

DURHAM COMMUNITY LEGAL CLINIC
FINANCIAL STATEMENTS
MARCH 31, 2012

Hilborn Ellis Grant LLP
Chartered Accountants
Toronto, Ontario





Hilborn Ellis Grant LLP
Chartered Accountants

Independent Auditor's Report

To the Board of Directors of
Durham Community Legal Clinic

We have audited the accompanying financial statements of **Durham Community Legal Clinic**, which comprise the statement of financial position as at March 31, 2012, and the statement of operations and funds balance and statement of 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, 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, the financial statements present fairly, in all material respects, the financial position of **Durham Community Legal Clinic** as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hilborn Ellis Grant LLP

Toronto, Ontario
August 14, 2012

Chartered Accountants
Licensed Public Accountants



DURHAM COMMUNITY LEGAL CLINIC

Statement of Financial Position

March 31, 2012

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Duty Counsel Fund \$	Non-LAO Donations Fund \$	2012 Total \$	2011 Total \$
Assets							
Current Assets							
Cash and short-term investments	32,669	48,408	-	-	42,358	123,435	149,518
Accounts receivable	1,144	-	-	-	-	1,144	1,052
HST receivable	2,839	-	-	-	-	2,839	2,255
Prepaid expenses	9,540	-	-	-	-	9,540	9,229
	46,192	48,408	-	-	42,358	136,958	162,054
Capital assets (note 3)	-	-	19,349	-	-	19,349	21,363
Total assets	46,192	48,408	19,349	-	42,358	156,307	183,417
Liabilities							
Current Liabilities							
Accounts payable	15,608	-	-	-	-	15,608	11,795
Deferred revenue	3,760	-	-	-	-	3,760	3,760
Inter-fund payable (receivable)	39,223	(28)	-	(36,875)	(2,320)	-	-
	58,591	(28)	-	(36,875)	(2,320)	19,368	15,555
Funds Balance (Deficit)	(12,399)	48,436	19,349	36,875	44,678	136,939	167,862
Total liabilities and funds balance	46,192	48,408	19,349	-	42,358	156,307	183,417

Approved on behalf of the Board:

Director
Durham Community Legal Clinic



DURHAM COMMUNITY LEGAL CLINIC

Statement of Operations and Funds Balance

Year ended March 31, 2012

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Duty Counsel Fund \$	Non-LAO Donations Fund \$	2012 Total \$	2011 Total \$
Revenues							
Legal Aid Ontario							
-direct receipts	555,041	-	-	-	-	555,041	567,963
-indirect receipts (note 4)	68,943	-	-	-	-	68,943	66,519
Tenant Duty Counsel Program	-	-	-	73,435	-	73,435	66,104
Human Resources Development Canada	3,115	-	-	-	-	3,115	-
Donations	-	-	-	-	6,441	6,441	5,307
Recovered from clients	-	13,004	-	-	-	13,004	8,272
Other income	12	3	-	-	415	430	164
	627,111	13,007	-	73,435	6,856	720,409	714,329
Expenses							
Salaries	477,507	-	-	-	-	477,507	444,048
Benefits	69,815	-	-	-	-	69,815	59,571
Professional dues	6,902	-	-	-	-	6,902	6,283
Travel	2,759	-	-	-	-	2,759	1,570
Communications	16,442	-	-	-	-	16,442	13,410
Equipment	2,484	-	-	-	-	2,484	4,577
Library	1,183	-	-	-	-	1,183	2,749
Supplies and services	16,270	-	-	-	-	16,270	15,967
Audit fees	3,326	-	-	-	-	3,326	3,670
Indirect payments (note 4)	68,943	-	-	-	-	68,943	66,519
Legal disbursements	-	22,453	-	-	-	22,453	18,439
Project expense	-	-	-	60,905	329	61,234	51,859
Amortization	-	-	2,014	-	-	2,014	3,214
	665,631	22,453	2,014	60,905	329	751,332	691,876
Excess of revenues over expenses (expenses over revenues)	(38,520)	(9,446)	(2,014)	12,530	6,527	(30,923)	22,453
Funds balance, beginning of year	26,121	57,882	21,363	24,345	38,151	167,862	145,409
Funds balance (deficit), end of year	(12,399)	48,436	19,349	36,875	44,678	136,939	167,862



DURHAM COMMUNITY LEGAL CLINIC

Statement of Cash Flows

Year ended March 31, 2012

	2012	2011
	Total	Total
	\$	\$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	(30,923)	22,453
Item not affecting cash		
Amortization	2,014	3,214
	(28,909)	25,667
Changes in non-cash working capital		
Increase in accounts receivable	(92)	(53)
Increase in HST receivable	(584)	(1,246)
Increase in prepaid expenses	(311)	(881)
Increase in accounts payable	3,813	3,659
Increase in deferred revenue	-	401
Net increase (decrease) in cash and short-term investments	(26,083)	27,547
Cash and short-term investments, beginning of year	149,518	121,971
Cash and short-term investments, end of year	123,435	149,518



DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements

March 31, 2012

1. Nature of Organization and Basis of Presentation

Durham Community Legal Clinic is incorporated without share capital under the laws of the Province of Ontario. The clinic was formed to provide equal access to quality legal services to citizens of the Regional Municipality of Durham.

The clinic qualifies as a charitable organization under the Income Tax Act and is exempt from corporate income tax.

These financial statements are prepared using the accrual method with capital assets being recorded as assets and amortized over their useful lives.

2. Significant Accounting Policies and General

a) Fund accounting

These financial statements are prepared following the restricted fund method of accounting for contributions. 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.

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 clinic 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) Duty Counsel Fund

These funds, received from the Advocacy Centre for Tenants Ontario, are used to pay caseworker services in providing advice to tenants appearing at the Landlord and Tenant Board.

v) Non-LAO Donations Fund

These funds are received from Non-LAO sources and are used to fund expenditures as approved by the executive director.



DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2012

2. Significant Accounting Policies and General (continued)

b) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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.

c) Financial instruments

The financial assets and financial liabilities of the clinic are classified and measured as follows:

Financial Asset/Liability	Category	Measurement
Cash and short-term investments	Available for sale	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.

The fair value of a financial instrument is the estimated amount that the clinic would receive or pay to settle a financial asset or financial liability as at the reporting date.

The carrying amounts of cash and short-term investments, accounts receivable and accounts payable, approximate fair value due to the short-term nature of these financial instruments.

d) Capital assets

Capital assets are recorded at cost. The capital assets are being amortized on a straight-line basis as follows:

Leasehold improvements	-over the term of the lease
Computer equipment	-3 years
Office equipment	-5 years
Telephone equipment	-8 years



DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2012

3. Capital Assets

	Cost	Accumulated Amortization	2012 Net	2011 Net
	\$	\$	\$	\$
Leasehold improvements	118,233	101,337	16,896	17,386
Computer equipment	65,880	65,880	-	44
Office equipment	50,185	49,872	313	678
Telephone equipment	13,653	11,513	2,140	3,255
	<u>247,951</u>	<u>228,602</u>	<u>19,349</u>	<u>21,363</u>

4. Indirect Payments

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

General Fund

Pension and group insurance	\$	193
Supplies and services		3,146
Accommodation and equipment		65,226
Travel and communications		291
Library		87
	<u>\$</u>	<u>68,943</u>

5. Capital Disclosures

The clinic's objectives in managing its capital, which it defines as its net assets, are to maintain a sufficient level to provide for normal operating requirements on an ongoing basis and to continue its mandates as disclosed in note 2 a). The clinic monitors its capital in order to ensure it has sufficient revenue before committing to expenditures.

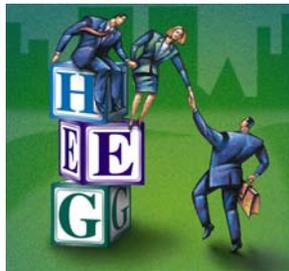
7. Future Accounting Change

In December 2010 the Accounting Standards Board ("AcSB") issued Part III of the CICA Handbook - Accounting to provide Canadian private sector not-for-profit organizations with a new financial reporting framework for fiscal years beginning on or after January 1, 2012.

Until Part III of the Handbook is adopted, the clinic will continue to follow the pre-changeover accounting standards in Part V of the Handbook.

Management is currently evaluating the implications of Part III of the Handbook and is developing a plan to meet the timetable published by the AcSB for adoption.





We give your business a hand to succeed.

Hilborn Ellis Grant LLP
Chartered Accountants
Since 1930

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