
FINANCIAL STATEMENTS

**BRITISH COLUMBIA CIVIL
LIBERTIES ASSOCIATION**

December 31, 2010 and 2009

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

A partnership of incorporated professionals

INDEPENDENT AUDITORS' REPORT

To the Members
British Columbia Civil Liberties Association

Report on the Financial Statements

We have audited the accompanying financial statements of the British Columbia Civil Liberties Association, which comprise the statement of financial position as at December 31, 2010, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from memberships and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to memberships and donations, excess of revenue (expenses), assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the British Columbia Civil Liberties Association as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins, Wozny, Miller & Co.

March 14, 2011
Vancouver, Canada

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2010			2009	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund		
	\$	\$	\$	\$	\$
ASSETS					
Current					
Cash	38,298	637	5,459	44,394	186,099
Restricted cash - gaming account	287	—	—	287	50,046
HST, interest & other receivables	37,041	9	1,423	38,473	4,175
Interfund balances	86,533	(83,447)	(3,086)	—	—
Prepaid expenses	21,819	—	—	21,819	19,993
Total current assets	183,978	(82,801)	3,796	104,973	260,313
Investments, at market value <i>[Note 4]</i>					
– administered by the Association (cost \$79,814 [2009 - \$172,902])	—	80,972	—	80,972	165,786
– subject to trust agreement (cost \$486,447 [2009 - \$360,823])	—	—	533,626	533,626	362,799
Capital assets <i>[note 5]</i>	12,613	—	—	12,613	23,080
	196,591	(1,829)	537,422	732,184	811,978
Endowment fund <i>[note 6]</i>					
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued liabilities	50,793	—	—	50,793	31,393
Deferred contributions <i>[note 7]</i>	1,521	—	—	1,521	129,659
Due to endowment fund	3,716	—	—	3,716	3,332
Deferred capital contributions <i>[note 8]</i>	11,986	—	—	11,986	21,638
Total liabilities	68,016	—	—	68,016	186,022
Net assets					
Invested in capital assets	627	—	—	627	1,442
Internally restricted	—	(1,829)	537,422	535,593	453,180
Unrestricted	127,948	—	—	127,948	171,334
Total net assets	128,575	(1,829)	537,422	664,168	625,956
	196,591	(1,829)	537,422	732,184	811,978
Contingent liability <i>[note 12]</i>					
Commitment <i>[note 13]</i>					

See accompanying notes

Approved by:

Treasurer

Director

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended December 31

	2010			2009	
	General Fund	Stabilization Fund	Trust Fund	Total	Total
	\$	\$	\$	\$	\$
REVENUE					
Membership & donations	230,465	—	—	230,465	202,608
Bequests	—	—	—	—	120,000
Law Foundation of B.C. – operating grant	313,600	—	—	313,600	313,600
Specified grants earned <i>[note 7]</i>	176,929	—	—	176,929	99,669
Gaming revenue earned <i>[note 7]</i>	49,849	—	—	49,849	47,759
Investment income	548	4,787	14,316	19,651	18,865
Realized gains (losses) on sales of investments (net)	—	1,082	10,232	11,314	(510)
Adjustment of investments to market value	—	8,274	45,203	53,477	72,180
Endowment distributions <i>[note 6]</i>	4,137	—	—	4,137	2,728
Court awarded costs <i>[note 9]</i>	28,033	—	—	28,033	—
CLE registrations	8,300	—	—	8,300	—
Miscellaneous and special events	4,375	—	—	4,375	2,761
Amortization - deferred capital grants <i>[note 8]</i>	9,652	—	—	9,652	9,888
	825,888	14,143	69,751	909,782	889,548
EXPENSES					
Salaries & benefits	604,570	—	—	604,570	494,603
Contracting - publications	24,439	—	—	24,439	42,854
Rent & utilities	47,442	—	—	47,442	44,061
Office operating	58,198	—	—	58,198	45,633
Accounting and audit	18,342	594	887	19,823	21,983
Insurance	1,272	—	—	1,272	1,225
Bank charges	3,443	—	—	3,443	3,509
Fundraising	15,603	—	—	15,603	19,271
Litigation costs	23,449	—	—	23,449	16,932
Newsletter	16,288	—	—	16,288	11,159
Meetings, publications, events <i>[note 10]</i>	23,449	—	—	23,449	9,087
Travel and accommodation	23,127	—	—	23,127	4,211
Amortization	10,467	—	—	10,467	11,429
	870,089	594	887	871,570	725,957
Excess of revenue (expenses) for the year	(44,201)	13,549	68,864	38,212	163,591
Fund balances, beginning of year	172,776	89,185	363,995	625,956	462,365
Interfund transfers	—	(104,563)	104,563	—	—
Fund balances, end of year	128,575	(1,829)	537,422	664,168	625,956

See accompanying notes

STATEMENT OF CASH FLOWS

As at December 31

	2010			2009	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund		
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Contributions received	231,653	—	—	231,653	321,588
Grants received:					
Law Foundation of B.C.	313,600	—	—	313,600	313,932
Other	98,550	—	—	98,550	148,552
Gaming proceeds received	90	—	—	90	50,084
Publication, special events and other	12,675	—	—	12,675	2,761
Income received on investments	548	4,787	14,316	19,651	18,865
Endowment income received	4,137	—	—	4,137	2,728
Cash paid for salaries and benefits	(606,135)	—	—	(606,135)	(503,786)
Cash paid for materials and services	(242,710)	(594)	(887)	(244,191)	(213,103)
Cash provided by operating activities	(187,592)	4,193	13,429	(169,970)	141,621
FINANCING AND INVESTING ACTIVITIES					
Contributions for endowment fund (net)	384	—	—	384	332
Paid/received on behalf of other funds	(4,934)	4,047	887	—	—
Purchase and sale of investments (net)	—	(10,305)	(11,573)	(21,878)	(34,143)
Cash paid for capital acquisitions	—	—	—	—	(2,636)
Cash used in financing and investing activities	(4,550)	(6,258)	(10,686)	(21,494)	(36,447)
Increase (decrease) in cash	(192,142)	(2,065)	2,743	(191,464)	105,174
Cash, beginning of year	230,727	2,702	2,716	236,145	130,971
Cash, end of year	38,585	637	5,459	44,681	236,145
Cash consists of:					
Cash	38,298	637	5,459	44,394	186,099
Restricted cash - gaming	287	—	—	287	50,046
	38,585	637	5,459	44,681	236,145

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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. The Association expects to adopt Canadian accounting standards for not-for-profit organizations ("ASNPO") which were released by the Canadian Institute of Chartered Accountants ("CICA") in December, 2010. These accounting standards are contained in Part III of the CICA Handbook. Where specific standards are not provided in Part III of the Handbook, the accounting standards for private enterprises ("ASPE") contained in Part II of the CICA Handbook, will be utilized. The adoption of ASNPO and ASPE is not expected to have a significant impact on the financial statements of the Association.

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 services are performed, publications are sold, 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, 2010

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 purposes. 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.

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, 2010

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:

	2010		2009	
	Stabilization Fund	Trust Fund	Stabilization Fund	Trust Fund
	\$	\$	\$	\$
Government bonds	—	—	—	25,098
Corporate bonds	—	148,057	30,711	41,164
Canadian equities	65,328	305,069	93,008	263,430
Canadian trust units	—	9,536	7,420	9,726
Pooled equity funds	15,644	45,799	14,866	23,381
Money market funds	—	25,165	19,781	—
	80,972	533,626	165,786	362,799

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

4. INVESTMENTS , AT MARKET VALUE (CONT'D)

The average yield to maturity, based on the cost of the investments, on the government and corporate bonds approximated 3.9% at December 31, 2010 (2009 - 4.41%). 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.

5. CAPITAL ASSETS

	2010	2009
	\$	\$
Furniture, equipment and computers, at cost	53,848	53,848
Less: accumulated amortization	41,235	30,768
Net book value	12,613	23,080

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, 2010 and 2009 is not reflected on these financial statements.

The endowment fund had a market value of \$98,502 at December 31, 2010 [2009 - \$96,387]. During the year the Association received endowment fund distributions of \$4,138 [2009 - \$1,438].

The distributions from the endowment fund were reported as revenue of the General Fund. In 2009, endowment income included a grant of \$1,289 from the Vancouver Foundation.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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:

	2009			2010
	Deferred	Received	Earned	Deferred
	\$	\$	\$	\$
HRDC - summer students	—	10,050	10,050	—
Law Foundation of B.C. - grants				
- 1267 Committee	—	20,000	20,000	—
- Arrest handbook	—	15,000	15,000	—
- Articling Student	17,208	30,000	47,208	—
- Continuing Legal Education	—	7,500	7,500	—
- Death in Custody Publication/Workshops	46,942	—	45,708	1,234
- Legal Observer	—	16,000	16,000	—
Notary Foundation of B.C. - Rights Talk handbook	1,040	—	1,040	—
Rotary Club - Citizenship handbook reprint	2,811	—	2,811	—
UBC Legal - student	11,612	—	11,612	—
	79,613	98,550	176,929	1,234
Province of B.C. - Direct access gaming	50,046	90	49,849	287
	129,659	98,640	226,778	1,521

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2010	2009
	\$	\$
Balance, beginning of year	21,638	28,890
Law Foundation grant expended on capital assets	—	2,636
Amounts recognized as revenue in the year	(9,652)	(9,888)
Balance, end of year	11,986	21,638

9. COURT AWARDED COSTS

In 2010, the Association earned revenue of \$28,033 [2009 - \$Nil] as a result of its participation in the Frank Paul inquiry. The government of British Columbia agreed to provide funding to cover BCCLA's litigation expenses related to the Frank Paul inquiry.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

10. MEETINGS, PUBLICATIONS, EVENTS

In 2010, publication costs includes publication costs relating to the Arrest Handbook, Racial Profiling, Police-Involved Deaths, and the Citizenship Handbook at a cost of \$14,326. In 2009, publication costs included all costs relating to The Death in Custody publication, Arrest Handbook, Privacy Provision Handbook and Racial Profiling publication at a cost of \$45,103.

11. 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.

12. 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.

13. COMMITMENT

The Association 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 four years.