
FINANCIAL STATEMENTS

**BRITISH COLUMBIA CIVIL
LIBERTIES ASSOCIATION**

December 31, 2014

***T*OMPKINS, *W*OZNY, *M*ILLER & *C*O.
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, 2014, 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, 2014, 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
June 8, 2015

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2014			2013	
	General Fund	Stabilization Fund	Trust Fund	Total	Total
	\$	\$	\$	\$	\$
ASSETS					
Current					
Cash	77,710	4,735	7,279	89,724	102,451
Restricted cash - gaming account	52,713	—	—	52,713	261
Accounts receivable <i>[note 3]</i>	31,703	—	—	31,703	52,796
Prepaid expenses	24,807	—	—	24,807	25,576
Interfund balances	13,587	(9,255)	(4,332)	—	—
Total current assets	200,520	(4,520)	2,947	198,947	181,084
Investments, at market value <i>[note 4]</i>					
– administered by the Association	—	135,116	—	135,116	143,151
– subject to trust agreement	—	—	914,105	914,105	872,975
Capital assets <i>[note 5]</i>	3,717	—	—	3,717	15,317
	204,237	130,596	917,052	1,251,885	1,212,527
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities <i>[note 6]</i>	48,956	—	—	48,956	66,782
Deferred revenue <i>[note 7]</i>	57,650	—	—	57,650	56,511
Deferred capital contributions <i>[note 8]</i>	—	—	—	—	441
Total liabilities	106,606	—	—	106,606	123,734
Fund balances					
Trust fund	—	—	917,052	917,052	822,644
Internally restricted	—	130,596	—	130,596	125,708
Unrestricted	97,631	—	—	97,631	140,441
Total fund balances	97,631	130,596	917,052	1,145,279	1,088,793
	204,237	130,596	917,052	1,251,885	1,212,527

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

Contingent liability *[note 11]*

See accompanying notes to the financial statements

Approved by:

Treasurer

Director

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

Year ended December 31

	2014			2013	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund	\$	\$
	\$	\$	\$	\$	\$
REVENUE					
Membership and donations	401,238	—	—	401,238	357,816
Law Foundation of B.C. – operating grant	313,600	—	—	313,600	313,600
Specified grants earned <i>[note 7]</i>	112,594	—	—	112,594	67,044
Gaming revenue earned <i>[note 7]</i>	52,577	—	—	52,577	53,331
Bequests	51,796	—	—	51,796	—
Miscellaneous and special events	50,952	—	—	50,952	35,603
Investment income	55	4,523	31,999	36,577	31,815
Realized gains (losses) on sale of investments (net)	—	(905)	30,755	29,850	2,253
Adjustment of investments to market value	—	6,049	55,989	62,038	92,161
Endowment distributions <i>[note 9]</i>	4,516	—	—	4,516	4,271
Amortization - deferred capital contributions <i>[note 8]</i>	441	—	—	441	3,283
CLE registrations	7,700	—	—	7,700	285
	995,469	9,667	118,743	1,123,879	961,462
EXPENSES					
Salaries and benefits	692,270	—	—	692,270	705,203
Fundraising	60,585	—	—	60,585	25,349
Rent and utilities	58,489	—	—	58,489	58,801
Office operating	56,492	—	—	56,492	50,948
Travel and accommodation	48,882	—	—	48,882	18,595
Contracting	39,462	—	—	39,462	1,903
Professional fees	28,915	—	—	28,915	29,906
Meetings, publications, events	21,112	—	—	21,112	13,739
Litigation costs	17,653	—	—	17,653	27,213
Amortization	14,416	—	—	14,416	16,390
Newsletter	11,134	—	—	11,134	10,011
Bank charges	9,009	—	—	9,009	6,686
Strategic planning	6,508	—	—	6,508	—
Insurance	2,135	—	—	2,135	1,715
Conference	331	—	—	331	6,377
	1,067,393	—	—	1,067,393	972,836
Excess of revenue (expenses) for the year	(71,924)	9,667	118,743	56,486	(11,374)
Interfund transfers <i>[note 12]</i>	29,114	(4,779)	(24,335)	—	—
	(42,810)	4,888	94,408	56,486	(11,374)
Fund balances, beginning of year	140,441	125,708	822,644	1,088,793	1,100,167
Fund balances, end of year	97,631	130,596	917,052	1,145,279	1,088,793

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2014			2013	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund	\$	\$
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Contributions received	473,034	—	—	473,034	312,816
Grants received:					
Law Foundation of B.C.	313,600	—	—	313,600	313,600
Other	105,031	—	—	105,031	124,054
Gaming proceeds received	61,279	—	—	61,279	52,547
Publication, special events and other	60,630	—	—	60,630	37,483
Income received on investments	55	4,523	31,999	36,577	35,180
Endowment income received	4,516	—	—	4,516	4,271
Cash paid for salaries and benefits	(692,270)	—	—	(692,270)	(705,203)
Cash paid for materials and services	(378,649)	—	—	(378,649)	(233,899)
Cash provided by (used in) operating activities	(52,774)	4,523	31,999	(16,252)	(59,151)
FINANCING AND INVESTING ACTIVITIES					
Purchase of capital assets	(2,816)	—	—	(2,816)	(3,969)
Purchase and sale of investments (net)	—	13,179	45,614	58,793	93,403
Inter-fund transfers	90,732	(15,732)	(75,000)	—	—
Cash provided by (used in) financing and investing activities	87,916	(2,553)	(29,386)	55,977	89,434
Increase in cash	35,142	1,970	2,613	39,725	30,283
Cash, beginning of year	95,281	2,765	4,666	102,712	72,429
Cash, end of year	130,423	4,735	7,279	142,437	102,712
Cash consists of:					
Cash	77,710	4,735	7,279	89,724	102,451
Restricted cash - gaming account	52,713	—	—	52,713	261
	130,423	4,735	7,279	142,437	102,712

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2014

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, 2014

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

	2014	2013
	\$	\$
General Fund		
Donations	25,000	45,000
Government - GST	2,942	2,057
Interest and other	3,761	5,739
	31,703	52,796

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4. INVESTMENTS, AT MARKET VALUE

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

	2014		2013	
	Stabilization Fund \$	Trust Fund \$	Stabilization Fund \$	Trust Fund \$
Government and corporate bonds	60,868	251,777	74,372	274,228
Canadian equities	42,908	614,063	39,471	511,443
Canadian trust units	—	18,599	—	15,267
Mutual funds	12,764	29,666	6,225	50,567
Exchange - traded funds	18,576	—	23,083	21,470
	135,116	914,105	143,151	872,975

The average yield to maturity, based on the cost of the investments, on the government and corporate bonds approximated 3.37% at December 31, 2014 [2013 - 3.59%]. 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

	2014 \$	2013 \$
Furniture, equipment and computers, at cost	96,288	93,472
Less: accumulated amortization	92,571	78,155
	3,717	15,317

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014 \$	2013 \$
Operations	47,696	51,980
Government remittances - Payroll taxes	—	13,282
- WorksafeBC	—	680
Due to endowment fund	1,260	840
	48,956	66,782

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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
	\$	\$	\$	\$
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
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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2014	2013
	\$	\$
Balance, beginning of year	441	3,724
Amounts recognized as revenue in the year	(441)	(3,283)
Balance, end of year	—	441

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, 2014 and 2013 is not reflected on these financial statements.

The endowment fund had a market value of \$138,671 at December 31, 2014 [2013 - \$123,611]. During the year the Association received contributions of \$420 for the endowment fund [2013 - \$420] and a further \$Nil [2013 - \$100] was paid directly to the Vancouver Foundation. The Association received distributions from the fund of \$4,516 [2013 - \$4,271] 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:

	2014	2013
	\$	\$
Donations received	1,180,893	264,044
Investment income realized	79,835	102,832
Change in market value	234,363	177,850
Distributions included in Association donation revenue	(100,000)	(120,000)
Change in fund balance	1,395,091	424,726
Fund balance, beginning of year	2,033,194	1,608,468
Fund balance, end of year	3,428,285	2,033,194

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2014.

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.

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.

12. INTERFUND TRANSFERS

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