

WORLD ACCORD
INTERNATIONAL DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
MARCH 31, 2021

Approved on behalf of the board of directors:

Farrakh Ali-Khan



INDEPENDENT AUDITOR'S REPORT

To the Directors of World Accord - International Development Agency

Qualified Opinion

I have audited the financial statements of World Accord - International Development Agency, which comprise the statement of financial position as at March 31, 2021, and the statement of operations and changes in net assets, and the statement of cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of World Accord - International Development Agency as at March 31, 2021 and its results of operations, changes in net assets, and cash flows, for the year then ended, in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

Basis of Qualified Opinion

In common with many charitable organizations, World Accord - International Development Agency derives a portion of its revenues from the general public in the form of donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of revenues from these sources was limited to accounting for the amounts recorded in the records of World Accord - International Development Agency. Therefore, I was not able to determine whether any adjustments might be necessary to revenues, excess (deficit) of revenues over expenses, and cash flows for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1, 2020 and March 31, 2021 and 2020. My audit opinion on the financial statements for the year ended March 31, 2020 was also modified because of the possible effects of the same limitation in I conducted MY audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated 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

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards 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 Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

E.M. Simon CPA

June 5, 2021
Kitchener, ON

E.M. Simon CPA Professional Corporation

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario
1183 King Street East, suite #3, Kitchener, ON N2G 2N3
simon@simoncorp.ca Ph. (519) 744-1650 Fax (519) 576-0888

WORLD ACCORD

INTERNATIONAL DEVELOPMENT AGENCY

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

(with comparative figures as at March 31, 2020)

(the accompanying notes are an integral part of these financial statements)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT		
Cash	615,240	583,981
Investments - unrestricted (note 2)	98,772	61,929
Investments - Contingency Reserve (notes 1 and 2)	150,000	150,000
HST and travel advances recoverable	1,528	2,097
Prepaid project expenses - RENEW (note 1)	63,578	19,586
	<u>929,118</u>	<u>817,593</u>
PROPERTY AND EQUIPMENT		
Office furniture and equipment	4,146	8,544
Accumulated amortization	2,694	7,341
	<u>1,452</u>	<u>1,203</u>
	<u>\$930,570</u>	<u>\$818,796</u>
LIABILITIES		
Accounts payable and accrued liabilities	9,488	4,996
Deferred revenue (note 3)	266,685	295,775
	<u>276,173</u>	<u>300,771</u>
NET ASSETS		
Unrestricted:		
Net operating assets	502,945	366,822
Investment in property and equipment	1,452	1,203
Internally restricted:		
Contingency Reserve - (note 1)	150,000	150,000
	<u>654,397</u>	<u>518,025</u>
	<u>\$930,570</u>	<u>\$818,796</u>

WORLD ACCORD

INTERNATIONAL DEVELOPMENT AGENCY

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2021

(with comparative figures for the year ended March 31, 2020)

(the accompanying notes are an integral part of these financial statements)

	<u>2021</u>	<u>2020</u>
REVENUES		
Donations and fundraising - general and designated	535,345	595,156
Grants from charitable organizations	219,832	97,000
Government grants	141,973	95,551
Investment income and other income	13,729	2,708
	<hr/> 910,879	<hr/> 790,415
EXPENSES		
Administration (note 4)	79,296	75,220
Fundraising (note 4)	41,105	57,052
Amortization of property and equipment	469	1,533
	<hr/> 120,870	<hr/> 133,805
Administrative funding:		
Core funding	(38,870)	(20,238)
Canada Employment Wage Subsidy	(14,380)	0
Operating total	<hr/> 67,620	<hr/> 113,567
Programming		
Project costs	591,419	346,535
Project development (note 4)	90,350	96,346
Development education (note 4)	25,118	23,972
Programming total	<hr/> 706,887	<hr/> 466,853
Total expenses	<hr/> 774,507	<hr/> 580,420
EXCESS OF REVENUES OVER EXPENSES	136,372	209,995
NET ASSETS - Opening	518,025	308,030
NET ASSETS - Closing	<hr/> \$654,397	<hr/> \$518,025

WORLD ACCORD
INTERNATIONAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

(with comparative figures for the year ended March 31, 2020)

(the accompanying notes are an integral part of these financial statements)

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	136,372	209,995
Items not requiring or generating cash:		
Amortization of property and equipment	469	1,533
Investments purchased and investment income capitalized	(36,843)	(21,244)
Change in non-cash current assets and liabilities :		
HST and travel advances recoverable	569	701
Prepaid project expenses - RENEW (note 1)	(43,992)	(16,235)
Accounts payable and accrued liabilities	4,492	(1,839)
Deferred revenue (note 3)	(29,090)	39,204
	<u>31,977</u>	<u>212,115</u>
INVESTING ACTIVITIES		
Purchase of equipment	(718)	0
FINANCING ACTIVITIES	0	0
CASH FLOWS FOR THE YEAR	31,259	212,115
CASH - opening	583,981	371,866
CASH - closing	<u>\$615,240</u>	<u>583,981</u>

WORLD ACCORD
INTERNATIONAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

PURPOSE

World Accord's mission is to cultivate communities that thrive. World Accord is incorporated under the laws of Ontario without share capital and a charity registered under the Income Tax Act, and as such is exempt from income tax.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - These financial statements have been prepared using Canadian Accounting Standards for Not-for-profit Organizations.

Revenue recognition - The organization uses the deferral method of accounting for contributions. All contributions are only recognized when received or receivable provided collection is reasonably assured and amounts can be reasonably estimated. Restricted contributions are reflected as deferred income until the related expenses are incurred, whereupon they are reflected as revenue. Unrestricted contributions are recognized as revenue when received or receivable.

Project costs - Project costs are reflected as an expense when funds are disbursed to project partners, not when subsequently spent by partners on actual project costs, except when the funder, such as a government agency, requires deferral of expense recognition until documentation has been received from partners reflecting that the funds forwarded have been spent as required (as is the case with a project in Nepal known as RENEW). Management monitors subsequent expenditures by partners to ensure all funds forwarded are being spent as designated.

Property and equipment - Property and equipment are reflected at cost and amortized at 30% per annum using the declining balance method.

Contingency Reserve - Represents funds which have been set aside by the Board to accommodate unforeseen future financial obligations. Income from these investments is included in investment income and accumulated in unrestricted net assets, unless designated otherwise by the Board.

Financial instruments - A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument of another. The organization initially measures its financial assets and liabilities at fair value, except for non-arm's length transactions, if any. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments with quoted fair values in an active market, if any, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized on the statement of operations and changes in net assets. Any previously recognized impairment losses may be reversed and reflected income to the extent of improvement, provided they are no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. FINANCIAL ASSETS

	<u>Contingency</u>	<u>Unrestricted</u>	<u>2021</u>	<u>2020</u>
	<u>Reserve</u>			
Financial assets reflected at fair value:				
Assante Investments - CI Managed Mutual Funds	144,240	0	144,240	133,084
Financial assets reflected at amortized cost:				
CIBC Wood Gundy savings accounts	5,760	98,772	104,532	78,845
	150,000	98,772	248,772	211,929
Cash and accounts receivable (excluding HST recoverable)	0	615,240	615,240	584,296
	<u>\$150,000</u>	<u>\$714,012</u>	<u>\$864,012</u>	<u>\$796,225</u>

The organization has no equity instruments measured at cost less a reduction for impairment.

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NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

2. FINANCIAL ASSETS (continued)

As in the prior year, management believes the organization does face some market risk, in that fluctuations in investment markets can impact the value of investments held by the organization. As in the prior year, management believes the organization does not face any significant credit, currency, interest rate or liquidity risk with respect to any of its financial instruments.

3. DEFERRED REVENUES

As explained in the Accounting Policies note, the organization receives restricted contributions. As these contributions are designated by donors to be spent on specific programs, they are reflected as deferred revenue until such expenditures are incurred, where upon they are moved to the Statement of Operations and Change in Net Assets and reflected as Revenues.

	<u>2021</u>	<u>2020</u>
Opening balance	295,775	256,571
Restricted contributions received	601,199	409,777
Restricted contributions spent - Project and Administration	(630,289)	(370,573)
Closing balance	<u>\$266,685</u>	<u>\$295,775</u>

4. ALLOCATION OF EXPENSES TO STATEMENT OF OPERATIONS

Management allocates all expenses, other than direct payments to projects, to the Statement of Operations and Change in Net Assets based on their best estimates of time spent and expenses actually incurred by each function. The allocation of non-project expenses is as follows:

	<u>Administration</u>	<u>Fundraising</u>	<u>Project Development</u>	<u>Development Education</u>
Salaries and benefits	55,080	32,066	75,822	22,428
Occupancy	4,683	2,726	6,444	1,907
Office and administration	14,175	2,866	3,351	359
Advertising and promotion	747	2,841	0	0
Board expenses	2,335	0	0	0
Professional fees and consulting	2,276	606	1,432	424
Travel	0	0	3,301	0
	<u>\$79,296</u>	<u>\$41,105</u>	<u>\$90,350</u>	<u>\$25,118</u>

5. SUBSEQUENT EVENTS

During and subsequent to March 31, 2021, the world-wide COVID19 pandemic had a significant impact on world's economies. While management has taken the necessary steps to comply with Provincial and Federal regulations and recommendations since commencement of the pandemic, as of the date of issuance of these financial statements, it was impractical to quantify the impact the pandemic will have on World Accord's future operations.