

Financial statements of

**CANADIAN CIVIL LIBERTIES EDUCATION TRUST**

December 31, 2020

## **CANADIAN CIVIL LIBERTIES EDUCATION TRUST**

### **Financial Statements**

**December 31, 2020**

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10



D C Tinkham FCPA FCA CMC LPA  
P J Brocklesby CPA CA LPA  
M Y Tkachenko CPA CA  
M W G Rooke CPA CA LPA  
A C Callas CPA CA LPA  
G P Kroepflin CPA  
J X Wu CPA

300 - 2842 Bloor Street West  
Toronto Ontario M8X 1B1  
Canada

TEL 1 416 233 2139  
TOLL FREE 1 877 283 3305  
FAX 1 416 233 1788

[TINKHAMCPA.COM](http://TINKHAMCPA.COM)

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of  
**CANADIAN CIVIL LIBERTIES EDUCATION TRUST**

### Qualified Opinion

We have audited the financial statements of the Canadian Civil Liberties Education Trust ("CCLET"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of CCLET 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, CCLET 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 CCLET 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 2019 and 2018 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 Financial Statements* section of our report. We are independent of CCLET 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 CCLET'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 CCLET'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 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 CCLET to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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**

**CANADIAN CIVIL LIBERTIES EDUCATION TRUST**

## Statement of Financial Position

As at December 31,	2020	2019
--------------------	------	------

**Assets**

## Current

Cash	\$ 249,274	\$ 184,669
Investments (note 3)	703,897	231,102
Grants receivable (note 4)	22,510	37,582
Prepaid expenses and sundry receivables	8,814	20,734
Public service body rebate receivable	49,681	99,304
Due from related party (note 9)	-	86,096

	1,034,176	659,487
Investments (note 3)	196,576	300,724
Capital assets (note 5)	11,720	14,942

	\$ 1,242,472	\$ 975,153
--	--------------	------------

**Liabilities and Net Assets**

## Current liabilities

Accounts payable and accrued liabilities	\$ 47,499	\$ 44,859
Deferred grants and contributions (note 6)	110,962	143,715
Due to related party (note 9)	597,829	-

	756,290	188,574
Net assets	486,182	786,579


	\$ 1,242,472	\$ 975,153
--	--------------	------------

Commitment (note 10)

See accompanying notes to the financial statements.

Approved by the Trustees:

DocuSigned by:  
  
 \_\_\_\_\_ Trustee

DocuSigned by:  
  
 \_\_\_\_\_ Trustee

**CANADIAN CIVIL LIBERTIES EDUCATION TRUST**

## Statement of Operations and Changes in Net Assets

Year ended December 31,	2020	2019
<b>Revenue</b>		
Grants (notes 6 and 4)	\$ 257,955	\$ 221,100
Memberships, contributions and donations	154,468	204,979
Rental and other (note 7)	99,772	100,896
Federal wage subsidies (note 8)	23,170	-
Investment income	18,647	13,103
Miscellaneous, including recoveries	-	918
	<b>554,012</b>	<b>540,996</b>
<b>Expenses</b>		
Amortization	3,222	4,322
Communications	25,559	25,313
Fundraising	9,791	13,567
Insurance	3,890	5,817
Membership	5,050	4,575
Office	27,124	16,998
Personnel and purchased services	604,202	598,230
Professional fees	24,208	13,723
Rent and utilities	142,956	139,871
Research	5,111	3,250
Travel	3,296	12,916
	<b>854,409</b>	<b>838,582</b>
Deficiency of revenue over expenses for the year	<b>(300,397)</b>	<b>(297,586)</b>
Net assets, beginning of year	<b>786,579</b>	<b>1,084,165</b>
Net assets, end of year	<b>\$ 486,182</b>	<b>\$ 786,579</b>

**CANADIAN CIVIL LIBERTIES EDUCATION TRUST**

## Statement of Cash Flows

Year ended December 31,	2020	2019
Cash provided (used) by operating activities:		
Deficiency of revenue over expenses for the year	\$ (300,397)	\$ (297,586)
Items not requiring an outlay of cash:		
Amortization	3,222	4,322
Unrealized loss on investments	716	2,125
	<b>(296,459)</b>	<b>(291,139)</b>
Net change in non-cash working capital balances:		
Grants receivable	15,072	(15,472)
Prepaid expenses and sundry receivables	11,920	10,497
Public service body rebate receivable	49,623	(24,713)
Accounts payable and accrued liabilities	2,640	2,481
Deferred grants and contributions	(32,753)	-
<b>Net cash used by operating activities</b>	<b>(249,957)</b>	<b>(318,346)</b>
Cash provided (used) by investing activities:		
(Purchase) redemption of investments (net)	(369,363)	302,008
Cash provided (used) by financing activities:		
Due to related party	683,925	(35,163)
Net increase (decrease) in cash	64,605	(51,501)
Cash, beginning of year	184,669	236,170
<b>Cash, end of year</b>	<b>\$ 249,274</b>	<b>\$ 184,669</b>

# CANADIAN CIVIL LIBERTIES EDUCATION TRUST

Notes to the Financial Statements

December 31, 2020

---

## 1 Organization

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.

CCLET is exempt from income tax under paragraph 149(1)(f) of the Income Tax Act.

The trustees of CCLET are comprised of certain officers of The Canadian Civil Liberties Association ("CCLA"). CCLA is a related entity under joint control.

## 2 Significant accounting policies

These 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

CCLET 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.

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.

### (c) Investments

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

CCLET 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.

CCLET 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 CCLET 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.



## CANADIAN CIVIL LIBERTIES EDUCATION TRUST

Notes to the Financial Statements

December 31, 2020

---

### 2 Significant accounting policies (continued)

#### (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 and this basis is applied consistently each year. Expenditures that apply specifically to CCLET or CCLA are recorded in the respective organization. The allocation proportions are disclosed in note 9.

#### (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.

CCLET benefits substantially from services in the form of volunteer time. CCLET 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. CCLET 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 CCLET 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.

**CANADIAN CIVIL LIBERTIES EDUCATION TRUST**

Notes to the Financial Statements

December 31, 2020

**3 Investments**

As at December 31,	2020	2019
Current:		
Guaranteed investment certificates, bearing interest at rate 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	348,144	51,516
Cash	7,421	5,159
	<b>703,897</b>	231,102
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>\$ 900,473</b>	<b>\$ 531,826</b>

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

**4 Grants receivable**

During the year, CCLET 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. CCLET 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	\$ 38,955	\$ 28,873	\$ 38,955	\$ 26,352
Computer equipment	37,339	35,701	37,339	35,000
Computer software	6,312	6,312	6,312	6,312
	<b>\$ 82,606</b>	<b>\$ 70,886</b>	<b>\$ 82,606</b>	<b>\$ 67,664</b>
Net book value		<b>\$ 11,720</b>		<b>\$ 14,942</b>

**CANADIAN CIVIL LIBERTIES EDUCATION TRUST**

Notes to the Financial Statements

December 31, 2020

**6 Deferred grants and contributions**

Deferred revenue consists of the unearned portion of contributions received.

As at December 31,	2020	2019
Balance, beginning of year	\$ 143,715	\$ 143,715
Grants and contributions received during the year	225,202	221,100
Grants and contributions earned during the year	(257,955)	(221,100)
Balance, end of year	\$ 110,962	\$ 143,715

**7 Rental and other revenue**

CCLET 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 subsidy**

As a Canadian employer who experienced a decline in revenue due to the COVID-19 pandemic, CCLET received government assistance in the form of the Canadian Emergency Wage Subsidy totaling \$14,844. Additionally, CCLET received \$8,326 through the 10% Temporary Wage Subsidy.

**9 Related party transactions and balances**

CCLET and CCLA are administered by common staff and share many of the same expenses. 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%)

Amounts due from related party reflect expenditures incurred by CCLET and allocated to CCLA and not yet recovered.

The amounts due from CCLA are non-interest bearing, unsecured and due on demand.

**10 Commitments**

CCLET 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 2020 is estimated to be \$113,166. Additional rent is adjusted annually.

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

## CANADIAN CIVIL LIBERTIES EDUCATION TRUST

Notes to the Financial Statements

December 31, 2020

---

### 11 Financial instruments

CCLET is exposed to various risks through its financial instruments. The following analysis provides a measure of CCLET'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. CCLET 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.

CCLET'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 CCLET will not be able to meet a demand for cash or fund its obligations as they come due. CCLET 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

CCLET 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. CCLET is subject to interest rate risk from its interest bearing assets. CCLET'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. CCLET monitors interest rates to determine whether there are indicators that long-term interest rates could change and impact operations. CCLET does not otherwise manage interest rate risk.

The use of all operating surpluses is subject to approval by the Board of Trustees. Although CCLET 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, CCLET 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.

CCLET is exposed to other price risk through its investments.

#### Changes in risk

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