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**FINANCIAL STATEMENTS**

**BRITISH COLUMBIA CIVIL  
LIBERTIES ASSOCIATION**

**December 31, 2008 and 2007**

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

A partnership of incorporated professionals

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## AUDITOR'S REPORT

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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, 2008 and 2007 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 to 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, 2008 and 2007 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  
February 6, 2009

*Tompkins, Wozny, Miller & Co.*

Chartered Accountants

## STATEMENT OF FINANCIAL POSITION

As at December 31

	2008			2007	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund		
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current</b>					
Cash	78,442	1,515	3,352	83,309	65,621
Restricted cash - gaming account	47,662	—	—	47,662	22,933
GST, interest & other receivables	12,396	108	501	13,005	62,032
Interfund balances	63,573	(62,172)	(1,401)	—	—
Prepaid expenses	17,475	—	—	17,475	16,539
<b>Total current assets</b>	<b>219,548</b>	<b>(60,549)</b>	<b>2,452</b>	<b>161,451</b>	<b>167,125</b>
Investments, at market value					
– administered by the Association (cost \$151,195 [2007 - \$239,870])	—	135,073	—	135,073	262,958
– subject to trust agreement (cost \$348,887 [2007 - \$117,156])	—	—	287,688	287,688	132,719
Capital assets <i>[note 4]</i>	31,873	—	—	31,873	29,099
	<b>251,421</b>	<b>74,524</b>	<b>290,140</b>	<b>616,085</b>	<b>591,901</b>
Endowment fund <i>[note 6]</i>					
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	30,989	—	—	30,989	54,716
Deferred contributions <i>[note 5]</i>	90,841	—	—	90,841	59,736
Due to endowment fund	3,000	—	—	3,000	300
Deferred capital contributions <i>[note 8]</i>	28,890	—	—	28,890	23,205
<b>Total liabilities</b>	<b>153,720</b>	<b>—</b>	<b>—</b>	<b>153,720</b>	<b>137,957</b>
<b>Net assets</b>					
Invested in capital assets	2,983	—	—	2,983	5,894
Internally restricted	—	74,524	290,140	364,664	366,226
Unrestricted	94,718	—	—	94,718	81,824
<b>Total net assets</b>	<b>97,701</b>	<b>74,524</b>	<b>290,140</b>	<b>462,365</b>	<b>453,944</b>
	<b>251,421</b>	<b>74,524</b>	<b>290,140</b>	<b>616,085</b>	<b>591,901</b>

Contingent liability *[note 11]*Commitment *[note 12]*

See accompanying notes

Approved by:

Treasurer

Director

STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCES

For the year ended December 31

	2008				2007	
	General Fund	Stabilization Fund	Trust Fund	Little Sister's Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>						
Membership & donations	187,259	—	—	—	187,259	176,165
Bequests	115,000	—	—	—	115,000	—
Law Foundation of B.C. – operating grant	302,350	—	—	—	302,350	238,391
Specified grants earned <i>[note 5]</i>	94,392	—	—	—	94,392	73,179
Gaming revenue earned <i>[note 5]</i>	30,262	—	—	—	30,262	45,292
Investment income	739	10,632	6,478	—	17,849	12,683
Realized gains on sales of investments (net)	—	8,549	6,872	—	15,421	11,530
Adjustment of investments to market value	—	(39,210)	(76,762)	—	(115,972)	(4,514)
Endowment distributions <i>[note 6]</i>	5,407	—	—	—	5,407	5,326
Contract and court awarded costs <i>[note 7]</i>	119,117	—	—	—	119,117	40,872
Miscellaneous and special events	7,902	—	—	—	7,902	3,027
Amortization - deferred capital grants <i>[note 8]</i>	9,448	—	—	—	9,448	1,438
	<b>871,876</b>	<b>(20,029)</b>	<b>(63,412)</b>	<b>—</b>	<b>788,435</b>	<b>603,389</b>
<b>EXPENSES</b>						
Salaries & benefits	467,321	—	—	—	467,321	378,423
Rent & utilities	38,648	—	—	—	38,648	38,541
Office operating	35,194	—	—	—	35,194	35,903
Contract services	19,493	462	769	1,890	22,614	20,964
Insurance	1,223	—	—	—	1,223	1,223
Bank charges	4,121	—	—	—	4,121	2,224
Fundraising	28,377	—	—	—	28,377	7,336
Newsletter	9,450	—	—	—	9,450	8,450
Litigation costs <i>[note 9]</i>	124,152	—	—	—	124,152	40,152
Meetings, publications, events <i>[note 10]</i>	36,555	—	—	—	36,555	29,384
Amortization	12,359	—	—	—	12,359	4,277
	<b>776,893</b>	<b>462</b>	<b>769</b>	<b>1,890</b>	<b>780,014</b>	<b>566,877</b>
<b>Excess of revenue (expenses) for the year</b>	<b>94,983</b>	<b>(20,491)</b>	<b>(64,181)</b>	<b>(1,890)</b>	<b>8,421</b>	<b>36,512</b>
Fund balances, beginning of year	87,718	231,357	132,979	1,890	453,944	374,268
Interfund transfers	(85,000)	(136,342)	221,342	—	—	—
Adjustment of prior years' market value <i>[note 3]</i>	—	—	—	—	—	43,164
<b>Fund balances, end of year</b>	<b>97,701</b>	<b>74,524</b>	<b>290,140</b>	<b>—</b>	<b>462,365</b>	<b>453,944</b>

See accompanying notes

## STATEMENT OF CASH FLOWS

As at December 31

	2008				2007	
	General Fund \$	Stabilization Fund \$	Trust Fund \$	Little Sister's Fund \$	Total \$	Total \$
<b>OPERATING ACTIVITIES</b>						
Contributions received	301,759	—	—	—	301,759	176,165
Grants received:						
Law Foundation of B.C.	302,350	—	—	—	302,350	235,031
Other	121,069	—	—	—	121,069	90,572
Gaming proceeds received	55,051	—	—	—	55,051	45,060
Contract and court awarded costs	159,989	—	—	—	159,989	—
Publication, special events and other	7,902	—	—	—	7,902	3,335
Endowment income received	5,407	—	—	—	5,407	5,326
Cash paid on behalf of Little Sister's	—	—	—	(1,890)	(1,890)	(6,287)
Cash paid for salaries and benefits	(464,788)	—	—	—	(464,788)	(374,595)
Cash paid for materials and services	(321,126)	(462)	(769)	—	(322,357)	(149,532)
<b>Cash provided by (used in)</b>						
operating activities	167,613	(462)	(769)	(1,890)	164,492	25,076
<b>FINANCING AND INVESTING ACTIVITIES</b>						
Contributions for endowment fund (net)	2,700	—	—	—	2,700	(2,075)
Paid/received on behalf of other funds	(89,020)	86,361	769	1,890	—	—
Income received on investments	739	10,919	6,334	—	17,992	11,896
Purchase and sale of investments (net)	—	(123,769)	(3,865)	—	(127,634)	(51,418)
Cash paid for capital acquisitions	(15,133)	—	—	—	(15,133)	(27,046)
Capital contributions received	—	—	—	—	—	24,288
<b>Cash provided by (used in)</b>						
financing and investing activities	(100,714)	(26,489)	3,238	1,890	(122,075)	(44,355)
<b>Increase (decrease) in cash</b>	<b>66,899</b>	<b>(26,951)</b>	<b>2,469</b>	<b>—</b>	<b>42,417</b>	<b>(19,279)</b>
Cash, beginning of year	59,205	28,466	883	—	88,554	107,832
Cash, end of year	126,104	1,515	3,352	—	130,971	88,554
<b>Cash consists of:</b>						
Cash	78,442	1,515	3,352	—	83,309	65,621
Restricted cash - gaming	47,662	—	—	—	47,662	22,933
	126,104	1,515	3,352	—	130,971	88,554

See accompanying notes

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2008

### 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

#### Revenue Recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions, gaming funds and grants are recognized as revenue in the year in which 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.

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.

- *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.

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2008

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

▪ *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*

The Little Sister's Fund was fully disbursed during the year.

#### **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 and classified as held for trading. The Association records all investments based on the value at the settlement date.

#### **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.

#### **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

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December 31, 2008

**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 prior year, which represented the aggregate cumulative unrealized gains at that time, was reported as a direct increase in the Association's fund balances (Stabilization Fund - \$25,191 and Trust Fund - \$17,973 - total \$43,164) 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.

**4. CAPITAL ASSETS**

	2008	2007
	\$	\$
Furniture, equipment and computers, at cost	51,212	101,962
Less: accumulated amortization	19,339	72,863
<b>Net book value</b>	<b>31,873</b>	<b>29,099</b>



NOTES TO FINANCIAL STATEMENTS

December 31, 2008

5. DEFERRED CONTRIBUTIONS

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

	2007 Deferred \$	Received \$	Earned/ Transferred \$	2008 Deferred \$
Law Foundation of B.C. - project grants				
- Articling Student	—	83,332	65,145	18,187
- Racial Profiling Conference	6,750	—	781	5,969
- PLEI Portal	—	30,000	14,888	15,112
- Citizenship handbook reprint and translation	12,000	3,000	15,000	—
Notary Foundation of B.C. - Rights Talk handbook reprint	1,040	—	—	1,040
Rotary Club - Citizenship handbook reprint	—	3,000	189	2,811
Vancouver Foundation - Youth Workshop	2,525	—	2,525	—
	<b>22,315</b>	<b>119,332</b>	<b>98,528</b>	<b>43,119</b>
Province of B.C. - Direct access gaming	22,933	55,051	30,262	47,722
Law Foundation of B.C - Infrastructure grant	14,488	—	14,488	—
	<b>59,736</b>	<b>174,383</b>	<b>143,278</b>	<b>90,841</b>

Specified grants earned in 2008 of \$94,392, as shown on the Statement of Operations, includes the \$98,528 of earned grants shown above, net of grants received but earned in prior years.

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 \$86,528.22 at December 31, 2008 [2007 - \$107,299]. During the year the Association received endowment fund distributions of \$5,407 [2007 - \$5,326].

In 2008 and 2007, the distributions from the endowment fund were allocated to the General Fund.

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.

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2008

### 8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2008	2007
	\$	\$
Balance, beginning of year	23,205	355
Law Foundation grant expended on capital assets	15,133	24,288
Amounts recognized as revenue in the year	(9,448)	(1,438)
Balance, end of year	28,890	23,205

### 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. MEETINGS, PUBLICATIONS, EVENTS

In 2008, publication costs include the publication of Arrest Handbook, Citizenship Handbook, and Privacy Provision Handbook, at a cost of \$32,853.

In 2007, event costs included \$20,677 relating to the Racial Profiling Conference in May 2007.

### 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.

### 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.