

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

Financial Statements

March 31, 2012



Hounjet/Tastad/Harpham

Certified General Accountants | Comptables Généraux Accrédités

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

**MARCH 31, 2012**

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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, 2012, 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, 2012 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 30, 2012

*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, 2012**

	<u>2012</u>	<u>2011</u>
<b>REVENUE</b>		
Affinity Credit Union	\$ 3,500	\$ -
Cameco Caring Community Grant	5,000	-
City of Saskatoon	10,000	10,000
Donations	22,095	202,399
Fundraising gala	87,025	-
Government of Saskatchewan - Community Initiatives Fund	25,000	30,000
Government of Saskatchewan - Student Summer Works	10,500	10,500
Human Resources and Skills Development	5,074	4,440
Indian and Northern Affairs Canada (Note 2)	27,998	40,000
Interest	3,779	3,289
Reimbursements	-	107
Saskatoon Community Foundation	5,000	5,000
Saskatchewan Justice	100,000	50,000
Saskatchewan Law Foundation	150,000	150,000
United Way of Saskatoon and Area Community Initiatives Funding	20,000	10,000
University of Saskatchewan	<u>65,000</u>	<u>65,000</u>
	<u>539,971</u>	<u>580,735</u>
<b>EXPENDITURES</b>		
Advertising and promotion	2,914	3,311
Amortization	2,401	3,139
Bad debts	-	1,000
Disbursements	2,079	980
Fees and dues	5,596	5,278
Gala expense	21,424	-
Honorariums	2,470	2,180
Insurance	1,202	1,198
Interest and bank charges	104	85
Meetings	1,990	2,815
Moving expenses	4,973	-
Office	8,817	8,695
Office rent	31,458	12,000
Professional fees	5,175	8,291
Repairs and maintenance	6,059	4,748
Salaries and benefits	393,411	351,732
Telephone	6,019	7,528
Training and seminars	1,314	5,782
Travel	355	539
Utilities	<u>4,858</u>	<u>-</u>
	<u>502,619</u>	<u>419,301</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>\$ 37,352</u>	<u>\$ 161,434</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, 2012**

	<u>2012</u>	<u>2011</u>
<b>CONTINGENCY FUND</b>		
Balance, beginning of year	\$ 157,571	\$ 155,404
Transfer from unrestricted net assets (Note 3)	<u>1,484</u>	<u>2,167</u>
	<u>\$ 159,055</u>	<u>\$ 157,571</u>
<b>PCS LEASE FUND</b>		
Balance, beginning of year	\$ 191,628	\$ -
Allocation of donations	628	190,506
Allocation of interest earned	1,918	1,122
Transfer to unrestricted net assets (Note 3)	<u>(40,000)</u>	<u>-</u>
	<u>\$ 154,174</u>	<u>\$ 191,628</u>
<b>UNRESTRICTED NET ASSETS</b>		
Balance, beginning of year	\$ 149,185	\$ 181,546
Allocation of donations	(628)	(190,506)
Allocation of interest earned	(1,918)	(1,122)
Excess of revenue over expenditures	37,352	161,434
Transfer to contingency fund (Note 3)	(1,484)	(2,167)
Transfer from PCS lease fund (Note 3)	<u>40,000</u>	<u>-</u>
	<u>\$ 222,507</u>	<u>\$ 149,185</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, 2012**

	<u>2012</u>	<u>2011</u>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 37,352	\$ 161,434
Items not involving cash:		
Amortization	<u>2,401</u>	<u>3,139</u>
	39,753	164,573
Net change in working capital:		
Accounts receivable	63,500	(47,242)
GST receivable	(800)	612
Accrued interest receivable	(53)	(10)
Prepaid expenses	(1,350)	(4)
Deposits	2,631	(2,631)
Accounts payable and accrued liabilities	230	1,352
Deferred revenue	<u>3,500</u>	<u>-</u>
	<u>107,411</u>	<u>116,650</u>
<b>INVESTING ACTIVITIES</b>		
Additions to capital assets	(1,440)	(1,298)
Increase in deposits	<u>-</u>	<u>(2,631)</u>
	<u>(1,440)</u>	<u>(3,929)</u>
<b>INCREASE IN CASH</b>	105,971	112,721
<b>CASH, beginning of year</b>	<u>357,625</u>	<u>244,904</u>
<b>CASH, end of year</b>	\$ <u><u>463,596</u></u>	\$ <u><u>357,625</u></u>
<hr/>		
<b>CASH IS REPRESENTED BY:</b>		
Cash	\$ 150,053	\$ 8,532
Investments	159,369	157,561
PCS lease fund savings account	<u>154,174</u>	<u>191,532</u>
	\$ <u><u>463,596</u></u>	\$ <u><u>357,625</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, 2012**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 150,053	\$ 8,531
PCS lease fund savings account	154,174	191,532
Investments (Note 4)	159,369	157,561
Accounts receivable	68,000	131,500
GST receivable	1,863	1,062
Accrued interest receivable	608	555
Prepaid expenses	1,538	188
Deposits	-	<u>2,631</u>
	<u>535,605</u>	<u>493,560</u>
<b>CAPITAL ASSETS</b> (Note 5)	5,831	6,792
<b>DEPOSITS</b>	<u>2,631</u>	<u>2,631</u>
	<u>\$ 544,067</u>	<u>\$ 502,983</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 4,831	\$ 4,599
Deferred revenue	<u>3,500</u>	<u>-</u>
	<u>8,331</u>	<u>4,599</u>
<b>NET ASSETS</b>		
Contingency fund (Note 6)	159,055	157,571
PCS lease fund (Note 7)	154,174	191,628
Unrestricted net assets (Note 8)	<u>222,507</u>	<u>149,185</u>
	<u>535,736</u>	<u>498,384</u>
	<u>\$ 544,067</u>	<u>\$ 502,983</u>

**APPROVED ON BEHALF OF THE BOARD:**

Tim Luigly, Director

Bell, Director

(see accompanying notes)

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

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2012**

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, 2012

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. INDIAN AND NORTHERN AFFAIRS CANADA

The 2011-12 funding has been approved at \$30,000, but the amount received was reduced by \$2,002 due to a reporting deficiency for the 2010-11 fiscal period.

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.

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. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2012</u>	<u>Net 2011</u>
Computer equipment	\$ 16,272	\$ 13,961	\$ 2,311	\$ 3,258
Office equipment	<u>6,480</u>	<u>2,960</u>	<u>3,520</u>	<u>3,534</u>
	<u>\$ 22,752</u>	<u>\$ 16,921</u>	<u>\$ 5,831</u>	<u>\$ 6,792</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2012**

**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. 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:

2013	\$	24,600
2014		24,600
2015		24,600
2016		8,200
2017		-