

# **International Justice Mission Canada**

## **Financial Statements**

*For the 3 month period ended March 31, 2022*

# International Justice Mission Canada

## Financial Statements *For the period ended March 31, 2022*

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## Independent Auditor's Report

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### To the Board of Directors of International Justice Mission Canada

#### Opinion

We have audited the financial statements of International Justice Mission Canada (the "Organization"), which comprise the statement of financial position as at March 31, 2022 and the statements of operations and changes in fund balances and cash flows for the 3 month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and its results of operations and its cash flows for the 3 month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario  
August 4, 2022

# International Justice Mission Canada

## Statement of Financial Position

	Operating Fund \$	Restricted Funds \$	Capital Fund \$	March 31 2022 \$	December 31 2021 \$
<b>Assets</b>					
<b>Current assets</b>					
Cash	1,668,028	267,507	-	1,935,535	2,003,660
Accounts receivable	31,937	-	-	31,937	84,773
Prepaid expenses	92,624	-	-	92,624	109,466
	<b>1,792,589</b>	<b>267,507</b>	<b>-</b>	<b>2,060,096</b>	<b>2,197,899</b>
<b>Capital assets (note 2)</b>	<b>-</b>	<b>-</b>	<b>68,995</b>	<b>68,995</b>	<b>68,869</b>
	<b>1,792,589</b>	<b>267,507</b>	<b>68,995</b>	<b>2,129,091</b>	<b>2,266,768</b>
<b>Liabilities and fund balances</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (note 3)	147,297	-	-	147,297	171,139
<b>Fund balances</b>					
Unrestricted	1,645,292	-	-	1,645,292	1,631,881
Internally restricted - invested in capital assets	-	-	68,995	68,995	68,869
Restricted (schedule 1)	-	267,507	-	267,507	394,879
	<b>1,645,292</b>	<b>267,507</b>	<b>68,995</b>	<b>1,981,794</b>	<b>2,095,629</b>
	<b>1,792,589</b>	<b>267,507</b>	<b>68,995</b>	<b>2,129,091</b>	<b>2,266,768</b>

Approved by the Board of Directors:

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Director

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Director

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

# International Justice Mission Canada

## Statement of Operations and Changes in Fund Balances

	Operating Fund \$	Restricted Funds \$	Capital Fund \$	For the 3 months ended March 31, 2022 Total \$	For the 12 months ended December 31, 2021 Total \$
<b>Revenue</b>					
Contributions	1,061,286	482,373	-	1,543,659	7,784,140
Fundraising events	-	-	-	-	1,200
Honoraria and travel reimbursements	1,190	-	-	1,190	4,668
Sale of resource and gift catalogue materials	-	-	-	-	8,238
Interest	-	-	-	-	1,715
	<u>1,062,476</u>	<u>482,373</u>	<u>-</u>	<u>1,544,849</u>	<u>7,799,961</u>
<b>Expenditures</b>					
Program activities					
Overseas and general casework	-	741,148	-	741,148	5,932,468
Education	295,709	2,716	422	298,847	755,561
	<u>295,709</u>	<u>743,864</u>	<u>422</u>	<u>1,039,995</u>	<u>6,688,029</u>
Fund development	426,502	-	421	426,923	1,528,806
General and administrative support	191,345	-	421	191,766	624,777
	<u>913,556</u>	<u>743,864</u>	<u>1,264</u>	<u>1,658,684</u>	<u>8,841,612</u>
Excess (deficiency) of revenue over expenditures	148,920	(261,491)	(1,264)	(113,835)	(1,041,651)
Fund balances, beginning of year	1,631,881	394,879	68,869	2,095,629	3,137,280
Interfund transfers	(135,509)	134,119	1,390	-	-
Fund balances, end of year	<u>1,645,292</u>	<u>267,507</u>	<u>68,995</u>	<u>1,981,794</u>	<u>2,095,629</u>

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

# International Justice Mission Canada

## Statement of Cash Flows

	For the 3 months ended March 31, 2022 Total \$	For the 12 months ended December 31, 2021 Total \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenditures	(113,835)	(1,041,651)
Amortization	1,264	15,196
Loss on disposal of capital assets	-	4,177
Change in non-cash working capital (note 4)	45,836	(210,232)
	<u>(66,735)</u>	<u>(1,232,510)</u>
<b>Investing activities</b>		
Purchase of capital assets	(1,390)	(62,004)
	<u>(68,125)</u>	<u>(1,294,514)</u>
<b>Net decrease in cash</b>	(68,125)	(1,294,514)
<b>Cash, beginning of year</b>	<u>2,003,660</u>	<u>3,298,174</u>
<b>Cash, end of year</b>	<u><u>1,935,535</u></u>	<u><u>2,003,660</u></u>

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

# International Justice Mission Canada

## Notes to the Financial Statements

March 31, 2022

### 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 was incorporated, without share capital, under the Canada Corporations Act on August 14, 2002 and continued under the Canada Not-for-Profit Corporations Act on May 20, 2014. The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met. The Organization changed its year end to March 31 following approval by the Canada Revenue Agency.

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: Unrestricted, Restricted, and Capital.

- The Unrestricted 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 Funds invested in Capital Assets reports the assets, liabilities, revenue, and expenditures related to the Organization's capital assets.

d) Revenue recognition

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

March 31, 2022

### f) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. Bonds and guaranteed investment certificates are recorded at fair value, 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) Capital assets

Capital assets are recorded at cost. Amortization expense is reported in the Funds Invested in Capital Assets 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 lease term

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

### h) 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. Estimates include the useful lives of capital assets.

### i) 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 and Changes in Fund Balances.

# International Justice Mission Canada

## Notes to the Financial Statements

March 31, 2022

### j) 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, and overhead expenses in the aggregate to its various programs as follows:

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

Indirect costs allocated to restricted funds in 2022 - \$Nil (2021 - \$Nil).

### 2. Capital assets

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2022 Net book value</b>	<b>2021 Net book Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Furniture	7,592	2,983	4,609	4,880
Computer and office equipment	12,468	11,476	992	1,985
Leasehold improvements	63,394	-	63,394	62,004
	<u>83,454</u>	<u>14,459</u>	<u>68,995</u>	<u>68,869</u>

Amortization charges for the 3 month period ended March 31, 2022 are \$1,264 (2021 - \$15,196).

Leasehold improvements of \$63,394 have not been amortized as they are not ready for use.

### 3. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$2,307 (2021 - \$8,330) in government remittances payable.

# International Justice Mission Canada

## Notes to the Financial Statements

March 31, 2022

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

	2022	2021
	\$	\$
Accounts receivable	52,836	(48,312)
Inventory	-	8,957
Prepaid expenses	16,842	(81,625)
Accounts payable and accrued liabilities	<u>(23,842)</u>	<u>(89,252)</u>
	<u>45,836</u>	<u>(210,232)</u>

### 5. 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 3 month period ended March 31, 2022 were \$21,441 (2021 - \$70,950).

### 6. Contractual agreement and obligation

The Organization conducts its overseas programs under project designation agreements with International Justice Mission. During the 3 month period ended March 31, 2022, contract payments were expensed totalling \$741,148 (2021 - \$5,655,489). The Organization is exposed to exchange rate fluctuations and the associated risk when making payments under the project designation agreements.

# International Justice Mission Canada

## Notes to the Financial Statements

March 31, 2022

### 7. Commitments

The Organization entered into a 10 year lease agreement for office space effective November 1, 2021. The future minimum annual lease payments under this operating lease are as follows:

2023	122,007
2024	122,007
2025	127,288
2026	134,683
2027	134,683
Thereafter	636,309

### 8. Allocation of expenditures

The Organization incurred certain salaries and overhead expenses during the 3 month period ended March 31, 2022 in the aggregate amount of \$365,847 (2021 - \$854,264) which are allocated as follows:

	2022	2021
	\$	\$
Overseas and general casework	-	213,566
Education	118,065	213,566
Fund development	116,923	213,566
General and administrative support	130,859	213,566
	<u>365,847</u>	<u>854,264</u>

### 9. Related party transactions

Contributions includes approximately \$4,000 (2021 - \$256,000) of donations received from Directors and Officers of the Organization.

# International Justice Mission Canada

## Notes to the Financial Statements

March 31, 2022

### 10. Operating line of credit

The Organization has established a bank operating line of credit of up to \$300,000, 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 March 31, 2022 (2021 - \$Nil).

### 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 3 month period ended March 31, 2022 totaling \$135,205 (2021 - \$575,520) 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 through its variable rate operating line of credit. This risk has not changed from the prior year.

#### 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. This risk has not changed from the prior year.

#### Market risk

The Organization is exposed to fluctuations in foreign exchange rates on its project designation agreements with International Justice Mission. This risk has not changed from the prior year.

# International Justice Mission Canada

Schedule 1 - Restricted Funds  
For the period ended March 31, 2022

<b>Fund Name</b>	<b>Beginning of Period \$</b>	<b>Revenue \$</b>	<b>Expenditures \$</b>	<b>Transfer (to) from Unrestricted \$</b>	<b>Interfund Transfers \$</b>	<b>End of Period \$</b>
<b>Locations</b>						
Africa & Europe	36,516	179,101	185,287	-	-	30,330
South Asia	27,182	108,517	132,565	-	-	3,134
Latin America	8,484	22,550	159,253	134,119	-	5,900
Southeast Asia	6,352	40,511	40,817	-	-	6,046
<b>Programs</b>						
Internship Program*	8,371	-	1,500	-	-	6,871
Sex Trafficking	176,618	93,205	144,470	-	-	125,353
Sexual Violence	19,483	12,070	26,034	-	-	5,519
Slavery	51,584	21,557	52,722	-	-	20,419
Theft of Land/Property	11,810	4,612	-	-	-	16,422
<b>Other</b>						
Advocacy	42,575	-	1,216	-	-	41,359
Project Invest	5,904	250	-	-	-	6,154
	<b>394,879</b>	<b>482,373</b>	<b>743,864</b>	<b>134,119</b>	<b>-</b>	<b>267,507</b>

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