JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

Financial Statements

Year Ended December 31, 2014

ADAMSMACFARLANE
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Justice Centre for Constitutional Freedoms

We have audited the accompanying financial statements of the Justice Centre for Constitutional Freedoms, which comprise the statement of financial position as at December 31, 2014 and the statements of revenues and expenditures, changes in net assets 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 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.

Auditor's 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 the audit to obtain reasonable assurance about 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 auditor's 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.

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Opinion

In common with many non-profit entities, the organization derives revenues from donations and other fund-raising activities, 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 donations and other fund-raising revenue, excess revenue over disbursements , cash or net assets.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Justice Centre for Constitutional Freedoms as at December 31, 2014 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.

Adams MacFarlane

Calgary, Alberta
May 12, 2015

Chartered Accountants

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

Statement of Financial Position

December 31, 2014

		2014		2013
Assets				
Current				
Cash	$	**125,639**	$	5,805
Prepaid expenses		**547**		5,000
GST receivable		**6,638**		6,056
		132,824		16,861
Property and equipment *(Note 3)*		**447**		993
	$	**133,271**	$	17,854
Liabilities and net assets				
Current				
Accounts payable and accrued liabilities *(Note 5)*	$	**5,123**	$	5,509
Deferred income		**58,000**		-
		63,123		5,509
Net assets				
Unrestricted fund		**70,148**		12,345
	$	**133,271**	$	17,854

ON BEHALF OF THE BOARD

_______________ *Director*

_______________ *Director*

See notes to financial statements

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

Statement of Revenues and Expenditures

Year Ended December 31, 2014

	2014	2013
Revenue		
Donations	$ 463,502	$ 409,247
Expenses		
Litigation program *(Note 5)*	227,190	218,495
Advertising, promotion and fundraising	56,485	49,878
Office and administration	45,279	41,716
Education program	38,399	47,168
Travel and conferences	13,007	10,716
Website maintenance and development	11,735	5,434
GST expense	6,638	6,056
Bookkeeping and audit	5,735	5,815
Interest and bank charges	723	1,025
Amortization	546	377
Vehicle and parking	367	587
Insurance	228	850
	406,332	388,117
Excess of revenue over expenses from operations	57,170	21,130
Other income		
Interest income	633	622
Excess of revenue over expenses	$ 57,803	$ 21,752

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

Statement of Changes in Net Assets

Year Ended December 31, 2014

	2014	2013
Net assets - beginning of year	**$ 12,345**	$ (9,407)
Excess of revenue over expenses	**57,803**	21,752
Net assets - end of year	**$ 70,148**	$ 12,345

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

Statement of Cash Flows

Year Ended December 31, 2014

		2014		2013
Operating activities				
Excess of revenue over expenses	$	57,803	$	21,752
Item not affecting cash:				
Amortization of equipment		546		377
		58,349		22,129
Changes in non-cash working capital:				
Accounts payable and accrued liabilities		(386)		(26,038)
Deferred income		58,000		-
Prepaid expenses		4,453		(5,000)
GST receivable		(582)		(918)
		61,485		(31,956)
Cash flow from (used by) operating activities		119,834		(9,827)
Investing activity				
Purchase of property, plant and equipment		-		(1,370)
Increase (decrease) in cash flow		119,834		(11,197)
Cash - beginning of year		5,805		17,002
Cash - end of year	$	125,639	$	5,805

See notes to financial statements

1. NATURE OF OPERATIONS

The Justice Centre for Constitutional Freedoms ("JCCF" or the "Organization") was incorporated in October 2010 under the Canada Corporation Act as a not for profit organization. The mission of JCCF is to protect and promote Canada's core principles of freedom and equality through education and litigation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash funds held at the entity's bank.

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Revenue recognition

The Justice Centre for Constitutional Freedoms follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

All other receipts are recognized as revenue when they are received.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	55%	declining balance method

The Organization regularly reviews its property and equipment to eliminate obsolete items.

Contributed and Volunteer Services

The JCCF benefits from pro bono legal assistance and advice received from more than 20 lawyers across Canada. The fair market value of these legal services is difficult to calculate with accuracy, and these services have not been recorded within these financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and GST receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

There were no financial assets measured at fair value.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	$ 1,370	$ 923	$ 447	$ 993

4. ECONOMIC DEPENDENCE

The JCCF's ongoing operations depend entirely on fundraising results.

5. RELATED PARTY TRANSACTIONS

Included in litigation fees for the year are $149,000 (2013 - $161,000) of legal expenses paid to John V. Carpay Professional Corporation, which is owned by John Carpay, President of JCCF.

6. DONATED OFFICE SPACE

To date, the JCCF has conducted its operations using donated office space.

7. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, interest rate risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

Credit risk

Credit risk is the risk of financial loss to the Organization if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Organization is not exposed to significant credit risk as it only records revenues from its activities when received, as the completeness of revenue is uncertain until collected.

Currency Risk

Currency risk is the risk to the Organization's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization is not exposed to foreign currency exchange risk.

Liquidity risk

Liquidity risk is the risk that the Organization will incur difficulties meeting its financial obligations as they are due. The Organization's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Organization's reputation.

Market risk

Market risk consists of commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. The Organization is exposed to changes in commodity prices impacted by world economic events as it impacts it donors willingness to give. Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Organization is exposed to interest rate fluctuations on its cash balances as the rate of interest is at a floating rate or at short-term fixed rates.