



IDRC • CRDI

International Development Research Centre
Centre de recherches pour le développement international

Quarterly Financial Report

For the period ending 30 June 2021



Contents

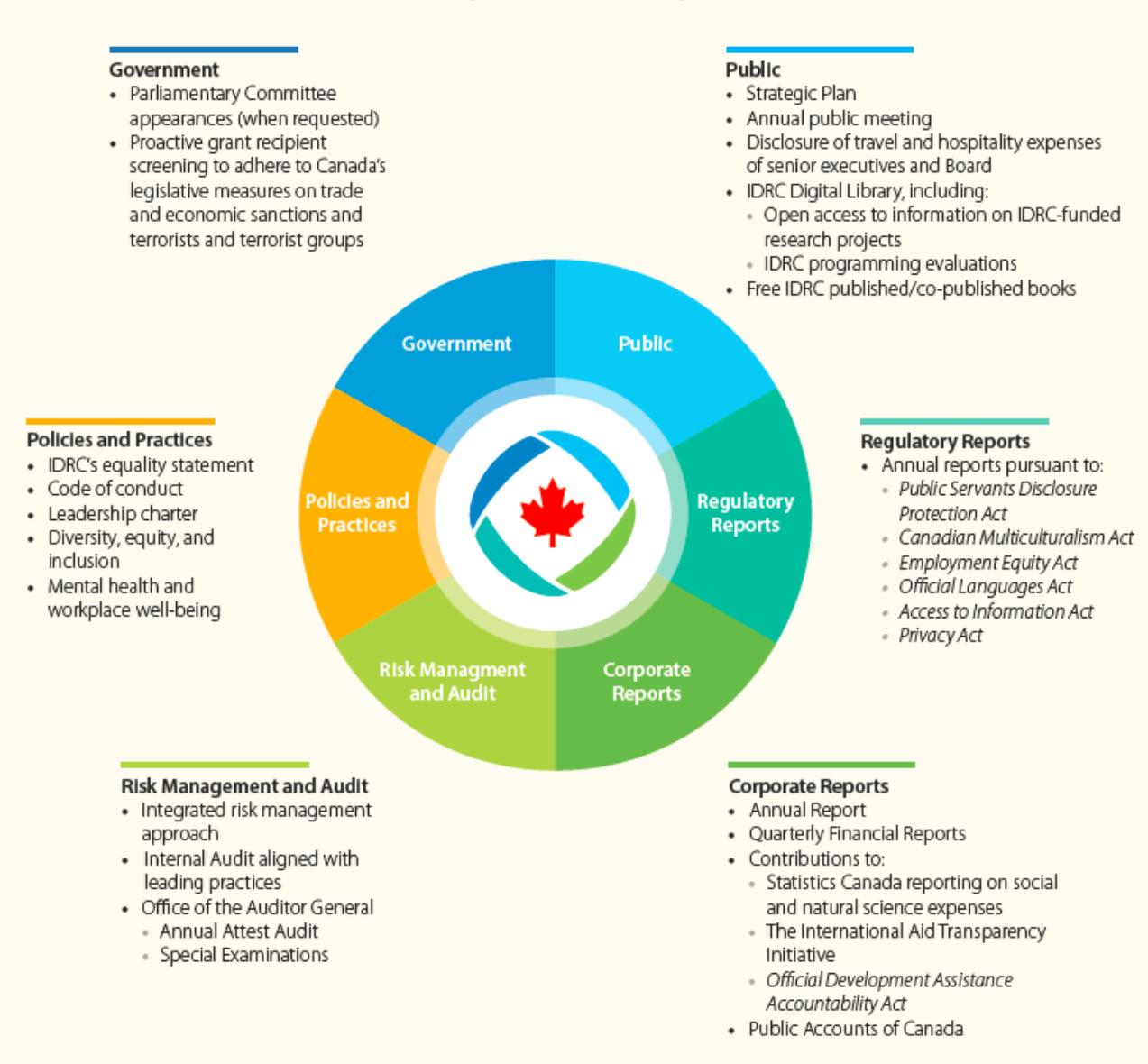
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IDRC’s Commitment to Transparency and Accountability

IDRC is accountable to Parliament and all Canadians for its use of public resources.

IDRC is an organization committed to transparency and, as such, provides information on its website and in its publications, reports to Parliament, and conducts public outreach programs. As a research organization, IDRC also maintains transparency with the research community and the public by making the results of its projects (studies, papers, articles, etc.) available to all.

Below are some of the measures in place that help the Centre meet the standards set by the Government of Canada for accountability and transparency.



Introduction to the Quarterly Financial Report

In 1970, the Parliament of Canada created the International Development Research Centre (IDRC) to champion and facilitate research on the challenges facing the world's low- and middle-income regions. Our work is focussed on enabling and applying scientific, technical, and other forms of knowledge for the advancement of developing countries.

Since its creation, IDRC has identified and responded to critical development challenges, working to help researchers in developing regions find solutions to the most pressing problems facing their communities and countries. From our five international offices in developing regions and our head office in Ottawa, IDRC's work has helped bridge the digital divide, implement Canada's Earth Summit agenda, address the world's food crises, ensure democratic transitions in emerging economies, and stop a devastating Ebola epidemic.

Strategy 2030 affirms IDRC's vision for a more sustainable and inclusive world, and it commits the Centre to the following mission: IDRC will be a leader in research for development, investing in high-quality research and innovation, sharing knowledge, and mobilizing alliances for more sustainable, prosperous, and inclusive societies.

The Management's Discussion and Analysis section of this document outlines the Centre's financial results and corporate updates for the first quarter of this financial year, ended 30 June 2021. This report was prepared in accordance with the requirements of International Accounting Standard 34 Interim Financial Reporting (IAS 34) and the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports. The condensed interim financial statements included in this report have not been audited.

All monetary amounts are in Canadian dollars. The Centre recommends that this report be read in conjunction with *Management's Discussion and Analysis and Financial Statements 2020–2021*. Disclosures and information presented in *Management's Discussion and Analysis and Financial Statements 2020–2021* apply to the current quarter unless otherwise indicated.

Management is responsible for preparing this report, which was approved on 16 August 2021 by the Finance and Audit Committee of the Board of Governors.

Management's Discussion and Analysis

Management highlights

Management maintains a focus on activities aligned with the corporate priorities approved by the Board. The paragraphs below highlight specific actions toward the Centre's 2021–2022 priorities during the first quarter of the financial year.

Advance new strategic directions established in *Strategy 2030*

IDRC supported new key initiatives across all five of its program divisions to contribute to the goals set out in *Strategy 2030*. This included a joint call by the Climate-resilient Food Systems and Global Health programs for their *Collaborative One Health Research Initiative on Epidemics*, and calls by the Democratic and Inclusive Governance program on *Closing the Justice Gap*, by the Education and Science program on *Advancing Gender in Science, Technology, Engineering and Math and Artificial Intelligence for Development*, and by the Sustainable Inclusive Economies program focused on *Women's Economic Empowerment in the COVID-19 Recovery*.

Two donor agreements were signed during this period – both supplements to existing partnerships. The first was for the Innovative Veterinary Solutions for Antimicrobial Resistance program with the United Kingdom's Department of Health and Social Care, and the second was for the Global Partnership for Education's Knowledge and Innovation Exchange.

The Board of Governors approved the Monitoring, Evaluation and Learning Framework. The framework will allow the Centre to assess progress towards the goals set out in *Strategy 2030* and will support IDRC to continuously learn, adapt, and course correct where necessary.

Conduct strategic outreach and engagement that positions the Centre as a convener and leading source of knowledge for development

Centre-wide knowledge-sharing plans for climate change and COVID-19 are being implemented. For example, in advance of the United Nations' Food Systems summit in September 2021, IDRC is working with key partners such as the Australian Centre for International Agricultural Research, the Institute of Development Studies, the Rockefeller Foundation, and Global Affairs Canada (GAC) to organize forums to share our research on resilient and sustainable food systems in the context of COVID-19.

The Parliamentary Secretary to the Minister for International Development, Maninder Sidhu, presided over the IDRC-organized Canadian launch of the World Bank's 2021 World Development Report: *Data for Better Lives*, which included contributions from IDRC and its grantees. Engagements with senior officials at GAC and Environment and Climate Change Canada were held to further common priorities such as unpaid care, education, pandemic response, climate change, and food systems.

Strengthen an IDRC that is fit for purpose, incorporates and celebrates diversity and inclusion, and has a healthy and engaged workforce

In alignment with the goals of *Strategy 2030*, the Centre continued to move forward in its transformation agenda, which aims to strengthen the organisation to ensure it is achieving impact, working smart, and telling its story in a way that resonates with audiences everywhere. The Diversity, Equity and Inclusion committee was formed. It will develop a strategy and action plan to build a strong foundation for a diverse, equitable and inclusive work environment.

In support of the well-being and health and safety of employees, the People and Corporate Culture Division secured two workplace mental-health keynote speakers who provided live virtual conferences to employees.

Risk update

IDRC is committed to implementing a continuous, proactive, and systemic approach to risk management. Integrated into all areas of the Centre's operations, risk management is a shared responsibility among Centre managers, who are committed to a proactive and systematic approach that is overseen by the Board of Governors. The Centre's risk management processes are designed to identify risks that may affect the achievement of corporate objectives and manage these within an agreed-upon range of risk tolerances. Risk management is applied strategically and appropriately to provide reasonable assurance that the Centre will achieve its objectives.

The risks section in *Management's Discussion and Analysis and Financial Statements 2020–2021* outlines IDRC's strategic and operational risks, which continue to be applicable.

Financial highlights



EXPENSES

30 June 2021: \$52.8 million
30 June 2020: \$53.9 million
Total decrease: \$1.1 million or 2.1%



REVENUES

30 June 2021: \$51.7 million
30 June 2020: \$52.1 million
Total decrease: \$0.4 million or 0.8%

A detailed analysis is provided under the Expenses and Revenues sections, below.

Performance update

Expenses

Total expenses decreased year-over-year by \$1.1 million or 2.1%. Expenses are reported under two main headings: development research programming and corporate and administrative services. For the 2021-2022 financial year, the Centre revised the groupings of items included within the enhancing research capabilities and corporate and administrative services expense categories. This new presentation is a result of changes to ensure alignment with *Strategy 2030*. The changes to the grouping for 2021-2022 result in: 1) information technology services and the office of the vice-president for Strategy, Regions, and Policy being presented under corporate and administrative services; and 2) regional office administration reported within enhancing research capabilities with the other regional office expenses. Certain balances have been reclassified, see Note 12 in the financial statements for details.

TABLE 1: EXPENSES

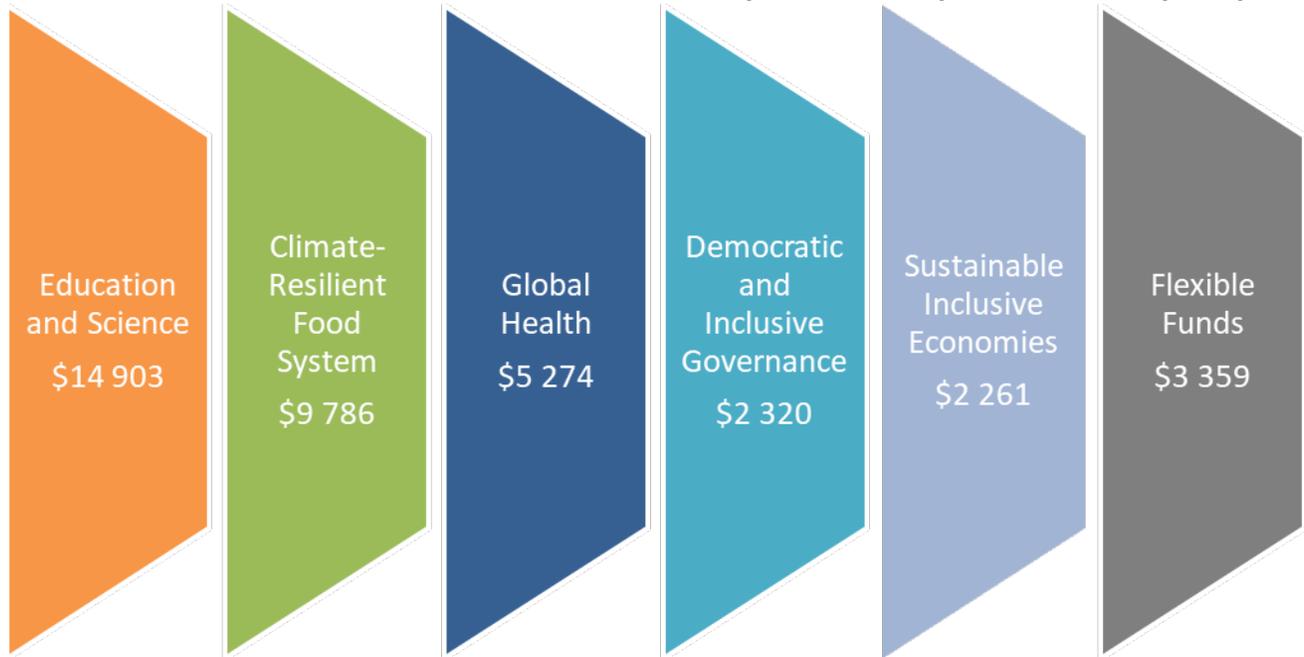
(\$000)	For the three months ended 30 June			
	2021	2020	\$ change actual	% change actual
	Actual	Actual		
Development research programming				
Research projects funded by parliamentary appropriation	18 599	19 511	(912)	(4.7%)
Research projects funded by donor contributions	19 304	18 300	1 004	5.5 %
Enhancing research capabilities	9 270	10 226	(956)	(9.3%)
	47 173	48 037	(864)	(1.8%)
Corporate and administrative services	5 611	5 891	(280)	(4.8%)
Total expenses	52 784	53 928	(1 144)	(2.1%)

The expenses for **development research programming** decreased by 1.8% for the quarter ended in June 2021 to \$47.2 million (\$48.0 million in June 2020). The research project expenses funded by parliamentary appropriation decreased by 4.7% for the three months ended 30 June 2021 (to \$18.6 million from \$19.5 million in June 2020). This decrease is primarily due to disbursements of funds for approved rapid-response COVID-19 projects at this time last year.

The research funded by donor contributions increased by \$1.0 million (to \$19.3 million from \$18.3 million). This increase can be mainly attributed to large new projects. Research project expenses fluctuate from year to year based on the project portfolio.

Figure 1 provides an overview of the total research project expenses by program division, including those funded by parliamentary appropriation and by donor contributions. The program divisions resulting from *Strategy 2030* include Climate-Resilient Food Systems, Global Health, Education and Science, Democratic and Inclusive Governance, and Sustainable Inclusive Economies. The flexible funds portion allows for innovation in programming and responses to emerging opportunities that advance corporate priorities and strategic objectives.

FIGURE 1: 2021–2022 RESEARCH PROJECT EXPENSES (ALL SOURCES) BY PROGRAM (\$000)



The year-to-date 2021–2022 research project expenses **total \$37.9 million**. Of this amount, \$18.6 million was funded by parliamentary appropriation and \$19.3 million by donor contributions.

The expenses for **enhancing research capabilities** for the three months ended 30 June 2021 are \$1.0 million lower compared to the same period last year. The variance is related to lower salaries and benefits due to vacant positions and the timing of continuing operating expenses.

Overall expenses for **corporate and administrative services** for the three months ended 30 June 2021 are comparable to the same period last year.

Revenues

The Centre derives most of its revenues from a parliamentary appropriation and from donor contributions received pursuant to co-funding agreements. The parliamentary appropriation is the most significant of these revenue sources (see Figure 2).

FIGURE 2: REVENUE BY SOURCE

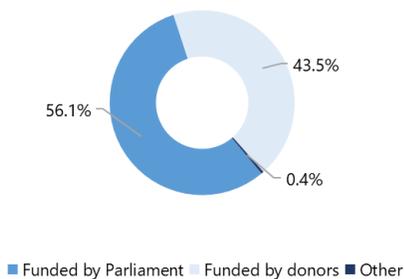
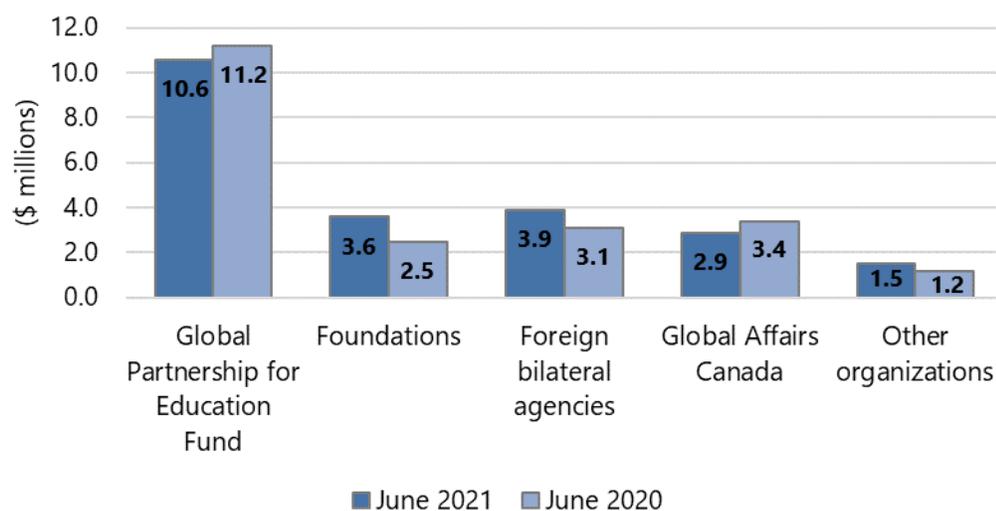


TABLE 2: REVENUES

(\$000)	For the three months ended 30 June			
	2021	2020	\$ change actual	% change actual
	Actual	Actual		
Parliamentary appropriation	29 000	30 700	(1 700)	(5.5%)
Donor contributions	22 479	21 360	1 119	5.2 %
Other income	217	57	160	280.7 %
Total revenues	51 696	52 117	(421)	(0.8%)

During the three months ended 30 June 2021, the total **parliamentary appropriation** recognized decreased by 5.5% to \$29.0 million from \$30.7 million for the same period in 2020–2021 (see Table 2). The Centre drew down \$1.7 million (5.5%) less of the recurring portion of its parliamentary appropriation compared to the same period last year (see Table 2). This is attributable to variations in funding needs, which are primarily driven by research project expenses. The amount of non-recurring parliamentary appropriation was nil. The appropriation available for drawdown to the end of the financial year is \$119.6 million.

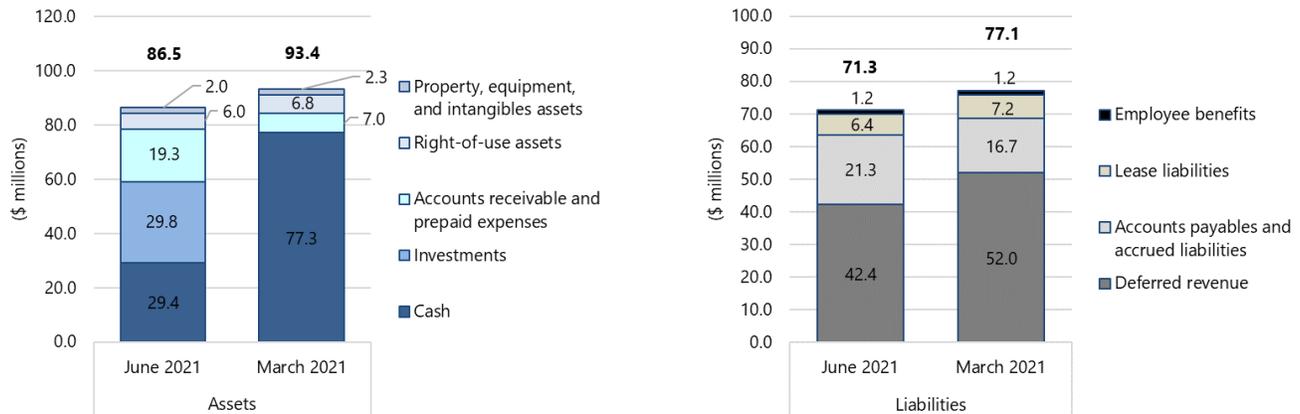
In the first three months of this financial year, **donor contribution revenues** increased by \$1.1 million or 5.2% year-over-year (see Table 2). Donor contributions are received in advance and recognized as revenue when the related project expenses are incurred. Variations from quarter to quarter and year to year are to be expected given that project expenses (and hence revenues) are not evenly distributed over the life of individual donor contribution agreements. See the Expenses section (Table 1) for information on research project expense variances. Donor contribution revenue sources are shown in dollar terms in Figure 3.

FIGURE 3: REVENUES FROM DONOR CONTRIBUTIONS

Financial position

The Centre's financial position is summarized in Figure 4. Most assets are in cash and investments in 2021-2022 and are derived from the cycle of funding received for donor-funded programs. Liabilities contain a large portion of deferred revenue, which represents donor funds received but not yet recognized as revenue.

FIGURE 4: SUMMARY OF ASSETS AND LIABILITIES

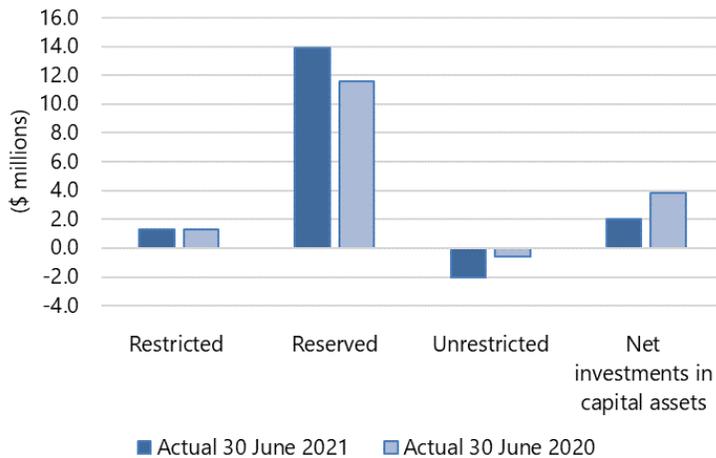


Total **assets** on 30 June 2021 decreased by 7.4% (from \$93.4 to \$86.5 million) compared to 31 March 2021. Given the level of cash that is handled by the Centre, management decided to invest the funds that are not required in the short-term to earn additional revenues than can be generated in bank accounts. Most of the investments consist of bonds with some guaranteed investment certificates (refer to note 2 of the financial statements). Cash balances decreased in part due to the purchase of investments totalling \$29.8 million but also because of increased receivables. Those increased by \$12.3 million due to donor contribution receivables and a higher parliamentary appropriation receivable.

Total **liabilities** decreased by 7.5% (from \$77.1 to \$71.3 million) compared to 31 March 2021. This is mostly explained by the decrease in deferred revenue liabilities for projects and programs funded by donor contributions. This decrease is partly offset by higher accounts payable and accrued liabilities. The employee benefits amount shown in Figure 4 represents the non-current portion; the current portion is included within accrued liabilities.

The Centre's equity consists of four classes: restricted, reserved, unrestricted, and net investments in capital assets. The equity amount in each class is established in accordance with the Centre's equity policy.

FIGURE 5: EQUITY



The **restricted** equity is stable at \$1.3 million and represents funds for the John G. Bene Fellowship (\$1.2 million) and funds received for the David and Ruth Hopper & Ramesh and Pilar Bhatia Canada bursaries used to support young researchers, particularly women, from Canada, India and the Philippines in the early stages of their careers through fellowships, scholarships, or internships (\$0.1 million).

The **reserved** equity is intended to be used to absorb fluctuations in the disbursement of outstanding research program commitments, which are dependent on the performance of recipients, and to fund future purchase of property, equipment, intangibles, as well as future investments or initiatives. The reserve of \$13.9 million (refer to Figure 5) includes a total of \$7.5 million set aside for future leasehold improvements of the Centre head office space, where the current lease expires in October 2022. An amount of \$5.9 million is reserved to absorb fluctuations in the disbursements of outstanding research project commitments. The balance of the reserved equity is to fund initiatives.

The negative balance of \$2.0 million in **unrestricted** equity (refer to Figure 5) represents the residual balance of equity after the allotments to restricted and reserved equity. This balance reflects all variances described in the previous Revenues and Expenses sections. The negative amount is offset by reserved equity and is expected to be resorbed by the end of the next financial quarter.

The \$2.0 million **net investment in capital assets** segregates the portion of the equity representing the Centre's balance of investments in capital assets. The balance decreases year over year as amortization and depreciation exceed capital asset purchases. This equity category matches the value of property, equipment, and intangible assets as reported in the statement of financial position. The net investments in capital assets are broken down by type of asset in Table 3.

TABLE 3: CAPITAL ASSETS AND INTANGIBLE ASSETS

(\$000)	June 2021
Leasehold improvements	1 374
Computer equipment	395
Software	88
Office furniture, equipment, and vehicles	86
Communication systems	33
Total property, equipment, and intangible assets	1 976

Cash flows

For the three months ended 30 June 2021, **operating activities** decreased cash by \$17.2 million (see Table 4). This decrease in liquidities reflects cash outflows to grant recipients, employees, and others. Further detail within each category (receipts and payments) is available in the Condensed Interim Statement of Cash Flows section of this report.

The cash flows used in **investing activities** for the three months ended 30 June 2021 was \$29.9 million and is entirely related to the investments that were purchased during the quarter.

The majority of the cash and investments held at 30 June 2021 comes from donor contribution advances received (refer to note 6 of the financial statements).

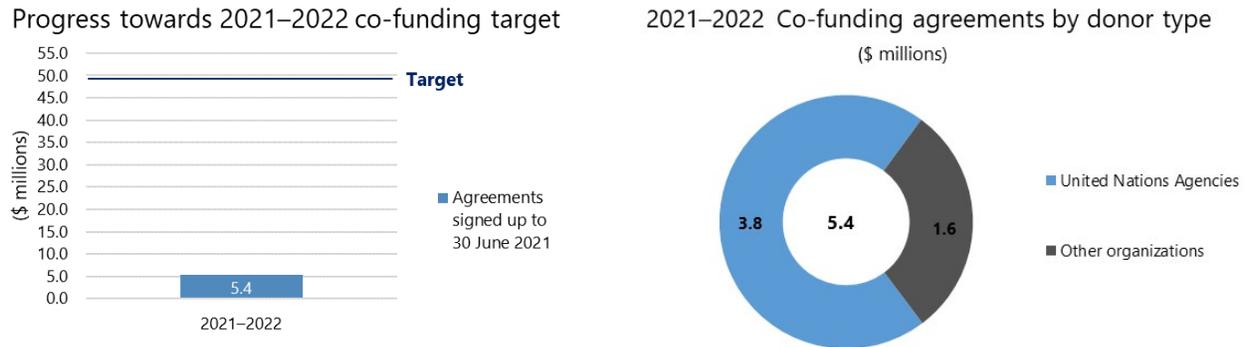
TABLE 4: SUMMARY OF CASH FLOWS

(\$000)	For the three months ended 30 June		\$ change actual	% change actual
	Actual 2021	Actual 2020		
Receipts	29 822	33 985	(4 163)	(12.2%)
Payments	(46 999)	(50 712)	3 713	7.3 %
Cash flows used in operating activities	(17 177)	(16 727)	(450)	(2.7%)
Purchase of investments	(29 866)	-	(29 866)	-
Acquisition of property and equipment and intangible assets	-	(103)	103	100.0 %
Cash flows used in investing activities	(29 866)	(103)	(29 763)	-
Payment of lease liabilities and interest paid on lease liabilities	(836)	(876)	40	4.6 %
Cash flows used in financing activities	(836)	(876)	40	4.6 %
Decrease in cash	(47 879)	(17 706)	(30 173)	(170.4%)
Cash, beginning of period	77 262	82 380	(5 118)	(6.2%)
Cash, end of period	29 383	64 674	(35 291)	(54.6%)

Other key financial information

Since 1 April 2021, \$5.4 million in new co-funding agreements have been signed (see Figure 6). Management is actively working on additional co-funding agreements expected to be signed before the end of the financial year.

FIGURE 6: CO-FUNDING AGREEMENTS



As at 30 June 2021, the Centre is committed to disbursing a total of \$223.5 million for activities related to development research programming. It is anticipated that all funds will be disbursed over the next five years. Of the total amount committed, \$125.5 million is expected to be funded by parliamentary appropriation and \$98.0 million by donor contributions. Table 5 provides an overview of the outstanding commitments by program. Information on current project expenses in each of the programs appears under Expenses in the Performance update section, above.

TABLE 5: OUTSTANDING RESEARCH PROJECT COMMITMENTS BY PROGRAMS

(\$000)	June 2021
Education and Science	84 681
Climate-Resilient Food Systems	57 512
Global Health	28 380
Sustainable Inclusive Economies	23 970
Democratic and Inclusive Governance	17 362
Flexible Funds	11 556
Total	223 461

Outlook update

There were no other significant changes in the operating environment since the publication of the 2020-2021 *Management's Discussion and Analysis and Financial Statements*, available on the Centre's website.

In *Strategy 2030*, the Centre committed to ensuring being fit for purpose. Management continues to operate and undertake activities that advance the achievement of the objectives established under *Strategy 2030*, while ensuring the efficient use of financial resources to create impact and add value.

The Centre remains focused on the health, safety, and security of its employees and continues to work remotely. Plans to restart working from all office locations will be implemented, pursuant to guidance from health officials and government.

The Board of Governors approved the 2021–2022 budget prior to the start of the financial year. The Centre’s operations are subject to seasonal fluctuations and vary from quarter to quarter. Table 6 presents the financial outlook, providing an overview of the revenues and expenses for the period ending 30 June 2021 and the 2021–2022 financial year.

TABLE 6: FINANCIAL OUTLOOK UPDATE

(\$000)	For the three month ended 30 June 2021				2021–2022 Budget
	Budget	Actual	Variance	% Variance	
Statement of comprehensive income items					
Expenses					
Development research programming					
Research projects funded by parliamentary appropriation	22 801	18 599	4 202	18.4%	95 776
Research projects funded by donor contributions	26 338	19 304	7 034	26.7%	69 891
Enhancing research capabilities	10 503	9 270	1 233	11.7%	45 609
Corporate and administrative services	5 711	5 611	100	1.8%	21 976
	65 353	52 784	12 569	19.2%	233 252
Revenues					
Parliamentary appropriation	34 900	29 000	(5 900)	(16.9%)	148 611
Donor contributions	30 537	22 479	(8 058)	(26.4%)	85 209
Other income	68	217	149	219.1%	384
	65 505	51 696	(13 809)	(21.1%)	234 204
Net results of operations	152	(1 088)	(1 240)	(815.8%)	952

Revenue outlook update

The **parliamentary appropriation revenue** was \$5.9 million lower than budgeted for the first quarter. The Centre aims to match parliamentary appropriation revenue with planned expenses. At this time, the total parliamentary appropriation revenues for the year are anticipated to remain unchanged.

Donor contributions revenue was \$8.1 million lower than budgeted. See the Expenses outlook update section, below, for information on project variances. The Centre has been in regular communication with donors.

Expenses outlook update

The **research project expenses funded by parliamentary appropriation** were \$4.2 million lower than budgeted for the quarter. The research **funded by donor contributions** was \$7.0 million lower than budgeted for the same period due to several large programs under-expensing, namely the Global Partnership for Education’s Knowledge and Innovation Exchange. Research project payments are based upon recipient performance and delivery of research milestones. The fact that payments did not occur

as per the projected timing, especially in large and complex multi-year programs, reflects their inherent unpredictability.

Management continues to regularly assess, monitor, and mitigate, where possible, the effects of the pandemic on grantees and the resulting influence on research expenses. Many projects may require an extension in their duration due to delays in research, which reflects the changing environment grantees are operating in. The impact of these delays will be considered in the mid-year budget review exercise.

The expenses for **enhancing research capabilities** were \$1.2 million lower than budgeted for the quarter. This is due to lower expenses for salaries and benefits mainly as a result of vacant positions, as well as the timing of ongoing activities.

The budget variance of \$0.1 million for **corporate and administrative expenses** is the net result coming from the timing of continuing operating expenses.

Unaudited Condensed Interim Financial Statements

Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the requirements of International Accounting Standard 34 Interim Financial Reporting (IAS 34) and the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and for such internal controls as management determines is necessary to enable the preparation of condensed interim financial statements that are free from material misstatements. Management is also responsible for ensuring that all other information in this quarterly financial report is consistent, where appropriate, with the condensed interim financial statements.

Based on our knowledge, these unaudited condensed interim financial statements present fairly, in all material respects, the financial position, financial performance, and cash flows of the Centre, as at the date of, and for the periods presented in, the condensed interim financial statements.

On behalf of management,



Jean Lebel, PhD
President



Geneviève Leguerrier, CPA, CA
Vice-President, Resources,
and Chief Financial Officer

Ottawa, Canada
16 August 2021

Condensed Interim Statement of Financial Position

(In thousands of Canadian dollars)

as at

	<i>(unaudited)</i>	<i>(audited)</i>
	30 June 2021	31 March 2021
Assets		
Current		
Cash	29 383	77 262
Investments (Note 2)	2 539	—
Accounts receivable and prepaid expenses (Note 3)	19 274	6 964
	<u>51 196</u>	<u>84 226</u>
Non-current		
Investments (Note 2)	27 304	—
Property and equipment	1 888	2 182
Intangible assets	88	151
Right-of-use assets (Note 4)	6 025	6 791
	<u>86 501</u>	<u>93 350</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	21 337	16 729
Lease liabilities (Note 5)	3 010	2 998
Deferred revenue (Note 6)	38 691	45 995
	<u>63 038</u>	<u>65 722</u>
Non-current		
Deferred revenue (Note 6)	3 647	5 992
Employee benefits	1 225	1 199
Lease liabilities (Note 5)	3 402	4 160
	<u>71 312</u>	<u>77 073</u>
Equity		
Unrestricted	(2 022)	—
Restricted	1 291	1 291
Net investments in capital assets	1 976	2 333
Reserved	13 944	12 653
	<u>15 189</u>	<u>16 277</u>
	<u>86 501</u>	<u>93 350</u>
Commitments (Note 7)		
Contingencies (Note 8)		

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Comprehensive Income

(Unaudited — in thousands of Canadian dollars)
for the three months ended 30 June

	<u>30 June 2021</u>	<u>30 June 2020</u>
Expenses		
Development research programming (Note 9)		
Research projects funded by parliamentary appropriation	18 599	19 511
Research projects funded by donor contributions	19 304	18 300
Enhancing research capabilities	9 270	10 226
	<u>47 173</u>	<u>48 037</u>
Corporate and administrative services (Note 9)	5 611	5 891
Total expenses	<u>52 784</u>	<u>53 928</u>
Revenues		
Donor contributions (Note 10)	22 479	21 360
Other income	217	57
	<u>22 696</u>	<u>21 417</u>
Cost of operations before parliamentary appropriation	(30 088)	(32 511)
Parliamentary appropriation (Note 11)	29 000	30 700
Net results of operations	<u>(1 088)</u>	<u>(1 811)</u>

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Changes in Equity

(Unaudited — in thousands of Canadian dollars)
for the three months ended 30 June

	<u>30 June 2021</u>	<u>30 June 2020</u>
Unrestricted equity		
Beginning of period	—	—
Net results of operations	(1 088)	(1 811)
Net transfers from (to) other classes of equity	(934)	1 166
Balance end of period	<u>(2 022)</u>	<u>(645)</u>
Restricted equity		
Beginning of period	1 291	1 275
Net increase	—	—
Balance end of period	<u>1 291</u>	<u>1 275</u>
Net investments in capital assets		
Beginning of period	2 333	4 238
Net decrease	(357)	(444)
Balance end of period	<u>1 976</u>	<u>3 794</u>
Reserved equity		
Beginning of period	12 653	12 394
Net transfers from (to) other classes of equity	1 291	(722)
Balance end of period	<u>13 944</u>	<u>11 672</u>
Equity, end of period	<u><u>15 189</u></u>	<u><u>16 096</u></u>

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Cash Flows

(Unaudited — in thousands of Canadian dollars)
for the three months ended 30 June

	<u>30 June 2021</u>	<u>30 June 2020</u>
Operating activities		
Receipts from parliamentary appropriation	20 804	27 700
Receipts from donor contributions	8 302	5 417
Receipts from other sources	716	868
Payments to grant recipients	(33 202)	(36 569)
Payments to employees	(8 397)	(10 274)
Payments to suppliers and others	(5 400)	(3 869)
Cash flows used in operating activities	<u>(17 177)</u>	<u>(16 727)</u>
Investing activities		
Purchase of investments	(29 866)	—
Acquisition of property and equipment and intangible assets	—	(103)
Cash flows used in investing activities	<u>(29 866)</u>	<u>(103)</u>
Financing activities		
Payment of lease liabilities	(746)	(763)
Interest paid on lease liabilities	(90)	(113)
Cash flows used in financing activities	<u>(836)</u>	<u>(876)</u>
Decrease in cash	(47 879)	(17 706)
Cash beginning of period	<u>77 262</u>	<u>82 380</u>
Cash end of period	<u><u>29 383</u></u>	<u><u>64 674</u></u>

The accompanying notes form an integral part of these condensed interim financial statements.

Notes to the Condensed Interim Financial Statements

(Unaudited — in thousands of Canadian dollars unless otherwise stated)
For the three months ended 30 June 2021

1. Basis of preparation

A) General Information

The International Development Research Centre (the Centre or IDRC), a Canadian Crown corporation without share capital, was established as a registered charity in 1970 by the Parliament of Canada through the *International Development Research Centre Act*.

The Centre is funded primarily through an annual appropriation received from the Parliament of Canada. In accordance with section 85(1.1) of the *Financial Administration Act*, the Centre is exempt from Divisions I to IV of Part X of the Act, except for sections 89.8 to 89.92, subsection 105(2) and sections 113.1, 119, 131 to 148 and 154.01.

The mandate of the Centre is to initiate, encourage, support, and conduct research into the problems of the developing regions of the world and into the means for applying an adapting scientific, technical, and other knowledge to the economic and social advancement of those regions.

B) Basis of preparation

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting and the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports based on the recognition and measurement standards applicable under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These statements have not been audited or reviewed by the Centre's statutory auditors.

These condensed interim financial statements are prepared on a historical cost basis except for certain financial instruments which are measured at fair value through profit and loss.

These condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Centre. All values are rounded to the nearest thousand (\$000) except where otherwise indicated.

C) Significant Accounting policies

Significant accounting policies used in these condensed interim financial statements are disclosed in the notes of the Centre's annual financial statements for the year ended 31 March 2021.

The accounting policy for investments is disclosed in Note 2.

D) Significant Judgements and Estimates

Significant judgements and estimates used in these condensed interim financial statements are disclosed in the notes of the Centre's annual financial statements for the year ended 31 March 2021.

E) Taxation

The Centre is exempt from the payment of income tax, as per section 149 of the *Income Tax Act*.

F) COVID-19 Pandemic

The impacts to the Centre are disclosed in the notes of the Centre's annual financial statements for the year ended 31 March 2021. During the first three months of the financial year, there were no significant changes to the impacts stated in the annual financial statements.

G) Application of new accounting standards

I. New standards, amendments, and interpretations that took effect in 2021

During the first three months of the financial year, there were no new standards, amendments or interpretations issued by the International Accounting Standards Board or the IFRS Interpretation Committee that had an impact on the current financial statements.

II. Standards, amendments, and interpretations not yet in effect

Amendments to IAS 1 Presentation of Financial Statements: In January 2020, the IASB issued amendments to IAS 1 to clarify requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments must be applied retrospectively for annual periods beginning on or after 1 January 2023. Earlier application is permitted. The Centre has determined that the amendments will not have any material impact on the Centre's financial statement.

There are also amendments to IAS 16 Property, Plant and Equipment and IAS 37 Provisions, Contingent Liabilities and Contingent Assets, that have been issued but are not yet effective. These amendments, which come into effect for financial years starting on or after 1 January 2022, are not expected to have a material impact on the Centre.

2. Investments

Accounting Policy

Investments consist of non-derivative financial assets with fixed or determinable payments and fixed maturities. The Centre currently holds listed bonds, and guaranteed investment certificates that are recorded at cost and amortized using the effective interest method. The investments held are consistent with the Board-approved investment policy. Interest income is accrued when earned and included in income for the year.

Supporting Information

The Centre's investments portfolio consists of Canadian, provincial, and corporate bonds with effective interest rates ranging from 1.83% to 2.47% (coupon rates ranging from 1.35% to 7.35%), and guaranteed investment certificates (GICs) with fixed interest rates ranging from 0.5% to 1.4%. The maturity dates of the bonds vary from March 2022 to March 2031 and those of the GICs vary from April 2023 to April 2026. It is intended that all investments will be held to maturity.

The net book value, measured at the amortized cost, and fair value of these investments, are shown in the following tables. The fair values of the investments can be determined by (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices) (Level 2); or (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The fair values of the Centre's investments are not quoted in an active market, but rather are determined from quoted prices in a decentralized, over-the-counter market, which is considered Level 2 in the fair value hierarchy.

	30 June 2021
Current investments	2 539
Non-current investments	27 304
	29 843
	30 June 2021
Net book value at amortized cost	
Bonds:	
Federal	2 989
Provincial	12 859
Corporate	1 995
Total bonds	17 843
Guaranteed investment certificates	12 000
	29 843
	30 June 2021
Fair Value	
Bonds:	
Federal	2 987
Provincial	12 879
Corporate	2 000
Total bonds	17 866
Guaranteed investment certificates	12 000
	29 866

3. Accounts receivable and prepaid expenses

	<u>30 June 2021</u>	<u>31 March 2021</u>
Accounts receivable		
Parliamentary appropriation	12 000	3 804
Donor contributions	4 527	—
Other	1 340	1 719
	<u>17 867</u>	<u>5 523</u>
Prepaid expenses	1 407	1 441
Total accounts receivable and prepaid expenses	<u>19 274</u>	<u>6 964</u>

4. Right-of-use assets

	<u>30 June 2021</u>	<u>31 March 2021</u>
Cost		
Leases beginning of year	13 168	13 168
Additions	—	—
	<u>13 168</u>	<u>13 168</u>
Accumulated depreciation		
Beginning of year	(6 377)	(3 275)
Depreciation expense	(766)	(3 102)
	<u>(7 143)</u>	<u>(6 377)</u>
Net book value end of period	<u>6 025</u>	<u>6 791</u>

During the first three months of the financial year, the Centre incurred \$0.5 of expenses related to leases of low-value assets for which the recognition exemption was applied. The lease payments of these contracts are accounted for as furniture, equipment, and maintenance expenses in the statement of comprehensive income (see note 9).

On 22 June 2021, a lease agreement was signed for the Centre's office space in Jordan. The lease commences on 1 November 2021 for a duration of one year therefore the recognition exemption for short-term leases will be applied. The total value of the lease is \$40.

The Centre also has an eleven-month lease for office space in India that commenced on 1 May 2021 for which the recognition exemption for short-term leases was also applied. The value of this lease is \$206 and the Centre incurred \$36 of expenses related to this short-term lease.

The Ottawa lease will commence on 1 November 2022 which coincides with the end of the current lease in Ottawa. The future cash outflows of this 15-year lease is \$24.6 million. The right-of-use asset and corresponding lease liability will be established upon commencement of the lease. Estimated operating costs associated with this lease are included in commitments (see note 7).

5. Lease liabilities

	<u>30 June 2021</u>	<u>31 March 2021</u>
Beginning of year	7 158	10 120
Additions	—	—
Interest expense	90	420
Lease payments	(836)	(3 382)
	<u>6 412</u>	<u>7 158</u>
Lease liabilities included in the statement of financial position		
Current	3 010	2 998
Non-current (after one year, but not more than five)	1 956	2 637
Non-current (more than five years)	1 446	1 523
	<u>6 412</u>	<u>7 158</u>

	<u>30 June 2021</u>	<u>31 March 2021</u>
Maturity analysis of contractual undiscounted cash flows		
Current	3 318	3 328
Non-current (after one year, but not more than five)	2 754	3 465
Non-current (more than five years)	1 793	1 907
	<u>7 865</u>	<u>8 700</u>

6. Deferred revenue

Deferred revenue includes the unspent portion of funds received or receivable on donor contribution activities.

	<u>30 June 2021</u>	<u>31 March 2021</u>
Donor contribution funding for development research projects		
Current	38 691	45 995
Non-current	3 647	5 992
	<u>42 338</u>	<u>51 987</u>

7. Commitments

Research project-related

The Centre is committed to making payments of up to \$223.4 million (31 March 2021: \$216.8 million) during the next five years, subject to funds being provided by Parliament or donors and to compliance by recipients with the terms and conditions of their grant agreements. Of this amount, \$125.5 million (31 March 2021: \$131.9 million) is expected to be funded from future parliamentary appropriations and \$98.0 million (31 March 2021: \$84.9 million) from donor contribution agreements.

	<u>30 June 2021</u>	<u>31 March 2021</u>
Within one year	125 122	106 847
After one year, but not more than five	98 339	109 969
Total future payments	<u>223 461</u>	<u>216 816</u>

Other

The Centre has entered into various agreements for goods and services in Canada and abroad. These agreements expire at different dates up to 2037. Future payments related to these commitments as at 30 June 2021 are as follows:

	<u>30 June 2021</u>	<u>31 March 2021</u>
Within one year	8 706	9 985
After one year, but not more than five	7 804	8 565
More than five years	19 043	19 464
Total future payments	<u>35 553</u>	<u>38 014</u>

As a result of signing a new lease agreement for office space in Ottawa (see note 4), commitments as at 30 June 2021 include estimated operating costs of \$25.2 million up to 2037.

8. Contingencies

The Centre may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. Based on the advice of legal counsel, management does not expect the outcome of any of these proceedings to have a material effect on the statement of financial position or on the statement of comprehensive income.

As at 30 June 2021, there was one ongoing claim totalling \$1.1 million that provisions have been recorded as a liability (31 March 2021: \$1.1 million).

9. Schedule of expenses

	<u>30 June 2021</u>	<u>30 June 2020</u>
Development research programming		
Contribution to institutions and individuals	36 724	36 404
Core salaries and benefits	5 742	6 199
Co-funded project salaries and benefits ^a	1 515	1 464
Professional services	1 239	1 489
Depreciation of right-of-use assets	521	572
Accommodations	498	528
Amortization and depreciation of property and equipment and intangible assets	270	286
Co-funded project expenses ^a	238	244
Interest on lease liabilities	62	80
Travel	27	143
Meetings and Conferences	9	37
Other	328	591
	<u>47 173</u>	<u>48 037</u>
Corporate and administrative services		
Salaries and benefits	3 503	4 075
Professional services	573	472
Software expenses	340	295
Depreciation of right-of-use assets	245	233
Furniture, equipment, and maintenance	234	62
Accommodations	193	164
Amortization and depreciation of property and equipment and intangible assets	87	261
Interest on lease liabilities	28	33
Travel	2	16
Other	406	280
	<u>5 611</u>	<u>5 891</u>
Total expenses	<u>52 784</u>	<u>53 928</u>

^a Includes all costs directly related to the development of research capabilities in co-funded projects. These represent total expenses of \$1 753 (30 June 2020: \$1 708). Enhancing research capabilities expenses represent IDRC's multifaceted role as research funder, adviser, and knowledge broker. This means that IDRC is a research funder and builds recipient capacity throughout the research process.

10. Donor contributions

A breakdown of the revenue and expense recognition for donor contributions is provided below.

	<u>30 June 2021</u>	<u>30 June 2020</u>
Global Partnership for Education Fund (GPE)	10 596	11 207
Global Affairs Canada (GAC)	2 932	3 393
Swedish International Development Cooperation Agency (SIDA)	1 886	531
Bill & Melinda Gates Foundation	1 542	2 035
The Secretary of State for Health and Social Care (DHSC)**	1 309	1 149
Rockefeller Foundation	871	—
Foreign, Commonwealth & Development Office (FCDO)*	745	1 380
The William and Flora Hewlett Foundation	745	70
Australian Centre for International Agriculture Research	668	1 127
Ministry of Foreign Affairs Netherlands	623	20
Other donor agencies	562	448
	<u>22 479</u>	<u>21 360</u>

* Formerly known as Department for International Development (UK Aid)

** Formerly known as United Kingdom Department of Health

11. Parliamentary appropriation

	<u>30 June 2021</u>	<u>30 June 2020</u>
Annual parliamentary appropriation	148 611	141 849
Appropriation recognized for the three months ended 30 June	<u>(29 000)</u>	<u>(30 700)</u>
Appropriation available for the remainder of the year	<u>119 611</u>	<u>111 149</u>

12. Reclassification

The Centre revised the groupings of items included within the enhancing research capabilities and corporate and administrative services expense categories. This new presentation is a result of the changes to the organization and affected the Condensed Interim Statement of Comprehensive Income and note 9, *Schedule of Expenses*.

Prior year figures were reclassified to conform to the current year's presentation with the net result of \$494 of enhancing research capabilities expenses being reclassified to corporate and administrative services expenses. The 30 June 2020 enhancing research capabilities is \$10 226 compared to \$10 720 before the reclassification and the corporate and administrative services expenses is \$5 891 compared to \$5 397 before the reclassification.

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