



Edward & Manning <sup>LLP</sup>  
Chartered Professional Accountants

# **ABORIGINAL LEGAL SERVICES - LEGAL CLINIC**

## **Financial Statements**

**March 31, 2021**



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Chartered Professional Accountants

# ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

March 31, 2021

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## **Independent Auditors' Report**

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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, 2021, 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, 2021, 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 Professional Accountants  
Licensed Public Accountants  
Toronto, Ontario

October 27, 2021

# ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

## Statement of Financial Position

As At March 31, 2021

	Note	2021	2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash		\$ 228,387	\$ 107,361
HST recoverable		29,186	31,927
Prepaid expenses		30,560	34,374
<b>Total Current Assets</b>		<b>288,133</b>	<b>173,662</b>
Capital assets	(4)	32,366	40,272
<b>Total Assets</b>		<b>\$ 320,499</b>	<b>\$ 213,934</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 63,316	\$ 23,655
Due to Aboriginal Legal Services Inc.	(5)	94,347	69,330
<b>Total Current Liabilities</b>		<b>157,663</b>	<b>92,985</b>
<b>Net Assets</b>			
Project fund	(6)	96,556	58,064
Capital fund	(7)	32,366	40,272
Legal disbursements fund	(8)	(310)	1,161
General fund		34,224	21,452
<b>Total Net Assets</b>		<b>162,836</b>	<b>120,949</b>
<b>Total Liabilities and Net Assets</b>		<b>\$ 320,499</b>	<b>\$ 213,934</b>

Approved on behalf of the Board:

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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, 2021

	Note	2021	2020
<b>Revenue</b>			
Legal Aid Ontario			
Direct receipts		\$ 919,938	\$ 824,446
Indirect receipts		36,149	37,105
Court costs awarded		-	16,650
Other income		1,130	12
<b>Total revenue</b>		<b>957,217</b>	<b>878,213</b>
<b>Expenditures</b>			
Salaries and wages		621,835	585,708
Accommodations		127,204	123,339
Employee benefits		100,349	98,357
Indirect payments	(9)	36,149	37,105
Supplies		21,335	21,284
Memberships and licenses		16,637	13,675
Telephone and telecommunications		9,242	3,405
Professional fees		7,532	5,572
Travel		2,179	23,545
Equipment		1,677	8,458
Library		306	553
<b>Total operating expenses</b>		<b>944,445</b>	<b>921,001</b>
<b>Excess (deficiency) of revenue over expenditures</b>		<b>12,772</b>	<b>(42,788)</b>
Fund balance, beginning		21,452	64,240
<b>Fund balance, ending</b>		<b>\$ 34,224</b>	<b>\$ 21,452</b>

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, 2021

	2021	2020
<b>Cash flows from operations:</b>		
Excess (deficiency) of revenues over expenses (all funds)	\$ 41,887	\$ (28,136)
Amortization	7,906	11,675
Decrease in amounts receivable	-	107,644
Decrease in HST recoverable	2,741	3,105
Decrease (increase) in prepaid expenses	3,814	(1,357)
Increase (decrease) in accounts payable and accrued liabilities	39,662	(38,416)
Increase (decrease) in due to Aboriginal Legal Services Inc.	25,016	(5,321)
<b>Total net cash flows from operations</b>	<b>121,026</b>	<b>49,194</b>
<b>Net cash increase during the year</b>	<b>121,026</b>	<b>49,194</b>
<b>Cash at beginning of year</b>	<b>107,361</b>	<b>58,167</b>
<b>Cash at end of year</b>	<b>\$ 228,387</b>	<b>\$ 107,361</b>

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, 2021

### (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, 2021

### (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) Capital assets

Capital assets consist of the following:

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Computer equipment	\$ 35,920	\$ (33,351)	\$ 2,569	\$ 3,853
Leasehold improvements	66,216	(36,419)	29,797	36,419
<b>Total</b>	<b>\$ 102,136</b>	<b>\$ (69,770)</b>	<b>\$ 32,366</b>	<b>\$ 40,272</b>

Total amortization of capital assets for the year was \$7,906 (2020 - \$11,675).

# ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

## Notes to the Financial Statements

For the Year Ended March 31, 2021

### (5) Due to Aboriginal Legal Services Inc.

Aboriginal Legal Services Inc. is a related 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 \$127,204 in 2021 (2020 - \$123,339). This cost sharing arrangement is recorded at an exchange value which approximates fair value.

### (6) Project fund

The Project Fund activity during the year is as follows:

	2021	2020
Project fund, opening balance	\$ 58,064	\$ 34,546
Revenues, Ministry of the Attorney General	209,963	209,962
Program expenses	(171,471)	(186,444)
<b>Project fund, closing balance</b>	<b>\$ 96,556</b>	<b>\$ 58,064</b>

### (7) Capital fund

The Capital Fund activity during the year is as follows:

	2021	2020
Capital fund, opening balance	\$ 40,272	\$ 51,947
Amortization	(7,906)	(11,675)
<b>Capital fund, closing balance</b>	<b>\$ 32,366</b>	<b>\$ 40,272</b>

### (8) Legal Disbursements Fund

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

	2021	2020
Legal disbursements fund, opening balance	\$ 1,161	\$ (1,648)
Revenues, Legal Aid Ontario	1,067	4,490
Legal disbursements	(2,538)	(1,681)
<b>Legal disbursements fund, closing balance</b>	<b>\$ (310)</b>	<b>\$ 1,161</b>

# ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

## Notes to the Financial Statements

For the Year Ended March 31, 2021

### (9) Indirect Payments - General Fund

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

	2021	2020
Supplies and services	\$ 28,667	\$ 32,682
Library expenses	7,065	3,796
Pension and group insurance	417	627
<b>Total</b>	<b>\$ 36,149</b>	<b>\$ 37,105</b>

### (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:

2022	\$ 49,478
2023	49,478
2024	49,478
2025	49,478
2026	28,864
<b>Total</b>	<b>\$ 226,776</b>

# ABORIGINAL LEGAL SERVICES - LEGAL CLINIC

## Notes to the Financial Statements

For the Year Ended March 31, 2021

### (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:

	2021	2020
Cash	\$ 228,387	\$ 107,361
HST recoverable	29,186	31,927
<b>Total</b>	<b>\$ 257,573</b>	<b>\$ 139,288</b>