Financial Statements of

JOURNALISTS FOR HUMAN RIGHTS

Year ended December 31, 2015

KPMG LLP
Yonge Corporate Centre
4100 Yonge Street, Suite 200
Toronto ON M2P 2H3
Canada
Tel 416-228-7000
Fax 416-228-7123

INDEPENDENT AUDITORS' 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, 2015, the statements of operations and net assets and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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.

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, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Journalists for Human Rights as at and for the year ended December 31, 2014, were audited by another auditor who expressed an unqualified opinion on those financial statements on May 21, 2015.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 25, 2016
Toronto, Canada

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Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	$ 606,023	$ 525,050
Accounts receivable	27,480	52,066
Prepaid expenses	68,628	18,148
	702,131	595,264
Capital assets (note 3)	12,907	12,887
	$ 715,038	$ 608,151
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 41,539	$ 41,997
Deferred revenue	559,896	488,482
	601,435	530,479
Deferred capital contribution	9,731	9,453
Net assets:		
Unrestricted	103,872	68,219
Commitments and pledges (note 7)		
	$ 715,038	$ 608,151

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

______________________________ Director

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Statement of Operations and Net Assets

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Government grants	$ 696,926	$ 498,502
Foundation donations	479,797	403,227
Donations and contributions	302,818	234,245
	1,479,541	1,135,974
Expenses:		
International projects (note 6)	666,280	701,902
Project support (note 6)	122,365	94,411
Fundraising (note 6)	155,994	153,395
Professional fees	15,819	29,679
National programs (note 6)	481,453	156,623
Exchange losses	1,977	4,802
	1,443,888	1,140,812
Excess (deficiency) of revenue over expenses	35,653	(4,838)
Net assets, beginning of year	68,219	73,057
Net assets, end of year	$ 103,872	$ 68,219

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 35,653	$ (4,838)
Amortization which does not involve cash	6,414	5,262
Change in non-cash operating working capital:		
Accounts receivable	24,586	(39,511)
Prepaid expenses	(50,480)	78,883
Accounts payable and accrued liabilities	(458)	(1,175)
	15,715	38,621
Financing activities:		
Deferred capital contribution	278	2,216
Deferred revenue	71,414	317,201
	71,692	319,417
Investing activities:		
Additions to capital assets	(6,434)	(5,789)
Increase in cash	80,973	352,249
Cash, beginning of year	525,050	172,801
Cash, end of year	$ 606,023	$ 525,050

See accompanying notes to financial statements.

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.

1. 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:

(a) 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 and miscellaneous income is recognized as earned.

1. Significant accounting policies (continued):

(b) Contributed materials and services:

The Organization recognizes the 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.

(c) 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:

Asset	Basis	Rate
Computer equipment	Declining balance	30%
Computer software	Straight line	2 years
Vehicles	Straight line	3 years
Machinery and equipment	Straight line	5 years
Furniture and fixtures	Straight line	5 years
Leasehold improvements		Term of lease

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

(d) 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.

1. **Significant accounting policies (continued):**

(e) 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, 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 it there are indicators of impairment.

(f) 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 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.

2. **Financial instruments:**

(a) 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 is 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.

2. Financial instruments (continued):

(b) 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 U.S. dollar. Accordingly, the Organization has not employed any currency hedging programs during the current year.

(c) 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.

3. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 48,914	$ 36,527	$ 12,387	$ 11,229
Computer software	2,322	2,322	–	–
Vehicles	74,625	74,625	–	–
Machinery and equipment	12,362	12,008	354	1,481
Furniture and fixtures	28,846	28,680	166	177
	$ 167,069	$ 154,162	$ 12,907	$ 12,887

In 2015, a total of $4,884 (2014 - $3,572) of deferred capital contributions were recognized into revenue to offset the amortization expense of the corresponding assets.

4. Accounts payable and accrued liabilities:

There are no government remittances payable in 2015 and 2014.

5. Credit facility:

The Organization has a line of credit in the amount of U.S. $50,000 (2014 - U.S. $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. Allocation of expenses:

The Organization classifies expenses on the statement of operations and 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 $240,024 (2014 - $188,821), including operations, human resources and facilities have been allocated as follows:

	2015	2014
Project support	$ 120,012	$ 94,411
International projects	12,001	66,087
National programs	24,003	18,882
Fundraising	84,008	9,441
	$ 240,024	$ 188,821

7. Commitments and pledges:

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

2016	$ 578,900
2017	140,000
	$ 718,900

(b) 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:

2016	$ 27,270
2017	29,410
2018	31,550
2019	33,690
2020	35,830
Thereafter	9,090
	$ 166,840

8. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.