

DURHAM COMMUNITY LEGAL CLINIC

FINANCIAL STATEMENTS

March 31, 2024

HILBORN **LLP**

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, 2024, and the statements of operations and funds balances 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, 2024, 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
August 12, 2024

Chartered Professional Accountants
Licensed Public Accountants

DURHAM COMMUNITY LEGAL CLINIC

Statement of Financial Position

March 31, 2024

	General Fund	Legal Disbursements Fund	Capital Fund	Duty Counsel Fund	Non-LAO Donations Fund	Access to Justice Hub Fund	Online Justice Fund	Sexual Harassment in the Workplace Fund	Survivors of Gender Based Violence Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash	207,569	28,597	-	-	87,820	-	-	-	-	323,986
Investment (note 3)	-	-	-	-	5,000	-	-	-	-	5,000
Accounts receivable	518	-	-	-	-	-	-	-	18,390	18,908
HST recoverable	32,635	33	-	-	-	-	-	-	-	32,668
Prepaid expenses	24,831	-	-	-	-	-	-	-	7,693	32,524
	265,553	28,630	-	-	92,820	-	-	-	26,083	413,086
Capital assets (note 4)	-	-	192,826	-	-	-	-	-	-	192,826
Total assets	265,553	28,630	192,826	-	92,820	-	-	-	26,083	605,912
LIABILITIES										
Current Liabilities										
Accounts payable	18,766	-	-	-	-	-	-	-	-	18,766
Inter-fund payable (receivable)	5,338	30	-	(14,357)	-	-	-	-	8,989	-
	24,104	30	-	(14,357)	-	-	-	-	8,989	18,766
FUNDS BALANCE	241,449	28,600	192,826	14,357	92,820	-	-	-	17,094	587,146
Total liabilities and funds balance	265,553	28,630	192,826	-	92,820	-	-	-	26,083	605,912

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, 2023

	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	Survivors of Gender Based Violence Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS									
Current Assets									
Cash	290,056	30,540	-	-	79,017	-	-	-	399,613
Investment (note 3)	-	-	-	-	5,000	-	-	-	5,000
Accounts receivable	-	-	-	-	-	-	-	7,191	7,191
HST recoverable	93,948	39	-	-	-	-	-	-	93,987
Prepaid expenses	22,901	-	-	-	-	-	-	10,094	32,995
	406,905	30,579	-	-	84,017	-	-	17,285	538,786
Capital assets (note 4)	-	-	247,822	-	-	-	-	-	247,822
Total assets	406,905	30,579	247,822	-	84,017	-	-	17,285	786,608
LIABILITIES									
Current Liabilities									
Accounts payable	11,495	301	-	-	-	-	-	3,933	15,729
Inter-fund payable (receivable)	86,312	-	-	(32,590)	-	(21,610)	(25,928)	(6,184)	-
	97,807	301	-	(32,590)	-	(21,610)	(25,928)	(2,251)	15,729
FUNDS BALANCE	309,098	30,278	247,822	32,590	84,017	21,610	25,928	19,536	770,879
Total liabilities and funds balance	406,905	30,579	247,822	-	84,017	-	-	17,285	786,608

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, 2024

	General Fund	Legal Disbursements Fund	Capital Fund	Duty Counsel Fund	Non-LAO Donations Fund	Access to Justice Hub Fund	Online Justice Fund	Sexual Harassment in the Workplace Fund	Survivors of Gender Based Violence Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Legal Aid Ontario										
-direct receipts	1,142,271	-	-	-	-	-	-	-	-	1,142,271
-indirect receipts (note 5)	59,902	-	-	-	-	-	-	-	-	59,902
Tenant Duty Counsel Program	-	-	-	83,696	-	-	-	-	-	83,696
Recovered from clients	-	2,378	-	-	-	-	-	-	-	2,378
Government of Canada	-	-	-	-	-	-	-	28,013	89,600	117,613
United Way of Durham	-	-	-	-	-	-	36,950	-	-	36,950
Donations	-	-	-	-	6,135	-	-	-	-	6,135
Interest income	304	-	-	-	2,787	-	-	-	-	3,091
	<u>1,202,477</u>	<u>2,378</u>	<u>-</u>	<u>83,696</u>	<u>8,922</u>	<u>-</u>	<u>36,950</u>	<u>28,013</u>	<u>89,600</u>	<u>1,452,036</u>
Expenses										
Salaries and benefits	906,463	-	-	95,837	-	21,610	4,612	53,233	74,796	1,156,551
Professional dues	11,669	-	-	-	-	-	-	-	-	11,669
Legal fees	46,708	-	-	-	-	-	-	-	-	46,708
Communications	3,502	-	-	-	-	-	-	-	-	3,502
Accommodations	119,798	-	-	-	-	-	-	-	-	119,798
Equipment	966	-	-	-	-	-	-	-	-	966
Supplies and services	113,752	-	-	6,092	119	-	1,808	-	-	121,771
Audit fees	7,366	-	-	-	-	-	-	-	-	7,366
Indirect payments (note 5)	59,902	-	-	-	-	-	-	-	-	59,902
Legal disbursements	-	4,056	-	-	-	-	-	-	-	4,056
Project expenses	-	-	-	-	-	-	-	708	17,246	17,954
Amortization	-	-	85,526	-	-	-	-	-	-	85,526
	<u>1,270,126</u>	<u>4,056</u>	<u>85,526</u>	<u>101,929</u>	<u>119</u>	<u>21,610</u>	<u>6,420</u>	<u>53,941</u>	<u>92,042</u>	<u>1,635,769</u>
Excess of revenues over expenses (expenses over revenues)	(67,649)	(1,678)	(85,526)	(18,233)	8,803	(21,610)	30,530	(25,928)	(2,442)	(183,733)
Transfer to Capital Fund (note 7)	-	-	30,530	-	-	-	(30,530)	-	-	-
Funds balance, beginning of year	309,098	30,278	247,822	32,590	84,017	21,610	-	25,928	19,536	770,879
Funds balance, end of year	<u>241,449</u>	<u>28,600</u>	<u>192,826</u>	<u>14,357</u>	<u>92,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,094</u>	<u>587,146</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, 2023

	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	Survivors of Gender Based Violence Fund	Total (note 8)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Legal Aid Ontario									
-direct receipts	1,217,324	6,300	-	-	-	-	-	-	1,223,624
-indirect receipts (note 5)	67,081	-	31,433	-	-	-	-	-	98,514
Tenant Duty Counsel Program	-	-	-	82,087	-	-	-	-	82,087
Recovered from clients	-	2,829	-	-	-	-	-	-	2,829
Government of Canada	-	-	-	-	-	-	39,842	78,760	118,602
Donations	-	-	-	-	1,881	-	-	-	1,881
Interest Income	-	-	-	-	1,116	-	-	-	1,116
	1,284,405	9,129	31,433	82,087	2,997	-	39,842	78,760	1,528,653
Expenses									
Salaries and benefits	872,027	-	-	73,106	-	-	35,497	72,678	1,053,308
Professional dues	9,280	-	-	-	-	-	-	-	9,280
Legal fees	18,550	-	-	-	-	-	-	-	18,550
Communications	3,119	-	-	-	-	-	-	-	3,119
Accommodations	103,671	-	-	-	-	-	-	-	103,671
Equipment	533	-	-	-	-	-	-	-	533
Supplies and services	136,597	-	-	115	75	-	-	-	136,787
Audit fees	5,000	-	-	-	-	-	-	-	5,000
Indirect payments (note 5)	67,081	-	-	-	-	-	-	-	67,081
Legal disbursements	-	4,572	-	-	-	-	-	-	4,572
Project expenses	-	-	-	-	-	-	2,183	78,046	80,229
Amortization	-	-	55,093	-	-	-	-	-	55,093
	1,215,858	4,572	55,093	73,221	75	-	37,680	150,724	1,537,223
Excess of revenues over expenses (expenses over revenues)	68,547	4,557	(23,660)	8,866	2,922	-	2,162	(71,964)	(8,570)
Funds balance, beginning of year	240,551	25,721	271,482	23,724	81,095	21,610	23,766	91,500	779,449
Funds balance, end of year	309,098	30,278	247,822	32,590	84,017	21,610	25,928	19,536	770,879

The accompanying notes are an integral part of these financial statements

DURHAM COMMUNITY LEGAL CLINIC

Statement of Cash Flows

Year ended March 31	2024 \$	2023 \$
Cash flows from operating activities		
Excess of expenses over revenues for year	(183,733)	(8,570)
Item not affecting cash		
Amortization	85,526	55,093
	<u>(98,207)</u>	<u>46,523</u>
Changes in non-cash working capital		
Increase in accounts receivable	(11,717)	(7,191)
Decrease (increase) in HST recoverable	61,319	(29,521)
Decrease (increase) in prepaid expenses	471	(8,586)
Increase (decrease) in accounts payable	3,037	(19,436)
	<u>(45,097)</u>	<u>(18,211)</u>
Cash flows from investing activities		
Purchase of investment	-	(5,000)
Purchase of capital assets	(30,530)	(31,433)
	<u>(30,530)</u>	<u>(36,433)</u>
Net change in cash	(75,627)	(54,644)
Cash, beginning of year	399,613	454,257
Cash, end of year	<u>323,986</u>	<u>399,613</u>

The accompanying notes are an integral part of these financial statements

DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements

March 31, 2024

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. Interfund payables (receivables) do not have specific repayment terms.

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.

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, 2024

1. Significant accounting policies (continued)

a) Fund accounting (continued)

vii) Online Justice Fund

These funds, received from the United Way of Durham Region through the Community Services Recovery Fund, will be used to promote justice for all by providing accessible, monitored online access to Tribunals/Hearings, for clients who otherwise lack the technology, skills or ability to represent themselves.

viii) Sexual Harassment in the Workplace Fund

These funds, received from the Department of Justice via 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.

ix) Survivors of Gender Based Violence Fund

These funds, received from the Government of Canada via the Canadian Foundation for Children, Youth and the Law Inc., will be used to support victims of sexual assault and intimate partner violence by providing legal advice and representation to low income clients.

b) Investment

The Organization's investment consists of a guaranteed investment certificate with maturity date within twelve months from the year-end date.

c) 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

DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2024

1. Significant accounting policies (continued)

d) 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.

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

Financial liabilities measured at amortized cost include accounts payable.

ii) 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, 2024

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 significant changes in the Organization's risk exposures from the prior year.

3. Investment

The Organization's investment is comprised of a guaranteed investment certificate with an interest rate of 5.65% that matures in November 2024. This investment has been pledged to the Organization's bank as collateral for bank indebtedness. Included in accounts payable is \$383 (2023 - \$2,858) of total bank indebtedness on the Organization's credit card against which this investment has been pledged.

4. Capital assets

	2024		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	67,555	57,077	10,478
Office equipment	57,930	57,930	-
Telephone equipment	9,241	6,931	2,310
Leasehold improvements	416,584	236,546	180,038
	<u>551,310</u>	<u>358,484</u>	<u>192,826</u>

DURHAM COMMUNITY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2024

4. Capital assets (continued)

	2023		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	67,555	46,600	20,955
Office equipment	57,930	53,728	4,202
Telephone equipment	9,241	5,776	3,465
Leasehold improvements	386,054	166,854	219,200
	<u>520,780</u>	<u>272,958</u>	<u>247,822</u>

5. Indirect payments

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

General Fund	2024	2023
	\$	\$
Pension and group insurance	144	143
Supplies and services	59,716	61,294
Library expenses	42	5,644
	<u>59,902</u>	<u>67,081</u>

Capital Fund	2024	2023
	\$	\$
Computer equipment	<u>-</u>	<u>31,433</u>

6. Lease commitments

The Organization is committed to lease its premises until October 31, 2026. Minimum lease payments are as follows:

2025	\$ 120,556
2026	122,900
2027	72,489
	<u>\$ 315,945</u>

7. Transfer to Capital Fund

The Board of Directors approved a transfer from the Online Justice Fund to the Capital Fund in the amount of \$30,530 (2023 - \$nil) for leasehold improvements in the year.

8. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year and do not affect prior year excess of revenues over expenses.

HILBORN

LISTENERS. THINKERS. DOERS.