

**ASSOCIATION OF COMMUNITY LEGAL CLINICS OF ONTARIO**

**FINANCIAL STATEMENTS**

MARCH 31, 2017

**HILBORN**<sub>LLP</sub>

## Independent Auditor's Report

To the Board of Directors of  
**Association of Community Legal Clinics of Ontario**

We have audited the accompanying financial statements of the Association of Community Legal Clinics of Ontario, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and fund balance and 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 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.

### *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 organization'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 organization'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 the Association of Community Legal Clinics of Ontario as at March 31, 2017, 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.



Toronto, Ontario  
September 14, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# ASSOCIATION OF COMMUNITY LEGAL CLINICS OF ONTARIO

## Statement of Financial Position

March 31, 2017

	General Fund \$	Project Fund \$	LFO Fund \$	L&T Project Fund \$	Total \$
<b>ASSETS</b>					
Current Assets					
Cash and short-term deposits	826,016	-	-	-	826,016
Accounts receivable	2,806	-	-	-	2,806
Prepaid expenses	1,624	-	-	-	1,624
Total assets	830,446	-	-	-	830,446
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	14,487	-	-	-	14,487
Inter-fund payable (receivable)	123,125	(65,453)	(10,880)	(46,792)	-
Deferred revenue (note 3)	202,363	-	-	-	202,363
	339,975	(65,453)	(10,880)	(46,792)	216,850
<b>FUND BALANCE</b>	490,471	65,453	10,880	46,792	613,596
Total liabilities and fund balance	830,446	-	-	-	830,446

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:

Director

Director

# ASSOCIATION OF COMMUNITY LEGAL CLINICS OF ONTARIO

## Statement of Financial Position

March 31, 2016

	General Fund \$	Project Fund \$	LFO Fund \$	Total \$
<b>ASSETS</b>				
Current Assets				
Cash and short-term deposits	747,320	-	-	<b>747,320</b>
Accounts receivable	2,821	-	-	<b>2,821</b>
Prepaid expenses	1,581	-	-	<b>1,581</b>
Total assets	<u>751,722</u>	<u>-</u>	<u>-</u>	<u><b>751,722</b></u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	9,658	2,825	-	<b>12,483</b>
Inter-fund payable (receivable)	53,843	(42,963)	(10,880)	<b>-</b>
Deferred revenue (note 3)	178,006	-	-	<b>178,006</b>
	<u>241,507</u>	<u>(40,138)</u>	<u>(10,880)</u>	<u><b>190,489</b></u>
<b>FUND BALANCE</b>	<u>510,215</u>	<u>40,138</u>	<u>10,880</u>	<u><b>561,233</b></u>
Total liabilities and fund balance	<u>751,722</u>	<u>-</u>	<u>-</u>	<u><b>751,722</b></u>

The accompanying notes are an integral part of these financial statements

# ASSOCIATION OF COMMUNITY LEGAL CLINICS OF ONTARIO

## Statement of Operations and Fund Balance

Year ended March 31, 2017

	General Fund \$	Project Fund \$	LFO Fund \$	L&T Project Fund \$	Total \$
<b>Revenues</b>					
Conferences and membership fees	352,155	-	-	-	<b>352,155</b>
Legal Aid Ontario	-	140,000	-	400,751	<b>540,751</b>
Donations	2,500	-	-	-	<b>2,500</b>
Other income	4,669	-	-	10,807	<b>15,476</b>
	<b>359,324</b>	<b>140,000</b>	<b>-</b>	<b>411,558</b>	<b>910,882</b>
<b>Expenses</b>					
Salaries and benefits	288,474	93,418	-	39,669	<b>421,561</b>
Annual general meeting	56,044	-	-	-	<b>56,044</b>
Travel	9,853	-	-	-	<b>9,853</b>
Office and general	4,511	-	-	-	<b>4,511</b>
Accommodations	11,886	-	-	-	<b>11,886</b>
Supplies and services	5,107	-	-	-	<b>5,107</b>
Project expenses	-	21,267	-	9,475	<b>30,742</b>
Professional dues	3,193	-	-	-	<b>3,193</b>
Interclinic group allocation	-	-	-	315,622	<b>315,622</b>
	<b>379,068</b>	<b>114,685</b>	<b>-</b>	<b>364,766</b>	<b>858,519</b>
Excess of revenues over expenses (expenses over revenues)	(19,744)	25,315	-	46,792	<b>52,363</b>
Fund balance, beginning of year	510,215	40,138	10,880	-	<b>561,233</b>
Fund balance, end of year	<b>490,471</b>	<b>65,453</b>	<b>10,880</b>	<b>46,792</b>	<b>613,596</b>

The accompanying notes are an integral part of these financial statements

# ASSOCIATION OF COMMUNITY LEGAL CLINICS OF ONTARIO

## Statement of Operations and Fund Balance

Year ended March 31, 2016

	<b>General Fund \$</b>	<b>Project Fund \$</b>	<b>LFO Fund \$</b>	<b>Total \$</b>
Revenues				
Conferences and membership fees	351,710	-	-	<b>351,710</b>
Salary grid report funding	16,200	-	-	<b>16,200</b>
Clinic Funding Principles conference fees	31,000	-	-	<b>31,000</b>
Legal Aid Ontario	-	96,244	-	<b>96,244</b>
Interest	459	-	-	<b>459</b>
	<b>399,369</b>	<b>96,244</b>	<b>-</b>	<b>495,613</b>
Expenses				
Salaries and benefits	271,880	90,617	-	<b>362,497</b>
Annual general meeting	77,431	-	-	<b>77,431</b>
Travel	5,593	-	-	<b>5,593</b>
Office and general	6,412	-	-	<b>6,412</b>
Accommodations	12,465	-	-	<b>12,465</b>
Supplies and services	24,021	-	-	<b>24,021</b>
Project expenses	-	21,991	536	<b>22,527</b>
Professional dues	4,006	-	-	<b>4,006</b>
	<b>401,808</b>	<b>112,608</b>	<b>536</b>	<b>514,952</b>
Excess of expenses over revenues	(2,439)	(16,364)	(536)	<b>(19,339)</b>
Fund balance, beginning of year	512,654	56,502	11,416	<b>580,572</b>
Fund balance, end of year	<b>510,215</b>	<b>40,138</b>	<b>10,880</b>	<b>561,233</b>

The accompanying notes are an integral part of these financial statements

# ASSOCIATION OF COMMUNITY LEGAL CLINICS OF ONTARIO

## Statement of Cash Flows

Year ended March 31	2017 \$	2016 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	52,363	(19,339)
Changes in non-cash working capital		
Decrease in accounts receivable	15	798
Increase (decrease) in prepaid expenses	(43)	323
Increase in accounts payable	2,004	3,416
Increase (decrease) in deferred revenue	24,357	(20,804)
	<u>78,696</u>	<u>(35,606)</u>
Net change in cash and short-term deposits	78,696	(35,606)
Cash and short-term deposits, beginning of year	<u>747,320</u>	<u>782,926</u>
Cash and short-term deposits, end of year	<u>826,016</u>	<u>747,320</u>
Cash and short-term deposits consists of:		
Cash	760,412	681,716
Short-term deposits	65,604	65,604
	<u>826,016</u>	<u>747,320</u>

The accompanying notes are an integral part of these financial statements

# ASSOCIATION OF COMMUNITY LEGAL CLINICS OF ONTARIO

## Notes to Financial Statements

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March 31, 2017

Association of Community Legal Clinics of Ontario (the "Association"), is incorporated without share capital under the laws of the Province of Ontario.

The Association qualifies as a not-for-profit organization under the Income Tax Act and is exempt from corporate income tax. The Association is primarily funded by Legal Aid Ontario ("LAO").

### 1. **Significant accounting policies**

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 and include the following significant accounting policies.

The Association follows the restricted fund method of accounting for contributions whereby all contributions are recognized as revenue when received or receivable, provided collection can be reasonably assured.

#### a) **Fund accounting**

##### i) **General Fund**

The Association acts as the representative body of its membership from Ontario's community legal clinics. It works with its membership to improve the welfare of clinic communities, promote unity and understanding amongst Ontario legal clinics, and to represent and advocate on behalf of legal clinics in Ontario.

##### ii) **Project Fund**

These funds are used for Legal Aid Ontario sponsored KnowledgeNOW project activities.

##### iii) **LFO Fund**

This fund is used for the Community Clinic System Strategic Planning Initiative sponsored by the Law Foundation of Ontario and the Ontario Trillium Foundation.

##### iv) **Learning and Training (L&T) Project Fund**

These funds are used for Legal Aid Ontario sponsored Clinic Learning and Training project activities. The funds are used by the Association to develop a process to allocate and distribute the training funds for funded training programs and initiatives of ACLCO member clinics.

#### b) **Revenue recognition**

Membership fees are recognized as income pro-rata to the membership year and conference fees are recognized as income on the date of the conference.



# ASSOCIATION OF COMMUNITY LEGAL CLINICS OF ONTARIO

## Notes to Financial Statements (continued)

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March 31, 2017

### 1. Significant accounting policies (continued)

#### c) Financial instruments

##### i) Measurement of financial instruments

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

Financial assets measured at amortized cost include short-term deposits 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 fund 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 fund balance up to the amount of the previously recognized impairment.

### 2. Financial instrument risk management

The Association 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 Association. The Association is not exposed to significant credit risk.

#### Liquidity risk

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

# ASSOCIATION OF COMMUNITY LEGAL CLINICS OF ONTARIO

## Notes to Financial Statements (continued)

March 31, 2017

### 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 Association is not exposed to significant market risk.

#### Changes in risk

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

### 3. Deferred revenue

Deferred revenue is comprised of membership fees received in advance from member clinics.

### 4. Commitments

The Organization is a member of the Co-operative of Specialty Community Legal Clinics of Ontario Inc. (the "Co-op") located at 55 University Avenue in Toronto. The Organization is committed to paying certain joint expenses on a cost recovery basis along with the other members.

In addition, the Association will provide payments to the Co-op to cover their build-out funding initially covered by Legal Aid Ontario. The payments are due as follows:

2018	\$ 2,236
2019	2,236
2019	2,236
2021	2,236
2022 and following years	<u>11,056</u>
	<u>\$ 20,000</u>

# HILBORN

LISTENERS. THINKERS. DOERS.