

DURHAM COMMUNITY LEGAL CLINIC

FINANCIAL STATEMENTS

March 31, 2021

Independent Auditor's Report

To the Board of Directors of Durham Community Legal Clinic

Opinion

We have audited the financial statements of Durham Community Legal Clinic (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and funds balance 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, 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 Auditor's 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.

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 ability of the Organization 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 financial reporting process of the Organization.

Auditor's 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 auditor's 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 the financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 internal control of the Organization.
- 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 ability of the Organization to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
November 24, 2021

Chartered Professional Accountants
Licensed Public Accountants

DURHAM COMMUNITY LEGAL CLINIC

Statement of Financial Position

March 31, 2021

	General Fund	Legal Disbursements Fund	Capital Fund	Duty Counsel Fund	Non-LAO Donations Fund	Access to Justice Hub Fund	Sexual Harassment in the Workplace Fund	Emergency Community Support Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS									
Current Assets									
Cash and cash equivalents	240,501	26,748	-	-	76,609	-	-	-	343,858
HST recoverable	41,458	-	-	-	-	-	-	-	41,458
Prepaid expenses	23,715	-	-	-	-	-	-	-	23,715
	305,674	26,748	-	-	76,609	-	-	-	409,031
Capital assets (note 3)	-	-	319,797	-	-	-	-	-	319,797
Total assets	305,674	26,748	319,797	-	76,609	-	-	-	728,828
LIABILITIES									
Current Liabilities									
Accounts payable	191,288	264	-	-	-	-	-	-	191,552
Inter-fund payable (receivable)	106,904	(2,246)	-	(12,112)	(3,689)	(61,610)	(27,247)	-	-
	298,192	(1,982)	-	(12,112)	(3,689)	(61,610)	(27,247)	-	191,552
FUNDS BALANCE	7,482	28,730	319,797	12,112	80,298	61,610	27,247	-	537,276
Total liabilities and funds balance	305,674	26,748	319,797	-	76,609	-	-	-	728,828

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director
Durham Community Legal Clinic

DURHAM COMMUNITY LEGAL CLINIC

Statement of Financial Position

March 31, 2020

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Duty Counsel Fund \$	Non-LAO Donations Fund \$	Access to Justice Hub Fund \$	Sexual Harassment in the Workplace Fund \$	Total \$
ASSETS								
Current Assets								
Cash and cash equivalents	225,912	37,218	-	-	71,951	-	-	335,081
HST recoverable	23,989	-	-	-	-	-	-	23,989
Prepaid expenses	21,874	-	-	-	-	992	-	22,866
	<u>271,775</u>	<u>37,218</u>	<u>-</u>	<u>-</u>	<u>71,951</u>	<u>992</u>	<u>-</u>	<u>381,936</u>
Capital assets (note 3)	-	-	375,846	-	-	-	-	375,846
Total assets	<u>271,775</u>	<u>37,218</u>	<u>375,846</u>	<u>-</u>	<u>71,951</u>	<u>992</u>	<u>-</u>	<u>757,782</u>
LIABILITIES								
Current Liabilities								
Accounts payable	238,128	618	-	-	-	-	-	238,746
Inter-fund payable (receivable)	61,780	(1,831)	-	(6,362)	(3,619)	(20,618)	(29,350)	-
	<u>299,908</u>	<u>(1,213)</u>	<u>-</u>	<u>(6,362)</u>	<u>(3,619)</u>	<u>(20,618)</u>	<u>(29,350)</u>	<u>238,746</u>
FUNDS BALANCE (DEFICIT)	<u>(28,133)</u>	<u>38,431</u>	<u>375,846</u>	<u>6,362</u>	<u>75,570</u>	<u>21,610</u>	<u>29,350</u>	<u>519,036</u>
Total liabilities and funds balance	<u>271,775</u>	<u>37,218</u>	<u>375,846</u>	<u>-</u>	<u>71,951</u>	<u>992</u>	<u>-</u>	<u>757,782</u>

The accompanying notes are an integral part of these financial statements

DURHAM COMMUNITY LEGAL CLINIC

Statement of Operations and Funds Balance

Year ended March 31, 2021

	General Fund	Legal Disbursements Fund	Capital Fund	Duty Counsel Fund	Non-LAO Donations Fund	Access to Justice Hub Fund	Sexual Harassment in the Workplace Fund	Emergency Community Support Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Legal Aid Ontario									
-direct receipts	1,298,628	-	-	-	-	-	-	-	1,298,628
-indirect receipts (note 4)	52,832	-	-	-	-	-	-	-	52,832
Tenant Duty Counsel Program	-	-	-	78,745	-	-	-	-	78,745
Recovered from clients	-	2,947	-	-	-	-	-	-	2,947
Durham Community Foundation	-	-	-	-	-	-	-	15,000	15,000
Department of Justice	-	-	-	-	-	-	37,350	-	37,350
Region of Durham	-	-	-	-	-	40,000	-	-	40,000
Donations	-	-	-	-	3,550	-	-	-	3,550
Interest income	-	-	-	-	1,178	-	-	-	1,178
	<u>1,351,460</u>	<u>2,947</u>	<u>-</u>	<u>78,745</u>	<u>4,728</u>	<u>40,000</u>	<u>37,350</u>	<u>15,000</u>	<u>1,530,230</u>
Expenses									
Salaries	901,802	-	-	-	-	-	-	15,000	916,802
Benefits	122,355	-	-	-	-	-	-	-	122,355
Professional dues	20,233	-	-	-	-	-	-	-	20,233
Legal fees	37,320	-	-	-	-	-	-	-	37,320
Travel	357	-	-	-	-	-	-	-	357
Communications	5,597	-	-	-	-	-	-	-	5,597
Accommodations	116,501	-	-	-	-	-	-	-	116,501
Equipment	1,059	-	-	-	-	-	-	-	1,059
Supplies and services	40,576	-	-	-	-	-	-	-	40,576
Audit fees	17,213	-	-	-	-	-	-	-	17,213
Indirect payments (note 4)	52,832	-	-	-	-	-	-	-	52,832
Legal disbursements	-	12,648	-	-	-	-	-	-	12,648
Project expenses	-	-	-	72,995	-	-	37,350	-	110,345
Amortization	-	-	56,049	-	-	-	-	-	56,049
	<u>1,315,845</u>	<u>12,648</u>	<u>56,049</u>	<u>72,995</u>	<u>-</u>	<u>-</u>	<u>37,350</u>	<u>15,000</u>	<u>1,509,887</u>
Excess of revenues over expenses (expenses over revenues)	35,615	(9,701)	(56,049)	5,750	4,728	40,000	-	-	20,343
Return of surplus to Northumberland	-	-	-	-	-	-	(2,103)	-	(2,103)
Funds balance (deficit), beginning of year	(28,133)	38,431	375,846	6,362	75,570	21,610	29,350	-	519,036
Funds balance, end of year	<u>7,482</u>	<u>28,730</u>	<u>319,797</u>	<u>12,112</u>	<u>80,298</u>	<u>61,610</u>	<u>27,247</u>	<u>-</u>	<u>537,276</u>

The accompanying notes are an integral part of these financial statements

DURHAM COMMUNITY LEGAL CLINIC

Statement of Operations and Funds Balance

Year ended March 31, 2020

	General Fund	Legal Disbursements Fund	Capital Fund	Duty Counsel Fund	Non-LAO Donations Fund	Access to Justice Hub Fund	Sexual Harassment in the Workplace Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Legal Aid Ontario								
-direct receipts	1,254,713	17,027	-	-	-	-	-	1,271,740
-indirect receipts (note 4)	50,484	-	-	-	-	-	-	50,484
Tenant Duty Counsel Program	-	-	-	76,856	-	-	-	76,856
Recovered from clients	-	4,096	-	-	-	-	-	4,096
Department of Justice	-	-	-	-	-	-	37,350	37,350
Donations	-	-	-	-	6,952	-	-	6,952
	1,305,197	21,123	-	76,856	6,952	-	37,350	1,447,478
Expenses								
Salaries	1,014,580	-	-	-	-	-	-	1,014,580
Benefits	136,914	-	-	-	-	-	-	136,914
Professional dues	15,833	-	-	-	-	-	-	15,833
Legal fees	45,452	-	-	-	-	-	-	45,452
Travel	3,176	-	-	-	-	-	-	3,176
Communications	8,325	-	-	-	-	-	-	8,325
Accommodations	114,029	-	-	-	-	-	-	114,029
Equipment	3,655	-	-	-	-	-	-	3,655
Supplies and services	54,768	-	-	-	-	-	-	54,768
Audit fees	4,137	-	-	-	-	-	-	4,137
Indirect payments (note 4)	50,484	-	-	-	-	-	-	50,484
Legal disbursements	-	16,528	-	-	-	-	-	16,528
Project expenses	-	-	-	75,749	800	1,822	8,000	86,371
Amortization	-	-	60,497	-	-	-	-	60,497
	1,451,353	16,528	60,497	75,749	800	1,822	8,000	1,614,749
Excess of revenues over expenses (expenses over revenues)	(146,156)	4,595	(60,497)	1,107	6,152	(1,822)	29,350	(167,271)
Transfer to Capital Fund	(21,005)	-	32,102	-	-	(11,097)	-	-
Funds balance, beginning of year	139,028	33,836	404,241	5,255	69,418	34,529	-	686,307
Funds balance (deficit), end of year	(28,133)	38,431	375,846	6,362	75,570	21,610	29,350	519,036

The accompanying notes are an integral part of these financial statements

DURHAM COMMUNITY LEGAL CLINIC

Statement of Cash Flows

Year ended March 31	2021 \$	2020 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	20,343	(167,271)
Item not affecting cash		
Amortization	56,049	60,497
Return of prior year surplus to Northumberland	(2,103)	-
	<u>74,289</u>	<u>(106,774)</u>
Changes in non-cash working capital		
Decrease in accounts receivable	-	3,313
Decrease (increase) in HST recoverable	(17,469)	18,807
Decrease (increase) in prepaid expenses	(849)	2,597
Increase (decrease) in accounts payable	(47,194)	231,351
	<u>8,777</u>	<u>149,294</u>
Cash flows from investing activities		
Purchase of capital assets	-	(32,102)
Net change in cash	8,777	117,192
Cash and cash equivalents, beginning of year	<u>335,081</u>	<u>217,889</u>
Cash and cash equivalents, end of year	<u><u>343,858</u></u>	<u><u>335,081</u></u>

The accompanying notes are an integral part of these financial statements

DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements

March 31, 2021

Durham Community Legal Clinic (the "Organization"), is incorporated without share capital under the laws of the Province of Ontario. The Organization was formed to provide equal access to quality legal services to citizens of the Regional Municipality of Durham and is primarily funded by Legal Aid Ontario.

The Organization qualifies as a registered charity under the Income Tax Act and is exempt from corporate income tax.

1. Significant accounting policies

a) Fund accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. The Organization follows the restricted fund method of accounting for contributions whereby all contributions are recognized as revenue of the applicable fund when received or receivable. All the funds described below, except as noted, are restricted as to use by various agreements between the Organization and Legal Aid Ontario ("LAO") and title to the Organization 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 Organization clients in legal proceedings. Disbursements recovered from clients are recorded in revenue when received.

iii) Capital Fund

This fund holds the capital assets of the Organization 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 for caseworkers 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.

vi) Access to Justice Hub Fund

These funds, received from Durham College and the Regional Municipality of Durham, are used to provide services pertaining to financial literacy, benefits and transfers to low-income individuals within Durham Region.

DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2021

1. Significant accounting policies (continued)

vii) Sexual Harassment in the Workplace Fund

These funds, received from the Department of Justice by means of the Northumberland Community Legal Centre, are used to increase public awareness and knowledge around sexual harassment in the workplace and to provide access to legal information and advice for persons who have experienced sexual harassment in the workplace.

viii) Emergency Community Support Fund

These funds, received from the Durham Community Foundation, are used towards addressing Pandemic Housing.

b) 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 capital assets 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.

The Organization provides for amortization using methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. Amortization is provided on a straight-line basis, over the following periods:

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

c) Financial instruments

i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2021

1. Significant accounting policies (continued)

c) Financial instruments (continued)

ii) Measurement of financial instruments (continued)

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

iii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations and funds balance. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations and funds balance up to the amount of the previously recognized impairment.

2. Financial instrument risk management

The Organization may be exposed to various risks through its financial instruments including credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk):

Credit risk

Credit risk is the risk that the counterpart to a financial instrument will fail to discharge an obligation that is entered into with the Organization. The Organization is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization is not exposed to significant liquidity risk.

DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2021

2. Financial instrument risk management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk, currency risk and other price risk.

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies.

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

The Organization is not exposed to significant market risk.

Changes in risk

There have been no changes in the Organization's risk exposures from the prior year.

3. Capital assets

	2021		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	36,122	32,423	3,699
Office equipment	57,930	45,327	12,603
Telephone equipment	9,241	3,465	5,776
Leasehold improvements	386,054	88,335	297,719
	<u>480,106</u>	<u>166,085</u>	<u>319,797</u>

	2020		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	36,122	23,927	12,195
Office equipment	57,930	38,189	19,741
Telephone equipment	9,241	2,310	6,931
Leasehold improvements	386,054	49,075	336,979
	<u>480,106</u>	<u>111,191</u>	<u>375,846</u>

DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2021

4. Indirect payments

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

General Fund	2021	2020
	\$	\$
Pension and group insurance	554	2,854
Supplies and services	40,878	46,885
Library expenses	11,400	746
	<u>52,832</u>	<u>50,485</u>

5. Lease commitments

The Organization is committed to lease its premises until October 31, 2023. Minimum lease payments are as follows:

2022	\$ 110,208
2023	110,208
2024	64,288
	<u>\$284,704</u>

HILBORN

LISTENERS. THINKERS. DOERS.