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# Financial statements of Islamic Relief - IR Canada

December 31, 2024

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## Independent Auditor's Report

To the Board of Directors of  
Islamic Relief - IR Canada

### Qualified Opinion

We have audited the financial statements of Islamic Relief - IR Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2024, and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to recorded donations revenue, excess (deficiency) of revenue over expenditures, and cash flows from operations for the years ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023, and the net assets as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 15, 2025

**Islamic Relief-IR Canada**  
**Statement of financial position**  
As at December 31, 2024

	Notes	2024 \$	2023 \$
<b>Assets</b>			
Current assets			
Cash		<b>22,305,307</b>	16,447,142
Prepaid expenses		<b>591,675</b>	340,008
Other receivables	5	<b>666,294</b>	1,041,932
Short-term investments	2	<b>—</b>	2,065,675
		<b>23,563,276</b>	19,894,757
Long-term investments	2 and 3	<b>4,915,446</b>	4,710,936
Capital assets	4	<b>3,139,456</b>	2,547,233
		<b>31,618,178</b>	27,152,926
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	5	<b>11,112,585</b>	4,594,045
<b>Net assets</b>			
Endowment fund		<b>946,263</b>	946,263
Net investment in capital assets		<b>3,139,456</b>	2,547,233
Unrestricted fund		<b>3,735,581</b>	5,952,602
Restricted fund		<b>12,684,293</b>	13,112,783
		<b>20,505,593</b>	22,558,881
		<b>31,618,178</b>	27,152,926

The accompanying notes are an integral part of the financial statements.

**Islamic Relief-IR Canada**  
**Statement of revenue and expenditures**  
Year ended December 31, 2024

	Notes	Endowment \$	Investment capital assets \$	Unrestricted \$	Restricted \$	2024 Total \$	2023 Total \$
<b>Revenue</b>							
Donations from the public		—	—	13,208,654	83,369,435	96,578,089	94,573,357
Donations from other registered charities		—	—	766,550	7,851,895	8,618,445	9,981,964
Gift in kind donations	1	—	—	273,907	18,086,162	18,360,069	1,304,470
Government grants		—	—	83,500	—	83,500	2,312,314
Other revenue	1	—	—	2,170,820	65,679	2,236,499	1,070,263
		—	—	16,503,431	109,373,171	125,876,602	109,242,368
<b>Expenditures</b>							
Charitable programs	1	—	164,793	14,662,921	95,305,437	110,133,151	87,582,490
Support	6						
Fundraising		—	—	2,355,229	10,617,235	12,972,464	11,752,285
Administration		—	595,371	2,850,111	1,378,793	4,824,275	3,324,226
Administrative expense allocation	6	—	—	(2,500,196)	2,500,196	—	—
		—	760,164	17,368,065	109,801,661	127,929,890	102,659,001
<b>Excess (deficiency) of revenue over expenditures</b>		—	(760,164)	(864,634)	(428,490)	(2,053,288)	6,583,367

The accompanying notes are an integral part of the financial statements.

**Islamic Relief-IR Canada****Statement of changes in net assets**

Year ended December 31, 2024

	<b>Endowment</b>	<b>Investment in</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>capital assets</b>	<b>\$</b>	<b>\$</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Net assets, beginning of year</b>	<b>946,263</b>	<b>2,547,233</b>	<b>5,952,602</b>	<b>13,112,783</b>	<b>22,558,881</b>	15,975,514
Excess (deficiency) of revenue over expenditures for the year	—	(760,164)	(864,634)	(428,490)	(2,053,288)	6,583,367
Amounts invested in capital assets	—	1,352,387	(1,352,387)	—	—	—
<b>Net assets, end of year</b>	<b>946,263</b>	<b>3,139,456</b>	<b>3,735,581</b>	<b>12,684,293</b>	<b>20,505,593</b>	22,558,881

The accompanying notes are an integral part of the financial statements.



**Islamic Relief-IR Canada**  
**Statement of cash flows**  
Year ended December 31, 2024

	<b>2024</b>	2023
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenditures	<b>(2,053,288)</b>	6,583,367
Adjustments to reconcile excess of revenue over expenditures to net cash provided by (used in) operating activities		
Amortization of capital assets	<b>760,164</b>	501,311
Contributed investments	<b>(498,466)</b>	(281,646)
Unrealized gain on investments	<b>(1,749,817)</b>	(447,082)
	<b>(3,541,407)</b>	6,355,950
Changes in non-cash working capital balances		
Prepaid expenses	<b>(251,667)</b>	(208,251)
Other receivables	<b>375,638</b>	(562,698)
Accounts payable and accrued liabilities	<b>6,518,540</b>	2,090,266
	<b>3,101,104</b>	7,675,267
<b>Investing activities</b>		
Purchase of capital assets	<b>(1,352,387)</b>	(669,091)
Proceeds from sale of investments	<b>9,109,448</b>	—
Purchase of investments	<b>(5,000,000)</b>	(3,338,852)
	<b>2,757,061</b>	(4,007,943)
Increase in cash during the year	<b>5,858,165</b>	3,667,324
Cash, beginning of year	<b>16,447,142</b>	12,779,818
<b>Cash, end of year</b>	<b>22,305,307</b>	16,447,142

The accompanying notes are an integral part of the financial statements.

## **1. Significant accounting policies**

### *Description and purpose of the organization*

Islamic Relief - IR Canada ("Islamic Relief Canada" or "IRC" or the "Organization") is a relief, development and advocacy organization dedicated to working with children, families and communities to overcome poverty and injustice.

Islamic Relief Canada is a charitable organization, inspired by Islamic values and motivated by compassion and empathy, that conducts programs to alleviate hunger, poverty, and suffering among people worldwide regardless of religion, race, gender, or ethnicity. IRC works independently and in partnership with Islamic Relief Worldwide ("IRW") and other local and international partners to fund ongoing programs for:

- Emergency relief, delivering food, medicine, and shelter to the victims of human made and natural disasters;
- Development in the areas of water and sanitation, income generation, nutrition and health, and fighting hunger, poverty, and disease;
- General funding for the needs of orphans and one-to-one orphan sponsorship;
- Feeding needy people and reducing poverty; and
- Enabling Muslim donors to make their obligatory and voluntary donations in accordance with their faith (such as Zakat, Qurbani, Zakat-ul-Fitr, Sadaqa, Aqiqah, Kaffara, Fidyah, etc.).

IRC was incorporated by Letters Patent in August 2005.

Islamic Relief Worldwide is an international affiliation with offices in more than 30 countries ("IRW entities"). IRW assists the Organization by facilitating the coordination, implementation and monitoring of certain overseas programs to ensure that goods and projects funded by Islamic Relief donors are used directly to benefit the people in need.

IRC is a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes under Registration Number 821-896-875-RR0001.

### *Basis of presentation*

The financial statements of Islamic Relief Canada have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the Chartered Professional Accountants (CPA) Canada Handbook – Accounting.

### *Revenue recognition*

The Organization follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue of the unrestricted fund when the contributions are received or become receivable, if collection of the amount to be received is reasonably assured. Externally restricted contributions are recognized as revenue of the respective restricted fund when the contributions are received or become receivable, if collection of the amount is reasonably assured. Contributions specified by donors to be maintained permanently are recognized as revenue of the endowment fund. Other revenue consists of income from the Organization's online shop as well as gains on investment earned by the Organization, and is recognized as earned or when the service has been provided.

Cash revenue received during the year was \$1,092,644 (\$1,319,755 in 2023), amounting to approximately 1% (1% in 2023) of overall revenue.

Gift in Kind donations ("GIK") are valued at their estimated fair value. The recognition of revenue is based on when the Organization takes possession or title of the GIK where the Organization was the original recipient of the GIK, or was involved in a partnership with an agency. GIK revenue during the year was \$18,360,069 (\$1,304,470 in 2023) and was comprised of program supplies and long-term investments.

## **1. Significant accounting policies (continued)**

### *Unrestricted fund*

The unrestricted fund consists of undesignated donations and fundraising revenue less expenses relating to operations. This fund primarily reflects the activities associated with the operations of the Organization's administrative activities.

### *Restricted fund*

The restricted fund accumulates contributions which must be used for the purpose specified by the donors. The restricted fund is segregated into programs as determined by the Organization's Board of Directors. Donations, fundraising and administrative expenses relating to specific programs are allocated as outlined in Note 6.

### *Endowment fund*

The endowment fund accumulates resources that are required to be maintained by the Organization on a permanent basis.

### *Volunteer services*

The efforts of volunteer workers are not reflected in the accompanying financial statements as no objective basis is available to reasonably estimate the fair value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

### *Capital assets*

Capital assets are carried at cost and are amortized over their estimated useful lives on a straight-line basis as follows:

Building and building improvements	15-25 years	Straight-line
Office furniture and equipment	3-5 years	Straight-line
Computer equipment	3 years	Straight-line
Computer software	3 years	Straight-line
Vehicle	3 years	Straight-line

### *Financial instruments*

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities and bonds are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

### *Financial instruments originating from a related party transaction*

Related party financial instruments are initially measured at cost. If the instrument includes repayment terms, the cost is determined based on the undiscounted cash flows (excluding interest and dividend payments), less any impairment. If the instrument does not have repayment terms, cost is based on the consideration received in the transaction. Subsequent measurement is consistent with the initial measurement basis, unless there is evidence of impairment or a modification of terms.

## 1. Significant accounting policies (continued)

### *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Estimates and assumptions are used when accounting for items such as prepaid expenses and other receivables, write-down of capital assets, determination of useful lives of capital assets, revenue recognition, allocation of restricted and unrestricted donations and other revenue, accrued liabilities and contingent liabilities.

### *Allocation of costs*

Certain employees perform a combination of programs, fundraising and administrative functions; as a result, salaries have been allocated based on functional activity. Other expenses have been allocated between the program and support expenditures benefited as applicable. Such allocations were reviewed, updated and applied on a prospective basis.

### *Translation of foreign currencies*

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at exchange rates prevailing at the year-end date. Non-monetary assets and liabilities are translated at the rate prevailing at the dates the assets were acquired or the liabilities incurred. Revenues and expenditures have been translated using exchange rates prevailing on the transaction date. Gains and losses arising from these translation policies have been included in the statement of revenue and expenditures.

### *International operations*

The Organization treats all funds remitted to IRW as charitable program expenditures once the contract is signed and the payment is made. Subsequent to receiving the final report, underspent programs are treated as an expense reduction, and recorded in other receivable. The amounts are either reimbursed to the Organization or applied to another program.

The Organization has agreements with IRW to implement programs as directed by IRC. During 2024, IRC executed several international charitable programs through IRW with a net value of \$73,003,808 (\$73,389,188 in 2023).

## 2. Investments at fair value

	<b>Fair value</b>	<b>2024</b>	<b>Fair value</b>	<b>2023</b>
	<b>\$</b>	<b>Cost</b>	<b>\$</b>	<b>Cost</b>
		<b>\$</b>		<b>\$</b>
Cash	<b>13,221</b>	<b>13,221</b>	205,886	205,886
Equities	<b>4,135,637</b>	<b>3,240,355</b>	2,578,718	2,237,771
Long term investments	<b>1,288</b>	<b>1,288</b>	—	—
Sukuks (bonds)	<b>—</b>	<b>—</b>	3,254,107	3,263,857
	<b>4,150,146</b>	<b>3,254,864</b>	6,038,711	5,707,514

### 3. Long-term investments at cost

Long-term investments recorded at cost include an investment in 7,253 (6,979 in 2023) shares of Ansar Co-operative Housing Corporation Ltd. at \$100 per share (\$100 per share in 2023), and an investment in 40,000 (40,000 in 2023) shares of Takaful Canada Inc. at \$1 per share (\$1 per share in 2023).

5,057 (5,057 in 2023) shares of Ansar Co-Operating Housing Corporation Ltd. and 40,000 (40,000 in 2023) shares of Takaful Canada Inc. represent donor-restricted endowments.

### 4. Capital assets

	Cost \$	Accumulated amortization \$	2024 Net book value \$	2023 Net book value \$
Building and building improvements	2,326,797	745,522	1,581,275	1,672,392
Office furniture and equipment	153,404	114,777	38,627	42,844
Computer equipment	530,953	348,920	182,033	83,977
Computer software	2,551,005	1,213,484	1,337,521	747,635
Vehicle	4,629	4,629	—	385
	<b>5,566,788</b>	<b>2,427,332</b>	<b>3,139,456</b>	<b>2,547,233</b>

### 5. Related party balances

Included in accounts payable and accrued liabilities is \$10,782,989 (\$3,674,927 in 2023) owing to IRW, an affiliated organization as described in Note 1. Additionally, included in accounts receivable is \$253,917 (nil in 2023) owing from IRW.

### 6. Support expense allocation

Administration and fundraising expenses are allocated between the unrestricted fund, the restricted fund and the endowment fund proportionately to the revenue received. Management believes this allocation best represents the economic reality of the related benefit received for each fund.

### 7. Commitments

As at December 31, 2024, the Organization has entered into contracts for future charitable programs. These amounts, which have not been reflected as liabilities, are expected to be granted and paid as follows:

	Unrestricted \$	Restricted \$	Total \$
2025	—	57,054,496	57,054,496
2026	—	13,353,205	13,353,205
2027	—	4,660,000	4,660,000
2028	—	578,600	578,600
2029	—	530,000	530,000
	—	<b>76,176,301</b>	<b>76,176,301</b>

## **8. Financial instruments**

In the normal course of operations, the Organization is exposed to financial risks that may potentially impact its operating results. The organization employs risk management strategies with a view to mitigating these risks on a cost-effective basis. The organization has not entered into any forward contracts or other hedging financial instruments as part of its risk management strategy. These risks have not changed from prior year other than as it relates to investments in Sukuks.

The Organization has exposure to the following risks associated with its financial instruments:

### *Currency risk*

The Organization is exposed to currency risk as the Organization has payments, receipts and investments which are transacted in U.S. Dollars, British Pounds, and Euros and therefore is exposed to exchange rate fluctuations. At December 31, 2024, cash of \$6,842,313 (\$505,323 in 2023) and investments of \$4,262,151 (\$4,196,443 in 2023) were held in U.S Dollars.

### *Market risk*

Market risk arises from the possibility that changes in market prices will affect the level of investments held by the Organization.

### *Credit risk*

Credit risk arises from the possibility of a borrower failing to repay a loan, resulting in financial loss for the Organization.