
Financial statements of
Amnesty International
Canadian Section
(English speaking)

December 31, 2019

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of changes in net assets	4
Statement of operations	5
Statement of cash flows	6
Notes to the financial statements	7-13

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 (English speaking) (the "Organization"), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations, 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, 2019, 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, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 27, 2020

Amnesty International Canadian Section (English speaking)

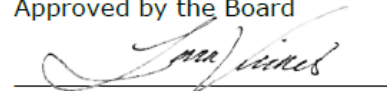
Statement of financial position


As at December 31, 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash		2,751,794	2,183,202
Investments	3	179,077	303,660
Accounts receivable		208,604	286,096
Prepaid expenses		230,443	170,601
		3,369,918	2,943,559
Investments	3	452,996	314,600
Capital assets	5	1,368,217	1,408,144
		5,191,131	4,666,303
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	1,529,629	1,836,930
Current portion of obligations under capital lease	7	34,171	36,554
		1,563,800	1,873,484
Obligations under capital lease	7	—	34,171
		1,563,800	1,907,655
Commitments	10		
Net assets			
General Fund			
Unrestricted		—	56,549
Invested in capital assets		1,334,046	1,337,419
Internally restricted funds	8	686,447	815,195
Externally restricted funds	8	1,606,838	549,485
		3,627,331	2,758,648
		5,191,131	4,666,303

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, 2019

		General Fund					
		Unrestricted	Invested in capital assets	Internally restricted funds	Externally restricted funds	2019	
Notes		\$	\$	\$	\$	\$	
	Balance, beginning of year	56,549	1,337,419	815,195	549,485	2,758,648	2,627,815
	Excess (deficiency) of revenue over expenses	(49,313)	(129,017)	(10,340)	1,057,353	868,683	130,833
	Purchase of capital assets	(89,090)	89,090	—	—	—	—
	Capital lease	(36,554)	36,554	—	—	—	—
	Interfund transfers	118,408	—	(118,408)	—	—	—
8	Balance, end of year	—	1,334,046	686,447	1,606,838	3,627,331	2,758,648

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

Amnesty International Canadian Section (English speaking)

Statement of operations

Year ended December 31, 2019

	General Fund	Internally restricted funds	Total General Fund and internally restricted funds		Externally restricted funds		Total	
			2019	2018	2019	2018		
	\$	\$	\$	\$	\$	\$	\$	
Revenue								
Fundraised revenue	14,160,489	—	14,160,489	14,379,392	1,082,641	108,609	15,243,130	14,488,001
Fundraising expenses	(4,879,553)	—	(4,879,553)	(5,087,886)	—	—	(4,879,553)	(5,087,886)
	9,280,936	—	9,280,936	9,291,506	1,082,641	108,609	10,363,577	9,400,115
Groups/networks	42,418	—	42,418	27,308	—	—	42,418	27,308
Event revenue	63,066	—	63,066	—	—	—	63,066	—
Investment revenue	7,256	—	7,256	17,136	10,390	9,110	17,646	26,246
Miscellaneous	15,885	—	15,885	26,817	—	—	15,885	26,817
	128,625	—	128,625	71,261	10,390	9,110	139,015	80,371
	9,409,561	—	9,409,561	9,362,767	1,093,031	117,719	10,502,592	9,480,486
Expenses								
Action Strategies	2,412,490	—	2,412,490	2,426,762	35,678	145,481	2,448,168	2,572,243
Grassroots Activism	2,471,236	—	2,471,236	2,176,336	—	—	2,471,236	2,176,336
Communications and Marketing	2,770,675	—	2,770,675	2,752,432	—	—	2,770,675	2,752,432
Organization	1,426,259	10,340	1,436,599	1,307,747	—	—	1,436,599	1,307,747
Information Technology and Systems	507,231	—	507,231	540,895	—	—	507,231	540,895
	9,587,891	10,340	9,598,231	9,204,172	35,678	145,481	9,633,909	9,349,653
Excess (deficiency) of revenue over expenses	(178,330)	(10,340)	(188,670)	158,595	1,057,353	(27,762)	868,683	130,833

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, 2019

	Notes	2019 \$	2018 \$
Operating activities			
Excess of revenue over expenses		868,683	130,833
Item not affecting cash			
Amortization of capital assets		129,017	121,252
Gain on disposal of capital assets			
Increase in value of investment portfolio		(13,813)	(12,165)
Changes in non-cash operating working capital items	14	(289,651)	974,054
		694,236	1,213,974
Investing activities			
Purchase of capital assets		(89,090)	(54,760)
Financing activities			
Repayment of obligations under capital lease		(36,554)	(33,695)
Net increase in cash		568,592	1,125,519
Cash, beginning of year		2,183,202	1,057,683
Cash, end of year		2,751,794	2,183,202

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

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2019

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*.

The Board of Directors approved the financial statements on April 4, 2020.

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:

Adoption of Section 4433, Tangible capital assets held by not-for-profit organizations

Effective January 1, 2019, the Organization adopted Handbook Section 4433, Tangible capital assets held by not-for-profit organizations ("Section 4433") replacing Section 4431 on the same topic. Section 4433 provides additional guidance related to componentization of tangible capital assets consisting of significant separable component parts, the recognition of partial impairments when the conditions indicate a tangible capital asset is impaired and related impairment disclosures. In accordance with the transition provisions, the Organization has applied Section 4433 prospectively with no impact on the disclosures or amounts recorded in the financial statements of the Organization.

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.

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2019

2. Accounting policies (continued)

Capital assets

Capital assets are initially recorded at cost and are then amortized over their estimated useful life using the following methods:

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

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.

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 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.

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2019

3. Investments

	2019	2018
	\$	\$
Short-term		
Cash	12,462	3,991
Investments	166,615	299,669
	179,077	303,660
Long-term		
Investments maturing beyond one year	452,996	314,600
	632,073	618,260

Investments are guaranteed investment certificates which are issued by Canadian banks and trust companies, bearing interest at rates ranging between 2.00% and 2.80%, and maturing between March 15, 2020, and April 17, 2023 (rates ranged between 1.41% and 2.80%, and maturing between April 1, 2019, and April 4, 2022 in 2018). 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 \$3,805,124 (\$3,743,854 in 2018) to AIL, offset by a refund relating to 2018 of \$42,257, for a net amount of \$3,762,867 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 nil (\$85,154 in 2018) due from IS. Included in accounts payable and accrued liabilities are \$958,902 (\$1,083,444 in 2018) due to IS.

5. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Land	200,000	—	200,000	200,000
Building	2,011,835	1,021,008	990,827	1,032,111
Computer equipment	1,044,368	941,276	103,092	71,940
Computer software	282,392	266,499	15,893	10,796
Office furniture and equipment	307,665	296,680	10,985	12,418
Office equipment under capital lease	184,045	136,625	47,420	80,879
iMIS donor database	273,027	273,027	—	—
	4,303,332	2,935,115	1,368,217	1,408,144

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2019

6. Accounts payable and accrued liabilities

	2019	2018
	\$	\$
Accounts payable and accrued liabilities	1,529,159	1,836,247
Government remittances	470	683
	1,529,629	1,836,930

7. Obligations under capital lease

Capital lease arrangements for photocopiers are as follows:

	2019	2018
	\$	\$
Total minimum lease payments	34,795	73,110
Amount representing interest at 3.21%	(624)	(2,385)
Capitalized portion	34,171	70,725
Current portion	34,171	36,554
	—	34,171

8. Restricted funds

Internally restricted

	Revenue	Expenses	Transfers	2019	2018
	\$	\$	\$	\$	\$
Contingency Reserve Fund	—	—	10,000	204,621	194,621
Operational Reserve Fund	—	—	(143,408)	448,867	592,275
Ottawa Building Fund	—	(10,340)	15,000	19,570	14,910
Membership Cooperation Fund	—	—	—	4,456	4,456
Campaign and Action Fund	—	—	—	8,933	8,933
	—	(10,340)	(118,408)	686,447	815,195

During the year, the Board of Directors approved net transfers totaling \$118,408 (\$20,000 in 2018) from/(to) the unrestricted fund to/(from) 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; and

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2019

8. Restricted funds (continued)

Externally restricted

	Revenue	Expenses	Transfers	2019	2018
	\$	\$	\$	\$	\$
Kathleen Savan Memorial Relief Fund	28,000	(25,678)	—	41,828	39,506
Jonathan Cole Relief Fund	—	—	—	8,650	8,650
Building Fund Toronto	12,920	—	—	477,673	464,753
Refugee Awareness Fund	—	(10,000)	—	896	10,986
Legal Assistance Fund	12,000	—	—	37,680	25,680
Burton Human Rights Impact Fund	1,040,111	—	—	1,040,111	—
	1,093,031	(35,678)	—	1,606,838	549,575

During the year, the Board of Directors approved the transfer of nil (\$20,000 in 2018) 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 67% (49% in 2018) 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:

	\$
2020	231,416
2021	255,486
2022	252,875
2023	260,519
2024	173,679
	<u>1,173,975</u>

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2019

11. Fundraising expenses

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

	2019 \$	2018 \$
Amounts paid as remuneration to employees whose principal duties involve fundraising included in fundraising expenses	1,221,464	1,213,862
Total direct expenses incurred for the purpose of soliciting contributions included in fundraising expenses	2,701,503	2,771,578

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 Amnesty International Limited \$	Direct costs \$	2019 \$	2018 \$
Fundraising	1,221,464	153,475	—	3,504,614	4,879,553	5,087,886
Action Strategies	865,998	78,536	1,254,289	249,345	2,448,168	2,572,243
Grassroots Activism	654,925	70,841	1,254,289	491,181	2,471,236	2,176,336
Communication and Marketing	702,450	65,656	1,254,289	748,280	2,770,675	2,752,432
Organization	935,088	71,247	—	430,264	1,436,599	1,307,747
Information Technology and Systems	168,016	15,920	—	323,295	507,231	540,895
	4,547,941	455,675	3,762,867	5,746,979	14,513,462	14,437,539

Amnesty International Canadian Section (English speaking)

Notes to the financial statements

December 31, 2019

14. Changes in non-cash operating working capital items

	2019 \$	2018 \$
Accounts receivable	77,492	287,601
Prepaid expenses	(59,842)	(34,450)
Accounts payable and accrued liabilities	(307,301)	720,903
	(289,651)	974,054

15. Subsequent Events

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods.