

ADRA Canada
Financial Statements
For the Year Ended March 31, 2020



*Smith
Chappell
Marsh
Vilander LLP Chartered Accountants*

*H. Howard Smith, FCPA (Retired)
Richard A. Chappell, CPA, CA (Retired)
Deborah L. Marsh, CPA, CA
Vesa K. Vilander, CPA, CA*

INDEPENDENT AUDITOR'S REPORT

To the Directors of
ADRA Canada

Qualified Opinion

We have audited the financial statements of ADRA Canada (the Organization) which comprise the statement of financial position as at March 31, 2020 and March 31, 2019, and the statements of operations and changes in net assets and cash flows for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the effect 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 March 31, 2020 and March 31, 2019, and the results of its operations and 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 charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue 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 donations, excess (deficiency) of revenue over expenses, current assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 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 controls 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 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 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 generally accepted auditing standards, we exercise professional judgement 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Smith Chuggall Marsh Velante LLP

December 16, 2020
Oshawa, Ontario

Chartered Accountants,
Licensed Public Accountants


STATEMENT OF FINANCIAL POSITION

As at March 31

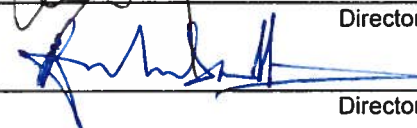
| | 2020 | 2019 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 6,434,093 | \$ 4,721,476 |
| Short-term investments [note 3] | 410,517 | 1,973,335 |
| Accounts receivable [note 4] | 1,031,126 | 168,692 |
| Prepaid program expenses | 608,825 | 1,760,256 |
| Prepaid expenses | 62,402 | 51,873 |
| Total current assets | 8,546,963 | 8,675,633 |
| Investments [note 3] | 879,075 | 978,414 |
| Capital assets, net [note 5] | 1,947,761 | 2,007,594 |
| | \$11,373,799 | \$11,661,641 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued liabilities [note 6] | \$ 566,705 | \$ 310,553 |
| Deferred income [note 7] | 3,931 | 113,945 |
| Deferred contributions [note 7] | 2,643,509 | 3,085,554 |
| Total liabilities | 3,214,145 | 3,510,053 |
| Contingencies [note 12] | | |
| Net assets | | |
| Unrestricted | 4,961,893 | 4,893,995 |
| Internally restricted | 1,250,000 | 1,250,000 |
| Invested in capital assets | 1,947,761 | 2,007,594 |
| Total net assets | 8,159,654 | 8,151,589 |
| | \$11,373,799 | \$11,661,641 |

See accompanying notes

On behalf of the Board of Directors



 Director



 Director

STATEMENT OF OPERATIONS

Year ended March 31

| | 2020 | 2019 |
|---|-------------------|---------------------|
| Unrestricted revenue | | |
| Private donations | \$ 2,246,512 | \$ 1,750,591 |
| Administrative funding | 1,418,363 | 1,625,625 |
| Investment income | 212,381 | 184,681 |
| Other income | 14,400 | 15,154 |
| Total unrestricted revenue | 3,891,657 | 3,576,051 |
| Restricted revenue used | | |
| Donations from other organizations | 3,615,613 | 4,092,569 |
| DFATD/GAC contributions <i>[note 2]</i> | 10,602,936 | 11,361,589 |
| Private donations | 1,656,092 | 1,607,030 |
| Total restricted revenue <i>[note 7]</i> | 15,874,642 | 17,061,188 |
| Total revenue | 19,766,299 | 20,637,239 |
| Program activities | | |
| Development program | | |
| DFATD/GAC - development projects | 5,759,773 | 8,224,106 |
| Development projects | 1,174,641 | 1,543,433 |
| Development program management | 1,411,168 | 1,620,995 |
| Development program monitoring and evaluation | 151,397 | 158,560 |
| Volunteer projects | 131,822 | 8,425 |
| Training and capacity building | 9 | 8,897 |
| Total development programs | 8,628,810 | 11,564,417 |
| Humanitarian and emergency assistance | | |
| Emergency management projects | 3,359,792 | 3,409,200 |
| DFATD/GAC - international humanitarian assistance | 5,441,888 | 4,017,297 |
| Emergency program management | 508,528 | 428,762 |
| Emergency program monitoring and evaluation | 105,788 | 100,162 |
| Total humanitarian and emergency assistance | 9,415,996 | 7,955,421 |
| Canadian programs | | |
| Canadian projects | 15,000 | 24,231 |
| Canadian program management | 172,574 | 183,207 |
| Canadian monitoring and evaluation | — | 3,129 |
| Canadian development education | 52,687 | 33,086 |
| Total program expenses | 240,261 | 243,653 |
| Support services | | |
| Management and administration | 756,114 | 671,318 |
| Public fundraising and donor relations | 717,041 | 643,393 |
| | 1,473,155 | 1,314,711 |
| Total program and support service expenses | 19,758,222 | 21,078,203 |
| Excess (deficiency) of revenue over expenses | \$ 8,077 | \$ (440,963) |

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Unrestricted net assets, beginning of year | \$ 4,893,995 | \$ 5,340,700 |
| Excess (deficiency) of revenue over expenses | (35,938) | (376,768) |
| Disposed capital assets | 115,181 | - |
| Capital assets acquired | (11,345) | (69,937) |
| Unrestricted net assets, end of year | 4,961,893 | 4,893,995 |
| Internally restricted net assets | 1,250,000 | 1,250,000 |
| Invested in capital assets, beginning of year | 2,007,594 | 2,001,853 |
| Excess (deficiency) of revenue over expenses | 44,003 | (64,196) |
| Disposed capital assets | (115,181) | - |
| Capital assets acquired | 11,345 | 69,937 |
| Invested in capital assets, end of year | 1,947,761 | 2,007,594 |
| Total net assets, end of year | \$ 8,159,654 | \$ 8,151,589 |

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Operating activities | | |
| Excess (deficiency) of revenue over expenses for the year | \$ 8,077 | \$ (440,963) |
| Add (deduct) items not involving cash: | | |
| Depreciation expense | 58,999 | 64,196 |
| Loss on disposal of capital asset | 12,179 | - |
| Decrease (increase) in accounts receivable | (862,434) | 620,267 |
| Decrease (increase) in prepaid program expenses | 1,151,431 | (509,156) |
| Decrease (increase) in prepaid expenses | (10,539) | (3,713) |
| Increase (decrease) in accounts payable and accrued liabilities | 256,152 | (30,117) |
| Increase (decrease) in deferred income | (110,014) | 78,314 |
| Increase (decrease) in deferred contributions | (442,045) | 623,579 |
| Gain (loss) on maturity of investments | 233,736 | (45,518) |
| Cash provided by (used in) operating activities | 295,542 | 356,889 |
| Investing activities | | |
| Proceeds from maturity of investments | 2,785,562 | 1,052,802 |
| Purchase of investments | (1,357,142) | (1,206,535) |
| Purchase of capital assets | (11,345) | (69,937) |
| Cash provided by (used in) investing activities | 1,417,075 | (223,670) |
| Net increase (decrease) in cash during the year | 1,712,617 | 133,219 |
| Cash, beginning of year | 4,721,476 | 4,588,257 |
| Cash, end of year | \$ 6,434,093 | \$ 4,721,476 |

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

1. PURPOSE OF THE ORGANIZATION

ADRA Canada is an independent humanitarian agency working around the globe and within Canada to help people overcome poverty, disease, and illiteracy, as well as the suffering that results from crisis situations and natural disasters. With the specific purpose of relief and development, ADRA Canada extends emergency aid and promotes self-reliance around the world and within Canada. ADRA Canada was established in 1985 and is incorporated without share capital under Part II of the Canada Corporations Act. ADRA Canada continued under the Canada Not-for-Profit Corporations Act (CNCA) in 2013. ADRA Canada is a registered charity which is exempt from income taxes under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of ADRA Canada. The significant policies have been described below to enhance the usefulness of the financial statements to the reader. The financial statements of ADRA Canada have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations Part III of the CPA Canada Standards and Guidance Collection adopted by the Seventh-day Adventist denomination.

Revenue recognition

ADRA Canada follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes interest income, dividend income, and realized and unrealized investment gains and losses. Investment income is recognized as revenue when earned.

Government of Canada and other contributions

ADRA Canada enters into contracts with the Government of Canada, namely, the Department of Foreign Affairs, Trade and Development Canada/Global Affairs Canada (DFATD/GAC), and other donors for the funding of projects in various countries. These funds are to be kept in a separate interest-bearing bank account. When expenses are incurred, revenue is recorded in the statement of operations. Any indirect cost recovery, management fee or procurement fee that is applicable to ADRA Canada is recorded as revenue in the statement of operations in accordance with the terms of the individual contracts.

Contributions received in excess of donors' share of funds expended in the current year for project activities represent unspent externally restricted contributions for expenditures in future years, and are shown on the statement of financial position as deferred contributions. Funds advanced to fund projects but not yet spent are shown on the statement of financial position as prepaid program expenses.

Investments

Investments are initially recorded at their acquisition cost, including related transaction costs, on the date of trade. Investments in publicly-traded securities, debt instruments, and mutual funds are subsequently adjusted to fair value at year-end, and the corresponding unrealized gain or loss is reflected in the statement of operations.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost when purchased or at fair market value at date of gift. Capital assets that cost less than \$1,000 are not capitalized, but are charged to expense. Depreciation is provided annually on a straight-line basis at rates calculated to write-off the assets over their estimated lives as follows. The building has a residual value of \$400,000.

| | |
|-------------------------|---------------|
| Computer equipment | 3 to 6 years |
| Furniture and equipment | 5 to 15 years |
| Building | 50 years |

Contributed services

Volunteers contribute a significant number of hours each year to assist ADRA Canada in fundraising campaigns and implementing programs provided by ADRA Canada. Because of the difficulty of measurement, contributed services are not reflected in the financial statements.

Employee future benefits

Defined contribution plan accounting is applied to a multi-employer, defined benefit, final average earnings non-contributory pension plan. Accordingly, contributions are expensed as due.

Financial instruments

Financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. As at March 31, 2020, the fair market value of these financial instruments approximated their carrying value. ADRA Canada is subject to credit risk with respect to its accounts receivable and interest rate. Cash has a concentration risk due to the amounts exceeding the maximum covered by the Canadian Deposit Insurance Corporation.

ADRA Canada is subject to the following significant risks arising from financial instruments with respect to its investments:

- ADRA Canada operates internationally, giving rise to significant exposure to market risks from changes in foreign exchange rates.
- ADRA Canada held financial instruments in foreign currencies. Financial instruments included assets in U.S. dollars of \$1,206,204 [2019 - \$675,843].

Foreign currency translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the statement of financial position. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the date of the transaction.

Revenues and expenses denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect on the date of the transactions. Any foreign exchange gain or loss is included in the determination of excess (deficiency) of revenue over expenses for the year.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and assumptions

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures made to the financial statements and accompanying notes. These estimates and assumptions are based on management's historic experiences, best knowledge of current events, and conditions and activities that may be undertaken in the future. Actual results could differ from those estimates.

3. INVESTMENTS

| | 2020 | 2019 |
|----------------------------|-------------------|--------------------|
| Publicly traded securities | \$ 347,491 | \$ 1,907,155 |
| Fixed income | 879,075 | 978,414 |
| Mutual funds | 63,026 | 66,180 |
| | <u>1,289,592</u> | <u>2,951,749</u> |
| Less short-term portion | <u>(410,517)</u> | <u>(1,973,335)</u> |
| | <u>\$ 879,075</u> | <u>\$ 978,414</u> |

Fixed income bonds have varying maturity dates from 1 to 28 years and bear interest between 1.9% and 5.85%.

4. ACCOUNTS RECEIVABLE

| | 2020 | 2019 |
|-----------------------------|---------------------|-------------------|
| DFATD/GAC | \$ 854,245 | \$ 36,328 |
| Children Believe | 44,643 | 34,316 |
| Accrued interest | 12,309 | 14,847 |
| Government sales tax rebate | 36,198 | 145 |
| Other | 83,732 | 83,057 |
| | <u>\$ 1,031,126</u> | <u>\$ 168,692</u> |

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

5. CAPITAL ASSETS

| | 2020 | | Net book value | 2019 Net book value |
|-------------------------|---------------------|-----------------------------|----------------------|------------------------------|
| | Cost | Accumulated amortization | | |
| Land | \$ 488,161 | \$ - | \$ 488,161 | \$ 474,520 |
| Land Improvement | 15,386 | 2,511 | 12,875 | 29,027 |
| Building | 1,459,222 | 122,291 | 1,336,932 | 1,362,464 |
| Furniture and equipment | 193,668 | 116,763 | 76,905 | 95,583 |
| Computer equipment | 112,023 | 79,134 | 32,889 | 46,000 |
| | \$ 2,268,460 | \$ 320,699 | \$ 1,947,761 | \$ 2,007,594 |

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2020 | 2019 |
|------------------|-------------------|-------------------|
| Trade payables | \$ 404,565 | \$ 202,277 |
| Accrued vacation | 78,789 | 67,692 |
| Wages payable | 83,351 | 40,584 |
| | \$ 566,705 | \$ 310,553 |

7. DEFERRED CONTRIBUTIONS

| | Deferred balance 2019 | Total received | Total expended | Transfers | Deferred balance 2020 |
|----------------------------|-----------------------------|----------------------|------------------------|-------------------|-----------------------------|
| Private donations | \$ 1,369,861 | \$ 1,183,960 | \$ (1,529,370) | \$ 302,983 | \$ 1,327,434 |
| Partner contributions | 613,770 | 4,495,445 | (3,615,613) | (328,811) | 1,164,791 |
| Volunteer programs | 15,547 | 111,196 | (126,723) | - | 20 |
| Annuitant contributions | 5,000 | - | - | - | 5,000 |
| DFATD/GAC program advances | 1,081,376 | 9,531,970 | (10,602,936) | 135,853 | 146,263 |
| | \$ 3,085,554 | \$ 15,322,571 | \$ (15,874,642) | \$ 110,025 | \$ 2,643,509 |

Deferred Income:

| | | | | | |
|---------------------------------|------------|------------|----------------|------|----------|
| DFATD/GAC administrative income | \$ 113,945 | \$ 892,397 | \$ (1,002,411) | \$ - | \$ 3,931 |
|---------------------------------|------------|------------|----------------|------|----------|

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

8. DEPARTMENT OF FOREIGN AFFAIRS, TRADE AND DEVELOPMENT CANADA/GLOBAL AFFAIRS CANADA (DFATD/GAC) CONTRACTS

Restoring, Empowering, and Protecting Livelihood (REAP) post Typhoon Haiyan consortium contract

DFATD/GAC approved the grant for the REAP project in the Philippines. This consortium project includes ADRA Canada (lead), ADRA Philippines (implementing), World Renew Canada (co-donor), and World Renew Philippines (implementing). This agreement runs from August 24, 2015 through March 31, 2019.

| | | |
|---------------------------------------|-------------|---------------------|
| DFATD/GAC's commitment | | \$ 4,215,986 |
| ADRA Canada's commitment | | 869,358 |
| World Renew's commitment | | 596,434 |
| Total value of contracts | | 5,681,778 |
| Total expense for 2015/16 | (556,883) | |
| Total expense for 2016/17 | (1,642,401) | |
| Total expense for 2017/18 | (1,875,102) | |
| Total expense for 2018/19 | (1,480,953) | |
| Total expense for 2019/20 [see below] | (383,058) | (5,938,397) |
| Balance to be expensed | | \$ (256,619) |

The following is a summary of the expenditures for the REAP project in the Philippines:

| | REAP Project GAC | REAP Project ADRA | REAP Project World Renew | Total expenditure |
|---------------------------|------------------------|-------------------------|--------------------------------|----------------------|
| Programs | \$ 165,555 | \$ 41,546 | \$ 4,321 | \$ 211,422 |
| Salaries and benefits | 63,495 | 65,225 | 15,253 | 143,973 |
| Overhead | 18,683 | - | - | 18,683 |
| Monitoring and evaluation | 4,916 | 1,229 | - | 6,145 |
| Consultants | 2,268 | 567 | - | 2,835 |
| | \$ 254,917 | \$ 108,567 | \$ 19,574 | \$ 383,058 |

Enhance Mother/newborn/child Health in Remote Areas through Health Care and Community Engagement (EMBRACE)

DFATD/GAC approved the grant for the EMBRACE project to be implemented in Cambodia, Myanmar, the Philippines and Rwanda. The consortium project includes ADRA Canada, implementing partners namely ADRA Cambodia, ADRA Myanmar, ADRA Philippines, and ADRA Rwanda as well as Canadian based consortium partners - Hincks Dellcrest Institute and Youth Challenge International. This agreement runs from February 8, 2016 to September 30, 2020. Project activities will terminate on March 31, 2020.

| | | |
|---------------------------------------|-------------|-------------------|
| DFATD/GAC's commitment | | \$ 20,805,689 |
| ADRA Canada's commitment | | 5,202,523 |
| Total value of contracts | | 26,008,212 |
| Total expense for 2015/16 | (282,059) | |
| Total expense for 2016/17 | (5,005,014) | |
| Total expense for 2017/18 | (5,851,825) | |
| Total expense for 2018/19 | (8,117,761) | |
| Total expense for 2019/20 [see below] | (6,487,483) | (25,744,142) |
| Balance to be expensed | | \$ 264,070 |

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

8. DFATD/GAC CONTRACTS (continued)

The following is a summary of the expenditures for the EMBRACE project:

| | EMBRACE Project GAC | EMBRACE Project ADRA | Total expenditure |
|---------------------------|---------------------------|----------------------------|----------------------|
| Programs | \$ 4,177,347 | \$ 1,036,080 | \$ 5,213,427 |
| Salaries and benefits | 417,850 | 119,843 | 537,694 |
| Consultants | 88,280 | 15,425 | 103,705 |
| Monitoring and evaluation | 60,818 | 15,001 | 75,819 |
| Overhead | 556,839 | - | 556,839 |
| | \$ 5,301,134 | \$ 1,186,349 | \$ 6,487,483 |

Promoting Maternal, Newborn, Infant and Child Sustainable Health Efforts (PROMISE) consortium project

DFATD/GAC approved the grant for the PROMISE project in Ghana, Rwanda and Malawi. This consortium project includes Children Believe (lead), ADRA Canada (implementing), and Emmanuel International Canada (implementing). This agreement runs from April 1, 2016 - September 30, 2020. GAC's commitment is 85% of the \$2,571,096 while ADRA Canada is responsible for 15%.

| | | |
|---------------------------------------|--|------------------|
| DFATD/GAC's commitment | | \$ 2,380,973 |
| ADRA Canada's commitment | | 386,716 |
| Total value of contracts | | 2,767,689 |
| Total expense for 2016/17 | | (604,558) |
| Total expense for 2017/18 | | (993,840) |
| Total expense for 2018/19 | | (662,343) |
| Total expense for 2019/20 [see below] | | (423,229) |
| Balance to be expensed | | \$ 83,719 |

The following is a summary of the expenditures for the PROMISE project:

| | PROMISE Project GAC | PROMISE Project ADRA | Total expenditure |
|---------------------------|---------------------------|----------------------------|----------------------|
| Programs | \$ 1,514,949 | \$ 267,344 | \$ 1,782,293 |
| Salaries and benefits | 405,906 | 71,630 | 477,536 |
| Consultants | 128,208 | 22,625 | 150,834 |
| Monitoring and evaluation | 69,920 | 12,339 | 82,259 |
| Overhead | 191,049 | - | 191,049 |
| | \$ 2,310,032 | \$ 373,938 | \$ 2,683,970 |

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

8. DFATD/GAC CONTRACTS (continued)**Critical Emergency Assistance for Rohingya Refugees Phase II (CEARR II), Bangladesh**

DFATD/GAC approved the grant for assistance to support the refugee influx in Bangladesh. This agreement runs from April 1, 2019 to March 31, 2020

| | | |
|--------------------------|----|-----------|
| ADRA Canada's commitment | \$ | 6,885 |
| Interest earned | \$ | 9,854 |
| DFATD/GAC's commitment | \$ | 1,100,000 |

Support for Conflict Affected IDPs in Kachin & Northern Shan States V (SCAIDP V), Myanmar

DFATD/GAC approved the grant for assistance to support the conflict affected population in Myanmar. This agreement runs from April 1, 2019 through February 28, 2020.

| | | |
|------------------------------------|----|-----------|
| ADRA Canada and others' commitment | \$ | 23,561 |
| Interest earned | \$ | 5,417 |
| DFATD/GAC's commitment | \$ | 1,000,000 |

Marib Health and Nutrition Integrated Response Project (MHNIR), Yemen

DFATD/GAC approved the grant to provide emergency health and nutrition support to conflict affected people in the Marib Governorate in Yemen. This agreement runs from May 23, 2018 through March 31, 2020.

| | | |
|-----------------------------------|----|-----------|
| ADRA Canada's & others commitment | \$ | 45,503 |
| Interest earned | \$ | 8,002 |
| DFATD/GAC's commitment | \$ | 1,500,000 |

Essential Water and Sanitation and Protection in Blue Nile (EWASAP), Sudan

DFATD/GAC approved the grant for assistance to support the conflict affected population in Sudan. This agreement runs from May 29, 2019 through March 31, 2021.

| | | |
|--------------------------|----|-----------|
| ADRA Canada's commitment | \$ | 15,883 |
| Interest earned | \$ | 14,117 |
| DFATD/GAC's commitment | \$ | 1,500,000 |

Sembrando Esperanza Para (SEP), Venezuela

DFATD/GAC approved the grant for assistance to support the conflict affected population in Venezuela. This agreement runs from April 1, 2019 through March 31, 2020.

| | | |
|--------------------------|----|---------|
| ADRA Canada's commitment | \$ | 106,563 |
| Interest earned | \$ | 5,534 |
| DFATD/GAC's commitment | \$ | 800,000 |

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

9. CANADIAN FOODGRAINS BANK (CFGB) CONTRACTS

ADRA Canada has entered into agreements with Canadian Foodgrains Bank (CFGB) covering periods from 6 months to 6 years, to administer and manage projects in various parts of the world. The agreements require variable contribution on a case by case basis.

Mongolia: (SAFER)

The contract runs from June 30, 2019 to March 31, 2020.

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|------------------------|--------------------------|--------------------------------|
| Food security for 2019 | \$ 100,933 | \$ 50,467 |

Sudan: Algzaa L'Latfal (All) Project

The contract runs from December 1, 2018 to November 30, 2019.

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|--------------------------|--------------------------|--------------------------------|
| Food Assistance for 2018 | \$ 500,000 | \$ 100,000 |

Cambodia: Baray-Santunk Nutrition for Under- 2's & Mothers (BSNUM) Project

The contract runs from March 1, 2015 to April 30, 2019

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|--------------------|--------------------------|--------------------------------|
| Nutrition for 2018 | \$ 317,039 | \$ 3,893 |
| Nutrition for 2017 | \$ 373,730 | \$ 74,746 |
| Nutrition for 2016 | \$ 349,790 | \$ 19,958 |

Cambodia: Baray-Santunk Nutrition for Under- 2's & Mothers (BSNUM II) Project

The contract runs from February 1, 2020 to January 31, 2023

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|--------------------|--------------------------|--------------------------------|
| Nutrition for 2019 | \$ 175,000 | \$ 35,000 |
| Nutrition for 2019 | \$ 125,000 | \$ 62,500 |

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

9. CANADIAN FOODGRAINS BANK (CFGB) CONTRACTS (continued)

Laos: Enhanced Nutrition & Health for Upland Phoukoud (ENHUP) Project

The contract runs from November 1, 2016 to January 31, 2020.

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|--------------------|--------------------------|--------------------------------|
| Nutrition for 2019 | \$ 250,509 | \$ 125,255 |
| Nutrition for 2018 | \$ 246,715 | \$ 123,358 |
| Nutrition for 2017 | \$ 299,957 | \$ 149,979 |

Laos: Enhanced Nutrition & Health for Upland Phoukoud (ENHUP II) Project 2

The contract runs from December 1, 2019 to March 31, 2023

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|------------------------------------|--------------------------|--------------------------------|
| Nutrition for 2019 | \$ 9,867 | \$ 9,867 |
| Nutrition for 2019 | \$ 233,080 | \$ 46,616 |
| Agriculture & Livelihoods for 2019 | \$ 116,920 | \$ 29,230 |

Kenya: Rehabilitating Agriculture & Rangeland Ecosystems (RARE) Project

The contract runs from December 1, 2017 to November 30, 2020.

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|------------------------------------|--------------------------|--------------------------------|
| Agriculture & Livelihoods for 2020 | \$ 273,960 | \$ 68,490 |
| Agriculture & Livelihoods for 2019 | \$ 12,304 | \$ 6,152 |
| Agriculture & Livelihoods for 2019 | \$ 408,981 | \$ 102,245 |
| Agriculture & Livelihoods for 2018 | \$ 16,337 | \$ 8,169 |
| Agriculture & Livelihoods for 2018 | \$ 400,000 | \$ 100,000 |

Nepal: Food Security Enhancement & Agricultural Resilience of the Earthquake- Affected Rural Nepalese Farmers (FOSTER) Project

The contract runs from April 1, 2017 to March 31, 2020.

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|------------------------------------|--------------------------|--------------------------------|
| Agriculture & Livelihoods for 2019 | \$ 273,500 | \$ 136,750 |
| Agriculture & Livelihoods for 2018 | \$ 296,471 | \$ 148,236 |
| Agriculture & Livelihoods for 2017 | \$ 200,518 | \$ 100,259 |

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

9. CANADIAN FOODGRAINS BANK (CFGB) CONTRACTS (continued)

Yemen: Emergency Food Assistance (EFA) Project

The contract runs from December 2018 to June 2019

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|----------------------|--------------------------|--------------------------------|
| Food Assistance 2018 | \$ 1,149,353 | \$ - |

Yemen: Emergency Food Assistance (EFA2) Project 2

The contract runs from September 2019 to March 31, 2020

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|----------------------|--------------------------|--------------------------------|
| Food Assistance 2019 | \$ 1,137,500 | \$ - |
| Food Assistance 2019 | \$ 355,030 | \$ 63,909 |

DR Congo: Kasai Emergency Nutrition and Food Assistance (KENFA) Project

The contract runs from January 2019 to April 2019 food assistance

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|----------------------|--------------------------|--------------------------------|
| Food Assistance 2019 | \$ 1,020,000 | \$ 203,900 |

DR Congo: Kasai Emergency Nutrition and Food Assistance (KENFA 2) Project

The contract runs from June 15, 2020 to October 15, 2020

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|----------------|--------------------------|--------------------------------|
| Nutrition 2019 | \$ 500,000 | \$ 100,000 |
| Nutrition 2019 | \$ 168,018 | \$ 42,005 |

Indonesia: (REAF)

The contract runs from September 1, 2019 to August 31, 2021

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|------------------------------------|--------------------------|--------------------------------|
| Agriculture & Livelihoods for 2019 | \$ 8,916 | \$ 8,916 |
| Agriculture & Livelihoods for 2019 | \$ 180,998 | \$ 63,874 |
| Food Assistance for 2019 | \$ 127,619 | \$ 63,810 |

Venezuela: (CEV) Project

The contract runs from February 1, 2019 to July 15, 2020

The following is a summary of the program:

| | Total project cost | ADRA Canada's commitment |
|----------------------|--------------------------|--------------------------------|
| Food Assistance 2019 | \$ 400,000 | \$ 80,000 |
| Food Assistance 2019 | \$ 100,000 | \$ 50,000 |

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

10. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

ADRA Canada is a participating employer in the following non-contributory, defined benefit pension plans:

1) Seventh-day Adventist Church Retirement Plan for Canadian Employees (Registered Plan) is registered with the Financial Services Regulatory Authority of Ontario and with the Canada Revenue Agency. The Registered Plan covers substantially all employees who have completed two years of service and provides a defined benefit pension based on a benefit rate factor, pension factor, and credited service. Under the terms of the Registered Plan, each participating employer's required contribution consists of two parts; a pro-rated "amortization" portion of the unfunded past service cost and a "normal cost" amount for current service cost of active employees.

2) The Supplemental Plan of the Seventh-day Adventist Church Retirement Plan for Canadian Employees (Supplemental Plan) provides benefits for healthcare, pension, retirement allowance and funeral allowance for all employees who meet the specified requirements. The Supplemental Plan is not a registered plan. The Supplemental Plan is unfunded; it receives contributions from participating employers in amounts sufficient only to cover the benefits actually paid each year.

The Registered Plan is considered a multi-employer plan for accounting purposes only. It is not reasonably possible to determine the funded position by each participating employer since plan assets are held in aggregate only. As a result, ADRA Canada is required to account for its participation as if the plans were defined contribution plans.

However, based on the latest actuarial information of the Registered Plan as a whole, as at December 31, 2019, the actuarially computed value of accumulated benefits was estimated to be \$202,141,000, and the market value of net assets was estimated to be \$162,537,000 for the Registered Plan as a whole, resulting in a funding deficit of \$39,604,000. As a participating employer, ADRA Canada is required to make contributions to the Plan in amounts which are subject to change as determined by the Plan's governing board.

The required contributions and expense recorded by ADRA Canada are as follows:

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Registered plan - amortization payment | \$ 10,212 | \$ 24,499 |
| Registered plan - normal cost | 55,697 | 45,542 |
| Supplemental plan - pension benefits | 19,942 | 19,101 |
| Supplemental plan - other post-retirement benefits | 28,539 | 26,539 |
| | \$ 114,390 | \$ 115,680 |

11. RELATED PARTY TRANSACTIONS

ADRA Canada is affiliated with the Seventh-day Adventist Church in Canada by reason of shared board membership.

During the year, ADRA Canada received **\$1,407,737** in donations [2019 - \$1,127,876] from the Seventh-day Adventist Church in Canada and various Conferences across Canada.

An amount receivable of **\$0** [2019 - \$0] from the Seventh-day Adventist Church in Canada is included in accounts receivable at year-end.

An amount payable of **\$0** [2019 - \$0] to the Seventh-day Adventist Church in Canada is included in accounts payable and accrued liabilities at year-end.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

12. CONTINGENCIES

As stated in Note 2, GAC and other donor contributions are subject to conditions regarding the expenditure of the funds. ADRA Canada's accounting records, as well as those of the institutions subcontracted to execute the projects, are subject to audit by GAC and other funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the terms and conditions, and which, therefore, would be refundable to the funding agency. Should any amounts become repayable as a result of these audits, such amount, if any, would be recorded in the period in which the liability becomes known. ADRA Canada is not aware of any non-compliance with the terms of donations received from GAC or other donors.

13. Novel coronavirus (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the organization and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.