



FINANCIAL STATEMENTS

**BRITISH COLUMBIA CIVIL
LIBERTIES ASSOCIATION**

December 31, 2008 and 2007

***TWM* TOMPKINS, WOZNY, MILLER & CO.**
Chartered Accountants

A partnership of incorporated professionals

AUDITOR'S REPORT

To the Members

British Columbia Civil Liberties Association

We have audited the statement of financial position of the **British Columbia Civil Liberties Association** as at December 31, 2008 and 2007 and the statements of operations and changes in fund balances, financial position and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as explained in the following paragraphs, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit charitable organizations, the British Columbia Civil Liberties Association derives revenue from memberships and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of those revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to memberships and donations, excess of revenue over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we may have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the memberships and donations revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2008 and 2007 and the results of its operations for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of B.C., we report that these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
February 6, 2009

Tompkins, Wozny, Miller & Co.

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

| | 2008 | | | 2007 | |
|--|----------------|-----------------|----------------|----------------|----------------|
| | General | Stabilization | Trust | Total | Total |
| | Fund | Fund | Fund | | |
| | \$ | \$ | \$ | \$ | \$ |
| ASSETS | | | | | |
| Current | | | | | |
| Cash | 78,442 | 1,515 | 3,352 | 83,309 | 65,621 |
| Restricted cash - gaming account | 47,662 | — | — | 47,662 | 22,933 |
| GST, interest & other receivables | 12,396 | 108 | 501 | 13,005 | 62,032 |
| Interfund balances | 63,573 | (62,172) | (1,401) | — | — |
| Prepaid expenses | 17,475 | — | — | 17,475 | 16,539 |
| Total current assets | 219,548 | (60,549) | 2,452 | 161,451 | 167,125 |
| Investments, at market value | | | | | |
| – administered by the Association (cost \$151,195 [2007 - \$239,870]) | — | 135,073 | — | 135,073 | 262,958 |
| – subject to trust agreement (cost \$348,887 [2007 - \$117,156]) | — | — | 287,688 | 287,688 | 132,719 |
| Capital assets <i>[note 4]</i> | 31,873 | — | — | 31,873 | 29,099 |
| | 251,421 | 74,524 | 290,140 | 616,085 | 591,901 |
| Endowment fund <i>[note 6]</i> | | | | | |
| LIABILITIES AND NET ASSETS | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | 30,989 | — | — | 30,989 | 54,716 |
| Deferred contributions <i>[note 5]</i> | 90,841 | — | — | 90,841 | 59,736 |
| Due to endowment fund | 3,000 | — | — | 3,000 | 300 |
| Deferred capital contributions <i>[note 8]</i> | 28,890 | — | — | 28,890 | 23,205 |
| Total liabilities | 153,720 | — | — | 153,720 | 137,957 |
| Net assets | | | | | |
| Invested in capital assets | 2,983 | — | — | 2,983 | 5,894 |
| Internally restricted | — | 74,524 | 290,140 | 364,664 | 366,226 |
| Unrestricted | 94,718 | — | — | 94,718 | 81,824 |
| Total net assets | 97,701 | 74,524 | 290,140 | 462,365 | 453,944 |
| | 251,421 | 74,524 | 290,140 | 616,085 | 591,901 |

Contingent liability *[note 11]*Commitment *[note 12]*

See accompanying notes

Approved by:

Treasurer

Director

STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCES

For the year ended December 31

| | 2008 | | | | 2007 | |
|--|----------------|--------------------|-----------------|----------------------|----------------|----------------|
| | General Fund | Stabilization Fund | Trust Fund | Little Sister's Fund | Total | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| REVENUE | | | | | | |
| Membership & donations | 187,259 | — | — | — | 187,259 | 176,165 |
| Bequests | 115,000 | — | — | — | 115,000 | — |
| Law Foundation of B.C. – operating grant | 302,350 | — | — | — | 302,350 | 238,391 |
| Specified grants earned [note 5] | 94,392 | — | — | — | 94,392 | 73,179 |
| Gaming revenue earned [note 5] | 30,262 | — | — | — | 30,262 | 45,292 |
| Investment income | 739 | 10,632 | 6,478 | — | 17,849 | 12,683 |
| Realized gains on sales of investments (net) | — | 8,549 | 6,872 | — | 15,421 | 11,530 |
| Adjustment of investments to market value | — | (39,210) | (76,762) | — | (115,972) | (4,514) |
| Endowment distributions [note 6] | 5,407 | — | — | — | 5,407 | 5,326 |
| Contract and court awarded costs [note 7] | 119,117 | — | — | — | 119,117 | 40,872 |
| Miscellaneous and special events | 7,902 | — | — | — | 7,902 | 3,027 |
| Amortization - deferred capital grants [note 8] | 9,448 | — | — | — | 9,448 | 1,438 |
| | 871,876 | (20,029) | (63,412) | — | 788,435 | 603,389 |
| EXPENSES | | | | | | |
| Salaries & benefits | 467,321 | — | — | — | 467,321 | 378,423 |
| Rent & utilities | 38,648 | — | — | — | 38,648 | 38,541 |
| Office operating | 35,194 | — | — | — | 35,194 | 35,903 |
| Contract services | 19,493 | 462 | 769 | 1,890 | 22,614 | 20,964 |
| Insurance | 1,223 | — | — | — | 1,223 | 1,223 |
| Bank charges | 4,121 | — | — | — | 4,121 | 2,224 |
| Fundraising | 28,377 | — | — | — | 28,377 | 7,336 |
| Newsletter | 9,450 | — | — | — | 9,450 | 8,450 |
| Litigation costs [note 9] | 124,152 | — | — | — | 124,152 | 40,152 |
| Meetings, publications, events [note 10] | 36,555 | — | — | — | 36,555 | 29,384 |
| Amortization | 12,359 | — | — | — | 12,359 | 4,277 |
| | 776,893 | 462 | 769 | 1,890 | 780,014 | 566,877 |
| Excess of revenue (expenses) for the year | 94,983 | (20,491) | (64,181) | (1,890) | 8,421 | 36,512 |
| Fund balances, beginning of year | 87,718 | 231,357 | 132,979 | 1,890 | 453,944 | 374,268 |
| Interfund transfers | (85,000) | (136,342) | 221,342 | — | — | — |
| Adjustment of prior years' market value [note 3] | — | — | — | — | — | 43,164 |
| Fund balances, end of year | 97,701 | 74,524 | 290,140 | — | 462,365 | 453,944 |

See accompanying notes

STATEMENT OF CASH FLOWS

As at December 31

| | 2008 | | | | 2007 | |
|---|--------------------|--------------------------|------------------|----------------------------|---------------|-----------------|
| | General Fund \$ | Stabilization Fund \$ | Trust Fund \$ | Little Sister's Fund \$ | Total \$ | Total \$ |
| OPERATING ACTIVITIES | | | | | | |
| Contributions received | 301,759 | — | — | — | 301,759 | 176,165 |
| Grants received: | | | | | | |
| Law Foundation of B.C. | 302,350 | — | — | — | 302,350 | 235,031 |
| Other | 121,069 | — | — | — | 121,069 | 90,572 |
| Gaming proceeds received | 55,051 | — | — | — | 55,051 | 45,060 |
| Contract and court awarded costs | 159,989 | — | — | — | 159,989 | — |
| Publication, special events and other | 7,902 | — | — | — | 7,902 | 3,335 |
| Endowment income received | 5,407 | — | — | — | 5,407 | 5,326 |
| Cash paid on behalf of Little Sister's | — | — | — | (1,890) | (1,890) | (6,287) |
| Cash paid for salaries and benefits | (464,788) | — | — | — | (464,788) | (374,595) |
| Cash paid for materials and services | (321,126) | (462) | (769) | — | (322,357) | (149,532) |
| Cash provided by (used in) | | | | | | |
| operating activities | 167,613 | (462) | (769) | (1,890) | 164,492 | 25,076 |
| FINANCING AND INVESTING ACTIVITIES | | | | | | |
| Contributions for endowment fund (net) | 2,700 | — | — | — | 2,700 | (2,075) |
| Paid/received on behalf of other funds | (89,020) | 86,361 | 769 | 1,890 | — | — |
| Income received on investments | 739 | 10,919 | 6,334 | — | 17,992 | 11,896 |
| Purchase and sale of investments (net) | — | (123,769) | (3,865) | — | (127,634) | (51,418) |
| Cash paid for capital acquisitions | (15,133) | — | — | — | (15,133) | (27,046) |
| Capital contributions received | — | — | — | — | — | 24,288 |
| Cash provided by (used in) | | | | | | |
| financing and investing activities | (100,714) | (26,489) | 3,238 | 1,890 | (122,075) | (44,355) |
| Increase (decrease) in cash | 66,899 | (26,951) | 2,469 | — | 42,417 | (19,279) |
| Cash, beginning of year | 59,205 | 28,466 | 883 | — | 88,554 | 107,832 |
| Cash, end of year | 126,104 | 1,515 | 3,352 | — | 130,971 | 88,554 |
| Cash consists of: | | | | | | |
| Cash | 78,442 | 1,515 | 3,352 | — | 83,309 | 65,621 |
| Restricted cash - gaming | 47,662 | — | — | — | 47,662 | 22,933 |
| | 126,104 | 1,515 | 3,352 | — | 130,971 | 88,554 |

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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

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 a sale has occurred, the service has been performed, or an event has taken place and there is a reasonable expectation of collection.

Membership and donation revenue is recognized when received.

Fund Accounting

▪ *General Fund*

Revenues and expenses related to program and service delivery, administrative activities, special projects, legal services and capital assets are reported in the General Fund.

▪ *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 purpose. 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

▪ *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, provided that no such distributions can occur until after three years from the establishment of the trust.

▪ *Little Sister's Fund*

The Little Sister's Fund was fully disbursed during the year.

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 and classified as held for trading. The Association records all investments based on the value at the settlement date.

Contributed Services

Volunteers contribute a significant amount of hours and services per year 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.

Statement of Cash Flows

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are presented using the direct method.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

3. FINANCIAL INSTRUMENTS

The Association has adopted the recommendations of Section 3855 of the Canadian Institute of Chartered Accountants (C.I.C.A.) Handbook dealing with financial instruments. The Association's financial instruments consist of cash, accounts receivable, investments and accounts payable.

The Association has elected to value its financial instruments at fair value on a held for trading basis, which requires that any change in fair value be brought in to income or expense as it occurs. The Association's investments are the only financial instrument with a significant difference between cost and fair value.

In accordance with C.I.C.A. Handbook recommendations, the difference between the cost and fair value of the Association's financial instruments at the beginning of the prior year, which represented the aggregate cumulative unrealized gains at that time, was reported as a direct increase in the Association's fund balances (Stabilization Fund - \$25,191 and Trust Fund - \$17,973 - total \$43,164) at January 1, 2007.

In the opinion of management, the Association is subject to market risk on its investments, and credit risk on its accounts receivable, but is not otherwise exposed to significant risk on its financial instruments.

4. CAPITAL ASSETS

| | 2008 | 2007 |
|---|--------|---------|
| | \$ | \$ |
| Furniture, equipment and computers, at cost | 51,212 | 101,962 |
| Less: accumulated amortization | 19,339 | 72,863 |
| Net book value | 31,873 | 29,099 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

5. DEFERRED CONTRIBUTIONS

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

| | 2007 Deferred \$ | Received \$ | Earned/ Transferred \$ | 2008 Deferred \$ |
|--|------------------------|----------------|------------------------------|------------------------|
| Law Foundation of B.C. - project grants | | | | |
| - Articling Student | — | 83,332 | 65,145 | 18,187 |
| - Racial Profiling Conference | 6,750 | — | 781 | 5,969 |
| - PLEI Portal | — | 30,000 | 14,888 | 15,112 |
| - Citizenship handbook reprint and translation | 12,000 | 3,000 | 15,000 | — |
| Notary Foundation of B.C. - Rights Talk handbook reprint | 1,040 | — | — | 1,040 |
| Rotary Club - Citizenship handbook reprint | — | 3,000 | 189 | 2,811 |
| Vancouver Foundation - Youth Workshop | 2,525 | — | 2,525 | — |
| | 22,315 | 119,332 | 98,528 | 43,119 |
| Province of B.C. - Direct access gaming | 22,933 | 55,051 | 30,262 | 47,722 |
| Law Foundation of B.C - Infrastructure grant | 14,488 | — | 14,488 | — |
| | 59,736 | 174,383 | 143,278 | 90,841 |

Specified grants earned in 2008 of \$94,392, as shown on the Statement of Operations, includes the \$98,528 of earned grants shown above, net of grants received but earned in prior years.

6. 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 is not reflected on these financial statements.

The endowment fund had a market value of \$86,528.22 at December 31, 2008 [2007 - \$107,299]. During the year the Association received endowment fund distributions of \$5,407 [2007 - \$5,326].

In 2008 and 2007, the distributions from the endowment fund were allocated to the General Fund.

7. CONTRACT AND COURT AWARDED COSTS

The Association earned revenue as a result of its participation in the Frank Paul inquiry and a matter involving the federal government. The government of British Columbia agreed to provide funding to cover BCCLA's litigation expenses related to the Paul inquiry.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

8. DEFERRED CAPITAL CONTRIBUTIONS

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

| | 2008 | 2007 |
|---|---------|---------|
| | \$ | \$ |
| Balance, beginning of year | 23,205 | 355 |
| Law Foundation grant expended on capital assets | 15,133 | 24,288 |
| Amounts recognized as revenue in the year | (9,448) | (1,438) |
| Balance, end of year | 28,890 | 23,205 |

9. LITIGATION COSTS

Litigation costs increased due to BCCLA's participation in the Frank Paul inquiry and several major litigation files including the BCCLA and Amnesty International's lawsuit against the Government of Canada regarding the transfer of detainees in Afghanistan.

10. MEETINGS, PUBLICATIONS, EVENTS

In 2008, publication costs include the publication of Arrest Handbook, Citizenship Handbook, and Privacy Provision Handbook, at a cost of \$32,853.

In 2007, event costs included \$20,677 relating to the Racial Profiling Conference in May 2007.

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 cannot be determined.

12. COMMITMENT

The Association has entered into a lease agreement for office premises expiring in November, 2014. Annual lease payments of \$17,725 plus operating costs are required in each of the next five years.