

FINANCIAL STATEMENTS

**BRITISH COLUMBIA CIVIL
LIBERTIES ASSOCIATION**

December 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of
British Columbia Civil Liberties Association

Qualified Opinion

We have audited the financial statements of British Columbia Civil Liberties Association (the Association), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2019 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities 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. Therefore, we were not able to determine whether any adjustments might be necessary to membership and donation revenue, excess of revenues (expenses), and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 27, 2020

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2019			2018	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund		
	\$	\$	\$	\$	\$
ASSETS					
Current					
Cash	238,614	2,764	11,913	253,291	266,389
Restricted cash - gaming account	339	—	—	339	(36)
Accounts receivable <i>[note 3]</i>	55,027	—	—	55,027	25,692
Prepaid expenses	43,287	—	—	43,287	35,439
Interfund balances	288,210	(179,688)	(108,522)	—	—
Total current assets	625,477	(176,924)	(96,609)	351,944	327,484
Investments, at market value <i>[note 4]</i>					
– administered by the Association	—	251,196	—	251,196	228,006
– subject to trust agreement	—	—	1,181,348	1,181,348	778,041
Capital assets <i>[note 5]</i>	198,061	—	—	198,061	224,004
	823,538	74,272	1,084,739	1,982,549	1,557,535
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities <i>[note 6]</i>	79,306	—	—	79,306	79,039
Deferred revenue <i>[note 7]</i>	64,058	—	—	64,058	26,700
Current portion of bank loan <i>[note 15]</i>	26,460	—	—	26,460	30,480
Total current liabilities	169,824	—	—	169,824	136,219
Bank loan <i>[note 15]</i>	64,203	—	—	64,203	84,391
Deferred contributions related to leasehold improvements <i>[note 8]</i>	76,964	—	—	76,964	87,164
Total liabilities	310,991	—	—	310,991	307,774
Fund balances					
Trust fund	—	—	1,084,739	1,084,739	670,611
Internally restricted <i>[note 17]</i>	150,000	74,272	—	224,272	54,780
Unrestricted	362,547	—	—	362,547	524,370
Total fund balances	512,547	74,272	1,084,739	1,671,558	1,249,761
	823,538	74,272	1,084,739	1,982,549	1,557,535

Endowment Fund and BCCLA Legacy Trust Fund *[note 9]*Contingent liability *[note 12]*Lease commitment *[note 16]**See accompanying notes to the financial statements*

Approved by:

Treasurer

Director



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

Year ended December 31

	2019			2018	
	General	Stabilization	Trust	Total	Total
	Fund	Fund	Fund		
	\$	\$	\$	\$	\$
REVENUE					
Membership and donations	1,137,723	—	—	1,137,723	663,987
Law Foundation of B.C. – operating grant	380,000	—	—	380,000	190,000
Grants earned <i>[note 7]</i>	237,542	—	—	237,542	106,135
Net investment income (loss) <i>[note 10]</i>	334	42,534	137,398	180,266	(89,564)
Litigation recovery	49,068	—	—	49,068	—
Amortization of deferred contributions <i>[note 8]</i>	10,200	—	—	10,200	6,836
Endowment distributions <i>[note 9(a)]</i>	6,070	—	—	6,070	5,817
Miscellaneous and special events	25	—	—	25	108,232
Distributions from BCCLA Legacy Trust Fund <i>[note 9(b)]</i>	—	—	—	—	310,000
	1,820,962	42,534	137,398	2,000,894	1,301,443
EXPENSES					
Salaries and benefits <i>[note 14]</i>	1,047,621	—	—	1,047,621	913,150
Office operating	204,021	—	—	204,021	101,363
Contract fees	102,309	—	—	102,309	82,561
Rent and utilities	67,177	—	—	67,177	71,306
Litigation costs	48,939	—	—	48,939	49,737
Amortization	33,748	—	—	33,748	32,488
Travel and accommodation	27,209	—	—	27,209	42,935
Fundraising	17,170	—	—	17,170	89,370
Bank and donation processing charges	13,223	—	—	13,223	17,065
Meetings, publications, events	8,357	—	—	8,357	4,834
Newsletter	5,121	—	—	5,121	9,892
Insurance	4,202	—	—	4,202	2,816
	1,579,097	—	—	1,579,097	1,417,517
Excess of revenue (expenses) for the year	241,865	42,534	137,398	421,797	(116,074)
Interfund transfers <i>[note 13]</i>	(253,688)	(23,042)	276,730	—	—
	(11,823)	19,492	414,128	421,797	(116,074)
Fund balances, beginning of year	524,370	54,780	670,611	1,249,761	1,365,835
Fund balances, end of year	512,547	74,272	1,084,739	1,671,558	1,249,761

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2019			2018	
	General Fund	Stabilization Fund	Trust Fund	Total	Total
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Contributions received	1,094,440	—	—	1,094,440	986,002
Grants received:					
Law Foundation of B.C. - core funding	380,000	—	—	380,000	190,000
- other [note 7]	123,454	—	—	123,454	64,988
Gaming - capital grant	—	—	—	—	94,000
Vancouver Foundation [note 7]	100,000	—	—	100,000	—
Litigation recovery	49,068	—	—	49,068	—
Gaming proceeds received	51,446	—	—	51,446	52,547
Publication, special events and other	25	—	—	25	108,232
Income received on investments	334	8,596	25,568	34,498	30,506
Endowment income received	6,070	—	—	6,070	5,817
Cash paid for salaries and benefits	(989,560)	—	—	(989,560)	(871,952)
Cash paid for materials and services	(549,422)	—	—	(549,422)	(562,802)
Cash provided by operating activities	265,855	8,596	25,568	300,019	97,338
FINANCING AND INVESTING ACTIVITIES					
Purchase of capital assets	(7,805)	—	—	(7,805)	(186,685)
Proceeds from operating line of credit	—	—	—	—	114,871
Repayments of bank loan	(24,208)	—	—	(24,208)	—
Purchase and sale of investments (net)	—	10,748	(291,477)	(280,729)	85,649
Inter-fund transfers	(253,688)	(23,042)	276,730	—	(71,043)
Cash used in financing and investing activities	(285,701)	(12,294)	(14,747)	(312,742)	(57,208)
Increase (decrease) in cash for the year	(19,846)	(3,698)	10,821	(12,723)	40,130
Cash, beginning of year	258,799	6,462	1,092	266,353	226,223
Cash, end of year	238,953	2,764	11,913	253,630	266,353
Cash consists of:					
Cash	238,614	2,764	11,913	253,291	266,389
Restricted cash - gaming account	339	—	—	339	(36)
	238,953	2,764	11,913	253,630	266,353

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

December 31, 2019

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, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, three years for computers and over the term of the lease for leasehold improvements. 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

	2019	2018
	\$	\$
Operations	43,114	3,827
Government - GST	8,342	18,294
Due from endowment fund	3,571	3,571
	55,027	25,692
Allowance for doubtful accounts	—	—
	55,027	25,692

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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
	\$	\$	\$	\$
2019				
Government and corporate bonds	—	—	149,349	149,446
Canadian and U.S. equities	209,898	251,196	727,870	955,505
Canadian trust units	—	—	25,446	36,651
Exchange traded funds	—	—	32,630	39,746
	209,898	251,196	935,295	1,181,348
2018				
Government and corporate bonds	18,499	16,011	15,664	14,226
Canadian and U.S. equities	128,670	202,373	545,779	710,074
Canadian trust units	10,145	9,622	18,238	26,109
Exchange traded funds	—	—	25,567	27,632
	157,314	228,006	605,248	778,041

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 10].

5. CAPITAL ASSETS

	2019	2018
	\$	\$
Leasehold improvements, at cost	224,213	224,213
Furniture, equipment and computers, at cost	83,018	75,213
Less: accumulated amortization	(109,170)	(75,422)
	198,061	224,004

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
	\$	\$
Operations	54,101	57,398
Government remittances - payroll taxes	23,568	16,921
- WorkSafeBC	1,637	4,720
	79,306	79,039

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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
	\$	\$	\$	\$
2019				
Law Foundation of B.C. - Communications Technology	—	25,000	20,049	4,951
- Public Interest Articling	8,300	60,000	68,300	—
- Indigenous Restorative Justice	18,400	25,000	43,400	—
Vancouver Foundation - Indigenous Restorative Justice	—	100,000	53,820	46,180
Province of B.C. - Direct access gaming	—	52,500	51,973	527
2020 Gala sponsorships	—	12,400	—	12,400
	26,700	274,900	237,542	64,058
2018				
Canadian Internet Registration Authority	14,970	—	14,970	—
Law Foundation of B.C. - Technology Funding	—	3,167	3,167	—
- Public Interest Articling	—	30,000	21,700	8,300
- Indigenous Restorative Justice	—	25,000	6,600	18,400
Employment of Social Development Canada	—	6,821	6,821	—
Province of B.C. - Direct access gaming	330	52,547	52,877	—
	15,300	117,535	106,135	26,700

8. DEFERRED CONTRIBUTION RELATED TO LEASEHOLD IMPROVEMENTS

	2019	2018
	\$	\$
Balance, beginning of year	87,164	—
Contribution received	—	94,000
Transfer to revenue	(10,200)	(6,836)
Balance, end of year	76,964	87,164

The deferred contribution represents capital funding received from Province of B.C. that was designated for the Association's leasehold improvements. The contribution has been spent and is being deferred and amortized to income over the term of the lease.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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, 2019 and 2018 is not reflected in these financial statements.

The endowment fund had a market value of \$161,823 at December 31, 2019 [2018 - \$150,507]. During the year the Association received contributions of \$460 [2018 - \$Nil] for the endowment fund. The Association received distributions from the fund of \$6,070 [2018 - \$5,817] 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:

	2019	2018
	\$	\$
Investment income realized	55,404	121,300
Change in market value	459,103	(353,599)
Distributions included in revenue	—	(310,000)
Change in fund balance	514,507	(542,299)
Fund balance, beginning of year	2,837,176	3,379,475
Fund balance, end of year	3,351,683	2,837,176

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, 2019

10. NET INVESTMENT INCOME (LOSS)

	General Fund \$	Stabilization Fund \$	Trust Fund \$	Total \$
2019				
Interest and dividends, net of fees	334	8,596	25,568	34,498
Realized gains on sales of investments	—	63,260	38,571	101,831
Adjustments of investments to market value	—	(29,322)	73,259	43,937
	334	42,534	137,398	180,266
2018				
Interest and dividends	114	8,230	22,162	30,506
Realized losses on sales of investments	—	—	(21,741)	(21,741)
Adjustments of investments to market value	—	(30,429)	(67,900)	(98,329)
	114	(22,199)	(67,479)	(89,564)

11. 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, 2019.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

11. FINANCIAL INSTRUMENTS (CONT'D)

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.

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, if any, cannot be determined.

13. 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.

	General Fund \$	Stabilization Fund \$	Trust Fund \$	Total \$
Cash transfers (to) from fund	54,000	(54,000)	—	—
Securities donated	(30,958)	30,958	—	—
	23,042	(23,042)	—	—
Cash transfers (to) from fund	(276,730)	—	276,730	—
	(276,730)	—	276,730	—
Total	(253,688)	(23,042)	276,730	—

14. 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 five [2018 - three] employees earning over \$75,000. The total amount of remuneration paid to the employees was \$514,111 [2018 - \$290,471], collectively. This is included in salaries and benefits expense.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

15. BANK LOAN

The Association has a bank loan with Vancity which bears interest at Vancity prime rate plus 0.85%. As at December 31, 2019, the balance was \$90,663 [2018 - \$114,871].

The bank loan bears interest at 4.80% [2018 - 4.80%] and is repayable at \$2,205 per month.

	2019	2018
	\$	\$
Balance, end of year	90,663	114,871
Less: current portion	(26,460)	(30,480)
	64,203	84,391

16. LEASE COMMITMENT

The Association is committed to the following premise lease payments (subject to inflation cost increases) over the next five years:

	\$
2020	55,248
2021	55,248
2022	55,248
2023	55,248
2024	55,248
2025 and after	128,912
	405,152

17. INTERNALLY RESTRICTED NET ASSETS

During the year the board of directors internally restricted a portion of its net assets for:

	\$
Employee leave fund	100,000
Strategic litigation fund	50,000
	150,000

18. COMPARATIVE FIGURES

Certain 2018 comparative figures have been reclassified where necessary to conform to the current year's presentation.