

# **Journalists for Human Rights**

Financial Statements  
**December 31, 2014**



May 21, 2015

## **Independent Auditor's Report**

### **To the Board of Directors of Journalists for Human Rights**

We have audited the accompanying financial statements of Journalists for Human Rights, which comprise the statement of financial position as at December 31, 2014 and the statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Journalists for Human Rights as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

# Journalists for Human Rights

## Statement of Financial Position

As at December 31, 2014

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	2014 \$	2013 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	525,050	172,801
Amounts receivable	52,066	12,555
Prepaid expenses and advances	18,148	97,031
	<hr/>	<hr/>
	595,264	282,387
<b>Capital assets</b> (note 4)	12,887	12,360
	<hr/>	<hr/>
	608,151	294,747
	<hr/>	<hr/>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	41,997	43,172
Deferred capital contribution	403	2,243
Deferred revenue	488,482	171,281
	<hr/>	<hr/>
	530,882	216,696
<b>Deferred capital contribution</b>	9,050	4,994
<b>Net assets</b>		
Unrestricted	68,219	73,057
	<hr/>	<hr/>
	608,151	294,747
	<hr/>	<hr/>
<b>Commitments and pledges</b> (note 8)		

### Approved on Behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

# Journalists for Human Rights

## Statement of Operations and Changes in Net Assets

For the year ended December 31, 2014

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	2014 \$	2013 \$
<b>Revenue</b>		
Government grants	498,502	751,993
Foundation donations	403,227	268,904
Donations and contributions	234,245	283,043
	<hr/> 1,135,974	<hr/> 1,303,940
<b>Expenses</b>		
International projects (note 7)	701,902	895,870
Project support (note 7)	94,411	100,609
Fundraising (note 7)	153,395	162,079
Professional fees	29,679	19,499
National programs (note 7)	156,623	210,700
Exchange losses (gains)	4,802	(2,852)
	<hr/> 1,140,812	<hr/> 1,385,905
<b>Deficiency of revenue over expenses</b>	(4,838)	(81,965)
<b>Net assets - Beginning of year</b>	<hr/> 73,057	<hr/> 155,022
<b>Net assets - End of year</b>	<hr/> <b>68,219</b>	<hr/> <b>73,057</b>

The accompanying notes are an integral part of these financial statements.

# Journalists for Human Rights

## Statement of Cash Flows

For the year ended December 31, 2014

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	2014 \$	2013 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	(4,838)	(81,965)
Amortization	5,262	7,480
Changes in non-cash operating working capital		
Amounts receivable	(39,511)	66,400
Prepaid expenses	78,883	33,065
Accounts payable and accrued liabilities	(1,175)	(24,719)
	<hr/> 38,621	<hr/> 261
<b>Financing activities</b>		
Deferred capital contribution	2,216	(3,453)
Deferred revenue	317,201	2,558
	<hr/> 319,417	<hr/> (895)
<b>Investing activities</b>		
Additions to capital assets	<hr/> (5,789)	<hr/> (1,023)
<b>Increase (decrease) in cash during the year</b>	352,249	(1,657)
<b>Cash - Beginning of year</b>	<hr/> 172,801	<hr/> 174,458
<b>Cash - End of year</b>	<hr/> <u>525,050</u>	<hr/> <u>172,801</u>

The accompanying notes are an integral part of these financial statements.

# Journalists for Human Rights

Notes to Financial Statements

December 31, 2014

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## 1 Description of the organization

Journalists for Human Rights (JHR or the organization) is a Canadian charitable organization and was federally incorporated on May 29, 2002 as a non-profit organization without share capital. The organization is dedicated to informing people about their human rights through local media. Its objective is to improve the quality and quantity of human rights reporting by building the capacity of the media to report effectively on human rights issues. JHR operates in Africa and North America.

The organization has been granted tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act (Canada) and is, therefore, not subject to either federal or provincial income taxes.

## 2 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, the most significant of which are as follows:

### Revenue recognition

The organization follows the deferral method of accounting for contributions.

- Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use.
- Contributions for specific projects are recorded as deferred contributions when received or receivable and recognized as revenue when the related expense is incurred;
- Contributions for the purchase of capital assets are deferred and recorded as revenue over the useful life of the acquired asset;
- Unrestricted contributions received are recognized as income when received;
- Donations, pledges and bequests are recorded as income when the funds are received; and
- Investment income is recognized as earned.

### Contributed materials and services

The organization recognizes contributed materials and services to the extent that fair value can be reasonably estimated and the materials and services are used in the normal course of the organization's operations and would have otherwise been purchased.

Volunteers make a substantial contribution of time each year to assist the organization in carrying out its activities. Due to the difficulty in determining the fair value of such services, they are not recognized in these financial statements.

# Journalists for Human Rights

## Notes to Financial Statements

December 31, 2014

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### Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided using the following annual rates and methods calculated to write off the assets over their estimated useful lives:

Computer equipment	30% declining balance basis
Computer software	2 years straight-line
Vehicles	3 years straight-line
Machinery and equipment	5 years straight-line
Furniture and fixtures	5 years straight-line
Leasehold improvements	over the term of the lease

Only 50% of the applicable amortization is recorded in the year of acquisition and in the year of disposal of the asset.

### Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the year-end. Non-monetary assets and liabilities are translated at historical rates and revenue and expenses are translated at the rates of exchange in effect on the transaction dates. Exchange gains and losses arising on translation of monetary items are included in the statement of operations and changes in net assets in the year in which they occur.

### Financial instruments - recognition and measurement

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at amortized cost, unless management has elected to carry the instrument at fair value. Financial assets and financial liabilities measured at amortized cost include cash, amounts receivable and accounts payable and accrued liabilities. Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

### Use of estimates

The preparation of financial statements 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 year. Actual results could differ from those estimates.



# Journalists for Human Rights

## Notes to Financial Statements

December 31, 2014

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### 3 Financial instruments

#### Credit risk

Credit risk is the risk of financial loss to the organization if a customer or counterparty to a financial instrument fails to meet its obligations. The organization is exposed to credit risk primarily through its amounts receivable. Management considers the credit risk to be low.

All of the organization's cash is held with a major financial institution and, thus, the exposure to credit risk is considered insignificant. Management actively monitors the organization's exposure to credit risk under its financial instruments, including with respect to amounts receivable. The organization considers the risk of loss to be minimal.

#### Foreign currency risk

The organization is exposed to foreign currency risk at the statement of financial position date through cash denominated in US dollars.

The organization currently has only limited exposure to fluctuations in exchange rates between the Canadian dollar and US dollar. Accordingly, the organization has not employed any currency hedging programs during the current year.

#### Liquidity risk

Liquidity risk is the risk the organization will not be able to meet its financial obligations as they come due. The organization manages liquidity risk through regular monitoring of forecast and actual cash flows. Given the organization's available liquid resources as compared to the timing of the payment of liabilities, management assesses the organization's liquidity risk to be low.

### 4 Capital assets

			2014	2013
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	42,479	31,250	11,229	9,008
Computer software	2,322	2,322	-	3
Vehicles	74,624	74,624	-	1
Machinery and equipment	12,362	10,881	1,481	3,054
Furniture and fixtures	28,848	28,671	177	294
	160,635	147,748	12,887	12,360

In 2014, a total of \$3,572 (2013 - \$4,474) of deferred capital contributions were recognized into revenue to offset the amortization expense of the corresponding assets.

# Journalists for Human Rights

Notes to Financial Statements

December 31, 2014

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## 5 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2013 - \$3,084), which include amounts payable for harmonized sales tax and payroll-related taxes.

## 6 Credit facility

The organization has a line of credit in the amount of US\$50,000 (2013 - US\$50,000), bearing interest at the US prime rate plus 4.25% per annum. The line of credit is secured by a general security agreement over the assets of the organization. As at year-end, no amount is outstanding on the line of credit.

## 7 Allocation of expenses

The organization classifies expenses on the statement of operations and changes in net assets by function. Project support expenses are allocated by identifying the appropriate basis and applying that basis consistently each year.

Project support expenses of \$188,821 (2013 - \$201,539), including operations, human resources and facilities have been allocated as follows:

	2014 \$	2013 \$
Project support	94,411	100,609
International program	66,087	70,651
National programs	18,882	20,186
Fundraising	9,441	10,093
	<hr/> 188,821	<hr/> 201,539

## 8 Commitments and pledges

The following amounts were committed/pledged to the organization by various government agencies and foundations:

	\$
2015	707,925
2016	476,190
2017	140,000
	<hr/> 1,324,115

# Journalists for Human Rights

## Notes to Financial Statements

December 31, 2014

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The organization has committed to payments under an operating lease, excluding common area maintenance and realty taxes. The future minimum lease payments are as follows:

	\$
2015	25,668
2016	<u>6,417</u>
	<u>32,085</u>

### 9 Comparative amounts

The comparative financial statements have been regrouped from statements previously presented to conform with the presentation adopted in 2014.