

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

Financial Statements

March 31, 2017



Hounjet/Tastad/Harpham

Certified General Accountants | Comptables Généraux Accrédités

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

MARCH 31, 2017

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HOUNJET TASTAD HARPHAM

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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, 2017, and the statement 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, 2017 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.

June 14, 2017
Saskatoon, Saskatchewan

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, 2017

	<u>2017</u>	<u>2016</u>
REVENUE		
Donations (Note 9)	\$ 87,439	\$ 40,961
Fees for services	24,461	750
Fundraising	13,077	68,109
Grants (Note 10)	682,010	652,907
Interest	2,947	3,556
Sponsorships (Note 11)	<u>10,665</u>	<u>11,027</u>
	<u>820,599</u>	<u>777,310</u>
EXPENDITURES		
Advertising and promotion	2,170	1,043
Amortization	12,214	9,105
Disbursements	1,204	501
Equipment rental	2,934	2,934
Fees and dues	12,624	12,776
Fundraising	3,300	-
Gala expense	300	26,254
Honorariums	2,007	1,365
Information technology support	26,485	8,458
Insurance	1,383	1,337
Interest and bank charges	380	111
Meetings	2,281	3,778
Office rent	62,642	46,698
Office supplies	16,072	15,267
Professional fees	9,756	4,086
Project ID expenses	3,295	8,550
Repairs and maintenance	14,143	17,844
Salaries and benefits	615,732	584,693
Strategic planning	-	15,375
Telephone	7,169	8,656
Training and seminars	7,395	4,112
Utilities	<u>10,320</u>	<u>10,179</u>
	<u>813,806</u>	<u>783,122</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u><u>6,793</u></u>	<u><u>(5,812)</u></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, 2017**

	<u>2017</u>	<u>2016</u>
CONTINGENCY FUND		
Balance, beginning of year	\$ 126,480	\$ 137,104
Transfer from unrestricted net assets - interest earned (Note 2)	1,753	2,014
Transfer to unrestricted net assets - equipment replacement (Note 2)	<u>-</u>	<u>(12,638)</u>
	<u>\$ 128,233</u>	<u>\$ 126,480</u>
PCS LEASE FUND		
Balance, beginning of year	\$ 118,666	\$ 117,432
Transfer from unrestricted net assets - interest earned (Note 2)	1,194	1,234
Transfer from unrestricted net assets (Note 2)	<u>65,000</u>	<u>-</u>
	<u>\$ 184,860</u>	<u>\$ 118,666</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 271,825	\$ 268,246
Transfer to PCS lease fund - interest earned	(1,194)	(1,234)
Transfer to contingency fund - interest earned	(1,753)	(2,014)
Excess (deficiency) of revenue over expenditures	6,793	(5,811)
Transfer from contingency fund - equipment replacement (Note 2)	-	12,638
Transfer to PCS lease fund (Note 2)	<u>(65,000)</u>	<u>-</u>
	<u>\$ 210,671</u>	<u>\$ 271,825</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, 2017**

	<u>2017</u>	<u>2016</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 6,793	\$ (5,812)
Items not involving cash:		
Amortization	<u>12,214</u>	<u>9,105</u>
	19,007	3,293
Net change in working capital:		
Accounts receivable	(16,839)	(1,620)
GST receivable	(20)	(1,072)
Prepaid expenses	(3,747)	(2,231)
Accounts payable and accrued liabilities	3,130	(700)
Deferred revenue	<u>(32,522)</u>	<u>34,865</u>
	<u>(30,991)</u>	<u>32,535</u>
INVESTING ACTIVITIES		
(Increase) decrease in short term investments	(761)	99,749
Increase in investments	(991)	(1,763)
Additions to capital assets	<u>(14,611)</u>	<u>(12,638)</u>
	<u>(16,363)</u>	<u>85,348</u>
(DECREASE) INCREASE IN CASH	(47,354)	117,883
CASH, beginning of year	<u>391,660</u>	<u>273,777</u>
CASH, end of year	<u>\$ 344,306</u>	<u>\$ 391,660</u>
<hr/>		
CASH IS REPRESENTED BY:		
Cash	\$ 159,446	\$ 272,994
PCS lease fund savings account	<u>184,860</u>	<u>118,666</u>
	<u>\$ 344,306</u>	<u>\$ 391,660</u>

(see accompanying notes)



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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT		
Cash	\$ 159,446	\$ 272,994
PCS lease fund savings account	184,860	118,666
Investments for contingency fund (Note 3)	72,402	71,640
Accounts receivable	36,207	19,368
GST receivable	4,017	3,998
Prepaid expenses	<u>6,189</u>	<u>2,442</u>
	463,121	489,108
INVESTMENTS FOR CONTINGENCY FUND (Note 3)	90,879	89,888
TANGIBLE CAPITAL ASSETS (Note 4)	24,913	22,518
DEPOSITS	<u>2,631</u>	<u>2,631</u>
	<u>\$ 581,544</u>	<u>\$ 604,145</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,630	\$ 4,502
Deferred revenue (Note 5)	<u>50,150</u>	<u>82,672</u>
	<u>57,780</u>	<u>87,174</u>
NET ASSETS		
Contingency fund (Note 6)	128,233	126,480
PCS lease fund (Note 7)	184,860	118,666
Unrestricted net assets	<u>210,671</u>	<u>271,825</u>
	<u>523,764</u>	<u>516,971</u>
	<u>\$ 581,544</u>	<u>\$ 604,145</u>

APPROVED ON BEHALF OF THE BOARD:

Lynna Latta, Director
Rachel King, Director

(see accompanying notes)



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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 operations. 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 materials

The organization recognizes donated goods as revenue at their fair value when the goods are donated, the organization would have otherwise purchased the goods, and the goods are expected to be used in the normal course of operations and management believes the fair value can be reasonably determined.

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 revenue 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.

Recognition of revenue

The organization follows the deferral method of accounting for contributions, which include donations and grants. Grants are recognized as revenue when the related expenses are incurred. Donations are recorded when received. All other revenue is recognized when earned.



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

1. 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. 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.

3. INVESTMENTS FOR CONTINGENCY FUND

	<u>2017</u>	<u>2016</u>
<u>Current portion</u>		
Term deposit	\$ 71,977	\$ 71,200
Accrued interest	425	440
	<u>72,402</u>	<u>71,640</u>
<u>Non-current portion</u>		
Term deposit	<u>90,879</u>	<u>89,888</u>
Total investments for contingency fund	<u>\$ 163,281</u>	<u>\$ 161,528</u>

4. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2017</u>	<u>Net 2016</u>
Computer equipment	\$ 55,747	\$ 38,290	\$ 17,457	\$ 12,806
Equipment	591	319	272	341
Leasehold improvements	13,683	9,578	4,105	6,842
Office equipment	<u>8,861</u>	<u>5,782</u>	<u>3,079</u>	<u>2,529</u>
	<u>\$ 78,882</u>	<u>\$ 53,969</u>	<u>\$ 24,913</u>	<u>\$ 22,518</u>



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

MARCH 31, 2017

5. DEFERRED REVENUE

	<u>2017</u>	<u>2016</u>
Affinity Credit Union	\$ -	\$ 6,815
Community Initiative Fund (Legal Advice Clinic)	12,650	13,500
Community Initiative Fund (Project ID)	-	18,750
Community Initiative Fund (Walk-In Advocacy Clinic)	13,750	18,750
Merlis Belsher Fund	3,750	-
Saskatoon Community Foundation	-	1,962
University of Saskatchewan - College of Law	20,000	22,895
	<u>\$ 50,150</u>	<u>\$ 82,672</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 fund is to enable the organization to meet its lease commitments. It was established by a one time donation from Potash Corporation of Saskatchewan and designated donations. Since that time, CLASSIC has added to this fund from unrestricted net assets obtained through fundraising efforts when possible.

8. COMPARATIVE STATEMENTS

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

9. DONATIONS

	<u>2017</u>	<u>2016</u>
Anonymous donor	\$ 40,000	\$ 10,000
Canada Helps	28,522	-
Gifts in kind	3,650	-
Receipted donations	15,267	30,961
	<u>\$ 87,439</u>	<u>\$ 40,961</u>



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

MARCH 31, 2017

10. GRANTS

RECEIPTS

	<u>2017</u>	<u>2016</u>
Affinity Credit Union	\$ -	\$ 3,500
Canada Saskatchewan Job Grant	3,938	-
City of Saskatoon	11,000	10,000
Community Initiatives Fund (Legal Advice Clinic)	22,000	14,400
Community Initiatives Fund (Project ID)	5,000	25,000
Community Initiatives Fund (Walk-In Advocacy Clinic)	25,000	25,000
Dakota Dunes Community Development	631	6,912
Human Resources and Skills Development	9,602	6,527
Law Foundation of Saskatchewan	300,000	285,000
Legal Aid	-	10,000
Merlis Belsher Fund	15,000	10,000
Multicultural Council of Saskatchewan	-	375
Potash Corporation of Saskatchewan	25,000	25,000
Saskatchewan Justice	95,000	100,000
Saskatoon Community Foundation	5,000	8,000
Student Summer Works	3,500	3,500
United Way	65,000	53,750
University of Saskatchewan - College of Law	<u>80,000</u>	<u>90,000</u>
TOTAL RECEIPTS	665,671	676,964
Grants receivable at the beginning of the year	(19,368)	(15,375)
Grants receivable at the end of the year	10,000	19,368
Deferred grants at the beginning of the year	75,857	47,807
Deferred grants at the end of the year	<u>(50,150)</u>	<u>(75,857)</u>
TOTAL REVENUE RECOGNIZED IN THE YEAR	\$ <u>682,010</u>	\$ <u>652,907</u>

11. SPONSORSHIPS

	<u>2017</u>	<u>2016</u>
Affinity Credit Union (Project ID)	\$ 6,815	\$ 11,027
Sponsorship for fundraisers	<u>3,850</u>	<u>-</u>
	<u>\$ 10,665</u>	<u>\$ 11,027</u>

12. ECONOMIC DEPENDENCE

The organization is dependant on grant funding to provide its programs and to cover administrative expenses. In the current fiscal year, the Law Foundation of Saskatchewan has provided funding of \$300,000. This constitutes 37% of the organization's total revenue. This funding is approved annually.



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

MARCH 31, 2017

13. REAL ESTATE CONTRACTUAL OBLIGATIONS

The organization leases its premises in Saskatoon. This lease expires on April 30, 2021. The base rent payments due in each of the next five years are as follows:

2018	\$	58,118
2019		58,118
2020		65,221
2021		65,867
2022		5,488

14. 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 risks 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.

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. In actively addressing liquidity risk, the organization applies appropriate measures to ensure it will have sufficient working capital available to meet its obligations.

Changes in risk

There are no significant changes to financial risk from the prior year.

15. GOING CONCERN

The organization receives grant funding from a number of funders. In the current year, the majority of the funding changed from multi-year contracts to single-year contracts. This lack of certainty in funding makes it difficult to plan for the future.

