

## INDEPENDENT AUDITOR'S REPORT

Your Excellencies the Chairman and Members of the Impact Committee  
Islamic Development Bank - Lives and Livelihoods Fund  
Jeddah  
Kingdom of Saudi Arabia

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Islamic Development Bank – Lives and Livelihoods Fund (the “Fund”) which comprise the statement of financial position as of December 31, 2021, and the related statement of activities and changes in net assets and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2021, and the results of its activities and changes in net assets and its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”).

In our opinion, the Fund has also complied with the Shari’ah Rules and Principles as determined by the Group Shari’ah Board of the Islamic Development Bank Group during the period under audit.

#### Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI. 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 Fund in accordance with the AAOIFI’s Code of Ethics for Accountants and Auditors of Islamic Financial Institutions (“AAOIFI Code”), and we have fulfilled our other ethical responsibilities in accordance with the AAOIFI Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter

The financial statements of the Fund for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on May 04, 2021.

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

These financial statements and the Fund’s undertaking to operate in accordance with Shari’ah Rules and Principles are the responsibility of the Fund’s management and those charged with governance.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Accounting Standards issued by AAOIFI and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT – CONTINUED**

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

In preparing the financial statements, the management is responsible for assessing the Fund'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 the management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 Auditing Standards for Islamic Financial Institutions issued by AAOIFI 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 Auditing Standards for Islamic Financial Institutions issued by AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

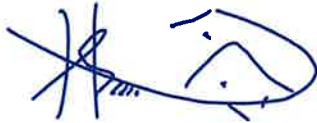
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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.

**INDEPENDENT AUDITOR'S REPORT – CONTINUED**

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

Deloitte and Touche & Co.  
Chartered Accountants



Waleed Bin Moha'd. Sobahi  
Certified Public Accountant  
License No. 378



14 Shawwal 1443H  
May 15, 2022

**ISLAMIC DEVELOPMENT BANK - LIVES AND LIVELIHOODS FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**  
(All amounts in United States Dollars unless otherwise stated)

	<b>Note</b>	<b>31 December 2021</b>	31 December 2020
<b>Assets</b>			
Cash and bank balances	4	<b>7,875,998</b>	2,638,200
Commodity murabaha placements	5	<b>165,207,199</b>	166,395,432
Contributions receivable from Donor	6	<b>31,408,573</b>	18,663,154
<b>Total Assets</b>		<b>204,491,770</b>	187,696,786
<b>Liabilities</b>			
Due to a related party	10	<b>1,111,093</b>	700,747
Accruals and other liabilities	11	<b>571,029</b>	211,879
<b>Total Liabilities</b>		<b>1,682,122</b>	912,626
<b>Net Assets</b>		<b>202,809,648</b>	186,784,160
<b>Represented by:</b>			
Donor contributions	8	<b>199,965,086</b>	182,110,019
Reserve amount	8,9	-	427,314
Fund resources		<b>2,844,562</b>	4,246,827
		<b>202,809,648</b>	186,784,160

The notes from 1 to 22 form an integral part of these financial statements.

**ISLAMIC DEVELOPMENT BANK - LIVES AND LIVELIHOODS FUND**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED 31 DECEMBER 2021**

(All amounts in United States Dollars unless otherwise stated)

	Note	2021	2020
<b>Changes in net assets without donor restrictions</b>			
<b>Income</b>			
Commodity murabaha placements		836,003	2,885,921
Income from consultancy grant		180,227	387,930
<b>Total income</b>		<b>1,016,230</b>	3,273,851
<b>Net assets released from restrictions</b>			
Donor grant contributions	12	36,917,315	16,122,697
Donor reserves	9	427,314	-
<b>Total net assets released from restrictions</b>		<b>37,344,629</b>	16,122,697
<b>Expenses</b>			
Facility administration costs	13	(2,250,838)	(952,931)
Grant expenses		(36,917,315)	(16,122,697)
Consultancy		(214,482)	(387,930)
Projects preparation costs	14	(371,643)	(203,800)
Impairment charge	7	(2,403)	-
<b>Total expenses</b>		<b>(39,756,681)</b>	(17,667,358)
<b>(Decrease) / increase in Net Assets without Donor restrictions</b>		<b>(1,395,822)</b>	1,729,190
<b>Changes in net assets with donor restrictions</b>			
Donor contributions	8	54,772,382	-
Net assets released from restrictions		(37,344,629)	(16,122,697)
<b>Increase / (decrease) in net assets with donor restrictions</b>		<b>17,427,753</b>	(16,122,697)
<b>Increase / (decrease) in total net assets</b>		<b>16,031,931</b>	(14,393,507)

The notes from 1 to 22 form an integral part of these financial statements.

**ISLAMIC DEVELOPMENT BANK - LIVES AND LIVELIHOODS FUND**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)**  
**YEAR ENDED 31 DECEMBER 2021**  
 (All amounts in United States Dollars unless otherwise stated)

	2021	2020
<b>Net assets at the beginning of the year</b>	<b>186,784,160</b>	201,177,667
Adjustment against allowance for credit losses – FAS30 (note 7)	<b>(6,443)</b>	-
<b>Adjusted net assets at the beginning of the year</b>	<b>186,777,717</b>	201,177,667
Increase / (decrease) in total net assets	<b>16,031,931</b>	(14,393,507)
<b>Net assets at the end of the year</b>	<b>202,809,648</b>	186,784,160
<b>Represented by:</b>		
Donor contributions – restricted	<b>199,965,086</b>	182,537,333
Accumulated surplus	<b>2,844,562</b>	4,246,827

The notes from 1 to 22 form an integral part of these financial statements.

**ISLAMIC DEVELOPMENT BANK - LIVES AND LIVELIHOODS FUND**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 DECEMBER 2021**  
(All amounts in United States Dollars unless otherwise stated)

	Note	2021	2020
<b>Cash flows from operations</b>			
Changes in net assets during the year		<b>16,025,488</b>	(14,393,507)
<i>Adjustments to reconcile change in net assets to net cash used by operating activities</i>			
Donor contribution for the year		<b>(54,772,382)</b>	-
Credit losses against financial assets		<b>8,846</b>	-
<i>Changes in operating assets and liabilities:</i>			
Increase in due to a related party	10	<b>410,346</b>	342,560
Increase / (decrease) in accruals and other liabilities	11	<b>359,150</b>	(417,322)
<b>Net cash used in operating activities</b>		<b>(37,968,552)</b>	(14,468,269)
<b>Cash flows from investing activity</b>			
Commodity murabaha placements	5	<b>1,179,387</b>	(9,189,665)
<b>Net cash from/ (used in) investing activity</b>		<b>1,179,387</b>	(9,189,665)
<b>Cash flows from financing activity</b>			
Contributions from donors	6,8	<b>42,026,963</b>	9,456,816
<b>Net cash from financing activity</b>		<b>42,026,963</b>	9,456,816
<b>Net change in cash and bank balances</b>		<b>5,237,798</b>	(14,201,118)
Cash and bank balances at beginning of the year		<b>2,638,200</b>	16,839,318
<b>Cash and bank balances at end of the year</b>	4	<b>7,875,998</b>	2,638,200

The notes from 1 to 22 form an integral part of these financial statements.