

Financial Statements of

**JOURNALISTS FOR
HUMAN RIGHTS**

Years ended December 31, 2008 and 2007



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AUDITORS' REPORT

To the Board of Directors of Journalists for Human Rights

We have audited the statements of financial position of Journalists for Human Rights as at December 31, 2008 and 2007 and the statements of operations and net assets and cash flows for the years 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 audits.

Except as explained in the following paragraph, we conducted our audits 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.

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, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

April 6, 2009

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Statements of Financial Position

December 31, 2008 and 2007

	2008	2007
Assets		
Current assets:		
Cash	\$ 227,757	\$ 226,412
Accounts receivable	11,789	7,027
Prepaid expenses	20,565	11,250
	<u>260,111</u>	<u>244,689</u>
Loan receivable	5,996	5,996
Capital assets (note 2)	92,503	14,570
	<u>\$ 358,610</u>	<u>\$ 265,255</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 30,147	\$ 16,282
Current portion of deferred capital contribution (note 1(a)(ii))	15,278	—
	<u>45,425</u>	<u>16,282</u>
Long-term liability:		
Deferred capital contribution (note 1(a)(ii))	24,921	—
Net assets:		
Unrestricted	288,264	248,973
Commitments and pledges (note 5)		
	<u>\$ 358,610</u>	<u>\$ 265,255</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

_____ Director

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Statements of Operations and Net Assets

Years ended December 31, 2008 and 2007

	2008	2007
Revenue:		
Donated goods and services (note 3)	\$ 42,500	\$ 208,417
Foundation donations	199,100	71,123
Government grants	966,993	654,211
Donations and contributions	96,455	115,244
	<u>1,305,048</u>	<u>1,048,995</u>
Expenses:		
International projects	992,745	850,482
Project support	85,885	44,639
Outreach	94,814	42,819
Professional fees	6,091	9,900
School chapters project	86,222	73,239
	<u>1,265,757</u>	<u>1,021,079</u>
Excess of revenue over expenses	39,291	27,916
Net assets, beginning of year	248,973	221,057
Net assets, end of year	<u>\$ 288,264</u>	<u>\$ 248,973</u>

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended December 31, 2008 and 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 39,291	\$ 27,916
Amortization which does not involve cash	14,658	5,097
Change in non-cash operating working capital:		
Accounts receivable	(4,762)	(3,210)
Prepaid expenses	(9,315)	(2,000)
Accounts payable and accrued liabilities	13,865	(388)
	<u>53,737</u>	<u>27,415</u>
Financing activities:		
Deferred capital contribution	40,199	—
Investing activities:		
Additions to capital assets	(92,591)	(10,688)
Increase in cash	1,345	16,727
Cash, beginning of year	226,412	209,685
Cash, end of year	<u>\$ 227,757</u>	<u>\$ 226,412</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

Years ended December 31, 2008 and 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:

- (i) 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	Straight line	Lease term

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

- (ii) When assets are purchased by the use of funds awarded from contributors over several years, any assets that remain the property of the contributor, and not JHR, are treated as a deferred capital contribution, where both an asset and an obligation for the purchased assets are recognized.

The deferred capital contribution is recognized over the life of the asset and recorded in international projects expense.

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Notes to Financial Statements (continued)

Years ended December 31, 2008 and 2007

1. Significant accounting policies (continued):

(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.

(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.

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Notes to Financial Statements (continued)

Years ended December 31, 2008 and 2007

1. Significant accounting policies (continued):

(g) 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.

(h) Financial instruments - recognition and measurement:

All financial instruments are classified into a defined category; namely, held-for-trading financial assets or financial liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. These classifications will determine how each instrument will be measured, at either fair value or, in limited circumstances, at cost or amortized cost and will determine how gains and losses are recognized.

The Canadian Institute of Chartered Accountants ("CICA") Section 3855, Financial Instruments - Recognition and Measurement establishes guidance for recognizing and measuring financial assets, financial liabilities and non-financial derivative instruments.

The Organization has classified accounts receivable as loan and receivables which are measured at fair value. Accounts payable are classified as other financial liabilities which are measured at amortized cost using the effective interest method.

(i) Financial instruments - disclosures and presentation:

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures ("Section 3862"), and Section 3863, Financial Instruments - Presentation ("Section 3863"). Section 3862 requires increased disclosure regarding the nature and extent of risks arising from financial instruments, such as credit risk, market risk and liquidity risk and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward the standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer. This standard did not have an impact on the Organization's financial results or position. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks.

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Notes to Financial Statements (continued)

Years ended December 31, 2008 and 2007

1. Significant accounting policies (continued):

(j) 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 years. Actual results could differ from those estimates.

(k) Certain 2007 figures have been reclassified to conform with the financial statement presentation adopted in 2008.

2. Capital assets:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 21,066	\$ 9,260	\$ 11,806	\$ 6,039
Computer software	1,199	891	308	197
Vehicles	66,613	14,435	52,178	8,334
Machinery and equipment	4,497	450	4,047	—
Furniture and fixtures	12,753	1,275	11,478	—
Leasehold improvements	15,505	2,819	12,686	—
	\$ 121,633	\$ 29,130	\$ 92,503	\$ 14,570

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Notes to Financial Statements (continued)

Years ended December 31, 2008 and 2007

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:

	2008	2007
Fundraising	\$ 8,319	\$ 5,616
Rent	15,000	27,600
Labour, consulting and management services	19,181	175,201
	<u>\$ 42,500</u>	<u>\$ 208,417</u>

4. Department for International Development ("DFID") grant:

During the year, the Organization was approved for a five-year grant from the DFID in the United Kingdom, for use in funding the Organization's initiatives in Liberia. The following table summarizes the revenue received in 2008 and the expenses against which the revenue was applied related to this grant:

Revenue	\$ 153,200 ⁽¹⁾
Expenses:	
Payroll	51,012
Travel	39,714
Seminars and workshops	5,332
Overseas office	8,580
Other	12,069
	<u>116,707</u>
Net revenue over expenses	<u>\$ 36,493</u>
Capital contributions	\$ 47,896

⁽¹⁾ Amount of total grants received from DFID less capital contributions used for the purchase of capital assets (note 1(a)(ii)) is included in government grants on the statements of operations and net assets.

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Notes to Financial Statements (continued)

Years ended December 31, 2008 and 2007

5. Commitments and pledges:

- (a) At December 31, 2008, the following amounts were committed/pledged to the Organization by various government agencies, non-government organizations and individuals:

2009	\$ 1,053,888
2010	788,128
2011	385,926
2012	342,903
2013	184,826
	<hr/>
	\$ 2,755,671

On March 13, 2009, the Organization received a grant from a Trust in the United Kingdom for \$131,258 for use in paying the various operating expenses incurred by the Organization in executing its projects worldwide.

- (b) The Organization has committed to payments under an operating lease. The future minimum lease payments are as follows:

2009	\$ 49,097
2010	49,366
2011	12,342
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	\$ 110,805
