
FINANCIAL STATEMENTS

**BRITISH COLUMBIA CIVIL
LIBERTIES ASSOCIATION**

December 31, 2007 and 2006

***TWM* TOMPKINS, WOZNY, MILLER & Co.**
Chartered Accountants

A partnership of incorporated professionals.

AUDITOR'S REPORT

To the 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, 2007 and 2006 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 audits.

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 revenue 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, 2007 and 2006 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 that of the preceding year.

Vancouver, Canada
January 25, 2008

Tompkins, Wozny, Miller & Co.

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2007				2006	
	General Fund	Stabilization Fund	Trust Fund	Little Sister's Fund	Total	Total
	\$	\$	\$	\$	\$	\$
ASSETS						
Current						
Cash	36,272	28,466	883	—	65,621	84,667
Restricted cash - gaming	22,933	—	—	—	22,933	23,165
GST, interest & other receivables	61,279	744	9	—	62,032	5,710
Interfund balances	59,553	(60,811)	(632)	1,890	—	—
Prepaid expenses	16,539	—	—	—	16,539	12,866
Total current assets	196,576	(31,601)	260	1,890	167,125	126,408
Investments, at market value (2006 - at cost)						
– administered by the Association (cost \$239,870 [2006 - market \$203,469])	—	262,958	—	—	262,958	178,278
– subject to trust agreement (cost \$117,156 [2006 - market \$133,773])	—	—	132,719	—	132,719	115,800
Capital assets [note 4]	29,099	—	—	—	29,099	6,330
	225,675	231,357	132,979	1,890	591,901	426,817
Endowment fund [note 6]						
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and accrued liabilities	54,716	—	—	—	54,716	15,367
Deferred contributions [note 5]	59,736	—	—	—	59,736	34,452
Due to endowment fund	300	—	—	—	300	2,375
Deferred capital contributions [note 7]	23,205	—	—	—	23,205	355
Total liabilities	137,957	—	—	—	137,957	52,549
Net assets						
Invested in capital assets	5,894	—	—	—	5,894	5,975
Internally restricted	—	231,357	132,979	1,890	366,226	308,808
Unrestricted	81,824	—	—	—	81,824	59,485
Total net assets	87,718	231,357	132,979	1,890	453,944	374,268
	225,675	231,357	132,979	1,890	591,901	426,817

Contingent liability [note 11]

Commitment [note 12]

See accompanying notes

Approved by:

Treasurer

Director

**STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCES**

As at December 31

	2007				2006	
	General	Stabilization	Trust	Little	Total	Total
	Fund	Fund	Fund	Sister's Fund		
	\$	\$	\$	\$	\$	\$
REVENUE						
Membership & donations	174,055	—	—	2,110	176,165	181,231
Law Foundation of B.C. – operating grant	238,391	—	—	—	238,391	157,800
Specified grants & donations earned <i>[note 5]</i>	73,179	—	—	—	73,179	56,439
Gaming revenue earned <i>[note 5]</i>	45,292	—	—	—	45,292	53,530
Investment income	308	9,208	3,167	—	12,683	12,324
Realized gains (losses) on dispositions	—	12,689	(1,159)	—	11,530	26,361
Adjustment of investments to market value	—	(2,103)	(2,411)	—	(4,514)	—
Endowment distributions <i>[note 6]</i>	5,326	—	—	—	5,326	4,583
Contract and court awarded costs <i>[note 7]</i>	40,872	—	—	—	40,872	—
Miscellaneous and special events	3,027	—	—	—	3,027	2,092
Amortization - deferred capital contributions <i>[note 8]</i>	1,438	—	—	—	1,438	428
	581,888	19,794	(403)	2,110	603,389	494,788
EXPENSES						
Salaries & benefits	378,423	—	—	—	378,423	280,460
Rent & utilities	38,541	—	—	—	38,541	37,024
Office operating	35,903	—	—	—	35,903	26,839
Contract services	13,717	321	639	6,287	20,964	36,031
Insurance	1,223	—	—	—	1,223	1,223
Bank charges	2,224	—	—	—	2,224	2,212
Fundraising	7,336	—	—	—	7,336	7,238
Publications & printing	8,450	—	—	—	8,450	8,216
Litigation costs <i>[note 9]</i>	40,152	—	—	—	40,152	6,891
Meeting and special events <i>[note 10]</i>	29,384	—	—	—	29,384	5,607
Amortization	4,277	—	—	—	4,277	3,108
	559,630	321	639	6,287	566,877	414,849
Excess of revenue (expenses) for the year	22,258	19,473	(1,042)	(4,177)	36,512	79,939
Fund balances, beginning of year	65,460	186,693	116,048	6,067	374,268	294,329
Adjustment of prior years' market value <i>[note 3]</i>	—	25,191	17,973	—	43,164	—
Fund balances, end of year	87,718	231,357	132,979	1,890	453,944	374,268

See accompanying notes

STATEMENT OF CASH FLOWS

As at December 31

	2007				2006	
	General Fund	Stabilization Fund	Trust Fund	Little Sister's Fund	Total	Total
	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES						
Contributions received	174,055	—	—	2,110	176,165	188,447
Grants received:						
Law Foundation of B.C.	235,031	—	—	—	235,031	167,396
Other	90,572	—	—	—	90,572	29,334
Gaming proceeds received	45,060	—	—	—	45,060	45,066
Publication, special events and other	3,335	—	—	—	3,335	3,282
Endowment income received	5,326	—	—	—	5,326	4,583
Cash paid on behalf of Little Sister's	—	—	—	(6,287)	(6,287)	(3,629)
Cash paid for salaries and benefits	(374,595)	—	—	—	(374,595)	(277,512)
Cash paid for materials and services	(148,572)	(321)	(639)	—	(149,532)	(124,665)
Cash provided by (used in)						
operating activities	30,213	(321)	(639)	(4,177)	25,076	32,302
FINANCING AND INVESTING ACTIVITIES						
Contributions for endowment fund (net)	(2,075)	—	—	—	(2,075)	550
Paid/received on behalf of other funds	(48,073)	43,576	320	4,177	—	—
Income received on investments	—	8,739	3,157	—	11,896	6,999
Purchase and sale of investments (net)	—	(48,903)	(2,515)	—	(51,418)	(21,762)
Cash paid for capital acquisitions	(27,046)	—	—	—	(27,046)	(4,973)
Capital contributions received	24,288	—	—	—	24,288	—
Cash provided by (used in)						
financing and investing activities	(52,906)	3,412	962	4,177	(44,355)	(19,186)
Increase (decrease) in cash	(22,693)	3,091	324	—	(19,279)	13,116
Cash, beginning of year	81,898	25,375	559	—	107,832	94,716
Cash, end of year	59,205	28,466	883	—	88,554	107,832
Cash consists of:						
Cash	36,272	28,466	883	—	65,621	84,667
Restricted cash - gaming	22,933	—	—	—	22,933	23,165
	59,205	28,466	883	—	88,554	107,832

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

1. PURPOSE OF THE ORGANIZATION

The British Columbia Civil Liberties Association (the "Association") is a provincial organization operating programs and providing services to promote, defend, sustain and extend civil liberties and human rights. The Association 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 Association is exempt from corporate income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policy

The Association has changed its policy for accounting for financial instruments. In the current year this change has resulted in a reduction in the current years' reported net income of \$4,514 (Stabilization Fund - \$2,103 and Trust Fund - \$2,411). Note 3 describes the effect of this change on prior years.

Revenue Recognition

The Association follows the deferral method of accounting for contributions.

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.

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.

Fund Accounting

▪ *General Fund*

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Accounting (Cont'd)

- *Stabilization 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 Association in accomplishing its purpose. The fund may be used for important special projects that the Association 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 on its segregated investments, and from endowments, unless designated otherwise by the board. The Stabilization Fund will also normally receive an amount equal to the net income of the General Fund, unless otherwise designated by the board.

- *Trust 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.

- *Little Sister's 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.

Capital Assets

Capital assets are recorded in the General Fund at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over six years for furniture and equipment and three years for computers. Amortization expense is reported in the General Fund.

Investments

Investments are recorded at market value (2006 - at the lower of cost and market value).

Contributed Services

Volunteers contribute a significant amount of hours and services per year to assist the Association 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

3. FINANCIAL INSTRUMENTS

The Association has adopted the recommendations of Section 3855 of the Canadian Institute of Chartered Accountants (C.I.C.A.) Handbook dealing with financial instruments. The Association's financial instruments consist of cash, accounts receivable, investments and accounts payable.

The Association has elected to value its financial instruments at fair value on a held for trading basis, which requires that any change in fair value be brought in to income or expense as it occurs. The Association's investments are the only financial instrument with a significant difference between cost and fair value.

In accordance with C.I.C.A. Handbook recommendations, the difference between the cost and fair value of the Association's financial instruments at the beginning of the year, which represents the aggregate cumulative unrealized gains at that time, has been reported as a direct increase in the Association's fund balances (Stabilization Fund - \$25,191 and Trust Fund - \$17,973) at January 1, 2007.

In the opinion of management, the Association is subject to market risk on its investments, and credit risk on its accounts receivable, but is not otherwise exposed to significant risk on its financial instruments.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

4. CAPITAL ASSETS

	2007	2006
	\$	\$
Furniture, equipment and computers, at cost	101,962	74,916
Less: accumulated amortization	72,863	68,586
Net book value	29,099	6,330

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted funding received in the current or prior period that will be earned in a subsequent period. Changes in deferred contributions are as follows:

	2007	2006
	\$	\$
Balance, beginning of year	34,453	51,877
Amounts awarded in the year - gaming revenue	45,059	45,066
- specified grants and donations	126,343	65,931
Specified grants and donations earned	(73,179)	(47,762)
Law Foundation supplemental operating grant earned	(3,360)	(23,500)
Law Foundation capital and infrastructure grant transferred to deferred capital		
capital contributions	(24,288)	—
Gaming revenue earned	(45,292)	(53,530)
Little Sister's Fund	—	(3,629)
Balance, end of year	59,736	34,453

6. 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. The endowment fund is held by the Vancouver Foundation and is not reflected on these financial statements.

The endowment fund had a market value of \$107,299 at December 31, 2006 [2006 - \$111,438]. During the year the Association received endowment fund distributions of \$5,326 [2006 - \$4,583].

In 2007 and 2006, the distributions from the endowment fund were allocated to the General Fund.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

7. CONTRACT AND COURT AWARDED COSTS

The Association earned revenue as a result of its participation in the Frank Paul inquiry and a matter involving the federal government. The government of British Columbia agreed to provide funding to cover BCCLA's litigation expenses related to the Paul inquiry.

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of capital assets acquired with restricted contributions.

	2007	2006
	\$	\$
Balance, beginning of year	355	783
Law Foundation grant expended on capital assets	24,288	—
Amounts recognized as revenue in the year	(1,438)	(428)
Balance, end of year	23,205	355

9. LITIGATION COSTS

Litigation costs increased due to BCCLA's participation in the Frank Paul inquiry and several major litigation files including the BCCLA and Amnesty International's lawsuit against the Government of Canada regarding the transfer of detainees in Afghanistan.

10. MEETING AND SPECIAL EVENTS

Special event expenses includes \$20,677 for expenses relating to the Racial Profiling Conference in May 2007 funded from a grant from the Law Foundation of British Columbia.

11. CONTINGENT LIABILITY

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

12. COMMITMENT

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.