FINANCIAL STATEMENTS

ACCESS PRO BONO SOCIETY OF BRITISH COLUMBIA

March 31, 2017



INDEPENDENT AUDITOR'S REPORT

To the Members of
Access Pro Bono Society of British Columbia

Report on the Financial Statements

We have audited the accompanying financial statements of Access Pro Bono Society of British Columbia, which comprise the statement of financial position as at March 31, 2017, and the statements of changes in net assets, operations 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 Society'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 Society'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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments for unrecorded revenue might be necessary to donations revenue, excess of expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Access Pro Bono Society of British Columbia 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tomphus Wozny, Meller 7 6.

Vancouver, Canada September 21, 2017

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31		
	2017	2016
	\$	\$
ASSETS		
Current		
Cash [note 3]	133,612	163,613
Accounts receivable [note 4]	64,698	6,667
Prepaid expenses	10,587	5,240
	208,897	175,520
Capital assets [note 5]	46,939	13,688
	255,836	189,208
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 6]	14,776	10,306
Deferred grants [note 7]	187,015	180,008
	201,791	190,314
Deferred contributions related to capital assets [note 8]	39,416	3,319
Total liabilities	241,207	193,633
NET ASSETS	14,629	(4,425)
	255,836	189,208

Commitments [note 12]

See accompanying notes to the financial statements

On behalf of the Board:

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Director

Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Invested in Capital		m . I
	Assets	Unrestricted	Total
	<u> </u>	<u> </u>	<u> </u>
2017			
Balance, beginning of year	10,369	(14,794)	(4,425)
Excess of revenue (expenses) for the year	(8,953)	28,007	19,054
Capital asset purchases in the year	46,506	(46,506)	-
Restricted funding used for capital asset purchases	(40,399)	40,399	
Balance, end of year	7,523	7,106	14,629
2016			
Balance, beginning of year	10,690	(39,815)	(29,125)
Excess of revenue (expenses) for the year	(7,889)	32,589	24,700
Capital asset purchases in the year	7,568	(7,568)	
Balance, end of year	10,369	(14,794)	(4,425)

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31		
	2017	2016
9	\$	\$
REVENUE		
Grants [note 7]	699,874	621,585
Donations [note 9]	134,788	139,911
Other	22,103	27,983
Amortization of deferred contributions [note 8]	4,302	3,317
	861,067	792,796
EXPENSES		
Wages and benefits	563,247	524,205
Rent	118,080	118,080
Office and other	47,622	48,456
Program development	27,246	
Disbursements	26,330	11,297
Pro Bono Going Public event	21,357	17,683
Amortization of capital assets	13,256	11,207
Professional fees	10,621	12,487
Travel and seminars	8,945	8,619
Communications	4,591	12,490
Technology support	718	3,572
	842,013	768,096
Excess of revenue for the year	19,054	24,700

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31		
	2017 \$	2016 \$
OPERATING ACTIVITIES	19,054	24,700
Excess of revenue for the year	15,054	24,700
Add items not affecting cash:	12.056	11,207
Amortization of capital assets	13,256	-
Amortization of deferred contributions related to capital assets	(4,302)	(3,317)
	28,008	32,590
Changes in non-cash working capital items:		
Accounts receivable	(58,031)	6,271
Prepaid expenses	(5,347)	6,397
Accounts payable and accrued liabilities	4,469	276
Deferred grants	7,007	4,799
Cash provided by (used in) operating activities	(23,894)	50,333
INVESTING ACTIVITIES		
Purchases of capital assets	(46,506)	(7,568)
Capital grant received	40,399	_
Cash used in investing activities	(6,107)	(7,568)
Increase (decrease) in cash during the year	(30,001)	42,765
Cash, beginning of year	163,613	120,848
Cash, end of year	133,612	163,613

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1. PURPOSE OF THE ORGANIZATION AND OPERATIONS

On April 1, 2010, Access Pro Bono Society of British Columbia (the "Society") was formed to assume the activities formerly carried out by Pro Bono Law of British Columbia and the Western Canada Association to Access Justice. The Society's purpose is to promote access to justice in B.C. by providing and fostering quality pro bono legal services for people and non-profit organizations of limited means. The Society is a not-for-profit organization and registered charity incorporated under the British Columbia Societies Act. The Society is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-forprofit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-forprofit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful live of capital assets and deferred portion of grants. Actual results could differ from these estimates.

Revenue Recognition

The Society follows the deferral method of accounting for revenue.

Restricted grants are recorded as deferred revenue when received and then recognized as revenue in the period in which the related expenses are incurred.

Unrestricted grants are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations are recorded on a cash basis and recorded as revenue when received.

Proceeds received from direct access gaming funding are recorded as deferred revenue or deferred contributions related to capital assets, if applicable, and are transferred to revenue as authorized expenditures are incurred.

Unrestricted investment income is recognized as revenue in accordance with the terms of the underlying investment, which in the case of interest, is generally with the passage of time.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Services and Premises

Volunteer lawyers and other individuals, contribute their time to assist the Society in carrying out its activities. Their value is not recognized in these financial statements due to the difficulty in determining the fair value of such services. In 2017 approximately 10,655 [2016 - 12,833] in non-lawyer and 9,642 [2016 - 14,728] in lawyer hours were volunteered on behalf of the Society. These hours are unaudited.

Various host agencies provide premises as needed to allow the volunteer lawyers to meet with clients and provide services in a cost effective manner. Due to the difficulty in determining the fair value of the various premises provided during the year, the value of the contributed premises are not recognized in the financial statements.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Cash

For the purposes of determining cash flows, cash consists of cash deposited in the bank.

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Any capital assets contributed to the Society are recorded at the estimated fair market value at the date the contribution was made. Amortization is provided on a straight-line basis as outlined in Note 5.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Any non-recoverable amount will be recorded as an impairment charge in the year it is recognized.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets consist of grants and other donations received that are restricted for the purchase of capital assets.

Amortization of deferred contributions related to capital assets is recorded at the same rate of amortization as the capital assets acquired.

3. CASH

	2017	2016 \$
	\$	
Operating	11,111	43,604
Restricted for gaming grant initiatives	122,501	120,009
	133,612	163,613

4. ACCOUNTS RECEIVABLE

	2017	2016
	\$	\$
Grants and other	61,152	4,392
Government - GST	3,546	2,275
	64,698	6,667
Allowance for doubtful accounts		-
	64,698	6,667
Market and the second of the s	Annual Control	

5. CAPITAL ASSETS

	Amortization Rates	Cost \$	Accumulated Amortization \$	Net Book Value \$
2017				
Computers	3 yr straight line	75,589	30,402	45,187
Furniture and fixtures	5 yr straight line	40,472	38,720	1,752
		116,061	69,122	46,939
2016				
Computers	3 yr straight line	29,208	24,818	4,390
Furniture and fixtures	5 yr straight line	40,346	31,048	9,298
		69,554	55,866	13,688

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016 \$
	\$	
Operating	14,662	10,192
Government remittances - WorkSafeBC	114	114
	14,776	10,306

7. DEFERRED GRANTS

	Beginning of Year \$	Received & Receivable	Transferred to Deferred Contributions	Revenue Earned \$	End of Year \$
2017					
Grants					
Law Foundation of BC - operations	-	415,000		415,000	10.00.0 72
Law Foundation of BC - cy pres awards	_	120,000	40,399	75,094	4,507
Law Foundation of BC - case management	40,000	-	_	1	40,000
Law Society of BC - rent	_	48,380		48,380	_
Provincial Gaming	120,008	120,000	-	120,000	120,008
City of Vancouver	_	11,400	_	11,400	
The Notary Foundation Project Grant	_	20,000	· · · · · · · · · · · · · · · · · · ·	20,000	_
Legal Services Society, BC	20,000	_	: 3		20,000
AJEFCB (Cliniques juridiques)	_	10,000	_	10,000	
Gaming Fund for Multiculturalism		2,500			2,500
	180,008	747,280	40,399	699,874	187,015
2016					
Grants					
Law Foundation of BC - operations		415,000		415,000	S S
Law Foundation of BC - cy pres awards		29,000		29,000	-
Law Foundation of BC - case management	40,000	_	_		40,000
Law Society of BC - rent	_	49,684		49,684	i — i
Provincial Gaming	110,009	120,000	-	110,001	120,008
City of Vancouver	_	15,200	-	15,200	-
Legal Services Society, BC	20,000	-	-	-	20,000
UVIC - student placement	2,700		2	2,700	
	172,709	628,884	_	621,585	180,008
Donations					
Canadian Bar Association	2,500	-	·	2,500	
	175,209	628,884	_	624,085	180,008

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2017	2016 \$
	\$	
Balance, beginning of year	3,319	6,636
Add: Law Foundation move grant spent on capital	40,399	_
Less: Amounts amortized to revenue	(4,302)	(3,317)
Balance, end of year	39,416	3,319

9. DONATIONS

	2017	2016
	\$	\$
Pro Bono Going Public Event	65,231	71,648
Donations	63,037	61,439
Silent Auction	6,520	6,824
	134,788	139,911

10. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at March 31, 2017.

Credit Risk

Credit risk is the risk that the Society will incur a loss due to the failure by its debtors to meet their contractual obligations. The Society is exposed to credit risk with respect to its cash and accounts receivable. The Society limits its exposure to credit loss by placing its cash with a chartered Canadian financial institution. Management believes that the Society is not exposed to an unusual level of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its cash requirements or fund obligations as they become due. The Society maintains adequate levels of working capital by preparing budgets to ensure all its obligations can be met when they fall due.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

11. ECONOMIC DEPENDENCE

The primary source of the Society's revenue is the operating grants from the Law Foundation of British Columbia as described in note 7. The Society's ability to continue viable operations is dependent upon maintaining this source of revenue. These financial statements have been prepared on a going concern basis on the assumption this source of funding will continue to finance the Society's program activities.

12. COMMITMENTS

On March 1, 2013, the Society entered into a lease agreement for its premises which requires annual lease payments, including the estimated operating costs and GST, of \$110,880 over the next year until February 28, 2018.

The Society has secured a lease subsidy grant from the Law Society/Law Foundation of BC in the amount of \$48,360 per annum to partially subsidize the above lease payments.

On April 1, 2013, the Society entered into a five year lease improvement loan with monthly payments of \$549 which amounts to an approximate of \$6,588 annually.

13. WAGES AND BENEFITS

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration paid to employees and contractors who are paid over \$75,000 or more during the fiscal year.

Wages and benefits expense includes \$76,246 paid to one employee during the year.