

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of International Development and Relief Foundation

We have audited the accompanying financial statements of International Development and Relief Foundation, which comprise the statement of financial position as at June 30, 2018, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, our 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 revenue over expenses and cash flows from operations for the years ended June 30, 2018 and 2017, current assets as at June 30, 2018 and 2017, and net assets as at July 1 and June 30 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended June 30, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of International Development and Relief Foundation as at June 30, 2018, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario
October 26, 2018

International Development and Relief Foundation

Statement of Financial Position

June 30, 2018	2018	2017
Assets		
Current		
Cash	\$ 130,937	\$ 3,258,563
Short-term Investments (Note 2)	2,171,501	510,068
Interest receivable	8,188	5,004
HST receivable	95,751	65,469
Other receivables	15,284	193,698
Prepaid receivables	42,525	35,745
	2,464,186	4,068,547
Investments (Note 2)	1,750,000	-
Capital Assets (Note 3)	1,170,065	1,210,326
	\$ 5,384,251	\$ 5,278,873
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 66,481	\$ 50,583
Deferred revenue (Note 4)	479,317	297,817
Long-term debt (Note 5)	-	301,197
	545,798	649,597
Net Assets		
Unrestricted	3,888,239	3,647,182
Internally restricted for international development projects	950,214	982,094
	4,384,251	4,629,276
	\$ 5,384,251	\$ 5,278,873

On behalf of the Board:


 _____ Director


 _____ Director

International Development and Relief Foundation

Statement of Operations

For the Year Ended June 30	2018	2017
Revenue		
Donations and fundraising events (Note 4)	\$ 5,399,424	\$ 4,786,283
Interest and other income	42,639	29,317
	5,442,063	4,815,600
Expenses		
Program Services		
Development programs (Note 6 and 7)	4,394,931	3,429,902
Educational development (Note 6)	47,467	48,047
	4,442,398	3,477,949
Supporting Services		
Amortization	40,261	44,869
Fundraising (Note 6)	541,893	526,439
General and administrative (Note 6)	203,841	143,446
Interest on long-term debt	4,493	15,244
	790,488	729,998
	5,232,886	4,207,947
Excess of revenue over expenses	\$ 209,177	\$ 607,653

International Development and Relief Foundation

Statement of Changes in Net Assets

For the Year Ended June 30

	Unrestricted	Internally Restricted	Total 2018	Total 2017
Balance, beginning of year	\$ 3,647,182	\$ 982,094	\$ 4,629,276	\$ 4,021,623
Excess (deficiency) of revenue over expenses	656,539	(447,362)	209,177	607,653
Transfer to internally restrict fund (Note 8)	(415,482)	415,482	-	-
Balance, end of year	\$ 3,888,239	\$ 950,214	\$ 4,838,453	\$ 4,629,276

International Development and Relief Foundation

Statement of Cash Flow

For the Year Ended June 30	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 209,177	\$ 607,653
Adjustment to reconcile excess of revenue over expenses to net cash from operating activities		
Amortization	40,261	44,869
Changes in non-cash operating balances		
Interest receivable	(3,184)	9,225
HST receivable	(30,282)	(37,658)
Other receivable	178,414	(108,683)
Prepaid expenses	(6,780)	(8,301)
Accounts payable and accrued liabilities	15,898	1,232
Deferred revenue	181,500	(20,186)
	585,004	488,151
Investing activities		
Net proceeds (purchase) of short-term investments	(3,411,433)	1,317,706
Purchase of capital assets	-	(44,115)
	(3,411,433)	1,273,591
Financing activities		
Repayment of long term-term debt	(301,197)	(48,534)
Net change in cash	(3,127,626)	1,713,208
Cash, beginning of year	3,258,563	1,545,355
Cash, end of year	\$ 130,937	\$ 3,258,563

International Development and Relief Foundation

Notes to Financial Statements

June 30, 2018

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 fulfill 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, 2018

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

Restrictions 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, 2018

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 has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. As at June 30, 2018, there was no write-down recorded.

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, 2018

2. Short-Term Investments

	2018	2017
Mutual funds	\$ 11,501	\$ 10,068
One guaranteed investment certificate, bearing interest at 1.10%, matured August 1, 2017	-	500,000
Six guaranteed investment certificates, bearing interest at 1.55%, maturing July 2, 2018	1,860,000	-
One guaranteed investment certificate, bearing interest at 1.53%, maturing April 5, 2019	300,00	-
Seven guaranteed investment certificates, bearing interest at 1.60%, maturing July 1, 2019	1,750,000	-
	3,921,501	510,068
Less: current portion	(2,171,501)	(510,068)
	\$ 1,750,000	-

3. Capital Assets

	2018		2017	
	Cost	Accumulated Ammortization	Cost	Accumulated Ammortization
Land	\$ 324,293	\$ -	\$ 324,293	\$ -
Building	918,346	137,243	918,346	114,285
Furniture and equipment	247,014	184,156	247,014	167,941
Computer hardware	67,311	65,500	67,311	64,724
Computer software	21,774	21,774	21,774	21,462
	\$ 1,578,738	\$ 408,673	\$ 1,578,738	368,412
	\$ 1,170,065		\$ 1,210,326	

4. Deferred Revenue

	2018	2017
Opening balance	\$ 297,817	\$ 318,001
Donations and fundraising received during the year	5,580,924	4,766,099
Donations and fundraising recognized as revenue in the year	(5,399,424)	(4,786,283)
Closing balance	\$ 479,317	\$ 297,817

Deferred revenue represents the unexpended portion of three (2017 - three) grants that relate to specific programs.

International Development and Relief Foundation

Notes to Financial Statements

June 30, 2018

5. Long-Term Debt

RBC term loan, bearing interest at 4.69%, payable in weekly principal payments of \$933 plus interest, due October 26, 2017 and secured by a first fixed charge on the land and building identified in Note 3 of the financial statements, general security agreement and certificate of insurance evidencing fire and other perils coverage on the property.

	2018	2017
	\$ -	\$ 301,197

The loan was repaid during the year.

6. Allocation of Expenses

General and administrative expenses of \$1,118,786 (2017 - \$1,172,748), which include salaries and benefits, occupancy costs and office expenses, have been allocated to Program and Supporting Services as follows:

	2018	2017
Development programs	\$ 827,686	\$ 899,139
Educational development	47,467	48,047
Fundraising	243,633	225,562
	\$ 1,118,786	\$ 1,172,748

7. 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 \$150,000 (2017 - \$160,000). 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, 2018

8. 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, \$415,482 (2017-\$459,137) was transferred as approved by the Board of Directors.

9. 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, short-term investments and other receivables.

The Foundation limits its exposure to this risk by maintaining cash and short-term investments 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.

10. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.