

Financial Statements of

**JOURNALISTS FOR
HUMAN RIGHTS**

Year ended December 31, 2007



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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, 2007 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 31, 2008

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Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash	\$ 226,412	\$ 209,685
Accounts receivable	7,027	3,817
Prepaid expenses	11,250	9,250
	<u>244,689</u>	<u>222,752</u>
Loan receivable	5,996	5,996
Capital assets (note 2)	14,570	8,979
	<u>\$ 265,255</u>	<u>\$ 237,727</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,282	\$ 16,670
Net assets:		
Unrestricted	248,973	221,057
	<u>\$ 265,255</u>	<u>\$ 237,727</u>

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, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Donated goods and services (note 3)	\$ 208,417	\$ 306,560
Foundation donations	71,123	73,239
Government grants	654,211	516,784
Donations and contributions	44,480	23,643
Activities to further the charity objectives	70,764	81,615
Interest	—	17
	<u>1,048,995</u>	<u>1,001,858</u>
Expenses:		
International projects	850,482	718,835
Project support	44,639	21,178
Outreach	42,819	41,096
Professional fees	9,900	9,779
School chapters project	73,239	83,442
	<u>1,021,079</u>	<u>874,330</u>
Excess of revenue over expenses	27,916	127,528
Net assets, beginning of year	221,057	93,529
Net assets, end of year	<u>\$ 248,973</u>	<u>\$ 221,057</u>

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 27,916	\$ 127,528
Amortization which does not involve cash	5,097	1,677
Change in non-cash operating working capital:		
Accounts receivable	(3,210)	(2,922)
Prepaid expenses	(2,000)	11,560
Accounts payable and accrued liabilities	(388)	(12,955)
	<u>27,415</u>	<u>124,888</u>
Investing activities:		
Additions to capital assets	(10,688)	(10,656)
Loan receivable	—	(5,996)
	<u>(10,688)</u>	<u>(16,652)</u>
Increase in cash	16,727	108,236
Cash, beginning of year	209,685	101,449
Cash, end of year	<u>\$ 226,412</u>	<u>\$ 209,685</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

Year ended December 31, 2007

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
Vehicles	Straight line	3 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.

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Notes to Financial Statements (continued)

Year ended December 31, 2007

1. Significant accounting policies (continued):

(iii) Donations, pledges and bequests are recorded as income when the funds are received.

(iv) Investment income is recognized as earned.

(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.

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Notes to Financial Statements (continued)

Year ended December 31, 2007

1. Significant accounting policies (continued):

(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.

(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:

			2007	2006
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 10,556	\$ 4,517	\$ 6,039	\$ 8,388
Computer software	788	591	197	591
Vehicles	10,000	1,666	8,334	—
	<u>\$ 21,344</u>	<u>\$ 6,774</u>	<u>\$ 14,570</u>	<u>\$ 8,979</u>

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.

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Notes to Financial Statements (continued)

Year ended December 31, 2007

3. Donated goods and services (continued):

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

	2007	2006
Materials and sundry	\$ –	\$ 15,000
Fundraising	5,616	11,080
Website and curriculum development	–	8,100
Rent	27,600	67,000
Labour, consulting and management services	175,201	189,000
Participant travel	–	15,000
Other	–	1,380
	<hr/> \$ 208,417	<hr/> \$ 306,560

4. Commitments and pledges:

At December 31, 2007, the following amounts were committed/pledged to the Organization by various government agencies, non-government organizations and individuals:

2008	\$ 801,751
2009	319,192
	<hr/> \$ 1,120,943