
FINANCIAL STATEMENTS

**BRITISH COLUMBIA CIVIL
LIBERTIES ASSOCIATION**

December 31, 2015

***T*OMPKINS, *W*OZNY, *M*ILLER & *C*O.
Chartered Professional Accountants**

A partnership of incorporated professionals.

INDEPENDENT AUDITOR'S REPORT

To the Members of
British Columbia Civil Liberties Association

Report on the Financial Statements

We have audited the accompanying financial statements of British Columbia Civil Liberties Association, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in fund balances 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 accounting standards for not-for-profit organizations, 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.

Auditor's 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 Association'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 Association'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 qualified 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, 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 for unrecorded revenue might be necessary to donations, excess of revenue, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of British Columbia Civil Liberties Association as at December 31, 2015, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

Vancouver, Canada
April 11, 2016

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2015			2014	
	General Fund \$	Stabilization Fund \$	Trust Fund \$	Total \$	Total \$
ASSETS					
Current					
Cash	114,648	6,263	26,903	147,814	89,724
Restricted cash - gaming account	9	—	—	9	52,713
Accounts receivable <i>[note 3]</i>	11,212	—	—	11,212	31,703
Prepaid expenses	21,051	—	—	21,051	24,807
Interfund balances	22,830	(20,330)	(2,500)	—	—
Total current assets	169,750	(14,067)	24,403	180,086	198,947
Investments, at market value <i>[note 4]</i>					
– administered by the Association	—	149,628	—	149,628	135,116
– subject to trust agreement	—	—	931,022	931,022	914,105
Capital assets <i>[note 5]</i>	1,831	—	—	1,831	3,717
	171,581	135,561	955,425	1,262,567	1,251,885
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities <i>[note 6]</i>	32,586	—	—	32,586	48,956
Deferred revenue <i>[note 7]</i>	7,010	—	—	7,010	57,650
Total liabilities	39,596	—	—	39,596	106,606
Fund balances					
Trust fund	—	—	955,425	955,425	917,052
Internally restricted	—	135,561	—	135,561	130,596
Unrestricted	131,985	—	—	131,985	97,631
Total fund balances	131,985	135,561	955,425	1,222,971	1,145,279
	171,581	135,561	955,425	1,262,567	1,251,885

Endowment Fund and BCCLA Legacy Trust Fund *[note 8]*

Contingent liability *[note 10]*

See accompanying notes to the financial statements

Approved by:

Treasurer

Director

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

Year ended December 31

	2015			2014	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund	\$	\$
	\$	\$	\$	\$	\$
REVENUE					
Membership and donations	544,176	—	—	544,176	401,238
Law Foundation of B.C. – operating grant	175,000	—	—	175,000	313,600
Litigation recovery	163,114	—	—	163,114	—
Investment income	119	4,748	96,903	101,770	36,577
Miscellaneous and special events	57,413	—	—	57,413	51,393
Gaming revenue earned <i>[note 7]</i>	52,743	—	—	52,743	52,577
Specified grants earned <i>[note 7]</i>	28,936	—	—	28,936	112,594
Realized gains on sale of investments (net)	—	(4,960)	16,207	11,247	29,850
Adjustment of investments to market value	—	7,677	(62,237)	(54,560)	62,038
Endowment distributions <i>[note 8]</i>	5,023	—	—	5,023	4,516
Bequests	—	—	—	—	51,796
CLE registrations	—	—	—	—	7,700
	1,026,524	7,465	50,873	1,084,862	1,123,879
EXPENSES					
Salaries and benefits	640,946	—	—	640,946	692,270
Office operating	63,292	—	—	63,292	56,492
Litigation costs	57,400	—	—	57,400	17,653
Rent and utilities	55,869	—	—	55,869	58,489
Professional fees	37,571	—	—	37,571	28,915
Travel and accommodation	30,234	—	—	30,234	48,882
Contracting	28,309	—	—	28,309	39,462
Strategic planning	27,683	—	—	27,683	6,508
Fundraising	19,675	—	—	19,675	60,585
Bank charges	14,076	—	—	14,076	9,009
Newsletter	13,365	—	—	13,365	11,134
Conference	7,096	—	—	7,096	331
Meetings, publications, events	5,053	—	—	5,053	21,112
Insurance	4,058	—	—	4,058	2,135
Amortization	2,543	—	—	2,543	14,416
	1,007,170	—	—	1,007,170	1,067,393
Excess of revenue for the year	19,354	7,465	50,873	77,692	56,486
Interfund transfers <i>[note 11]</i>	15,000	(2,500)	(12,500)	—	—
	34,354	4,965	38,373	77,692	56,486
Fund balances, beginning of year	97,631	130,596	917,052	1,145,279	1,088,793
Fund balances, end of year	131,985	135,561	955,425	1,222,971	1,145,279

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2015			2014	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund		
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Contributions received	566,676	—	—	566,676	473,034
Grants received:					
Law Foundation of B.C.	175,000	—	—	175,000	313,600
Other	31,000	—	—	31,000	105,031
Litigation recovery	163,114	—	—	163,114	—
Gaming proceeds received	39	—	—	39	61,279
Publication, special events and other	55,306	—	—	55,306	60,630
Income received on investments	119	4,748	96,903	101,770	36,577
Endowment income received	5,023	—	—	5,023	4,516
Cash paid for salaries and benefits	(640,245)	—	—	(640,245)	(692,270)
Cash paid for materials and services	(376,898)	—	—	(376,898)	(378,649)
Cash provided by (used in) operating activities	(20,866)	4,748	96,903	80,785	(16,252)
FINANCING AND INVESTING ACTIVITIES					
Purchase of capital assets	(657)	—	—	(657)	(2,816)
Purchase and sale of investments (net)	—	7,855	(75,447)	(67,592)	58,793
Inter-fund transfers	5,757	(11,075)	(1,832)	(7,150)	—
Cash provided by (used in) financing and investing activities	5,100	(3,220)	(77,279)	(75,399)	55,977
Increase (decrease) in cash for the year	(15,766)	1,528	19,624	5,386	39,725
Cash, beginning of year	130,423	4,735	7,279	142,437	102,712
Cash, end of year	114,657	6,263	26,903	147,823	142,437
Cash consists of:					
Cash	114,648	6,263	26,903	147,814	89,724
Restricted cash - gaming account	9	—	—	9	52,713
	114,657	6,263	26,903	147,823	142,437

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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 financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO 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 amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets and the determination of the deferred portion of grants. Actual results could differ from these estimates.

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

The Association follows fund accounting. The major funds are described below:

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fund

The General Fund reports revenues and expenses related to program and service delivery, administrative activities, special projects, legal services and capital assets.

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.

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for its investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable. Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end.

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.

Contributed Services

Volunteers contribute a significant amount of hours and services 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.

3. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
General Fund		
Donations	2,500	25,000
Government - GST	2,845	2,942
Operations	5,867	3,761
	11,212	31,703

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4. INVESTMENTS, AT MARKET VALUE

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

	Stabilization Fund		Trust Fund	
	Cost	Fair Value	Cost	Fair Value
	\$	\$	\$	\$
2015				
Government and corporate bonds	62,008	60,346	198,167	194,253
Canadian and U.S. equities	65,297	80,735	568,092	712,289
Canadian trust units	—	—	20,264	24,480
Mutual funds	49	8,547	—	—
Exchange - traded funds	—	—	—	—
	127,354	149,628	786,523	931,022
2014				
Government and corporate bonds	61,480	60,868	252,676	251,777
Canadian and U.S. equities	29,022	42,908	406,105	614,063
Canadian trust units	—	—	15,721	18,599
Mutual funds	12,228	12,764	30,315	29,666
Exchange - traded funds	17,261	18,576	—	—
	119,991	135,116	704,817	914,105

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.

5. CAPITAL ASSETS

	2015	2014
	\$	\$
Furniture, equipment and computers, at cost	96,945	96,288
Less: accumulated amortization	(95,114)	(92,571)
	1,831	3,717

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015 \$	2014 \$
Operations	31,056	47,696
Due to endowment fund	1,530	1,260
	32,586	48,956

7. DEFERRED REVENUE

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

	Opening Balance \$	Awarded or Transferred \$	Earned or Transferred \$	Closing Balance \$
2015				
Law Foundation of B.C. - CBSA research	—	17,000	10,000	7,000
Other grants	—	14,000	14,000	—
Vancity Community Foundation - Hall of Justice concept plan	4,936	—	4,936	—
	4,936	31,000	28,936	7,000
Province of B.C. - Direct access gaming	52,714	39	52,743	10
	57,650	31,039	81,679	7,010
2014				
Canadian Bar Law - for the future	12,750	2,250	15,000	—
HRDC - summer students	—	5,530	5,530	—
M.A.C. AIDS Fund - HIV emergency	11,460	—	11,460	—
- Community Conversations about Sex Work	—	13,500	13,500	—
Notary Foundation - Rightstalk	5,000	—	5,000	—
Tides Canada Foundation - Carter case	12,040	—	12,040	—
Vancity Community Foundation - Hall of Justice concept plan	15,000	—	10,064	4,936
Vancouver Foundation - Right to Food	—	40,000	40,000	—
	56,250	61,280	112,594	4,936
Province of B.C. - Direct access gaming	261	105,030	52,577	52,714
	56,511	166,310	165,171	57,650

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

8. ENDOWMENT FUND AND BCCLA LEGACY TRUST FUND**a) 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, 2015 and 2014 is not reflected on these financial statements.

The endowment fund had a market value of \$146,287 at December 31, 2015 [2014 - \$138,671]. During the year the Association received contributions of \$800 [2014 - \$420] for the endowment fund. The Association received distributions from the fund of \$5,023 [2014 - \$4,516] which are included in revenue.

b) BCCLA Legacy Trust Fund

The Association receives donations subject to a trust agreement that gives the trustee control over the investment and distribution of the donated funds. The trustee is required to pay the net income realized by the trust fund to the Association but has sole and uncontrolled discretion over the distribution of the trust capital. The activities of the trust fund were as follows:

	2015	2014
	\$	\$
Donations received	5,930	1,180,893
Investment income realized	186,679	79,835
Change in market value	36,570	234,363
Distributions included in Association donation revenue	(167,500)	(100,000)
Change in fund balance	61,679	1,395,091
Fund balance, beginning of year	3,428,285	2,033,194
Fund balance, end of year	3,489,964	3,428,285

As the Association only has the right to receive the net income realized by the trust fund and has no access to the trust capital, these financial statements do not reflect this amount as an asset.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

9. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk as at December 31, 2015.

Credit Risk

Credit risk is the risk that the Association will incur a loss due to the failure by its debtors to meet their contractual obligations. The Association is exposed to credit risk with respect to its cash, investments and accounts receivable. The Society limits its exposure to credit risk by placing its cash in bank accounts with a credit union. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive and investments are invested with a large Canadian financial institution.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Association is exposed to this type of risk as a result of investments in bonds and equities. However, the risk associated with investments is reduced as some of these assets are invested in government securities.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its cash requirements or fund obligations as they become due. The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Other Price Risk

Other price risk associated with investments in shares is reduced to a minimum, since the Association mitigates the risk by regularly rebalancing its portfolio and investing in the Canadian financial sector.

10. 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, if any, cannot be determined.

11. INTERFUND TRANSFERS

At the discretion of the Board, the Association transferred funds from their Stabilization Fund during the year to cover their operations. At the discretion of the Trustee, funds were also transferred from their Trust Fund during the year.