

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

Financial Statements

March 31, 2020



HOUNJET TASTAD HARPHAM

— Chartered Professional Accountants —

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

MARCH 31, 2020

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of operations	3
Statement of changes in net assets	4
Statement of cash flows	5
Statement of financial position	6
Notes to the financial statements	7



HOUNJET TASTAD HARPHAM

Chartered Professional Accountants

207 - 2121 Airport Drive
Saskatoon, SK S7L 6W5
306.653.5100 Fax-306.653.5141
www.hth-accountants.ca

INDEPENDENT AUDITORS' REPORT

To the members of:

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

Opinion

We have audited the financial statements of Community Legal Assistance Services for Saskatoon Inner City Inc. o/a CLASSIC, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization 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 organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 13 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

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 judgement 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 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.

June 22, 2020
Saskatoon, Saskatchewan



CHARTERED PROFESSIONAL ACCOUNTANTS



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

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u> (Restated)
REVENUE		
Donations (Note 7)	\$ 101,081	\$ 123,531
Fees for service	-	1,250
Fundraising	32,827	8,369
Grants (Note 8)	813,100	746,916
Interest	4,353	3,749
Sir David Watson award	8,002	-
Sponsorships (Note 9)	<u>27,100</u>	<u>20,860</u>
	<u>986,463</u>	<u>904,675</u>
EXPENDITURES		
Advertising and promotion	3,834	3,067
Amortization	21,133	12,723
Consultants and strategic planning	41,488	20,950
Disbursements	232	548
Fees and dues	6,724	11,674
Fundraising	27,072	8,322
Honorariums	2,950	3,012
Information technology support	28,658	25,602
Insurance	2,212	2,071
Interest and bank charges	354	233
Loss on disposal of capital assets	4,995	1,083
Meetings	5,756	2,659
Office rent	74,064	65,393
Office supplies	26,310	15,777
Professional fees	11,772	15,206
Project ID expenses	4,060	13,226
Repairs and maintenance	27,388	21,019
Salaries and benefits	609,174	518,788
Telephone	10,749	8,979
Training and seminars	3,639	7,707
Utilities	<u>11,666</u>	<u>10,449</u>
	<u>924,230</u>	<u>768,488</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u><u>62,233</u></u>	<u><u>136,187</u></u>

(see accompanying notes)



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

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u> (Restated)
INTERNALLY RESTRICTED NET ASSETS		
Balance, beginning of year	\$ 432,140	\$ 323,342
Transfer from unrestricted net assets (Note 2)	<u>4,353</u>	<u>108,798</u>
	<u>\$ 436,493</u>	<u>\$ 432,140</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 315,342	\$ 292,294
Prior period adjustment (Note 13)	<u>(39,338)</u>	<u>(43,679)</u>
Balance, beginning of year, restated	276,004	248,615
Transfer to internally restricted net assets	(4,353)	(108,798)
Excess of revenue over expenditures	<u>62,233</u>	<u>136,187</u>
	<u>\$ 333,884</u>	<u>\$ 276,004</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, 2020

	<u>2020</u>	<u>2019</u> (Restated)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 62,233	\$ 136,187
Items not involving cash:		
Amortization	21,133	12,723
Loss on disposal of capital assets	<u>4,995</u>	<u>1,083</u>
	88,361	149,993
Net change in working capital:		
Grants receivable	55,000	(50,000)
GST receivable	(2,009)	(681)
Prepaid expenses	(8,568)	(395)
Accounts payable and accrued liabilities	987	1,470
Vacation pay payable	6,559	(4,341)
Deferred revenue	<u>76,035</u>	<u>(18,985)</u>
	<u>216,365</u>	<u>77,061</u>
INVESTING ACTIVITIES		
Decrease (increase) in short term investments	-	204,844
Additions to capital assets	<u>(52,369)</u>	<u>(28,223)</u>
	<u>(52,369)</u>	<u>176,621</u>
INCREASE IN CASH	163,996	253,682
CASH, beginning of year	<u>702,666</u>	<u>448,984</u>
CASH, end of year	\$ <u><u>866,662</u></u>	\$ <u><u>702,666</u></u>
<hr/>		
CASH IS REPRESENTED BY:		
Cash - unrestricted	\$ 430,169	\$ 270,526
Cash - restricted	<u>436,493</u>	<u>432,140</u>
	\$ <u><u>866,662</u></u>	\$ <u><u>702,666</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, 2020

	<u>2020</u>	<u>2019</u> (Restated)
ASSETS		
CURRENT		
Cash - unrestricted	\$ 430,169	\$ 270,526
Cash - restricted	436,493	432,140
Grants receivable (Note 3)	5,000	60,000
GST receivable	6,910	4,902
Prepaid expenses	<u>14,251</u>	<u>5,682</u>
	892,823	773,250
TANGIBLE CAPITAL ASSETS (Note 4)	58,090	31,849
DEPOSITS	<u>2,631</u>	<u>2,631</u>
	<u>\$ 953,544</u>	<u>\$ 807,730</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,687	\$ 10,700
Vacation pay payable	45,897	39,338
Deferred revenue (Note 5)	<u>125,583</u>	<u>49,548</u>
	<u>183,167</u>	<u>99,586</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	333,884	276,004
INTERNALLY RESTRICTED NET ASSETS (Note 6)	<u>436,493</u>	<u>432,140</u>
	<u>770,377</u>	<u>708,144</u>
	<u>\$ 953,544</u>	<u>\$ 807,730</u>

APPROVED ON BEHALF OF THE BOARD:

Nick M. G. [Signature], Director
Janet [Signature], Director

(see accompanying notes)



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A
CLASSIC****NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2020**

The organization was incorporated under the laws of the Non-profit Corporations Act of the Province of Saskatchewan on March 31, 2006. It became a registered charity under the provision of the Canada Revenue Agency effective February 2, 2007. The main purpose of the organization 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 accounting standards 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

Financial assets and liabilities are recognized when the organization becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have been transferred and the organization has transferred substantially all the risks and rewards of ownership.

The organization initially measures all its financial assets and financial liabilities at fair value and subsequently at amortized cost except for marketable securities, which are recorded at fair value. Changes in fair value are recognized in the statement of operations. Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

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 materials

The organization recognizes donated goods as revenue at their fair value when the goods are donated, the organization would have otherwise purchased the goods, and the goods are expected to be used in the normal course of operations and management believes the fair value can be reasonably determined.

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 accounting standards 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 revenue 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.

Recognition of revenue

The organization follows the deferral method of accounting for contributions, which include donations and grants. Grants are recognized as revenue when the related expenses are incurred. Donations are recorded when received. Revenue from fundraising activities are recorded when the event occurs or when they are considered receivable. All other revenue is recognized when earned.



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible capital assets and amortization

Tangible 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
Equipment	20%	Declining balance
Leasehold improvements	5 years	Straight line
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. TRANSFER OF FUNDS

The transfers between funds represents the interest earned on the accounts and other amounts approved by the board.

3. GRANTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Saskatchewan Justice	\$ <u>5,000</u>	\$ <u>60,000</u>

4. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2020</u>	<u>Net 2019</u>
Computer equipment	\$ 76,762	\$ 29,730	\$ 47,032	\$ 22,025
Equipment	591	452	139	174
Leasehold improvements	3,178	953	2,225	2,860
Office equipment	<u>16,402</u>	<u>7,708</u>	<u>8,694</u>	<u>6,790</u>
	<u>\$ 96,933</u>	<u>\$ 38,843</u>	<u>\$ 58,090</u>	<u>\$ 31,849</u>



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

5. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Affinity Credit Union	\$ -	\$ 7,500
City of Saskatoon	3,500	-
Community Initiative Fund (Legal Advice Clinic)	-	13,750
Community Initiative Fund (Walk-In Advocacy Clinic)	13,750	13,750
Government of Canada	-	3,010
Law Foundation of Ontario	-	2,500
Merlis Belsher Fund	1,250	1,528
University of Saskatchewan - College of Law	<u>107,083</u>	<u>7,510</u>
	<u>\$ 125,583</u>	<u>\$ 49,548</u>

6. INTERNALLY RESTRICTED NET ASSETS

The purpose of the contingency 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.

The purpose of the Nutrien lease fund is to enable the organization to meet its lease commitments. It was established by a one time donation from Nutrien and designated donations. Since that time, CLASSIC has added to this fund from unrestricted net assets obtained through fundraising efforts when possible.

	<u>2020</u>	<u>2019</u>
Contingency fund	\$ 279,842	\$ 277,050
Nutrien lease fund	<u>156,651</u>	<u>155,090</u>
	<u>\$ 436,493</u>	<u>\$ 432,140</u>

7. DONATIONS

	<u>2020</u>	<u>2019</u>
Anonymous donor	\$ 58,000	\$ 58,000
Canada Helps	13,814	33,577
Gifts in kind	660	-
Receipted donations	26,480	17,710
Unreceipted donations	<u>2,127</u>	<u>14,244</u>
	<u>\$ 101,081</u>	<u>\$ 123,531</u>



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

8. GRANTS

	<u>2020</u>	<u>2019</u>
B'Nai Brith Lodge 739	\$ 5,000	\$ 5,000
City of Saskatoon	17,500	16,500
Government of Canada	3,010	-
Community Initiatives Fund (Legal Advice Clinic)	18,750	25,000
Community Initiatives Fund (Walk-In Advocacy Clinic)	25,000	25,000
Law Foundation of Ontario	12,500	50,000
Law Foundation of Saskatchewan	477,400	350,000
Law Society of Saskatchewan	30,000	20,000
Merlis Belsher Fund	15,278	18,059
New Community Credit Union	-	2,700
Nutrien	-	3,000
Saskatchewan Justice	100,000	100,000
United Way	23,235	39,464
University of Saskatchewan - College of Law	85,427	92,193
	<u>\$ 813,100</u>	<u>\$ 746,916</u>

9. SPONSORSHIPS

	<u>2020</u>	<u>2019</u>
Affinity Credit Union (Project ID)	\$ 7,500	\$ 7,500
Sponsorship for fundraisers	19,600	13,360
	<u>\$ 27,100</u>	<u>\$ 20,860</u>

10. ECONOMIC DEPENDENCE

The organization is dependant on grant funding to provide its programs and to cover administrative expenses. The majority of the funding comes from single-year contracts. This lack of certainty in funding makes it difficult to plan for the future. In the current fiscal year, the Law Foundation of Saskatchewan has provided funding of \$450,000. This constitutes 42% of the organization's total revenue. This funding is approved annually.

11. REAL ESTATE CONTRACTUAL OBLIGATIONS

The organization leases its premises in Saskatoon. This lease expires on April 30, 2021. The base rent payments due in the next two years are as follows:

2021	\$ 65,867
2022	5,488



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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

12. FINANCIAL RISK MANAGEMENT

Management has established policies and procedures to manage risk relating to financial instruments, with the objective of minimizing any adverse effects on financial performance. The organization measures and monitors risk throughout the year. A brief description of management's assessment of these risks is as follows:

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the organization. It is management's opinion that the organization is not significantly exposed to credit risk.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to settle or meet its obligations as they come due. In actively addressing liquidity risk, the organization applies appropriate measures to ensure it will have sufficient working capital available to meet its obligations.

Changes in risk

There are no significant changes to financial risk from the prior year.

13. PRIOR PERIOD ADJUSTMENT

The prior period has been adjusted to record the vacation pay payable. The effect of this adjustment is a decrease in salaries and benefits and vacation pay payable as well as an increase in net assets in the amount of \$4,341. The 2018 and prior years have also been adjusted resulting in an increase in vacation pay payable and a decrease in net assets in the amount of \$43,679.

14. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 virus. The organization is following health advisories and mandatory requirements from local, provincial and national health and government organizations. The financial impact on the organization is unknown.

