

Financial Statements of

**JOURNALISTS FOR  
HUMAN RIGHTS**

Year ended December 31, 2006



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## AUDITORS' REPORT

To the Board of Directors of Journalists for Human Rights

We have audited the statement of financial position of Journalists for Human Rights as at December 31, 2006 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Organization derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses, assets and net assets.

Prior to January 1, 2006, the Organization did not provide for amortization on its capital assets. The Canadian Institute of Chartered Accountants' Handbook, however, recommends the amortization of capital assets for fiscal years beginning on or after April 1, 1997 for non-profit organizations. The effect of the departure from Canadian generally accepted accounting principles cannot readily be determined.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue and net assets referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for 2005 were reported on by another firm of chartered accountants.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada  
May 11, 2007

# JOURNALISTS FOR HUMAN RIGHTS

## Statement of Financial Position

December 31, 2006, with comparative figures for 2005

	2006	2005
<b>Assets</b>		
Current assets:		
Cash	\$ 209,685	\$ 101,449
Accounts receivable	3,817	895
Prepaid expenses	9,250	20,810
	<u>222,752</u>	<u>123,154</u>
Loan receivable	5,996	—
Capital assets (note 2)	8,979	—
	<u>\$ 237,727</u>	<u>\$ 123,154</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,670	\$ 29,625
Net assets:		
Unrestricted	221,057	93,529
	<u>\$ 237,727</u>	<u>\$ 123,154</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# JOURNALISTS FOR HUMAN RIGHTS

## Statement of Operations and Net Assets

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Revenue:		
Donated goods and services (note 3)	\$ 306,560	\$ 201,766
Foundation donations	73,239	161,000
Government grants	516,784	60,219
Donations and contributions	23,643	26,733
Activities to further the charity objectives	81,615	34,200
Interest	17	387
	<u>1,001,858</u>	<u>484,305</u>
Expenses:		
International projects	718,835	296,744
Project support	21,178	54,389
Outreach	41,096	35,013
Professional fees	9,779	17,830
School chapters project	83,442	13,850
	<u>874,330</u>	<u>417,826</u>
Excess of revenue over expenses	127,528	66,479
Net assets, beginning of year	93,529	27,050
Net assets, end of year	<u>\$ 221,057</u>	<u>\$ 93,529</u>

See accompanying notes to financial statements.

# JOURNALISTS FOR HUMAN RIGHTS

## Statement of Cash Flows

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 127,528	\$ 66,479
Amortization which does not involve cash	1,677	—
Change in non-cash operating working capital:		
Short-term investments	—	20,263
Accounts receivable	(2,922)	61
Prepaid expenses	11,560	(19,205)
Loan receivable	(5,996)	—
Accounts payable and accrued liabilities	(12,955)	20,537
	118,892	88,135
Investing activities:		
Additions to capital assets	(10,656)	—
Increase in cash	108,236	88,135
Cash, beginning of year	101,449	13,314
Cash, end of year	\$ 209,685	\$ 101,449

See accompanying notes to financial statements.

# JOURNALISTS FOR HUMAN RIGHTS

Notes to Financial Statements

Year ended December 31, 2006

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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.

## 1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the most significant of which are as follows:

### (a) Capital assets:

Capital assets are charged to expense in the year of acquisition. Capital assets purchased that are greater than \$500 are recorded 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

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

### (b) Revenue recognition:

JHR follows the accrual method of accounting for contributions. Unrestricted sponsorship contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

- (i) Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use.
- (ii) Unrestricted contributions received are recognized as income when received.
- (iii) Donations, pledges and bequests are recorded as income when the funds are received.
- (iv) Investment income is recognized as earned.

# JOURNALISTS FOR HUMAN RIGHTS

Notes to Financial Statements (continued)

Year ended December 31, 2006

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## 1. Significant accounting policies (continued):

### (c) Fundraising:

The methods used for fundraising include telephone appeals, direct mail, grant proposals, special events, planned giving and internet appeals.

### (d) Contributed materials and services:

The Organization recognizes the contribution of materials and services at fair value as described in note 3.

### (e) Functional allocation of expenditures:

The costs of providing the Organization's various programs and supporting services have been allocated among the programs and supporting services benefited.

### (f) Income taxes:

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.

### (g) Translation of foreign currencies:

Monetary assets and liabilities denominated in foreign currencies are translated at the rate 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 rate 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.

### (h) Financial instruments:

The Organization's financial instruments consist of cash, accounts receivable, loan receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks.

# JOURNALISTS FOR HUMAN RIGHTS

Notes to Financial Statements (continued)

Year ended December 31, 2006

## 1. Significant accounting policies (continued):

### (i) 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. Capital assets:

			2006	2005
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 9,868	\$ 1,480	\$ 8,388	\$ –
Computer software	788	197	591	–
	\$ 10,656	\$ 1,677	\$ 8,979	\$ –

## 3. Donated goods and services:

The Organization recognizes the contribution of materials and services at fair value when it can be reasonably estimated, when it is used in the normal course of operations and would otherwise have been purchased. The value of the contributed material and services is recognized in revenue.

The details of the contributed material and services are as follows:

	2006	2005
Equipment	\$ –	\$ 1,500
Materials and sundry	15,000	4,350
Professional fees	–	8,853
Fundraising	11,080	8,963
Website and curriculum development	8,100	10,100
Rent	67,000	24,000
Labour, consulting and management services	189,000	144,000
Participant travel	15,000	–
Other	1,380	–
	\$ 306,560	\$ 201,766

# JOURNALISTS FOR HUMAN RIGHTS

Notes to Financial Statements (continued)

Year ended December 31, 2006

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#### 4. Commitments and pledges:

At December 31, 2006, the following amounts were committed/pledged to the Organization by various government agencies, non-government organizations and individuals:

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2007	\$ 568,114
2008	184,064
2009	15,000
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	\$ 767,178

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