
FINANCIAL STATEMENTS

**BRITISH COLUMBIA CIVIL
LIBERTIES ASSOCIATION**

December 31, 2013

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

A partnership of incorporated professionals.

INDEPENDENT AUDITOR'S REPORT

To the Members of
British Columbia Civil Liberties Association

We have audited the accompanying financial statements of British Columbia Civil Liberties Association, which comprise the statement of financial position as at December 31, 2013, 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 audits. We conducted our audits 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, 2013, and the results of its operations and its cash flows for the year 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
May 5, 2014

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2013			2012	
	General Fund \$	Stabilization Fund \$	Trust Fund \$	Total \$	Total \$
ASSETS					
Current					
Cash	95,020	2,765	4,666	102,451	71,384
Restricted cash - gaming account	261	—	—	261	1,045
Accounts receivable <i>[note 3]</i>	52,796	—	—	52,796	51,855
Prepaid expenses	25,576	—	—	25,576	26,711
Interfund balances	75,205	(20,208)	(54,997)	—	—
Total current assets	248,858	(17,443)	(50,331)	181,084	150,995
Investments, at market value <i>[note 4]</i>					
– administered by the Association	—	143,151	—	143,151	167,494
– subject to trust agreement	—	—	872,975	872,975	847,621
Capital assets <i>[note 5]</i>	15,317	—	—	15,317	27,738
	264,175	125,708	822,644	1,212,527	1,193,848
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities <i>[note 6]</i>	66,782	—	—	66,782	53,841
Deferred revenue <i>[note 7]</i>	56,511	—	—	56,511	36,116
Deferred capital contributions <i>[note 8]</i>	441	—	—	441	3,724
Total liabilities	123,734	—	—	123,734	93,681
Fund balances					
Trust fund	—	—	822,644	822,644	806,935
Internally restricted	—	125,708	—	125,708	163,209
Unrestricted	140,441	—	—	140,441	130,023
Total fund balances	140,441	125,708	822,644	1,088,793	1,100,167
	264,175	125,708	822,644	1,212,527	1,193,848

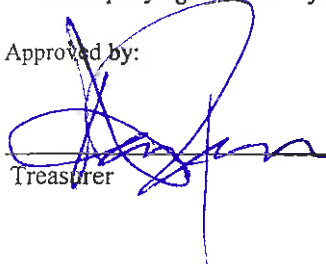
Endowment Fund and BCCLA Legacy Trust Fund *[note 9]*

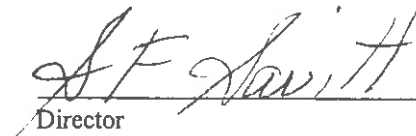
Contingent liability *[note 11]*

Commitments *[note 12]*

See accompanying notes to the financial statements

Approved by:


Treasurer


Director

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

Year ended December 31

	2013			2012	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund	\$	\$
	\$	\$	\$	\$	\$
REVENUE					
Membership and donations	357,816	—	—	357,816	482,205
Law Foundation of B.C. – operating grant	313,600	—	—	313,600	313,600
Specified grants earned <i>[note 7]</i>	67,044	—	—	67,044	150,818
Gaming revenue earned <i>[note 7]</i>	53,331	—	—	53,331	49,481
Miscellaneous and special events	35,603	—	—	35,603	60,637
Investment income	344	4,719	26,752	31,815	32,051
Realized gains (losses) on sale of investments (net)	—	(9,589)	11,842	2,253	(6,000)
Adjustment of investments to market value	—	7,003	85,158	92,161	32,293
Endowment distributions <i>[note 9]</i>	4,271	—	—	4,271	4,035
Amortization - deferred capital contributions <i>[note 8]</i>	3,283	—	—	3,283	4,131
CLE registrations	285	—	—	285	8,240
	835,577	2,133	123,752	961,462	1,131,491
EXPENSES					
Salaries and benefits	705,203	—	—	705,203	630,590
Rent and utilities	58,801	—	—	58,801	58,100
Office operating	50,948	—	—	50,948	61,669
Professional fees	29,906	—	—	29,906	28,106
Litigation costs	27,213	—	—	27,213	31,718
Fundraising	25,349	—	—	25,349	22,593
Travel and accommodation	18,595	—	—	18,595	33,283
Amortization	16,390	—	—	16,390	16,094
Meetings, publications, events	13,739	—	—	13,739	25,094
Newsletter	10,011	—	—	10,011	13,363
Bank charges	6,686	—	—	6,686	6,130
Conference	6,377	—	—	6,377	26,228
Contracting	1,903	—	—	1,903	23,979
Insurance	1,715	—	—	1,715	1,662
Architectural costs	—	—	—	—	45,601
	972,836	—	—	972,836	1,024,210
Excess of revenue (expenses) for the year	(137,259)	2,133	123,752	(11,374)	107,281
Interfund transfers <i>[note 13]</i>	147,677	(39,634)	(108,043)	—	—
	10,418	(37,501)	15,709	(11,374)	107,281
Fund balances, beginning of year	130,023	163,209	806,935	1,100,167	992,886
Fund balances, end of year	140,441	125,708	822,644	1,088,793	1,100,167

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2013			2012	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund		
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Contributions received	312,816	—	—	312,816	471,790
Grants received:					
Law Foundation of B.C.	313,600	—	—	313,600	343,600
Other	124,054	—	—	124,054	102,938
Gaming proceeds received	52,547	—	—	52,547	50,024
Publication, special events and other	37,483	—	—	37,483	61,969
Income received on investments	344	5,447	29,389	35,180	31,889
Endowment income received	4,271	—	—	4,271	4,035
Cash paid for salaries and benefits	(705,203)	—	—	(705,203)	(630,590)
Cash paid for materials and services	(233,899)	—	—	(233,899)	(410,611)
Cash provided by (used in) operating activities	(93,987)	5,447	29,389	(59,151)	25,044
FINANCING AND INVESTING ACTIVITIES					
Contributions for endowment fund	—	—	—	—	(4,636)
Purchase of capital assets	(3,969)	—	—	(3,969)	(35,655)
Purchase and sale of investments (net)	—	21,757	71,646	93,403	(18,220)
Inter-fund transfers	139,930	(31,887)	(108,043)	—	5,207
Cash provided by (used in) financing and investing activities	135,961	(10,130)	(36,397)	89,434	(53,304)
Increase (decrease) in cash	41,974	(4,683)	(7,008)	30,283	(28,260)
Cash, beginning of year	53,307	7,448	11,674	72,429	100,689
Cash, end of year	95,281	2,765	4,666	102,712	72,429
Cash consists of:					
Cash	95,020	2,765	4,666	102,451	71,384
Restricted cash - gaming account	261	—	—	261	1,045
	95,281	2,765	4,666	102,712	72,429

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, the determination of the deferred portion of grants and contingencies. 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, 2013

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, 2013

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

	2013	2012
	\$	\$
General Fund		
Donations	45,000	—
Grants	—	35,831
Government - GST	2,057	4,662
Interest and other	5,739	7,997
	<u>52,796</u>	<u>48,490</u>
Stabilization Fund		
Interest and other	—	728
Trust Fund		
Interest and other	—	2,637
	<u>52,796</u>	<u>51,855</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

4. INVESTMENTS, AT MARKET VALUE

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

	2013		2012	
	Stabilization Fund \$	Trust Fund \$	Stabilization Fund \$	Trust Fund \$
Government and corporate bonds	74,372	274,228	99,306	280,076
Canadian equities	39,471	511,443	46,978	501,954
Canadian trust units	—	15,267	21,210	14,742
Mutual funds	6,225	50,567	—	50,849
Money market funds	23,083	21,470	—	—
	143,151	872,975	167,494	847,621

The average yield to maturity, based on the cost of the investments, on the government and corporate bonds approximated 3.59% at December 31, 2013 [2012 - 3.40%]. 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

	2013 \$	2012 \$
Furniture, equipment and computers, at cost	93,472	89,503
Less: accumulated amortization	78,155	61,765
	15,317	27,738

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013 \$	2012 \$
Operations	51,980	52,250
Government remittances - Payroll taxes	13,282	500
- WorksafeBC	680	671
Due to endowment fund	840	420
	66,782	53,841

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 \$
2013				
Canadian Bar Law - for the future	—	12,750	—	12,750
HRDC - summer students	—	5,530	5,530	—
M.A.C. AIDS Fund				
- HIV privacy	3,565	—	3,565	—
- HIV emergency	—	35,000	23,540	11,460
Notary Foundation - Rightstalk	—	5,000	—	5,000
Privacy Commissioner of Canada				
- Hybrid smart card	—	14,943	14,943	—
Tides Canada Foundation - Carter case	31,506	—	19,466	12,040
Vancity Community Foundation				
- Hall of Justice concept plan	—	15,000	—	15,000
	35,071	88,223	67,044	56,250
Province of B.C. - Direct access gaming	1,045	52,547	53,331	261
	36,116	140,770	120,375	56,511
2012				
HRDC - summer students	—	9,765	9,765	—
Law Foundation of B.C. - grants				
- Death in Custody Publication/Workshops	1,312	—	1,312	—
- Electronic devices	7,429	—	7,429	—
- Genetic privacy publication	1,600	—	1,600	—
- Lawful access publication	1,835	—	1,835	—
M.A.C. AIDS Fund - HIV privacy	35,000	—	31,435	3,565
Privacy Commissioner of Canada				
- Hybrid smart card	—	35,057	35,057	—
Province of B.C. - Justice denied	—	5,000	5,000	—
Tides Canada Foundation - Carter case	6,864	38,737	14,095	31,506
	54,040	88,559	107,528	35,071
Real Estate Foundation - feasibility	30,957	12,333	43,290	—
	84,997	100,892	150,818	35,071
Province of B.C. - Direct access gaming	502	50,024	49,481	1,045
	85,499	150,916	200,299	36,116

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2013	2012
	\$	\$
Balance, beginning of year	3,724	20,188
Architectural costs transferred	—	(12,333)
Amounts recognized as revenue in the year	(3,283)	(4,131)
Balance, end of year	441	3,724

9. 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, 2013 and 2012 is not reflected on these financial statements.

The endowment fund had a market value of \$123,611 at December 31, 2013 [2012 - \$111,204]. During the year the Association received contributions of \$420 for the endowment fund [2012 - \$420] and a further \$100 [2012 - \$Nil] was paid directly to the Vancouver Foundation. The Association received distributions from the fund of \$4,271 [2012 - \$4,035] which are included in revenue.

b) BCCLA Legacy Trust Fund

In 2012 and 2013, the Association received 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:

	2013	2012
	\$	\$
Donations received	264,044	1,588,700
Investment income realized	102,832	6,904
Change in market value	177,850	12,864
Distributions included in Association donation revenue	(120,000)	—
Change in fund balance	424,726	1,608,468
Fund balance, beginning of year	1,608,468	—
Fund balance, end of year	2,033,194	1,608,468

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

10. 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, 2013.

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 interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Association to a fair value risk while the floating rate instruments subject it to a cash flow risk. 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.

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, if any, cannot be determined.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

12. COMMITMENTS

The Association has a lease agreement for office premises expiring in November, 2014. Annual lease payments of \$17,725 plus operating costs and taxes are required until the end of the agreement. This location has been subleased with costs being fully recovered.

The Association has a lease agreement for office premises expiring in July, 2014. Annual lease payments of \$42,000 plus taxes are required until the end of the agreement. Subsequent to the year-end, the agreement was extended a month to month basis.

13. INTERFUND TRANSFERS

At the discretion of the Board, the Association transferred funds during the year to cover their operations.