

Human Rights Watch Canada

Financial Statements

For the Year Ended June 30, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members of Human Rights Watch Canada

Opinion

We have audited the financial statements of Human Rights Watch Canada, (the "Organization"), which comprise the statement of financial position as at June 30, 2023 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2023, 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 14, 2023
Toronto, Ontario

Human Rights Watch Canada
Statement of Financial Position
As at June 30, 2023

	2023	2022
Assets		
Current		
Cash	\$ 4,613,040	\$ 4,204,149
Other receivables	54,703	7,081
Prepaid expenses	15,871	9,885
Due from Human Rights Watch - United States (Note 8)	9,587	281,201
	4,693,201	4,502,316
Tangible capital assets (Note 3)	8,935	14,940
	\$ 4,702,136	\$ 4,517,256

Liabilities

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 78,794	\$ 119,495
Deferred contributions (Note 5)	2,128,640	1,764,632
	2,207,434	1,884,127

Net Assets

Invested in tangible capital assets	8,935	14,940
Unrestricted	2,485,767	2,618,189
	2,494,702	2,633,129
	\$ 4,702,136	\$ 4,517,256

Contingencies (Note 8)

Lease commitment (Note 9)

Approved by the Board

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 Chair of Board, Director

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 Director

Human Rights Watch Canada
Statement of Operations
Year Ended June 30, 2023

	2023	2022
Revenue		
Contributions	\$ 109,454	\$ 750,316
Restricted contributions (Note 5)	239,422	1,583,693
Gala (Note 6)	616,998	-
Film festival (Note 7)	185,550	213,500
Interest and other income	620	420
	1,152,044	2,547,929
Expenses		
Program		
Program (Note 8)	112,550	2,111,522
Personnel program (Note 8)	805,802	579,984
Film festival	17,425	24,086
	935,777	2,715,592
Fundraising		
Gala	113,237	-
Administration		
Office and general	122,578	91,509
Professional fees	55,301	33,365
Occupancy costs	54,713	62,250
Amortization	8,865	9,647
	241,457	196,771
	1,290,471	2,912,363
Deficiency of revenue over expenses	\$ (138,427)	\$ (364,434)

Human Rights Watch Canada
Statement of Changes in Net Assets
Year Ended June 30, 2023

	Invested in Tangible Capital Assets		Unrestricted		2023 Total	2022 Total		
Balance, beginning of year	\$	14,940	\$	2,618,189	\$	2,633,129	\$	2,997,563
Deficiency of revenue over expenses		(8,865)		(129,562)		(138,427)		(364,434)
Capital asset additions		2,860		(2,860)		-		-
Balance, end of year	\$	8,935	\$	2,485,767	\$	2,494,702	\$	2,633,129

Human Rights Watch Canada
Statement of Cash Flows
Year Ended June 30, 2023

	2023	2022
Cash provided by (used in)		
Operations		
Deficiency of revenue over expenses	\$ (138,427)	\$ (364,434)
Items not affecting cash		
Amortization	8,865	9,647
	(129,562)	(354,787)
Net changes in non-cash working capital		
Due from/to HRWUS	271,614	(673,237)
HST recoverable	(47,622)	3,548
Prepaid expenses	(5,986)	(935)
Accounts payable and accrued liabilities	(40,701)	(14,041)
Deferred contributions	364,008	(182,173)
	411,751	(1,221,625)
Investing		
Purchase of tangible capital assets	(2,860)	-
Net change in cash	408,891	(1,221,625)
Cash, beginning of year	4,204,149	5,425,774
Cash, end of year	\$ 4,613,040	\$ 4,204,149

Human Rights Watch Canada
Notes to Financial Statements
June 30, 2023

1. ORGANIZATION

Human Rights Watch Canada (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

These financial statements were prepared 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 recognized 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.

Human Rights Watch Canada
Notes to Financial Statements
June 30, 2023

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.

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.

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Furniture and fixtures	\$ 45,576	\$ 39,066	\$ 6,510	\$ 13,021
Equipment	6,017	6,017	-	1,104
Computer hardware	5,579	3,154	2,425	815
	\$ 57,172	\$ 48,237	\$ 8,935	\$ 14,940

Human Rights Watch Canada
Notes to Financial Statements
June 30, 2023

4. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities is \$5,508 (2022 - \$Nil) payable to the Ontario Ministry of Finance.

5. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2023	2022
Deferred contributions, beginning of year	\$ 1,764,632	\$ 1,946,805
Add contributions received	603,430	1,401,520
Less contribution revenue recognized	(239,422)	(1,583,693)
Deferred contributions, end of year	\$ 2,128,640	\$ 1,764,632

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

	2023	2022
Older Persons Rights	\$ 450,060	\$ 300,060
Disabilities - Humanitarian Emergencies	443,520	443,520
Disabilities - Shackling	351,687	351,687
Economic Rights & Justice - Canadian Researcher	183,430	-
Women's Rights Division - Male Guardianship	168,439	148,438
ECA Ukraine	128,250	214,350
Disabilities - Emergency/Crises - Climate	125,000	-
Disabilities - Good Practices - Alternatives to Police	125,000	-
International Justice - Myanmar	71,254	71,254
Women's Rights Division - Afghanistan	50,000	50,000
Environment - Envision	20,000	20,000
Children's Rights	12,000	12,000
Canada Director	-	153,323
	\$ 2,128,640	\$ 1,764,632

Human Rights Watch Canada
Notes to Financial Statements
June 30, 2023

6. 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.

	2023	2022
Contributions		
General support	\$ 422,318	\$ -
Fund-in-need	183,430	-
Individual ticket sales	11,250	-
	\$ 616,998	\$ -

7. FILM FESTIVAL REVENUE

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

	2023	2022
General support	\$ 37,800	\$ 26,000
Sponsorships	147,750	187,500
	\$ 185,550	\$ 213,500

8. 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. In April 2023, HRWUS established a local branch in Canada (Canada Branch) to represent HRWUS locally and to conduct local programs activities within Canada.

During the year, the Organization paid \$112,550 (2022 - \$2,111,522) 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 \$40,908 (2022 - \$35,147) were recorded in the accounts as personnel program expense.

At year end, \$9,587 was receivable from HRWUS (2022 - \$281,201). Amounts due from or to HRWUS are non-interest bearing and are repayable on demand.

Human Rights Watch Canada
Notes to Financial Statements
June 30, 2023

8. RELATED PARTY BALANCES AND TRANSACTIONS (Cont'd)

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. Further to the creation of the above-mentioned Canada branch, these activities have been undertaken by the Canada Branch effective May 2023. Donations received by HRW Canada will be forwarded to the Canada Branch to fulfil funding requests from HRWUS. As the agency agreements between HRW Canada and HRWUS are completed, any future agreements will be between Canada Branch and HRW Canada.

9. LEASE COMMITMENT

The Organization leases office space in Toronto, Canada, under a one lease lease which expires May 31, 2024 with a minimum annual payment of \$66,700 including HST.

10. COMPARATIVE FIGURES

Certain comparative balances have been reclassified to conform with the current year presentation.