

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

Financial Statements

March 31, 2011



Hounjet/Tastad/Harpham

Certified General Accountants | Comptables Généraux Accrédités

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

MARCH 31, 2011

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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 Assistance Services for Saskatoon Inner City Inc. o/a CLASSIC, which comprise the statement of financial position as at March 31, 2011, 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 generally accepted accounting principles 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, 2011 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan
May 25, 2011

Hounjet Tastad Harpham

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, 2011**

	<u>2011</u>	<u>2010</u>
REVENUE		
Affinity Credit Union	\$ -	\$ 6,000
City of Saskatoon	10,000	10,000
Community Initiatives Fund	30,000	30,000
Donations (Note 2)	202,399	4,925
Gala donations	-	31,800
Gala silent auction	-	2,145
Gala sponsorship funds	-	7,500
Gala ticket sales	-	32,000
Government of Saskatchewan - Student Employment Experience	10,500	14,144
Human Resources and Skills Development	4,440	10,068
Indian and Northern Affairs Canada	40,000	40,000
Interest	3,289	1,863
Miscellaneous	-	105
Reimbursements	107	150
Saskatoon Community Foundation	5,000	-
Saskatchewan Justice	50,000	50,000
Saskatchewan Law Foundation	150,000	150,000
United Way	10,000	-
University of Saskatchewan	65,000	65,000
	<u>580,735</u>	<u>455,700</u>
EXPENDITURES		
Advertising and promotion	3,311	3,766
Amortization	3,139	4,346
Bad debts	1,000	-
Disbursements	980	1,494
Fees and dues	5,278	6,158
Gala expense	-	17,995
Honorariums	2,180	592
Insurance	1,198	1,036
Interest and bank charges	85	236
Meetings	2,815	3,615
Office	8,695	11,860
Office rent	12,000	12,000
Professional fees	8,291	3,870
Repairs and maintenance	4,748	28,213
Salaries and benefits	351,734	301,142
Telephone	7,528	6,030
Training and seminars	5,782	275
Travel	539	-
	<u>419,303</u>	<u>402,628</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 161,432</u>	<u>\$ 53,072</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, 2011**

	<u>2011</u>	<u>2010</u>
CONTINGENCY FUND		
Balance, beginning of year	\$ 155,404	\$ -
Transfer from unrestricted net assets (Note 3)	<u>2,167</u>	<u>155,404</u>
	<u>157,571</u>	<u>155,404</u>
PCS LEASE FUND		
Balance, beginning of year	-	-
Transfer from unrestricted net assets (Note 3)	<u>191,628</u>	<u>-</u>
	<u>191,628</u>	<u>-</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	181,548	283,880
Excess of revenue over expenditures	161,434	53,072
Transfer to contingency fund (Note 3)	(2,167)	(155,404)
Transfer to PCS lease fund (Note 3)	<u>(191,628)</u>	<u>-</u>
	<u>\$ 149,187</u>	<u>\$ 181,548</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, 2011**

	<u>2011</u>	<u>2010</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 161,434	\$ 53,072
Items not involving cash:		
Amortization	<u>3,139</u>	<u>4,346</u>
	164,573	57,418
Net change in working capital:		
Accounts receivable	(47,242)	(40,818)
GST receivable	612	(693)
Accrued interest receivable	(10)	289
Prepaid expenses	(4)	(183)
Deposits	(2,631)	-
Accounts payable and accrued liabilities	1,352	(3,787)
Payroll deductions payable	-	(480)
Deferred revenue	<u>-</u>	<u>(3,500)</u>
	<u>116,650</u>	<u>8,246</u>
INVESTING ACTIVITIES		
Additions to capital assets	(1,298)	(1,689)
Increase in deposits	<u>(2,631)</u>	<u>-</u>
	<u>(3,929)</u>	<u>(1,689)</u>
INCREASE IN CASH	112,721	6,557
CASH, beginning of year	<u>244,904</u>	<u>238,347</u>
CASH, end of year	\$ <u><u>357,625</u></u>	\$ <u><u>244,904</u></u>
<hr/>		
CASH IS REPRESENTED BY:		
Cash	\$ 200,064	\$ 89,500
Investments	<u>157,561</u>	<u>155,404</u>
	\$ <u><u>357,625</u></u>	\$ <u><u>244,904</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, 2011

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT		
Cash	\$ 200,064	\$ 89,500
Investments (Note 4)	157,561	155,404
Accounts receivable (Note 5)	131,500	84,258
GST receivable	1,062	1,673
Accrued interest receivable	555	546
Prepaid expenses	188	183
Deposits	<u>2,631</u>	<u>-</u>
	493,561	331,564
CAPITAL ASSETS (Note 6)	6,792	8,633
DEPOSITS	<u>2,631</u>	<u>-</u>
	<u>\$ 502,984</u>	<u>\$ 340,197</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>4,598</u>	\$ <u>3,245</u>
NET ASSETS		
Contingency fund (Note 7)	157,571	155,404
PCS lease fund (Note 8)	191,628	-
Unrestricted net assets (Note 9)	<u>149,187</u>	<u>181,548</u>
	498,386	336,952
	<u>\$ 502,984</u>	<u>\$ 340,197</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, 2011

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 generally accepted accounting principles 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 3855 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. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Transaction costs are capitalized on initial recognition, except financial instruments designated as held for trading where transaction costs are expensed.

Financial assets held to maturity are measured at amortized cost using the effective interest method.

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 generally accepted accounting principles 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, 2011

1. 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
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

The donations include a one time contribution of \$100,000 from Potash Corporation of Saskatchewan and designated donations of \$90,506.

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 a donation from Potash Corporation of Saskatchewan, designated donations and interest earned on the PCS lease fund bank account that the organization has earmarked for the lease of its premises.

4. INVESTMENTS

The investments are all term deposits with interest rates of 0.75% and 1.75%. The term deposits have been classified as "held to maturity." These investments are in place to fund the Contingency Fund.

5. ACCOUNTS RECEIVABLE

	<u>2011</u>	<u>2010</u>
Donations receivable	\$ -	\$ 1,000
Indian and Northern Affairs	44,000	44,000
Saskatchewan Justice	50,000	-
Saskatchewan Law Foundation	37,500	37,500
Student Employment Experience	-	1,758
	<u>\$ 131,500</u>	<u>\$ 84,258</u>

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

MARCH 31, 2011

6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2011</u>	<u>Net 2010</u>
Computer equipment	\$ 15,602	\$ 12,344	\$ 3,258	\$ 4,691
Office equipment	5,710	2,176	3,534	3,942
	<u>\$ 21,312</u>	<u>\$ 14,520</u>	<u>\$ 6,792</u>	<u>\$ 8,633</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 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.

10. COMMITMENTS

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:

2012	\$ 22,550
2013	24,600
2014	24,600
2015	24,600
2016	8,200