



Edward & Manning ^{LLP}
Chartered Accountants

ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

Financial Statements

March 31, 2020



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Independent Auditors' Report

To the members of the
ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

Opinion

We have audited the accompanying financial statements of Aboriginal Legal Services - Legal Clinic (the "Clinic"), which comprise the statement of financial position as at March 31, 2020, and the statements of general fund and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aboriginal Legal Services - Legal Clinic as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Clinic in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Clinic's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Clinic or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Clinic's financial reporting process.



Independent Auditors' Report

continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Clinic's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Clinic's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Clinic to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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Independent Auditors' Report

continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edward & Manning LLP Chartered Accountants

Licensed Public Accountants
Toronto, Ontario

September 16, 2020

ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

Statement of Financial Position

As At March 31, 2020

	Note	2020	2019
Assets			
Current Assets			
Cash		\$ 107,361	\$ 58,167
Amounts receivable		-	107,644
HST recoverable		31,927	35,032
Prepaid expenses		34,374	33,017
Total Current Assets		173,662	233,860
Capital assets	(5)	40,272	51,947
Total Assets		\$ 213,934	\$ 285,807
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 23,655	\$ 62,071
Due to Aboriginal Legal Services Inc.	(4)	69,330	74,651
Total Current Liabilities		92,985	136,722
Net Assets			
Project fund	(6)	58,064	34,546
Capital fund	(7)	40,272	51,947
Legal disbursements fund	(8)	1,161	(1,648)
General fund		21,452	64,240
Total Net Assets		120,949	149,085
Total Liabilities and Net Assets		\$ 213,934	\$ 285,807

The accompanying notes are an integral part of these financial statements.

ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

Statement of General Fund

For the Year Ended March 31, 2020

	Note	2020	2019
Revenue			
Legal Aid Ontario			
Direct receipts		\$ 824,446	\$ 853,103
Indirect receipts		37,105	11,266
Court costs awarded		16,650	-
Other income		12	100
Total revenue		878,213	864,469
Expenditures			
Salaries and wages		585,708	514,513
Accommodations		123,339	123,153
Employee benefits		98,357	81,982
Indirect payments	(9)	37,105	11,266
Travel		23,545	11,594
Supplies		21,284	39,206
Memberships and licenses		13,675	14,903
Equipment		8,458	8,684
Professional fees		5,572	9,341
Telephone and telecommunications		3,405	2,750
Library		553	1,309
Total operating expenses		921,001	818,701
Excess (deficiency) of revenue over expenditures		(42,788)	45,768
Fund balance, beginning		64,240	18,472
Fund balance, ending		\$ 21,452	\$ 64,240

The accompanying notes are an integral part of these financial statements.

ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

Statement of Cash Flows

For the Year Ended March 31, 2020

	2020	2019
Cash flows from operations:		
Excess (deficiency) of revenues over expenses (all funds)	\$ (28,136)	\$ 42,985
Amortization	11,675	12,620
Decrease in amounts receivable	107,644	2
Decrease decrease in HST recoverable	3,105	25,575
Increase in prepaid expenses	(1,357)	(496)
Decrease in accounts payable and accrued liabilities	(38,416)	(23,050)
Decrease in due to Aboriginal Legal Services Inc.	(5,321)	(82,388)
Total net cash flows from operations	49,194	(24,752)
Cash flows from investing activities:		
Purchase of capital assets	-	(3,853)
Cash used in investing activities	-	(3,853)
Net cash increase (decrease) during the year	49,194	(28,605)
Cash at beginning of year	58,167	86,772
Cash at end of year	\$ 107,361	\$ 58,167

The accompanying notes are an integral part of these financial statements.

ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

Notes to the Financial Statements

For the Year Ended March 31, 2020

(1) About Aboriginal Legal Services - Legal Clinic

Aboriginal Legal Services - Legal Clinic (the "Clinic") is incorporated without share capital under the laws of the Province of Ontario. The Clinic was formed to provide quality legal services to low income individuals of the Aboriginal community in the Greater Toronto Area and is primarily funded by Legal Aid Ontario. The statements pertain to funds received from Legal Aid Ontario and not to other activities unless otherwise noted. The Clinic qualifies as a not-for-profit organization under the Income Tax Act and is exempt from corporate income tax.

(2) Basis of preparation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(3) Significant Accounting Policies

(a) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as capital assets; otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are presented at cost less accumulated amortization and accumulated impairment losses.

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the capital assets to its fair value. Any impairment of capital assets is charged to operations in the period in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital assets subsequently increases.

Amortization is provided for using the declining balance method over the estimated useful lives as follows for the major classes of assets:

Computer equipment	3 years
Office equipment	5 years
Leasehold improvements	over the term of the lease

(b) Financial instruments and risk management

Financial assets and liabilities are carried at amortized cost, which approximates their fair value and are tested for impairment annually. It is management's opinion that the Clinic is not exposed to significant risk relating to financial instruments.

ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

Notes to the Financial Statements

For the Year Ended March 31, 2020

(3) Significant Accounting Policies continued

(c) Use of estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

(d) Fund accounting

The Clinic follows the restricted fund method of accounting for contributions whereby all contributions are recognized as revenue when received or receivable. All the funds described below, except as noted, are restricted as to use by various agreements between the Clinic and Legal Aid Ontario ("LAO") and title to the Clinic assets vests with the funder. The Clinic has established the following segregated funds:

- i) General Fund: These funds are used to provide a range of legal and paralegal services, including information, advice and representation, to low-income individuals and families.
- ii) Legal Disbursements Fund: These funds are used to provide for certain direct expenses incurred in representing the Clinic's clients in legal proceedings.
- iii) Capital Fund: This fund holds the capital assets of the Clinic that have been funded by Legal Aid Ontario.
- iv) Project Fund: These funds are received from non-LAO sources and are used to fund expenditures under separate project agreements.

(4) Due to Aboriginal Legal Services Inc.

Aboriginal Legal Services Inc. is an Organization under common directorship. The balance due to Aboriginal Legal Services Inc. is non-interest bearing and is due on demand.

The Clinic shares a number of administrative costs with Aboriginal Legal Services Inc. the most significant of which is the occupancy costs of 211 Yonge Street which was \$123,339 in 2020 (2019 - \$120,153). This cost sharing arrangement is recorded at an exchange value which approximates fair value.

ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

Notes to the Financial Statements

For the Year Ended March 31, 2020

(5) Capital assets

Capital assets consist of the following:

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Computer equipment	\$ 35,920	\$ (32,067)	\$ 3,853	\$ 4,620
Office equipment	36,773	(36,773)	-	4,290
Leasehold improvements	66,216	(29,797)	36,419	43,037
Total	\$ 138,909	\$ (98,637)	\$ 40,272	\$ 51,947

Total amortization of capital assets for the year was \$11,675 (2019 - \$12,620).

(6) Project fund

The Project Fund activity during the year is as follows:

	2020	2019
Project fund, beginning of year	\$ 34,546	\$ 28,359
Revenues, Ministry of the Attorney General	209,962	209,962
Program expenses	(186,444)	(203,775)
Project fund, end of year	\$ 58,064	\$ 34,546

(7) Capital fund

The Capital Fund activity during the year is as follows:

	2020	2019
Capital fund, opening balance	\$ 51,947	\$ 60,714
Indirect revenues, Legal Aid Ontario	-	3,853
Amortization	(11,675)	(12,620)
Capital fund, closing balance	\$ 40,272	\$ 51,947

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Notes to the Financial Statements

For the Year Ended March 31, 2020

(8) Legal Disbursements Fund

The Legal Disbursements Fund activity during the year is as follows:

	2020	2019
Legal disbursements fund, opening balance	\$ (1,648)	\$ (1,445)
Revenues, Legal Aid Ontario	4,490	4,720
Legal disbursements	(1,681)	(4,923)
Legal disbursements fund, closing balance	\$ 1,161	\$ (1,648)

(9) Indirect Payments - General Fund

Legal Aid Ontario administers and makes payments on behalf of the Clinic for the following expenditures:

	2020	2019
Supplies and services	\$ 32,682	\$ 9,013
Library expenses	3,796	2,204
Pension and group insurance	627	49
Total	\$ 37,105	\$ 11,266

(10) Commitments

The Clinic's total obligations, under the operating lease for occupied premise at 211 Yonge Street, Toronto, Ontario, exclusive of sales taxes and other occupancy charges, are as follows:

2021	\$ 45,813
2022	49,478
2023	49,478
2024	49,478
2025	49,478
2026	28,864
Total	\$ 272,589

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Notes to the Financial Statements

For the Year Ended March 31, 2020

(11) Financial instruments and risk

The Clinic does not face significant credit, currency, interest rate, liquidity or market risk exposure. The fair values of items that meet the definition of financial instruments approximate their carrying values. These items include cash, prepaid expenses, accounts payable and accrued liabilities and due to Aboriginal Legal Services Inc.

Exposure to credit risk

The Clinic is exposed to normal credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations.

The maximum exposure to credit risk, as represented by the carrying amount of the financial assets, was:

	2020	2019
Cash	\$ 107,361	\$ 58,167
Amounts receivable	-	107,644
HST recoverable	31,927	35,032
Total	\$ 139,288	\$ 200,843