

**JOURNALISTS FOR HUMAN RIGHTS**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2017**

# **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

# JOURNALISTS FOR HUMAN RIGHTS

## STATEMENT OF FINANCIAL POSITION

| As at December 31                        | 2017      | 2016    |
|--|-----------|---------|
| <b>ASSETS</b>                            |           |         |
| <b>Current Assets</b>                    |           |         |
| 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 |
| <b>Capital Assets (Note 3)</b>           | 17,916    | 17,552  |
|  | 1,083,764 | 986,506 |
| <b>LIABILITIES</b>                       |           |         |
| <b>Current Liabilities</b>               |           |         |
| Accounts payable and accrued liabilities | 71,323    | 31,728  |
| Deferred revenue (Note 4)                | 743,203   | 761,387 |
|  | 814,526   | 793,115 |
| <b>Deferred Capital Contribution</b>     | 16,967    | 15,148  |
|  | 831,493   | 808,263 |
| <b>Net Assets</b>                        |           |         |
| Unrestricted (page 3)                    | 252,271   | 178,243 |
|  | 1,083,764 | 986,506 |

### APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

\_\_\_\_\_ Director

# JOURNALISTS FOR HUMAN RIGHTS

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

| <b>For the year ended December 31</b>   | <b>2017</b>      | <b>2016</b>      |
|---|------------------|------------------|
| <b>Revenues</b>                         |                  |                  |
| Government grants                       | 1,207,348        | 755,546          |
| Foundation donations                    | 458,328          | 509,894          |
| Donations and contributions             | 492,367          | 339,770          |
|   | <b>2,158,043</b> | <b>1,605,210</b> |
| <b>Expenses</b>                         |                  |                  |
| 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           |
|   | <b>2,084,015</b> | <b>1,530,839</b> |
| <b>Excess of Revenues over Expenses</b> | <b>74,028</b>    | <b>74,371</b>    |
| <b>Net Assets - Beginning of Year</b>   | <b>178,243</b>   | <b>103,872</b>   |
| <b>Net Assets - End of Year</b>         | <b>252,271</b>   | <b>178,243</b>   |

*See accompanying notes*

# JOURNALISTS FOR HUMAN RIGHTS

## STATEMENT OF CASH FLOWS

| <b>For the year ended December 31</b>                                 | <b>2017</b>    | <b>2016</b>    |
|---|----------------|----------------|
| <b>Cash Flows From Operating Activities</b>                           |                |                |
| Excess of revenues over expenses in the year                          | 74,028         | 74,371         |
| Charges (credits) to income not involving cash<br>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         |
| <b>Cash Flows From Financing Activities</b>                           |                |                |
| Deferred capital contributions  | 1,819          | 5,417          |
| Deferred revenue  | (18,184)       | 201,491        |
|   | (16,365)       | 206,908        |
| <b>Cash Flows From Investing Activities</b>                           |                |                |
| Purchase of capital assets  | (5,928)        | (8,708)        |
| <b>Net Increase in Cash and Bank</b>                                  | <b>83,755</b>  | <b>289,305</b> |
| <b>Opening Cash and Bank</b>  | <b>895,328</b> | <b>606,023</b> |
| <b>Closing Cash and Bank</b>  | <b>979,083</b> | <b>895,328</b> |

*See accompanying notes*

# JOURNALISTS FOR HUMAN RIGHTS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

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### 1. STATUS AND NATURE OF ACTIVITIES

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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, 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

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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.

# JOURNALISTS FOR HUMAN RIGHTS

## NOTES TO THE FINANCIAL STATEMENTS

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<br>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.



# JOURNALISTS FOR HUMAN RIGHTS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

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### 4. DEFERRED REVENUE

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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     |

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### 5. CREDIT FACILITY

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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

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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> |

# JOURNALISTS FOR HUMAN RIGHTS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

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### 7. ALLOCATION OF EXPENSES

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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 |

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### 8. FINANCIAL INSTRUMENTS

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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.