

JOURNALISTS FOR HUMAN RIGHTS

FINANCIAL STATEMENTS

For the year ended December 31, 2017



Chartered Professional Accountants

JOURNALISTS FOR HUMAN RIGHTS

For the year ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the 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, 2017 and the statements of operations and changes in net assets and cash flows for the year then ended and 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.

Auditors' Responsibility

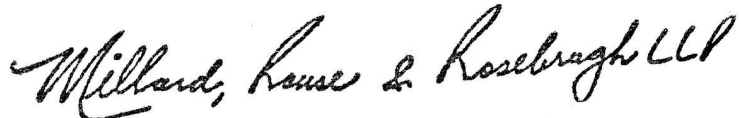
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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, 2017, 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.



May 10, 2018
Brantford, Ontario


CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

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STATEMENT OF FINANCIAL POSITION

As at December 31	2017	2016
ASSETS		
Current Assets		
Cash and bank	979,083	895,328
Accounts receivable	9,484	-
Government remittances receivable	21,352	16,777
Advances and prepaid expenses	55,929	56,849
	1,065,848	968,954
Capital Assets (Note 3)	17,916	17,552
	1,083,764	986,506
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	71,323	31,728
Deferred revenue (Note 4)	743,203	761,387
	814,526	793,115
Deferred Capital Contribution	16,967	15,148
	831,493	808,263
Net Assets		
Unrestricted (page 3)	252,271	178,243
	1,083,764	986,506

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

 _____ Director

 _____ Director

_____ Director

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STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31	2017	2016
Revenues		
Government grants	1,207,348	755,546
Foundation donations	458,328	509,894
Donations and contributions	492,367	339,770
	2,158,043	1,605,210
Expenses		
International projects	1,092,041	862,690
Project support	111,154	71,006
Fundraising	229,589	146,342
Professional fees	18,435	25,317
National programs	612,906	414,943
Exchange losses	19,890	10,541
	2,084,015	1,530,839
Excess of Revenues over Expenses	74,028	74,371
Net Assets - Beginning of Year	178,243	103,872
Net Assets - End of Year	252,271	178,243

See accompanying notes

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STATEMENT OF CASH FLOWS

For the year ended December 31	2017	2016
Cash Flows From Operating Activities		
Excess of revenues over expenses in the year	74,028	74,371
Charges (credits) to income not involving cash Amortization	5,564	4,062
	79,592	78,433
Net change in non-cash working capital balances related to operations	26,456	12,672
	106,048	91,105
Cash Flows From Financing Activities		
Deferred capital contributions	1,819	5,417
Deferred revenue	(18,184)	201,491
	(16,365)	206,908
Cash Flows From Investing Activities		
Purchase of capital assets	(5,928)	(8,708)
Net Increase in Cash and Bank	83,755	289,305
Opening Cash and Bank	895,328	606,023
Closing Cash and Bank	979,083	895,328

See accompanying notes

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 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.

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For the year ended December 31, 2017

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	2017	2016
Machinery and equipment	17,657	13,950	3,707	4,766
Vehicles	74,625	74,625	-	-
Furniture and equipment	13,342	13,177	165	165
Computer equipment	58,259	44,215	14,044	12,621
Computer software	2,322	2,322	-	-
	166,205	148,289	17,916	17,552

In 2017, a total of \$4,998 (2016 - \$5,107) of deferred capital contributions were recognized into revenue to offset the amortization expense of the corresponding assets.

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4. DEFERRED REVENUE

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

	2017	2016
Balance, beginning of the year	761,387	559,896
Amounts received during the year	1,501,588	1,353,611
Amounts recognized as revenue	(1,519,772)	(1,152,120)
Balance, end of the year	743,203	761,387

5. CREDIT FACILITY

The Organization has a line of credit in the amount of U.S. \$50,000 (2016 - \$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:

2018	1,597,339
2019	921,512
2020	<u>125,000</u>
Total	<u>2,643,851</u>

The Organization has committed to payments under an operating lease until March 2021, excluding common area maintenance and realty taxes. The future minimum lease payments are as follows:

2018	29,946
2019	32,085
2020	34,224
2021	<u>36,373</u>
Total	<u>132,628</u>

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For the year ended December 31, 2017

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 \$222,308 (2016 - \$144,094), including operations, human resources and facilities have been allocated as follows:

	2017	2016
Project support	111,154	72,047
International projects	77,808	50,433
National programs	22,231	14,409
Fundraising	11,115	7,205
	222,308	144,094

8. 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 U.S. dollars.

The Organization currently has limited exposure to fluctuations in exchange rates between the Canadian dollar and the U.S. dollar. 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.