

Financial statements of

**Amnesty International  
Canadian Section  
(English speaking)**

December 31, 2017

# **Amnesty International Canadian Section (English speaking)**

December 31, 2017

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## Independent Auditor's Report

To the Directors of  
Amnesty International Canadian Section (English Speaking)

We have audited the accompanying financial statements of Amnesty International Canadian Section (English Speaking) (the "Organization"), which comprise the statement of financial position as at December 31, 2017, and the statements of changes in net assets, operations 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 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 auditor's judgement, 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 Organization derives part of its revenue from contributions, direct mail and other donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the Organization's records. Therefore, we were not able to determine whether any adjustments might be necessary to resource development revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016, was modified accordingly because of the possible effects of the limitation in scope.

**Qualified Opinion**

In our opinion, except for the possible 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 the Organization 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.



Chartered Professional Accountants  
Licensed Public Accountants  
May 14, 2018

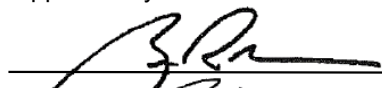

# Amnesty International Canadian Section

## (English speaking)

Statement of financial position  
as at December 31, 2017

	2017	2016
	\$	\$
<b>Assets</b>		
Current assets		
Cash	1,057,683	1,741,948
Short-term investments (Note 3)	139,856	154,951
Accounts receivable	573,697	166,177
Loan receivable (Note 4)	-	20,000
Prepaid expenses	136,151	166,501
	<b>1,907,387</b>	<b>2,249,577</b>
Investments (Note 3)	466,239	440,300
Capital assets (Note 5)	1,474,636	1,589,202
	<b>3,848,262</b>	<b>4,279,079</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	1,116,027	1,034,959
Current portion of long-term debt (Note 7)	-	56,867
Current portion of obligations under capital lease (Note 8)	33,695	32,632
	<b>1,149,722</b>	<b>1,124,458</b>
Obligations under capital lease (Note 8)	70,725	104,420
	<b>1,220,447</b>	<b>1,228,878</b>
Commitments (Note 11)		
<b>Net assets</b>		
General Fund		
Unrestricted	(102,358)	341,922
Invested in capital assets	1,370,216	1,395,283
Internally restricted funds (Note 9)	802,710	819,179
Externally restricted funds (Note 9)	557,247	493,817
	<b>2,627,815</b>	<b>3,050,201</b>
	<b>3,848,262</b>	<b>4,279,079</b>

Approved by the Board

 Director  
 Director

The accompanying notes are an integral part of the financial statements.

# Amnesty International Canadian Section

## (English speaking)

Statement of changes in net assets  
year ended December 31, 2017

	General Fund				Total	
	Unrestricted	Invested in capital assets	Internally restricted funds	Externally restricted funds	2017	2016
	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>341,922</b>	<b>1,395,283</b>	<b>819,179</b>	<b>493,817</b>	<b>3,050,201</b>	3,306,068
Deficiency of revenue over expenses	(287,970)	(141,377)	(36,469)	43,430	(422,386)	(255,867)
Purchase of capital assets	(26,811)	26,811	-	-	-	-
Repayment of long-term debt	(56,867)	56,867	-	-	-	-
Repayment of obligations under capital lease	(32,632)	32,632	-	-	-	-
Interfund transfers (Note 9)	(40,000)	-	20,000	20,000	-	-
<b>Balance, end of year</b>	<b>(102,358)</b>	<b>1,370,216</b>	<b>802,710</b>	<b>557,247</b>	<b>2,627,815</b>	3,050,201

The accompanying notes are an integral part of the financial statements.

# Amnesty International Canadian Section (English speaking)

## Statement of operations

year ended December 31, 2017

	General Fund	Internally restricted funds	Total general and internally restricted funds		Externally restricted funds		Total	
			2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Fundraised revenue	13,443,772	-	13,443,772	13,270,138	105,015	6,115	13,548,787	13,276,253
Less: fundraising expenses	(4,688,352)	-	(4,688,352)	(4,284,562)	-	-	(4,688,352)	(4,284,562)
	8,755,420	-	8,755,420	8,985,576	105,015	6,115	8,860,435	8,991,691
Groups/networks	33,603	-	33,603	34,496	-	-	33,603	34,496
Event revenue	36,330	-	36,330	-	-	-	36,330	-
Investment revenue	2,767	-	2,767	2,954	8,077	8,393	10,844	11,347
Miscellaneous	22,577	-	22,577	22,248	-	-	22,577	22,248
	8,850,697	-	8,850,697	9,045,274	113,092	14,508	8,963,789	9,059,782
<b>Expenses</b>								
Action Strategies	2,221,878	570	2,222,448	2,298,793	69,119	118,125	2,291,567	2,416,918
Grassroots Activism	2,278,498	289	2,278,787	2,147,478	-	-	2,278,787	2,147,478
Communications and Marketing	3,043,378	-	3,043,378	3,030,678	-	-	3,043,378	3,030,678
Information Technology and Systems	436,674	-	436,674	489,573	-	-	436,674	489,573
Organization	1,299,616	35,610	1,335,226	1,231,002	543	-	1,335,769	1,231,002
	9,280,044	36,469	9,316,513	9,197,524	69,662	118,125	9,386,175	9,315,649
<b>Deficiency of revenue over expenses</b>	<b>(429,347)</b>	<b>(36,469)</b>	<b>(465,816)</b>	<b>(152,250)</b>	<b>43,430</b>	<b>(103,617)</b>	<b>(422,386)</b>	<b>(255,867)</b>

The accompanying notes are an integral part of the financial statements.

# Amnesty International Canadian Section

## (English speaking)

Statement of cash flows  
year ended December 31, 2017

	2017	2016
	\$	\$
<b>Operating activities</b>		
Deficiency of revenue over expenses	(422,386)	(255,867)
Items not affecting cash		
Amortization of capital assets	141,377	153,347
Increase in value of investment portfolio	(10,844)	(11,346)
Changes in non-cash operating working capital items (Note 15)	(296,102)	275,093
	<b>(587,955)</b>	161,227
<b>Investing activities</b>		
Purchase of capital assets	(26,811)	(84,375)
Proceeds from repayment of loan receivable	20,000	10,000
	<b>(6,811)</b>	(74,375)
<b>Financing activities</b>		
Repayment of long-term debt	(56,867)	(95,171)
Repayment of obligations under new capital lease	(32,632)	(31,602)
	<b>(89,499)</b>	(126,773)
Net decrease in cash	<b>(684,265)</b>	(39,921)
Cash, beginning of year	<b>1,741,948</b>	1,781,869
<b>Cash, end of year</b>	<b>1,057,683</b>	1,741,948
<b>Non-cash transaction</b>		
Acquisition of assets under capital lease purchased through obligations under capital lease (Note 5)	-	184,045

The accompanying notes are an integral part of the financial statements.



# Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2017

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## 1. Purpose of the organization

Amnesty International is an independent worldwide movement of people dedicated to the protection and promotion of human rights. It takes action to free prisoners of conscience, protect refugees, abolish the death penalty and end political killings, disappearances, torture and other grave human rights abuses.

Amnesty International impartially researches and exposes specific violations, then mobilizes public pressure to stop these violations. Its work is based on international human rights standards, such as the *Universal Declaration of Human Rights*. Amnesty International is an independent, democratic and self-governing movement, funded by its supporters around the world.

Amnesty International Canadian Section (English Speaking) (the "Organization") is a registered charity under subsection 149(1)(f) of the *Income Tax Act* (Canada), and as such is exempt from income taxes. The Organization was incorporated without share capital under Part II of the *Canada Corporations Act* and received its continuance on June 17, 2014, under the *Canada Not-for-profit Corporations Act*.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### *Fund accounting*

The General Fund accounts for the Organization's program delivery and administrative activities. This Fund reports unrestricted resources.

Restricted funds account for restricted resources that are to be used in a manner set out in Note 9.

### *Investments*

Investments are recorded at fair value in the statement of financial position. Realized and unrealized changes in fair value are recognized in the statement of operations, along with investment earnings and are reported as investment revenue.

### *Related party transactions*

Related party transactions in the normal course of operations are recorded at the exchange amounts.

### *Capital assets*

Capital assets are initially recorded at cost and are then amortized over their estimated useful lives, using the following methods, term and annual rates:

Building	4%	diminishing balance basis
Computer equipment	20%	straight-line basis
Computer software	20%	straight-line basis
Office furniture and equipment	20%	straight-line basis
Office equipment under capital lease	Over the term of the lease	straight-line basis
iMIS donor database	10%	straight-line basis

Land is not amortized due to its infinite life.

### *Revenue recognition*

The Organization follows the restricted fund method of accounting for restricted contributions and donations.

Unrestricted membership contributions and donations are recognized as revenue of the General Fund or as revenue of the appropriate internally restricted fund when received.

# Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2017

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## 2. Significant accounting policies (continued)

### *Revenue recognition (continued)*

Restricted contributions related to general operations are deferred and recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate externally restricted fund.

Investment income is recognized as revenue of the General Fund or as revenue of the appropriate externally restricted fund.

Donated equipment is recorded at the estimated fair value of the equipment at the time of the donation.

### *Allocation of expenses*

Salary and benefit expenses are allocated based on the expected time spent by each individual on the program(s) they are assigned.

Support costs, such as occupancy, general office and amortization expenses, are allocated on the basis of the percentage of usage of common services.

Amounts provided to Amnesty International Limited, a related party of the Organization as disclosed in Note 4, are allocated equally amongst Action Strategies, Grassroots Activism and Communications and Marketing.

### *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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management's estimates include the collectible amounts of receivables, the valuation of investments, the estimated useful life of capital assets and the amount of accrued liabilities.

## 3. Investments

	<b>2017</b>	2016
	\$	\$
Short-term		
Cash	<b>3,022</b>	9,293
Investments	<b>136,834</b>	145,658
	<b>139,856</b>	154,951
Long-term		
Investments maturing beyond one year	<b>466,239</b>	440,300
	<b>606,095</b>	595,251

Investments are guaranteed investment certificates which are issued by Canadian banks and trust companies, bearing interest at rates ranging between 1.41% and 2.00%, and maturing between April 2, 2018 and March 16, 2020 (1.41% and 2.05%, and maturing between March 13, 2017 and March 16, 2020, in 2016). Due to the nature of the investments, cost approximates fair value.

# Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2017

## 4. Related party balances and transactions

The Organization is one of 58 sections and structures which form Amnesty International worldwide. Over 3 million people in over 150 countries support the work of Amnesty International.

Amnesty International contributes to, and works within, policies and plans set at biennial International Council Meetings. The Canadian Section is related to Amnesty International Limited (AIL), to Amnesty International Charity Limited (AICL), and to Amnesty International's International Secretariat (IS), which are separate legal entities based in the United Kingdom.

During the year, the Organization provided \$3,540,600 (\$3,451,896 in 2016) to AIL under the auspices of an agency agreement executed in 2015. These monies fund projects which are being conducted by AICL for the research of human rights violations around the world.

Included in accounts receivable are \$401,004 (\$368 in 2016) due from the IS. Included in accounts payable and accrued liabilities are \$21,530 (\$328,985 in 2016) due to the IS.

A \$50,000 loan was provided to Amnesty International Canadian Section (French Speaking) in 2013 to help that branch strengthen its monthly giving program. The loan was non-interest-bearing and was repayable in accordance with the following terms: \$10,000 to be repaid in each of 2014, 2015 and 2016, and \$20,000 to be repaid in 2017. In 2017, the Organization received a payment of \$20,000 (\$10,000 in 2016). Hence the balance of the loan receivable as at December 31, 2017 is \$Nil (\$20,000 in 2016).

## 5. Capital assets

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	200,000	-	200,000	200,000
Building	2,011,835	936,718	1,075,117	1,119,914
Computer equipment	928,343	867,542	60,801	70,234
Computer software	269,177	251,191	17,986	22,563
Office furniture and equipment	293,054	286,660	6,394	8,218
Office equipment under capital lease	184,045	69,707	114,338	147,797
iMIS donor database	273,027	273,027	-	20,476
	<b>4,159,481</b>	<b>2,684,845</b>	<b>1,474,636</b>	<b>1,589,202</b>

## 6. Accounts payable and accrued liabilities

	2017	2016
	\$	\$
Trade accounts payable and accrued liabilities	1,115,213	1,034,239
Government remittances	814	720
	<b>1,116,027</b>	<b>1,034,959</b>

# Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2017

## 7. Long-term debt

	2017	2016
	\$	\$
Fixed rate 2.98% term mortgage loan due July 25, 2017, with monthly payments of \$8,196, principal and interest. Fully repaid during 2017.	-	56,867
Less: current portion	-	(56,867)
	-	-

## 8. Obligations under capital lease

Capital lease arrangements for photocopiers are as follows:

	2017	2016
	\$	\$
Total minimum lease payments	<b>109,663</b>	146,218
Less: amount representing interest at 3.21% (3.21% in 2016)	<b>5,243</b>	9,166
Capitalized portion	<b>104,420</b>	137,052
Less: current portion of obligations under capital lease	<b>33,695</b>	32,632
Obligations under capital lease	<b>70,725</b>	104,420

Future minimum payments are as follows:

	\$
2018	33,695
2019	34,793
2020	35,932
	104,420

## 9. Restricted funds

*Internally restricted*

	2016	Revenue	Expenses	Transfers	2017
	\$	\$	\$	\$	\$
Contingency Reserve Fund	174,621	-	-	10,000	184,621
Operational Reserve Fund	592,275	-	-	-	592,275
Ottawa Building Fund	37,889	-	(35,610)	10,000	12,279
Membership Cooperation Fund	4,891	-	(289)	-	4,602
Campaign and Action Fund	9,503	100	(670)	-	8,933
	819,179	100	(36,569)	20,000	802,710

# Amnesty International Canadian Section (English speaking)

Notes to the financial statements  
December 31, 2017

## 9. Restricted funds (continued)

During the year, the Board of Directors approved transfers totalling \$20,000 (\$30,000 in 2016) from the unrestricted fund to internally restricted funds as noted above. Comparative amounts transferred for the prior year are as follows:

- \$10,000 to the Contingency Reserve Fund;
- \$20,000 to the Ottawa Building Fund.

*Externally restricted*

	2016	Revenue	Expenses	Transfers	2017
	\$	\$	\$	\$	\$
Kathleen Savan Memorial Relief Fund	15,162	-	(7,107)	20,000	28,055
Jonathan Cole Relief Fund	8,650	-	-	-	8,650
Building Fund Toronto	442,564	13,361	(2,762)	-	453,163
Refugee Awareness Fund	26,041	-	(14,145)	-	11,896
Legal Assistance Fund	1,400	101,950	(47,867)	-	55,483
	493,817	115,311	(71,881)	20,000	557,247

During the year, the Board of Directors approved the transfer of \$20,000 (\$20,000 in 2016) from the unrestricted fund to the Kathleen Savan Memorial Relief Fund.

## 10. Financial instruments

Financial instruments consist of cash, investments, accounts receivable, loan receivable, accounts payable and accrued liabilities, and long-term debt obligations under capital lease.

The Organization initially measures its financial assets and financial liabilities at fair value.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash and investments, which are measured at fair value.

The Organization is subject to credit risk through its accounts receivable, which management monitors on a regular basis. There is a concentration of 27% (69% in 2016) of accounts receivable from the Canada Revenue Agency for indirect taxes. Management does not believe there is any significant exposure to any significant credit, liquidity, market or foreign exchange risk.

Interest rate risk is disclosed in Note 3.

## 11. Commitments

The Organization is committed to future minimum lease payments for premises as follows:

	\$
2018	231,657
2019	169,859
2020	39,007
2021	37,536
2022	9,384
	<u>487,443</u>

# Amnesty International Canadian Section (English speaking)

Notes to the financial statements  
December 31, 2017

## 12. Fundraising expenses

As required under section 7(2) of the Alberta Charitable Fundraising Regulation, the following amounts are disclosed:

	2017	2016
	\$	\$
Amounts paid as remuneration to employees whose principal duties involve fundraising included in fundraising expenses	1,163,417	1,157,872
Total direct expenses incurred for the purpose of soliciting contributions included in fundraising expenses	<b>2,320,578</b>	2,302,849

## 13. Capital management

The Organization defines its capital as its net assets.

The objective of the Organization, in managing its capital, is to safeguard its ability to continue its operations so that it can provide benefits to its stakeholders. This includes managing internally and externally restricted funds as outlined in Note 9.

The Organization's Board of Directors is responsible for overseeing the effective management of capital. To this end, the Board reviews and approves the Organization's financial budget annually. There has been no change in how the Organization manages its capital from the prior year.

## 14. Allocation of expenses

	Salaries and benefits	Support costs	Amounts provided to Amnesty International Limited	2017	2016
	\$	\$	\$	\$	\$
Actions Strategies	791,951	96,659	1,180,200	2,068,810	2,062,342
Grassroots Activism	610,419	80,626	1,180,200	1,871,245	1,914,192
Communications and Marketing	773,723	105,096	1,180,200	2,059,019	2,108,437
Organization	859,203	102,097	-	961,300	913,464
Information Technology and Systems	196,806	25,460	-	222,266	240,626
Fundraising	1,163,417	172,095	-	1,335,512	1,307,799
	<b>4,395,519</b>	<b>582,033</b>	<b>3,540,600</b>	<b>8,518,152</b>	<b>8,546,860</b>

# Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2017

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## 15. Changes in non-cash operating working capital items

	2017	2016
	\$	\$
Accounts receivable	<b>(407,520)</b>	(25,167)
Prepaid expenses	<b>30,350</b>	57,924
Accounts payable and accrued liabilities	<b>81,068</b>	242,336
	<b>(296,102)</b>	275,093

## 16. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.