IDRC · CRDI

International Development Research Centre
Centre de recherches pour le développement international

Quarterly Financial Report

For the period ending 31 December 2021

IDRC CRDI

Canada

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

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.

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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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.

Government
- Parliamentary Committee appearances (when requested)
- Proactive grant recipient screening to adhere to Canada's legislative measures on trade and economic sanctions and terrorists and terrorist groups

Public
- Strategic Plan
- Annual public meeting
- Disclosure of travel and hospitality expenses of senior executives and Board
- IDRC Digital Library, including:
  - Open access to information on IDRC-funded research projects
  - IDRC programming evaluations
- Free IDRC published/co-published books

Policies and Practices
- IDRC's equality statement
- Code of conduct
- Leadership charter
- Diversity, equity, and inclusion
- Mental health and workplace well-being

Regulatory Reports
- Annual reports pursuant to:
  - *Public Servants Disclosure Protection Act*
  - *Canadian Multiculturalism Act*
  - *Employment Equity Act*
  - *Official Languages Act*
  - *Access to Information Act*
  - *Privacy Act*

Risk Management and Audit
- Integrated risk management approach
- Internal Audit aligned with leading practices
- Office of the Auditor General
  - Annual Attest Audit
  - Special Examinations

Corporate Reports
- Annual Report
- Quarterly Financial Reports
- Contributions to:
  - Statistics Canada reporting on social and natural science expenses
  - The International Aid Transparency Initiative
  - *Official Development Assistance Accountability Act*
- Public Accounts of Canada

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. IDRC's 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, IDRC's ambitious 10-year agenda, affirms the Centre's vision for a more sustainable and inclusive world. 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 third quarter of this financial year, ended 31 December 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 *Annual Report 2020–2021.* The disclosures and information presented in *Annual Report 2020–2021* continue to apply unless otherwise indicated.

Management is responsible for preparing this report, which was approved on 25 February 2022 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 this quarter.

Advance new strategic directions established in Strategy 2030

The Climate Adaptation and Resilience (CLARE) partnership between IDRC and the UK's Foreign, Commonwealth and Development Office was announced at the 26th session of the Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change in Glasgow in November.

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

IDRC organized consultation processes around the UN Food Systems Summit and co-hosted knowledge-sharing panels at the Adaptation Research Alliance launch at COP26, and the Canadian Science Policy Conference in late November.

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

IDRC continues to progress in the development of an action plan to implement an environmental, social and governance strategy. IDRC is also preparing initial disclosures, pursuant to the recommendations of the task force on climate-related financial disclosures, to be included within the 2021-2022 Annual Report.

As part of the Centre's commitment to achieve greater diversity and inclusion in the workplace, IDRC conducted a Diversity Census. The results of the census will help IDRC 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 *Annual Report 2020–2021* outlines IDRC's main strategic and operational risks, which continue to be applicable.

Financial highlights

EXPENSES

For the three months ended:
31 December 2021: $46.5 million
31 December 2020: $46.6 million
Total decrease: $0.1 million or 0.1%

For the nine months ended:
31 December 2021: $150.6 million
31 December 2020: $162.7 million
Total decrease: $12.1 million or 7.4%

REVENUES

For the three months ended:
31 December 2021: $52.5 million
31 December 2020: $46.6 million
Total increase: $5.9 million or 12.6%

For the nine months ended:
31 December 2021: $152.8 million
31 December 2020: $160.7 million
Total decrease: $7.9 million or 4.9%

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

Performance update

Expenses

Total year-over-year expenses for the three months ended 31 December 2021 are stable. Total expenses for the nine months ended 31 December 2021 decreased by $12.1 million, or 7.4%. 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. 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

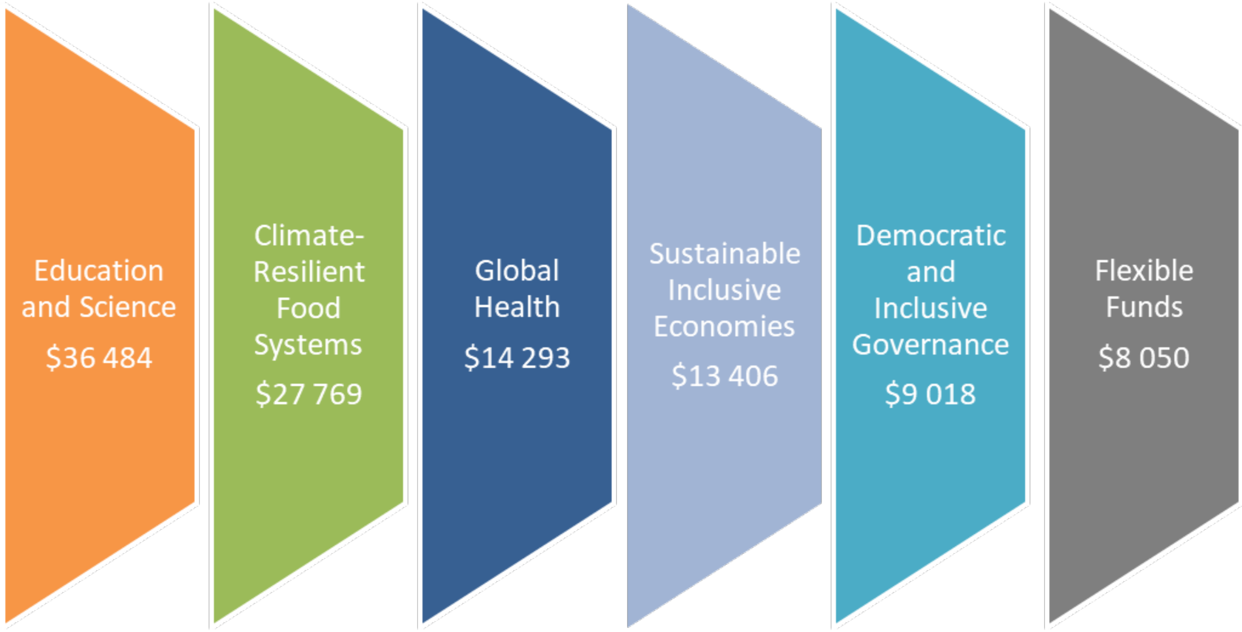
($000)	For the three months ended 31 December				For the nine months ended 31 December			
	2021 Actual	2020 Actual	$ change actual	% change actual	2021 Actual	2020 Actual	$ change actual	% change actual
Development research programming								
Research projects funded by parliamentary appropriation	23 178	23 194	(16)	(0.1%)	65 353	81 244	(15 891)	(19.6%)
Research projects funded by donor contributions	10 598	9 463	1 135	12.0 %	43 667	36 843	6 824	18.5%
Enhancing research capabilities	7 891	8 717	(827)	(9.5%)	26 087	28 965	(2 878)	(9.9%)
	41 667	**41 374**	**293**	**0.7 %**	**135 107**	**147 052**	**(11 945)**	**(8.1%)**
Corporate and administrative services	**4 890**	**5 242**	**(352)**	**(6.7%)**	**15 443**	**15 600**	**(157)**	**(1.0%)**
Total expenses	**46 557**	**46 616**	**(59)**	**(0.1%)**	**150 550**	**162 652**	**(12 102)**	**(7.4%)**

The expenses for **development research programming** increased by 0.7% for the three months ended 31 December 2021, to $41.7 million ($41.4 million in December 2020); they decreased by 8.1% for the nine months ended 31 December 2021, to $135.1 million ($147.1 million in December 2020). The research project expenses funded by parliamentary appropriation were stable for the three months ended 31 December 2021 as compared to the same period in the prior year ($23.2 million in both December 2020 and December 2021). These expenses decreased by 19.6% for the nine months ended 31 December 2021 (to $65.4 million from $81.2 million in December 2020). The decrease for the nine-month period 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.

Expenses for research funded by donor contributions increased by $1.1 million (to $10.6 million from $9.5 million) for the three months ended 31 December 2021; they increased by $6.8 million (to $43.7 million from $36.8 million) for the nine months ended 31 December 2021. In both instances, the 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 outlined in *Strategy 2030* are as follows: 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 $109.0 million**. Of this amount, $65.3 million was funded by parliamentary appropriation and $43.7 million by donor contributions.

The expenses for **enhancing research capabilities** for the three months ended 31 December 2021 are $0.8 million lower compared to the same period last year; for the nine months ended 31 December 2021, they are $2.9 million lower compared to the same period last year. For the three months ended 31 December 2021, the decrease is due to reversal of the accounting provision for the dismantling of the current IDRC head office; for the nine months ended 31 December 2021, the decrease 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 December 31 2021 are $0.4 million lower compared to the same period last year; for the nine months ended 31 December 2021, they are $0.2 million lower compared to the same period last year. In both situations, the higher costs in 2020 are related to the implementation of a new financial system in 2020.

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

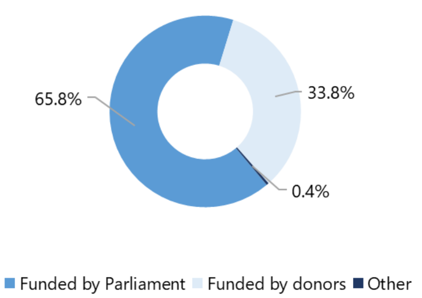


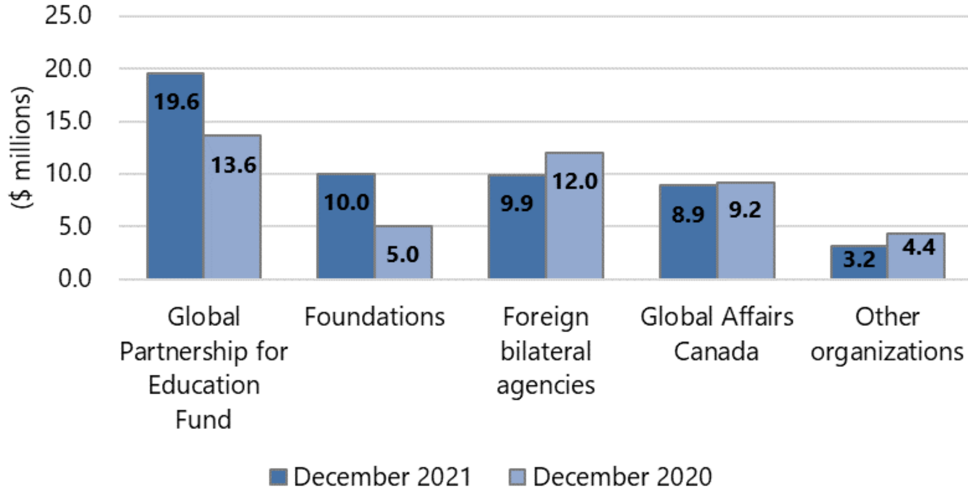
TABLE 2: REVENUES

($000)	For the three months ended 31 December 2021 Actual	2020 Actual	$ change actual	% change actual	For the nine months ended 31 December 2021 Actual	2020 Actual	$ change actual	% change actual
Parliamentary appropriation	39 500	34 787	4 713	13.5 %	100 600	115 987	(15 387)	(13.3%)
Donor contributions	12 729	11 594	1 135	9.8 %	51 576	44 233	7 343	16.6 %
Other income	262	254	7	2.9 %	607	491	116	23.6 %
Total revenues	**52 491**	**46 635**	**5 855**	**12.6 %**	**152 783**	**160 711**	**(7 928)**	**(4.9%)**

During the three months ended 31 December 2021, the total **parliamentary appropriation** recognized increased by $13.5% to $39.5 million, from $34.8 million; for the nine months ended 31 December 2021, it decreased by 13.3% to $100.6 million, from $116.0 million for the same period in 2020–2021. For the three months ended 31 December 2021, the Centre drew down $4.7 million more of its parliamentary appropriation compared to the same period last year; for the nine months ended 31 December 2021, the Centre drew down $15.4 million less of its parliamentary appropriation compared to the same period the previous year (see Table 2). This is attributable to variations in funding needs, which are primarily driven by research project expenses.

In the three months of this financial year ended 31 December 2021, **donor-contribution revenues** increased by $1.1 million, or 9.8% year-over-year; for the nine months of this financial year ended 31 December 2021, they increased by $7.3 million, or 16.6% 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 revenues are shown by donor source in Figure 3.

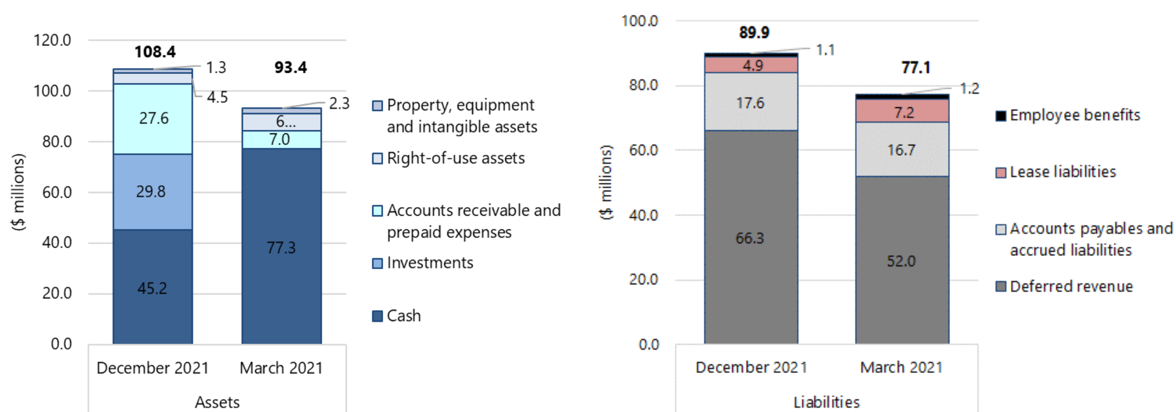
FIGURE 3: REVENUES FROM DONOR CONTRIBUTIONS



Financial position

The Centre's financial position is summarized in Figure 4. At 31 December 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 31 December 2021 increased by 16.1% (from $93.4 to $108.4 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). Accounts receivable and prepaid expenses increased as a result of increased donor contributions. Cash balances decreased primarily as a result of the purchase of investments totalling $29.8 million.

Total **liabilities** increased by 16.6% (from $77.1 to $89.9 million) compared to 31 March 2021. This is mainly explained by the increase in deferred revenue liabilities for projects and programs funded by donor contributions. This increase is partly offset by a reduction in lease liabilities due to lease payments. 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 initiatives. The reserve of $15.9 million (refer to Figure 5) includes $9.5 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 technological initiatives.

The slight negative balance of $0.1 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 Expenses and Revenues sections. The negative amount was successfully safeguarded by the reserved equity and is expected to be positive at the end of the next financial quarter.

The $1.3 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)	December 2021
Leasehold improvements	760
Computer equipment	441
Software	56
Office furniture, equipment and vehicles	77
Communication systems	12
Total property, equipment and intangible assets	**1 346**

Cash flows

For the nine months ended 31 December 2021, **operating activities** increased cash by $0.4 million (see Table 4). This increase in liquidities reflects cash received from parliamentary appropriation, donor contributions 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 nine months ended 31 December 2021 was $30.0 million and is related to the investments that were purchased during the first quarter of the financial year.

The majority of the cash and investments held at 31 December 2021 comes from donor-contribution advances received (refer to Note 6 of the financial statements).

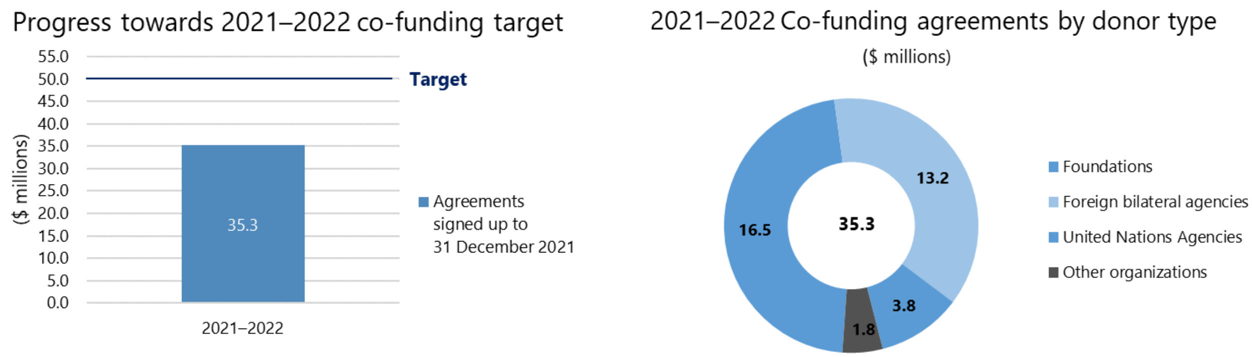
TABLE 4: SUMMARY OF CASH FLOWS

($000)	For the nine months ended 31 December Actual 2021	Actual 2020	$ change actual	% change actual
Receipts	146 200	150 904	(4 704)	(3.1%)
Payments	(145 843)	(160 163)	14 320	8.9 %
Cash flows from (used in) operating activities	**357**	**(9 259)**	**9 616**	**103.9 %**
Purchase of investments	(29 866)	-	(29 866)	-
Acquisition of property and equipment and intangible assets	(109)	220	(329)	149.5 %
Cash flows (used in) from investing activities	**(29 975)**	**220**	**(30 195)**	**-**
Payment of lease liabilities and interest paid on lease liabilities	(2 502)	(2 546)	44	1.7 %
Cash flows used in financing activities	**(2 502)**	**(2 546)**	**44**	**1.7 %**
Decrease in cash	**(32 120)**	**(11 585)**	**(20 535)**	**(177.3%)**
Cash, beginning of period	**77 262**	**82 380**	**(5 118)**	**(6.2%)**
Cash, end of period	**45 142**	**70 795**	**(25 653)**	**(36.2%)**

Other key financial information

Since 1 April 2021, $35.3 million in new co-funding agreements have been signed (see Figure 6). Management is actively negotiating additional co-funding agreements which are expected to be signed before the end of the financial year.

FIGURE 6: CO-FUNDING AGREEMENTS



As at 31 December 2021, the Centre is committed to disbursing a total of $226.4 million for activities related to development research programming. It is anticipated that all funds will be disbursed over the next six years. Of the total amount committed, $144.1 million is expected to be funded by parliamentary appropriation and $82.3 million by donor contributions. Table 5 provides an overview of the outstanding commitments by program.

TABLE 5: OUTSTANDING RESEARCH PROJECT COMMITMENTS BY PROGRAMS

($000)	December 2021
Education and Science	82 575
Climate-Resilient Food Systems	49 188
Global Health	33 456
Sustainable Inclusive Economies	26 604
Democratic and Inclusive Governance	20 025
Flexible Funds	14 593
Total	**226 441**

Actual performance versus revised budget

There were no significant changes in the operating environment since the publication of the 2020-2021 *Annual Report,* available on the Centre's website. The Centre completed a budget review exercise to ensure the effective use of financial resources for the remainder of this financial year. The results from this exercise are incorporated into the December 2021 quarterly reporting.

In *Strategy 2030,* the Centre committed to 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 budget was revised further to the above-mentioned budget review exercise. 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 31 December 2021 and the 2021–2022 financial year.

TABLE 6: ACTUALS COMPARED TO BUDGET

	For the nine month ended 31 December 2021				2021–2022
($000)	**Budget**	**Actual**	**Variance**	**% Variance**	**Budget**
Statement of comprehensive income items					
Expenses					
Development research programming					
Research projects funded by parliamentary appropriation	74 000	65 353	8 646	11.7%	101 497
Research projects funded by donor contributions	51 469	43 667	7 802	15.2%	69 891
Enhancing research capabilities	33 715	26 087	7 628	22.6%	45 609
Corporate and administrative services	16 591	15 443	1 148	6.9%	21 977
	175 775	**150 550**	**25 226**	**14.4%**	**238 974**
Revenues					
Parliamentary appropriation	101 000	100 600	(400)	(0.4%)	148 611
Donor contributions	62 623	51 576	(11 047)	(17.6%)	85 209
Other income	203	607	404	198.5%	384
	163 826	**152 783**	**(11 043)**	**(6.7%)**	**234 204**
Net results of operations	**(11 949)**	**2 233**	**14 183**	**(118.7%)**	**(4 770)**

Actual expenses versus budget update

The **research project expenses funded by parliamentary appropriation** were $8.6 million lower than budgeted for the financial year to date. This is due to lower-than-expected project payments, attributed to COVID-19-related delays and the timing of initial payments on new projects, which will occur later than originally planned.

The research **funded by donor contributions** was $7.8 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, the Livestock Vaccine Innovation Fund program, and the Climate and Development Knowledge Network. Research project payments are based upon recipient's progress on research activities and the submission of satisfactory grant deliverables. The fact that payments did not occur as per the projected timing, especially in large and complex multi-year programs, reflects the inherent unpredictability related to the conduct of research activities.

Management continues to regularly assess, monitor and mitigate, where possible, the effects of the pandemic on grantees and the resulting impact on research expenses. Several projects may require an extension in their duration due to delays in research, which reflects the changing environment grantees are operating in.

The expenses for **enhancing research capabilities** were $7.6 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 $1.1 million for **corporate and administrative expenses** is due to the timing of continuing operating expenses, such as professional services and savings in salaries and benefits.

Actual revenue versus budget

The **parliamentary-appropriation revenue** was $0.4 million lower than budgeted for the financial year-to-date. The Centre aims to draw down parliamentary appropriations in accordance with planned expenses.

Donor-contributions revenue was $11.0 million lower than budgeted. See the Expenses outlook update section, above, for information on project variances.

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
25 February 2022

Condensed Interim Statement of Financial Position

(In thousands of Canadian dollars)
as at

	(unaudited) 31 December 2021	(audited) 31 March 2021
Assets		
Current		
Cash	45 142	77 262
Investments (Note 2)	2 525	—
Accounts receivable and prepaid expenses (Note 3)	27 621	6 964
	75 288	84 226
Non-current		
Investments (Note 2)	27 254	—
Property and equipment	1 290	2 182
Intangible assets	56	151
Right-of-use assets (Note 4)	4 502	6 791
	108 390	**93 350**
Liabilities		
Current		
Accounts payable and accrued liabilities	17 564	16 729
Lease liabilities (Note 5)	2 563	2 998
Deferred revenue (Note 6)	60 018	45 995
	80 145	65 722
Non-current		
Deferred revenue (Note 6)	6 253	5 992
Employee benefits	1 133	1 199
Lease liabilities (Note 5)	2 349	4 160
	89 880	77 073
Equity		
Unrestricted	(71)	—
Restricted	1 291	1 291
Net investments in capital assets	1 346	2 333
Reserved	15 944	12 653
	18 510	16 277
	108 390	**93 350**

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 31 December		For the nine months ended 31 December	
	2021	**2020**	**2021**	**2020**
Expenses				
Development research programming (Notes 9 and 12)				
Research projects funded by parliamentary appropriation	23 178	23 194	65 353	81 244
Research projects funded by donor contributions	10 598	9 463	43 667	36 843
Enhancing research capabilities (Note 12)	7 891	8 717	26 087	28 965
	41 667	41 374	135 107	147 052
Corporate and administrative services (Notes 9 and 12)	4 890	5 242	15 443	15 600
Total expenses	**46 557**	**46 616**	**150 550**	**162 652**
Revenues	12 729	11 594	51 576	44 233
Donor contributions (Note 10)	262	254	607	491
Other income	12 991	11 848	52 183	44 724
Cost of operations before parliamentary appropriation	(33 566)	(34 768)	(98 367)	(117 928)
Parliamentary appropriation (Note 11)	39 500	34 787	100 600	115 987
Net results of operations	**5 934**	**19**	**2 233**	**(1 941)**

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)

	31 December 2021	31 December 2020
Unrestricted equity		
Beginning of period	—	—
Net results of operations	2 233	(1 941)
Net transfers from (to) other classes of equity	(2 304)	240
Balance end of period	(71)	(1 701)
Restricted equity		
Beginning of period	1 291	1 275
Net increase	—	15
Balance end of period	1 291	1 290
Net investments in capital assets		
Beginning of period	2 333	4 238
Net decrease	(987)	(1 548)
Balance end of period	1 346	2 690
Reserved equity		
Beginning of period	12 653	12 394
Net transfers from other classes of equity	3 291	1 293
Balance end of period	15 944	13 687
Equity, end of period	**18 510**	**15 966**

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)

	31 December 2021	31 December 2020
Operating activities		
Receipts from parliamentary appropriation	104 404	115 987
Receipts from donor contributions	40 372	34 142
Receipts from other sources	1 424	775
Payments to grant recipients	(102 210)	(115 954)
Payments to employees	(31 455)	(31 413)
Payments to suppliers and others	(12 178)	(12 796)
Cash flows from (used in) operating activities	**357**	**(9 259)**
Investing activities		
Purchase of investments	(29 866)	—
Acquisition of property and equipment and intangible assets	(109)	220
Cash flows (used in) from investing activities	**(29 975)**	**220**
Financing activities		
Payment of lease liabilities	(2 246)	(2 223)
Interest paid on lease liabilities	(256)	(323)
Cash flows used in financing activities	**(2 502)**	**(2 546)**
Decrease in cash	**(32 120)**	**(11 585)**
Cash, beginning of period	**77 262**	**82 380**
Cash, end of period	**45 142**	**70 795**

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 nine months ended 31 December 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 condensed interim financial statements are prepared on a historical cost basis, except for investments which are measured at amortized cost and certain other 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 of the pandemic on the Centre are disclosed in the notes of the Centre's annual financial statements for the year ended 31 March 2021. During the first nine 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 nine 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.

	31 December 2021
Current investments	2 525
Non-current investments	27 254
	29 779

	31 December 2021
Net book value at amortized cost	
Bonds:	
Federal	2 995
Provincial	12 802
Corporate	1 982
Total bonds	17 779
Guaranteed investment certificates	12 000
	29 779

	31 December 2021
Fair Value	
Bonds:	
Federal	3 008
Provincial	12 795
Corporate	1 969
Total bonds	17 772
Guaranteed investment certificates	12 074
	29 846

3. Accounts receivable and prepaid expenses

	31 December 2021	31 March 2021
Accounts receivable		
Donor contributions	25 488	—
Parliamentary appropriation	—	3 804
Other	1 029	1 719
	26 517	5 523
Prepaid expenses	1 104	1 441
Total accounts receivable and prepaid expenses	**27 621**	**6 964**

4. Right-of-use assets

	31 December 2021	31 March 2021
Cost		
Leases beginning of year	13 168	13 168
Additions	—	—
	13 168	13 168
Accumulated depreciation		
Beginning of year	(6 377)	(3 275)
Depreciation expense	(2 289)	(3 102)
	(8 666)	(6 377)
Net book value end of period	**4 502**	**6 791**

During the first nine months of the financial year, the Centre incurred $2 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 and the Centre incurred $6.9 of expenses related to this short-term lease.

The Centre also has an 11-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 $147 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. 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

	31 December 2021	31 March 2021
Beginning of year	7 158	10 120
Additions	—	—
Interest expense	256	420
Lease payments	(2 502)	(3 382)
	4 912	7 158
Lease liabilities included in the statement of financial position		
Current	2 563	2 998
Non-current (after one year, but not more than five)	1 061	2 637
Non-current (more than five years)	1 288	1 523
	4 912	**7 158**

	31 December 2021	31 March 2021
Maturity analysis of contractual undiscounted cash flows		
Current	2 826	3 328
Non-current (after one year, but not more than five)	1 808	3 465
Non-current (more than five years)	1 563	1 907
	6 197	**8 700**

6. Deferred revenue

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

	31 December 2021	31 March 2021
Donor-contribution funding for development research projects		
Current	60 018	45 995
Non-current	6 253	5 992
	66 271	**51 987**

7. Commitments

Research project-related

The Centre is committed to making payments of up to $226.4 million (31 March 2021: $216.8 million) during the next six 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, $144.1 million (31 March 2021: $131.9 million) is expected to be funded from future parliamentary appropriations and $82.3 million (31 March 2021: $84.9 million) from donor-contribution agreements.

	31 December 2021	31 March 2021
Within one year	134 318	106 847
After one year, but not more than five	92 037	109 969
More than five years	86	—
Total future payments	**226 441**	**216 816**

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 31 December 2021 are as follows:

	31 December 2021	31 March 2021
Within one year	6 380	9 985
After one year, but not more than five	10 308	8 565
More than five years	18 203	19 464
Total future payments	**34 891**	**38 014**

As a result of signing a new lease agreement for office space in Ottawa (see Note 4), commitments as at 31 December 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 31 December 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 31 December		For the nine months ended 31 December	
	2021	**2020**	**2021**	**2020**
Development research programming				
Contribution to institutions and individuals	32 617	31 732	104 989	114 709
Core salaries and benefits	5 547	5 337	16 953	17 446
Co-funded project salaries and benefits[a]	1 307	1 472	4 226	4 502
Professional services	1 377	914	4 052	3 608
Depreciation of right-of-use assets	516	543	1 557	1 659
Accommodations	(124)	431	884	1 602
Amortization and depreciation of property and equipment and intangible assets	198	275	692	844
Co-funded project expenses[a]	114	158	604	600
Meetings and conferences	(146)	30	188	74
Interest on lease liabilities	54	72	174	229
Travel	61	149	124	420
Other	146	261	664	1 359
	41 667	**41 374**	**135 107**	**147 052**
Corporate and administrative services				
Salaries and benefits	3 337	3 178	9 968	10 119
Professional services	393	971	1 537	2 129
Software expenses	423	176	1 146	636
Depreciation of right-of-use assets	242	223	732	678
Furniture, equipment and maintenance	35	50	301	163
Accommodations	(110)	174	284	517
Amortization and depreciation of property and equipment and intangible assets	76	107	251	484
Interest on lease liabilities	26	30	82	94
Travel	(4)	—	4	7
Other	472	333	1138	773
	4 890	**5 242**	**15 443**	**15 600**
Total expenses	**46 557**	**46 616**	**150 550**	**162 652**

[a] *Includes all costs directly related to the development of research capabilities in co-funded projects. These represent total expenses for the quarter of $1 421 (31 December 2020: $1 630); and for the nine months of $4 830 (31 December 2020: $5 102). 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 31 December		For the nine months ended 31 December	
	2021	2020	2021	2020
Global Partnership for Education Fund (GPE)	3 211	1 265	19 572	13 603
Global Affairs Canada (GAC)	1 725	1 977	8 846	9 242
Swedish International Development Cooperation Agency (SIDA)	2 082	3 355	5 955	4 044
Bill & Melinda Gates Foundation	1 909	477	5 571	3 518
The Secretary of State for Health and Social Care (DHSC)*	221	759	2 495	3 360
The William and Flora Hewlett Foundation	1 298	368	2 186	676
Foreign, Commonwealth and Development Office (FCDO)**	841	820	1 637	3 583
Australian Centre for International Agricultural Research	535	701	1 612	1 947
The Rockefeller Foundation	462	—	1 389	—
Ministry of Foreign Affairs Netherlands	49	1 404	733	2 403
Other donor agencies	396	468	1 580	1 857
	12 729	**11 594**	**51 576**	**44 233**

** Formerly known as United Kingdom Department of Health*
*** Formerly known as Department for International Development (UK Aid)*

11. Parliamentary appropriation

	For the nine months ended 31 December	
	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 three months ended 31 December	(39 500)	(34 787)
Appropriation recognized for the nine months ended 31 December	(100 600)	(115 987)
Appropriation available for reminder of the year	**48 011**	**25 862**

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 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 $447, and for the nine months of $1 390, of expenses for enhancing research capabilities being reclassified to corporate and administrative services expenses. The 31 December 2020 enhancing research capabilities expenses for the quarter are $8 717, and for the nine months are $28 965, compared to $9 164 and $30 355 before the reclassification. The 31 December 2020 corporate and administrative services expenses for the quarter are $5 242, and for the nine months are $15 600, compared to $4 795 and $14 210 before the reclassification.

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