



APPENDIX I

International Relief Fund for the Afflicted and Needy (Canada)

Discrepancies and Inaccuracies observed on IRFAN-Canada's Registered Charity Information Return (T3010)

Appendix I – Discrepancies and Inaccuracies observed on IRFAN-Canada’s Registered Charity Information Return (T3010)

The following audit findings, based on a sampled review of IRFAN-Canada’s financial records against its reported T3010s, found instances of bookkeeping errors that resulted in discrepancies and inaccuracies. While some of these findings appear minor, others raise greater concerns with respect to the overall reliability of IRFAN-Canada’s financial records.

Fiscal Period Ending 2005-12-31

Area of observation	Reported	Discrepancy/Inaccuracies
Line 4100	Amount reported for <i>cash, bank accounts, and short-term investments</i> is \$1,520,772.	Financial statements reported a total of \$678,119 for cash and short term investments. This represents a discrepancy of \$842,653 between deposits and investments reported on IRFAN-Canada’s financial statements and its T3010.
Line 4150	Amount reported for <i>inventories</i> is \$12,166	Financial statements reported \$45,337. This represents a discrepancy of \$33,171 between inventory reported on IRFAN-Canada’s financial statements and its T3010.
Line 4500	Amount reported for <i>total tax-receipted gifts</i> is “nil”.	Our calculations using IRFAN-Canada’s customized software program estimate tax-receipted gifts in the amount of \$2,435,950.
Line 4510	Amount reported for <i>total gifts from other registered charities</i> reported a total is \$2,189,944	Our calculations estimate that gifts from other registered charities should be in excess of \$3 million. ¹ alone gifted \$3,066,835. This one example represents a discrepancy of \$876,891 without considering any gifts received from other registered charities.

¹ This approximation was based on the fact that IRFAN-Canada received \$ 3,066,835 from a registered Canadian (BN 119031524 RR0001) charity since 1987. The total does not include additional gifts received from other registered charities as is evident from IRFAN-Canada’s customized donation program.

² provides the vast majority all of IRFAN-Canada’s gifts in kind.

		In addition, a shipping expense in the amount of \$26,276 was incorrectly entered resulting in the reduction of the true value of total gifts from other registered charities. This amount should have been allocated to line 4890.
Line 4630	Amount reported for <i>total revenues from fundraising</i> is \$2,948,421.	This amount was co-mingled with tax-receipted income that was required to be reported on line 4500.
Line 4820	Amount reported for <i>interest and bank charges</i> is \$23,454.	The amount of \$23,454 represents the account sums of credit card charges and interest and bank charges. However, it would appear that \$16,717 was incorrectly ³ allocated to this account for purchases made on its Visa/Mastercard accounts.
Line 4890	Amount reported for <i>donated and purchases supplies and assets expensed for the fiscal year period</i> is \$4,719,563.	A review of IRFAN-Canada's journal entries for project expenses ⁴ balances to the amount reported on the T3010. However, we note that two adjusting entries have been inaccurately allocated to increase project expenses without being allocated to a specific project beforehand. ⁵ This practice raises questions concerning IRFAN-Canada's bookkeeping reliability.
Line 5000	Amount reported for <i>total charitable programs expenditures included in line 4950</i> is \$5,573,503.	IRFAN-Canada has incorrectly reported an amount that exceeds its total expenditures for the fiscal period.

³ Adjusting Entry 9 in the amount of \$24,077.47.

⁴ Account Number 5605

⁵ One entry was in the amount of \$89,243 from accounts receivable and the second was in the amount of \$11,399 from inventory in kind.

Fiscal Period Ending 2006-12-31 (Amended Return)

Area of observation	Reported	Discrepancy/Inaccuracies
Line 4500	Amount reported for <i>total eligible amount of tax-receipted gifts</i> is \$3,263,830.	Our calculations using IRFAN-Canada's customized software program estimate tax-receipted gifts in the amount of \$3,999,926. It is of concern that IRFAN-Canada's may not be able to account for \$736,099 of tax-receipted revenue.
Line 4510	Amount reported for <i>total gifts received from other registered charities</i> is \$97,998.	Our calculations estimate that gifts from other registered charities should be in excess of \$2.8 million. ⁶ alone gifted \$2,874,663. This one example represents a discrepancy of \$2,776,665 without considering any gifts received from other registered charities.
Line 4650	Amount <i>reported for other revenue</i> is \$3,870,296.	This amount appears to have been mistakenly reported because of the shortfall on line 4510. Nevertheless, we are unable to verify revenue amounts reported from the financial statements to the T3010.
Line 4700	Amount reported on <i>total revenue (add lines 4500, 4510, 4530, 4570, 4580 and 4600 to 4650)</i> is \$7,233,818.	IRFAN-Canada incorrectly deducted \$49,500 from the value of its gift in kind. ⁷ This amount should have been allocated to an expenditure account.
Line 4820	Amount reported for <i>interest and bank charges</i> is \$23,788.	The amount of \$23,788 represents the account sums of credit card charges ⁸ and interest and bank charges. ⁹ However, it would appear that \$21,934 was erroneously allocated to this account for purchases made on its Visa/Mastercard accounts.
Line 4840	Amount reported for office supplies and expenses is \$41,562.	Line 4840 for office supplies and expenses included a shipping expense of \$7,075. This shipping expense should have been allocated to line 4890.

⁶ This approximation was based on the fact that IRFAN-Canada received \$2,874,663 from , a registered Canadian charity since 1987. The total does not include additional gifts received from other registered charities as is evident from IRFAN-Canada's customized donation program.

⁷ Payments to

⁸ Account 5645

⁹ Account 5690 Interest & Bank Charges

Line 4890	Amount of <i>donated and purchased supplies and assets expensed for the fiscal period</i> is “nil”.	IRFAN-Canada has apparently reported this expenditure on line 4910.
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Fiscal Period Ending 2007-12-31¹⁰

Area of observation	Reported	Discrepancy/Inaccuracies
Line 4500	Amount reported for <i>total eligible amount of tax-receipted gifts</i> is \$2,848,296.	Our calculations using IRFAN-Canada’s customized software program estimate tax-receipted gifts in the amount of \$3,618,737. ¹¹ It is of concern that IRFAN-Canada’s may not be able to account for \$770,441 of tax-receipted revenue.
Line 4510	Amount reported for <i>total gifts received from other registered charities</i> is \$1,883,305.	Our calculations estimate that gifts from other registered charities should be in excess of \$2 million. ¹² alone gifted \$2,022,197. This one example represents a discrepancy of \$138,892 without considering any gifts received from other registered charities.
Line 4890	Amount reported for <i>donated and purchased supplies and assets expensed for the fiscal period</i> is \$5,492,237.	Line 4890 incorporates an amount of \$26,266 for courier & postage. ¹³ We note that only \$2,499 of the \$26,266 was correctly allocated to this line as it pertained to a shipping expense. The remaining \$23,767 should have been allocated to line 4800 as it pertains to advertising and promotion.

¹⁰ We note that on March 26, 2008, IRFAN-Canada made 137 audit adjustments for fiscal period ending December 31, 2007.

¹¹ We have allowed for a reduction of \$1,361,093 in total tax receipted gifts for what appears to be a data entry in the customized donation software program by IRFAN-Canada.

¹² This approximation was based on the fact that IRFAN-Canada received \$2,022,197 from a registered Canadian charity since 1987. The total does not include additional gifts received from other registered charities as is evident from IRFAN-Canada’s customized donation program.

¹³ Account number 5640

Fiscal Period Ending 2008-12-31

Area of observation	Reported	Discrepancy/Inaccuracies
Line 4500	Amount reported for <i>total eligible amount of tax-receipted gifts</i> is \$4,795,671.	Our calculations using IRFAN-Canada's customized software program estimate tax-receipted gifts in the amount of \$4,715,709. ¹⁴ IRFAN-Canada appears to have over estimated tax-receipted gifts on line 4500 by \$79,962.
Line 4890	Amount reported for <i>donated and purchased supplies and assets expensed for the fiscal period</i> is \$11,344,473.	We note that line 4500 includes expenses for the account "Donation to Associations". ¹⁵ This account includes \$125,000 made out to "IRFAN syed in trust". This is of concern because it appears that this amount may have been improperly expensed to IRFAN-Canada's projects.

Fiscal Period Ending 2009-12-31

Area of observation	Reported	Discrepancy/Inaccuracies
Line 4890	Amount reported for <i>fair market value of all donated good used in charitable programs</i> is \$8,916,066.	IRFAN-Canada did not correctly allocate its expenditures between lines 4890 and 4891.
Line 4891	Amount reported for <i>total cost of all purchased supplies and assets</i> is nil.	IRFAN-Canada did not correctly allocate its expenditures between lines 4890 and 4891.

¹⁴ This approximation was based on the fact that IRFAN-Canada received \$6,589,460.80 from [redacted]. The total does not include additional amounts from other registered charities reported accounted for in IRFAN-Canada's customized donation program.

¹⁵ IRFAN-Canada Donation to Associations account totalled to \$134,137 which included \$125,000 made out to "IRFAN syed in trust".