TAX COPY

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

Financial Statements

Year Ended December 31, 2016

[redacted]

INDEPENDENT AUDITOR'S REPORT

To the Directors of Justice Centre for Constitutional Freedoms

We have audited the accompanying financial statements of Justice Centre for Constitutional Freedoms, which comprise the statement of financial position as at December 31, 2016 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 qualified audit opinion.

(continues)

Independent Auditor's Report to the Directors of Justice Centre for Constitutional Freedoms *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, Justice Centre for Constitutional Freedoms derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Justice Centre for Constitutional Freedoms. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2016, current assets and net assets as at January 1, 2016 and December 31, 2016.

Qualified Opinion

In our opinion, except for the possible 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 Justice Centre for Constitutional Freedoms as at December 31, 2016 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.

[redacted]

Calgary, Alberta
[redacted]

Chartered Accountants

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

Statement of Financial Position

December 31, 2016

	2016	2015
Assets		
Current		
Cash	**$ 297,056**	$ 164,770
Accounts receivable	**500**	500
Prepaid expenses	**664**	664
GST receivable	**28,791**	13,581
	327,011	179,515
Property and equipment *(Note 3)*	**90**	201
	$ 327,101	$ 179,716
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**$ 33,191**	$ 53,938
Net assets		
Unrestricted fund	**293,910**	125,778
Liabilities and net assets	**$ 327,101**	$ 179,716

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, 2016

	2016	2015
Revenue		
Donations	$ 1,008,203	$ 734,650
Expenses		
Litigation program *(Note 5)*	378,520	301,112
Office and administration *(Note 5)*	157,118	85,930
Education program *(Note 5)*	132,176	80,439
Advertising, promotion and fundraising	116,465	173,491
Website maintenance and development	19,808	9,780
GST expense	15,210	13,581
Bookkeeping and audit	12,590	8,840
Travel and conferences	4,065	3,785
Interest and bank charges	3,540	1,518
Insurance	850	733
Vehicle and parking	223	572
Amortization	111	246
	840,676	680,027
Excess of revenue over expenses from operations	167,527	54,623
Other income		
Interest income	605	1,007
Excess of revenue over expenses	$ 168,132	$ 55,630

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

Statement of Changes in Net Assets

Year Ended December 31, 2016

	2016	2015
Net assets - beginning of year	**$ 125,778**	$ 70,148
Excess of revenue over expenses	**168,132**	55,630
Net assets - end of year	**$ 293,910**	$ 125,778

JUSTICE CENTRE FOR CONSTITUTIONAL FREEDOMS

Statement of Cash Flows

Year Ended December 31, 2016

	2016	2015
Operating activities		
Excess of revenue over expenses	$ **168,132**	$ 55,630
Item not affecting cash:		
Amortization of equipment	**111**	246
	168,243	55,876
Changes in non-cash working capital:		
Accounts receivable	**-**	(500)
Accounts payable and accrued liabilities	**(20,747)**	48,815
Deferred income	**-**	(58,000)
Prepaid expenses	**-**	(117)
GST receivable	**(15,210)**	(6,943)
	(35,957)	(16,745)
Increase in cash flow	**132,286**	39,131
Cash - beginning of year	**164,770**	125,639
Cash - end of year	$ **297,056**	$ 164,770

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 and any term deposits with a maturity date less than 90 days.

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 which include allowance for doubtful accounts, estimated life of capital assets, and some expense accruals 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.

(continues)

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

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.

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 AND EQUIPMENT

	Cost	Accumulated amortization	**2016 Net book value**	2015 Net book value
Computer equipment	$ 1,370	$ 1,280	**$ 90**	$ 201

4. ECONOMIC DEPENDENCE

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

5. RELATED PARTY TRANSACTIONS

Included in the expenditure categories litigation and education programs and office and administration are $186,395 (2015 - $190,000) of legal expenses paid to [redacted] 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 an organization may 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.