2. Note Receivable

The note receivable arose upon the sale of the previous office premises on April 18, 2019. The note matures on April 17, 2022, bears interest at the rate of 1% in the first year, 2% in the second year and 3% in the third year, and is secured by a second mortgage on the sold property.

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 435,809	\$ -	\$ 435,809	\$ -
Building	1,913,512	95,614	1,911,055	47,776
Furniture and equipment	164,780	71,862	148,986	35,791
Computer hardware	103,709	90,392	103,709	80,392
Computer software	21,774	21,774	21,774	21,774
	<u>\$ 2,639,584</u>	<u>\$ 279,642</u>	<u>\$ 2,621,333</u>	<u>\$ 185,733</u>
		<u>\$ 2,359,942</u>		<u>\$ 2,435,600</u>

4. Deferred Revenue

	2021	2020
Opening balance	\$ 1,177,040	\$ 614,293
Donations and fundraising received during the year	14,093,888	11,809,213
Donations and fundraising recognized as revenue in the year	(13,038,537)	(10,148,121)
Donations in kind recognized as revenue in the year	(1,441,207)	(1,098,345)
Closing balance	<u>\$ 791,184</u>	<u>\$ 1,177,040</u>

Deferred revenue represents the unexpended portion of five (2020 - eleven) grants that relate to specific programs.

International Development and Relief Foundation

Notes to Financial Statements

June 30, 2021

5. Development Program Expenses and Allocations

The Foundation incurred Development Programs expenditures of \$12,225,413 (2020 - \$9,626,736) for International and Canadian Projects by sector as follows:

International projects:

Food Security	\$ 5,029,023	\$ 2,347,860
Emergency Relief	3,449,924	1,785,669
Health	1,798,175	600,390
Education	585,920	587,073
Water, Sanitation & Hygiene	216,919	736,122
Economic Development	169,305	300,811
	<u>\$11,249,266</u>	<u>\$ 6,357,925</u>

Canadian projects:

Education	\$ 335,661	\$ 465,169
Emergency Relief	295,955	375,362
Food Security	221,161	164,961
Health	123,370	2,263,319
	<u>\$ 976,147</u>	<u>\$ 3,268,811</u>
	<u>\$12,225,413</u>	<u>\$ 9,626,736</u>

Canadian project expenditures for the health sector in the prior year relate to COVID-19 relief efforts that the Foundation was involved in.

General and administrative expenses of \$1,839,407 (2020 - \$1,821,675), which include salaries and benefits, occupancy costs and office expenses, have been allocated to Program and Supporting Services as follows:

	<u>2021</u>	<u>2020</u>
Development programs	\$ 1,288,957	\$ 1,320,033
Educational development	74,213	79,196
Fundraising	476,237	422,446
	<u>\$ 1,839,407</u>	<u>\$ 1,821,675</u>

6. Related Party Transactions

The Foundation is related to Licensed to Learn Inc. by virtue of common management. Unless otherwise noted, transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

During the year, the Foundation made donations to Licensed to Learn Inc. totaling \$155,000 (2020 - \$200,000). In addition, the Foundation allowed Licensed to Learn Inc. to utilize its premises for operational purposes rent-free.

International Development and Relief Foundation

Notes to Financial Statements

June 30, 2021

7. Internally Restricted for International Development Projects

An internally restricted fund was established to provide a reserve for relief and rehabilitation expenses approved for future years. In the current year, \$489,441 (2020 - \$1,299,437) was transferred as approved by the Board of Directors.

8. Financial Instruments

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 Foundation's financial instruments that are exposed to concentrations of credit risk relate primarily to cash, marketable securities, other receivables and note receivable.

The Foundation limits its exposure to this risk by maintaining cash and marketable securities with major financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Foundation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

The Foundation continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenditures.

The risks have not changed from the prior year.

9. Uncertainty Due to COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19"). On March 23, 2020, the Government of Ontario ordered the closure of all non-essential businesses effective March 24, 2020. The operations of the Foundation were deemed essential by the government and continue to operate at capacity. The extent of any future impact on the Foundation's operations as a result of COVID-19 cannot be determined with certainty.