

Combined financial statements of

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND  
EDUCATION TRUST**

December 31, 2021

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND  
EDUCATION TRUST**

**Combined Financial Statements**

**December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST**

### Qualified Opinion

We have audited the combined financial statements of The Canadian Civil Liberties Association and Education Trust ("the Organization"), which comprise the combined statement of financial position as at December 31, 2021, and the combined statement of operations and changes in net assets and the combined statement cash flows for the year then ended, and notes to the combined 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 our report, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, 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 charitable organizations, the Organization derives revenue from memberships, contributions and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to memberships, contributions and donations, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and unrestricted net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Combined Financial Statements* section of our report. We are independent of the Organization 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 opinion.

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

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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:

- Identify and assess the risks of material misstatement of the combined 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 Organization'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 doubt on the Organization'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 combined 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined 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.

TORONTO, Ontario  
April 25, 2022



**Licensed Public Accountants**

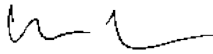
**THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST**  
 Combined Statement of Financial Position

As at December 31,	2021	2020
<b>Assets</b>		
Current		
Cash	\$ 485,807	\$ 682,588
Investments (note 3)	845,146	708,331
Donations and grants receivable (note 4)	80,918	39,350
Prepaid expenses and sundry receivables	38,810	9,773
Public service body receivable	82,076	87,159
	<b>1,532,757</b>	<b>1,527,201</b>
Investments (note 3)	200,891	196,576
Capital assets (note 5)	37,416	21,562
	<b>\$ 1,771,064</b>	<b>\$ 1,745,339</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 102,064	\$ 92,402
Deferred grants and contributions (note 6)	387,603	322,506
Lease inducement	7,416	-
	<b>497,083</b>	<b>414,908</b>
Net assets	<b>1,273,981</b>	<b>1,330,431</b>
	<b>\$ 1,771,064</b>	<b>\$ 1,745,339</b>

Commitment (note 8)

See accompanying notes to the consolidated financial statements.

On behalf of the Trustees, Canadian Civil Liberties Education Trust

  
 \_\_\_\_\_ Trustee

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

  
 \_\_\_\_\_ Director

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST**  
**Combined Statement of Operations and Changes in Net Assets**

Year ended December 31,	2021	2020 (note 9)
<b>Revenue</b>		
Memberships, contributions and donations	\$ 1,266,398	\$ 1,429,150
Grants (notes 6 and 4)	556,884	456,347
Rental and other (note 7)	167,789	175,134
Realized investment income	17,893	19,384
Miscellaneous, including recoveries	13,005	3,876
Federal wage subsidies	-	40,650
	<b>2,021,969</b>	<b>2,124,541</b>
<b>Expenses</b>		
Amortization	12,443	6,669
Communications	61,828	44,841
Fundraising	23,230	31,395
Insurance	5,503	6,825
Litigation	4,320	4,279
Membership	11,102	8,859
Office	48,755	47,579
Outsourced professional services and consultants	384,834	142,904
Personnel	1,245,357	1,014,898
Professional fees	80,359	42,470
Program events	33,319	-
Rent and utilities	222,820	250,799
Research	15,735	8,966
Travel	2,875	5,782
	<b>2,152,480</b>	<b>1,616,266</b>
Excess (deficiency) of revenue over expenses for the year before undernoted items	(130,511)	508,275
Realized and unrealized gains (losses) on investments	74,061	(716)
Excess (deficiency) of revenue over expenses for the year	(56,450)	507,559
Net assets, beginning of year	1,330,431	822,872
Net assets, end of year	<b>\$ 1,273,981</b>	<b>\$ 1,330,431</b>

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST**

## Combined Statement of Cash Flows

<u>Year ended December 31,</u>	<u>2021</u>	<u>2020</u>
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ (56,450)	\$ 507,559
Items not requiring an outlay of cash:		
Amortization	12,443	6,669
Realized and unrealized (gains) losses on investments	(74,061)	716
	<b>(118,068)</b>	514,944
Net change in non-cash working capital balances:		
Donations and grants receivable	(41,568)	1,553
Prepaid expenses and sundry receivables	(29,037)	26,602
Public service body rebate receivable	5,083	30,788
Accounts payable and accrued liabilities	9,662	9,906
Deferred grants and contributions	65,097	87,110
Lease inducement	7,416	-
Net cash provided (used) by operating activities	<b>(101,415)</b>	670,903
Cash used by investing activities:		
Purchase of capital assets	(28,297)	(6,836)
Purchase of investments (net)	(67,069)	(369,384)
Net cash used by investing activities	<b>(95,366)</b>	(376,220)
Net increase (decrease) in cash	<b>(196,781)</b>	294,683
Cash, beginning of year	<b>682,588</b>	387,905
Cash, end of year	<b>\$ 485,807</b>	<b>\$ 682,588</b>

# THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Notes to the Combined Financial Statements

December 31, 2021

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## 1 Organization

The Canadian Civil Liberties Association ("CCLA") was incorporated under the Canada Not-for-Profit Act on May 14, 2018 and was granted charitable status effective January 1, 2019. The objectives of The Canadian Civil Liberties Association are to improve the moral or ethical development of the community by promoting respect for fundamental human rights and civil liberties in accordance with the laws of Canada and internationally, to uphold human rights and civil liberties and to assist in the administration and enforcement of related laws in Canada and internationally by defending, extending and fostering the recognition of these rights and liberties.

Canadian Civil Liberties Education Trust ("CCLET") was established by way of Declaration of Trust dated October 20, 1965 and is a charitable organization whose objectives are to conduct research and to educate with respect to fundamental human rights and civil liberties.

These combined financial statements include the assets, liabilities, net assets and operating activities of CCLA and CCLET, collectively referred to as "the Organization". Combined financial statements are presented because of the common control of CCLA and CCLET. All intercompany balances and transactions have been eliminated.

The trustees of CCLET are comprised of certain officers of CCLA.

CCLA and CCLET are exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act (Canada).

## 2 Significant accounting policies

These combined financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### (a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Externally 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.

Memberships are recorded as revenue in the year of receipt.

Rental and other revenue is recognized as earned and when collection is reasonably assured.

Investment income is recognized on an accrual basis. Investment income comprises interest from cash and investments and dividend income.

Realized and unrealized gains and losses on investments, which reflect the changes in fair value during the year, are recognized at each reporting date and are included in current year operating results.

### (b) Cash

Cash includes cash deposits with financial institutions.

### (c) Investments

Investments consist of investments in guaranteed investment certificates, preferred shares, mutual funds, money market funds and equities. 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.



# THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Notes to the Combined Financial Statements

December 31, 2021

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## 2 Significant accounting policies (continued)

### (d) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations and changes in net assets in the year incurred.

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. There are no indications of impairment of financial assets as at December 31, 2021.

### (e) Capital assets

The cost of a capital asset includes its purchase price and any directly attributable cost of preparing the asset for its intended use.

When conditions indicate a capital asset no longer contributes to the Organization's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement costs. As at December 31, 2021, no such impairment exists.

Amortization is provided over the estimated lives using the following rates:

Equipment	20% declining balance
Computer equipment	30% declining balance
Computer software	50% declining balance
Website	25% declining balance

### (f) Contributed services

The value of goods and services is recorded as revenue and expense in the financial statements when fair value can be reasonably estimated and the goods and services would otherwise be purchased if not donated.

The Organization benefits substantially from services in the form of volunteer time. The Organization directs, supervises and approves its own litigation pursuant to its charitable purpose to promote and strengthen civil liberties in Canada. A significant portion of this work is accomplished through pro-bono legal services. The Organization does not recognize pro-bono legal services or disbursements in its financial reporting, whether or not third parties to the litigation compensate private counsel. It follows that any third-party contributions to private counsel is not treated by the Organization as a charitable donation or otherwise received as such. Since volunteer time is not purchased and fair value is not reasonably determinable, pro-bono legal services and other volunteer time is not recognized in the financial statements.

### (g) Management 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 reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. Significant estimates include the useful lives of capital assets and allocation of shared expenses between CCLA and CCLET.

All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

# THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Notes to the Combined Financial Statements

December 31, 2021

## 3 Investments

As at December 31,	2021	2020
Current:		
Guaranteed investment certificates, bearing interest at 2.05% (2020 - rates ranging from 1.90% to 2.26%) and maturing on March 29, 2022 (2020 - dates ranging from February 18, 2021 to October 25, 2021)	\$ 96,478	\$ 202,312
Preferred shares	184,820	146,020
Equities and mutual funds	349,392	-
Money market funds	104,835	352,578
Cash	109,621	7,421
	<b>845,146</b>	708,331
Long term:		
Guaranteed investment certificates, bearing interest at rates ranging from 1.10% to 2.39% (2020 - 2.05% to 2.39%) and maturing on dates ranging from April 12, 2023 to December 16, 2024 (2020 - March 29, 2022 to December 16, 2024)	200,891	196,576
	<b>\$ 1,046,037</b>	\$ 904,907
Investments, fair value		
	<b>\$ 1,029,956</b>	\$ 961,240

## 4 Grants receivable

During the year, the Organization was approved for an additional one-year grant of \$221,100 (2020 - \$221,100) from the Law Foundation of Ontario for the ongoing education program. The Organization is required to submit semi-annual project progress reports to the Law Foundation of Ontario for continued eligibility for the grant.

Included in grants receivable is \$22,100 (2020 - \$22,100) received from the Law Foundation of Ontario subsequent to the year end as the final payment of the above grant.

## 5 Capital assets

As at December 31,	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 55,650	\$ 44,127	\$ 55,650	\$ 41,247
Computer equipment	68,474	58,702	61,673	54,514
Computer software	9,018	9,018	9,018	9,018
Website	21,495	5,374	-	-
	<b>\$ 154,637</b>	<b>\$ 117,221</b>	\$ 126,341	\$ 104,779
Net book value		<b>\$ 37,416</b>		\$ 21,562

# THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Notes to the Combined Financial Statements

December 31, 2021

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## 6 Deferred grants and contributions

As at December 31,	2021	2020
Balance, beginning of year	\$ 322,506	\$ 235,396
Grants and contributions received during the year and receivable	621,981	543,457
Grants and contributions earned during the year	(556,884)	(456,347)
Balance, end of year	\$ 387,603	\$ 322,506

## 7 Rental and other revenue

The Organization provides office space and administrative support to unrelated organizations and in exchange receives reimbursement of base rent and common area maintenance fees.

## 8 Commitment

The Organization has a lease for office space which expires on November 30, 2026.

The minimum annual payments, excluding HST, over the term of the lease are as follows:

2023	\$ 71,767
2024	98,537
2025	100,067
2026	101,597
2027	94,416
Total	\$ <u>466,384</u>

The lease requires additional rent over the term, additional rent for fiscal 2022 is estimated to be \$43,330 and is included in the payments. Additional rent is adjusted annually.

The Organization recovers a portion of the base rent and common area maintenance fees, as described in note 7.

# THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Notes to the Combined Financial Statements

December 31, 2021

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## 9 Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations. The financial instruments and the nature of the risks to which they may be subject are as follows:

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk through its cash, investments and grants receivable.

Grants receivable are unsecured and are comprised of the grant payments from the Law Foundation of Ontario (note 4). There is minimal credit risk associated with the balance and all payments were received subsequent to year end.

The Organization's bank accounts are held at one financial institution. Funds on deposit exceed the maximum amount insured and hence there is a concentration of credit risk.

### Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization has sufficient cash and a significant investment portfolio which could be converted to cash in a short period to meet its obligations.

### 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 is comprised of currency risk, interest rate risk and other price risk.

### Currency risk

The Organization is exposed to currency risk through its investment in foreign securities. The Organization holds foreign equities of \$43,930 (2020 - \$nil).

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is subject to interest rate risk from its interest bearing assets. The Organization's exposure to interest rate risk arises from investments which bear interest at variable rates. The risk exposure 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 use of all operating surpluses is subject to approval by the Board of Trustees. Although the Organization is without a formal policy, cash on hand in excess of current operating requirements is invested in low-risk, cashable, interest bearing investments with terms 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.

### Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments in the market.

The Organization is exposed to other price risk through its equity investments.

### Changes in risk

Other than the increase in other price risk related to equity investments, there have been no significant changes in the Organization's risk exposures in financial instruments from the prior year.

## THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

### Schedule of Financial Position, Individual Entities

As at December 31, 2021	CCLA	CCLET	Combined
<b>Assets</b>			
Current			
Cash	\$ 306,363	\$ 179,444	\$ 485,807
Investments	58,899	786,247	845,146
Grants receivable	53,067	27,851	80,918
Prepaid expenses and sundry receivables	33,393	5,417	38,810
Public service body rebate receivable	55,609	26,467	82,076
	507,331	1,025,426	1,532,757
Investments	-	200,891	200,891
Capital assets (note 5)	23,994	13,422	37,416
	\$ 531,325	\$ 1,239,739	\$ 1,771,064
<b>Liabilities and Net Assets</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 69,081	\$ 32,983	\$ 102,064
Deferred grants and contributions	43,263	344,340	387,603
Lease inducement	7,416	-	7,416
Due between related parties	(381,788)	381,788	-
	(262,028)	759,111	497,083
Net assets	793,353	480,628	1,273,981
	\$ 531,325	\$ 1,239,739	\$ 1,771,064

## THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

### Schedule of Operations and Changes in Net Assets, Individual Entities

For the year ended December 31, 2021	CCLA	CCLET	Combined
<b>Revenue</b>			
Memberships, contributions and donations	\$ 997,661	\$ 268,737	\$ 1,266,398
Grants	279,134	277,750	556,884
Rental and other	117,452	50,337	167,789
Realized investment income	5	17,888	17,893
Miscellaneous, including recoveries	13,005	-	13,005
	1,407,257	614,712	2,021,969
<b>Expenses</b>			
Amortization	8,532	3,911	12,443
Communications	44,786	17,042	61,828
Fundraising	20,600	2,630	23,230
Insurance	3,852	1,651	5,503
Litigation	4,320	-	4,320
Membership	9,261	1,841	11,102
Office	38,212	10,543	48,755
Outsourced professional services and consultants	295,832	89,002	384,834
Personnel	833,744	411,613	1,245,357
Professional fees	50,801	29,558	80,359
Program events	-	33,319	33,319
Rent and utilities	156,200	66,620	222,820
Research	15,735	-	15,735
Travel	2,205	670	2,875
Shared cost allocation	(21,400)	21,400	-
	1,462,680	689,800	2,152,480
Deficiency of revenue over expenses for the year, before undernoted items	(55,423)	(75,088)	(130,511)
Realized and unrealized gains on investments	4,527	69,534	74,061
Deficiency of revenue over expenses for the year	(50,896)	(5,554)	(56,450)
Net assets, beginning of year	844,249	486,182	1,330,431
Net assets, end of year	\$ 793,353	\$ 480,628	\$ 1,273,981

See accompanying notes to the consolidated financial statements.