



FINANCIAL STATEMENTS

**BRITISH COLUMBIA CIVIL
LIBERTIES ASSOCIATION**

December 31, 2009 and 2008

***TW* 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, 2009 and 2008 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, 2009 and 2008 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.

Tompkins, Wozny, Miller & Co.

Vancouver, Canada

February 4, 2010

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2009			2008	
	General Fund \$	Stabilization Fund \$	Trust Fund \$	Total \$	Total \$
ASSETS					
Current					
Cash	180,681	2,702	2,716	186,099	83,309
Restricted cash - gaming account	50,046	—	—	50,046	47,662
GST, interest & other receivables	3,399	97	679	4,175	13,005
Interfund balances	81,599	(79,400)	(2,199)	—	—
Prepaid expenses	19,993	—	—	19,993	17,475
Total current assets	335,718	(76,601)	1,196	260,313	161,451
Investments, at market value <i>[Note 4]</i>					
– administered by the Association (cost \$172,902 [2008 - \$151,195])	—	165,786	—	165,786	135,073
– subject to trust agreement (cost \$360,823 [2008 - \$348,887])	—	—	362,799	362,799	287,688
Capital assets <i>[note 5]</i>	23,080	—	—	23,080	31,873
	358,798	89,185	363,995	811,978	616,085
Endowment fund <i>[note 6]</i>					
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued liabilities	31,393	—	—	31,393	30,989
Deferred contributions <i>[note 7]</i>	129,659	—	—	129,659	90,841
Due to endowment fund	3,332	—	—	3,332	3,000
Deferred capital contributions <i>[note 8]</i>	21,638	—	—	21,638	28,890
Total liabilities	186,022	—	—	186,022	153,720
Net assets					
Invested in capital assets	1,442	—	—	1,442	2,983
Internally restricted	—	89,185	363,995	453,180	364,664
Unrestricted	171,334	—	—	171,334	94,718
Total net assets	172,776	89,185	363,995	625,956	462,365
	358,798	89,185	363,995	811,978	616,085

Contingent liability *[note 13]*Commitment *[note 14]*

See accompanying notes

Approved by:

Treasurer

Director

STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCES

For the year ended December 31

	2009			2008	
	General Fund	Stabilization Fund	Trust Fund	Total	Total
	\$	\$	\$	\$	\$
REVENUE					
Membership & donations	202,608	—	—	202,608	187,259
Bequests	120,000	—	—	120,000	115,000
Law Foundation of B.C. – operating grant	313,600	—	—	313,600	302,350
Specified grants earned [note 7]	99,669	—	—	99,669	94,392
Gaming revenue earned [note 7]	47,759	—	—	47,759	30,262
Investment income	883	5,919	12,063	18,865	17,849
Realized gains (losses) on sales of investments (net)	—	74	(584)	(510)	15,421
Adjustment of investments to market value	—	9,006	63,174	72,180	(115,972)
Endowment distributions [note 6]	2,728	—	—	2,728	5,407
Contract and court awarded costs [note 9]	—	—	—	—	119,117
Miscellaneous and special events	2,761	—	—	2,761	7,902
Amortization - deferred capital grants [note 8]	9,888	—	—	9,888	9,448
	799,896	14,999	74,653	889,548	788,435
EXPENSES					
Salaries & benefits	494,603	—	—	494,603	467,321
Rent & utilities	44,061	—	—	44,061	38,648
Office operating	49,844	—	—	49,844	35,194
Contract services	20,847	338	798	21,983	22,614
Insurance	1,225	—	—	1,225	1,223
Bank charges	3,509	—	—	3,509	4,121
Fundraising	19,271	—	—	19,271	28,377
Newsletter	11,159	—	—	11,159	9,450
Litigation costs [note 10]	16,932	—	—	16,932	124,152
Meetings, publications, events [note 11]	51,941	—	—	51,941	36,555
Amortization	11,429	—	—	11,429	12,359
	724,821	338	798	725,957	780,014
Excess of revenue for the year	75,075	14,661	73,855	163,591	8,421
Fund balances, beginning of year	97,701	74,524	290,140	462,365	453,944
Fund balances, end of year	172,776	89,185	363,995	625,956	462,365

See accompanying notes

STATEMENT OF CASH FLOWS

As at December 31

	2009			2008	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund		
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Contributions received	321,588	—	—	321,588	301,759
Grants received:					
Law Foundation of B.C.	313,932	—	—	313,932	302,350
Other	148,552	—	—	148,552	121,069
Gaming proceeds received	50,084	—	—	50,084	55,051
Contract and court awarded costs	—	—	—	—	159,989
Publication, special events and other	2,761	—	—	2,761	7,902
Income received on investments	883	5,919	12,063	18,865	17,992
Endowment income received	2,728	—	—	2,728	5,407
Cash paid on behalf of Little Sister's	—	—	—	—	(1,890)
Cash paid for salaries and benefits	(503,786)	—	—	(503,786)	(464,788)
Cash paid for materials and services	(211,789)	(338)	(976)	(213,103)	(322,357)
Cash provided by operating activities	124,953	5,581	11,087	141,621	182,484
FINANCING AND INVESTING ACTIVITIES					
Contributions for endowment fund (net)	332	—	—	332	2,700
Paid/received on behalf of other funds	(18,026)	17,228	798	—	—
Purchase and sale of investments (net)	—	(21,622)	(12,521)	(34,143)	(127,634)
Cash paid for capital acquisitions	(2,636)	—	—	(2,636)	(15,133)
Cash used in financing and investing activities	(20,330)	(4,394)	(11,723)	(36,447)	(140,067)
Increase (decrease) in cash	104,623	1,187	(636)	105,174	42,417
Cash, beginning of year	126,104	1,515	3,352	130,971	88,554
Cash, end of year	230,727	2,702	2,716	236,145	130,971
Cash consists of:					
Cash	180,681	2,702	2,716	186,099	83,309
Restricted cash - gaming	50,046	—	—	50,046	47,662
	230,727	2,702	2,716	236,145	130,971

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

The Association prepares its financial statements in accordance with Canadian generally accepted accounting principles. In 2010, the Association expects to adopt generally accepted accounting principles for private enterprises (PE GAAP), a new set of Canadian accounting principles for non publicly-accountable enterprises that were released by the Canadian Institute of Chartered Accountants (CICA) in December, 2009. The adoption of these principles is an alternative to the adoption of International Financial Reporting Standards (IFRS) that will be mandatory for publicly accountable enterprises in 2012. The CICA is reviewing the sections of existing Canadian GAAP that apply to not-for-profit organizations, and is expected to amend these sections in 2010 for inclusion with the new PE GAAP standards.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (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.

▪ *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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and 3861 of the Canadian Institute of Chartered Accountants (CICA) 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 the opinion of management, the Association is subject to market risk on its investments, credit risk on its bank deposits, accounts receivable and fixed income investments, and interest-rate risk on its fixed income securities, but is not otherwise subject to significant liquidity risk, foreign exchange risk or concentrations of credit risk on its financial instruments.

4. INVESTMENTS , AT MARKET VALUE

The Association's investments fall into the following major categories:

	2009		2008	
	Stabilization Fund \$	Trust Fund \$	Stabilization Fund \$	Trust Fund \$
Government bonds	—	25,098	13,149	12,138
Corporate bonds	30,711	41,164	19,512	49,425
Canadian equities	93,008	263,430	70,011	167,645
Canadian trust units	7,420	9,726	9,908	7,557
Pooled equity funds	14,866	23,381	—	5,117
Money market funds	19,781	—	22,493	45,806
	165,786	362,799	135,073	287,688

The average yield on the government and corporate bonds was 4.42% at December 31, 2009 (2008 - 4.38%). Investment income earned (dividends and interest), realized gains and losses on sales of investments, and changes in the market values of the Association's investments are shown on the Statement of Operations and Fund Balances.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

5. CAPITAL ASSETS

	2009	2008
	\$	\$
Furniture, equipment and computers, at cost	53,848	51,212
Less: accumulated amortization	30,768	19,339
Net book value	23,080	31,873

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 its market value at December 31, 2009 and 2008 is not reflected on these financial statements.

The endowment fund had a market value of \$96,387 at December 31, 2009 [2008 - \$86,528]. During the year the Association received endowment fund distributions of \$1,438 [2008 - \$5,407].

In 2009 and 2008, the distributions from the endowment fund were allocated to the General Fund. In 2009, endowment income includes a grant of \$1,289 from the Vancouver Foundation.

7. 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:

	2008		2009	
	Deferred	Received	Earned	Deferred
	\$	\$	\$	\$
The Hamber Foundation - Youth seminars	—	2,000	2,000	—
Law Foundation of B.C. - grants				
- Articling Student	18,187	46,668	47,647	17,208
- Racial Profiling Conference/Publication	5,969	—	5,969	—
- PLEI Portal	15,112	5,000	20,112	—
- Death in Custody Publication/Workshops	—	63,000	16,058	46,942
- Infrastructure	—	995	995	—
Notary Foundation of B.C. - Rights Talk handbook	1,040	—	—	1,040
Rotary Club - Citizenship handbook reprint	2,811	—	—	2,811
UBC Legal - student	—	18,500	6,888	11,612
	43,119	136,163	99,669	79,613
Province of B.C. - Direct access gaming	47,722	50,083	47,759	50,046
	90,841	186,246	147,428	129,659

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2009	2008
	\$	\$
Balance, beginning of year	28,890	23,205
Law Foundation grant expended on capital assets	2,636	15,133
Amounts recognized as revenue in the year	(9,888)	(9,448)
Balance, end of year	21,638	28,890

9. CONTRACT AND COURT AWARDED COSTS

The Association earned revenue in 2008 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.

10. LITIGATION COSTS

Litigation costs were high in 2008 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.

11. MEETINGS, PUBLICATIONS, EVENTS

In 2009, publication costs includes costs relating to The Death in Custody publication, Arrest Handbook, Privacy Provision Handbook and Racial Profiling publication [2008 - Arrest Handbook, Citizenship Handbook, and Privacy Provision Handbook], at a cost of \$45,103 [2008 - \$32,853].

12. CAPITAL DISCLOSURES

The Association defines its capital as its net assets including funds internally restricted for its stabilization and trust funds, and its deferred contributions, as described in Note 6. The Association manages its capital with the goal of safeguarding and earning a reasonable return on its capital and to make funds available to meet its purposes as described in Note 1. The Association accomplishes this, in part, by depositing its cash with Canadian chartered financial institutions, investing primarily in Canadian bonds, debentures, equities, mutual funds and trust units, and by preparing and monitoring an annual revenue and expenditure budget.

The Association's capital management policies did not change significantly during the year. There are no external restrictions on the Association's capital, except those relating to its deferred contributions which must be expended in accordance with the terms of the related grant agreements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

13. 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.

14. 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.

