



**IDRC · CRDI**

International Development Research Centre  
Centre de recherches pour le développement international

# Quarterly Financial Report

For the period ending 30 September 2021



Canada 

## **Fighting COVID-19** and building better futures in the Global South

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Canada's International Development Research Centre (IDRC) invests in high-quality research in developing countries, shares knowledge with researchers and policymakers for greater uptake and use, and mobilizes global alliances to build a more sustainable and inclusive world.

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As part of Canada's foreign affairs and development efforts, IDRC champions and funds research and innovation within and alongside developing regions to drive global change. We invest in research to build evidence, inform decisions, and generate opportunities that promote an inclusive and sustainable world.

Unless otherwise stated, all monetary amounts in this quarterly financial report are in Canadian dollars.

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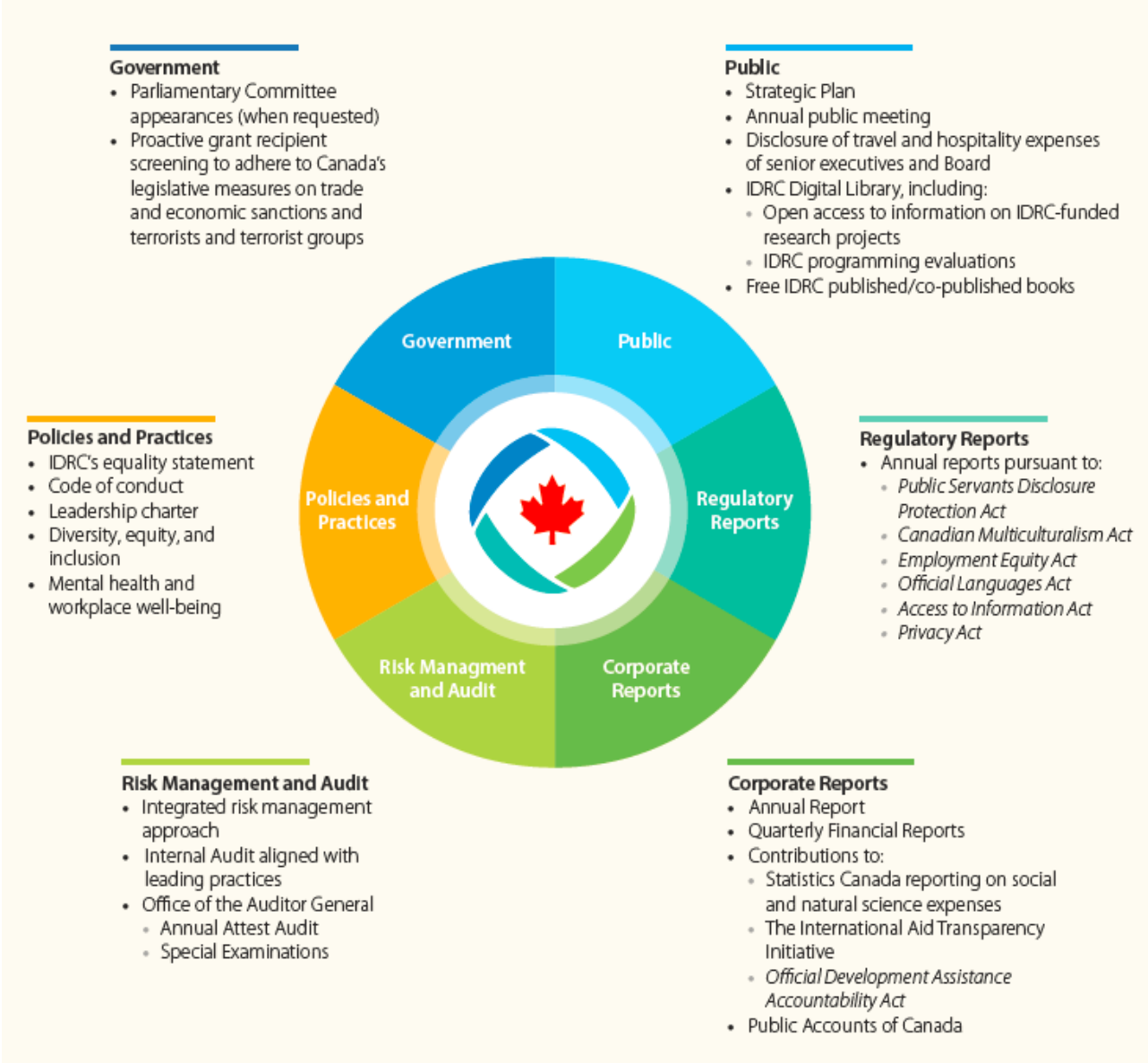
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# IDRC’s Commitment to Transparency and Accountability

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 low- and middle-income 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 second quarter of this financial year, ended 30 September 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*. The disclosures and information presented in *Management's Discussion and Analysis and Financial Statements 2020–2021* continue to apply unless otherwise indicated.

Management is responsible for preparing this report, which was approved on 22 November 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 of Governors. The paragraphs below highlight specific actions toward the Centre's 2021–2022 priorities during the second quarter of the financial year.

### **Advance new strategic directions established in Strategy 2030**

Program divisions are building on current-year program plans to initiate planning for 2022-2023. Major programming investments for this quarter include: investments in "One Health" to address knowledge gaps on emerging threats arising in food systems and for understanding, preventing, and mitigating outbreaks; investments in gender in Science, Technology, Engineering, and Mathematics (STEM) to advance women's leadership in these fields; and investments in scaling innovation in the care economy.

The Centre is joining forces with the Canadian Institutes of Health Research (CIHR) and the Social Sciences and Humanities Research Council (SSHRC) to support Canada-developing country research on the health and economic well-being of women in the global recovery from COVID-19. Financial contributions from CIHR and SSHRC will be provided to IDRC via parliamentary transfer beginning in 2021-2022 and until 2024-2025.

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

Outreach meetings continued to be held between IDRC and parliamentarians to discuss IDRC's strategy and role as contributor to Canada's international assistance. The Parliamentary Secretary to the Minister of International Development launched the World Development Report as part of an IDRC-organized event.

Strategic program-level engagement took place to develop and maintain relationships and share new IDRC directions under Strategy 2030 with non-elected government officials, donors, and key civil society stakeholders, both in Canada and in the regions.

Implementation of corporate knowledge-sharing plans for climate change and COVID-19 began in June 2021. In July 2021, IDRC co-convoked a high-level dialogue on food security and COVID-19 to inform the September 2021 UN Food Systems Summit.

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

Exploratory work has been conducted to review various environmental, social and governance reporting frameworks. Proposals were requested from expert firms to support the Centre in the establishment of an action plan to develop and implement an environmental, sustainability and governance strategy and related disclosures.

As part of the Centre's commitment to achieve greater diversity and inclusion in the workplace, IDRC partnered with Canadian Equality Consulting to launch a Diversity Census. The census will help IDRC assess the current state of diversity and inclusion within the Centre and identify potential areas of improvement to ensure a work environment that is inclusive for all.

## **Risk update**

IDRC is committed to implementing a continuous, proactive, and systematic approach to risk management. Integrated into all areas of the Centre's operations, risk management is a shared responsibility of Centre managers and employees, and 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 risks within an agreed-upon risk-control framework. 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 main strategic and operational risks, which continue to be applicable.

## Financial highlights

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### EXPENSES

**30 September 2021: \$104.0 million**

30 September 2020: \$116.0 million

Total decrease: \$12.0 million or 10.4%



### REVENUES

**30 September 2021: \$100.3 million**

30 September 2020: \$114.1 million

Total decrease: \$13.8 million or 12.1%

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

## Performance update

### Expenses

Total expenses decreased year-over-year by \$12.0 million, or 10.4%. 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**

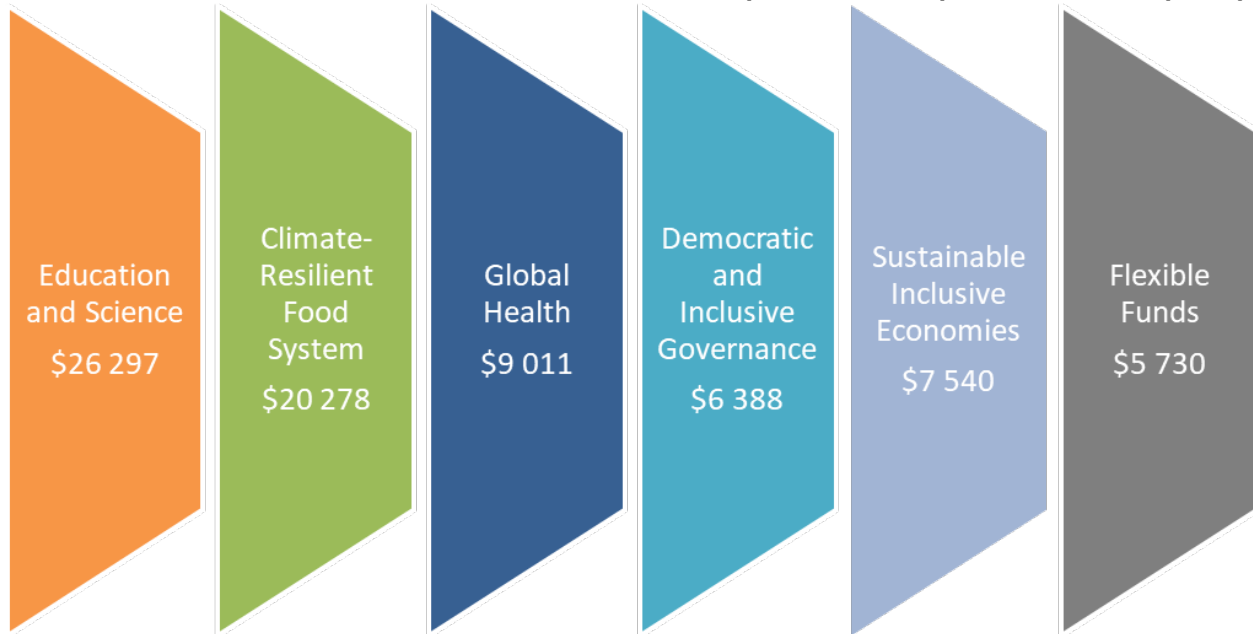
(\$000)	For the three months ended 30 September				For the six months ended 30 September			
	2021	2020	\$ change actual	% change actual	2021	2020	\$ change actual	% change actual
	Actual	Actual			Actual	Actual		
<b>Development research programming</b>								
Research projects funded by parliamentary appropriation	23 576	38 539	(14 963)	(38.8%)	42 175	58 050	(15 875)	(27.3%)
Research projects funded by donor contributions	13 765	9 080	4 685	51.6 %	33 069	27 380	5 689	20.8%
Enhancing research capabilities	8 926	10 022	(1 096)	(10.9%)	18 196	20 248	(2 052)	(10.1%)
	<b>46 267</b>	<b>57 641</b>	<b>(11 374)</b>	<b>(19.7%)</b>	<b>93 440</b>	<b>105 678</b>	<b>(12 238)</b>	<b>(11.6%)</b>
<b>Corporate and administrative services</b>	<b>4 942</b>	<b>4 467</b>	<b>475</b>	<b>10.6 %</b>	<b>10 553</b>	<b>10 358</b>	<b>195</b>	<b>1.9%</b>
<b>Total expenses</b>	<b>51 209</b>	<b>62 108</b>	<b>(10 899)</b>	<b>(17.5%)</b>	<b>103 993</b>	<b>116 036</b>	<b>(12 043)</b>	<b>(10.4%)</b>

The expenses for **development research programming** decreased by 11.6% for the six months ended 30 September 2021, to \$93.4 million (\$105.7 million in September 2020). The research project expenses funded by parliamentary appropriation decreased by 27.3% for the six months ended 30 September 2021 (to \$42.2 million from \$58.1 million in September 2020). This decrease is primarily related to the timing of disbursements of funds for approved rapid-response COVID-19 projects which occurred at this time last year and which were outside the normal patterns of research project disbursements.

The research funded by donor contributions increased by \$5.7 million (to \$33.1 million from \$27.4 million). This increase can be primarily attributed to an increased level of activities within the Knowledge and Innovation Exchange Program, the Artificial Intelligence for Development COVID-19 (AI4D – COVID-19) program, and others. 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 \$75.2 million**. Of this amount, \$42.2 million was funded by parliamentary appropriation and \$33.0 million by donor contributions.

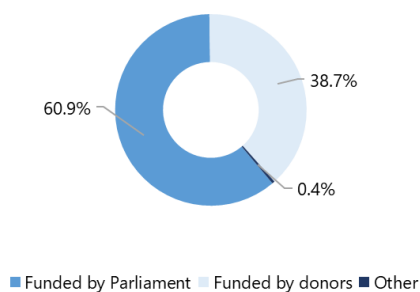
The expenses for **enhancing research capabilities** for the six months ended 30 September 2021 are \$2.1 million lower compared to the same period last year. The variance is related to lower salaries and benefits due to vacant positions and the timing of continuing operating expenses.

Overall expenses for **corporate and administrative services** for the six months ended 30 September 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

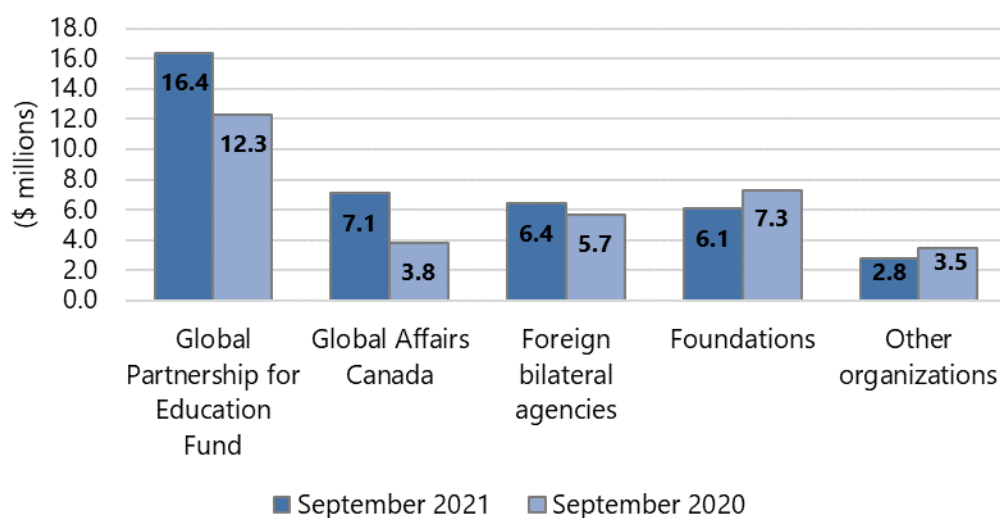


**TABLE 2: REVENUES**

(\$000)	For the three months ended 30 September				For the six months ended 30 September			
	2021	2020	\$ change actual	% change actual	2021	2020	\$ change actual	% change actual
	Actual	Actual			Actual	Actual		
Parliamentary appropriation	32 100	50 500	(18 400)	(36.4%)	61 100	81 200	(20 100)	(24.8%)
Donor contributions	16 368	11 279	5 089	45.1 %	38 847	32 639	6 208	19.0 %
Other income	128	180	(52)	(28.9%)	345	237	108	45.6 %
<b>Total revenues</b>	<b>48 596</b>	<b>61 959</b>	<b>(13 363)</b>	<b>(21.6%)</b>	<b>100 292</b>	<b>114 076</b>	<b>(13 784)</b>	<b>(12.1%)</b>

During the six months ended 30 September 2021, the total **parliamentary appropriation** recognized decreased by 24.8% to \$61.1 million, from \$81.2 million for the same period in 2020–2021 (see Table 2). The Centre drew down \$20.1 million 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 \$87.5 million.

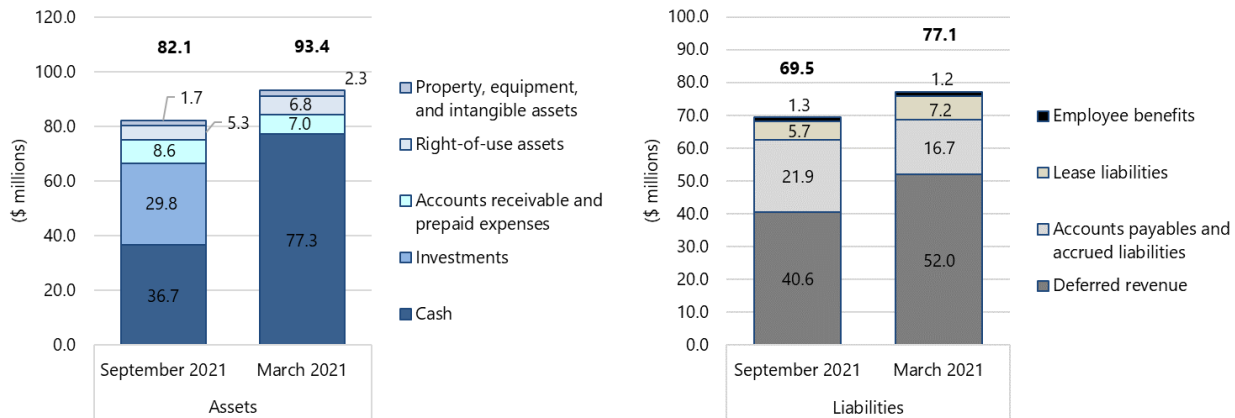
In the six months of this financial year ended 30 September 2021, **donor contribution revenues** increased by \$6.2 million, or 19.0% year-over-year (see Table 2). Donor contributions are received in advance and recognized as revenue when the related project expenses are incurred. Variations from quarter 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. At 30 September, 2021, the majority of assets consists of cash and investments 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**

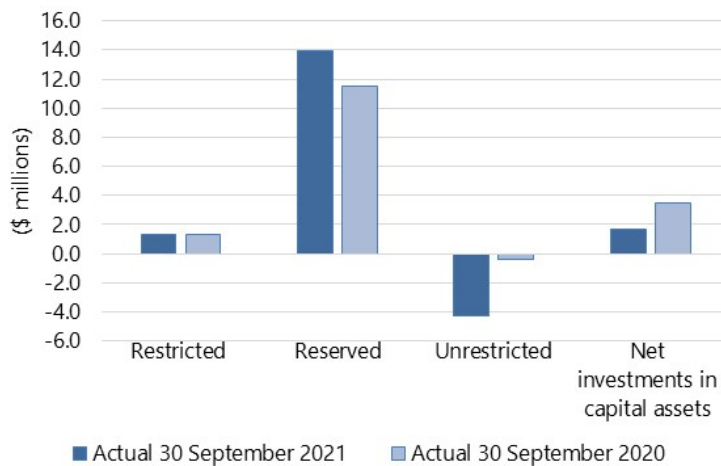


Total **assets** on 30 September 2021 decreased by 12.1% (from \$93.4 to \$82.1 million) compared to 31 March 2021. The Centre invested excess liquidities not required in the short-term to earn higher interest earnings than can be generated in bank accounts. Most of the investments consist of bonds with some guaranteed investment certificates (refer to Note 2 of the financial statements). Cash balances decreased mainly as a result of the purchase of investments totalling \$29.8 million and due to cash outflows to grant recipients, employees, and others exceeding funds received from parliamentary appropriations and donor contributions.

Total **liabilities** decreased by 9.8% (from \$77.1 to \$69.5 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 \$7.5 million set aside for future leasehold improvements for the Centre’s new head office. 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 \$4.3 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 was successfully safeguarded by reserved equity and is expected to be positive at the end of the next financial quarter.

The \$1.7 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)	September 2021
Leasehold improvements	1 139
Computer equipment	349
Software	71
Office furniture, equipment, and vehicles	82
Communication systems	23
<b>Total property, equipment, and intangible assets</b>	<b>1 664</b>

**Cash flows**

For the six months ended 30 September 2021, **operating activities** decreased cash by \$9.0 million (see Table 4). This decrease in liquidities reflects cash outflows to grant recipients, employees, and others. Further details within each category (receipts and payments) are available in the Condensed Interim Statement of Cash Flows section of this report.

The cash flows used in **investing activities** for the six months ended 30 September 2021 was \$29.9 million and is entirely related to the investments that were purchased during the first quarter of the financial year.

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

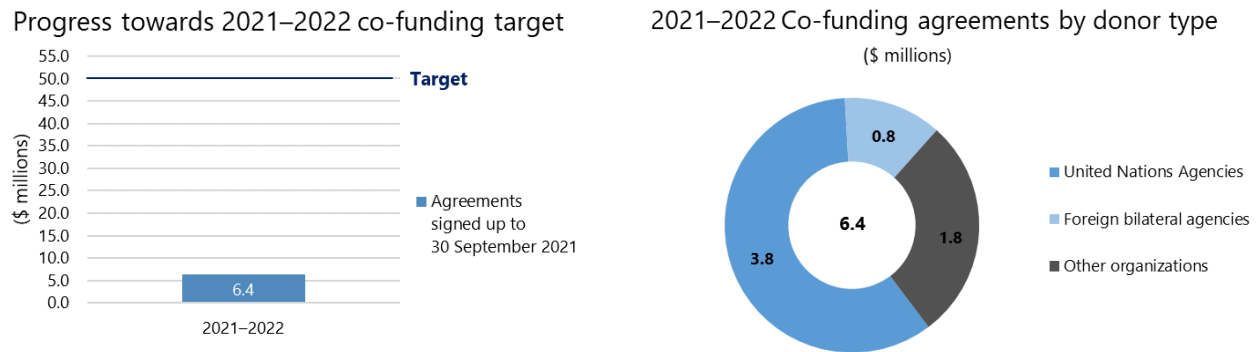
**TABLE 4: SUMMARY OF CASH FLOWS**

(\$000)	For the six months ended 30 September		\$ change actual	% change actual
	Actual 2021	Actual 2020		
Receipts	87 338	93 855	(6 517)	(6.9%)
Payments	(96 363)	(110 299)	13 936	12.6 %
<b>Cash flows used in operating activities</b>	<b>(9 025)</b>	<b>(16 444)</b>	<b>7 419</b>	<b>45.1 %</b>
Purchase of investments	(29 866)	-	(29 866)	-
Acquisition of property and equipment and intangible assets	-	(225)	225	100.0 %
<b>Cash flows used in investing activities</b>	<b>(29 866)</b>	<b>(225)</b>	<b>(29 641)</b>	<b>-</b>
Payment of lease liabilities and interest paid on lease liabilities	(1 673)	(1 710)	37	2.2 %
<b>Cash flows used in financing activities</b>	<b>(1 673)</b>	<b>(1 710)</b>	<b>37</b>	<b>2.2 %</b>
<b>Decrease in cash</b>	<b>(40 564)</b>	<b>(18 379)</b>	<b>(22 185)</b>	<b>(120.7%)</b>
<b>Cash, beginning of period</b>	<b>77 262</b>	<b>82 380</b>	<b>(5 118)</b>	<b>(6.2%)</b>
<b>Cash, end of period</b>	<b>36 698</b>	<b>64 001</b>	<b>(27 303)</b>	<b>(42.7%)</b>

## Other key financial information

Since 1 April 2021, \$6.4 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 September 2021, the Centre is committed to disbursing a total of \$204.2 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, \$116.2 million is expected to be funded by parliamentary appropriation and \$88.0 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)	September 2021
Education and Science	81 810
Climate-Resilient Food Systems	48 004
Global Health	26 487
Sustainable Inclusive Economies	19 142
Democratic and Inclusive Governance	18 779
Flexible Funds	9 961
<b>Total</b>	<b>204 183</b>

## Actual performance versus budget

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 September 2021 and the 2021–2022 financial year.

**TABLE 6: ACTUALS COMPARED TO BUDGET**

(\$000)	For the six month ended 30 September 2021				2021–2022
	Budget	Actual	Variance	% Variance	Budget
<b>Statement of comprehensive income items</b>					
<b>Expenses</b>					
Development research programming					
Research projects funded by parliamentary appropriation	45 154	42 175	2 979	6.6%	95 776
Research projects funded by donor contributions	37 355	33 069	4 287	11.5%	69 891
Enhancing research capabilities	21 718	18 196	3 522	16.2%	45 609
Corporate and administrative services	11 145	10 553	592	5.3%	21 976
	<b>115 372</b>	<b>103 993</b>	<b>11 380</b>	<b>9.9%</b>	<b>233 252</b>
<b>Revenues</b>					
Parliamentary appropriation	70 900	61 100	(9 800)	(13.8%)	148 611
Donor contributions	44 883	38 847	(6 036)	(13.4%)	85 209
Other income	136	345	208	152.9%	384
	<b>115 920</b>	<b>100 292</b>	<b>(15 628)</b>	<b>(13.5%)</b>	<b>234 204</b>
<b>Net results of operations</b>	<b>547</b>	<b>(3 701)</b>	<b>(4 248)</b>	<b>(776.1%)</b>	<b>952</b>

### Actual expenses versus budget update

The **research project expenses funded by parliamentary appropriation** were \$3.0 million lower than budgeted for the financial year to date. The research **funded by donor contributions** was \$4.3 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, the Science Granting Councils Initiative in sub-Saharan Africa, and Artificial Intelligence for Development in Africa. 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 impacts of these delays are being considered in the mid-year budget review.

The expenses for **enhancing research capabilities** were \$3.5 million lower than budgeted for the year-to-date period. 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 \$0.6 million for **corporate and administrative expenses** is due to savings in salaries and benefits, savings in software licenses, and the timing of continuing operating expenses.

### **Actual revenue versus budget**

The **parliamentary appropriation revenue** was \$9.8 million lower than budgeted for the financial year-to-date. The Centre aims to draw down parliamentary appropriations in accordance with planned expenses. At this time, the total parliamentary appropriation revenues for the year are anticipated to be higher by \$6.7 million. The Centre will be receiving a transfer from CIHR and SSHRC to support Canada-developing country research on the health and economic well-being of women in the global recovery from COVID-19.

**Donor contributions revenue** was \$6.0 million lower than budgeted. See the Expenses outlook update section, above, for information on project variances. The Centre has been in regular communication with donors.

# Unaudited Condensed Interim Financial Statements

## Statement of Management Responsibility

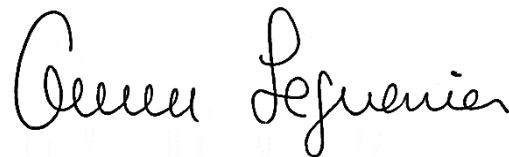
Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the requirements of International Accounting Standard 34 Interim Financial Reporting (IAS 34) and the Treasury Board of Canada's Directive on Accounting Standards: GC 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  
22 November 2021



## Condensed Interim Statement of Financial Position

(In thousands of Canadian dollars)

as at

	<i>(unaudited)</i>	<i>(audited)</i>
	<b>30 September 2021</b>	<b>31 March 2021</b>
<b>Assets</b>		
Current		
Cash	36 698	77 262
Investments (Note 2)	2 532	—
Accounts receivable and prepaid expenses (Note 3)	8 635	6 964
	<u>47 865</u>	<u>84 226</u>
Non-current		
Investments (Note 2)	27 279	—
Property and equipment	1 664	2 182
Intangible assets	—	151
Right-of-use assets (Note 4)	5 260	6 791
	<u>82 068</u>	<u>93 350</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	21 931	16 729
Lease liabilities (Note 5)	3 022	2 998
Deferred revenue (Note 6)	33 107	45 995
	<u>58 060</u>	<u>65 722</u>
Non-current		
Deferred revenue (Note 6)	7 541	5 992
Employee benefits	1 252	1 199
Lease liabilities (Note 5)	2 639	4 160
	<u>69 492</u>	<u>77 073</u>
<b>Equity</b>		
Unrestricted	(4 323)	—
Restricted	1 291	1 291
Net investments in capital assets	1 664	2 333
Reserved	13 944	12 653
	<u>12 576</u>	<u>16 277</u>
	<u>82 068</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 September		For the six months ended 30 September	
	2021	2020	2021	2020
<b>Expenses</b>				
Development research programming (Notes 9 and 12)				
Research projects funded by parliamentary appropriation	23 576	38 539	42 175	58 050
Research projects funded by donor contributions	13 765	9 080	33 069	27 380
Enhancing research capabilities (Note 12)	8 926	10 022	18 196	20 248
	<u>46 267</u>	<u>57 641</u>	<u>93 440</u>	<u>105 358</u>
Corporate and administrative services (Notes 9 and 12)	4 942	4 467	10 553	10 358
<b>Total expenses</b>	<u>51 209</u>	<u>62 108</u>	<u>103 993</u>	<u>116 036</u>
<b>Revenues</b>				
Donor contributions (Note 10)	16 368	11 279	38 847	32 639
	<u>128</u>	<u>180</u>	<u>345</u>	<u>237</u>
Other income	16 496	11 459	39 192	32 876
Cost of operations before parliamentary appropriation	(34 713)	(50 649)	(64 801)	(83 160)
Parliamentary appropriation (Note 11)	<u>32 100</u>	<u>50 500</u>	<u>61 100</u>	<u>81 200</u>
<b>Net results of operations</b>	<u>(2 613)</u>	<u>(149)</u>	<u>(3 701)</u>	<u>(1 960)</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)

	<u>30 September 2021</u>	<u>30 September 2020</u>
<b>Unrestricted equity</b>		
Beginning of period	—	—
Net results of operations	(3 701)	(1 960)
Net transfers from (to) other classes of equity	(622)	1 553
Balance end of period	<u>(4 323)</u>	<u>(407)</u>
<b>Restricted equity</b>		
Beginning of period	1 291	1 275
Net increase	—	—
Balance end of period	<u>1 291</u>	<u>1 275</u>
<b>Net investments in capital assets</b>		
Beginning of period	2 333	4 238
Net decrease	(669)	(720)
Balance end of period	<u>1 664</u>	<u>3 518</u>
<b>Reserved equity</b>		
Beginning of period	12 653	12 394
Net transfers from (to) other classes of equity	1 291	(833)
Balance end of period	<u>13 944</u>	<u>11 561</u>
<b>Equity, end of period</b>	<u><b>12 576</b></u>	<u><b>15 947</b></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)

	<u>30 September 2021</u>	<u>30 September 2020</u>
<b>Operating activities</b>		
Receipts from parliamentary appropriation	64 904	72 700
Receipts from donor contributions	21 280	20 198
Receipts from other sources	1 154	957
Payments to grant recipients	(66 168)	(78 763)
Payments to employees	(22 023)	(21 729)
Payments to suppliers and others	(8 172)	(9 807)
	<u>(9 025)</u>	<u>(16 444)</u>
<b>Investing activities</b>		
Purchase of investments	(29 866)	—
Acquisition of property and equipment and intangible assets	—	(225)
	<u>(29 866)</u>	<u>(225)</u>
<b>Financing activities</b>		
Payment of lease liabilities	(1 497)	(1 489)
Interest paid on lease liabilities	(176)	(221)
	<u>(1 673)</u>	<u>(1 710)</u>
<b>Decrease in cash</b>	<b>(40 564)</b>	<b>(18 379)</b>
<b>Cash, beginning of period</b>	<b>77 262</b>	<b>82 380</b>
<b>Cash, end of period</b>	<b><u>36 698</u></b>	<b><u>64 001</u></b>

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 six months ended 30 September 2021

## 1. Basis of preparation

### A) General Information

The International Development Research Centre (the Centre or IDRC), a Canadian Crown corporation without share capital, is not an agent of Her Majesty and 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 and 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 six 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 six 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 investment portfolios consist 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.

	<b>30 September 2021</b>
Current investments	2 532
Non-current investments	27 279
	<b>29 811</b>
	<b>30 September 2021</b>
<b>Net book value at amortized cost</b>	
Bonds:	
Federal	2 993
Provincial	12 830
Corporate	1 988
Total bonds	17 811
Guaranteed investment certificates	12 000
	<b>29 811</b>
	<b>30 September 2021</b>
<b>Fair Value</b>	
Bonds:	
Federal	2 996
Provincial	12 868
Corporate	1 987
Total bonds	17 851
Guaranteed investment certificates	12 047
	<b>29 898</b>

### 3. Accounts receivable and prepaid expenses

	<u>30 September 2021</u>	<u>31 March 2021</u>
Accounts receivable		
Donor contributions	6 228	—
Parliamentary appropriation	—	3 804
Other	1 174	1 719
	<u>7 402</u>	<u>5 523</u>
Prepaid expenses	1 233	1 441
Total accounts receivable and prepaid expenses	<u><b>8 635</b></u>	<u><b>6 964</b></u>

### 4. Right-of-use assets

	<u>30 September 2021</u>	<u>31 March 2021</u>
<b>Cost</b>		
Leases beginning of year	13 168	13 168
Additions	—	—
	<u>13 168</u>	<u>13 168</u>
<b>Accumulated depreciation</b>		
Beginning of year	(6 377)	(3 275)
Depreciation expense	(1 531)	(3 102)
	<u>(7 908)</u>	<u>(6 377)</u>
<b>Net book value end of period</b>	<u><b>5 260</b></u>	<u><b>6 791</b></u>

During the first six months of the financial year, the Centre incurred \$1.3 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 \$91 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 total \$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 September 2021</u>	<u>31 March 2021</u>
Beginning of year	7 158	10 120
Additions	—	—
Interest expense	176	420
Lease payments	(1 673)	(3 382)
	<u>5 661</u>	<u>7 158</u>
<b>Lease liabilities included in the statement of financial position</b>		
Current	3 022	2 998
Non-current (after one year, but not more than five)	1 271	2 637
Non-current (more than five years)	1 368	1 523
	<u><b>5 661</b></u>	<u><b>7 158</b></u>

	<u>30 September 2021</u>	<u>31 March 2021</u>
<b>Maturity analysis of contractual undiscounted cash flows</b>		
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 September 2021</u>	<u>31 March 2021</u>
Donor contribution funding for development research projects		
Current	33 107	45 995
Non-current	7 541	5 992
	<u>40 648</u>	<u>51 987</u>

## 7. Commitments

### Research project-related

The Centre is committed to making payments of up to \$204.2 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, \$116.2 million (31 March 2021: \$131.9 million) is expected to be funded from future parliamentary appropriations and \$88.0 million (31 March 2021: \$84.9 million) from donor contribution agreements.

	<u>30 September 2021</u>	<u>31 March 2021</u>
Within one year	112 359	106 847
After one year, but not more than five	91 824	109 969
Total future payments	<u>204 183</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 September 2021 are as follows:

	<u>30 September 2021</u>	<u>31 March 2021</u>
Within one year	5 776	9 985
After one year, but not more than five	10 957	8 565
More than five years	18 623	19 464
Total future payments	<u>35 356</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 September 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 September 2021, there was one ongoing claim totalling \$1.1 million, whose provisions have been recorded as a liability (31 March 2021: \$1.1 million).

## 9. Schedule of expenses

	For the three months ended		For the six months ended	
	30 September		30 September	
	2021	2020	2021	2020
<b>Development research programming</b>				
Contribution to institutions and individuals	35 648	46 573	72 372	82 977
Core salaries and benefits	5 664	5 910	11 406	12 109
Co-funded project salaries and benefits <sup>a</sup>	1 404	1 566	2 919	3 030
Professional services	1 436	1 205	2 675	2 694
Depreciation of right-of-use assets	520	544	1 041	1 116
Accommodations	510	643	1 008	1 171
Amortization and depreciation of property and equipment and intangible assets	224	283	494	569
Co-funded project expenses <sup>a</sup>	252	198	490	442
Meetings and conferences	325	7	334	44
Interest on lease liabilities	58	77	120	157
Travel	36	128	63	271
Other	190	507	518	1 098
	<b>46 267</b>	<b>57 641</b>	<b>93 440</b>	<b>105 678</b>
<b>Corporate and administrative services</b>				
Salaries and benefits	3 128	2 866	6 631	6 941
Professional services	571	686	1 144	1 158
Software expenses	383	165	723	460
Depreciation of right-of-use assets	245	222	490	455
Accommodations	201	179	394	343
Furniture, equipment, and maintenance	32	51	266	113
Amortization and depreciation of property and equipment and intangible assets	88	116	175	377
Interest on lease liabilities	28	31	56	64
Travel	6	(9)	8	7
Other	260	160	666	440
	<b>4 942</b>	<b>4 467</b>	<b>10 553</b>	<b>10 358</b>
<b>Total expenses</b>	<b>51 209</b>	<b>62 108</b>	<b>103 993</b>	<b>116 036</b>

<sup>a</sup> Includes all costs directly related to the development of research capabilities in co-funded projects. These represent total expenses for the quarter of \$1 656 (30 September 2020: \$1 764); and for the six months of \$3 409 (30 September 2020: \$3 472). Expenses for enhancing research capabilities 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.

	For the three months ended		For the six months ended	
	30 September		30 September	
	2021	2020	2021	2020
Global Partnership for Education Fund (GPE)	5 765	1 131	16 361	12 338
Global Affairs Canada (GAC)	4 189	3 872	7 121	7 265
Swedish International Development Cooperation Agency (SIDA)	1 987	158	3 873	689
Bill & Melinda Gates Foundation	2 120	1 006	3 662	3 041
The Secretary of State for Health and Social Care (DHSC)*	965	1 452	2 274	2 601
Australian Centre for International Agricultural Research	409	119	1 077	1 246
The Rockefeller Foundation	56	—	927	—
The William and Flora Hewlett Foundation	143	238	888	308
Foreign, Commonwealth and Development Office (FCDO)**	51	1 383	796	2 763
Ministry of Foreign Affairs Netherlands	61	979	684	999
Other donor agencies	622	941	1 184	1 389
	<b>16 368</b>	<b>11 279</b>	<b>38 847</b>	<b>32 639</b>

\* Formerly known as United Kingdom Department of Health

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

## 11. Parliamentary appropriation

	For the six months ended	
	30 September	
	2021	2020
Annual parliamentary appropriation	148 611	141 849
Appropriation recognized for the three months ended 30 June	(29 000)	(30 700)
Appropriation recognized for the three months ended 30 September	(32 100)	(50 500)
Appropriation recognized for the six months ended 30 September	(61 100)	(81 200)
Appropriation available for remainder of the year	<b>87 511</b>	<b>60 649</b>

## 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 for the quarter of \$449, and for the six months of \$943, of expenses for enhancing research capabilities being reclassified to corporate and administrative services expenses. The 30 September 2020 enhancing research capabilities expenses for the quarter are \$10 022, and for the six months \$20 248 compared to \$10 471 and \$21 191 before the reclassification. The 30 September 2020 corporate and administrative services expenses for the quarter are \$4 467 and for the six months \$10 358, compared to \$4 018 and \$9 415 before the reclassification.



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