
Financial statements of
Amnesty International
Canadian Section
(English speaking)

December 31, 2018

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Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of Amnesty International Canadian Section (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects 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, 2018, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from contributions, direct mail and other donations, 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 and we were not able to determine whether any adjustments might be necessary to fundraised revenue, the excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017, was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 GAAS 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 GAAS, 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.



Chartered Professional Accountants
Licensed Public Accountants

April 6, 2019

Amnesty International Canadian Section (English speaking)

Statement of financial position

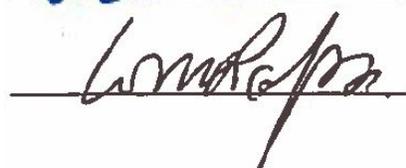
As at December 31, 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash		2,183,202	1,057,683
Investments	3	303,660	139,856
Accounts receivable		286,096	573,697
Prepaid expenses		170,601	136,151
		2,943,559	1,907,387
Investments	3	314,600	466,239
Capital assets	5	1,408,144	1,474,636
		4,666,303	3,848,262
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	1,836,930	1,116,027
Current portion of obligations under capital lease	7	36,554	33,695
		1,873,484	1,149,722
Obligations under capital lease	7	34,171	70,725
		1,907,655	1,220,447
Commitments	10		
Net assets			
General Fund			
Unrestricted		56,549	(102,358)
Invested in capital assets		1,337,419	1,370,216
Internally restricted funds	8	815,195	802,710
Externally restricted funds	8	549,485	557,247
		2,758,648	2,627,815
		4,666,303	3,848,262

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

Approved by the Board

 , Director

 , Director

Amnesty International Canadian Section (English speaking)

Statement of changes in net assets

Year ended December 31, 2018

	Notes	General Fund				2018	2017
		Unrestricted	Invested in capital assets	Internally restricted funds	Externally restricted funds		
		\$	\$	\$	\$	\$	
Balance, beginning of year		(102,358)	1,370,216	802,710	557,247	2,627,815	3,050,201
Excess (deficiency) of revenue over expenses		287,362	(121,252)	(7,515)	(27,762)	130,833	(422,386)
Purchase of capital assets		(54,760)	54,760	—	—	—	—
capital lease		(33,695)	33,695	—	—	—	—
Interfund transfers	8	(40,000)	—	20,000	20,000	—	—
Balance, end of year		56,549	1,337,419	815,195	549,485	2,758,648	2,627,815

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

Amnesty International Canadian Section (English speaking)

Statement of operations

Year ended December 31, 2018

	General Fund	Internally restricted funds	Total General Fund and internally restricted funds		Externally restricted funds		Total	
			2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Fundraised revenue	14,379,392	—	14,379,392	13,443,772	108,609	105,015	14,488,001	13,548,787
Fundraising expenses	(5,087,886)	—	(5,087,886)	(4,688,352)	—	—	(5,087,886)	(4,688,352)
	9,291,506	—	9,291,506	8,755,420	108,609	105,015	9,400,115	8,860,435
Groups/networks	27,308	—	27,308	33,603	—	—	27,308	33,603
Event revenue	—	—	—	36,330	—	—	—	36,330
Investment revenue	17,136	—	17,136	2,767	9,110	8,077	26,246	10,844
Miscellaneous	26,817	—	26,817	22,577	—	—	26,817	22,577
	9,362,767	—	9,362,767	8,850,697	117,719	113,092	9,480,486	8,963,789
Expenses								
Action Strategies	2,426,762	—	2,426,762	2,222,448	145,481	69,119	2,572,243	2,291,567
Grassroots Activism	2,176,190	146	2,176,336	2,278,787	—	—	2,176,336	2,278,787
Communications and Marketing	2,752,432	—	2,752,432	3,043,378	—	—	2,752,432	3,043,378
Information Technology and Systems	540,895	—	540,895	436,674	—	—	540,895	436,674
Organization	1,300,378	7,369	1,307,747	1,335,226	—	543	1,307,747	1,335,769
	9,196,657	7,515	9,204,172	9,316,513	145,481	69,662	9,349,653	9,386,175
Excess (deficiency) of revenue over expenses	166,110	(7,515)	158,595	(465,816)	(27,762)	43,430	130,833	(422,386)

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, 2018

	Notes	2018 \$	2017 \$
Operating activities			
Excess (deficiency) of revenue over expenses		130,833	(422,386)
Item not affecting cash			
Amortization of capital assets		121,252	141,377
Gain on disposal of capital assets			
Increase in value of investment portfolio		(12,165)	(10,844)
Changes in non-cash operating working capital items	14	974,054	(296,102)
		1,213,974	(587,955)
Investing activities			
Purchase of capital assets		(54,760)	(26,811)
Proceeds from repayment of loan receivable		—	20,000
		(54,760)	(6,811)
Financing activities			
Repayment of long-term debt		—	(56,867)
Repayment of obligations under capital lease		(33,695)	(32,632)
		(33,695)	(89,499)
Net increase (decrease) in cash		1,125,519	(684,265)
Cash, beginning of year		1,057,683	1,741,948
Cash, end of year		2,183,202	1,057,683

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

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2018

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. 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 8.

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 life using the following methods:

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

Land is not amortized due to its infinite life.

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2018

2. Accounting policies (continued)

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.

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 revenue 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) the individual is 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. Significant areas requiring the use of management's estimates include the collectible amount of receivables, the valuation of investments, the estimated useful life of capital assets and the amount of accrued liabilities. Actual results could differ from these estimates.

3. Investments

	2018	2017
	\$	\$
Short-term		
Cash	3,991	3,022
Investments	299,669	136,834
	303,660	139,856
Long-term		
Investments maturing beyond one year	314,600	466,239
	618,260	606,095

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2018

3. Investments (continued)

Investments are guaranteed investment certificates which are issued by Canadian banks and trust companies, bearing interest at rates ranging between 1.41% and 2.80%, and maturing between April 1, 2019 and April 4, 2022 (2017 - rates ranged between 1.41% and 2.00%, and matured between April 2, 2018 and March 16, 2020). Due to the nature of the investments, cost approximates fair value.

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 the annual Global Assemblies. 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 \$3,743,854 (2017 - \$3,540,600) 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 \$85,154 (2017 - \$401,004) due from IS. Included in accounts payable and accrued liabilities are \$1,083,444 (2017 - \$21,530) due to IS.

5. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
	\$	\$	\$	\$
Land	200,000	—	200,000	200,000
Building	2,011,835	979,724	1,032,111	1,075,117
Computer equipment	971,656	899,716	71,940	60,801
Computer software	269,250	258,454	10,796	17,986
Office furniture and equipment	304,429	292,011	12,418	6,394
Office equipment under capital lease	184,045	103,166	80,879	114,338
iMIS donor database	273,027	273,027	—	—
	4,214,242	2,806,098	1,408,144	1,474,636

6. Accounts payable and accrued liabilities

	2018	2017
	\$	\$
Accounts payable and accrued liabilities	1,836,247	1,115,213
Government remittances	683	814
	1,836,930	1,116,027

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2018

7. Obligations under capital lease

Capital lease arrangements for photocopiers are as follows:

	2018 \$	2017 \$
Total minimum lease payments	73,110	109,663
Amount representing interest at 3.21%	(2,385)	(5,243)
Capitalized portion	70,725	104,420
Current portion	36,554	33,695
	34,171	70,725

Future minimum payments are as follows:

	\$
2019	36,554
2020	34,171
	70,725

8. Restricted funds

Internally restricted

	2017 \$	Revenue \$	Expenses \$	Transfers \$	2018 \$
Contingency Reserve Fund	184,621	—	—	10,000	194,621
Operational Reserve Fund	592,275	—	—	—	592,275
Ottawa Building Fund	12,279	—	(7,369)	10,000	14,910
Membership Cooperation Fund	4,602	—	(146)	—	4,456
Campaign and Action Fund	8,933	—	—	—	8,933
	802,710	—	(7,515)	20,000	815,195

During the year, the Board of Directors approved transfers totaling \$20,000 (2017 - \$20,000) 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;
- \$10,000 to the Ottawa Building Fund.

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2018

8. Restricted funds (continued)

Externally restricted

	2017	Revenue	Expenses	Transfers	2018
	\$	\$	\$	\$	\$
Kathleen Savan Memorial Relief Fund	28,055	10,000	(18,549)	20,000	39,506
Jonathan Cole Relief Fund	8,650	—	—	—	8,650
Toronto Building Fund	453,163	11,590	—	—	464,753
Refugee Awareness Fund	11,896	—	(1,000)	—	10,896
Legal Assistance Fund	55,483	96,129	(125,932)	—	25,680
	557,247	117,719	(145,481)	20,000	549,485

During the year, the Board of Directors approved the transfer of \$20,000 (2017 - \$20,000) from the unrestricted fund to the Kathleen Savan Memorial Relief Fund.

9. Financial instruments

Financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, and 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 49% (2017 - 27%) 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.

10. Commitments

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

	\$
2019	169,859
2020	39,007
2021	37,536
2022	9,384
2023	—
	<u>255,786</u>

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2018

11. Fundraising expenses

As required under section 7(2) of the *Charitable Fund-raising Act* (Alberta) regulation, the following amounts are disclosed:

	2018	2017
	\$	\$
Amounts paid as remuneration to employees whose principal duties involve fundraising included in fundraising expenses	1,213,862	1,163,417
Total direct expenses incurred for the purpose of soliciting contributions included in fundraising expenses	2,771,578	2,320,578

12. 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 8.

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.

13. Allocation of expenses

	Salaries and benefits	Support costs	Amounts provided to AIL	2018	2017
	\$	\$	\$	\$	\$
Action Strategies	855,964	106,417	1,247,951	2,210,332	2,068,810
Grassroots Activism	619,228	71,996	1,247,951	1,939,175	1,871,245
Communications and Marketing	666,736	92,996	1,247,952	2,007,684	2,059,019
Organization	852,982	100,792	—	953,774	961,300
Information Technology and Systems	258,833	28,769	—	287,602	222,266
Fundraising	1,213,861	173,738	—	1,387,599	1,335,512
	4,467,604	574,708	3,743,854	8,786,166	8,518,152

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2018

14. Changes in non-cash operating working capital items

	2018	2017
	\$	\$
Accounts receivable	287,601	(407,520)
Prepaid expenses	(34,450)	30,350
Accounts payable and accrued liabilities	720,903	81,068
	974,054	(296,102)