

Consolidated financial statements of

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

December 31, 2020

# **THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

## **Consolidated Financial Statements**

**December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

### Qualified Opinion

We have audited the consolidated financial statements of The Canadian Civil Liberties Association ("the Organization"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of operations and changes in net assets, and the consolidated statement cash flows for the year then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, 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, 2020 and 2019, current assets as at December 31, 2020 and 2019, and unrestricted net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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 Consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 26, 2021



**Licensed Public Accountants**

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

## Consolidated Statement of Financial Position

As at December 31,	2020	2019
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**Assets**

## Current

Cash	\$ 682,588	\$ 387,905
Investments (note 3)	708,331	235,515
Grants receivable (note 4)	39,350	40,903
Public service body receivable	87,159	117,947
Prepaid expenses and sundry receivables	9,773	36,375

	1,527,201	818,645
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Investments (note 3)	196,576	300,724
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Capital assets (note 5)	21,562	21,395
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	\$ 1,745,339	\$ 1,140,764
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**Liabilities and Net Assets**

## Current liabilities

Accounts payable and accrued liabilities	\$ 92,402	\$ 82,496
Deferred grants and contributions (note 6)	322,506	235,396

	414,908	317,892
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Net assets	1,330,431	822,872
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	\$ 1,745,339	\$ 1,140,764
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Commitment (note 10)

See accompanying notes to the consolidated financial statements.

On behalf of the Trustees, Canadian Civil Liberties Education Trust

DocuSigned by:

*Larry Baldacchin*

Trustee

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

DocuSigned by:

*Andrew Lokan*

Director

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**THE CANADIAN CIVIL LIBERTIES ASSOCIATION**  
Consolidated Statement of Operations and Changes in Net Assets

Year ended December 31,	2020	2019 (note 11)
<b>Revenue</b>		
Memberships, contributions and donations	\$ 1,429,150	\$ 707,255
Grants (notes 6 and 4)	456,347	381,832
Rental and other (note 7)	175,080	177,011
Federal wage subsidies (note 8)	40,650	-
Investment income	18,668	22,267
Miscellaneous, including recoveries	3,930	19,789
	<b>2,123,825</b>	<b>1,308,154</b>
<b>Expenses</b>		
Amortization	6,669	6,197
Communications	44,841	43,322
Fundraising	31,395	29,783
Insurance	6,825	10,206
Litigation	4,279	-
Membership	8,859	8,026
Office	47,579	29,821
Personnel and purchased services	1,157,802	1,103,945
Professional fees	42,470	24,075
Rent and utilities	250,799	245,388
Research	8,966	5,702
Travel	5,782	29,922
	<b>1,616,266</b>	<b>1,536,387</b>
Excess (deficiency) of revenue over expenses for the year	<b>507,559</b>	<b>(228,233)</b>
Net assets, beginning of year	<b>822,872</b>	<b>1,051,105</b>
Net assets, end of year	<b>\$ 1,330,431</b>	<b>\$ 822,872</b>

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

## Consolidated Statement of Cash Flows

Year ended December 31,	2020	2019
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ 507,559	\$ (228,233)
Items not requiring an outlay of cash:		
Amortization	6,669	6,197
Unrealized loss on investments	716	2,125
	<b>514,944</b>	<b>(219,911)</b>
Net change in non-cash working capital balances:		
Grants receivable	1,553	(4,522)
Public service body rebate receivable	30,788	(43,356)
Prepaid expenses and sundry receivables	26,602	263
Accounts payable and accrued liabilities	9,906	2,185
Deferred grants and contributions	87,110	14,624
Net cash provided (used) by operating activities	<b>670,903</b>	<b>(250,717)</b>
Cash provided (used) by investing activities:		
Purchase of capital assets	(6,836)	-
(Purchase) redemption of investments (net)	(369,384)	338,315
Net cash provided (used) by investing activities	<b>(376,220)</b>	<b>338,315</b>
Net increase in cash	<b>294,683</b>	<b>87,598</b>
Cash, beginning of year	<b>387,905</b>	<b>300,307</b>
Cash, end of year	<b>\$ 682,588</b>	<b>\$ 387,905</b>

# THE CANADIAN CIVIL LIBERTIES ASSOCIATION

Notes to the Consolidated Financial Statements  
December 31, 2020

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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 financial statements have been consolidated to include the assets, liabilities, net assets and operating activities of CCLA and CCLET, collectively referred to as "the Organization". All transactions and balances between the CCLA and CCLET are eliminated upon consolidation.

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).

The Corporation of the Canadian Civil Liberties Association / La Corporation De L'association Canadienne des Libertes Civiles was incorporated without share capital as a not-for profit organization under the Canada Corporations Act by letters patent on April 1, 1985 and granted continuance under the Canada Not-for-Profit Corporations Act on December 23, 2013. The Corporation has no assets, liabilities, revenues and expenses in the current and prior year and was dissolved on March 30, 2020.

## 2 Significant accounting policies

These consolidated 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, dividend income on pooled funds, realized gains and losses on the sale of investments and unrealized gains and losses on investments held.

### (b) Cash

Cash includes cash deposits with financial institutions.

## THE CANADIAN CIVIL LIBERTIES ASSOCIATION

Notes to the Consolidated Financial Statements

December 31, 2020

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### 2 Significant accounting policies (continued)

#### (c) Investments

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

#### (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 as at December 31, 2020.

#### (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.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value or replacement cost. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at December 31, 2020, 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

#### (f) Allocation of expenses

CCLET and CCLA are administered by 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. Expenditures that apply specifically to CCLET or CCLA are recorded in the respective organization. The allocation proportions are disclosed in note 9.

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

Notes to the Consolidated Financial Statements

December 31, 2020

**2 Significant accounting policies (continued)****(g) Contributed services**

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when 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 receipted 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.

**(h) 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 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.

**3 Investments**

As at December 31,	2020	2019
Current:		
Guaranteed investment certificates, bearing interest at rates ranging from 1.90% to 2.26% (2019 - 2.07%) and maturing on dates ranging from February 18, 2021 to October 25, 2021 (2019 - April 17, 2020)	\$ 202,312	\$ 36,527
Preferred shares	146,020	137,900
Money market funds	352,578	55,929
Cash	7,421	5,159
	<b>708,331</b>	235,515
Long term:		
Guaranteed investment certificates, bearing interest at rates ranging from 2.05% to 2.39% (2019 - 2.26% to 2.40%) and maturing on dates ranging from March 29, 2022 to December 16, 2024 (2019 - February 18, 2021 to March 23, 2026)	196,576	300,724
	<b>\$ 904,907</b>	<b>\$ 536,239</b>

The Organization may liquidate investments at any time to fund special projects and operations.

## THE CANADIAN CIVIL LIBERTIES ASSOCIATION

### Notes to the Consolidated Financial Statements

December 31, 2020

#### 4 Grants receivable

During the year, the Organization was approved for an additional one-year grant of \$221,100 (2019 - \$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 (2019 - \$22,100) that was 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,	2020		2019	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 55,650	\$ 41,247	\$ 55,650	\$ 37,646
Computer equipment	61,673	54,514	54,836	51,445
Computer software	9,018	9,018	9,018	9,018
	<b>\$ 126,341</b>	<b>\$ 104,779</b>	<b>\$ 119,504</b>	<b>\$ 98,109</b>
Net book value		<b>\$ 21,562</b>		<b>\$ 21,395</b>

#### 6 Deferred grants and contributions

As at December 31,	2020		2019	
Balance, beginning of year		\$ 235,396		\$ 220,772
Grants and contributions received during the year and receivable		543,457		396,456
Grants and contributions earned during the year		(456,347)		(381,832)
Balance, end of year		<b>\$ 322,506</b>		<b>\$ 235,396</b>

#### 7 Rental and other revenue

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

#### 8 Federal wage subsidies

As a Canadian employer who experienced a decline in revenue due to the COVID-19 pandemic, the Organization received government assistance in the form of the Canadian Emergency Wage Subsidy totaling \$26,043. Additionally, the Organization received \$14,607 through the 10% Temporary Wage Subsidy.

#### 9 Allocation of expenses

CCLET and CCLA are administered by a common staff and share many of the same expenses. Accordingly, common expenses totaling \$1,482,210 (2019 - \$1,441,103) are allocated based upon approximate time that staff spent for each entity, as follows:

CCLET	57% (2019 - 57%)
CCLA	43% (2019 - 43%)

## **THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

Notes to the Consolidated Financial Statements  
December 31, 2020

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### **10 Commitment**

The Organization has a lease for office space which expires on November 30, 2021.

The minimum annual rent, excluding HST, to expiry of the lease is \$106,483.

The lease requires additional rent over the term, additional rent for fiscal 2021 is estimated to be \$113,166. Additional rent is adjusted annually.

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

### **11 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 has no financial instruments denominated in a foreign currency and therefore is not exposed to currency risk.

#### **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.

## **THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

Notes to the Consolidated Financial Statements

December 31, 2020

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### **11 Financial instruments (continued)**

#### **Market risk (continued)**

##### **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 investments.

##### **Changes in risk**

There have been no significant changes in the Organization's risk exposures in financial instruments from the prior year.

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

## Schedule of Financial Position, Individual Entities

As at December 31, 2020	CCLA	CCLET	Consolidated
<b>Assets</b>			
Current			
Cash	\$ 433,314	\$ 249,274	\$ 682,588
Investments	4,434	703,897	708,331
Grants receivable	16,840	22,510	39,350
Public service body rebate receivable	37,478	49,681	87,159
Prepaid expenses and sundry receivables	959	8,814	9,773
	493,025	1,034,176	1,527,201
Investments	-	196,576	196,576
Capital assets (note 5)	9,842	11,720	21,562
	\$ 502,867	\$ 1,242,472	\$ 1,745,339
<b>Liabilities and Net Assets</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 44,903	\$ 47,499	\$ 92,402
Deferred grants and contributions	211,544	110,962	322,506
Due between related parties	(597,829)	597,829	-
	(341,382)	756,290	414,908
Net assets	844,249	486,182	1,330,431
	\$ 502,867	\$ 1,242,472	\$ 1,745,339

See accompanying notes to the consolidated financial statements.

**THE CANADIAN CIVIL LIBERTIES ASSOCIATION**

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

For the year ended December 31, 2020	CCLA	CCLET	Consolidated
<b>Revenue</b>			
Memberships, contributions and donations	\$ 1,274,682	\$ 154,468	\$ 1,429,150
Grants	198,392	257,955	456,347
Rental and other	75,308	99,772	175,080
Wage subsidies	17,480	23,170	40,650
Investment income	21	18,647	18,668
Miscellaneous, including recoveries	3,930	-	3,930
	<b>1,569,813</b>	<b>554,012</b>	<b>2,123,825</b>
<b>Expenses</b>			
Amortization	3,447	3,222	6,669
Communications	19,282	25,559	44,841
Fundraising	21,604	9,791	31,395
Insurance	2,935	3,890	6,825
Litigation	4,279	-	4,279
Membership	3,809	5,050	8,859
Office	20,455	27,124	47,579
Personnel and purchased services	553,600	604,202	1,157,802
Professional fees	18,262	24,208	42,470
Rent and utilities	107,843	142,956	250,799
Research	3,855	5,111	8,966
Travel	2,486	3,296	5,782
	<b>761,857</b>	<b>854,409</b>	<b>1,616,266</b>
Excess (deficiency) of revenue over expenses for the year	807,956	(300,397)	507,559
Net assets, beginning of year	36,293	786,579	822,872
Net assets, end of year	\$ 844,249	\$ 486,182	\$ 1,330,431

See accompanying notes to the consolidated financial statements.