

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

Financial Statements

March 31, 2016



Hounjet/Tastad/Harpham

Certified General Accountants | Comptables Généraux Accrédités

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

MARCH 31, 2016

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of operations	2
Statement of fund balances	3
Statement of cash flows	4
Statement of financial position	5
Notes to the financial statements	6



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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, 2016, 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, 2016 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 7, 2016

Hounjet Tastad Harpham
CHARTERED PROFESSIONAL ACCOUNTANTS



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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
REVENUE		
Affinity Credit Union	\$ 3,500	\$ 3,000
Affinity Credit Union - Project ID	11,027	-
City of Saskatoon	10,000	10,000
Dakota Dunes Community Development - Systemic Initiatives Program	7,680	-
Donations (Note 2)	40,961	75,613
Fundraising gala	68,109	-
Government of Saskatchewan - Community Initiatives Fund		
Legal Advice Clinic	4,500	-
Walk-In Advocacy Clinic	22,917	19,833
Systemic Initiatives Program - Project ID	22,917	8,333
Government of Saskatchewan - Student Summer Works	3,500	3,500
Human Resources and Skills Development	6,527	6,399
Interest	3,556	3,077
Legal Aid Saskatchewan	10,000	10,000
Multicultural Council of Saskatchewan	-	1,500
Potash Corporation of Saskatchewan Inc. - Summer Student Program	25,000	-
Saskatoon Community Foundation	6,038	-
Saskatchewan Justice	100,000	100,000
Saskatchewan Law Foundation	285,000	302,500
United Way of Saskatoon and Area	53,750	54,948
University of Saskatchewan	750	-
University of Saskatchewan - College of Law	91,579	131,879
	<u>777,311</u>	<u>730,582</u>
EXPENDITURES		
Advertising and promotion	1,043	2,189
Amortization	9,105	6,838
Disbursements	501	2,463
Equipment rental	2,934	2,934
Fees and dues	12,776	15,033
Gala expense	26,254	-
Honorariums	1,365	2,898
Information technology support	8,458	5,015
Insurance	1,337	1,317
Interest and bank charges	111	105
Meetings	3,778	3,659
Office supplies	15,267	12,123
Office rent	46,698	46,300
Professional fees	4,086	5,936
Project ID expenses	8,550	-
Repairs and maintenance	17,844	5,956
Salaries and benefits	584,693	558,909
Strategic planning	15,375	4,917
Telephone	8,656	8,150
Training and seminars	4,112	2,968
Utilities	10,179	9,018
	<u>783,122</u>	<u>696,728</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (5,811)</u>	<u>\$ 33,854</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, 2016**

	<u>2016</u>	<u>2015</u>
CONTINGENCY FUND		
Balance, beginning of year	\$ 137,104	\$ 140,526
Transfer from unrestricted net assets - interest earned (Note 3)	2,014	2,268
Transfer to unrestricted net assets - equipment replacement (Note 3)	<u>(12,638)</u>	<u>(5,690)</u>
	<u>\$ 126,480</u>	<u>\$ 137,104</u>
PCS LEASE FUND		
Balance, beginning of year	\$ 117,432	\$ 76,622
Allocation of interest earned	1,234	810
Transfer from unrestricted net assets (Note 3)	<u>-</u>	<u>40,000</u>
	<u>\$ 118,666</u>	<u>\$ 117,432</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 268,246	\$ 271,780
Allocation of interest earned - PCS lease fund	(1,234)	(810)
Allocation of interest earned - term deposits	(2,014)	(2,268)
Excess (deficiency) of revenue over expenditures	(5,811)	33,854
Transfer from contingency fund - equipment replacement (Note 3)	12,638	5,690
Transfer (to) PCS lease fund (Note 3)	<u>-</u>	<u>(40,000)</u>
	<u>\$ 271,825</u>	<u>\$ 268,246</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, 2016

	<u>2016</u>	<u>2015</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ (5,811)	\$ 33,854
Items not involving cash:		
Amortization	<u>9,105</u>	<u>6,838</u>
	3,294	40,692
Net change in working capital:		
Accounts receivable	(1,620)	105,299
GST receivable	(1,071)	(52)
Accrued interest receivable	278	(13)
Prepaid expenses	(2,231)	(13)
Accounts payable and accrued liabilities	(700)	-
Deferred revenue	<u>34,865</u>	<u>36,307</u>
	<u>32,815</u>	<u>182,220</u>
INVESTING ACTIVITIES		
Decrease (increase) in investments	97,706	(102,254)
Additions to capital assets	<u>(12,638)</u>	<u>(5,690)</u>
	<u>85,068</u>	<u>(107,944)</u>
INCREASE IN CASH	117,883	74,276
CASH, beginning of year	<u>273,777</u>	<u>199,501</u>
CASH, end of year	\$ <u><u>391,660</u></u>	\$ <u><u>273,777</u></u>
<hr/>		
CASH IS REPRESENTED BY:		
Cash	\$ 272,994	\$ 156,345
PCS fund savings account	<u>118,666</u>	<u>117,432</u>
	\$ <u><u>391,660</u></u>	\$ <u><u>273,777</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, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT		
Cash	\$ 272,994	\$ 156,345
PCS lease fund savings account	118,666	117,432
Investments for contingency fund (Note 4)	161,088	258,794
Accounts receivable	19,368	17,748
GST receivable	3,998	2,927
Accrued interest receivable	440	720
Prepaid expenses	<u>2,442</u>	<u>211</u>
	578,996	554,177
TANGIBLE CAPITAL ASSETS (Note 5)	22,517	18,983
DEPOSITS	<u>2,631</u>	<u>2,631</u>
	<u>\$ 604,144</u>	<u>\$ 575,791</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,501	\$ 5,202
Deferred revenue (Note 6)	<u>82,672</u>	<u>47,807</u>
	<u>87,173</u>	<u>53,009</u>
NET ASSETS		
Contingency fund (Note 7)	126,480	137,104
PCS lease fund (Note 8)	118,666	117,432
Unrestricted net assets (Note 9)	<u>271,825</u>	<u>268,246</u>
	<u>516,971</u>	<u>522,782</u>
	<u>\$ 604,144</u>	<u>\$ 575,791</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, 2016

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

Financial assets and liabilities are recognized when the organization becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have been transferred and the organization has transferred substantially all the risks and rewards of ownership.

The organization initially measures all its financial assets and financial liabilities at fair value and subsequently at amortized cost except for marketable securities, which are recorded at fair value. Changes in fair value are recognized in the statement of loss. Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

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, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible capital assets and amortization

Tangible 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. DONATIONS

	<u>2016</u>	<u>2015</u>
Anonymous donor	\$ 10,000	\$ 46,346
Donations	29,791	29,132
Specific donations	<u>1,170</u>	<u>135</u>
	<u>\$ 40,961</u>	<u>\$ 75,613</u>

3. 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 \$17,960 transfer from the contingency fund to unrestricted net assets is for the purchase of computer equipment and office equipment.

4. INVESTMENTS

The investments are all term deposits with interest rates of 1.1%. The term deposits have been classified as "held to maturity." These investments are in place to fund the Contingency Fund.



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

5. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2016</u>	<u>Net 2015</u>
Computer equipment	\$ 42,310	\$ 29,503	\$ 12,807	\$ 7,177
Equipment	591	251	340	426
Leasehold improvements	13,683	6,842	6,841	9,578
Office equipment	<u>7,688</u>	<u>5,159</u>	<u>2,529</u>	<u>1,802</u>
	<u>\$ 64,272</u>	<u>\$ 41,755</u>	<u>\$ 22,517</u>	<u>\$ 18,983</u>

6. DEFERRED REVENUE

	<u>2015</u>	<u>2014</u>
Affinity Credit Union	\$ 6,815	\$ -
Community Initiative Fund (Legal Advice Clinic)	13,500	-
Community Initiative Fund (Project ID)	18,750	16,666
Community Initiative Fund (Walk-In Advocacy Clinic)	18,750	16,667
Saskatoon Community Foundation	1,962	-
University of Saskatchewan - College of Law	<u>22,895</u>	<u>14,474</u>
	<u>\$ 82,672</u>	<u>\$ 47,807</u>

7. 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.

8. 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.

9. UNRESTRICTED NET ASSETS

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



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

10. REAL ESTATE CONTRACTUAL OBLIGATIONS

The organization leases its premises in Saskatoon. This lease expired April 30, 2016 and was subsequently renewed to April 30, 2021. The base rent payments due in each of the next five years are as follows:

2017	\$	54,018
2018		55,350
2019		55,350
2020		62,115
2021		62,730

11. FINANCIAL RISK MANAGEMENT

Management has established policies and procedures to manage risk relating to financial instruments, with the objective of minimizing any adverse effects on financial performance. The organization measures and monitors risk throughout the year. A brief description of management's assessment of these risks is as follows:

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the organization. The organization's exposure to credit risk consists principally of cash and accounts receivable. 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.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. It is management's opinion that the organization is not significantly exposed to currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Interest rate risk arises when the organization invests in interest bearing financial instruments. The organization is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents or the short-term investment invested at short-term market interest rates.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to settle or meet its obligations as they come due. It is management's opinion that the organization is not significantly exposed to liquidity risk.

Market risk

Market risk is the risk the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. The organization does not hold any financial instruments whose fair values are affected by changes in market prices; therefore, management does not believe it is exposed to market risk.



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

12. COMPARATIVE STATEMENTS

Certain accounts from the prior year's financial statements have been reclassified for comparative purposes.

