
FINANCIAL STATEMENTS

**BRITISH COLUMBIA CIVIL
LIBERTIES ASSOCIATION**

December 31, 2005 and 2004

***WM* TOMPKINS, WOZNY, MILLER & CO.**
Chartered Accountants

A partnership of incorporated professionals.

AUDITOR'S REPORT

To the Board of Directors and Members
British Columbia Civil Liberties Association

We have audited the statement of financial position of the **British Columbia Civil Liberties Association** as at December 31, 2005 and 2004 and the statements of operations and changes in fund balances, financial position and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraphs, 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.

In common with many not-for-profit charitable organizations, the British Columbia Civil Liberties Association derives revenue from memberships and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of those 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 memberships and donations, excess of revenue over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we may have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the memberships and donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2005 and 2004 and the results of its operations for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of B.C., we report that these principles have been applied on a basis consistent with the prior year.

Vancouver, Canada
February 10, 2006

Tompkins, Wozny, Miller & Co.

Chartered Accountants

British Columbia Civil Liberties Association

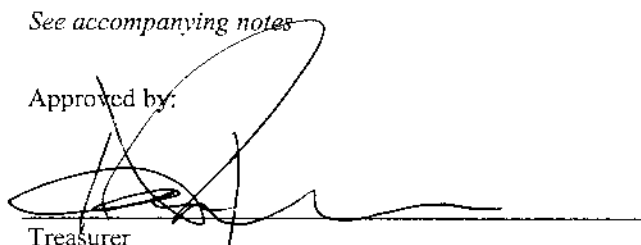
STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCES

As at December 31

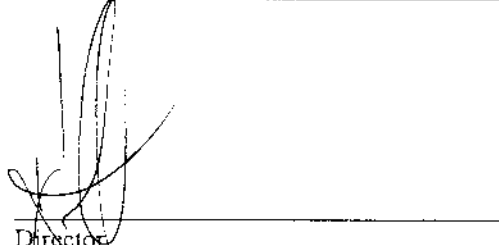
	2005			2004	
	General	Stabilization	Little	Total	Total
	Fund	Fund	Sister's		
\$	\$	\$	\$	\$	
REVENUE					
Membership & donations	136,761	—	—	136,761	148,080
Law Foundation – operating grant	144,300	—	—	144,300	134,300
Specified grants & donations earned [note 6]	21,181	—	10,385	31,566	30,045
Gaming revenue earned [note 6]	52,574	—	—	52,574	20,968
Investment revenue [note 8]	217	37,466	—	37,683	4,420
Endowment distributions [note 5]	—	4,159	—	4,159	4,043
Miscellaneous and special events	1,066	—	—	1,066	24,011
Amortization of deferred contributions related to capital assets [note 7]	771	—	—	771	1,985
	356,870	41,625	10,385	408,880	367,852
EXPENSES					
Salaries & benefits	210,723	—	—	210,723	197,000
Rent & utilities	37,762	—	—	37,762	30,746
Office operating	26,018	—	—	26,018	38,711
Contract services	20,347	—	10,385	30,732	68,149
Insurance	1,222	—	—	1,222	4,450
Bank charges	2,087	—	—	2,087	3,003
Fundraising	6,963	—	—	6,963	9,155
Publications & printing	14,110	—	—	14,110	6,905
Legal defense	6,008	—	—	6,008	6,760
Miscellaneous and special events	6,038	—	—	6,038	16,655
Amortization	2,726	—	—	2,726	4,458
	334,004	—	10,385	344,389	385,992
Excess (deficiency) of revenue over expenses	22,866	41,625	—	64,491	(18,140)
Fund balances, beginning of year	8,166	220,047	1,625	229,838	247,978
Fund balances, end of year	31,032	261,672	1,625	294,329	229,838

See accompanying notes

Approved by:



Treasurer



Director

British Columbia Civil Liberties Association

STATEMENT OF FINANCIAL POSITION

As at December 31

	2005			2004	
	General	Stabilization	Little	Total	Total
	Fund	Fund	Sister's		
\$	\$	\$	\$	\$	
ASSETS					
Current					
Cash & short-term deposits	63,085	—	—	63,085	48,167
Restricted cash - gaming	31,630	—	—	31,630	39,135
GST, interest & other receivables	9,532	275	1,625	11,432	10,743
Due to/from other funds	(24,174)	20,545	3,629	—	—
Prepaid expenses	14,039	—	—	14,039	14,410
Total current assets	94,112	20,820	5,254	120,186	112,455
Investments, at cost					
– administered by the Association (market \$178,870 [2004 - \$143,195])	—	149,678	—	149,678	124,737
– subject to trust agreement (market \$105,742 [2004 - \$73,348])	—	91,174	—	91,174	62,155
Capital assets <i>[note 4]</i>	4,465	—	—	4,465	7,191
	98,577	261,672	5,254	365,503	306,538
Endowment fund <i>[note 5]</i>					
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued liabilities	16,689	—	—	16,689	17,865
Deferred contributions <i>[note 6]</i>	48,248	—	3,629	51,877	56,656
Due to endowment fund	1,825	—	—	1,825	625
Deferred contributions relating to capital assets <i>[note 7]</i>	783	—	—	783	1,554
Total liabilities	67,545	—	3,629	71,174	76,700
Net assets					
Invested in capital assets	3,682	—	—	3,682	5,636
Internally restricted	—	170,498	1,625	172,123	159,527
Internally restricted - subject to trust agreement <i>[note 8]</i>	—	91,174	—	91,174	62,145
Unrestricted	27,350	—	—	27,350	2,529
Total net assets	31,032	261,672	1,625	294,329	229,838
	98,577	261,672	5,254	365,503	306,538

Contingent liability *[note 9]*

See accompanying notes

British Columbia Civil Liberties Association

STATEMENT OF CASH FLOWS

As at December 31

	2005			2004	
	General Fund	Stabilization Fund	Little Sister's Fund	Total	Total
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Cash received from					
General contributions	121,761	—	—	121,761	142,857
Specified donations - Little Sister's	—	—	3,629	3,629	10,385
Law Foundation of BC - operating	144,300	—	—	144,300	134,300
Other	30,663	—	—	30,663	15,557
Gaming	45,069	—	—	45,069	60,021
Publication, special events and other	1,066	—	—	1,066	24,011
Investment income received	217	—	—	217	109
Endowment income received	—	4,159	—	4,159	4,043
Cash paid on behalf of Little Sister's	—	—	(10,385)	(10,385)	(18,925)
Cash paid for salaries and benefits	(209,064)	—	—	(209,064)	(198,731)
Cash paid for materials and services	(124,550)	—	—	(124,550)	(178,213)
Cash provided by (used for) operating activities	9,462	4,159	(6,756)	6,865	(4,586)
FINANCING AND INVESTING ACTIVITIES					
Cash contributions for endowment fund	1,200	—	—	1,200	200
Paid/received on behalf of other funds	(2,518)	(4,238)	6,756	—	—
Income received on investments	—	38,308	—	38,308	4,311
Purchase and sale of investments (net)	—	(38,960)	—	(38,960)	16,184
Cash paid for capital acquisitions	—	—	—	—	(3,865)
Cash provided by (used for) financing and investing activities	(1,318)	(4,890)	6,756	548	16,830
Increase (decrease) in cash and short-term deposits					
short-term deposits	8,144	(731)	—	7,413	12,244
Cash and short-term deposits, beginning of year	86,571	731	—	87,302	75,058
Cash and short-term deposits, end of year	94,715	—	—	94,715	87,302
Cash and short-term deposits consist of:					
Unrestricted	63,085	—	—	63,085	48,167
Restricted - gaming	31,630	—	—	31,630	39,135
	94,715	—	—	94,715	87,302

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

1. PURPOSE OF THE ORGANIZATION

The British Columbia Civil Liberties Association ("BCCLA") is a provincial organization operating programs and providing services to promote, defend, sustain and extend civil liberties and human rights. The BCCLA is incorporated under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act. The BCCLA is exempt from corporate income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The BCCLA follows the deferral method of accounting for contributions.

Fund Accounting

Revenues and expenses related to program and service delivery, administrative activities, special projects, legal services and capital assets are reported in the General Fund.

Revenues and expenses related to the litigation regarding the Little Sister's Book & Art Emporium and Canada Revenue Agency lawsuit are reported in the Little Sister's Fund.

The Stabilization Fund was established on December 31, 2001 and originally represented the accrued interest and earnings on bequests and gifts of endowment contributions to that date. The Stabilization Fund may be used in any manner decided by the Board of Directors to assist the BCCLA in accomplishing its purpose. The fund may be used for important special projects that the BCCLA would not otherwise be able to undertake or to cover an operating deficit in a fiscal year. The Stabilization Fund will normally receive the income earned and received from endowments unless designated otherwise by the board, and will receive any excess of revenue of the general fund in any fiscal year.

Revenue Recognition

Restricted contributions and grants are recognized as revenue of the appropriate fund in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted investment income, if any, is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Internally restricted, unrestricted and endowment investment income is recognized as revenue when earned in the appropriate fund.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

Other revenue is recognized when a sale has occurred, the service has been performed, or an event has taken place and there is a reasonable expectation of collection.

Membership and Donation revenue is recognized when received.

Capital Assets

Capital assets are recorded in the General Fund at cost less accumulated amortization. Contributed capital assets would be recorded in the General Fund at fair value at the date of contribution. Amortization is provided on a straight-line basis over an asset's estimated useful life, which is six years for furniture and equipment, and three years for computers. Amortization expense is reported in the General Fund.

Investments

Investments are recorded at the lower of cost or market value. The cost of non-interest bearing coupons is increased by the annual amortization of discounts.

Contributed Services

Volunteers contribute a significant amount of hours and services per year to assist the BCCLA in carrying out its program and service delivery and administrative activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Statement of Cash Flows

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are presented using the direct method.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash and short-term deposits, accounts receivable, accounts payable and accrued liabilities. The fair values of the financial instruments, except the investments, approximate their respective carrying values.

It is management's opinion that the Association is not exposed to any significant credit or interest risk from these financial instruments except for interest rate risk and market risk associated with its investments.

4. CAPITAL ASSETS

	2005	2004
	\$	\$
Furniture, equipment and computers	69,943	69,943
Less: accumulated amortization	65,478	62,752
Net book value	4,465	7,191

5. ENDOWMENT FUND

The Association established an endowment fund in 1986 to provide a permanent source of revenue to fund work to protect civil liberties in British Columbia. In 2002, the Association transferred \$94,650, the amount of original bequests and gifts to the endowment fund, to the Vancouver Foundation to manage the funds in perpetuity. Accrued interest and earnings from the original endowment fund were used to establish the Stabilization Fund which continues to be managed by the Association. As the funds at the Vancouver Foundation are no longer under the control of the Association, they are not reflected on these financial statements. The Association continues to receive the income from the Vancouver Foundation endowments.

The endowment funds held by the Vancouver Foundation had a market value of \$98,788 at December 31, 2005 [2004 - \$94,517].

In 2005 the distribution from the Vancouver Foundation endowment fund has been allocated to the Stabilization Fund, pursuant to the terms originally established for the Stabilization Fund. In 2004 the Board approved the allocation of the distributions from the Vancouver Foundation endowment fund of \$4,043 to the General Fund.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

6. DEFERRED CONTRIBUTIONS

Deferred contributions reported in the General Fund are restricted funding that was received in the current period or a prior period, but which will be earned in a subsequent period. Deferred contributions in the Little Sister's Fund are unspent donations designated for the Little Sister's Fund. Changes in deferred contribution balance reported in the General Fund are as follows:

	2005	2004
	\$	\$
Balance, beginning of year	46,271	6,520
Amounts received in the year - gaming revenue	45,382	60,223
- specified grants and donations	30,350	11,618
Specified grants and donations earned	(21,181)	(11,122)
Gaming revenue earned	(52,574)	(20,968)
Balance, end of year	48,248	46,271

7. DEFERRED CONTRIBUTIONS RELATING TO CAPITAL ASSETS

The deferred contributions related to capital assets in the General Fund represent the unamortized portion of capital assets acquired with restricted contributions.

	2005	2004
	\$	\$
Balance, beginning of year	1,554	3,539
Less: amounts recognized as revenue in the year	771	1,985
Balance, end of year	783	1,554

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

8. NET ASSETS - STABILIZATION FUND

In 2004, the Association established an irrevocable trust to hold a portion of the assets of the Stabilization Fund. The trust is administered by a trustee who cannot be an employee or director of the Association. The trustee has sole discretion over distributions of income or capital from the trust, provided that no such distributions can occur until after three years from the establishment of the trust.

The net assets of the Stabilization Fund are as follows:

	Administered by Association \$	Administered by Trustee \$	Total \$
Net assets, beginning of year	157,902	62,145	220,047
Income, dividends and other distributions (net)	8,708	1,445	10,153
Realized gains on dispositions	3,888	27,584	31,472
Total investment revenue	12,396	29,029	41,625
Net assets, end of year	170,498	91,174	261,672

9. CONTINGENT LIABILITY

The BCCLA involves itself in selected court actions involving civil liberties. In many cases there is a possibility that the courts order the BCCLA to pay costs. There are no outstanding orders to pay costs and the amount that may become a liability of the BCCLA cannot be determined.

10. COMMITMENTS

The Association has entered into a lease agreement for office premises expiring in November, 2014. Annual lease payments of \$17,725 plus operating costs are required in each of the next five years.