



Edward & Manning ^{LLP}
Chartered Accountants

ABORIGINAL LEGAL SERVICES INC.

Financial Statements

March 31, 2020



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Independent Auditors' Report

To the members of the
ABORIGINAL LEGAL SERVICES INC.

Qualified Opinion

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

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Aboriginal Legal Services Inc. as at March 31, 2020, and the results of operations and net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2020, any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

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 Organization 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.



Independent Auditors' Report

continued

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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.



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Independent Auditors' Report
continued

- 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 Organization'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 Organization'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 Organization 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.

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 INC.

Statement of Financial Position

As At March 31, 2020

	Note	2020	2019
Assets			
Current Assets			
Cash		\$ 312,426	\$ 426,542
Short term investments		5,408	5,408
Amounts receivable		100,570	104,453
Due from Aboriginal Legal Services - Legal Clinic	(4)	69,330	74,651
HST recoverable		155,971	161,856
Prepaid expenses		72,395	47,694
Total Current Assets		716,100	820,604
Capital assets	(5)	51,331	62,766
Total Assets		\$ 767,431	\$ 883,370
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 180,280	\$ 383,051
Deferred revenue	(6)	336,313	282,559
Total Current Liabilities		516,593	665,610
Net Assets			
Unrestricted		250,838	217,760
Total Liabilities and Net Assets		\$ 767,431	\$ 883,370

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

ABORIGINAL LEGAL SERVICES INC.

Statement of Operations and Net Assets

For the Year Ended March 31, 2020

	2020	2019
Revenue		
Ministry of Attorney General	\$ 2,306,140	\$ 2,439,212
Legal Aid Ontario	1,227,899	1,263,297
Department of Justice	338,943	229,089
Ministry of Children and Youth Services	284,360	458,647
Mizwie Biik, Aboriginal Employment	237,282	158,606
Law Foundation of Ontario	153,437	66,186
Ministry of Health and Long-Term Care	150,947	-
Donations, fundraising and other income	125,006	196,500
Ontario Arts Council	-	63,000
Total revenue	4,824,014	4,874,537
Expenditures		
Salaries and wages	3,882,739	3,625,156
Training and program costs	265,063	423,490
Accommodation	212,876	219,365
Telephone and telecommunications	158,182	130,066
Travel	147,619	187,878
Supplies	41,104	54,942
Professional fees	35,082	42,280
Office and general	28,239	28,401
Amortization	11,435	13,125
Insurance	5,147	8,095
Fundraising	3,450	17,632
Total operating expenses	4,790,936	4,750,430
Excess of revenue over expenditures	33,078	124,107
Net assets, beginning	217,760	93,653
Net assets, ending	\$ 250,838	\$ 217,760

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

ABORIGINAL LEGAL SERVICES INC.

Statement of Cash Flows

For the Year Ended March 31, 2020

	2020	2019
Cash flows from operations:		
Excess of revenues over expenses	\$ 33,078	\$ 124,107
Amortization	11,435	13,125
Decrease in amounts receivable	3,883	22,670
Decrease in HST recoverable	5,885	66,151
Decrease (increase) in prepaid expenses	(24,699)	26,632
Decrease in accounts payable and accrued liabilities	(202,771)	(21,092)
Decrease in due from Aboriginal Legal Services - Legal Clinic	5,321	82,388
Increase (decrease) in deferred revenue	53,752	(54,640)
Total net cash flows from operations	(114,116)	259,341
Cash flows from investing activities:		
Purchase of capital assets	-	(3,976)
Cash used in investing activities	-	(3,976)
Cash flows from financing activities:		
Net cash (decrease) increase during the year	(114,116)	255,365
Cash at beginning of year	426,542	171,177
Cash at end of year	\$ 312,426	\$ 426,542

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

ABORIGINAL LEGAL SERVICES INC.

Notes to the Financial Statements

For the Year Ended March 31, 2020

(1) About Aboriginal Legal Services Inc.

Aboriginal Legal Services Inc. (the "Organization") is incorporated without share capital under the laws of the Province of Ontario. The Organization was formed to provide court worker services assisting Aboriginal people to deal with the criminal, family and young offender courts in Toronto. It also provides Alternative Justice Programs as an alternative to the court system.

During the year the Organization operated as a federally registered charity, a registered charity is exempt from income taxes and is able to issue donation receipts for income tax purposes.

(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) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under 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 to be received can be reasonably estimated and collection is reasonably assured.

ABORIGINAL LEGAL SERVICES INC.

Notes to the Financial Statements

For the Year Ended March 31, 2020

(3) Significant Accounting Policies continued

(c) 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 Organization is not exposed to significant risks relating to financial instruments.

(d) 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.

(4) Due from Aboriginal Legal Services - Legal Clinic

Aboriginal Legal Services - Legal Clinic (the "Clinic") is an Organization under common directorship. The balance due from the Clinic is non-interest bearing and is due on demand.

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

(5) Capital assets

Capital assets consist of the following:

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Computer equipment	\$ 117,312	\$ (111,750)	\$ 5,562	\$ 7,946
Office equipment	73,820	(63,128)	10,692	13,365
Leasehold improvements	63,776	(28,699)	35,077	41,455
Total	\$ 254,908	\$ (203,577)	\$ 51,331	\$ 62,766

Total amortization of capital assets for the year was \$11,435 (2019 - \$13,125).

ABORIGINAL LEGAL SERVICES INC.

Notes to the Financial Statements

For the Year Ended March 31, 2020

(6) Deferred revenue

Details of deferred revenue is as follows:

	2020	2019
Legal Aid Ontario - Giiwedín Anang Project	\$ 93,710	\$ 103,710
Law Foundation of Ontario - Catalyst	91,903	95,340
Ministry of the Attorney General, Dept. of Justice & Legal Aid Ont. - Gladue Court	50,309	33,564
Ministry of the Attorney General - FASD Worker Program	49,511	42,872
Toronto Aboriginal Support Services Council -	21,000	-
Ministry of the Attorney General - Welcome Home Restorative Justice Program	6,986	7,073
Ministry of Health and Long-Term Care - Dreams of Growing Children	5,984	-
St. Stephen's Community House	5,371	-
Ministry of Children and Youth Services - Family Community Council	3,640	-
Ministry of Health and Long-Term Care - Training	3,234	-
Ministry of Health and Long-Term Care - Mental Health and Addictions Worker	2,554	-
Ministry of the Attorney General - Aboriginal Courtwork Program Project	2,111	-
	\$ 336,313	\$ 282,559

(7) Commitments

The Organization'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

ABORIGINAL LEGAL SERVICES INC.

Notes to the Financial Statements

For the Year Ended March 31, 2020

(8) Financial instruments and risk

The Organization 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, short term investments, amounts receivable, due from Aboriginal Legal Services - Legal Clinic, HST recoverable, prepaid expenses, and accounts payable and accrued liabilities.

Exposure to credit risk

The Organization 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	\$ 312,426	\$ 426,542
Short term investments	5,408	5,408
Amounts receivable	100,570	104,453
Due from Aboriginal Legal Services - Legal Clinic	69,330	74,651
HST recoverable	155,971	161,856
Total	\$ 643,705	\$ 772,910

(9) Prior period reclassifications

Certain prior period balances have been reclassified to conform to current year presentation.