

**CANADIAN CIVIL LIBERTIES ASSOCIATION**

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**



CANADIAN CIVIL LIBERTIES ASSOCIATION  
DECEMBER 31, 2014

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*Green • Chencinski • Starkman • E les* LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

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*To the Members of  
Canadian Civil Liberties Association*

We have audited the accompanying consolidated financial statements of Canadian Civil Liberties Association, which comprise the consolidated statement of financial position of the Canadian Civil Liberties Association ("the Organization") as at December 31, 2014, the consolidated statement of operations and changes in net assets, and the consolidated statement of cash flow 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian 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 entity'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 entity'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 of Qualified Opinion*

In common with many not-for-profit organizations, the Organization derives revenue from memberships and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these 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 membership and donation revenues, excess of revenue over expenditures and net assets.

**INDEPENDENT AUDITORS' REPORT** *(continued)*

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***Qualified Opinion***

In our opinion, except for the matter described in the Basis of Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Canadian Civil Liberties Association as at December 31, 2014 and the results of its consolidated operations and its consolidated cash flow for the year ended December 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

*Green Chercinski Starkman Cles LLP*

Toronto, Canada  
October 13, 2015

Chartered Professional Accountants  
Licensed Public Accountants

**CANADIAN CIVIL LIBERTIES ASSOCIATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014**

	2014	2013
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	313,637	174,396
Short-term investments	2,220,686	556,651
Grants receivable (note 2)	36,597	22,110
Prepaid expenses and sundry receivables	80,913	43,469
	<b>2,651,833</b>	<b>796,626</b>
<b>Equipment (note 3)</b>	<b>13,276</b>	<b>16,356</b>
	<b>2,665,109</b>	<b>812,982</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	28,333	25,129
Deferred grants (note 4)	170,608	52,200
	<b>198,941</b>	<b>77,329</b>
<b>Net assets</b>	<b>2,466,168</b>	<b>735,653</b>
	<b>2,665,109</b>	<b>812,982</b>

*(See accompanying notes to financial statements)*

On behalf of the Trustees, Canadian Civil Liberties Education Trust

\_\_\_\_\_ Trustee

On behalf of the Board of Directors, Canadian Civil Liberties Association

\_\_\_\_\_ Director

**CANADIAN CIVIL LIBERTIES ASSOCIATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
<b>REVENUE</b>		
CCLA memberships and contributions	267,550	236,727
Donations	2,291,634	397,620
Unrealized loss on short-term investments	(14,739)	-
Realized loss on sale of short-term investments	-	(2,421)
Grants (note 6)	532,398	352,556
Investment income	44,125	9,426
	<b>3,120,968</b>	<b>993,908</b>
<b>EXPENSES</b>		
Amortization	4,493	5,262
Audit and bookkeeping	14,227	16,674
Campaign and fund raising	151,642	95,369
Communications	89,443	27,562
Conference	-	6,744
General and office, postage and newsletter	84,299	120,137
Insurance	3,967	4,075
Litigation	6,007	23,801
Rent and utilities (note 5)	45,789	54,810
Research	31,325	18,936
Salaries and benefits	923,818	784,622
Travel	35,443	53,004
	<b>1,390,453</b>	<b>1,210,996</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>1,730,515</b>	<b>(217,088)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>735,653</b>	<b>952,741</b>
<b>NET ASSETS, END OF YEAR</b>	<b>2,466,168</b>	<b>735,653</b>

*(See accompanying notes to financial statements)*

**CANADIAN CIVIL LIBERTIES ASSOCIATION**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditures	1,730,515	(217,088)
Adjustment for items not affecting cash:		
Amortization	4,493	5,262
Unrealized loss on short-term investments	14,739	-
	19,232	5,262
Changes in non-cash working capital:		
Grants receivable	(14,487)	2,500
Prepaid expenses and sundry receivables	(37,444)	(2,783)
Accounts payable and accrued liabilities	3,204	(35,317)
Deferred grants	118,408	27,200
	69,681	(8,400)
Cash provided by (used in) operating activities	1,819,428	(220,226)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>INVESTING ACTIVITIES</b>		
Acquisition of equipment	(1,412)	(7,780)
Short-term investments, net proceeds (purchases)	(1,678,775)	80,502
Cash provided by (used in) investing activities	(1,680,187)	72,722
<b>NET CHANGE IN CASH</b>	<b>139,241</b>	<b>(147,504)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>174,396</b>	<b>321,900</b>
<b>CASH, END OF YEAR</b>	<b>313,637</b>	<b>174,396</b>

*(See accompanying notes to financial statements)*

**CANADIAN CIVIL LIBERTIES ASSOCIATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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**DESCRIPTION OF ORGANIZATION AND INCOME TAX STATUS**

Canadian Civil Liberties Association is a non-profit organization whose objectives are to promote respect for and observance of fundamental human rights and civil liberties and to defend, extend and foster the recognition of these rights and liberties.

Canadian Civil Liberties Education Trust is a charitable organization whose objectives are to conduct research and to educate with respect to fundamental human rights and civil liberties.

The financial statements have been consolidated to include Canadian Civil Liberties Association ("CCLA") and Canadian Civil Liberties Education Trust ("CCLET"). All material inter-organizational transactions and balances between the two organizations are eliminated upon consolidation.

The two organizations are administered by a common staff and share many of the expenditures incurred. The trustees of Canadian Civil Liberties Education Trust are comprised of certain officers of Canadian Civil Liberties Association. CCLA also provides an annual grant to assist CCLET in meeting its obligations.

CCLA is exempt from income tax under Section 149(1)(l) of the Income Tax Act. CCLET is a registered charity as defined in the Income Tax Act and exempt from income tax under Section 149(1)(f) of the Income Tax Act.

**1 SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**Revenue recognition**

The Organization follows the deferral method for accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets. CCLA memberships are recorded as revenue in the year of receipt.

Investment income is recognized as revenue when earned.

**Short-term investments**

Short-term investments consist of investments in guaranteed investment certificates, money market funds and other fixed income securities. The Organization may liquidate these investments at any time to fund special projects and operations. These investments are carried at fair value, which is the quoted market price at year-end.



1 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

**Measurement of financial instruments**

In addition to its short-term investments, the Organization holds financial instruments comprised of cash, grants receivable, sundry receivables and accounts payable and accrued liabilities. Financial instruments are initially recorded at their fair value and subsequently measured at amortized cost.

When there is an indication of impairment or such an impairment is determined to have occurred, the carrying amount of financial assets is reduced by the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of that asset. If the circumstances that led to the Organization recording an impairment improve and management determines that all or a portion of the impairment can be recovered, the impairment is reversed up to the amount that the financial asset would have otherwise been recorded at on the reversal date.

**Equipment and amortization**

Equipment is initially recorded at cost and is amortized over its estimated useful life using the following rates and basis:

Equipment	- 20% declining balance
Computer equipment	- 30% declining balance
Computer software	- 50% declining balance

**Long-lived assets**

Long-lived assets, such as equipment, are recorded at cost less accumulated amortization. If circumstances indicate that the carrying value may not be recoverable, recoverability is tested by comparing the sum of estimated future cash flows from operations and expected residual value with the carrying value. If the sum is less than the carrying value of a particular asset, the asset is written down to its fair value and an impairment loss is recognized. As at December 31, 2014 and December 31, 2013, there were no known circumstances that would indicate that the carrying value of the assets may not be recoverable.

**Volunteer services**

The Organization benefits substantially from services in the form of volunteer time. These valuable services are not recorded in the financial statements.

**Allocation of expenses**

The CCLET and the CCLA are administered by a common staff and share many of the operating expenditures. Accordingly, common operating expenditures are allocated proportionately based upon estimated time spent by staff on behalf of CCLET and CCLA and this basis is applied consistently each year. Expenditures that pertain specifically to CCLET or CCLA are recorded in the respective organization. The allocation proportions are disclosed in note 7.

**CANADIAN CIVIL LIBERTIES ASSOCIATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant judgment is required in determining the allocation of expenses between CCLA and CCLET. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

**2 GRANTS RECEIVABLE**

	2014	2013
	\$	\$
Grants receivable	36,597	22,110
Less: allowance for doubtful accounts	-	-
	<u>36,597</u>	<u>22,110</u>

**3 EQUIPMENT**

	Cost	Accumulated Amortization	2014 Net	2013 Net
	\$	\$	\$	\$
Equipment	13,526	5,971	7,555	9,444
Computer equipment	48,052	43,128	4,924	5,319
Computer software	8,500	7,703	797	1,593
	<u>70,078</u>	<u>56,802</u>	<u>13,276</u>	<u>16,356</u>

**4 DEFERRED GRANTS**

	2014	2013
	\$	\$
Deferred grants, beginning of year	52,200	25,000
Grants received during the year	650,805	309,717
	<u>703,005</u>	<u>334,717</u>
Grants earned during the year	532,397	282,517
Deferred grants, end of year	<u>170,608</u>	<u>52,200</u>

**CANADIAN CIVIL LIBERTIES ASSOCIATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**5 OPERATING LEASE COMMITMENT**

Subsequent to year-end, on July 24, 2015, CCLET terminated the lease for its premises with no penalties except to forfeit all rights to the security deposit.

CCLET entered into a new lease on June 24, 2015 for the period from December 1, 2015 to November 30, 2021 in respect of a new premise. The minimum annual rent is as follows:

Year ended December 31,	\$
2015	59,566
2016	95,663
2017	96,802
2018	109,615
2019	113,031
	474,677

In exchange for certain services performed by CCLA and CCLET staff members, two organizations have agreed to pay 67.5% of the rent and utilities during the term of the lease. The amount recovered for minimum annual rent and common area maintenance fees in the current year of \$90,351 has been reflected as a reduction of rent expense.

**6 GRANTS**

During the year, CCLET was approved for a one year grant of \$221,100 from the Law Foundation of Ontario for the ongoing education program. The Organization is required to submit bi-annual project progress reports to the Law Foundation of Ontario to continue eligibility for the grant. Included in grants receivables is \$22,110 that was received from The Law Foundation of Ontario subsequent to the year-end as the final payment of the above grant.

**7 ALLOCATION OF EXPENSES**

CCLET and CCLA are administered by a common staff and share many of the same expenses. Accordingly, expenses are allocated based upon approximate time that staff spent for each part of the total entity, as follows:

CCLET - approximately 70%  
 CCLA - approximately 30%

**8 FINANCIAL INSTRUMENTS**

The use of all operating surpluses is subject to approval by the Board of Directors. Although the Organization is without a formal policy, cash on hand in excess of current operating requirements is invested in low-risk, cashable, fixed income bearing investments with terms typically of one year or less. During the year, the Organization invested surplus funds in money market funds, guaranteed investment certificates and other fixed income securities.

**Credit risk**

The Organization is exposed to credit risk with respect to its ability to collect accounts receivable from its grantors, donors and members. The majority of the grants receivable is comprised of the grant payments from Law Foundation of Ontario as discussed in note 6. There is little credit risk, if any, associated with the balance and all the payments were received subsequent to year-end.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not exposed to currency risk as all financial instruments are denominated in Canadian currency. The company's exposure to interest rate risk arises from short-term investments which bear interest at variable rates. The risk exposure to the organization is limited as it does not rely on investment income to fund its operations. The Organization monitors interest rates to determine whether there are indicators that long-term interest rates could change and impact operations. The Organization does not otherwise manage interest rate risk. The Organization is exposed to other price risk related to its short-term investments. Other price risk is the risk that the fair value or cash flows related to short-term investments will fluctuate because of changes in the market prices due to factors other than those arising from interest rate risk.

**Liquidity risk**

Liquidity risk relates to the organization's ability to meet its obligations as they come due. The Organization has sufficient cash and an investment portfolio which could be readily converted to cash to meet its current obligations.

**CANADIAN CIVIL LIBERTIES ASSOCIATION**  
**SCHEDULE OF FINANCIAL POSITION, INDIVIDUAL ENTITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	CCLA 2014 \$	CCLET 2014 \$	Consolidated 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	237,322	76,315	313,637
Short-term investments	360,626	1,860,060	2,220,686
Grants receivable (note 2)	14,487	22,110	36,597
Prepaid expenses and sundry receivables	3,142	77,771	80,913
	615,577	2,036,256	2,651,833
<b>Equipment (note 3)</b>	<b>4,102</b>	<b>9,174</b>	<b>13,276</b>
	<b>619,679</b>	<b>2,045,430</b>	<b>2,665,109</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	14,223	14,110	28,333
Deferred grants (note 4)	108,408	62,200	170,608
	122,631	76,310	198,941
<b>Net assets</b>	<b>497,048</b>	<b>1,969,120</b>	<b>2,466,168</b>
	<b>619,679</b>	<b>2,045,430</b>	<b>2,665,109</b>

*(See accompanying notes to financial statements)*

**CANADIAN CIVIL LIBERTIES ASSOCIATION**  
**SCHEDULE OF OPERATIONS AND CHANGES IN NET ASSETS, INDIVIDUAL ENTITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	CCLA 2014 \$	CCLET 2014 \$	Consolidated 2014 \$
<b>REVENUE</b>			
CCLA memberships and contributions	267,550	-	267,550
Donations	35,000	2,256,634	2,291,634
Grants ( note 6 )	248,693	283,705	532,398
Unrealized loss on short-term investments	(1,174)	(13,565)	(14,739)
Grant from CCLA to CCLET	(34,203)	34,203	-
Investment income	5,904	38,221	44,125
	<b>521,770</b>	<b>2,599,198</b>	<b>3,120,968</b>
<b>EXPENSES</b>			
Amortization	1,399	3,094	4,493
Audit and bookkeeping	7,727	6,500	14,227
Campaign and fund raising	42,608	109,034	151,642
Communications	26,363	63,080	89,443
General and office, postage and newsletter	23,669	60,630	84,299
Insurance	1,158	2,809	3,967
Litigation	6,007	-	6,007
Rent and utilities ( note 5 )	14,587	31,202	45,789
Research	9,289	22,036	31,325
Salaries and benefits	295,626	628,192	923,818
Travel	22,210	13,233	35,443
	<b>450,643</b>	<b>939,810</b>	<b>1,390,453</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>71,127</b>	<b>1,659,388</b>	<b>1,730,515</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>425,921</b>	<b>309,732</b>	<b>735,653</b>
<b>NET ASSETS, END OF YEAR</b>	<b>497,048</b>	<b>1,969,120</b>	<b>2,466,168</b>

*(See accompanying notes to financial statements)*