

**FINANCIAL STATEMENTS**

**BRITISH COLUMBIA CIVIL  
LIBERTIES ASSOCIATION**

**December 31, 2017**



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## INDEPENDENT AUDITOR'S REPORT

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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, 2017, 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 fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to memberships and donations revenues, excess of revenues, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

### ***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, 2017, 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 Societies 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 LLP*

Vancouver, Canada  
April 16, 2018

Chartered Professional Accountants



**Tompkins Wozny**  
Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2017			2016	
	General Fund \$	Stabilization Fund \$	Trust Fund \$	Total \$	Total \$
<b>ASSETS</b>					
<b>Current</b>					
Cash	125,737	23,100	77,193	226,030	168,167
Restricted cash - gaming account	193	—	—	193	227
Accounts receivable <i>[note 3]</i>	23,157	—	—	23,157	11,659
Prepaid expenses	31,825	—	—	31,825	25,840
Interfund balances	216,067	(116,609)	(99,458)	—	—
<b>Total current assets</b>	<b>396,979</b>	<b>(93,509)</b>	<b>(22,265)</b>	<b>281,205</b>	<b>205,893</b>
Investments, at market value <i>[note 4]</i>					
– administered by the Association	—	201,304	—	201,304	167,921
– subject to trust agreement	—	—	939,419	939,419	1,004,134
Capital assets <i>[note 5]</i>	65,096	—	—	65,096	5,822
	462,075	107,795	917,154	1,487,024	1,383,770
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities <i>[note 6]</i>	105,889	—	—	105,889	44,787
Deferred revenue <i>[note 7]</i>	15,300	—	—	15,300	227
<b>Total liabilities</b>	<b>121,189</b>	<b>—</b>	<b>—</b>	<b>121,189</b>	<b>45,014</b>
<b>Fund balances</b>					
Trust fund	—	—	917,154	917,154	969,107
Internally restricted	—	107,795	—	107,795	134,797
Unrestricted	340,886	—	—	340,886	234,852
<b>Total fund balances</b>	<b>340,886</b>	<b>107,795</b>	<b>917,154</b>	<b>1,365,835</b>	<b>1,338,756</b>
	462,075	107,795	917,154	1,487,024	1,383,770

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

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

	2017			2016	
	General Fund	Stabilization Fund	Trust Fund	Total	Total
	\$	\$	\$	\$	\$
<b>REVENUE</b>					
Membership and donations	509,086	—	—	509,086	517,585
Distributions from BCCLA Legacy Trust Fund <i>[note 8 b]</i>	455,000	—	—	455,000	337,204
Law Foundation of B.C. – operating grant	175,000	—	—	175,000	175,000
Net investment income <i>[note 9]</i>	116	(3,503)	106,900	103,513	103,148
Grants earned <i>[note 7]</i>	82,457	—	—	82,457	135,299
Litigation recovery	31,931	—	—	31,931	7,914
Endowment distributions <i>[note 8 a]</i>	5,530	—	—	5,530	5,301
Miscellaneous and special events	4,482	—	—	4,482	52,217
	<b>1,263,602</b>	<b>(3,503)</b>	<b>106,900</b>	<b>1,366,999</b>	<b>1,333,668</b>
<b>EXPENSES</b>					
Salaries and benefits <i>[note 13]</i>	844,308	—	—	844,308	720,509
Litigation costs	118,444	—	—	118,444	111,829
Office operating	97,104	—	—	97,104	142,281
Contract fees	92,506	—	—	92,506	49,166
Rent and utilities	59,567	—	—	59,567	58,374
Fundraising	41,517	—	—	41,517	57,020
Travel and accommodation	36,848	—	—	36,848	30,735
Newsletter	15,736	—	—	15,736	16,385
Bank charges	14,320	—	—	14,320	18,128
Meetings, publications, events	5,888	—	—	5,888	3,385
Amortization	5,609	—	—	5,609	3,826
Conference	5,466	—	—	5,466	3,353
Insurance	2,607	—	—	2,607	2,892
	<b>1,339,920</b>	<b>—</b>	<b>—</b>	<b>1,339,920</b>	<b>1,217,883</b>
<b>Excess of revenue for the year</b>	<b>(76,318)</b>	<b>(3,503)</b>	<b>106,900</b>	<b>27,079</b>	<b>115,785</b>
Interfund transfers <i>[note 12]</i>	182,352	(23,499)	(158,853)	—	—
	<b>106,034</b>	<b>(27,002)</b>	<b>(51,953)</b>	<b>27,079</b>	<b>115,785</b>
Fund balances, beginning of year	234,852	134,797	969,107	1,338,756	1,222,971
<b>Fund balances, end of year</b>	<b>340,886</b>	<b>107,795</b>	<b>917,154</b>	<b>1,365,835</b>	<b>1,338,756</b>

*See accompanying notes to the financial statements*

STATEMENT OF CASH FLOWS

Year ended December 31

	2017			2016	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund		
	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>					
Contributions received	952,995	—	—	952,995	857,289
Grants received:					
Law Foundation of B.C.	175,000	—	—	175,000	175,000
Other	45,003	—	—	45,003	75,980
Litigation recovery	31,931	—	—	31,931	7,914
Gaming proceeds received	52,527	—	—	52,527	52,536
Publication, special events and other	5,198	—	—	5,198	52,618
Income received on investments	116	5,912	26,131	32,159	68,910
Endowment income received	5,530	—	—	5,530	200
Cash paid for salaries and benefits	(838,441)	—	—	(838,441)	(719,110)
Cash paid for materials and services	(489,917)	—	—	(489,917)	(485,779)
<b>Cash provided by (used in) operating activities</b>	<b>(60,058)</b>	<b>5,912</b>	<b>26,131</b>	<b>(28,015)</b>	<b>85,558</b>
<b>FINANCING AND INVESTING ACTIVITIES</b>					
Purchase of capital assets	(16,846)	—	—	(16,846)	(7,817)
Purchase and sale of investments (net)	—	14,823	314,153	328,976	(10,753)
Inter-fund transfers	57,383	—	(283,669)	(226,286)	(46,417)
<b>Cash provided by (used in) financing and investing activities</b>	<b>40,537</b>	<b>14,823</b>	<b>30,484</b>	<b>85,844</b>	<b>(64,987)</b>
<b>Increase (decrease) in cash for the year</b>	<b>(19,521)</b>	<b>20,735</b>	<b>56,615</b>	<b>57,829</b>	<b>20,571</b>
Cash, beginning of year	145,451	2,365	20,578	168,394	147,823
<b>Cash, end of year</b>	<b>125,930</b>	<b>23,100</b>	<b>77,193</b>	<b>226,223</b>	<b>168,394</b>
<b>Cash consists of:</b>					
Cash	125,737	23,100	77,193	226,030	168,167
Restricted cash - gaming account	193	—	—	193	227
	125,930	23,100	77,193	226,223	168,394

See accompanying notes to the financial statements

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2017

### 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 British Columbia Societies Act 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

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December 31, 2017

### 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, 2017

### 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

	2017	2016
	\$	\$
Donations	11,091	—
Government - GST	3,744	2,622
Operations	4,751	5,466
Due from endowment fund	3,571	3,571
	23,157	11,659
Allowance for doubtful accounts	—	—
	23,157	11,659



## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**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
	\$	\$	\$	\$
<b>2017</b>				
Government and corporate bonds	33,863	<b>31,515</b>	31,175	<b>29,602</b>
Canadian and U.S. equities	86,557	<b>169,789</b>	592,264	<b>855,849</b>
Canadian trust units	—	—	18,238	<b>25,773</b>
Exchange - traded funds	—	—	25,567	<b>28,195</b>
	120,420	<b>201,304</b>	667,244	<b>939,419</b>
<b>2016</b>				
Government and corporate bonds	33,863	32,338	60,685	59,407
Canadian and U.S. equities	86,556	121,826	698,451	888,184
Canadian trust units	—	—	20,264	31,595
Mutual funds	16,369	13,757	—	—
Exchange - traded funds	—	—	25,567	24,948
	136,788	167,921	804,967	1,004,134

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 [note 9].

**5. CAPITAL ASSETS**

	2017	2016
	\$	\$
Leasehold improvements, at cost	<b>56,718</b>	—
Furniture, equipment and computers, at cost	<b>112,928</b>	104,762
Less: accumulated amortization	<b>(104,550)</b>	(98,940)
	<b>65,096</b>	5,822

Leasehold improvements are not amortized as the Association has not moved into its new building as of December 31, 2017.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Operations	104,923	44,787
Government remittances - WorkSafeBC	966	—
	<b>105,889</b>	<b>44,787</b>

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	Closing Balance
	\$	\$	\$	\$
<b>2017</b>				
Canadian Internet Registration Authority	—	20,170	5,200	14,970
Law Foundation of B.C. - CBSA research	—	3,000	3,000	—
Law Foundation of B.C. - Technology Funding	—	21,833	21,833	—
Province of B.C. - Direct access gaming	227	52,527	52,424	330
	<b>227</b>	<b>97,530</b>	<b>82,457</b>	<b>15,300</b>
<b>2016</b>				
Law Foundation of B.C. - CBSA research	7,000	—	7,000	—
Tides Canada Foundation - Challenge Fund	—	71,232	71,232	—
Employment of Social Development Canada	—	4,748	4,748	—
Province of B.C. - Direct access gaming	10	52,536	52,319	227
	<b>7,010</b>	<b>128,516</b>	<b>135,299</b>	<b>227</b>

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 2017

**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, 2017 and 2016 is not reflected on these financial statements.

The endowment fund had a market value of \$158,427 at December 31, 2017 [2016 - \$152,776]. During the year the Association received contributions of \$150 [2016 - \$200] for the endowment fund. The Association received distributions from the fund of \$5,530 [2016 - \$5,301] 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:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Donations received	—	130
Investment income realized	<b>110,841</b>	142,601
Change in market value	<b>269,444</b>	158,699
Distributions included in revenue	<b>(455,000)</b>	(337,204)
Change in fund balance	<b>(74,715)</b>	(35,774)
Fund balance, beginning of year	<b>3,454,190</b>	3,489,964
<b>Fund balance, end of year</b>	<b>3,379,475</b>	3,454,190

As the Association only has the right to receive the distributions from 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, 2017

## 9. NET INVESTMENT INCOME

	General Fund \$	Stabilization Fund \$	Trust Fund \$	Total \$
<b>2017</b>				
Interest and dividends	116	5,912	26,131	32,159
Realized gains (losses) on sales of investments	—	1,066	(28,911)	(27,845)
Unrealized gains (losses) on investments	—	(60,233)	36,672	(23,561)
Adjustments of investments to market value	—	49,752	73,008	122,760
	<b>116</b>	<b>(3,503)</b>	<b>106,900</b>	<b>103,513</b>
<b>2016</b>				
Interest and dividends	116	5,917	62,877	68,910
Realized gains (losses) on sales of investments	—	(3,521)	(25,758)	(29,279)
Unrealized gains (losses) on investments	—	—	—	—
Adjustments of investments to market value	—	8,849	54,668	63,517
	116	11,245	91,787	103,148

## 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, 2017.

**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.

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2017

### 10. FINANCIAL INSTRUMENTS (CONT'D)

#### 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 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.

### 13. EMPLOYEE REMUNERATION

Pursuant to the British Columbia Societies Act, the Association is required to disclose remuneration and benefits paid to employees and contractors who are paid \$75,000 or more during the fiscal year.

During the year, there were four employees earning over \$75,000. The total amount of remuneration paid to the employees was \$364,440, collectively. This is included in salaries and benefits expense.

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 2017

**14. OPERATING LINE OF CREDIT**

The Association has an operating line of credit for up to \$250,000 which bears interest at prime plus 0.85%. As at December 31, 2017, the operating line of credit balance was \$Nil [2016 - \$Nil].

**15. COMPARATIVE FIGURES**

Certain prior year's comparative figures have been reclassified to conform to the presentation adopted in the current year.