

Combined financial statements of

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

December 31, 2023

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

Combined Financial Statements

December 31, 2023

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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 Kroeplin CPA
C R Braun CPA CA
H S Grewal CPA

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

TEL 1 416 233 2139
FAX 1 416 233 1788

TINKHAMCPA.COM

INDEPENDENT AUDITOR'S REPORT

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

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, 2023, and the combined statements of operations, changes in net assets and cash flows for the year then ended, and notes to the combined financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, 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 Opinion

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 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
May 6, 2024



Licensed Public Accountants

THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Combined Statement of Financial Position

As at December 31, 2023 2022**Assets**

Current

Cash	\$ 389,364	\$ 497,245
Donations and grants receivable (note 3)	117,872	176,574
Prepaid expenses and sundry receivables	27,909	30,306
Public service body rebate receivable	23,344	21,502
Investments (note 4)	583,268	887,975

Investments (note 4)	1,141,757	1,613,602
Capital assets (note 5)	445,314	479,514
	23,914	32,140

	\$ 1,610,985	\$ 2,125,256
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Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities	\$ 111,844	\$ 96,460
Deferred grants and contributions (note 6)	222,616	431,593
Lease inducement	18,540	24,897

	353,000	552,950
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Net Assets

Restricted for Clayton Ruby Endowment	233,486	232,466
Unrestricted	1,024,499	1,339,840

	1,257,985	1,572,306
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	\$ 1,610,985	\$ 2,125,256
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Commitment (note 8)

See accompanying notes to the combined financial statements.

On behalf of the Trustees, Canadian Civil Liberties Education Trust

DocuSigned by:

Andrew Lokan

Trustee

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

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Director

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THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Combined Statement of Operations

Year ended December 31,	2023	2022
Revenue		
Donations - individuals	\$ 559,183	\$ 824,799
- corporations	272,572	403,671
- foundations	233,441	238,700
Grants - foundations (notes 3 and 6)	271,055	246,562
- corporations (note 6)	238,976	201,983
- non-profit organizations (note 6)	79,372	85,949
Services	-	56,447
Rental (note 7)	58,035	40,346
Investment income	34,833	25,211
Miscellaneous, including recoveries	28,936	29,515
	1,776,403	2,153,183
Expenses		
Amortization	8,225	11,289
Communications	289,863	66,523
Fundraising	38,872	38,514
Insurance	11,735	10,862
Litigation	2,153	8,651
Membership	9,898	9,468
Office	47,940	57,842
Outsourced professional services and consultants	151,508	227,795
Personnel	1,349,259	1,340,250
Professional fees	38,512	84,113
Program events	16,982	51,172
Rent and utilities	103,736	95,464
Research	11,472	11,765
Travel	22,828	14,103
	2,102,983	2,027,811
Excess (deficiency) of revenue over expenses for the year		
before undernoted items	(326,580)	125,372
Realized and unrealized gains (losses) on investments	11,239	(59,513)
Excess (deficiency) of revenue over expenses for the year	\$ (315,341)	\$ 65,859

See accompanying notes to the combined financial statements.

THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Combined Statement of Changes in Net Assets

For the year ended December 31,	2023			2022
	Restricted for Clayton Ruby Endowment	Unrestricted	Total	Total
Balance - Beginning of year	\$ 232,466	\$ 1,339,840	\$ 1,572,306	\$ 1,273,981
Excess (deficiency) of revenue over expenses for the year	-	(315,341)	(315,341)	65,859
Endowment contributions	1,020	-	1,020	232,466
Balance - End of year	\$ 233,486	\$ 1,024,499	\$ 1,257,985	\$ 1,572,306

THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST
Combined Statement of Cash Flows

Year ended December 31,	2023	2022
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ (315,341)	\$ 65,859
Items not requiring an outlay of cash:		
Amortization	8,225	11,289
Realized and unrealized (gains) losses on investments	(11,239)	59,513
Lease inducement (net in office expense)	(6,357)	17,481
	(324,712)	154,142
Net change in non-cash working capital balances:		
Donations and grants receivable	58,702	(95,656)
Prepaid expenses and sundry receivables	2,397	8,504
Public service body rebate receivable	(1,842)	60,574
Accounts payable and accrued liabilities	15,385	(5,604)
Deferred grants and contributions	(208,977)	43,990
	(459,047)	165,950
Net cash provided (used) by operating activities	(459,047)	165,950
Cash provided by financing activities:		
Endowment contributions received	1,020	232,466
	1,020	232,466
Cash provided (used) by investing activities:		
Purchase of capital assets	-	(6,013)
Proceeds from sale (purchase of) investments (net)	350,146	(380,965)
	350,146	(386,978)
Net cash provided (used) by investing activities	350,146	(386,978)
Net increase (decrease) in cash	(107,881)	11,438
Cash, beginning of year	497,245	485,807
Cash, end of year	\$ 389,364	\$ 497,245

THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Notes to the Combined Financial Statements

December 31, 2023

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.

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) Basis of presentation

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.

(b) 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. Endowment contributions are recognized as direct increases in net assets in the year received.

Rental, service 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.

(c) Cash

Cash includes cash deposits with financial institutions.

(d) 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, 2023

2 Significant accounting policies (continued)

(e) 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, 2023.

(f) 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, 2023, 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

(g) 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.

(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 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, 2023

3 Grants receivable

During the year, the Organization was approved for an additional one-year grant of \$271,055 (2022 - \$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 \$27,106 (2022 - \$22,100) received from the Law Foundation of Ontario subsequent to the year end as the final payment of the above grant.

4 Investments

As at December 31,	2023	2022
Current:		
Cash and cash equivalents	\$ 252	\$ 229,382
Preferred shares	148,660	174,600
Equities and mutual funds	99,261	280,964
Money market funds	248,768	37
Foreign equities	36,284	51,695
Guaranteed investment certificates, bearing interest at 2.39% (2022 - 1.10% to 1.53%) and maturing on December 16, 2024 (2022 - April 12, 2023 to May 29, 2023)	50,043	151,297
	583,268	887,975
Long term:		
Guaranteed investment certificates, bearing interest at rates ranging from 1.61% to 4.29% (2022 - 1.61% to 2.39%) and maturing on dates ranging from June 9, 2025 to April 14, 2027 (2022 - December 16, 2024 to November 4, 2026)	445,314	479,514
Investments, fair value	\$ 1,028,582	\$ 1,367,489
Investments, cost	\$ 1,027,629	\$ 1,414,387

5 Capital assets

As at December 31,	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 55,650	\$ 48,275	\$ 55,650	\$ 46,432
Computer equipment	73,396	66,197	73,396	63,110
Computer software	10,108	9,836	10,108	9,563
Website	21,495	12,427	21,495	9,404
	\$ 160,649	\$ 136,735	\$ 160,649	\$ 128,509
Net book value		\$ 23,914		\$ 32,140

THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Notes to the Combined Financial Statements

December 31, 2023

6 Deferred grants and contributions

As at December 31,	2023	2022
Balance, beginning of year	\$ 431,593	\$ 387,603
Grants and contributions received during the year and receivable	380,426	578,484
Grants and contributions earned during the year	(589,403)	(534,494)
Balance, end of year	\$ 222,616	\$ 431,593

7 Rental revenue

The Organization provides office space and administrative support to an unrelated organization 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 remaining term of the lease are as follows:

2024	\$ 102,247
2025	103,777
2026	<u>96,415</u>
Total	<u>\$ 302,439</u>

The lease requires additional rent over the term, additional rent for fiscal 2023 is estimated to be \$45,510 (2022 - \$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, 2023

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 3). 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 and foreign currency savings accounts. The Organization holds foreign equities in the amount of \$27,256 USD (2022 - \$38,287 USD) and savings accounts in the amount of \$171,016 USD (2022 - \$164,000 USD).

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 Organization has not entered into any derivative agreements to mitigate this risk.

The Organization manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Organization's results of operations.

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

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, 2023	CCLA	CCLET	Combined
Assets			
Current			
Cash	\$ 133,631	\$ 255,733	\$ 389,364
Investments	268,361	314,907	583,268
Grants receivable	88,225	29,647	117,872
Prepaid expenses and sundry receivables	22,040	5,869	27,909
Public service body rebate receivable	15,816	7,528	23,344
	528,073	613,684	1,141,757
Investments	-	445,314	445,314
Capital assets (note 5)	15,823	8,091	23,914
	\$ 543,896	\$ 1,067,089	\$ 1,610,985
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities	\$ 79,325	\$ 32,519	\$ 111,844
Deferred grants and contributions	13,565	209,051	222,616
Lease inducement	18,540	-	18,540
Due between related parties	(462,224)	462,224	-
	(350,794)	703,794	353,000
Net assets			
Restricted for Clayton Ruby Endowment	233,486	-	233,486
Unrestricted	661,204	363,295	1,024,499
	\$ 543,896	\$ 1,067,089	\$ 1,610,985

See accompanying notes to the combined financial statements.

THE CANADIAN CIVIL LIBERTIES ASSOCIATION AND EDUCATION TRUST

Schedule of Operations, Individual Entities

	CCLA	CCLET	Combined
Revenue			
Donations	\$ 934,119	\$ 131,077	\$ 1,065,196
Grants	163,529	425,874	589,403
Rental and other	41,222	16,813	58,035
Realized investment income	11,983	22,850	34,833
Miscellaneous, including recoveries	28,936	-	28,936
	1,179,789	596,614	1,776,403
Expenses			
Amortization	5,905	2,320	8,225
Communications	256,534	33,329	289,863
Fundraising	36,482	2,390	38,872
Insurance	9,152	2,583	11,735
Litigation	2,153	-	2,153
Membership	9,898	-	9,898
Office	39,940	8,000	47,940
Outsourced professional services and consultants	126,523	24,985	151,508
Personnel	914,622	434,637	1,349,259
Professional fees	26,199	12,313	38,512
Program events	-	16,982	16,982
Rent and utilities	73,229	30,507	103,736
Research	10,390	1,082	11,472
Travel	16,810	6,018	22,828
	1,527,837	575,146	2,102,983
Excess (deficiency) of revenue over expenses for the year, before undernoted items	(348,048)	21,468	(326,580)
Realized and unrealized gains (losses) on investments	(2,047)	13,286	11,239
Excess (deficiency) of revenue over expenses for the year	\$ (350,095)	\$ 34,754	\$ (315,341)