

FINANCIAL STATEMENTS

**ACCESS PRO BONO SOCIETY
OF BRITISH COLUMBIA**

March 31, 2018



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, 2018, 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, 2018, 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.

Vancouver, Canada
August 9, 2018

Tompkins Wozny LLP

Chartered Professional Accountants



Tompkins Wozny
Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| ASSETS | | |
| Current | | |
| Cash [note 3] | 167,387 | 133,612 |
| Accounts receivable [note 4] | 29,079 | 64,698 |
| Prepaid expenses | 17,529 | 10,587 |
| | 213,995 | 208,897 |
| Capital assets [note 5] | 128,773 | 46,939 |
| | 342,768 | 255,836 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities [note 6] | 15,615 | 14,776 |
| Deferred grants [note 7] | 201,079 | 187,015 |
| | 216,694 | 201,791 |
| Deferred contributions related to capital assets [note 8] | 115,657 | 39,416 |
| Total liabilities | 332,351 | 241,207 |
| NET ASSETS | 10,417 | 14,629 |
| | 342,768 | 255,836 |

Commitments [note 12]

See accompanying notes to the financial statements

On behalf of the Board:



Director



Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

| | Invested in Capital Assets \$ | Unrestricted \$ | Total \$ |
|---|--|--------------------|---------------|
| 2018 | | | |
| Balance, beginning of year | 7,523 | 7,106 | 14,629 |
| Excess of revenue (expenses) for the year | (8,882) | 4,670 | (4,212) |
| Capital asset purchases in the year | 91,700 | (91,700) | — |
| Restricted funding used for capital asset purchases | (77,225) | 77,225 | — |
| Balance, end of year | 13,116 | (2,699) | 10,417 |
| 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 |

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| REVENUE | | |
| Grants <i>[note 7]</i> | 693,465 | 699,874 |
| Donations <i>[note 9]</i> | 152,111 | 134,788 |
| Other | 21,203 | 22,103 |
| Amortization of deferred contributions <i>[note 8]</i> | 984 | 4,302 |
| | 867,763 | 861,067 |
| EXPENSES | | |
| Wages and benefits | 624,373 | 563,247 |
| Rent | 118,080 | 118,080 |
| Office and other | 47,175 | 47,622 |
| Disbursements | 23,088 | 26,330 |
| Pro Bono Going Public event | 21,629 | 21,357 |
| Professional fees | 14,431 | 10,621 |
| Amortization of capital assets | 9,866 | 13,256 |
| Travel and seminars | 9,307 | 8,945 |
| Communications | 4,026 | 4,591 |
| Program development | — | 27,246 |
| Technology support | — | 718 |
| | 871,975 | 842,013 |
| Excess of revenue (expenses) for the year | (4,212) | 19,054 |

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

| | 2018 | 2017 |
|--|-----------------|-----------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess of revenue (expenses) for the year | (4,212) | 19,054 |
| Add items not affecting cash: | | |
| Amortization of capital assets | 9,866 | 13,256 |
| Amortization of deferred contributions related to capital assets | (984) | (4,302) |
| | 4,670 | 28,008 |
| Changes in non-cash working capital items: | | |
| Accounts receivable | 35,619 | (58,031) |
| Prepaid expenses | (6,942) | (5,347) |
| Accounts payable and accrued liabilities | 839 | 4,469 |
| Deferred grants | 14,064 | 7,007 |
| Cash provided by (used in) operating activities | 48,250 | (23,894) |
| INVESTING ACTIVITIES | | |
| Purchases of capital assets | (91,700) | (46,506) |
| Capital grant received | 77,225 | 40,399 |
| Cash used in investing activities | (14,475) | (6,107) |
| Increase (decrease) in cash during the year | 33,775 | (30,001) |
| Cash, beginning of year | 133,612 | 163,613 |
| Cash, end of year | 167,387 | 133,612 |

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

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-for-profit 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-for-profit 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 life 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, 2018

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 2018 approximately 12,351 [2017 - 10,655] in non-lawyer and 13,276 [2017 - 9,642] 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, 2018

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

| | 2018 | 2017 |
|---|---------|---------|
| | \$ | \$ |
| Operating | 32,369 | 11,111 |
| Restricted for gaming grant initiatives | 135,018 | 122,501 |
| | 167,387 | 133,612 |

4. ACCOUNTS RECEIVABLE

| | 2018 | 2017 |
|---------------------------------|--------|--------|
| | \$ | \$ |
| Grants and other | 25,703 | 61,152 |
| Government - GST | 3,376 | 3,546 |
| | 29,079 | 64,698 |
| Allowance for doubtful accounts | — | — |
| | 29,079 | 64,698 |

5. CAPITAL ASSETS

| | Amortization Rates | Cost \$ | Accumulated Amortization \$ | Net Book Value \$ |
|------------------------|--------------------|------------|-----------------------------------|-------------------------|
| 2018 | | | | |
| Computers | 3 yr straight line | 164,005 | 38,893 | 125,112 |
| Furniture and fixtures | 5 yr straight line | 43,757 | 40,096 | 3,661 |
| | | 207,762 | 78,989 | 128,773 |
| 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 |

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2018 | 2017 |
|-------------------------------------|--------|--------|
| | \$ | \$ |
| Operating | 15,493 | 14,662 |
| Government remittances - WorkSafeBC | 122 | 114 |
| | 15,615 | 14,776 |

7. DEFERRED GRANTS

| | Beginning of Year \$ | Received & Receivable \$ | Transferred to Deferred Contributions \$ | Revenue Earned \$ | End of Year \$ |
|--|----------------------------|--------------------------------|---|-------------------------|----------------------|
| 2018 | | | | | |
| Grants | | | | | |
| Law Foundation of BC - operations | — | 415,000 | — | 415,000 | — |
| Law Foundation of BC - cy pres awards | 4,507 | 174,201 | 77,225 | 100,788 | 695 |
| Law Foundation of BC - case management | 40,000 | — | — | — | 40,000 |
| Law Society of BC - rent | — | 48,380 | — | 48,380 | — |
| Provincial Gaming | 120,008 | 135,000 | — | 119,990 | 135,018 |
| Pro Bono Canada | — | 6,807 | — | 6,807 | — |
| Legal Services Society, BC | 20,000 | — | — | — | 20,000 |
| National Pro Bono Conference | — | 5,366 | — | — | 5,366 |
| Gaming Fund for Multiculturalism | 2,500 | — | — | 2,500 | — |
| | 187,015 | 784,754 | 77,225 | 693,465 | 201,079 |
| 2017 | | | | | |
| Grants | | | | | |
| Law Foundation of BC - operations | — | 415,000 | — | 415,000 | — |
| Law Foundation of BC - cy pres awards | — | 120,000 | 40,399 | 75,094 | 4,507 |
| Law Foundation of BC - case management | 40,000 | — | — | — | 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 | — | — | — | 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 |

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

| | 2018 | 2017 |
|---|---------|---------|
| | \$ | \$ |
| Balance, beginning of year | 39,416 | 3,319 |
| Add: Law Foundation move grant spent on capital expenses [note 7] | 77,225 | 40,399 |
| Less: Amounts amortized to revenue | (984) | (4,302) |
| Balance, end of year | 115,657 | 39,416 |

9. DONATIONS

| | 2018 | 2017 |
|-----------------------------|---------|---------|
| | \$ | \$ |
| Pro Bono Going Public Event | 77,607 | 65,231 |
| Donations | 65,984 | 63,037 |
| Silent Auction | 8,520 | 6,520 |
| | 152,111 | 134,788 |

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, 2018.

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, 2018

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 Dec 5, 2017, the Society entered renewed a lease agreement for its premises which requires annual lease payments, including the estimated operating costs and GST, over the next five years until February 28, 2023.

| | \$ |
|------|---------|
| 2019 | 120,960 |
| 2020 | 120,960 |
| 2021 | 120,960 |
| 2022 | 120,960 |
| 2023 | 110,880 |
| | 594,720 |

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.

13. WAGE AND CONTRACTOR RENUMERATION

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 \$120,848 paid to one employee during the year.