

International Justice Mission Canada

Financial Statements

For the year ended December 31, 2021

International Justice Mission Canada

Financial Statements *For the year ended December 31, 2021*

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Independent Auditor's Report

To the Board of Directors of International Justice Mission Canada

Qualified Opinion

We have audited the accompanying financial statements of International Justice Mission Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2021 and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects on the comparative information of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from contributions and fundraising events. For the year ended December 31, 2020, we were not able to verify the completeness of these sources of revenue. Our verification of this revenue was limited to the amounts recorded in the records of the Organization and our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly. In the current year, we were able to obtain sufficient, appropriate audit evidence regarding the completeness of revenue from contributions and fundraising events. As a result, our opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability of the current year's figures and the comparative information.

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 qualified 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

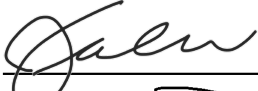
Oakville, Ontario
March 29, 2022

International Justice Mission Canada

Statement of Financial Position

	Operating Fund \$	Restricted Funds \$	Capital Fund \$	December 31 2021 \$	December 31 2020 \$
Assets					
Current assets					
Cash	1,608,781	394,879	-	2,003,660	1,198,041
Short-term investments	-	-	-	-	2,100,133
Accounts receivable	84,773	-	-	84,773	36,461
Inventory	-	-	-	-	8,957
Prepaid expenses	109,466	-	-	109,466	27,841
	1,803,020	394,879	-	2,197,899	3,371,433
Capital assets (note 2)	-	-	68,869	68,869	26,238
	1,803,020	394,879	68,869	2,266,768	3,397,671
Liabilities and fund balances					
Current liabilities					
Accounts payable and accrued liabilities (note 3)	171,139	-	-	171,139	260,391
Fund balances					
Unrestricted	1,631,881	-	-	1,631,881	3,035,767
Internally restricted - invested in capital assets	-	-	68,869	68,869	26,238
Restricted (schedule 1)	-	394,879	-	394,879	75,275
	1,631,881	394,879	68,869	2,095,629	3,137,280
	1,803,020	394,879	68,869	2,266,768	3,397,671

Approved by the Board of Directors:



Director



Director

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

International Justice Mission Canada

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

	Unrestricted	Restricted	Invested in Capital Assets	2021 Total	2020 Total
	\$	\$	\$	\$	\$
Revenue					
Contributions	5,102,244	2,681,896	-	7,784,140	8,079,645
Fundraising events	1,200	-	-	1,200	14,940
Honoraria and travel reimbursements	4,668	-	-	4,668	1,045
Sale of resource and gift catalogue materials	8,238	-	-	8,238	12,604
Government wage subsidy	-	-	-	-	25,000
Interest	1,715	-	-	1,715	5,021
	<u>5,118,065</u>	<u>2,681,896</u>	<u>-</u>	<u>7,799,961</u>	<u>8,138,255</u>
Expenditures					
Program activities					
Overseas and general casework	3,566,639	2,360,985	4,844	5,932,468	3,451,687
Education	749,411	1,307	4,843	755,561	615,764
	<u>4,316,050</u>	<u>2,362,292</u>	<u>9,687</u>	<u>6,688,029</u>	<u>4,067,451</u>
Fund development	1,523,963	-	4,843	1,528,806	1,244,700
General and administrative support	619,934	-	4,843	624,777	992,256
	<u>6,459,947</u>	<u>2,362,292</u>	<u>19,373</u>	<u>8,841,612</u>	<u>6,304,407</u>
Excess (deficiency) of revenue over expenditures	(1,341,882)	319,604	(19,373)	(1,041,651)	1,833,848
Fund balances, beginning of year	3,035,767	75,275	26,238	3,137,280	1,303,432
Interfund transfers	(62,004)	-	62,004	-	-
Fund balances, end of year	<u>1,631,881</u>	<u>394,879</u>	<u>68,869</u>	<u>2,095,629</u>	<u>3,137,280</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

	2021 Total \$	2020 Total \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	(1,041,651)	1,833,848
Amortization	15,196	26,080
Loss on disposal of capital assets	4,177	-
Change in non-cash working capital (note 4)	(210,232)	99,894
	<u>(1,232,510)</u>	<u>1,959,822</u>
Investing activity		
Purchase of capital assets	<u>(62,004)</u>	<u>-</u>
Net increase (decrease) in cash	<u>(1,294,514)</u>	<u>1,959,822</u>
Cash, beginning of year	<u>3,298,174</u>	<u>1,338,352</u>
Cash, end of year	<u><u>2,003,660</u></u>	<u><u>3,298,174</u></u>
Represented by:		
Cash	2,003,660	1,198,041
Short-term investments	<u>-</u>	<u>2,100,133</u>
	<u><u>2,003,660</u></u>	<u><u>3,298,174</u></u>

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

International Justice Mission Canada

Notes to the Financial Statements

December 31, 2021

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.

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

December 31, 2021

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) 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 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.

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. Estimates include the useful lives of capital assets.

International Justice Mission Canada

Notes to the Financial Statements

December 31, 2021

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 and Changes in Fund Balances.

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

Salaries and wages and overhead costs are allocated based on the total expenditures proportionately across programs.

Indirect costs allocated to restricted funds in 2021 - \$Nil (2020 - \$Nil).

2. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Furniture	18,318	13,438	4,880	14,393
Computer and office equipment	22,746	20,761	1,985	7,668
Leasehold improvements	62,004	-	62,004	4,177
	<u>103,068</u>	<u>34,199</u>	<u>68,869</u>	<u>26,238</u>

Amortization charges for the year are \$15,196 (2020 - \$26,080).

Leasehold improvements of \$62,004 have not been amortized as they are not ready for use.

International Justice Mission Canada

Notes to the Financial Statements

December 31, 2021

3. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$8,330 (2020 - \$10,902) in government remittances payable.

4. Change in non-cash working capital

	2021	2020
	\$	\$
Accounts receivable	(48,312)	9,812
Inventory	8,957	121
Prepaid expenses	(81,625)	18,064
Accounts payable and accrued liabilities	(89,252)	71,897
	<u>(210,232)</u>	<u>99,894</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 year were \$70,950 (2020 - \$95,579).

6. Contractual agreement and obligation

The Organization conducts its overseas programs under project designation agreements with International Justice Mission. During the year, contract payments were expensed totalling \$5,655,489 (2020 - \$3,342,063). 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

December 31, 2021

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 is as follows:

2022	\$ 122,007
2023	122,007
2024	124,119
2025	134,683
2026	134,683
Thereafter	669,979

8. Allocation of expenditures

The Organization incurred certain salaries and overhead expenses in the aggregate amount of \$854,264 which are allocated as follows:

	2021 \$
Overseas and general casework	213,566
Education	213,566
Fund development	213,566
General and administrative support	<u>213,566</u>
	<u>854,264</u>

9. Related party transactions

Contributions includes approximately \$256,000 (2020 - \$543,000) of donations received from Directors and Officers of the Organization.

International Justice Mission Canada

Notes to the Financial Statements

December 31, 2021

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 December 31, 2021 (2020 - \$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 year totaling \$575,520 (2020 - \$519,397) 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. 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.

13. Change in Year End

The Organization changed its yearend to March 31, following approval by the Canada Revenue Agency.

International Justice Mission Canada

Schedule 1 - Restricted Funds
For the year ended December 31, 2021

Fund Name	Beginning of Year \$	Revenue \$	Expenditures \$	Interfund Transfers \$	End of Year \$
Locations					
Africa & Europe	-	148,171	111,655	-	36,516
South Asia	-	228,757	201,575	-	27,182
Latin America	-	193,272	184,788	-	8,484
Southeast Asia	-	1,364,869	1,358,517	-	6,352
Programs					
Internship Program*	32,700	1,140	1,307	(24,162)	8,371
Sex Trafficking	-	466,417	289,799	-	176,618
Sexual Violence	-	60,557	41,074	-	19,483
Slavery	-	144,375	92,791	-	51,584
Theft of Land/Property	-	56,455	44,645	-	11,810
Other					
Advocacy	42,575	-	-	-	42,575
Project Invest	-	17,883	36,141	24,162	5,904
	75,275	2,681,896	2,362,292	-	394,879

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