

# HOUNJET TASTAD HARPHAM

Chartered Professional Accountants

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

Financial Statements

March 31, 2023



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

**MARCH 31, 2023**

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## 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, 2023, 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, 2023, 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.

### 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.

*Hounjet Tastad Harpham*

**June 6, 2023**  
**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, 2023**

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Donations (Note 8)	\$ 179,586	\$ 194,010
Fundraising	13,740	16,915
Grants (Note 9)	926,385	922,731
Interest	8,528	3,316
Sponsorships (Note 10)	<u>10,500</u>	<u>17,525</u>
	<u>1,138,739</u>	<u>1,154,497</u>
<b>EXPENDITURES</b>		
Advertising and promotion	3,625	103
Amortization	16,281	20,938
Consultants and strategic planning	21,165	19,053
Fees and dues	9,713	13,460
Fundraising	11,504	7,751
Honorariums	4,691	5,228
Information technology support	32,750	31,408
Insurance	10,612	6,426
Interest and bank charges	1,252	2,059
Meetings	6,676	1,551
Office rent	80,696	76,799
Office supplies	23,617	27,444
Professional fees	11,502	15,815
Project ID expenses	7,151	8,826
Repairs and maintenance	20,791	29,976
Salaries and benefits	803,313	847,076
Telephone	10,341	10,577
Training and seminars	14,379	7,958
Utilities	<u>15,248</u>	<u>11,025</u>
	<u>1,105,307</u>	<u>1,143,473</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	\$ <u><u>33,432</u></u>	\$ <u><u>11,024</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, 2023**

	<u>2023</u>	<u>2022</u>
<b>INTERNALLY RESTRICTED NET ASSETS</b>		
Balance, beginning of year	\$ 443,895	\$ 440,579
Transfer from unrestricted net assets (Note 2)	<u>8,518</u>	<u>3,316</u>
	<u>\$ 452,413</u>	<u>\$ 443,895</u>
<b>UNRESTRICTED NET ASSETS</b>		
Balance, beginning of year	\$ 349,599	\$ 341,891
Transfer to internally restricted net assets	(8,518)	(3,316)
Excess of revenue over expenditures	<u>33,432</u>	<u>11,024</u>
	<u>\$ 374,513</u>	<u>\$ 349,599</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, 2023**

	<u>2023</u>	<u>2022</u>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 33,432	\$ 11,024
Items not involving cash:		
Amortization	<u>16,281</u>	<u>20,938</u>
	49,713	31,962
Net change in working capital:		
Accounts receivable	(24)	1,599
Grants receivable	(93,058)	5,141
GST receivable	349	358
Accrued interest receivable	(5,877)	-
Prepaid expenses	165	3,676
Accounts payable and accrued liabilities	(4,338)	(1,361)
Salaries payable	1,117	(589)
Vacation pay payable	(8,506)	1,960
Payroll deductions payable	(1,752)	4,102
Deferred revenue	<u>(12,752)</u>	<u>(70,000)</u>
	<u>(74,963)</u>	<u>(23,152)</u>
<b>INVESTING ACTIVITIES</b>		
Increase in short term investments	(250,000)	-
Increase in investments	(150,000)	-
Additions to capital assets	(5,043)	(9,510)
Decrease in long term deposits	<u>-</u>	<u>2,631</u>
	<u>(405,043)</u>	<u>(6,879)</u>
<b>DECREASE IN CASH</b>	(480,006)	(30,031)
<b>CASH, beginning of year</b>	<u>839,872</u>	<u>869,903</u>
<b>CASH, end of year</b>	\$ <u><u>359,866</u></u>	\$ <u><u>839,872</u></u>
<hr/>		
<b>CASH IS REPRESENTED BY:</b>		
Cash - unrestricted	\$ 313,329	\$ 395,977
Cash - restricted	<u>46,537</u>	<u>443,895</u>
	\$ <u><u>359,866</u></u>	\$ <u><u>839,872</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, 2023**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - unrestricted	\$ 313,329	\$ 395,977
Cash - restricted	46,537	443,895
Accounts receivable	72	48
Grants receivable (Note 3)	102,917	9,858
GST receivable	5,201	5,550
Short term investments - restricted (Note 4)	250,000	-
Accrued interest receivable - restricted	5,877	-
Prepaid expenses	<u>19,052</u>	<u>19,217</u>
	742,985	874,545
<b>INVESTMENTS - RESTRICTED</b> (Note 4)	150,000	-
<b>TANGIBLE CAPITAL ASSETS</b> (Note 5)	<u>33,462</u>	<u>44,699</u>
	<u>\$ 926,447</u>	<u>\$ 919,244</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 14,971	\$ 19,309
Salaries payable	4,073	2,956
Vacation pay payable	47,910	56,416
Payroll deductions payable	21,567	23,319
Deferred revenue (Note 6)	<u>11,000</u>	<u>23,750</u>
	99,521	125,750
<b>NET ASSETS</b>		
<b>UNRESTRICTED NET ASSETS</b>	374,513	349,599
<b>INTERNALLY RESTRICTED NET ASSETS</b> (Note 7)	<u>452,413</u>	<u>443,895</u>
	<u>826,926</u>	<u>793,494</u>
	<u>\$ 926,447</u>	<u>\$ 919,244</u>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_, Director

*Jared Lindgren*, Director

(see accompanying notes)





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

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2023**

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.

**Cash and cash equivalents**

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding.

**Donated materials and services**

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.

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.

**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.

**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, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Investments**

Term deposits are recorded at cost.

**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>2023</u>	<u>2022</u>
Community Initiatives Fund (Legal Advice Clinic)	\$ 667	\$ 833
Department of Justice Canada	2,250	-
University of Saskatchewan - College of Law (from Saskatchewan Ministry of Justice)	100,000	-
University of Saskatchewan - Social Innovation Lab	-	9,025
	<u>\$ 102,917</u>	<u>\$ 9,858</u>

Saskatcheawn Ministry of Justice has agreed to provide the University of Saskatchewan College of Law with \$100,000 in funding in both the 2022-2023 and 2023-2024 fiscal years. The agreement between these two parties stipulates that these funds are to ultimately be directed to CLASSIC, however a separate, additional agreement between CLASSIC and the University of Saskatchewan College of Law is required before the funds can be received. Work on this separate agreement is currently ongoing but the organization expects to receive the funds once the agreement is signed.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**4. INVESTMENTS**

Investments consist of term deposits at the Synergy Credit Union. These amounts bear interest at varying rates between 3.25% and 4.70%. Short term investments mature on December 1, 2023 and long term investments mature on December 1, 2024.

**5. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2023</u>	<u>Net 2022</u>
Computer equipment	\$ 90,407	\$ 76,442	\$ 13,965	\$ 20,120
Equipment	591	591	-	-
Leasehold improvements	18,070	10,306	7,764	11,378
Office equipment	<u>27,132</u>	<u>15,399</u>	<u>11,733</u>	<u>13,201</u>
	<u>\$ 136,200</u>	<u>\$ 102,738</u>	<u>\$ 33,462</u>	<u>\$ 44,699</u>

**6. DEFERRED REVENUE**

	<u>2023</u>	<u>2022</u>
Community Initiative Fund (Walk-In Advocacy Clinic)	\$ 11,000	\$ 13,750
Merlis Belsher Fund	-	<u>10,000</u>
	<u>\$ 11,000</u>	<u>\$ 23,750</u>

**7. INTERNALLY RESTRICTED NET ASSETS**

During the year, a motion was passed to integrate the Nutrien Lease Fund into the Contingency Fund and rename it to the Contingency and Organizational Development Fund. The purpose of this 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.

**8. DONATIONS**

	<u>2023</u>	<u>2022</u>
Anonymous donor	\$ 111,600	\$ 124,500
Canada Helps donations	27,073	28,699
Receipted donations	35,418	2,950
Unreceipted donations	<u>5,495</u>	<u>37,861</u>
	<u>\$ 179,586</u>	<u>\$ 194,010</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**9. GRANTS**

	<u>2023</u>	<u>2022</u>
Benevity Community Impact Fund	\$ -	\$ 5,000
Canadian Council on Rehabilitation and Work	-	7,398
City of Saskatoon	10,000	-
Community Initiatives Fund (Legal Advice Clinic)	20,835	20,833
Community Initiatives Fund (Walk-In Advocacy Clinic)	23,750	25,000
CUPE local 3906	500	500
Department of Justice Canada	22,500	-
Law Foundation of Saskatchewan	500,000	500,000
Merlis Belsher Fund	20,715	26,250
Saskatchewan Ministry of Immigration and Career Training	4,800	-
Saskatchewan Ministry of Justice	-	100,000
Saskatoon Community Foundation	15,000	-
United Way of Saskatoon and Area	60,000	30,000
University of Saskatchewan - College of Law	139,285	198,750
University of Saskatchewan - College of Law (from Saskatchewan Ministry of Justice)	100,000	-
University of Saskatchewan - Social Innovation Lab	9,000	9,000
	<u>\$ 926,385</u>	<u>\$ 922,731</u>

**10. SPONSORSHIPS**

	<u>2023</u>	<u>2022</u>
Affinity Credit Union (Project ID)	\$ 10,000	\$ 5,000
Sponsorship for fundraiser	500	12,525
	<u>\$ 10,500</u>	<u>\$ 17,525</u>

**11. 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 \$500,000. This constitutes 44% of the organization's total revenue. This funding is approved annually.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**12. REAL ESTATE CONTRACTUAL OBLIGATIONS**

The organization leases its premises in Saskatoon. The current lease agreement ends April 30, 2026. The base rent payments due in the next four years are as follows:

2024	\$	65,867
2025		65,867
2026		65,867
2027		5,489

**13. 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.

