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**FINANCIAL STATEMENTS**

**BRITISH COLUMBIA CIVIL  
LIBERTIES ASSOCIATION**

**December 31, 2006 and 2005**

***TW* 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, 2006 and 2005 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 of 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 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, 2006 and 2005 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.

*Tompkins, Wozny, Miller & Co.*

Vancouver, Canada

February 2, 2007

Chartered Accountants

British Columbia Civil Liberties Association

STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCES

As at December 31

	2006				2005	
	General	Stabilization	Trust	Little	Total	Total
	Fund	Fund	Fund	Sister's		
\$	\$	\$	\$	\$	\$	
<b>REVENUE</b>						
Membership & donations	181,231	—	—	—	181,231	136,761
Law Foundation of B.C. – operating grant	157,800	—	—	—	157,800	144,300
Specified grants & donations earned [note 6]	47,762	—	—	8,677	56,439	31,566
Gaming revenue earned [note 6]	53,530	—	—	—	53,530	52,574
Investment income	171	9,297	2,856	—	12,324	6,211
Realized gains on dispositions	—	9,032	17,329	—	26,361	31,472
Endowment distributions [note 5]	4,583	—	—	—	4,583	4,159
Miscellaneous and special events	2,092	—	—	—	2,092	1,066
Amortization of deferred contributions related to capital assets [note 7]	428	—	—	—	428	771
	447,597	18,329	20,185	8,677	494,788	408,880
<b>EXPENSES</b>						
Salaries & benefits	280,460	—	—	—	280,460	210,723
Rent & utilities	37,024	—	—	—	37,024	37,762
Office operating	26,839	—	—	—	26,839	26,018
Contract services	31,485	—	311	4,235	36,031	30,732
Insurance	1,223	—	—	—	1,223	1,222
Bank charges	2,212	—	—	—	2,212	2,087
Fundraising	7,238	—	—	—	7,238	6,963
Publications & printing	8,216	—	—	—	8,216	14,110
Legal defense	6,891	—	—	—	6,891	6,008
Miscellaneous and special events	5,607	—	—	—	5,607	6,038
Amortization	3,108	—	—	—	3,108	2,726
	410,303	—	311	4,235	414,849	344,389
<b>Excess of revenue over expenses</b>	<b>37,294</b>	<b>18,329</b>	<b>19,874</b>	<b>4,442</b>	<b>79,939</b>	<b>64,491</b>
Fund balances, beginning of year	31,032	170,498	91,174	1,625	294,329	229,838
Interfund transfers	(2,866)	(2,134)	5,000	—	—	—
<b>Fund balances, end of year</b>	<b>65,460</b>	<b>186,693</b>	<b>116,048</b>	<b>6,067</b>	<b>374,268</b>	<b>294,329</b>

See accompanying notes

Approved by:

Treasurer

Director

## STATEMENT OF FINANCIAL POSITION

As at December 31

	2006				2005	
	General	Stabilization	Trust	Little	Total	Total
	Fund	Fund	Fund	Sister's		
\$	\$	\$	\$	\$	\$	
<b>ASSETS</b>						
<b>Current</b>						
Cash	58,733	25,375	559	—	84,667	63,085
Restricted cash - gaming	23,165	—	—	—	23,165	31,630
GST, interest & other receivables	5,434	276	—	—	5,710	11,432
Interfund balances	11,480	(17,236)	(311)	6,067	—	—
Prepaid expenses	12,866	—	—	—	12,866	14,039
<b>Total current assets</b>	<b>111,678</b>	<b>8,415</b>	<b>248</b>	<b>6,067</b>	<b>126,408</b>	<b>120,186</b>
Investments, at cost						
– administered by the Association (market \$203,469 [2005 - \$178,870])	—	178,278	—	—	178,278	149,678
– subject to trust agreement (market \$133,773 [2005 - \$105,742])	—	—	115,800	—	115,800	91,174
Capital assets <i>[note 4]</i>	6,330	—	—	—	6,330	4,465
	<b>118,008</b>	<b>186,693</b>	<b>116,048</b>	<b>6,067</b>	<b>426,816</b>	<b>365,503</b>
Endowment fund <i>[note 5]</i>						
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities	15,366	—	—	—	15,366	16,689
Deferred contributions <i>[note 6]</i>	34,452	—	—	—	34,452	51,877
Due to endowment fund	2,375	—	—	—	2,375	1,825
Deferred contributions relating to capital assets <i>[note 7]</i>	355	—	—	—	355	783
<b>Total liabilities</b>	<b>52,548</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>52,548</b>	<b>71,174</b>
<b>Net assets</b>						
Invested in capital assets	5,975	—	—	—	5,975	3,682
Internally restricted	—	186,693	116,048	6,067	308,808	263,297
Unrestricted	59,485	—	—	—	59,485	27,350
<b>Total net assets</b>	<b>65,460</b>	<b>186,693</b>	<b>116,048</b>	<b>6,067</b>	<b>374,268</b>	<b>294,329</b>
	<b>118,008</b>	<b>186,693</b>	<b>116,048</b>	<b>6,067</b>	<b>426,816</b>	<b>365,503</b>
Contingent liability <i>[note 8]</i>						
Commitment <i>[note 9]</i>						

See accompanying notes

STATEMENT OF CASH FLOWS

As at December 31

	2006				2005	
	General	Stabilization	Trust	Little	Total	Total
	Fund	Fund	Fund	Sister's		
\$	\$	\$	\$	\$	\$	
<b>OPERATING ACTIVITIES</b>						
Contributions received	183,399	—	—	5,048	188,447	125,390
Law Foundation of B.C. - grants	167,396	—	—	—	167,396	144,300
Gaming proceeds received	45,066	—	—	—	45,066	45,069
Other receipts	29,334	—	—	—	29,334	30,663
Publication, special events and other	2,263	—	—	1,019	3,282	1,066
Endowment income received	4,583	—	—	—	4,583	4,159
Cash paid on behalf of Little Sister's	—	—	—	(3,629)	(3,629)	(10,385)
Cash paid for salaries and benefits	(277,512)	—	—	—	(277,512)	(209,064)
Cash paid for materials and services	(124,354)	—	(311)	—	(124,665)	(124,550)
<b>Cash provided by (used in)</b>						
operating activities	30,175	—	(311)	2,438	32,302	6,648
<b>FINANCING AND INVESTING ACTIVITIES</b>						
Contributions for endowment fund	550	—	—	—	550	1,200
Paid/received on behalf of other funds	(38,569)	35,695	5,312	(2,438)	—	—
Income received on investments	—	5,123	1,876	—	6,999	38,308
Purchase and sale of investments (net)	—	(15,443)	(6,319)	—	(21,762)	(38,960)
Cash paid for capital acquisitions	(4,973)	—	—	—	(4,973)	—
<b>Cash provided by (used in)</b>						
financing and investing activities	(42,992)	25,375	869	(2,438)	(19,186)	548
<b>Increase (decrease) in cash</b>	<b>(12,817)</b>	<b>25,375</b>	<b>559</b>	<b>—</b>	<b>13,117</b>	<b>7,196</b>
Cash, beginning of year	94,715	—	—	—	94,715	87,519
<b>Cash, end of year</b>	<b>81,898</b>	<b>25,375</b>	<b>559</b>	<b>—</b>	<b>107,832</b>	<b>94,715</b>
<b>Cash consists of:</b>						
Cash	58,733	25,375	559	—	84,667	63,085
Restricted cash - gaming	23,165	—	—	—	23,165	31,630
	81,898	25,375	559	—	107,832	94,715

See accompanying notes

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

### 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 and grants are recognized as revenue of the appropriate fund in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund 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. The Stabilization Fund will also normally receive an amount equal to the net income of the General Fund, unless otherwise designated by the board.

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2006

### **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **Fund Accounting (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*

Revenues and expenses related to the litigation regarding the Little Sister's Book & Art Emporium and Canada Revenue Agency lawsuit are reported in the Little Sister's Fund.

#### **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 the lower of cost or market value. The cost of non-interest bearing coupons is increased by the annual amortization of discounts.

#### **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.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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.

### 3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities. The fair values of the financial instruments, except investments, approximate their carrying values.

It is management's opinion that the Association is not exposed to significant risk from its financial instruments except for the interest rate risk and market risk associated with its investments.

### 4. CAPITAL ASSETS

	2006	2005
	\$	\$
Furniture, equipment and computers, at cost	74,916	69,943
Less: accumulated amortization	68,586	65,478
<b>Net book value</b>	<b>6,330</b>	<b>4,465</b>

### 5. 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 \$111,438 at December 31, 2006 [2005 - \$98,788]. During the year the Association received endowment fund contributions of \$5,379 [2005 - \$1,200].

In 2006, the distributions from the endowment fund were allocated to the General Fund. In 2005 the income was allocated to the Stabilization Fund.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2006

**6. DEFERRED CONTRIBUTIONS**

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

	2006	2005
	\$	\$
<b>Balance, beginning of year</b>	51,877	46,271
Amounts awarded in the year - gaming revenue	45,066	45,382
- specified grants and donations	65,931	30,350
Specified grants and donations earned	(47,763)	(21,181)
Law Foundation supplemental operating grant earned	(23,500)	—
Gaming revenue earned	(53,530)	(52,574)
Little Sister's Fund	(3,629)	3,629
<b>Balance, end of year</b>	<b>34,452</b>	<b>51,877</b>

**7. DEFERRED CONTRIBUTIONS RELATING TO CAPITAL ASSETS**

The deferred contributions related to capital assets represent the unamortized portion of capital assets acquired with restricted contributions.

	2006	2005
	\$	\$
<b>Balance, beginning of year</b>	783	1,554
Less: amounts recognized as revenue in the year	428	771
<b>Balance, end of year</b>	<b>355</b>	<b>783</b>

**8. 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.

**9. 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.