

# Quarterly Financial Report

For the period ending  
31 December 2014

**IDRC**

## Putting research to work



IDRC funds practical research in developing countries to increase prosperity and security, and to foster democracy and the rule of law, in support of Canada's international development efforts. We promote growth and development and encourage sharing knowledge with policymakers, other researchers, and communities around the world. The result is innovative, lasting solutions that aim to bring change to those who need it most.

# Contents

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

- 3 Introduction
- 4 Performance
- 5 Consolidated Overview
- 10 Corporate Developments
- 10 Risk Management
- 11 Outlook

## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

- 13 Statement of Management Responsibility
- 14 Condensed Interim Statement of Financial Position
- 15 Condensed Interim Statement of Comprehensive Income
- 16 Condensed Interim Statement of Changes in Equity
- 17 Condensed Interim Statement of Cash Flows
- 18 Notes to the Condensed Interim Financial Statements



# Management's discussion and analysis

## Introduction

This Management's Discussion and Analysis (MD&A) provides a narrative outlining the financial results and corporate updates of the International Development Research Centre (the Centre) for the third quarter ended 31 December 2014. This report was prepared as required under section 131.1 of the *Financial Administration Act* and is in compliance with the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada.

The financial information contained herein, as well as the unaudited condensed interim financial statements, were prepared in accordance with the recognition and measurement standards applicable under International Financial Reporting Standards (IFRS). All monetary amounts are in Canadian dollars. The Centre recommends that this report be read in conjunction with the unaudited condensed interim financial statements (beginning on page 13). Disclosures and information presented in the *Annual Report 2013-2014* apply to the current quarter unless otherwise indicated.

## IDRC's 2014-2015 Budget

The 2014-2015 original budget was established and approved prior to the beginning of the fiscal year. It served as the basis for the budget amounts presented in the *Annual Report 2013-2014*. As shown in Table 1, the original budget was revised mid-year as a result of changes made to the estimates reflecting the most current information available. The revised budget is the reference budget for all managers. The decrease in revenues is due mainly to new estimates in donor contributions. The expense budget was also adjusted to reflect updated expense estimates.

---

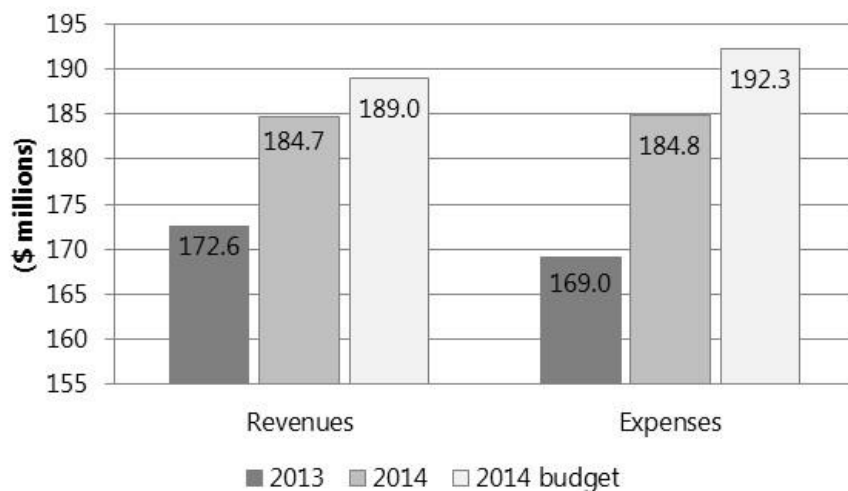
**TABLE 1: REVISED BUDGET**

| (\$000)                           | Original budget<br>2014-2015 | Revised budget<br>2014-2015 | Budget amendments |
|-----------------------------------|------------------------------|-----------------------------|-------------------|
| Revenues                          | 70 217                       | 67 441                      | (2 776)           |
| Minus: Expenses                   | 259 921                      | 255 952                     | 3 969             |
| Cost of operations                | (189 704)                    | (188 511)                   | 1 193             |
| Plus: Parliamentary appropriation | 188 020                      | 188 024                     | 4                 |
| <b>Net results of operations</b>  | <b>(1 684)</b>               | <b>( 487)</b>               | <b>1 197</b>      |

## Performance

**Figure 1: FINANCIAL HIGHLIGHTS**

(for the nine months ended 31 December)



**TABLE 2: FINANCIAL HIGHLIGHTS**

| (\$000)                          | For the nine months ended 31 December |               | Year-over-year % change | Revised budget 2014-2015 <sup>a</sup> |
|----------------------------------|---------------------------------------|---------------|-------------------------|---------------------------------------|
|                                  | Actual 2013                           | Actual 2014   |                         |                                       |
| Revenues                         | 38 354                                | 48 120        | 25.5%                   | 67 441                                |
| Expenses                         | 169 015                               | 184 839       | 9.4%                    | 255 952                               |
| Cost of operations               | (130 661)                             | (136 719)     | (4.6%)                  | (188 511)                             |
| Parliamentary appropriation      | 134 213                               | 136 584       | 1.8%                    | 188 024                               |
| <b>Net results of operations</b> | <b>3 552</b>                          | <b>( 135)</b> | <b>103.8%</b>           | <b>( 487)</b>                         |

<sup>a</sup> For details on revised budget, see page 3.

## Consolidated overview

### Revenues

**TABLE 3: REVENUES**

| (\$000)                     | For the quarter ended 31 December |                |               |                         | For the nine months ended 31 December |                |                |                         | Revised budget 2014-2015 <sup>a</sup> |
|-----------------------------|-----------------------------------|----------------|---------------|-------------------------|---------------------------------------|----------------|----------------|-------------------------|---------------------------------------|
|                             | 2013                              | 2014           |               | Year-over-year % change | 2013                                  | 2014           |                | Year-over-year % change |                                       |
|                             | Actual                            | Revised budget | Actual        |                         | Actual                                | Revised budget | Actual         |                         |                                       |
| Parliamentary appropriation | 65 117                            | 40 434         | 44 863        | (31.1%)                 | 134 213                               | 137 548        | 136 584        | 1.8%                    | 188 024                               |
| Donor contributions         | 14 571                            | 17 167         | 24 645        | 69.1%                   | 37 741                                | 50 839         | 47 209         | 25.1%                   | 66 685                                |
| Investment and other income | 185                               | 407            | 432           | 133.5%                  | 613                                   | 591            | 911            | 48.6%                   | 756                                   |
| <b>Total revenues</b>       | <b>79 873</b>                     | <b>58 008</b>  | <b>69 940</b> | <b>(12.4%)</b>          | <b>172 567</b>                        | <b>188 978</b> | <b>184 704</b> | <b>7.0%</b>             | <b>255 465</b>                        |

<sup>a</sup> For details on revised budget, see page 3.

The Centre is funded by a Parliamentary appropriation, donor contributions, investment and other sources (which include interest and other miscellaneous income).

During the nine months ended 31 December 2014, the total **Parliamentary appropriation** received increased by 1.8% to \$136.6 million from \$134.2 million for the same period in 2013-2014 (see Table 4). The Centre's **recurring** portion of the Parliamentary appropriation for the nine months ended 31 December increased by \$0.8 million (0.8%) compared to the same period last year. The increase is due to the seasonal variations in funding needs that guide the amount of appropriation drawn down. Most of the increase of \$2.1 million (5.6%) in the actual year-to-date **non-recurring** Parliamentary appropriation relates to payments made for the Development Innovation Fund (DIF).

**TABLE 4: PARLIAMENTARY APPROPRIATION**

| (\$000)                          | For the nine months ended 31 December |                |                         | Revised budget 2014-2015 <sup>a</sup> |
|----------------------------------|---------------------------------------|----------------|-------------------------|---------------------------------------|
|                                  | Actual 2013                           | Actual 2014    | Year-over-year % change |                                       |
| Recurring portion                | 96 032                                | 96 829         | 0.8%                    | 136 006                               |
| Non-recurring portion            | 37 654                                | 39 755         | 5.6%                    | 52 018                                |
| <b>Appropriation received</b>    | <b>133 686</b>                        | <b>136 584</b> | <b>2.2%</b>             | <b>188 024</b>                        |
| Appropriation amortized          | 527                                   | -              | (100.0%)                | -                                     |
| <b>Appropriation recognized</b>  | <b>134 213</b>                        | <b>136 584</b> | <b>1.8%</b>             | <b>188 024</b>                        |
| <b>Appropriation to drawdown</b> | <b>68 484</b>                         | <b>51 440</b>  | <b>(24.9%)</b>          | <b>-</b>                              |

<sup>a</sup> For details on revised budget, see page 3.

Table 5 shows how the appropriation was used during the period ending 31 December 2014.

**TABLE 5: USE OF THE PARLIAMENTARY APPROPRIATION RECEIVED**

| (\$000)  | For the nine months ended 31 December |                | Revised budget 2014-2015 <sup>a</sup> |
|--|---------------------------------------|----------------|---------------------------------------|
|  | Actual 2013                           | Actual 2014    |                                       |
| <b>Total expenses</b>                                    | <b>169 015</b>                        | <b>184 839</b> | <b>255 952</b>                        |
| Minus:   |                                       |                |                                       |
| Donor-funded expenses                                    | 37 741                                | 47 209         | 66 685                                |
| Replenishment of financial reserve                       | 131 274                               | 137 630        | 189 267                               |
| Used for purchase of property, equipment and intangibles | 4 465                                 | ( 19)          | ( 500)                                |
| <b>Total funding requirement</b>                         | <b>137 003</b>                        | <b>138 220</b> | <b>189 967</b>                        |
| Parliamentary appropriation received                     | 133 686                               | 136 584        | 188 024                               |
| <b>Unused (shortfall) appropriation</b>                  | <b>(3 317)</b>                        | <b>(1 636)</b> | <b>(1 943)</b>                        |

<sup>a</sup> For details on revised budget, see page 3.

As shown in Table 5, we are on track as of 31 December 2014. The projected \$1.9 million shortfall for fiscal year 2014-2015 in Table 5 will be funded from other revenues generated by the Centre, as well as by reductions of the net book value of capital assets (see Table 9).

In the third quarter, **donor contribution revenues** increased 69.1% year-over-year (see Table 3). For the nine months ended 31 December 2014, donor contributions increased by 25.1% to \$47.2 million from \$24.6 million in the same period in 2013-2014. Donor contributions, received in advance, are recognized as revenue when the related expenses are incurred (see explanation of the variance in the Expenses section below). During the quarter, donor contribution revenues are closer to target and the variance between the budget year-to-date and the actual is due primarily to delayed spending on a few large multi-year programs.



## Expenses

Expenses are tracked under two main headings: development research programming and corporate and administrative services.

**TABLE 6: EXPENSES**

| (\$000)                                      | For the quarter ended 31 December |                |               |                         | For the nine months ended 31 December |                |                |                         | Revised budget 2014-2015 <sup>a</sup> |
|--|-----------------------------------|----------------|---------------|-------------------------|---------------------------------------|----------------|----------------|-------------------------|---------------------------------------|
|  | 2013                              | 2014           |               | Year-over-year % change | 2013                                  | 2014           |                | Year-over-year % change |                                       |
|  | Actual                            | Revised Budget | Actual        |                         | Actual                                | Revised budget | Actual         |                         |                                       |
| <b>Development research programming</b>      |                                   |                |               |                         |                                       |                |                |                         |                                       |
| Research projects                            |                                   |                |               |                         |                                       |                |                |                         |                                       |
| Funded by Parliamentary appropriation        | 43 589                            | 32 031         | 30 289        | (30.5%)                 | 90 265                                | 100 852        | 98 287         | 8.9%                    | 135 583                               |
| Funded by donor contributions                | 12 068                            | 13 868         | 21 084        | 74.7%                   | 30 857                                | 42 420         | 39 244         | 27.2%                   | 55 368                                |
| Capacity building                            |                                   |                |               |                         |                                       |                |                |                         |                                       |
| Enhancing research capabilities              | 8 590                             | 7 548          | 8 648         | 0.7%                    | 26 086                                | 26 781         | 25 577         | (2.0%)                  | 35 482                                |
| Research complements                         | 2 161                             | 2 360          | 2 161         | 0.0%                    | 6 783                                 | 6 987          | 6 567          | (3.2%)                  | 9 153                                 |
|  | <b>66 408</b>                     | <b>55 807</b>  | <b>62 182</b> | <b>(6.4%)</b>           | <b>153 991</b>                        | <b>177 040</b> | <b>169 675</b> | <b>10.2%</b>            | <b>235 586</b>                        |
| <b>Corporate and administrative services</b> | <b>5 050</b>                      | <b>5 070</b>   | <b>5 115</b>  | <b>1.3%</b>             | <b>15 024</b>                         | <b>15 305</b>  | <b>15 164</b>  | <b>0.9%</b>             | <b>20 366</b>                         |
| <b>Total expenses</b>                        | <b>71 458</b>                     | <b>60 877</b>  | <b>67 297</b> | <b>(5.8%)</b>           | <b>169 015</b>                        | <b>192 345</b> | <b>184 839</b> | <b>9.4%</b>             | <b>255 952</b>                        |

<sup>a</sup> For details on revised budget, see page 3.

The **research project expenses funded by Parliamentary appropriation** are lower than targeted for the nine months and higher than actuals for the same period last year. The year-over-year increase is directly attributable to Development Innovation Fund expenses.

**TABLE 7: RESEARCH PROJECTS FUNDED BY PARLIAMENTARY APPROPRIATION**

|  | For the nine months ended 31 December |                |               | Year-over-year % change | Revised budget 2014-2015 <sup>a</sup> |
|--|---------------------------------------|----------------|---------------|-------------------------|---------------------------------------|
|  | 2013                                  | 2014           |               |                         |                                       |
|  | Actual                                | Revised budget | Actual        |                         |                                       |
| Research projects                                  | 69 697                                | 67 014         | 64 449        | (7.5%)                  | 91 444                                |
| Development Innovation Fund                        | 20 568                                | 33 838         | 33 838        | 64.5%                   | 44 139                                |
| <b>Total funded by Parliamentary appropriation</b> | <b>90 265</b>                         | <b>100 852</b> | <b>98 287</b> | <b>8.9%</b>             | <b>135 583</b>                        |

<sup>a</sup> For details on revised budget, see page 3.

Table 7 expands further on the Research projects funded by the Parliamentary appropriation line in Table 6. The research projects budget variance is within an acceptable range given the factors affecting budgeting. The remittances for the DIF are as budgeted.

**Actual expenses on research projects funded by donor contributions** are above target during the quarter, catching up with some of the payments, but still lower than budgeted year-to-date due to delayed payments on a few large multi-year programs. It is expected that most

of the gap will be reduced by the end of the year. The donor contribution revenue and expense budget was revised to reflect the most current information available. The year-over-year increase for both the quarter and year-to-date was expected and reflected in this year's budget which is higher than the 2013-2014 actuals.

There is a year-over-year decline for the nine months ending 31 December 2014 compared to the same period last year in **expenses for enhancing research capabilities**. This decrease in actuals and lower expenses compared to budget is mainly the result of less travel than originally planned. Further savings arose as a result of lower salary and benefit expenses due to temporary vacancies and staffing controls.

**Research complements** for the nine months ended 31 December 2014 decreased by 3.2% (see Table 6) compared to the previous year. This decrease, as well as the small variance in actuals against the year-to-date budget, is related to the timing of ongoing activities.

Actual expenses in **corporate and administrative services** in the third quarter and the nine months ended 31 December 2014 increased slightly as compared to 2013. The cumulative variance against the budget is minimal (0.9%) (see Table 6).

## Financial position

**TABLE 8: SUMMARY OF ASSETS AND LIABILITIES**

| (\$000)                  | March<br>2014 | December<br>2014 | % change      |
|--------------------------|---------------|------------------|---------------|
| Current assets           | 61 622        | 58 037           | (5.8%)        |
| Non-current assets       | 10 688        | 10 004           | (6.4%)        |
| <b>Total assets</b>      | <b>72 310</b> | <b>68 041</b>    | <b>(5.9%)</b> |
| Current liabilities      | 50 028        | 45 199           | (9.7%)        |
| Non-current liabilities  | 5 683         | 6 378            | 12.2%         |
| <b>Total liabilities</b> | <b>55 711</b> | <b>51 577</b>    | <b>(7.4%)</b> |

Total **assets** at 31 December 2014 decreased by 5.9% (from \$72.3 million to \$68.0 million) as compared to 31 March 2014. The decrease in current assets is mostly in cash resulting from operational requirements (see the Summary of Cash Flows in Table 10). The decrease in operating cash requirements is also significantly linked to higher receivables (from donor partners) and investments.

Total **Liabilities** decreased by \$4.1 million (or 7.4%) compared to 31 March 2014, representing fewer accounts payable and masking an increase in deferred revenue liability for projects and programs funded from donor contributions.

**TABLE 9: EQUITY**

| (\$000)                           | For the nine months ended 31 December |               |               | Year-over-year<br>% change | Revised budget<br>2014-2015 <sup>a</sup> |
|-----------------------------------|---------------------------------------|---------------|---------------|----------------------------|--|
|                                   | 2013                                  | 2014          |               |                            |  |
|                                   | Actual                                | Budget        | Actual        |                            |  |
| Unrestricted                      | ( 529)                                | 1 184         | 779           | (247.3%)                   | 890                                      |
| Internally restricted             | 1 133                                 | 1 114         | 1 120         | (1.1%)                     | 1 117                                    |
| Net investments in capital assets | 9 929                                 | 10 345        | 10 004        | 0.8%                       | 9 525                                    |
| Reserved                          | 5 171                                 | 4 580         | 4 561         | (11.8%)                    | 4 580                                    |
| <b>Total equity</b>               | <b>15 704</b>                         | <b>17 223</b> | <b>16 464</b> | <b>4.8%</b>                | <b>16 112</b>                            |

<sup>a</sup> For details on revised budget, see page 3.

The **internally restricted** equity for special programs and operational initiatives is nearly the same as it was at the beginning of the fiscal year. As indicated in the *2013-2014 Annual Report*, the internally restricted equity is entirely dedicated to the funding of the John G. Bene Fellowship in community forestry.

The **net investment in capital assets** of \$10.0 million segregates the portion of the equity representing the Centre's net investments in capital assets. This class of equity offsets future amortization and depreciation expenses for capital assets — it is not a cash account as it matches the value of property, equipment and intangible as stated in the Condensed Interim Statement of Financial Position.

The **reserved** equity at 31 December 2014 is 0.4% lower than at the close of the third quarter in 2013. A portion of last year's reserved equity was used for its intended purpose: to purchase intangible assets. The reserved class of the Centre's equity is meant to bookmark working capital as a means of insulating the Centre's operations from the impact of potential significant fluctuations in program expenses.

The **unrestricted** equity represents the residual balance of total equity after allotments to the internally restricted and reserved equity. This balance reflects the timing variances, both in project expenses and Parliamentary revenues (see Table 5). The negative unrestricted equity was replenished in October 2014 when the Parliamentary appropriation was drawn down.

## Cash flows

**TABLE 10: SUMMARY OF CASH FLOWS**

| (\$000)   | For the quarter ended 31 December |                 | Year-over-year change | For the nine months ended 31 December |                 | Year-over-year change |
|---|-----------------------------------|-----------------|-----------------------|---------------------------------------|-----------------|-----------------------|
|   | Actual 2013                       | Actual 2014     |                       | Actual 2013                           | Actual 2014     |                       |
| Net results of operations                               | 8 415                             | 2 643           | (5 772)               | 3 552                                 | ( 135)          | (3 687)               |
| Changes in items other than cash and cash equivalents   | ( 193)                            | (5 802)         | (5 609)               | (2 331)                               | (10 624)        | (8 293)               |
| <b>Cash flows from (used in) operating activities</b>   | <b>8 222</b>                      | <b>(3 159)</b>  | <b>(11 381)</b>       | <b>1 221</b>                          | <b>(10 759)</b> | <b>(11 980)</b>       |
| Purchase of investments                                 | -                                 | (15 893)        | (15 893)              | (25 178)                              | (25 831)        | ( 653)                |
| Maturity of investments                                 | 10 468                            | 8 928           | (1 540)               | 66 099                                | 16 425          | (49 674)              |
| Other   | ( 908)                            | ( 174)          | 734                   | (1 334)                               | ( 576)          | 758                   |
| <b>Cash flows from (used in) investing activities</b>   | <b>9 560</b>                      | <b>(7 139)</b>  | <b>(16 699)</b>       | <b>39 587</b>                         | <b>(9 982)</b>  | <b>(49 569)</b>       |
| <b>Increase/(Decrease) in cash and cash equivalents</b> | <b>17 782</b>                     | <b>(10 298)</b> | <b>(28 080)</b>       | <b>40 808</b>                         | <b>(20 741)</b> | <b>(61 549)</b>       |
| <b>Cash and cash equivalents, beginning of period</b>   | <b>23 607</b>                     | <b>32 921</b>   | <b>9 314</b>          | <b>581</b>                            | <b>43 364</b>   | <b>42 783</b>         |
| <b>Cash and cash equivalents, end of period</b>         | <b>41 389</b>                     | <b>22 623</b>   | <b>(18 766)</b>       | <b>41 389</b>                         | <b>22 623</b>   | <b>(18 766)</b>       |

For the nine months ended 31 December 2014, **operating activities** decreased cash and cash equivalents by \$10.8 million. This decrease in liquidities reflects an increase in accounts receivable and deferred revenue as well as the reduction in accounts payable and accrued liabilities.

The cash flows from **investing activities** for the nine months ending 31 December 2014 decreased by \$10 million because of the purchase of investments, which can be seen on the Condensed Interim Statement of Cash Flows on page 17. It should be noted that the bulk of the cash and investments held at 31 December are offset by the deferred revenue which represents unspent donor contributions.

## Corporate developments

There have not been any material changes during the third quarter.

## Risk management

There have not been any material changes in the risks to organizational performance as reported in the "Management's Discussion and Analysis" section in the *Annual Report 2013-2014*.

## **Outlook**

The remaining aspects of the context in which the Centre operates remain the same as detailed in the *Annual Report 2013-2014*.



# Unaudited condensed interim financial statements

## Statement of management responsibility

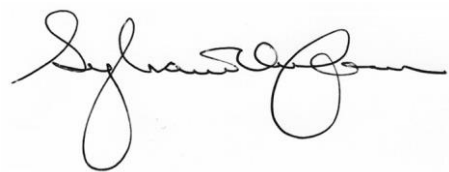
Management is responsible for the preparation and fair presentation of these condensed quarterly financial statements, which we confirm have been prepared in accordance with the International Accounting Standard 34 (*Interim Financial Reporting*) and the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada.

Management has implemented internal controls that aim to keep condensed quarterly financial statements free from material misstatements. Management is also responsible for ensuring that all other information in this condensed quarterly financial report for the period ending 31 December 2014 is consistent, where appropriate, with the condensed quarterly financial statements.

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



Jean Lebel, PhD  
President



Sylvain Dufour, Eng., CPA, CMA, MSc  
Vice-President, Resources, and  
Chief Financial Officer

Ottawa, Canada  
9 February 2015

# Condensed Interim Statement of Financial Position

(unaudited)

(in thousands of Canadian dollars)  
as at

|  | <u>31 December 2014</u> | <u>31 March 2014</u> |
|--|-------------------------|----------------------|
| <b>Assets</b>                            |                         |                      |
| Current                                  |                         |                      |
| Cash and cash equivalents                | 22 623                  | 43 364               |
| Investments                              | 21 908                  | 12 502               |
| Accounts receivable                      | 12 671                  | 4 765                |
| Prepaid expenses                         | 835                     | 991                  |
|  | <u>58 037</u>           | <u>61 622</u>        |
| Non-current                              |                         |                      |
| Property and equipment                   | 7 107                   | 7 553                |
| Intangible assets                        | 2 897                   | 3 135                |
|  | <u><b>68 041</b></u>    | <u><b>72 310</b></u> |
| <b>Liabilities</b>                       |                         |                      |
| Current                                  |                         |                      |
| Accounts payable and accrued liabilities | 13 111                  | 25 383               |
| Deferred revenue (Note 5)                | 32 088                  | 24 645               |
|  | <u>45 199</u>           | <u>50 028</u>        |
| Non-current                              |                         |                      |
| Deferred revenue (Note 5)                | 2 161                   | 1 387                |
| Employee benefits                        | 4 217                   | 4 296                |
|  | <u>51 577</u>           | <u>55 711</u>        |
| <b>Equity</b>                            |                         |                      |
| Unrestricted                             | 779                     | 214                  |
| Internally restricted                    | 1 120                   | 1 117                |
| Net investments in capital assets        | 10 004                  | 10 688               |
| Reserved                                 | 4 561                   | 4 580                |
|  | <u>16 464</u>           | <u>16 599</u>        |
|  | <u><b>68 041</b></u>    | <u><b>72 310</b></u> |

Commitments (Note 8)

Contingencies (Note 9)

*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 quarter ended |                      | For the 9 months ended |                       |
|---|-----------------------|----------------------|------------------------|-----------------------|
|   | 31 December           |                      | 31 December            |                       |
|   | 2014                  | 2013                 | 2014                   | 2013                  |
| <b>Revenues</b>                                       |                       |                      |                        |                       |
| Donor contributions (Note 6)                          | 24 645                | 14 571               | 47 209                 | 37 741                |
| Investment and other income                           | 432                   | 185                  | 911                    | 613                   |
|   | <u>25 077</u>         | <u>14 756</u>        | <u>48 120</u>          | <u>38 354</u>         |
| <b>Expenses</b>                                       |                       |                      |                        |                       |
| Development research programming (Note 10)            |                       |                      |                        |                       |
| <i>Research projects</i>                              |                       |                      |                        |                       |
| Funded by Parliamentary appropriation                 | 30 289                | 43 589               | 98 287                 | 90 265                |
| Funded by donor contributions                         | 21 084                | 12 068               | 39 244                 | 30 857                |
| <i>Capacity building</i>                              |                       |                      |                        |                       |
| Enhancing research capabilities                       | 8 648                 | 8 590                | 25 577                 | 26 086                |
| Research complements                                  | 2 161                 | 2 161                | 6 567                  | 6 783                 |
|   | <u>62 182</u>         | <u>66 408</u>        | <u>169 675</u>         | <u>153 991</u>        |
| Corporate and administrative services (Note 10)       |                       |                      |                        |                       |
| Corporate services                                    | 4 290                 | 4 260                | 12 702                 | 12 545                |
| Regional office administration                        | 825                   | 790                  | 2 462                  | 2 479                 |
|   | <u>5 115</u>          | <u>5 050</u>         | <u>15 164</u>          | <u>15 024</u>         |
| <b>Total expenses</b>                                 | <u><b>67 297</b></u>  | <u><b>71 458</b></u> | <u><b>184 839</b></u>  | <u><b>169 015</b></u> |
| Cost of operations before Parliamentary appropriation | (42 220)              | (56 702)             | (136 719)              | (130 661)             |
| Parliamentary appropriation (Note 7)                  | 44 863                | 65 117               | 136 584                | 134 213               |
| <b>Net results of operations</b>                      | <u><b>2 643</b></u>   | <u><b>8 415</b></u>  | <u><b>( 135)</b></u>   | <u><b>3 552</b></u>   |

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

## Condensed Interim Statement of Changes in Equity

(unaudited)

(in thousands of Canadian dollars)

|   | For the quarter ended<br>31 December |               | For the 9 months ended<br>31 December |               |
|---|--------------------------------------|---------------|---------------------------------------|---------------|
|   | 2014                                 | 2013          | 2014                                  | 2013          |
| <b>Unrestricted equity</b>                  |                                      |               |                                       |               |
| Beginning of period                         | (2 137)                              | (9 708)       | 214                                   | —             |
| Net results of operations                   | 2 643                                | 8 415         | ( 135)                                | 3 552         |
| Transfers from (to) other classes of equity | 273                                  | 764           | 700                                   | (4 081)       |
| Balance end of period                       | 779                                  | ( 529)        | 779                                   | ( 529)        |
| <b>Internally restricted equity</b>         |                                      |               |                                       |               |
| Beginning of period                         | 1 117                                | 1 130         | 1 117                                 | 1 171         |
| Net increase (decrease)                     | 3                                    | 3             | 3                                     | ( 38)         |
| Balance end of period                       | 1 120                                | 1 133         | 1 120                                 | 1 133         |
| <b>Net investments in capital assets</b>    |                                      |               |                                       |               |
| Beginning of period                         | 10 261                               | 9 859         | 10 688                                | 10 275        |
| Net (decrease) increase                     | ( 257)                               | 70            | ( 684)                                | ( 346)        |
| Balance end of period                       | 10 004                               | 9 929         | 10 004                                | 9 929         |
| <b>Reserved equity</b>                      |                                      |               |                                       |               |
| Beginning of period                         | 4 580                                | 6 008         | 4 580                                 | 706           |
| Net (decrease) increase                     | ( 19)                                | ( 837)        | ( 19)                                 | 4 465         |
| Balance end of period                       | 4 561                                | 5 171         | 4 561                                 | 5 171         |
| <b>Equity, end of period</b>                | <b>16 464</b>                        | <b>15 704</b> | <b>16 464</b>                         | <b>15 704</b> |

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

# Condensed Interim Statement of Cash Flows

(unaudited)

(in thousands of Canadian dollars)

|  | For the quarter ended<br>31 December |               | For the 9 months ended<br>31 December |               |
|--|--------------------------------------|---------------|---------------------------------------|---------------|
|  | 2014                                 | 2013          | 2014                                  | 2013          |
| <b>Operating activities</b>  |                                      |               |                                       |               |
| Net results of operations  | 2 643                                | 8 415         | ( 135)                                | 3 552         |
| Items not affecting cash   |                                      |               |                                       |               |
| Amortization and depreciation of property and equipment<br>and intangible assets | 439                                  | 697           | 1 293                                 | 1 539         |
| Amortization of bond premium   | —                                    | —             | —                                     | 96            |
| (Gain) loss on disposal of property and equipment                                | ( 8)                                 | 140           | ( 32)                                 | 140           |
| Employee benefits  | ( 16)                                | ( 57)         | ( 79)                                 | ( 68)         |
|  | 415                                  | 780           | 1 182                                 | 1 707         |
| Change in non-cash operating items   |                                      |               |                                       |               |
| Accounts receivable  | (2 066)                              | (2 703)       | (7 906)                               | (5 142)       |
| Prepaid expenses   | 60                                   | 299           | 155                                   | 922           |
| Accounts payable and accrued liabilities   | 216                                  | (4 499)       | (12 272)                              | (15 186)      |
| Deferred revenue   | (4 427)                              | 5 930         | 8 217                                 | 15 368        |
|  | (6 217)                              | ( 973)        | (11 806)                              | (4 038)       |
| <b>Cash flows (used in) from operating activities</b>                            | <b>(3 159)</b>                       | <b>8 222</b>  | <b>(10 759)</b>                       | <b>1 221</b>  |
| <b>Investing activities</b>  |                                      |               |                                       |               |
| Purchase of investments  | (15 893)                             | —             | (25 831)                              | (25 178)      |
| Maturity of investments  | 8 928                                | 10 468        | 16 425                                | 66 099        |
| Acquisition of property and equipment and intangible assets                      | ( 182)                               | ( 838)        | ( 609)                                | (1 264)       |
| Net proceeds (costs) of disposition of property and equipment                    | 8                                    | ( 70)         | 33                                    | ( 70)         |
| <b>Cash flows (used in) from investing activities</b>                            | <b>(7 139)</b>                       | <b>9 560</b>  | <b>(9 982)</b>                        | <b>39 587</b> |
| <b>(Decrease) increase in cash and cash equivalents</b>                          | <b>(10 298)</b>                      | <b>17 782</b> | <b>(20 741)</b>                       | <b>40 808</b> |
| <b>Cash and cash equivalents, beginning of period</b>                            | <b>32 921</b>                        | <b>23 607</b> | <b>43 364</b>                         | <b>581</b>    |
| <b>Cash and cash equivalents, end of period</b>                                  | <b>22 623</b>                        | <b>41 389</b> | <b>22 623</b>                         | <b>41 389</b> |
| Composition of cash and cash equivalents   |                                      |               |                                       |               |
| Cash   | 22 623                               | 41 389        | 22 623                                | 41 389        |
| Cash equivalent  | —                                    | —             | —                                     | —             |
|  | <b>22 623</b>                        | <b>41 389</b> | <b>22 623</b>                         | <b>41 389</b> |

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

# Notes to the Condensed Interim Financial Statements

(unaudited)

For the period ended 31 December 2014

(in thousands of Canadian dollars unless otherwise stated)

## 1. Corporate information

The International Development Research Centre (the Centre), a Canadian Crown corporation without share capital, was established in 1970 by the Parliament of Canada through the *International Development Research Centre Act*. The Centre is a registered charity and is exempt under section 149 of the *Income Tax Act* from the payment of income tax.

## 2. Authority and objective

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 objective 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.

## 3. Basis of preparation

The condensed interim financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand (\$000) except when otherwise indicated.

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

The condensed interim financial statements were prepared on the basis of historical cost unless otherwise indicated and do not include all the information and disclosures required for full annual financial statements. The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Centre's annual financial statements as at 31 March 2014. The present interim statements should be read in conjunction with the Centre's audited financial statements as at 31 March 2014.

The Centre's operations consist of building the capacity for self-reliance in research in the developing regions of the world. It receives most of its funding from the Parliament of Canada. Parliamentary revenue is recognized when it is received or receivable, whereas donor contributions are recognized when expended for their intended purpose. The Centre's operations are seasonal. Most of the development research programming expenses are driven by several different cycles (academic, climatic, and agricultural) and tend not to be evenly distributed during the year.

## 4. New and revised accounting standards

A number of new amendments and improvements were issued by the International Accounting Standards Board (IASB) effective for financial reporting periods commencing on or after 1 January 2014 and will therefore apply to the Centre's annual period that began on 1 April 2014. These amendments and improvements are not expected to have an impact on the Centre's financial statements.

## 5. Deferred revenue

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

|  | <b>31 December 2014</b> | <b>31 March 2014</b> |
|--|-------------------------|----------------------|
| Donor contribution funding for development research programs |                         |                      |
| Current  | 32 088                  | 24 645               |
| Non-current  | 2 161                   | 1 387                |
|  | <b>34 249</b>           | <b>26 032</b>        |

## 6. Donor contributions

Donor contribution funding for development research programs relates specifically to research projects conducted or managed by the Centre on behalf of other organizations. A breakdown of the revenue and expense recognition for donor contributions is provided below.

|  | For the quarter ended |               | For the 9 months ended |               |
|--|-----------------------|---------------|------------------------|---------------|
|  | 31 December           |               | 31 December            |               |
|  | 2014                  | 2013          | 2014                   | 2013          |
| Department for International Development (UK)        | 10 185                | 3 525         | 19 228                 | 7 474         |
| Department of Foreign Affairs, Trade and Development | 4 618                 | 5 824         | 13 367                 | 17 587        |
| The William and Flora Hewlett Foundation             | 5 263                 | 3 129         | 7 405                  | 7 452         |
| Norwegian Agency for Development Cooperation         | 2 465                 | —             | 2 751                  | —             |
| Bill & Melinda Gates Foundation                      | 680                   | 1 563         | 2 653                  | 4 010         |
| Other donor agencies                                 | 1 434                 | 530           | 1 805                  | 1 218         |
|  | <b>24 645</b>         | <b>14 571</b> | <b>47 209</b>          | <b>37 741</b> |

## 7. Parliamentary appropriation

The approved annual Parliamentary appropriation for the year ending 31 March 2015 is \$188.0 million (31 March 2014: \$226.2 million) of which \$51.4 million (31 March 2014: \$68.5 million) is available to drawdown. The frozen allotment for the year that will end 31 March 2015 is nil (31 March 2014: \$24.0 million).

|   | For the quarter ended |               | For the 9 months ended |                |
|---|-----------------------|---------------|------------------------|----------------|
|   | 31 December           |               | 31 December            |                |
|   | 2014                  | 2013          | 2014                   | 2013           |
| Appropriation received or receivable as of 31 December                          | 44 863                | 64 891        | 136 584                | 133 686        |
| Amortization of deferred Parliamentary appropriation – projects and programs    | —                     | 226           | —                      | 527            |
| Parliamentary appropriation recognized in the statement of comprehensive income | <b>44 863</b>         | <b>65 117</b> | <b>136 584</b>         | <b>134 213</b> |

## 8. Commitments

### a. Research project-related

The Centre is committed to making payments of up to \$330.2 million (31 March 2014: \$316.9 million) during the next five years, subject to funds being provided by Parliament or donors, and subject to compliance by recipients with the terms and conditions of grant agreements. Of this amount, \$195.6 million (31 March 2014: \$236.7 million) is expected to be funded from future Parliamentary appropriations and the balance of \$134.6 million (31 March 2014: \$80.2 million) from donor contribution agreements.

|  | 31 December 2014 | 31 March 2014  |
|--|------------------|----------------|
| Within one year                        | 150 791          | 133 640        |
| After one year, but not more than five | 179 388          | 183 279        |
| Total future payments                  | <b>330 179</b>   | <b>316 919</b> |

## b. Other

The Centre has entered into various agreements for leases of office premises and contractual obligations for goods and services in Canada and abroad. Agreements expire at different dates up to 2022. Future payments related to these commitments as at 31 December 2014 are as follows:

|  | <u>31 December 2014</u> | <u>31 March 2014</u> |
|--|-------------------------|----------------------|
| Within one year                        | 8 356                   | 8 702                |
| After one year, but not more than five | 31 766                  | 31 897               |
| More than five years                   | 22 501                  | 28 878               |
| Total future payments                  | <u><u>62 623</u></u>    | <u><u>69 477</u></u> |

## 9. Contingencies

Various claims have been asserted or instituted against the Centre. 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.

## 10. Schedule of expenses

|  | <u>For the quarter ended</u> |                             | <u>For the 9 months ended</u> |                              |
|--|------------------------------|-----------------------------|-------------------------------|------------------------------|
|  | <u>31 December</u>           |                             | <u>31 December</u>            |                              |
|  | <u>2014</u>                  | <u>2013</u>                 | <u>2014</u>                   | <u>2013</u>                  |
| <b>Development research programming</b>              |                              |                             |                               |                              |
| Contribution to research projects                    | 50 516                       | 54 007                      | 132 871                       | 117 563                      |
| Core salaries and benefits                           | 6 386                        | 6 451                       | 19 465                        | 19 945                       |
| Co-funded project salaries and benefits <sup>a</sup> | 1 304                        | 1 157                       | 4 044                         | 4 089                        |
| Professional services                                | 489                          | 1 122                       | 3 419                         | 2 565                        |
| Accommodations                                       | 1 017                        | 996                         | 3 059                         | 2 913                        |
| Travel   | 981                          | 1 061                       | 2 530                         | 2 968                        |
| Amortization and depreciation                        | 288                          | 428                         | 859                           | 954                          |
| Meetings and conferences                             | 125                          | 184                         | 541                           | 399                          |
| Co-funded project expenses <sup>a</sup>              | 762                          | 548                         | 1 830                         | 1 473                        |
| Other  | 314                          | 454                         | 1 057                         | 1 122                        |
|  | <u><b>62 182</b></u>         | <u><b>66 408</b></u>        | <u><b>169 675</b></u>         | <u><b>153 991</b></u>        |
| <b>Corporate and administrative services</b>         |                              |                             |                               |                              |
| Salaries and benefits                                | 3 397                        | 3 194                       | 10 098                        | 9 949                        |
| Accommodations                                       | 597                          | 539                         | 1 749                         | 1 755                        |
| Professional services                                | 241                          | 159                         | 760                           | 418                          |
| Office supplies and expenses                         | 214                          | 229                         | 703                           | 793                          |
| Amortization and depreciation                        | 151                          | 269                         | 434                           | 585                          |
| Furniture, equipment, and maintenance                | 91                           | 196                         | 321                           | 483                          |
| Travel   | 110                          | 200                         | 270                           | 303                          |
| Other  | 314                          | 264                         | 829                           | 738                          |
|  | <u><b>5 115</b></u>          | <u><b>5 050</b></u>         | <u><b>15 164</b></u>          | <u><b>15 024</b></u>         |
| <b>Total expenses</b>                                | <u><u><b>67 297</b></u></u>  | <u><u><b>71 458</b></u></u> | <u><u><b>184 839</b></u></u>  | <u><u><b>169 015</b></u></u> |

<sup>a</sup> Includes all costs related to the development of research capabilities in co-funded projects and programs. They represent total expenses for the quarter of \$2 066 (31 December 2013: \$1 705) and for the nine months \$5 874 (31 December 2013: \$5 562).

# How to reach us

## Contact information

### Head office

#### MAILING ADDRESS

PO Box 8500  
Ottawa, ON, Canada  
K1G 3H9

#### STREET ADDRESS

150 Kent Street  
Ottawa, ON, Canada  
K1P 0B2

Phone (+1) 613-236-6163

Fax: (+1) 613-238-7230

Email: [info@idrc.ca](mailto:info@idrc.ca)

To connect with IDRC's regional offices, or to view the staff directory, go to the [Contact Us](#) page on our website, [www.idrc.ca](http://www.idrc.ca)

This document is available online at [www.idrc.ca](http://www.idrc.ca)

idrc.ca