

FINANCIAL STATEMENTS

**ACCESS PRO BONO SOCIETY
OF BRITISH COLUMBIA**

March 31, 2021



INDEPENDENT AUDITOR'S REPORT

To the Members of
Access Pro Bono Society of British Columbia

Qualified Opinion

We have audited the financial statements of Access Pro Bono Society of British Columbia (the Society), which comprise the statement of financial position as at March 31, 2021, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2021, 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 Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years.

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 Society 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 qualified audit 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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 these financial statements. 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 Society's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 Society's ability 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 Society 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
August 12, 2021

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	2021 \$	2020 \$
ASSETS		
Current		
Cash [note 3]	803,219	330,494
Accounts receivable [note 4]	78,812	36,475
Prepaid expenses	7,918	17,099
	889,949	384,068
Capital assets [note 5]	174,980	176,656
	1,064,929	560,724
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 6]	21,381	18,914
Canada Emergency Business Account loan [note 15]	40,000	—
Deferred revenue [note 7]	236,424	256,936
	297,805	275,850
Deferred contributions related to capital assets [note 8]	156,083	156,083
Total liabilities	453,888	431,933
NET ASSETS	611,041	128,791
	1,064,929	560,724

Commitments [note 12]

COVID-19 [note 14]

See accompanying notes to the financial statements

On behalf of the Board:

Sean Akeroyd
Sean Akeroyd (Sep 23, 2021 14:06 PDT)

Director

Trevor Bant
Trevor Bant (Sep 23, 2021 14:12 PDT)

Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Invested in Capital \$	Unrestricted \$	Total \$
2021			
Balance, beginning of year	20,573	108,218	128,791
Excess of revenue (expenses) for the year	(12,683)	494,933	482,250
Capital asset purchases in the year	11,007	(11,007)	—
Balance, end of year	18,897	592,144	611,041
2020			
Balance, beginning of year	6,197	131,750	137,947
Excess of revenue (expenses) for the year	(14,830)	5,674	(9,156)
Capital asset purchases in the year	37,283	(37,283)	—
Restricted funding used for capital asset purchases	(8,077)	8,077	—
Balance, end of year	20,573	108,218	128,791

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2021 \$	2020 \$
REVENUE		
Grants <i>[note 7]</i>	1,150,504	842,165
Government assistance - wage subsidy <i>[note 14]</i>	449,166	—
- rent subsidy <i>[note 14]</i>	29,279	—
- loan forgiveness <i>[note 15]</i>	20,000	—
Fundraising events and donations <i>[note 9]</i>	210,645	203,693
	1,859,594	1,045,858
EXPENSES		
Wages and benefits	936,131	773,381
Contractors	211,447	—
Rent	118,080	118,080
Office and other	38,403	59,097
Professional fees	21,601	18,588
Disbursements	19,898	25,530
Amortization of capital assets	12,683	14,830
Communications	10,874	9,767
Event costs	7,617	19,375
Travel and seminars	610	16,366
	1,377,344	1,055,014
Excess of revenue (expenses) for the year	482,250	(9,156)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Excess of revenue (expenses) for the year	482,250	(9,156)
Add item not affecting cash:		
Amortization of capital assets	12,683	14,830
	494,933	5,674
Changes in non-cash working capital items:		
Accounts receivable	(42,337)	99,559
Prepaid expenses	9,181	(5,111)
Accounts payable and accrued liabilities	2,467	(1,865)
Deferred grants	(20,512)	52,764
Cash provided by operating activities	443,732	151,021
INVESTING ACTIVITIES		
Purchase of capital assets	(11,007)	(37,283)
Capital grant used for purchase of capital assets	—	8,077
Cash used in investing activities	(11,007)	(29,206)
FINANCING ACTIVITIES		
Proceeds from Canada Emergency Business Account loan	60,000	—
Canada Emergency Business Account loan – forgiveness of debt	(20,000)	—
Cash provided by financing activities	40,000	—
Increase in cash during the year	472,725	121,815
Cash, beginning of year	330,494	208,679
Cash, end of year	803,219	330,494

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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, 2021

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 2021 approximately 10,286 [2020 - 12,894] in non-lawyer and 13,136 [2020 - 13,472] 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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

3. CASH

	2021 \$	2020 \$
Operating	656,216	183,182
Restricted for gaming grant initiatives	147,003	147,312
	803,219	330,494

4. ACCOUNTS RECEIVABLE

	2021 \$	2020 \$
Grants	47,588	33,225
Government - GST	6,885	3,250
- wage subsidy	21,487	—
- rent subsidy	2,852	—
	78,812	36,475

5. CAPITAL ASSETS

	Amortization Rates	Cost \$	Accumulated Amortization \$	Net Book Value \$
2021				
Computers	3 yr straight line	237,560	67,092	170,468
Furniture and fixtures	5 yr straight line	50,182	45,670	4,512
		287,742	112,762	174,980
2020				
Computers	3 yr straight line	226,553	56,377	170,176
Furniture and fixtures	5 yr straight line	50,182	43,702	6,480
		276,735	100,079	176,656

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021 \$	2020 \$
Operating	21,169	18,748
Government remittances - WorkSafeBC	212	166
	21,381	18,914

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

7. DEFERRED REVENUE

	Beginning of Year \$	Received & Receivable \$	Transferred to Deferred Contributions \$	Revenue Earned \$	End of Year \$
2021					
Grants					
Law Foundation of BC - operations	—	468,000	—	468,000	—
Law Foundation of BC - cy pres	—	10,148	—	10,148	—
Law Foundation of BC - case mgt.	40,000	—	—	40,000	—
Law Foundation of BC - LRS	—	142,500	—	142,500	—
Law Foundation of BC - PIAF	—	60,000	—	58,305	1,695
Law Society of BC - rent	—	48,380	—	48,380	—
Provincial Gaming	147,312	147,000	—	147,308	147,004
City of Vancouver - residential tenancy	15,000	7,500	—	15,000	7,500
City of Vancouver - renter services	40,000	—	—	40,000	—
Pro Bono Canada	—	9,698	—	9,698	—
Legal Services Society, BC	14,624	—	—	14,624	—
Ministry of Attorney General - VFM	—	200,000	—	156,541	43,459
	256,936	1,093,226	—	1,150,504	199,658
Donations					
Lance Finch QC Legacy funds	—	36,766	—	—	36,766
	256,936	1,129,992	—	1,150,504	236,424
2020					
Grants					
Law Foundation of BC - operations	—	450,000	—	450,000	—
Law Foundation of BC - cy pres	—	71,852	8,077	63,775	—
Law Foundation of BC - case mgt.	40,000	—	—	—	40,000
Law Foundation of BC - LRS	—	101,665	—	101,665	—
Law Society of BC - rent	—	48,380	—	48,380	—
Provincial Gaming	140,090	148,352	—	141,130	147,312
City of Vancouver	—	15,000	—	15,000	—
City of Vancouver - residential tenancy	—	15,000	—	—	15,000
City of Vancouver - renter services	—	40,000	—	—	40,000
Pro Bono Canada	—	7,705	—	7,705	—
Legal Services Society, BC	20,000	—	—	5,376	14,624
Westside Family Law	—	4,800	—	4,800	—
Service Canada	—	4,334	—	4,334	—
	200,090	907,088	8,077	842,165	256,936
Donations					
National Pro Bono Conference	2,500	—	—	2,500	—
Great Wines Charity Auction	1,582	—	—	1,582	—
	204,172	907,088	8,077	846,247	256,936

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2021 \$	2020 \$
Balance, beginning of year	156,083	148,006
Add: Grant spent on capital assets [note 7]	—	8,077
Less: Amounts amortized to revenue	—	—
Balance, end of year	156,083	156,083

9. FUNDRAISING EVENTS AND DONATIONS

	2021 \$	2020 \$
General donations	116,711	112,959
Pro Bono Going Public Event - donations and sponsorships	93,934	81,329
Great Wines Charity Gala - donations and sponsorships	—	9,405
	210,645	203,693

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, 2021.

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, 2021

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 three years until February 28, 2023.

	\$
2022	120,960
2023	110,880
	<u>231,840</u>

The Society has secured a lease subsidy grant from the Law Society/Law Foundation of BC in the amount of \$48,380 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 \$394,090 [2020 - \$292,416] paid to four employees [2020 - three employees] during the year. Contractors expense includes \$136,667 paid to a contractor during the year.

14. COVID-19

The Society reacted quickly to the realities of the COVID-19 pandemic, and has continued to deliver core legal services with minimal disruption to operations. The Society has postponed a few in-person events, and converted many others into virtual events. The Society anticipates a reduction in fundraising revenue during the pandemic, but it maintains a good financial position since most major grants for the 2020-2021 fiscal year were approved before the onset, and since it has taken steps to minimize, mitigate and defer discretionary costs. The Society believes that with its current cash reserves, the government assistance it has received, and its risk management approach to the crisis, the Society will be able to maintain a high level of operation during the full life of the pandemic.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

14. COVID-19 (CONT'D)

During the year, the Society received Canada Emergency Wage Subsidies in the amount of \$449,166 [2020 - \$Nil] and Canada Emergency Rent Subsidies in the amount of \$29,279 [2020 - \$Nil].

15. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

The Society also applied for and received a \$60,000 loan under the Canada Emergency Business Account. The loan is non-interest bearing until December 31, 2022, and then interest accrues at the prime rate until December 31, 2025, when the loan is due. If the loan is repaid on or before December 31, 2022, \$20,000 of the loan will be forgiven.

As the Society has met and expects to continue to comply with the loan's terms and conditions and expects to repay the loan on or before December 31, 2022, the 25% forgivable portion of the loan or \$20,000, has been taken into 2020 income.