

**ASSOCIATION IN DEFENCE OF
THE WRONGLY CONVICTED**

FINANCIAL STATEMENTS

AUGUST 31, 2008

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ASSOCIATION IN DEFENCE OF THE WRONGLY CONVICTED

FINANCIAL STATEMENTS

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AUDITORS' REPORT

To the Members of
Association in Defence of The Wrongly Convicted

We have audited the statement of financial position of Association in Defence of The Wrongly Convicted as at August 31, 2008 and the statement of operations and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The organization derives revenue from membership fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of membership fees 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 revenues, excess of revenues over expenses, current assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at August 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
October 16, 2008

Chartered Accountants
Licensed Public Accountants

ASSOCIATION IN DEFENCE OF THE WRONGLY CONVICTED
Statement of Financial Position
As at August 31, 2008

	2008	2007
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	61,645	10,075
Accounts receivable	5,000	-
Due from The Jur-Ed Foundation (note 4)	-	21,500
Prepaid expenses	1,346	-
	<hr/>	<hr/>
	67,991	31,575
PROPERTY AND EQUIPMENT (note 3)	<hr/>	<hr/>
	2,670	2,743
	<hr/>	<hr/>
	70,661	34,318
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	4,803	4,821
Due to The Jur-Ed Foundation (note 4)	1,871	-
Deferred funds (note 5)	24,446	-
	<hr/>	<hr/>
	31,120	4,821
NET ASSETS		
UNRESTRICTED FUND	<hr/>	<hr/>
	39,541	29,497
	<hr/>	<hr/>
	70,661	34,318
	<hr/> <hr/>	<hr/> <hr/>

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

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

ASSOCIATION IN DEFENCE OF THE WRONGLY CONVICTED

Statement of Operations and Fund Balances

For the year ended August 31, 2008

	2008	2007
	\$	\$
REVENUE		
Corporate and individual contributions	34,097	18,845
Law Foundation	110,000	118,940
Other funding	71,606	-
Fundraising events	64,005	389
Case investigations	157,528	101,191
	<u>437,236</u>	<u>239,365</u>
EXPENSES		
Fundraising event expenses	37,914	-
Case investigation expenses	176,935	125,973
Communications and outreach	911	6,751
Bank charges	2,314	650
Office and general	19,394	15,031
Professional fees	10,729	17,210
Rent	20,695	17,596
Salaries and benefits	148,155	118,026
Telephone	9,378	6,546
Amortization	767	891
	<u>427,192</u>	<u>308,674</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	10,044	(69,309)
Fund balance, beginning of year	29,497	98,806
FUND BALANCE, END OF YEAR	<u>39,541</u>	<u>29,497</u>

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

ASSOCIATION IN DEFENCE OF THE WRONGLY CONVICTED

Statement of Cash Flows

For the year ended August 31, 2008

	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	10,044	(69,309)
Adjustment for amortization	767	891
Change in non-cash items		
Accounts receivable	(5,000)	-
Prepaid expenses	(1,346)	-
Accounts payable and accrued liabilities	(18)	(3,836)
Due to/from The Jur-Ed Foundation	23,371	(22,975)
Deferred funds	24,446	-
	<u>52,264</u>	<u>(95,229)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(694)	-
NET INCREASE (DECREASE) IN CASH	51,570	(95,229)
Cash, beginning of year	10,075	105,304
CASH, END OF YEAR	<u>61,645</u>	<u>10,075</u>
Supplemental cash flow information		
Interest paid	-	-

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

ASSOCIATION IN DEFENCE OF THE WRONGLY CONVICTED

Notes to Financial Statements

August 31, 2008

1. NATURE OF THE ORGANIZATION

Association in Defence of The Wrongly Convicted ("AIDWYC") is registered as a non-for-profit organization. The purpose of the organization is to fund investigations into and assist in overturning cases of wrongful conviction; to provide legal assistance, support and counseling to persons wrongly convicted; and to facilitate the exchange of dissemination of research, information and ideas with respect to the criminal justice system, the administration of justice and the miscarriages of justice.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Property and Equipment

Property and equipment purchased are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	30%	Declining balance
Office equipment	20%	Declining balance

Amortization of property and equipment acquired during the year is recorded at one-half of the indicated rate.

b) Fund Accounting

Revenue and expenses related to the organization's service delivery and administration are reported in the unrestricted funds.

c) Revenue Recognition

The organization follows the deferral method of accounting for revenue. 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. Restricted contributions for expenses of a future period are deferred and recognized as revenue in the same period as the related expenses are recognized.

d) Contributed Materials and Services

Contributed materials and services are not recognized in these financial statements.

e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in operations in the period in which they become known. Significant areas requiring the use of estimates relate to the recording of accruals.

ASSOCIATION IN DEFENCE OF THE WRONGLY CONVICTED

Notes to Financial Statements

August 31, 2008

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

f) Income Taxes

The organization is a non-for-profit organization within the meaning of the Income Tax Act and as such is exempt from income taxes.

g) Recent Accounting Pronouncements

(i) Accounting Changes

Effective September 1, 2007, the organization adopted the new recommendations of the CICA Handbook Section 1506, Accounting Changes. Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and/or relevant information.

These recommendations also require changes in accounting policy to be applied retrospectively unless doing so is impracticable, require prior period errors to be corrected retrospectively, require enhanced disclosures about the effect of changes in accounting policies, estimates and errors on the financial statements and require disclosure of new primary sources of GAAP that have been issued but not yet effective. The adoption of Section 1506 has no impact on these financial statements.

ii) Financial Instruments

Effective September 1, 2007, the organization adopted the recommendations of CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement and Section 3861 – Financial Instruments – Disclosure and Presentation.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Upon adoption, all existing and new financial assets and financial liabilities of an enterprise must be classified as either held for trading, held to maturity, or available for sale with each classification having a different accounting treatment after the initial recognition of the asset or liability. All financial assets and financial liabilities must be measured at fair value upon initial recognition.

After initial recognition, the financial assets are measured according to the following guidelines. Financial assets that are classified as available for sale or held for trading must be measured at fair value. Any gain or loss on a financial asset held for trading is recorded in the statements of operations in the period in which it occurs. Any gain or loss on a financial asset that is available for sale is recorded directly in the fund balance. Financial assets that are classified as held to maturity are measured at amortized cost using the effective interest method.

ASSOCIATION IN DEFENCE OF THE WRONGLY CONVICTED

Notes to Financial Statements

August 31, 2008

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

g) Recent Accounting Pronouncements (cont'd)

ii) Financial Instruments (cont'd)

After initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method.

The organization has elected to apply the following classifications to each of its significant categories of financial instruments:

<u>Asset/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other liabilities	Amortized cost
Due to (from) The Just-Ed Foundation	Other liabilities	Amortized cost
Funds in Trust	Other liabilities	Amortized cost

iii) Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance.

This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically September 1, 2008 for this organization. The organization has not yet determined the impact of the adoption of this Section on the disclosures in its financial statements.

iv) General Standards on Financial Statement Presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, specifically September 1, 2008 for this organization. The organization does not expect the adoption of this standard to have an impact on its financial statements.

ASSOCIATION IN DEFENCE OF THE WRONGLY CONVICTED

Notes to Financial Statements

August 31, 2008

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

g) Recent Accounting Pronouncements (cont'd)

v) Financial Instruments

In October 2007, the AcSB approved disclosure and presentation requirements for financial instruments that revise and enhance the disclosure requirement of Section 3861. These requirements are included in Section 3862. Financial Instruments – Disclosure (Section 3862) and financial Instruments – Presentation (Section 3863), which replaces Section 3861.

Section 3862 requires disclosures by class of financial instruments, which enable users to evaluate the significance of financial instruments for an entity financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposures to risks arising from financing instruments, including specific minimum disclosures about credit risk, liquidity risk and each type of market risk to which an entity is exposed, showing how net income (loss) would have been affected by reasonable possible changes in the relevant risk variable. This standard is effective for not for – profit organizations for year ends beginning on or after October 1, 2008, specifically September 1, 2009 for the organization. The organization does not expect that the adoption of these new sections will have a significant effect on the organization's financial statements.

vii) Future Reporting Standards

At the September 23-24 meeting, the Accounting Standards Board (AcSB) decided that private enterprises would not be required to adopt the following sections:

- Section 1530, Comprehensive Income
- Section 1651, Foreign Currency Translation
- Section 3051, Investments
- Section 3251, Equity
- Section 3855, Financial Instruments - Recognition and Measurement
- Section 3862, Financial Instruments - Disclosures
- Section 3863, Financial Instruments – Presentation
- Section 3865, Hedges

Although, currently, these exemptions do not apply to not-for-profit organizations, the AcSB is undergoing further consultations on the future of reporting for not-for-profit organizations and may allow these organizations to apply the standards for private enterprises. The outcome of these developments cannot be determined at this time.

ASSOCIATION IN DEFENCE OF THE WRONGLY CONVICTED

Notes to Financial Statements

August 31, 2008

(Unaudited)

3. PROPERTY AND EQUIPMENT

	2008		2007	
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Computer equipment	6,581	5,190	1,391	1,144
Office equipment	5,136	3,857	1,279	1,599
	11,717	9,047	2,670	2,743

Amortization for the year amounted to \$767 (\$891 in 2007).

4. DUE TO/FROM THE JUR-ED FOUNDATION

These amounts are non-interest bearing, unsecured and due on demand to a charity organization with similar directors in common with Association in Defence of the Wrongly Convicted.

5. DEFERRED FUNDS

These deferred funds of \$24,446 (\$nil in 2007) from Trillium represents funding received for volunteer coordinators salary and volunteer recognition event expenses relating to the next fiscal year.

6. FINANCIAL INSTRUMENTS

Fair Values

The fair values of financial assets and liabilities approximate their carrying values due to the short-term nature of these financial instruments.