JOURNALISTS FOR HUMAN RIGHTS

FINANCIAL STATEMENTS

For the year ended December 31, 2020

Millards
Chartered Professional Accountants

JOURNALISTS FOR HUMAN RIGHTS

For the year ended December 31, 2020

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Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Journalists for Human Rights

Opinion

We have audited the accompanying financial statements of Journalists for Human Rights (the 'Organization'), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and 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 Organization as at December 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of 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 opinion.

Other Information

Management is responsible for other information. The other information comprises the information, other than the financial statements and our auditors' report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit on the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to 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.

Auditors' 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 auditors' 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 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 Organization'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 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 auditors' 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 auditors' 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.

Millard, Rouse & Rosebrugh LLP

June 9, 2021
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

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STATEMENT OF FINANCIAL POSITION

As at December 31	2020	2019
ASSETS		
Current Assets		
Cash and bank	3,093,701	1,570,651
Accounts receivable	225,618	194,727
Government remittances receivable	9,467	21,357
Advances and prepaid expenses	9,098	25,556
	3,337,884	1,812,291
Capital Assets (Note 3)	58,482	28,912
	3,396,366	1,841,203
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	82,838	119,884
Deferred revenue (Note 4)	2,878,455	1,286,132
	2,961,293	1,406,016
Deferred Capital Contribution	58,479	28,909
	3,019,772	1,434,925
Net Assets		
Unrestricted (page 4)	376,594	406,278
	3,396,366	1,841,203

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

Derek Fisher _Director_

Michael Cooke _Director_

See accompanying notes

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STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31	2020	2019
Revenues		
Government grants	2,087,459	2,042,098
Foundation donations	392,105	346,488
Donations and contributions	306,511	549,667
	2,786,075	2,938,253
Expenses (page 11)		
International projects	1,957,253	1,921,845
Project support	80,312	99,755
Fundraising	46,742	174,364
Professional fees	55,574	25,840
National programs	664,107	609,932
Exchange losses (gains)	11,771	20,109
	2,815,759	2,851,845
Excess (Deficiency) of Revenues over Expenses	(29,684)	86,408
Net Assets - Beginning of Year	406,278	319,870
Net Assets - End of Year	376,594	406,278

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STATEMENT OF CASH FLOWS

For the year ended December 31	2020	2019
Cash Flows From Operating Activities		
Excess of expenses over revenues in the year	(29,684)	86,408
Charges (credits) to income not involving cash		
Amortization	23,138	11,581
Recognition of deferred revenue	(2,321,465)	(2,309,999)
	(2,328,011)	(2,212,010)
Net change in non-cash working capital balances related to operations (Note 8)	(39,589)	(142,778)
	(2,367,600)	(2,354,788)
Cash Flows From Financing Activities		
Deferred capital contributions	40,033	12,834
Deferred revenue cash received	3,913,788	2,915,274
	3,953,821	2,928,108
Cash Flows From Investing Activities		
Purchase of capital assets	(63,171)	(24,415)
Net Increase in Cash and Bank	1,523,050	548,905
Opening Cash and Bank	1,570,651	1,021,746
Closing Cash and Bank	3,093,701	1,570,651

See accompanying notes

1. STATUS AND NATURE OF ACTIVITIES

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, North America and the Middle East.

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

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant policies:

(a) 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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

(b) 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.

Investment and miscellaneous income is recognized as earned.

(c) Contributed Materials and Services

The Organization recognized the contributed materials and services to the extent that fair values 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments

All 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, accounts 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.

(e) Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided for in the accounts as follows:

Machinery and equipment	5 years straight line
Vehicles	3 years straight line
Furniture and equipment	5 years straight line
Computer equipment	30% declining balance
Computer software	2 years straight line
Leaseholds	Over term of lease

In the year of acquisition and in the year of disposal, amortization is provided for at one-half of the above rates.

(f) 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 income in the year in which they occur.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2020	2019
Machinery and equipment	14,656	5,644	9,012	2,946
Furniture and equipment	24,505	9,579	14,926	7,412
Computer equipment	47,672	13,128	34,544	18,554
	86,833	28,351	58,482	28,912

In 2020, a total of $40,033 (2019 - $12,537) of deferred capital contributions were recognized into revenue to offset the amortization expense of the corresponding assets.

4. DEFERRED REVENUE

Deferred revenue represents unspent funding at the year end date. Changes in the deferred revenue balances are as follows:

	2020	2019
Balance, beginning of the year	1,286,132	680,857
Amounts received during the year	3,913,788	2,915,274
Amounts recognized as revenue	(2,321,465)	(2,309,999)
Balance, end of the year	2,878,455	1,286,132

5. CREDIT FACILITY

The Organization has a line of credit in the amount of U.S. $50,000 (2020 - $50,000), bearing interest at the U.S. 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.

6. COMMITMENTS AND PLEDGES

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

2021	3,288,729
2022	2,625,000
2023	2,519,081
2024	2,100,040
Total	10,532,850

The Organization has committed to payments under an operating lease until March 2023, excluding common area maintenance and realty taxes. The future minimum lease payments are as follows:

2021	36,373
2022	38,502
2023	40,641
Total	115,516

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 $160,623 (2019 - $199,511), including operations, human resources and facilities have been allocated as follows:

	2020	2019
Project support	80,312	99,755
International projects	56,218	69,829
National programs	16,062	19,951
Fundraising	8,031	9,976
	160,623	199,511

8. CASH FLOW FROM OPERATIONS

	2020	2019
Accounts receivable	(30,891)	(194,727)
Government remittances receivable	11,890	29,715
Advances and prepaid expenses	16,458	(6,510)
Accounts payable and accrued liabilities	(37,046)	28,744
	(39,589)	(142,778)

9. FINANCIAL INSTRUMENTS

The significant financial risks to which the Organization is exposed are credit risk, foreign currency risk and liquidity risk.

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 accounts 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 accounts 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 foreign currencies.

The Organization currently has limited exposure to fluctuations in exchange rates between the Canadian dollar and the foreign currencies. Accordingly, the Organization has not employed any currency hedging programs during the year.

Liquidity Risk
Liquidity risk is the risk that 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.

10. COVID-19 PANDEMIC

During the year, the Government of Ontario declared an emergency in response to the corona virus pandemic and prohibited organized public events of over 50 people. As a result, the Organization was not able to host its annual fundraising event in the fall of 2020.

The Organization has applied for and received government assistance in the form of the Canadian Emergency Wage Subsidy (CEWS) of $109,326. In order to receive the wage subsidy, the Organization had to meet certain terms and conditions and in particular had to have experienced an eligible reduction in revenue. The wage subsidy was deducted from the wages presented in the statement of operations. In addition, the Organization claimed $16,950 related to the Temporary Wage Subsidy for Employers (TWS).

As of the date of issuance of these financial statements, the full impact to the Association's financial position is not known.

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SCHEDULE OF EXPENSES

For the year ended December 31	2020	2019
Head Office Expenses		
Personnel	920,190	521,612
Expatriate staff - trainers/volunteers	258,187	269,659
Program administration	212,016	382,477
IT and communication	38,647	39,448
Travel (national and international)	48,343	85,773
Program-specific	74,726	34,613
Amortization expense	23,138	11,581
	1,575,247	1,345,163
Country Office Expenses		
Personnel	571,345	244,022
Expatriate - trainers/volunteers	140,712	542,971
Program administration	410,955	277,353
IT and communication	36,192	27,619
Travel (national and international)	3,501	282,888
Vehicle	-	390
Program-specific	66,036	111,330
	1,228,741	1,486,573
Other Expenses		
Exchange loss (gain)	11,771	20,109
	2,815,759	2,851,845