

Community Legal Assistance Services for Saskatoon  
Inner City Inc. o/a CLASSIC

Financial Statements

March 31, 2014



Hounjet/Tastad/Harpham

Certified General Accountants | Comptables Généraux Accrédités

**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**MARCH 31, 2014**

**CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	
<b>FINANCIAL STATEMENTS</b>	
Statement of operations	1
Statement of fund balances	2
Statement of cash flows	3
Statement of financial position	4
Notes to the financial statements	5

# Hounjet/Tastad/Harpham

Certified General Accountants | Comptables Généraux Accrédités

207 - 2121 Airport Drive  
Saskatoon, SK S7L 6W5  
306.653.5100 Fax-306.653.5141  
www.hth-accountants.ca

## INDEPENDENT AUDITORS' REPORT

To the members of:

Community Legal Assistance Services for Saskatoon Inner City Inc. o/a CLASSIC

We have audited the accompanying financial statements of Community Legal Assistance Services for Saskatoon Inner City Inc. o/a CLASSIC, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, fund balances, and cash flows 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted 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 audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2014 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan  
June 9, 2014

  
CERTIFIED GENERAL ACCOUNTANTS

**hth**  
CGA



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A CLASSIC**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>		
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 20,001
Affinity Credit Union	3,600	3,500
City of Saskatoon	10,000	10,000
Donations	38,634	9,586
Fundraising gala	52,550	-
Fundraising initiative	-	2,160
Government of Saskatchewan - Community Initiatives Fund		
Legal Advice Clinic	3,750	3,750
Walk-In Advocacy Clinic	29,000	37,500
Walk-In Advocacy Clinic Summer Program	5,000	5,000
Government of Saskatchewan - Student Summer Works	10,500	10,500
Human Resources and Skills Development	6,399	5,214
Interest	3,403	3,722
Miscellaneous	50	815
Saskatoon Community Foundation	10,000	10,000
Saskatchewan Justice	100,000	100,000
Saskatchewan Law Foundation	112,500	150,000
United Way of Saskatoon and Area	49,106	37,500
University of Saskatchewan	65,000	65,000
University of Saskatchewan - College of Law	83,947	-
	<u>583,439</u>	<u>474,248</u>
<b>EXPENDITURES</b>		
Advertising and promotion	1,177	1,589
Amortization	5,484	3,408
Disbursements	2,633	1,162
Equipment rental	489	-
Fees and dues	10,558	6,458
Gala expense	20,561	-
Honorariums	2,832	3,371
Insurance	1,247	1,205
Interest and bank charges	80	521
Meetings	3,517	2,433
Office	11,969	11,131
Office rent	39,168	28,032
Professional fees	5,590	5,562
Repairs and maintenance	5,041	5,679
Salaries and benefits	472,782	415,444
Telephone	8,098	7,899
Training and seminars	2,234	2,958
Travel	149	890
Utilities	7,690	5,455
	<u>601,299</u>	<u>503,197</u>
<b>DEFICIENCY OF REVENUE OVER EXPENDITURES</b>	<u>\$ (17,860)</u>	<u>\$ (28,949)</u>

(see accompanying notes)



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**STATEMENT OF FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>CONTINGENCY FUND</b>		
Balance, beginning of year	\$ 153,774	\$ 159,055
Transfer from unrestricted net assets (Note 2)	2,550	2,127
Transfer to unrestricted net assets - equipment replacement (Note 2)	<u>(15,798)</u>	<u>(7,408)</u>
	<u>\$ 140,526</u>	<u>\$ 153,774</u>
<b>PCS LEASE FUND</b>		
Balance, beginning of year	\$ 115,769	\$ 154,174
Allocation of interest earned	853	1,595
Transfer to unrestricted net assets (Note 2)	<u>(40,000)</u>	<u>(40,000)</u>
	<u>\$ 76,622</u>	<u>\$ 115,769</u>
<b>UNRESTRICTED NET ASSETS</b>		
Balance, beginning of year	\$ 237,244	\$ 222,507
Allocation of interest earned - PCS lease fund	(853)	(1,595)
Allocation of interest earned - term deposits	(2,550)	(2,127)
Deficiency of revenue over expenditures	(17,860)	(28,949)
Transfer from contingency fund - equipment replacement (Note 2)	15,798	7,408
Transfer from PCS lease fund (Note 2)	<u>40,000</u>	<u>40,000</u>
	<u>\$ 271,779</u>	<u>\$ 237,244</u>

(see accompanying notes)



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenditures	\$ (17,860)	\$ (28,949)
Items not involving cash:		
Amortization	5,484	3,408
	<u>(12,376)</u>	<u>(25,541)</u>
Net change in working capital:		
Accounts receivable	(72,047)	17,000
GST receivable	(1,091)	80
Accrued interest receivable	10	(108)
Prepaid expenses	310	1,031
Accounts payable and accrued liabilities	-	367
Deferred revenue	<u>(4,750)</u>	<u>12,750</u>
	<u>(89,944)</u>	<u>5,579</u>
<b>INVESTING ACTIVITIES</b>		
Additions to capital assets	<u>(15,798)</u>	<u>(7,393)</u>
<b>DECREASE IN CASH</b>	<u>(105,742)</u>	<u>(1,814)</u>
<b>CASH, beginning of year</b>	<u>461,782</u>	<u>463,596</u>
<b>CASH, end of year</b>	\$ <u><u>356,040</u></u>	\$ <u><u>461,782</u></u>
<b>CASH IS REPRESENTED BY:</b>		
Cash	\$ 122,878	\$ 192,033
Investments	156,540	153,980
PCS lease fund savings account	<u>76,622</u>	<u>115,769</u>
	\$ <u><u>356,040</u></u>	\$ <u><u>461,782</u></u>

(see accompanying notes)



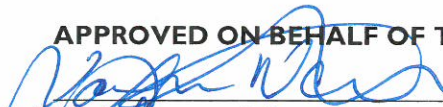
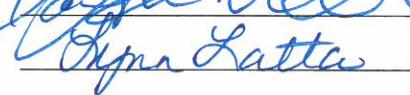
**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 122,878	\$ 192,033
PCS lease fund savings account	76,622	115,769
Investments (Note 3)	156,540	153,980
Accounts receivable	123,047	51,000
GST receivable	2,874	1,783
Accrued interest receivable	706	716
Prepaid expenses	<u>198</u>	<u>507</u>
	482,865	515,788
<b>CAPITAL ASSETS</b> (Note 4)	20,132	9,817
<b>DEPOSITS</b>	<u>2,631</u>	<u>2,631</u>
	<u>\$ 505,628</u>	<u>\$ 528,236</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 5,201	\$ 5,199
Deferred revenue	<u>11,500</u>	<u>16,250</u>
	<u>16,701</u>	<u>21,449</u>
<b>NET ASSETS</b>		
Contingency fund (Note 5)	140,526	153,774
PCS lease fund (Note 6)	76,622	115,769
Unrestricted net assets (Note 7)	<u>271,779</u>	<u>237,244</u>
	<u>488,927</u>	<u>506,787</u>
	<u>\$ 505,628</u>	<u>\$ 528,236</u>

**APPROVED ON BEHALF OF THE BOARD:**

 Director  
 Director

(see accompanying notes)



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC****NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2014**

The organization was incorporated under the Non-Profit Corporations Act, 1995 of the Province of Saskatchewan on March 31, 2006 and is a registered charity under the Income Tax Act. Its main activity is to provide legal services to low income individuals.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the organization are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

**Financial instruments**

Section 3856 of the *CICA Handbook* establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the balance sheet when the organization becomes a party to the contractual provisions of the financial instrument or non-financial derivative contract. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. In subsequent periods, measurement depends on the type of financial instrument.

Investments in equity instruments, except those quoted in an active market, are measured at cost less any reduction for impairment. Investments quoted in an active market are measured at fair value. All other financial assets and financial liabilities are measured at amortized cost.

Changes in fair value of an equity instrument is recognized in net income in the period incurred.

**Income taxes**

The organization is incorporated as a not-for-profit organization; therefore, its earnings are not subject to income tax and no provision has been made for them in these financial statements.

**Contributed services**

Volunteers assist the organization in carrying out its service delivery activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

**Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

**Revenue**

The organization follows the deferral method of 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 can be reasonably estimated and collection is reasonably assured.



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital assets and amortization**

Capital assets are recorded at cost. Normal maintenance and repair expenditures are expensed as incurred. Amortization is recorded using the following rates and methods:

	<u>Rate</u>	<u>Method</u>
Computer equipment	45%	Declining balance
Equipment	20%	Declining balance
Leasehold improvements	5 years	Straight line
Office equipment	20%	Declining balance

In the year of acquisition, assets are amortized at half of the above rates. No amortization is charged in the year of disposal.

**2. TRANSFER OF FUNDS**

The transfer from unrestricted net assets to the contingency fund represents the interest earned on term deposits that are held in the contingency fund. The transfer from unrestricted net assets to the PCS lease fund represents designated donations and interest earned on the PCS lease fund bank account that the organization has earmarked for the lease of its premises.

The \$40,000 transfer from PCS lease fund to unrestricted net assets is an annual allocation.

The \$15,798 transfer from the contingency fund to unrestricted net assets is for the purchase of computer equipment, equipment and leasehold improvements.

**3. INVESTMENTS**

The investments are all term deposits with interest rates of 0.75% and 2.00%. The term deposits have been classified as "held to maturity." These investments are in place to fund the Contingency Fund.

**4. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2014</u>	<u>Net 2013</u>
Computer equipment	\$ 25,189	\$ 20,157	\$ 5,032	\$ 7,001
Equipment	591	59	532	-
Leasehold improvements	13,683	1,368	12,315	-
Office equipment	6,480	4,227	2,253	2,816
	<u>\$ 45,943</u>	<u>\$ 25,811</u>	<u>\$ 20,132</u>	<u>\$ 9,817</u>

**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**5. CONTINGENCY FUND**

The purpose of this fund is to enable the organization to meet its obligations in the case of shortfall, emergencies, equipment replacement, or windup of the organization as approved by the Board.

**6. PCS LEASE FUND**

The purpose of this restricted fund is to enable the organization to meet its lease commitments. It was funded by a one time donation from Potash Corporation of Saskatchewan and designated donations.

**7. UNRESTRICTED NET ASSETS**

The purpose of this fund is for the day-to-day operations of the organization.

**8. REAL ESTATE CONTRACTUAL OBLIGATIONS**

The organization leases its premises in Saskatoon. This lease expires April 30, 2016. The minimum lease payments due in each of the next five years are as follows:

2015	\$	39,360
2016		39,360
2017		3,280
2018		-
2019		-

**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**9. FINANCIAL INSTRUMENTS**

The organization's financial instruments consist of cash, investments, receivables, and payables. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit, interest rate, liquidity, or market risks arising from these financial instruments. Market risks result from changes in interest rates of financial instruments.

The organization is exposed to financial risk that arises from the fluctuation in interest rates.

**Credit risk**

The organization's exposure to credit risk consists principally of cash. The organization maintains cash with reputable and major financial institutions. Its receivables are from government founded organizations. Accordingly, the organization is not exposed to significant credit risk.

**Interest rate risk**

The organization is exposed to interest rate risk with respect to cash, savings and investments. A change in market interest rates has no impact on the organization's cash held in a chequing account. The investments consist of two term deposits with fixed interest rates until maturity. The organization is exposed to the change in interest rate of its savings account.

**Liquidity risk**

The organization's exposure to liquidity risk is not significant. There is enough cash available to pay current liabilities.