

Human Rights Watch, Inc.

Financial Statements

For the Year Ended June 30, 2022



INDEPENDENT AUDITOR'S REPORT

To the Members of Human Rights Watch, Inc.

Opinion

We have audited the financial statements of Human Rights Watch, Inc., (the "Organization"), which comprise the statement of financial position as at June 30, 2022 and the statements of operations and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2022, and 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 Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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.

THE POWER OF BEING UNDERSTOOD
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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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
December 15, 2022
Toronto, Ontario

Human Rights Watch, Inc.
Statement of Financial Position
As at June 30, 2022

	2022	2021
Assets		
Current		
Cash	\$ 4,204,149	\$ 5,425,774
HST recoverable	7,081	10,629
Prepaid expenses	9,885	8,950
Due from Human Rights Watch - United States (Note 7)	281,201	-
	4,502,316	5,445,353
Tangible capital assets (Note 3)	14,940	24,587
	\$ 4,517,256	\$ 5,469,940

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 119,495	\$ 133,536
Due to Human Rights Watch - United States (Note 7)	-	392,036
	119,495	525,572
Deferred contributions (Note 4)	1,764,632	1,946,805
	1,884,127	2,472,377

Net Assets

Invested in tangible capital assets	14,940	24,587
Unrestricted	2,618,189	2,972,976
	2,633,129	2,997,563
	\$ 4,517,256	\$ 5,469,940

Contingencies (Note 7)

Approved by the Board

Chair of Board, Director

Director

Human Rights Watch, Inc.
Statement of Operations
Year Ended June 30, 2022

	2022	2021
Revenue		
Contributions (Note 4)	\$ 2,334,009	\$ 4,105,320
Gala (Note 5)	-	476,215
Film festival (Note 6)	213,500	205,450
Interest income	420	13,496
	2,547,929	4,800,481
Expenses		
Program		
Program (Note 7)	2,111,522	1,841,140
Personnel program (Note 7)	579,984	925,995
Film festival	24,086	12,305
	2,715,592	2,779,440
Fundraising		
Gala	-	47,902
Administration		
Office and general	66,904	24,517
Professional fees	33,365	28,034
Occupancy costs	62,250	60,033
Amortization	9,647	12,421
Telephone	24,605	4,459
	196,771	129,464
	2,912,363	2,956,806
Excess (deficiency) of revenue over expenses	\$ (364,434)	\$ 1,843,675

Human Rights Watch, Inc.
Statement of Changes in Net Assets
Year Ended June 30, 2022

	Invested in Tangible Capital Assets		Unrestricted	2022 Total	2021 Total
Balance, beginning of year	\$ 24,587	\$ 2,972,976	\$ 2,997,563	\$ 1,153,888	
Excess (deficiency) of revenue over expenses	(9,647)	(354,787)	(364,434)	1,843,675	
Balance, end of year	\$ 14,940	\$ 2,618,189	\$ 2,633,129	\$ 2,997,563	

Human Rights Watch, Inc.
Statement of Cash Flows
Year Ended June 30, 2022

	2022	2021
Cash provided by (used in)		
Operations		
Excess (deficiency) of revenue over expenses	\$ (364,434)	\$ 1,843,675
Items not affecting cash		
Amortization	9,647	12,421
	(354,787)	1,856,096
Net changes in non-cash working capital		
Due from/to HRWUS	(673,237)	(23,032)
HST recoverable	3,548	(1,494)
Prepaid expenses	(935)	37,482
Accounts payable and accrued liabilities	(14,041)	30,488
Deferred contributions	(182,173)	(625,534)
	(1,221,625)	1,274,006
Investing		
Redemption of guaranteed investment certificate	-	1,017,808
Purchase of tangible capital assets	-	(2,717)
	-	1,015,091
Net change in cash	(1,221,625)	2,289,097
Cash, beginning of year	5,425,774	3,136,677
Cash, end of year	\$ 4,204,149	\$ 5,425,774

1. ORGANIZATION

Human Rights Watch, Inc. (the "Organization") is continued under the Canada Not-for-profit Corporations Act without share capital. The Organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The Organization is dedicated to protecting the human rights of people around the world.

Effective October 5, 2022, the Organization changed its name from Human Rights Watch Inc. to Human Rights Watch Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue Recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The Organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions are recorded when the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

Contributed materials and services are not recorded in the financial statements.

Gala and film festival

Gala and film festival sponsorship revenue is recognized in the year in which the related event occurs. Deferred revenue reflects amounts received related to future events.

Interest

Interest income is accrued as earned.

Tangible Capital Assets

Capital asset purchases are capitalized in the accounts and amortized on a straight-line basis over 5-7 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Tangible Capital Assets (Cont'd)

When conditions indicate a tangible capital asset's carrying value is impaired, it will be written down to its fair value or replacement cost, with the write-down recorded as an expense. Write-downs will not be reversed.

Donation Commitments

The Organization recognizes the liability for donation commitments when there is an obligation to pay the donee and there are no conditions or future events upon which the commitment is contingent.

Allocation of Expenses

The Organization allocates personnel costs based on time spent.

Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value, except for non-arm's length transactions which are measured at the exchange amount. The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include due from Human Rights Watch - United States ("HRWUS"). Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of a write-down, if any, is recognized in the excess (deficiency) of revenue over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses.

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 the disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ from those estimates.

Human Rights Watch, Inc.
Notes to Financial Statements
June 30, 2022

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2022	Net 2021
Furniture and fixtures	\$ 45,576	\$ 32,555	\$ 13,021	\$ 19,532
Leasehold improvements	6,938	6,938	-	1,294
Equipment	6,017	4,913	1,104	2,307
Computer hardware	2,718	1,903	815	1,454
	\$ 61,249	\$ 46,309	\$ 14,940	\$ 24,587

4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2022	2021
Deferred contributions, beginning of year	\$ 1,946,805	\$ 2,572,339
Add contributions received	1,401,520	3,468,281
Less contribution revenue recognized	(1,583,693)	(4,093,815)
Deferred contributions, end of year	\$ 1,764,632	\$ 1,946,805

Deferred contributions relate to contributions received for specific programs during the year which remain unspent at year end as follows:

	2022	2021
Disabilities - Humanitarian Emergencies	\$ 443,520	\$ 63,780
Disabilities - Shackling	351,687	84,934
Older Persons Rights	300,060	150,060
ECA Ukraine	214,350	-
Canada Director	153,323	192,573
Women's Rights Division - Male Guardianship	148,438	485,000
International Justice - Myanmar	71,254	23,881
Women's Rights Division - Afghanistan	50,000	-
Environment - Envision	20,000	-
Children's Rights	12,000	10,000
Women's Rights Division - COVID	-	250,000
Ethiopia	-	218,750
Women's Rights Division - Middle East & North Africa - Gender- Based Violence and Discrimination	-	152,500
Syria Refugees	-	144,080
Disabilities / General & Disabilities	-	125,000
Multimedia	-	41,197
LGBT	-	5,050
	\$ 1,764,632	\$ 1,946,805

Human Rights Watch, Inc.
Notes to Financial Statements
June 30, 2022

5. GALA REVENUE

Included in the statement of operations is gala revenue as follows. No revenue was recorded in 2022 as the 2022 gala was postponed to November 2022.

	2022	2021
Contributions		
General support	\$ -	\$ 24,250
Fund-in-need	-	49,700
Individual ticket sales	-	402,265
	\$ -	\$ 476,215

6. FILM FESTIVAL REVENUE

Included in the statement of operations is film festival revenue as follows:

	2022	2021
General support	\$ 26,000	\$ 13,200
Sponsorships	187,500	192,250
	\$ 213,500	\$ 205,450

7. RELATED PARTY BALANCES AND TRANSACTIONS

The Organization is related to HRWUS in that HRWUS is the sole member of the Organization. All transactions with HRWUS are carried out in the normal course of operations and are recorded at the exchange value which is the amount agreed to by the parties.

During the year, the Organization paid \$2,111,522 (2021 - \$1,841,140) to HRWUS for producing materials, conducting and commissioning research and advancing the objectives of the Organization through human rights awards and public education.

During the year, defined contribution pension expenses amounting to \$35,147 (2021 - \$32,640) were recorded in the accounts as personnel program expense. Of this, \$Nil (2021- \$32,640) was paid by HRWUS on behalf of the Organization and repaid to HRWUS by the Organization.

At year end, \$281,201 was receivable from HRWUS (2021 - \$392,036 payable). Amounts due from or to HRWUS are non-interest bearing and are repayable on demand.

The Organization has entered into various agency agreements with HRWUS. Pursuant to these agreements the Organization will fund specific Human Rights projects. The future outstanding commitments to HRWUS have not been reflected in the financial statements as the amounts owing are contingent upon future events.