

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

Financial Statements

March 31, 2015



Hounjet/Tastad/Harpham

Certified General Accountants | Comptables Généraux Accrédités

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

MARCH 31, 2015

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Hounjet/Tastad/Harpham

Certified General Accountants | Comptables Généraux Accrédités

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INDEPENDENT AUDITOR'S 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, 2015, 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, 2015 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 16, 2015

Hounjet Tastad Harpham
CERTIFIED GENERAL ACCOUNTANTS

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Affinity Credit Union	\$ 3,000	\$ 3,600
Anonymous donor	46,346	27,000
City of Saskatoon	10,000	10,000
Donations	39,267	11,634
Fundraising gala	-	52,550
Government of Saskatchewan - Community Initiatives Fund		
Legal Advice Clinic	-	3,750
Walk-In Advocacy Clinic	19,833	29,000
Systemic Initiatives Program - Project ID	8,333	5,000
Government of Saskatchewan - Student Summer Works	3,500	10,500
Human Resources and Skills Development	6,399	6,399
Interest	3,077	3,403
Miscellaneous	-	50
Multicultural Council of Saskatchewan	1,500	-
Saskatoon Community Foundation	-	10,000
Saskatchewan Justice	100,000	100,000
Saskatchewan Law Foundation	302,500	112,500
United Way of Saskatoon and Area	54,948	49,106
University of Saskatchewan	-	65,000
University of Saskatchewan - College of Law	<u>131,879</u>	<u>83,947</u>
	<u>730,582</u>	<u>583,439</u>
EXPENDITURES		
Advertising and promotion	2,189	1,177
Amortization	6,838	5,484
Disbursements	2,463	2,633
Equipment rental	2,934	489
Fees and dues	15,033	10,558
Gala expense	-	20,561
Honorariums	2,898	2,832
Insurance	1,317	1,247
Interest and bank charges	105	80
Meetings	7,974	3,517
Office	12,123	11,969
Office rent	46,300	39,168
Professional fees	5,936	5,590
Repairs and maintenance	10,971	5,041
Salaries and benefits	558,909	472,782
Telephone	8,150	8,098
Training and seminars	2,968	2,234
Travel	602	149
Utilities	<u>9,018</u>	<u>7,690</u>
	<u>696,728</u>	<u>601,299</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ <u>33,854</u>	\$ <u>(17,860)</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, 2015**

	<u>2015</u>	<u>2014</u>
CONTINGENCY FUND		
Balance, beginning of year	\$ 140,526	\$ 153,774
Transfer from unrestricted net assets - interest earned (Note 2)	2,268	2,550
Transfer to unrestricted net assets - equipment replacement (Note 2)	<u>(5,690)</u>	<u>(15,798)</u>
	<u>\$ 137,104</u>	<u>\$ 140,526</u>
PCS LEASE FUND		
Balance, beginning of year	\$ 76,622	\$ 115,769
Allocation of interest earned	810	853
Transfer from (to) unrestricted net assets (Note 2)	<u>40,000</u>	<u>(40,000)</u>
	<u>\$ 117,432</u>	<u>\$ 76,622</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 271,779	\$ 237,244
Allocation of interest earned - PCS lease fund	(810)	(853)
Allocation of interest earned - term deposits	(2,268)	(2,550)
Excess (deficiency) of revenue over expenditures	33,854	(17,860)
Transfer from contingency fund - equipment replacement (Note 2)	5,690	15,798
Transfer (to) from PCS lease fund (Note 2)	<u>(40,000)</u>	<u>40,000</u>
	<u>\$ 268,245</u>	<u>\$ 271,779</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, 2015**

	<u>2015</u>	<u>2014</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 33,854	\$ (17,860)
Items not involving cash:		
Amortization	<u>6,838</u>	<u>5,484</u>
	40,692	(12,376)
Net change in working capital:		
Accounts receivable	105,299	(72,047)
GST receivable	(52)	(1,091)
Accrued interest receivable	(12)	10
Prepaid expenses	(13)	310
Deferred revenue	<u>36,307</u>	<u>(4,750)</u>
	182,221	(89,944)
INVESTING ACTIVITIES		
Additions to capital assets	<u>(5,690)</u>	<u>(15,798)</u>
INCREASE (DECREASE) IN CASH	176,531	(105,742)
CASH, beginning of year	<u>356,040</u>	<u>461,782</u>
CASH, end of year	<u>\$ 532,571</u>	<u>\$ 356,040</u>
<hr/>		
CASH IS REPRESENTED BY:		
Cash	\$ 156,345	\$ 122,878
Investments for contingency fund	158,794	156,540
Investments - other	100,000	-
PCS fund savings account	<u>117,432</u>	<u>76,622</u>
	<u>\$ 532,571</u>	<u>\$ 356,040</u>

(see accompanying notes)



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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT		
Cash	\$ 156,345	\$ 122,878
PCS lease fund savings account	117,432	76,622
Investments for contingency fund (Note 3)	258,794	156,540
Accounts receivable	17,748	123,047
GST receivable	2,927	2,874
Accrued interest receivable	720	706
Prepaid expenses	<u>211</u>	<u>198</u>
	554,177	482,865
CAPITAL ASSETS (Note 4)	18,982	20,132
DEPOSITS	<u>2,631</u>	<u>2,631</u>
	<u>\$ 575,790</u>	<u>\$ 505,628</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 5,202	\$ 5,201
Deferred revenue (Note 5)	<u>47,807</u>	<u>11,500</u>
	<u>53,009</u>	<u>16,701</u>
NET ASSETS		
Contingency fund (Note 6)	137,104	140,526
PCS lease fund (Note 7)	117,432	76,622
Unrestricted net assets (Note 8)	<u>268,245</u>	<u>271,779</u>
	<u>522,781</u>	<u>488,927</u>
	<u>\$ 575,790</u>	<u>\$ 505,628</u>

APPROVED ON BEHALF OF THE BOARD:

Debra Katta, Director

Angela J. Wilson, Director

(see accompanying notes)

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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 to PCS lease fund from unrestricted net assets is not an annual allocation.

The \$5,690 transfer from the contingency fund to unrestricted net assets is for the purchase of computer equipment.

3. INVESTMENTS

The investments are all term deposits with interest rates of 0.75%, 1.25% and 2.00%. The term deposits have been classified as "held to maturity." Two of these investments are in place to fund the Contingency Fund. The \$100,000 term deposit is not.

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2015</u>	<u>Net 2014</u>
Computer equipment	\$ 30,879	\$ 23,702	\$ 7,177	\$ 5,032
Equipment	591	166	425	532
Leasehold improvements	13,683	4,105	9,578	12,315
Office equipment	6,480	4,678	1,802	2,253
	<u>\$ 51,633</u>	<u>\$ 32,651</u>	<u>\$ 18,982</u>	<u>\$ 20,132</u>

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

5. DEFERRED REVENUE

	<u>2015</u>	<u>2014</u>
Community Initiative Fund (Walk-In Advocacy Clinic)	\$ 16,667	\$ 11,500
Community Initiative Fund (Project ID)	16,666	-
University of Saskatchewan - College of Law	<u>14,474</u>	<u>-</u>
	<u>\$ 47,807</u>	<u>\$ 11,500</u>

6. 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.

7. 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.

8. UNRESTRICTED NET ASSETS

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

9. 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:

2016	\$ 39,360
2017	3,280
2018	-
2019	-
2020	-

**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

10. 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 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 three 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.