

# **International Justice Mission Canada**

## **Financial Statements**

*For the year ended December 31, 2015*

# **International Justice Mission Canada**

## **Financial Statements**

*For the year ended December 31, 2015*

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## Independent Auditor's Report

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### To the Members of INTERNATIONAL JUSTICE MISSION CANADA

We have audited the accompanying financial statements of INTERNATIONAL JUSTICE MISSION CANADA, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and changes in fund balances 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.

#### Auditor's 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 an audit to obtain reasonable assurance 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 auditor's 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 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 qualified audit opinion.



### **Basis for Qualified Opinion**

In common with many charitable organizations, the entity derives revenue from donations and cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditures, assets and fund balances.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of INTERNATIONAL JUSTICE MISSION CANADA as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'BDO Canada LLP'. The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Licensed Public Accountants


London, Ontario  
April 15, 2016

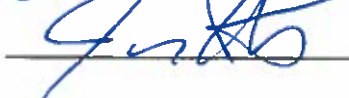
# International Justice Mission Canada

## Statement of Financial Position

	Operating Fund \$	Restricted Funds \$	Capital Fund \$	December 31 2015 \$	December 31 2014 \$
<b>Assets</b>					
<b>Current assets</b>					
Cash	243,202	74,177	-	317,379	282,617
Short-term investments (note 2)	-	575,119	-	575,119	-
Accounts receivable	32,439	-	-	32,439	31,759
Inventory	10,379	-	-	10,379	14,736
Prepaid expenses (note 7)	14,346	154,908	-	169,254	15,905
	300,366	804,204	-	1,104,570	345,017
<b>Capital assets (note 3)</b>	-	-	17,707	17,707	29,804
<b>Other assets - long term security deposit on lease</b>	5,000	-	-	5,000	5,000
	<b>305,366</b>	<b>804,204</b>	<b>17,707</b>	<b>1,127,277</b>	<b>379,821</b>
<b>Liabilities and fund balances</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (note 4)	49,406	-	-	49,406	267,068
<b>Fund balances</b>					
Unrestricted	255,960	-	-	255,960	45,097
Internally restricted - invested in capital assets	-	-	17,707	17,707	29,804
Restricted (schedule 1)	-	804,204	-	804,204	37,852
	255,960	804,204	17,707	1,077,871	112,753
	<b>305,366</b>	<b>804,204</b>	<b>17,707</b>	<b>1,127,277</b>	<b>379,821</b>

Approved by the Board of Directors:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# International Justice Mission Canada

## Statement of Operations and Changes in Fund Balances For the year ended December 31

	Operating Fund \$	Restricted Funds \$	Capital Fund \$	2015 Total \$	2014 Total \$
<b>Revenue</b>					
Donations	2,890,070	2,192,030	-	5,082,100	3,346,132
Fundraising events	11,987	-	-	11,987	45,028
Honoraria and travel reimbursements	30,955	-	-	30,955	38,690
Sale of resource materials	4,135	-	-	4,135	12,660
Interest	209	-	-	209	520
	<u>2,937,356</u>	<u>2,192,030</u>	<u>-</u>	<u>5,129,386</u>	<u>3,443,030</u>
<b>Expenditures</b>					
Program activities					
Overseas and general casework	77,694	2,288,634	1,210	2,367,538	2,120,159
Education	627,396	40,308	3,629	671,333	653,646
	<u>705,090</u>	<u>2,328,942</u>	<u>4,839</u>	<u>3,038,871</u>	<u>2,773,805</u>
Fund development	636,371	-	4,234	640,605	783,459
General and administrative support	481,768	-	3,024	484,792	366,893
	<u>1,823,229</u>	<u>2,328,942</u>	<u>12,097</u>	<u>4,164,268</u>	<u>3,924,157</u>
Excess (deficiency) of revenue over expenditures	1,114,127	(136,912)	(12,097)	965,118	(481,127)
Fund balances, beginning of year	45,097	37,852	29,804	112,753	593,880
Interfund transfers	(903,264)	903,264	-	-	-
Fund balances, end of year	<u>255,960</u>	<u>804,204</u>	<u>17,707</u>	<u>1,077,871</u>	<u>112,753</u>

The accompanying notes form an integral part of these financial statements.

# International Justice Mission Canada

## Statement of Cash Flows For the year ended December 31

	Operating Fund \$	Restricted Funds \$	Capital Fund \$	2015 Total \$	2014 Total \$
<b>Cash provided by (used in)</b>					
<b>Operating activities</b>					
Excess (deficiency) of revenue over expenditures	1,114,127	(136,912)	(12,097)	965,118	(481,127)
Transfers among funds	(903,264)	903,264	-	-	-
Amortization	-	-	12,097	12,097	14,527
Change in non-cash working capital (note 5)	(212,426)	(154,908)	-	(367,334)	182,745
<b>Net increase (decrease) in cash</b>	<b>(1,563)</b>	<b>611,444</b>	<b>-</b>	<b>609,881</b>	<b>(283,855)</b>
<b>Cash, beginning of year</b>	<b>244,765</b>	<b>37,852</b>	<b>-</b>	<b>282,617</b>	<b>566,472</b>
<b>Cash, end of year</b>	<b>243,202</b>	<b>649,296</b>	<b>-</b>	<b>892,498</b>	<b>282,617</b>
<b>Represented by:</b>					
Cash	243,202	74,177	-	317,379	282,617
Short-term investments	-	575,119	-	575,119	-
	<b>243,202</b>	<b>649,296</b>	<b>-</b>	<b>892,498</b>	<b>282,617</b>

*The accompanying notes form an integral part of these financial statements.*

# International Justice Mission Canada

## Notes to the Financial Statements December 31, 2015

### 1. Nature of Organization and summary of significant accounting policies

a) International Justice Mission Canada (the "Organization") protects the poor from violence throughout the developing world.

International Justice Mission Canada is a non-profit organization incorporated without share capital under the Canada Corporations Act. It is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

### b) Basis of accounting

The financial statements have been prepared by management using Canadian Accounting Standards for Not-for-Profit Organizations.

### c) Restricted fund accounting

The financial statements of the Organization are maintained in accordance with the restricted fund method of accounting. All financial statement transactions have been recorded in three funds: Operating, Restricted, and Capital.

- The Operating Fund reports the assets, liabilities, revenue, and expenditures relating to program and administrative activities of the Organization that are supported by unrestricted contributions.
- The Restricted Fund reports the assets, liabilities, revenue, and expenditures related to the Organization's programs and activities that are supported by externally restricted contributions.
- The Capital Fund reports the assets, liabilities, revenue, and expenditures related to the Organization's capital assets.

### d) Revenue recognition

Unrestricted donations are recognized as revenue in the Operating Fund and restricted donations are recognized as revenue in the Restricted Fund in the year received or postmarked by mail. Other forms of income, such as sales or investment income, are recognized as earned.

### e) Contributed services

Volunteers contribute many hours each year to assist the Organization in carrying out its activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.



# International Justice Mission Canada

## Notes to the Financial Statements

December 31, 2015

### f) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

### g) Inventory

Inventory is comprised of resources such as books and DVDs which are sold and used for promotional and educational purposes. The items are carried at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

### h) Capital assets

Capital assets are recorded at cost. Amortization expense is reported in the Capital Fund on a straight-line basis over the estimated useful lives of capital assets. Amortization rates are as follows:

Furniture	7 years
Computer software	3 years
Computer and office equipment	3 years
Leasehold improvements (over initial lease term)	5 years

Purchased items that do not meet the criteria for capitalization are expensed in the Statement of Operations.

### i) 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 amounts 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 expenditures during the year. Actual results could differ from those estimates.

# International Justice Mission Canada

## Notes to the Financial Statements

December 31, 2015

### j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the end of the year. Transactions during the year are translated at exchange rates in effect at the date of the transaction. Exchange gains and losses occurring from the date of the transaction to the date of payment are reflected in the Statement of Operations.

### k) Allocation of expenditures

The Organization provides various programs and services around the world. The direct costs of each program include the salaries and benefits, supplies and other expenditures that are related to providing the program. The Organization also incurs a number of indirect costs that are related to the administration and support of its programs. The Organization allocates certain general support expenditures, such as management and administrative wages, occupancy, insurance and telephone costs, to its various programs as follows:

Salaries and wages are allocated based on the actual hours spent on the various programs. Occupancy and telephone costs are allocated based on the proportionate time spent by staff on each program or support activity.

### l) Leased assets

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Organization, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

## 2. Short-Term Investments

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
	\$	\$	\$	\$
Redeemable Term Deposits	575,000	575,000	-	-
Accrued Interest on Deposits	119	119	-	-
	<u>575,119</u>	<u>575,119</u>	<u>0</u>	<u>0</u>

# International Justice Mission Canada

## Notes to the Financial Statements

December 31, 2015

Interest rates on the Redeemable Term Deposits range from 0.75% to 0.80%, and the terms are 60 to 90 days each.

### 3. Capital Assets

	Cost \$	Accumulated Amortization \$	2015 Net book value \$	2014 Net book value \$
Furniture	43,540	27,925	15,615	21,836
Computer Software	5,716	5,716	-	952
Computer and Office Equipment	24,654	22,562	2,092	6,278
Leasehold Improvements	11,070	11,070	-	738
	<u>84,980</u>	<u>67,273</u>	<u>17,707</u>	<u>29,804</u>

Amortization charges for the year are \$12,097 (2014 - \$14,527).

### 4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$2,048 (2014 - \$652) in government remittances payable. In 2014 there was \$177,570 included in accrued Contract for Services Agreement payments (2015 - \$0).

### 5. Change in non-cash working capital

Changes in non-cash working capital in the Statement of Cash Flows are comprised as follows:

	2015 Operating \$	2015 Restricted \$	2014 \$
Accounts receivable	(680)	-	(7,306)
Inventory	4,357	-	1,947
Prepaid expenses	1,559	(154,908)	(3,685)
Accounts payable	(217,662)	-	191,789
	<u>(212,426)</u>	<u>(154,908)</u>	<u>182,745</u>

# International Justice Mission Canada

## Notes to the Financial Statements December 31, 2015

### 6. Group retirement savings plan

The Organization contributes to a group retirement savings plan for permanent employees. Contributions range from 3% to 6% of cash earnings, depending on the employee's contribution to the plan. Employer contributions during the year were \$49,975 (2014 - \$49,617).

### 7. Contractual agreement and obligation

The Organization conducts its overseas programs under a Contract for Services with International Justice Mission dated January 1, 2009. During the year contract payments were expensed totalling \$2,221,068 (2014 - \$1,953,970). Prepaid Expenses includes \$154,908 in contract payments to be used in 2016 (2014 - \$0). The Organization has agreed to pay \$2,136,730 (in US dollars) for work to be completed by International Justice Mission in the period January 1, 2016 to December 31, 2016. The Organization is exposed to exchange rate fluctuations and the associated risk when making payments under the Contract for Services.

### 8. Commitments

The Organization entered into a five year lease agreement for office space effective May 1, 2010. That lease has now been extended to May 31, 2020. Subsequent to year end, the Organization renegotiated its lease agreement to decrease the amount of office space. Lease payments, net of recoverable sales and property taxes, reflect the renegotiated values, and are expected to be as follows:

2016	\$90,000
2017	\$77,000
2018	\$77,000
2019	\$77,000
2020	\$33,000

### 9. Allocation of expenditures

In accordance with the allocation policy described in note 1, \$2,289 of indirect costs were allocated to restricted funds in 2015 (2014 - \$14,160).

# International Justice Mission Canada

## Notes to the Financial Statements

December 31, 2015

### 10. Operating line of credit

The Organization has established a bank operating line of credit of up to \$200,000, bearing interest at prime plus 1%. The operating line is secured by a general security agreement providing a charge on all assets of the Organization. The operating line is undrawn at December 31, 2015.

### 11. Remuneration to employees involved in raising funds

The Alberta Charitable Fundraising Act requires that organizations report the remuneration paid to employees whose duties involve fundraising. The Organization paid salaries and benefits during the year totaling \$331,254 (2014 - \$300,840) to employees for their work in raising funds.

### 12. Financial instrument risk

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. It is also exposed to interest rate risk through its variable rate operating line of credit.

#### Liquidity risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value that is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

#### Market risk

The Organization is exposed to fluctuations in foreign exchange rates on its Contract for Services with International Justice Mission.

# International Justice Mission Canada

Schedule 1 - Restricted Funds  
For the year ended December 31, 2015

Fund Name	Beginning of Year \$	Revenue \$	Expenditures \$	Transfer(to)from Unrestricted \$	Interfund Transfers \$	End of Year \$
<b>Locations</b>						
Africa	-	140,572	192,017	38,298	13,147	-
India	-	144,675	650,223	166,039	339,509	-
Latin America	-	258,082	642,570	355,102	29,386	-
Southeast Asia	-	1,179,779	749,873	347,635	-	777,541
<b>Programs</b>						
Internship Program*	37,852	46,880	54,259	(3,810)	-	26,663
Sex Trafficking	-	283,098	-	-	(283,098)	-
Sexual Violence	-	29,386	-	-	(29,386)	-
Slavery	-	56,411	-	-	(56,411)	-
Theft of Land/Property	-	13,147	-	-	(13,147)	-
<b>Other</b>						
Education Projects	-	40,000	40,000	-	-	-
	<u>37,852</u>	<u>2,192,030</u>	<u>2,328,942</u>	<u>903,264</u>	<u>-</u>	<u>804,204</u>

\*Funds donated for intern projects which are not needed for the project will be transferred to unrestricted up to certain maximums per intern.

The accompanying notes form an integral part of these financial statements.