

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

Financial Statements

March 31, 2018



HOUNJET TASTAD HARPHAM

Chartered Professional Accountants

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

MARCH 31, 2018

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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, 2018, 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.

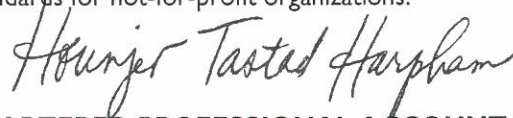
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2018 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 18, 2018
Saskatoon, Saskatchewan



CHARTERED PROFESSIONAL ACCOUNTANTS



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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUE		
Donations (Note 9)	\$ 81,108	\$ 87,439
Fees for service	3,952	24,461
Fundraising	32,690	13,077
Grants (Note 10)	708,117	682,010
Interest	3,251	2,947
Sponsorships (Note 11)	<u>26,900</u>	<u>10,665</u>
	<u>856,018</u>	<u>820,599</u>
EXPENDITURES		
Advertising and promotion	2,796	2,170
Amortization	12,361	12,214
Disbursements	463	1,204
Equipment rental	2,467	2,934
Fees and dues	13,966	12,624
Fundraising	10,335	3,300
Gala expense	16,390	300
Honorariums	2,216	2,007
Information technology support	23,402	26,485
Insurance	1,833	1,383
Interest and bank charges	254	380
Meetings	3,257	2,281
Office rent	65,778	62,642
Office supplies	14,174	16,072
Professional fees	10,301	9,756
Project ID expenses	7,236	3,295
Repairs and maintenance	18,707	14,143
Salaries and benefits	529,314	615,732
Strategic planning	7,044	-
Telephone	8,922	7,169
Training and seminars	2,819	7,395
Utilities	<u>10,109</u>	<u>10,320</u>
	<u>764,144</u>	<u>813,806</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>91,874</u>	<u>6,793</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, 2018**

	<u>2018</u>	<u>2017</u>
CONTINGENCY FUND		
Balance, beginning of year	\$ 128,233	\$ 126,480
Transfer from unrestricted net assets - interest earned (Note 2)	1,564	1,753
Transfer from unrestricted net assets (Note 2)	<u>40,000</u>	<u>-</u>
	<u>\$ 169,797</u>	<u>\$ 128,233</u>
PCS LEASE FUND		
Balance, beginning of year	\$ 184,860	\$ 118,666
Transfer from unrestricted net assets - interest earned (Note 2)	1,687	1,194
Transfer (to) from unrestricted net assets (Note 2)	<u>(33,000)</u>	<u>65,000</u>
	<u>\$ 153,547</u>	<u>\$ 184,860</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 210,671	\$ 271,825
Transfer to PCS lease fund - interest earned	(1,687)	(1,194)
Transfer to contingency fund - interest earned	(1,564)	(1,753)
Excess of revenue over expenditures	91,874	6,793
Transfer to contingency fund	(40,000)	-
Transfer from (to) PCS lease fund	<u>33,000</u>	<u>(65,000)</u>
	<u>\$ 292,294</u>	<u>\$ 210,671</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, 2018

	<u>2018</u>	<u>2017</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 91,874	\$ 6,793
Items not involving cash:		
Amortization	<u>12,361</u>	<u>12,214</u>
	104,235	19,007
Net change in working capital:		
Accounts receivable	26,207	(6,839)
Grants receivable	-	(10,000)
GST receivable	(206)	(20)
Prepaid expenses	902	(3,747)
Accounts payable and accrued liabilities	1,600	3,130
Deferred revenue	<u>18,383</u>	<u>(32,522)</u>
	<u>151,121</u>	<u>(30,991)</u>
INVESTING ACTIVITIES		
Increase in short term investments	(132,443)	(761)
Decrease (increase) in investments	90,879	(991)
Additions to capital assets	<u>(4,879)</u>	<u>(14,611)</u>
	<u>(46,443)</u>	<u>(16,363)</u>
INCREASE (DECREASE) IN CASH	104,678	(47,354)
CASH, beginning of year	<u>344,306</u>	<u>391,660</u>
CASH, end of year	<u>\$ 448,984</u>	<u>\$ 344,306</u>
<hr/>		
CASH IS REPRESENTED BY:		
Cash	\$ 295,437	\$ 159,446
PCS lease fund savings account	<u>153,547</u>	<u>184,860</u>
	<u>\$ 448,984</u>	<u>\$ 344,306</u>

(see accompanying notes)



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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT		
Cash	\$ 295,437	\$ 159,446
PCS lease fund savings account	153,547	184,860
Investments for contingency fund (Note 3)	204,844	72,402
Accounts receivable	-	26,207
Grants receivable (Note 4)	10,000	10,000
GST receivable	4,222	4,017
Prepaid expenses	<u>5,287</u>	<u>6,188</u>
	673,337	463,120
INVESTMENTS FOR CONTINGENCY FUND (Note 3)	-	90,879
TANGIBLE CAPITAL ASSETS (Note 5)	17,433	24,914
DEPOSITS	<u>2,631</u>	<u>2,631</u>
	<u>\$ 693,401</u>	<u>\$ 581,544</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,230	\$ 7,630
Deferred revenue (Note 6)	<u>68,533</u>	<u>50,150</u>
	<u>77,763</u>	<u>57,780</u>
NET ASSETS		
Contingency fund (Note 7)	169,797	128,233
PCS lease fund (Note 8)	153,547	184,860
Unrestricted net assets	<u>292,294</u>	<u>210,671</u>
	<u>615,638</u>	<u>523,764</u>
	<u>\$ 693,401</u>	<u>\$ 581,544</u>

APPROVED ON BEHALF OF THE BOARD:

Allyn Tastad, 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, 2018

The organization was incorporated under the laws of the Non-profit Corporations Act of the Province of Saskatchewan on March 31, 2006. It became a registered charity under the provision of the Canada Revenue Agency effective February 2, 2007. The main purpose of the organization 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. Revenue from fundraising activities are recorded when the event occurs or when they are considered receivable. 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, 2018

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. 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 transfer from the PCS lease fund to unrestricted net assets represents amounts withdrawn to assist in the payment of the building lease.

There was a \$40,000 transfer from the unrestricted net assets to the contingency fund in the year. This was done due to the uncertainty in grant funding from year to year and the board felt it necessary to increase the contingency fund.

3. INVESTMENTS FOR CONTINGENCY FUND

	<u>2018</u>	<u>2017</u>
<u>Current portion</u>		
Term deposit	\$ 204,395	\$ 71,977
Accrued interest	449	425
	<u>204,844</u>	<u>72,402</u>
<u>Non-current portion</u>		
Term deposit	<u>-</u>	<u>90,879</u>
Total investments for contingency fund	<u>\$ 204,844</u>	<u>\$ 163,281</u>

4. GRANTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Saskatchewan Justice	<u>\$ 10,000</u>	<u>\$ 10,000</u>



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

5. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2018</u>	<u>Net 2017</u>
Computer equipment	\$ 60,627	\$ 47,243	\$ 13,384	\$ 17,458
Equipment	591	373	218	272
Leasehold improvements	13,683	12,315	1,368	4,105
Office equipment	8,861	6,398	2,463	3,079
	<u>\$ 83,762</u>	<u>\$ 66,329</u>	<u>\$ 17,433</u>	<u>\$ 24,914</u>

6. DEFERRED REVENUE

	<u>2018</u>	<u>2017</u>
Community Initiative Fund (Legal Advice Clinic)	\$ 13,750	\$ 12,650
Community Initiative Fund (Walk-In Advocacy Clinic)	13,750	13,750
Law Foundation of Ontario	7,500	-
Law Society of Saskatchewan	20,000	-
Merlis Belsher Fund	1,250	3,750
New Community Credit Union	2,700	-
University of Saskatchewan - College of Law	9,583	20,000
	<u>\$ 68,533</u>	<u>\$ 50,150</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 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.

9. DONATIONS

	<u>2018</u>	<u>2017</u>
Anonymous donor	\$ 58,000	\$ 40,000
Canada Helps	13,763	28,522
Gifts in kind	-	3,650
Receipted donations	6,351	15,267
Unreceipted donations	2,994	-
	<u>\$ 81,108</u>	<u>\$ 87,439</u>



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

MARCH 31, 2018

10. GRANTS

RECEIPTS	2018	2017
Affinity Credit Union	\$ 10,000	\$ -
Canada Saskatchewan Job Grant	-	3,938
City of Saskatoon	16,500	11,000
Community Initiatives Fund (Legal Advice Clinic)	24,600	22,000
Community Initiatives Fund (Project ID)	-	5,000
Community Initiatives Fund (Walk-In Advocacy Clinic)	25,000	25,000
Dakota Dunes Community Development	-	631
Human Resources and Skills Development	-	9,602
Law Foundation of Ontario	45,000	-
Law Foundation of Saskatchewan	285,000	300,000
Law Society of Saskatchewan	20,000	-
Merlis Belsher Fund	15,000	15,000
New Community Credit Union	5,400	-
Potash Corporation of Saskatchewan	-	25,000
Saskatchewan Justice	100,000	95,000
Saskatoon Community Foundation	-	5,000
Student Summer Works	-	3,500
United Way	65,000	65,000
University of Saskatchewan - College of Law	<u>115,000</u>	<u>80,000</u>
TOTAL RECEIPTS	726,500	665,671
Grants receivable at the beginning of the year (Note 4)	(10,000)	(19,368)
Grants receivable at the end of the year	10,000	10,000
Deferred revenue at the beginning of the year (Note 6)	50,150	75,857
Deferred revenue at the end of the year	<u>(68,533)</u>	<u>(50,150)</u>
TOTAL GRANTS RECOGNIZED IN THE YEAR	<u>\$ 708,117</u>	<u>\$ 682,010</u>

11. SPONSORSHIPS

	2018	2017
Affinity Credit Union (Project ID)	\$ -	\$ 6,815
Sponsorship for fundraisers	<u>26,900</u>	<u>3,850</u>
	<u>\$ 26,900</u>	<u>\$ 10,665</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 \$285,000. This constitutes 33% 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, 2018

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 four years are as follows:

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. It is management's opinion that the organization is not significantly exposed to 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. It is management's opinion that the organization is not significantly exposed to interest rate risk.

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. The majority of the funding comes from single-year contracts. This lack of certainty in funding makes it difficult to plan for the future.

16. COMPARATIVE STATEMENTS

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

