

Financial Statements

**ISLAMIC RELIEF – IR CANADA**

Years ended December 31, 2012 and 2011

[and Independent Auditors' Report to the Directors]

Charity Registration Number –**821 896 875 RR0001**

**ISLAMIC RELIEF – IR CANADA**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

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# CHARTERED ACCOUNTANTS

**DURWARD JONES BARKWELL  
& COMPANY LLP**

6100 Thorold Stone Rd, Unit 1, P.O. Box 873  
Niagara Falls, Ontario L2E 6V6

**905.357.5711 866.223.8459 Fax 905.357.7932**  
**nfalls@djb.com www.djb.com**

## INDEPENDENT AUDITORS' REPORT

**To the Directors of  
Islamic Relief – IR Canada:**

We have audited the financial statements of Islamic Relief - IR Canada, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of revenue and expenditures, changes in net assets and of cash flows for the years ended December 31, 2012 and December 31, 2011 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

### 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. We were unable to obtain sufficient appropriate audit evidence about these revenues. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

*Durward Jones Barkwell & Company LLP*

**Durward Jones Barkwell & Company LLP**  
**Licensed Public Accountants**

**October 24, 2013**

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# Islamic Relief - IR Canada

## Statements of Financial Position

[audited]  
[see Basis of Presentation - note 2]

As at December 31, 2012 and 2011

	2012	2011
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash [note 4]	3,542,271	2,418,163
Accounts receivable	5,511	2,237
Prepaid expenses and other receivables [note 5]	47,638	55,014
<b>Total current assets</b>	<b>3,595,420</b>	<b>2,475,414</b>
Capital assets [note 6]	171,002	5,584
<b>TOTAL ASSETS</b>	<b>3,766,422</b>	<b>2,480,998</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities [note 7]	229,827	123,378
Due to related party [note 8]	52,854	52,854
<b>Total liabilities</b>	<b>282,681</b>	<b>176,232</b>
<b>Net assets</b>		
Net investment in capital assets	171,002	5,584
Unrestricted fund [note 9]	329,589	157,555
Restricted fund [note 9]	2,983,150	2,141,627
<b>Total net assets</b>	<b>3,483,741</b>	<b>2,304,766</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,766,422</b>	<b>2,480,998</b>

See accompanying notes

On behalf of the Board:

— *El-Tantawy Attia*     \_ Director     \_ *Shaila Kibria*     \_\_\_ Director

Islamic Relief - IR Canada

**STATEMENTS OF REVENUE AND EXPENDITURES**

[audited]

Year ended December 31, 2012 and 2011

	2012				2011			
	Investment in Capital Assets \$	Unrestricted \$	Restricted \$	Total \$	Investment in Capital Assets \$	Unrestricted \$	Restricted \$	Total \$
<b>REVENUE</b>								
Donations from the public	-	660,703	4,428,888	5,089,591	-	412,553	5,201,095	5,613,648
Donations from Canadian registered charities	-	200,850	815,963	1,016,813	-	9,885	1,304,768	1,314,653
Donations from Government and other grants	-	-	1,500,000	1,500,000	-	-	-	-
Other revenue	-	1,346	7,051	8,397	-	1,389	5,256	6,645
<b>Total revenue</b> <i>[note 9]</i>	-	862,899	6,751,902	7,614,801	-	423,827	6,511,119	6,934,946
<b>EXPENDITURES</b>								
Charitable programs <i>[notes 10 and 13]</i>	-	117,491	5,679,371	5,796,862	-	92,378	4,378,625	4,471,003
Support								
Fundraising	-	204,506	232,617	437,123	-	116,290	296,299	412,589
Administration	12,267	188,718	856	201,841	7,738	134,226	-	141,964
Inter-fund expense allocation <i>[note 12]</i>	-	(102,860)	102,860	-	-	(84,197)	84,197	-
<b>Total expenditures</b>	12,267	407,855	6,015,704	6,435,826	7,738	258,697	4,759,121	5,025,556
<b>Excess (deficiency) of revenue over expenditures</b>	(12,267)	455,044	736,198	1,178,975	(7,738)	165,130	1,751,998	1,909,390

See accompanying notes

## STATEMENTS OF CHANGES IN NET ASSETS

[audited]

Year ended December 31, 2012 and 2011

	2012				2011			
	Investment in capital assets \$	Unrestricted \$	Restricted \$	Total \$	Investment in capital assets \$	Unrestricted \$	Restricted \$	Total \$
Net assets, beginning of year	5,584	157,555	2,141,627	2,304,766	12,930	(7,183)	389,629	395,376
Excess (deficiency) of revenue over expenditures for the year	(12,267)	455,044	736,198	1,178,975	(7,738)	165,130	1,751,998	1,909,390
Amounts invested in capital assets	177,685	(177,685)	-	-	392	(392)	-	-
Amounts internally restricted (note 9)	-	(105,325)	105,325	-				
<b>Net assets, end of year</b>	<b>171,002</b>	<b>329,589</b>	<b>2,983,150</b>	<b>3,483,741</b>	<b>5,584</b>	<b>157,555</b>	<b>2,141,627</b>	<b>2,304,766</b>

*See accompanying notes*

Islamic Relief - IR Canada

**STATEMENTS OF CASH FLOWS**

[audited]

Year ended December 31, 2012 and 2011

	2012	2011
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses		
Capital fund	(12,267)	(7,738)
Unrestricted fund <i>[note 9]</i>	455,044	165,130
Restricted fund <i>[note 9]</i>	736,198	1,751,998
	<b>1,178,975</b>	<b>1,909,390</b>
<b>Non-cash items</b>		
Amortization of capital assets <i>[note 6]</i>	12,267	7,738
	<b>1,191,242</b>	<b>1,917,128</b>
<b>Net change in non-cash working capital balances</b>		
Accounts receivable	(3,274)	1,556
Prepaid expenses and other receivables <i>[note 5]</i>	7,376	(32,946)
Accounts payable and accrued liabilities	106,449	(53,202)
<b>Cash provided by operating activities</b>	<b>1,301,793</b>	<b>1,832,536</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from redemption of investment	–	10,046
Purchase of capital assets <i>[note 6]</i>	(177,685)	(392)
<b>Cash provided by (used in) investing activities</b>	<b>(177,685)</b>	<b>9,654</b>
<b>Net increase in cash during the year</b>	<b>1,124,108</b>	<b>1,842,190</b>
Cash, beginning of year	2,418,163	575,973
<b>Cash, end of year</b>	<b>3,542,271</b>	<b>2,418,163</b>

*See accompanying notes*

Islamic Relief - IR Canada

**STATEMENTS OF FUNCTIONAL EXPENSES**

[audited]

Year ended December 31, 2012 and 2011

	2012	2011
	\$	\$
<b>OPERATING EXPENDITURES</b>		
Contracted charitable programs <i>[notes 10 and 13]</i>	5,779,162	4,454,826
Salaries and wages <i>[note 11]</i>	270,678	282,051
Payment processing charges	86,138	73,576
Sponsorship marketing	64,457	24,462
Conference/exhibition expenses	59,443	54,436
Professional fees	39,727	28,907
Travel	33,873	25,591
Meals and entertainment	16,376	28,143
Courier and postage	14,144	1,006
Occupancy charges	12,547	22,271
Amortization of capital assets <i>[note 6]</i>	12,267	7,738
Media, printing and publications	11,106	22,114
Foreign exchange loss (gain)	8,990	(19,053)
Advertising and promotions	8,408	5,594
Telecommunications	5,322	5,750
Office	5,156	2,646
Hotel and lodging	4,527	1,343
Website	2,919	1,022
Information technology	586	3,133
<b>Total operating expenditures</b>	<b>6,435,826</b>	<b>5,025,556</b>

*See accompanying notes*



## Islamic Relief - IR Canada

# NOTES TO FINANCIAL STATEMENTS

[audited]

December 31, 2012 and 2011

### 1. 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 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 & sanitation, income generation, nutrition & 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, Kiffara, Fidaya, etc.).

IRC was incorporated by Letters Patent in August 2005. The Organization initiated active operations in December 2007. The Organization commenced its first charitable programs in 2008, using the funds it generated from its first fundraising event in December 2007.

Islamic Relief Worldwide is an international affiliation with offices in more than 12 countries ("IRW entities"). Islamic Relief Worldwide ("IRW") assists the Organization by facilitating the coordination, implementation and monitoring of 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.

**NOTES TO FINANCIAL STATEMENTS**

[audited]

December 31, 2012 and 2011

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements of Islamic Relief Canada have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following significant accounting policies are set forth to facilitate the understanding of these financial statements.

These financial statements have been prepared on a going concern basis, which presumes that the Organization will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

**Revenue recognition**

*Unrestricted Fund*

The Unrestricted fund consists of undesignated donations, fundraising revenue less expenses in the operating fund. This fund primarily reflects the activities associated with the operations of the Organization's administrative activities.

*Restricted Fund*

The externally 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 program revenue and expenses relating to a specific program are allocated accordingly.

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. Contributions externally restricted are recognized as revenue of the respective Restricted Fund when the contributions are received or become receivable, if collection of the amount to be received is reasonably assured. Ancillary revenue is recognized at point of sale or when the service has been provided.

## Islamic Relief - IR Canada

### NOTES TO FINANCIAL STATEMENTS

[audited]

December 31, 2012 and 2011

#### Volunteer services

The efforts of volunteer workers are not reflected in the accompanying financial statements as no objective basis is available to measure the 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	25 years, straight line
Office furniture and equipment	5 years, straight line
Computer equipment	3 years, straight line
Computer software	3 years, straight line
Website development costs	2 years, straight line

#### Long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

#### Financial instruments

##### (a) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at their fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributed to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

**NOTES TO FINANCIAL STATEMENTS**

[audited]

December 31, 2012 and 2011

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**(b) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of revenue and expenditures. The write-down reflects the difference between the carrying amount and the higher of:

- (a) the present value of the cash flows expected to be generated by the asset or group of assets;
- (b) the amount that could be realized by selling the asset or group of assets;
- (c) the net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of revenue and expenditures up to the amount of the previously recognized impairment.

**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. Significant estimates and assumptions are used when accounting for items such as other receivables, impairment of capital assets, determination of useful lives of capital assets, revenue recognition, accrued liabilities and contingent liabilities.

## **Islamic Relief - IR Canada**

# **NOTES TO FINANCIAL STATEMENTS**

[audited]

December 31, 2012 and 2011

### **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 benefitted 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 and IRW entities as charitable program expenditures.

### **3. Impact of the change in the basis of accounting**

The Organization elected to apply the Accounting Standards for Not-For-Profit Organizations, Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook, in accordance with Canadian generally accepted accounting principles.

These financial statements are the first financial statements for which the entity has applied the Canadian accounting standards for not-for-profit organizations, hereafter referred to as "ASNFPs". The financial statements for the year ended December 31, 2012 were prepared in accordance with the provisions set out in first-time adoption, Section 1501, of the CICA Handbook. There is no impact to fund balance at the date of transition as a result of adopting these Standards. Also, there is no change to the statement of operations for the year ended December 31, 2011 on adoption of these standards.

## Islamic Relief - IR Canada

### NOTES TO FINANCIAL STATEMENTS

[audited]

December 31, 2012 and 2011

#### 3. Impact of the change in the basis of accounting (continued)

As at January 1, 2011

	Dec 31, 2010 \$	Transition to ASNFPO	Jan 1, 2011 \$
<b>ASSETS</b>			
<b>Current asset</b>			
Cash	575,973	-	575,973
Investment	10,046	-	10,046
Accounts receivable	3,793	-	3,793
Prepaid expenses and other receivable	22,068	-	22,068
<b>Total current assets</b>	<b>611,880</b>	<b>-</b>	<b>611,880</b>
Capital assets	12,930	-	12,930
<b>TOTAL ASSETS</b>	<b>624,810</b>	<b>-</b>	<b>624,810</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	176,580	-	176,580
Due to affiliate	52,854	-	52,854
<b>Total liabilities</b>	<b>229,434</b>	<b>-</b>	<b>229,434</b>
<b>Net assets</b>			
Net investment in capital assets	12,930	-	12,930
Unrestricted fund	(7,183)	-	(7,183)
Restricted fund	389,629	-	389,629
<b>Total net assets</b>	<b>395,376</b>	<b>-</b>	<b>395,376</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>624,810</b>	<b>-</b>	<b>624,810</b>

## Islamic Relief - IR Canada

### NOTES TO FINANCIAL STATEMENTS

[audited]

December 31, 2012 and 2011

#### 4. CASH

As at December 31, 2012, the Organization has total funds in the amount of \$40,015 [2011 - \$5,919] held as a security deposit in a reserve account with the Organization's credit card processor.

#### 5. PREPAID EXPENSES AND OTHER RECEIVABLES

Included in prepaid expenses and other receivables is an amount of \$48,651 [2011 - \$28,251] related to the refund of Harmonized Sales Tax that has been paid by the Organization.

#### 6. CAPITAL ASSETS

Capital assets consisted of the following as at December 31:

	2012			2011		
	Cost	Accum. Amort.	Net book value	Cost	Accum. Amort.	Net book value
	\$	\$	\$	\$	\$	\$
Building	163,733	4,912	158,821	—	—	—
Office furniture and equipment	399	159	240	2,393	2,074	319
Computer equipment	17,237	12,809	4,428	13,815	10,221	3,594
Computer software	9,195	8,260	935	7,792	7,633	159
Website development	19,291	12,713	6,578	10,166	8654	1,512
	<b>209,855</b>	<b>38,853</b>	<b>171,002</b>	<b>34,166</b>	<b>28,582</b>	<b>5,584</b>

Amortization expense related to capital assets for the year ended December 31, 2012 was \$12,267 [2011 - \$7,738].

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable is \$156,604 (2011 - \$ 23,820) owing to IRW, a related party as described in note 13.

## NOTES TO FINANCIAL STATEMENTS

[audited]

December 31, 2012 and 2011

### 8. DUE TO RELATED PARTY

The amount due to IRW, a related party as described in note 13, is non-interest bearing and is due on demand with no specific terms of repayment.

### 9. REVENUE

During 2012, the Organization collected donations of \$477,453 for disaster relief efforts in the African Sahel region that met the criteria for a matching donation to be made by the Government of Canada to Canadian International Development Agency's ("CIDA") *Sahel Crisis Matching Fund*. The total amount contributed to CIDA's *Sahel Crisis Matching Fund* in 2012 by all Canadians was \$6.9 million. During 2012, donations from the public in the amount of \$105,325 were internally restricted to support the food, water and nutrition crisis in the Sahel region in West Africa. In 2012 CIDA provided a grant of \$1.5 million to the Organization restricted to supporting the appeal in the Sahel region.

During 2011, the Organization collected restricted donations of \$2,303,650 for disaster relief efforts in Somalia that met the criteria for a matching donation to be made by the Government of Canada to Canadian International Development Agency's ("CIDA") *East Africa Drought Fund*. The total amount contributed to CIDA's *East Africa Drought Fund* in 2011 by all Canadians was over \$70 million.



## Islamic Relief - IR Canada

### NOTES TO FINANCIAL STATEMENTS

[audited]

December 31, 2012 and 2011

#### 10. CHARITABLE PROGRAMS

The Organization conducted the following charitable programs during the year ended December 31:

	2012	2011
	\$	\$
<b>Staff Time</b>		
Salaries and wages	17,700	16,177
Total salaries and wages	17,700	16,177
<b>Canadian Programs</b>		
Community meals	30,000	2,000
Health and Sanitation Awareness	16,451	89,987
Emergency assistance	1,650	80,000
Total Canadian Programs	48,101	171,987
<b>International Programs</b>		
Disaster relief	4,248,745	3,081,412
Feed the needy	700,672	679,104
Orphan sponsorship	408,843	280,376
Development projects	334,842	238,547
Children in need and other orphan assistance	37,959	3,400
Total International Programs <i>[note 13]</i>	5,731,061	4,282,839
<b>Total Charitable Programs</b>	<b>5,796,862</b>	<b>4,471,003</b>

## Islamic Relief - IR Canada

### NOTES TO FINANCIAL STATEMENTS

[audited]

December 31, 2012 and 2011

#### 11. SALARIES AND WAGES

The Organization's total salaries and wages expense of \$270,678 (2011 – \$282,051) has been distributed to the Unrestricted and Restricted fund accounts as follows:

	2012			2011		
	Unrestricted Fund \$	Restricted Fund \$	Total \$	Unrestricted Fund \$	Restricted Fund \$	Total \$
Charitable programs	541	17,159	17,700	391	15,786	16,177
Fundraising	87,861	58,285	146,146	14,960	164,843	179,803
Administration	106,832	–	106,832	86,071	–	86,071
	<b>195,234</b>	<b>75,444</b>	<b>270,678</b>	<b>101,422</b>	<b>180,629</b>	<b>282,051</b>

#### 12. INTER-FUND EXPENSE ALLOCATION

Administration expenses were allocated from the Unrestricted fund to the Restricted fund based on a percentage as determined by management. For fiscal 2012, a percentage of 1.00% (2011 – 1.00%) was applied to the revenue for each of the programs within the Restricted fund to allocate expenses from the Unrestricted fund to the Restricted funds. For the Orphan programs within the Restricted fund, the expense allocation was 6.25% (2011 – 6.25%). Management believes this allocation best represents the expenditures incurred by the Unrestricted fund on behalf of the Restricted fund.

#### 13. RELATED PARTY TRANSACTIONS

The Organization has agreements with IRW whereby IRC will provide IRW with funds for executing IRC's Programs. Although IRC is an independent organization, IRC and IRW are related due to the significant level of contractual agreements between them including the shared usage of the "Islamic Relief" brand.

During 2012, IRC executed several international charitable programs through IRW with a net value of \$5,681,011 [2011 - \$4,232,978]. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**NOTES TO FINANCIAL STATEMENTS**

[audited]

December 31, 2012 and 2011

**14. RISK MANAGEMENT**

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 exposure to the following risks associated with its financial instruments:

*Currency risk*

The Organization is exposed to currency risk as the Organization has payments and receipts which are transacted in U.S. currency, British Pounds Sterling, and Euros and therefore is exposed to exchange rate fluctuations. At December 31, 2012, U.S. cash held was \$372,490 (2011 – \$182,696).

*Interest rate, credit and liquidity risk*

It is management's opinion that the Organization is not exposed to significant interest rate, credit or liquidity risks arising from its financial instruments.

**15. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements for the year ended December 31, 2011 have been reclassified from statements previously presented to conform to the presentation of the 2012 financial statements.