

CANADIAN CIVIL LIBERTIES ASSOCIATION

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017**



CANADIAN CIVIL LIBERTIES ASSOCIATION
DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

*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, 2017, 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)*

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, 2017 and the results of its consolidated operations and its consolidated cash flow for the year ended December 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

GCSE LLP

Toronto, Canada
March 26, 2018

Chartered Professional Accountants
Licensed Public Accountants



CANADIAN CIVIL LIBERTIES ASSOCIATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016
	\$	\$
ASSETS		
Current assets		
Cash	120,741	261,636
Short-term investments	1,326,153	1,769,894
Grants receivable (note 2)	22,110	44,593
Prepaid expenses and sundry receivables	135,505	121,129
	<u>1,604,509</u>	<u>2,197,252</u>
Equipment (note 3)	<u>34,708</u>	<u>40,303</u>
	<u>1,639,217</u>	<u>2,237,555</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	37,693	67,301
Deferred grants and contributions (note 4)	108,451	142,261
	<u>146,144</u>	<u>209,562</u>
Commitments (note 5)		
Net assets	<u>1,493,073</u>	<u>2,027,993</u>
	<u>1,639,217</u>	<u>2,237,555</u>

(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, 2017

	2017	(note 9) 2016
	\$	\$
REVENUE		
CCLA memberships and contributions	183,463	94,957
Donations	393,634	853,857
Grants (note 4 and 6)	387,687	483,396
Unrealized gain on short-term investments	20,442	(5,481)
Investment income	40,946	42,677
	1,026,172	1,469,406
EXPENSES		
Amortization	9,211	10,485
Campaign and fund raising	67,497	62,275
Communications	51,885	34,114
General and office, postage and newsletter	86,328	86,186
Insurance	4,376	5,984
Litigation	20,137	9,640
Professional fees	122,105	26,845
Rent and utilities (note 5)	78,584	63,892
Research	10,717	8,111
Salaries and benefits	1,010,906	1,184,857
Travel	99,346	173,392
	1,561,092	1,665,781
DEFICIENCY OF REVENUE OVER EXPENDITURES	(534,920)	(196,375)
NET ASSETS, BEGINNING OF YEAR	2,027,993	2,224,368
NET ASSETS, END OF YEAR	1,493,073	2,027,993

(See accompanying notes to financial statements)

CANADIAN CIVIL LIBERTIES ASSOCIATION
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
	\$	\$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	(534,920)	(196,375)
Adjustment for items not affecting cash:		
Amortization	9,211	10,485
Unrealized gain on short-term investments	(20,442)	5,481
	(11,231)	15,966
Changes in non-cash working capital:		
Grants receivable	22,483	(22,483)
Prepaid expenses and sundry receivables	(14,376)	(10,835)
Accounts payable and accrued liabilities	(29,608)	17,970
Deferred grants	(33,810)	142,261
	(55,311)	126,913
Cash used in operating activities	(601,462)	(53,496)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Acquisition of equipment	(3,616)	(2,899)
Short-term investments, net proceeds	464,183	188,637
Cash provided by investing activities	460,567	185,738
NET CHANGE IN CASH	(140,895)	132,242
CASH, BEGINNING OF YEAR	261,636	129,394
CASH, END OF YEAR	120,741	261,636

(See accompanying notes to financial statements)

CANADIAN CIVIL LIBERTIES ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017, there were no known circumstances that would indicate that the carrying value of the assets may not be recoverable.

Rent expense

The Organization recognizes rent expense on a straight-line basis over the term of the lease. To the extent that the Organization has received a free rent period, the benefit of the free rent period is included in accounts payable and accrued liabilities and is reflected as a reduction in the rent otherwise paid in subsequent periods.

CANADIAN CIVIL LIBERTIES ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

	2017	2016
	\$	\$
Grants receivable	22,110	44,593
Less: allowance for doubtful accounts	-	-
	<u>22,110</u>	<u>44,593</u>

3 EQUIPMENT

	Cost	Accumulated Amortization	2017 Net	2016 Net
	\$	\$	\$	\$
Equipment	55,650	27,518	28,132	35,164
Computer equipment	54,154	48,064	6,090	4,940
Computer software	9,018	8,532	486	199
	<u>118,822</u>	<u>84,114</u>	<u>34,708</u>	<u>40,303</u>

CANADIAN CIVIL LIBERTIES ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

4 DEFERRED GRANTS AND CONTRIBUTIONS

	2017	2016
	\$	\$
Deferred grants and contributions, beginning of year	142,261	-
Grants and contributions received during the year	373,529	625,657
	515,790	625,657
Grants and contributions earned during the year	407,339	483,396
Deferred grants and contributions, end of year	108,451	142,261

5 OPERATING LEASE COMMITMENT

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

Year ended December 31,	\$
2018	109,615
2019	113,031
2020	116,163
2021	106,483
	445,292

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 \$160,807 (2016 - \$130,299) 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 (2016 - \$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 (2016 - \$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

CCELET 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:

CCELET - approximately 70% (2016 - 70%)
CCLA - approximately 30% (2016 - 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.

9 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

CANADIAN CIVIL LIBERTIES ASSOCIATION
SCHEDULE OF FINANCIAL POSITION, INDIVIDUAL ENTITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	CCLA 2017 \$	CCLET 2017 \$	Consolidated 2017 \$
ASSETS			
Current assets			
Cash	15,968	104,773	120,741
Short-term investments	40,401	1,285,752	1,326,153
Grants receivable (note 2)	-	22,110	22,110
Prepaid expenses and sundry receivables	1,242	134,263	135,505
	57,611	1,546,898	1,604,509
Equipment (note 3)	10,482	24,226	34,708
	68,093	1,571,124	1,639,217
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	25,022	12,671	37,693
Deferred grants and contributions (note 4)	74,667	33,784	108,451
Due between related party	(122,461)	122,461	-
	(22,772)	168,916	146,144
Net assets	90,865	1,402,208	1,493,073
	68,093	1,571,124	1,639,217

(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, 2017

	CCLA 2017 \$	CCLET 2017 \$	(note 9) Consolidated 2017 \$
REVENUE			
CCLA memberships and contributions	183,463	-	183,463
Donations	73,550	320,084	393,634
Grants (note 6)	148,771	238,916	387,687
Unrealized gain on short-term investments	-	20,442	20,442
Investment income	1,822	39,124	40,946
	407,606	618,566	1,026,172
EXPENSES			
Amortization	2,796	6,415	9,211
Campaign and fund raising	21,734	45,763	67,497
Communications	16,707	35,178	51,885
General and office, postage and newsletter	27,801	58,527	86,328
Insurance	1,409	2,967	4,376
Litigation	20,137	-	20,137
Professional fees	47,588	74,517	122,105
Rent and utilities (note 5)	25,304	53,280	78,584
Research	3,451	7,266	10,717
Salaries and benefits	325,512	685,394	1,010,906
Travel	72,543	26,803	99,346
	564,982	996,110	1,561,092
DEFICIENCY OF REVENUE OVER EXPENDITURES	(157,376)	(377,544)	(534,920)
NET ASSETS, BEGINNING OF YEAR	248,241	1,779,752	2,027,993
NET ASSETS, END OF YEAR	90,865	1,402,208	1,493,073

(See accompanying notes to financial statements)