

International Justice Mission Canada

Financial Statements

For the year ended December 31, 2010

International Justice Mission Canada

Financial Statements

For the year ended December 31, 2010

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Independent Auditors' Report

To the Members of INTERNATIONAL JUSTICE MISSION CANADA

We have audited the accompanying financial statements of INTERNATIONAL JUSTICE MISSION CANADA, which comprise the statement of financial position as at December 31, 2010 and the statements of operations and changes in fund balances 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 generally accepted accounting principles, 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.

Auditors' 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 an audit to obtain reasonable assurance 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 auditors' judgment, 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 audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, the entity derives revenue from donations and cash receipts 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. We were unable to determine whether any adjustments might be necessary to revenues other than grants, excess of revenue over expense, assets and fund balances.

Qualified Opinion

In our opinion, except for the 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 INTERNATIONAL JUSTICE MISSION CANADA as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Comparative Information

Without modifying our opinion, we draw attention to Note 11 to the financial statements which describes that the comparative figures were audited by another firm of chartered accountants.

A handwritten signature in cursive script that reads "BDO Canada LLP".

Chartered Accountants, Licensed Public Accountants


London, Ontario
May 5, 2011

International Justice Mission Canada

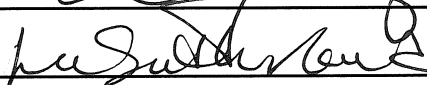
Statement of Financial Position December 31

	Operating Fund \$	Restricted Funds \$	Capital Fund \$	2010 \$	2009 \$
Assets					
Current assets					
Cash	99,899	237,851	-	337,750	363,678
Short-term investments (note 3)	-	100,877	-	100,877	200,259
Accounts receivable	23,025	-	-	23,025	5,030
Inventory	14,401	-	-	14,401	-
Prepaid expenses	9,615	-	-	9,615	6,006
	146,940	338,728	-	485,668	574,973
Capital assets (note 4)	-	-	45,360	45,360	-
Other assets - long term security deposit on lease	5,000	-	-	5,000	-
	151,940	338,728	45,360	536,028	574,973
Liabilities and Fund Balances					
Current liabilities					
Accounts payable and accrued liabilities	67,469	-	-	67,469	31,095
Fund balances					
Unrestricted	84,471	-	-	84,471	416,183
Internally restricted - invested in capital assets	-	-	45,360	45,360	-
Restricted (schedule 1)	-	338,728	-	338,728	127,695
	84,471	338,728	45,360	468,559	543,878
	151,940	338,728	45,360	536,028	574,973

Approved by the Board of Directors:



Director



Director

The accompanying notes form an integral part of these financial statements.

International Justice Mission Canada

Statement of Operations and Changes in Fund Balances For the year ended December 31

	Operating Fund \$	Restricted Funds \$	Capital Fund \$	2010 Total \$	2009 Total \$
Revenue					
Donations	1,120,314	730,550	-	1,850,864	1,716,418
Fundraising events	22,130	-	-	22,130	33,778
Honoraria and travel reimbursements	19,867	-	-	19,867	17,347
Sale of resource materials	13,657	-	-	13,657	13,822
Interest	1,055	-	-	1,055	441
	<u>1,177,023</u>	<u>730,550</u>	<u>-</u>	<u>1,907,573</u>	<u>1,781,806</u>
Expenditures (schedule 2)					
Program activities					
Overseas and general casework	6,074	914,413	-	920,487	729,527
Education	576,164	5,415	2,733	584,312	372,924
	<u>582,238</u>	<u>919,828</u>	<u>2,733</u>	<u>1,504,799</u>	<u>1,102,451</u>
Fund development	283,871	4,067	1,367	289,305	235,303
General and administrative support	183,362	4,059	1,367	188,788	91,986
	<u>1,049,471</u>	<u>927,954</u>	<u>5,467</u>	<u>1,982,892</u>	<u>1,429,740</u>
Excess (deficiency) of revenue over expenditures	127,552	(197,404)	(5,467)	(75,319)	352,066
Fund balances, beginning of year	416,183	127,695	-	543,878	191,812
Interfund transfers	(459,264)	408,437	50,827	-	-
Fund balances, end of year	<u>84,471</u>	<u>338,728</u>	<u>45,360</u>	<u>468,559</u>	<u>543,878</u>

The accompanying notes form an integral part of these financial statements.

International Justice Mission Canada

Statement of Cash Flows For the year ended December 31

	Operating Fund \$	Restricted Funds \$	Capital Fund \$	2010 Total \$	2009 Total \$
Cash provided by (used in)					
Operating activities					
Excess (deficiency) of revenue over expenditures	127,552	(197,404)	(5,467)	(75,319)	352,066
Transfers among funds	(459,264)	408,437	50,827	-	-
Amortization	-	-	5,467	5,467	-
Change in non-cash working capital (note 5)	369	-	-	369	98,639
	<u>(331,343)</u>	<u>211,033</u>	<u>50,827</u>	<u>(69,483)</u>	<u>450,705</u>
Investing activities					
Purchase of capital assets	-	-	(50,827)	(50,827)	-
Invested in other assets	(5,000)	-	-	(5,000)	-
	<u>(5,000)</u>	<u>-</u>	<u>(50,827)</u>	<u>(55,827)</u>	<u>-</u>
Net increase (decrease) in cash	(336,343)	211,033	-	(125,310)	450,705
Cash, beginning of year	436,242	127,695	-	563,937	113,232
Cash, end of year	99,899	338,728	-	438,627	563,937
Represented by:					
Cash	99,899	237,851	-	337,750	363,678
Short-term investments	-	100,877	-	100,877	200,259
	<u>99,899</u>	<u>338,728</u>	<u>-</u>	<u>438,627</u>	<u>563,937</u>
Supplementary Information					
Interest received	1,055	-	-	1,055	441

The accompanying notes form an integral part of these financial statements.

International Justice Mission Canada

Notes to the Financial Statements

December 31, 2010

1. Purpose of the Organization

International Justice Mission Canada (the "Organization") is a Christian human rights organization that protects, rescues and restores people oppressed by violent forces of injustice.

International Justice Mission Canada is a non-profit organization incorporated without share capital under the Canada Corporations Act. It is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

a) Restricted fund accounting

The financial statements of the Organization are maintained in accordance with the restricted fund method of accounting. All financial statement transactions have been recorded in three funds: Operating, Restricted, and Capital.

- The Operating Fund reports the assets, liabilities, revenue, and expenditures relating to program and administrative activities of the Organization that are supported by unrestricted contributions.
- The Restricted Fund reports the assets, liabilities, revenue, and expenditures related to the Organization's programs and activities that are supported by externally restricted contributions.
- The Capital Fund reports the assets, liabilities, revenue, and expenditures related to the Organization's capital assets.

b) Revenue recognition

Unrestricted donations are recognized as revenue in the Operating Fund and restricted donations are recognized as revenue in the Restricted Fund in the year received or postmarked by mail. Other forms of income, such as sales or investment income, are recognized as earned.

c) Contributed services

Volunteers contribute many hours each year to assist the Organization in carrying out its activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

International Justice Mission Canada

Notes to the Financial Statements

December 31, 2010

d) Financial instruments

The Organization's financial instruments recognized in the statement of financial position consist of cash, short-term investments, accounts receivable and accounts payable and accrued liabilities. The Organization's accounting policy for each category is as follows:

Held for trading

This category consists of cash, which is carried on the balance sheet at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held for trading are expensed as incurred.

Available for sale

This category consists of short-term investments consisting of term deposits and guaranteed investment certificates. The Organization does not intend to trade these investments for short-term profit making, but rather intends to hold them to maturity. Typically the cost of these investments is equivalent to the fair market value, however any potential unrealized holding gains or losses related to these investments would be reflected as a separate component of other comprehensive income.

Loans or receivables

This category consists of accounts receivable which are initially recognized at fair value and subsequently carried at amortized cost, which approximates fair value due to their short-term nature.

Other financial liabilities

This category includes accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost, which approximates fair value, due to the short-term nature of the liability.

Fair values

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities.

International Justice Mission Canada

Notes to the Financial Statements

December 31, 2010

e) Inventory

Inventory is comprised of resources such as books, t-shirts, CDs and DVDs which are sold and used for promotional and educational purposes. The items are carried at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

f) Capital assets

Capital assets are recorded at cost. Amortization expense is reported in the Capital Fund on a straight-line basis over the estimated useful lives of capital assets. Amortization rates are as follows:

Furniture	7 years
Computer and Office Equipment	3 years
Leasehold Improvements (over lease term)	5 years

Prior to 2010 there were no assets that met the criteria for capitalization. Purchased items that do not meet the criteria for capitalization are expensed in the statement of operations.

g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

h) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the end of the year. Transactions during the year are translated at exchange rates in effect at the date of the transaction. Exchange gains and losses occurring from the date of the transaction to the date of payment are reflected in the Statement of Operations.

i) Allocation of expenditures

The Organization provides various programs and services around the world. The direct costs of each program include the salaries and benefits, supplies and other expenditures that are related to providing the program. The Organization also incurs a number of indirect costs that are related to the administration and support of its programs. The Organization allocates certain general support expenditures, such as management and administrative wages, occupancy, insurance and telephone costs, to its various programs as follows:

International Justice Mission Canada

Notes to the Financial Statements

December 31, 2010

Salaries and wages are allocated based on the actual hours spent on the various programs. Occupancy and telephone costs are allocated based on the proportionate time spent by staff on each program or support activity.

3. Short-term investments

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
	\$	\$	\$	\$
<i>Available for sale</i>				
Redeemable Term Deposit(s)	100,452	100,452	200,000	200,000
Accrued Interest on Deposit(s)	425	425	259	259
	<u>100,877</u>	<u>100,877</u>	<u>200,259</u>	<u>200,259</u>

The interest rate on the Redeemable Term Deposit is 1.5% (2009 – 0.45%). The Deposit matures in 2012 (2009 Deposits matured in 2010). The Deposit can be redeemed prior to maturity at an interest rate penalty.

4. Capital assets

	2010		2009	
	Cost	Accumulated Amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture	27,661	1,975	25,686	-
Computer and Office Equipment	12,096	2,016	10,080	-
Leasehold Improvements	11,070	1,476	9,594	-
	<u>50,827</u>	<u>5,467</u>	<u>45,360</u>	<u>-</u>

Amortization charges for the year are \$5,467 (2009 - \$0).

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Notes to the Financial Statements

December 31, 2010

5. Change in non-cash working capital

Changes in non-cash working capital in the Statement of Cash Flows are comprised as follows:

	2010	2009
	\$	\$
Accounts receivable	(17,995)	69,908
Inventory	(14,401)	-
Prepaid expenses	(3,609)	25,817
Accounts payable	36,374	2,914
	<hr/>	<hr/>
	369	98,639

6. Group retirement savings plan

The Organization contributes to a group retirement savings plan for permanent employees. Contributions range from 3% to 6% of cash earnings, depending on the employee's contribution to the plan. Employer contributions during the year were \$26,248 (2009 - \$1,767).

7. Contractual agreement and obligation

The Organization conducts its overseas programs under a Contract for Services Agreement with International Justice Mission dated January 1, 2009. During the year payments were made totalling \$845,062 (2009 - \$645,101). The Organization has agreed to pay \$994,494 (in US dollars) for work to be completed by International Justice Mission in the period January 1, 2011 to December 31, 2011. The Organization is exposed to exchange rate fluctuations and the associated risk when making payments under the contract for services.

8. Commitments

The Organization entered into a five year lease agreement effective May 1, 2010 for office space at 150 Dufferin Avenue in London, Ontario. Lease payments, net of recoverable property taxes, are expected to average \$6,500 monthly during the term of the lease as follows:

2011	\$78,000
2012	\$78,000
2013	\$78,000
2014	\$78,000
2015	\$26,000

International Justice Mission Canada

Notes to the Financial Statements December 31, 2010

9. Capital disclosures

The Organization defines its capital as the amounts included in its Fund Balances. The Organization's objectives in managing its capital are preservation of capital and sufficient liquidity to meet project and operating payments. As the Organization is a not-for-profit organization, this objective is dependent on the support of donors.

A portion of the Organization's capital is restricted in that the Organization is required to meet certain requirements in order to utilize its externally restricted funds as described in schedule 1. In order to facilitate the management of its capital requirements, the Organization prepares annual revenue and expenditure budgets which are based on established and projected funding needs for the year. These budgets are updated as necessary depending on changes in circumstances and are approved by the Board of Directors.

10. Allocation of expenditures

In accordance with the allocation policy described in note 2, \$36,652 of indirect costs were allocated to restricted funds in 2010 (2009 - \$13,295).

11. Comparative figures

The comparative figures were audited by another firm of chartered accountants. Certain comparative figures have been reclassified to conform to the current year presentation.

International Justice Mission Canada

Schedule 1 - Restricted Funds
For the year ended December 31, 2010

Fund Name	Beginning of Year \$	Revenue \$	Expenditures \$	Transfer from		Interfund Transfers \$	End of Year \$
				Unrestricted	\$		
Locations							
Africa	(12,768)	127,030	65,116	-	-	-	49,146
India	95,748	69,936	118,940	-	-	-	46,744
Latin America	(41,879)	104,364	330,401	280,400	11,781	-	24,265
Southeast Asia	83,316	308,136	384,910	128,037	-	-	134,579
Programs*							
Internship Program	-	25,069	11,565	-	-	-	13,504
Slavery	-	6,073	258	-	-	-	5,815
Sex Trafficking	-	61,729	2,623	-	-	-	59,106
Sexual Violence	-	12,304	523	-	(11,781)	-	-
Theft of Land/Property	-	1,809	77	-	-	-	1,732
Other							
Professional Development	3,278	14,100	13,541	-	-	-	3,837
	127,695	730,550	927,954	408,437	-	-	338,728

*With the exception of the Internship Program Fund, the program restricted funds were established in October 2010. Prior to that, funds for programs were allocated to the location where that type of casework is carried on.

The accompanying notes form an integral part of these financial statements.

International Justice Mission Canada

Schedule 2 - Expenditures
For the year ended December 31

	Program Overseas and General Casework	Program		Support		Total
		Education	Development	Administrative	Total	
		\$	\$	\$	\$	
Amortization	-	2,733	1,367	1,367	5,467	-
Bank charges and discounts	497	-	1,258	19,867	21,622	17,436
Books and materials for resale	-	4,467	-	-	4,467	14,733
Computer and website expenses	-	47,443	13,999	8,163	69,605	31,232
Contract labour and recruiting	-	25,684	332	1,199	27,215	22,339
Hosted events	-	43,858	38,096	-	81,954	64,345
Insurance	774	490	284	1,458	3,006	2,398
Marketing and promotion	-	3,843	4,837	-	8,680	6,030
Occupancy	1,905	28,778	14,685	10,184	55,552	26,828
Office furniture	-	2,597	1,583	4,949	9,129	1,078
Office expense	-	1,245	669	3,581	5,495	5,907
Other expenses	1,116	3,987	1,940	5,077	12,120	7,979
Overseas ministry and casework (note 7)	845,062	-	-	-	845,062	645,101
Postage and shipping	119	14,769	7,973	521	23,382	21,020
Printing and reproduction	-	17,463	11,420	1,446	30,329	30,380
Professional fees	80	971	360	16,757	18,168	16,386
Telephone	1,266	5,652	3,141	2,898	12,957	12,394
Training	18	6,982	5,361	5,316	17,677	4,931
Travel	40,669	57,750	12,717	15,845	126,981	98,507
Wages and benefits (note 6)	28,981	315,600	169,283	90,160	604,024	400,716
	920,487	584,312	289,305	188,788	1,982,892	1,429,740

The accompanying notes form an integral part of these financial statements.