

Community Legal Services of Ottawa
Financial Statements
For the year ended March 31, 2023

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11



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Independent Auditor's Report

To the Board of Directors of
Community Legal Services of Ottawa

Opinion

We have audited the financial statements of Community Legal Services of Ottawa (the Clinic), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in fund balances 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 Clinic as at March 31, 2023, and its results of 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Clinic 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Clinic'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 Clinic or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Clinic'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 Clinic'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 Clinic'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 Clinic 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
July 19, 2023

Community Legal Services of Ottawa Statement of Financial Position

March 31	General Fund	Legal Disbursements Fund	Tangible Capital Asset Fund	Duty Counsel Fund	Donations Fund	Immigration Conference Fund	Transformation Fund	Connecting Ottawa Fund	Other Funds	2023	2022
Assets											
Current											
Cash	\$ 106,435	\$ 8,874	\$ -	\$ -	\$ 11,743	\$ -	\$ -	\$ 144,482	\$ 43,895	\$ 315,429	\$ 372,178
Accounts receivable	3,959	-	-	-	-	-	-	41,481	-	45,440	4,416
HST receivable	21,358	60	-	-	-	-	-	-	-	21,418	24,336
Prepaid expenses	31,338	-	-	1,544	-	-	-	-	-	32,882	31,507
	<u>163,090</u>	<u>8,934</u>	<u>-</u>	<u>1,544</u>	<u>11,743</u>	<u>-</u>	<u>-</u>	<u>185,963</u>	<u>43,895</u>	<u>415,169</u>	<u>432,437</u>
Tangible capital assets (Note 2)	-	-	63,646	-	-	-	-	-	-	63,646	32,185
	<u>\$ 163,090</u>	<u>\$ 8,934</u>	<u>\$ 63,646</u>	<u>\$ 1,544</u>	<u>\$ 11,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,963</u>	<u>\$ 43,895</u>	<u>\$ 478,815</u>	<u>\$ 464,622</u>
Liabilities and Fund Balances											
Current											
Accounts payable and accrued liabilities (Note 3)	\$ 187,927	\$ -	\$ -	\$ 5,239	\$ -	\$ -	\$ -	\$ 16,522	\$ -	\$ 209,688	\$ 198,293
Deferred contributions (Note 5)	-	-	-	-	-	-	-	141,269	-	141,269	190,231
Interfund payable (receivable)	(7,710)	5,327	-	(11,294)	(118)	(8,462)	-	28,172	(5,915)	-	-
	<u>180,217</u>	<u>5,327</u>	<u>-</u>	<u>(6,055)</u>	<u>(118)</u>	<u>(8,462)</u>	<u>-</u>	<u>185,963</u>	<u>(5,915)</u>	<u>350,957</u>	<u>388,524</u>
Deferred lease inducement	2,431	-	-	-	-	-	-	-	-	2,431	12,154
	<u>182,648</u>	<u>5,327</u>	<u>-</u>	<u>(6,055)</u>	<u>(118)</u>	<u>(8,462)</u>	<u>-</u>	<u>185,963</u>	<u>(5,915)</u>	<u>353,388</u>	<u>400,678</u>
Contractual obligation (Note 6)											
Fund Balances (deficiency)	(19,558)	3,607	63,646	7,599	11,861	8,462	-	-	49,810	125,427	63,941
	<u>\$ 163,090</u>	<u>\$ 8,934</u>	<u>\$ 63,646</u>	<u>\$ 1,544</u>	<u>\$ 11,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,963</u>	<u>\$ 43,895</u>	<u>\$ 478,815</u>	<u>\$ 464,619</u>

On behalf of the Board:



Director



Director

The notes are an integral part of these financial statements.

Community Legal Services of Ottawa Statement of Operations and Changes in Fund Balances

For the year ended March 31	General Fund	Legal Dis- bursements Fund	Tangible Capital Asset Fund	Duty Counsel Fund	Donations Fund	Immigration Conference Fund	Transforma- tion Fund	Connecting Ottawa Fund	Other Funds	2023	2022
Revenues											
Legal Aid Ontario											
- direct receipts	\$ 3,248,594	\$ 51,600	\$ 8,744	\$ -	\$ -	\$ -	\$ 7,074	\$ -	\$ -	\$ 3,316,012	\$ 3,248,591
- indirect receipts (Note 4)	203,304	-	53,399	-	-	-	-	-	-	256,703	198,334
Tenant Duty Counsel	-	-	-	108,127	-	-	-	-	-	108,127	106,910
Recovered from clients	-	76,180	-	-	-	-	-	-	-	76,180	71,666
Memberships and donations	-	-	-	-	5,677	-	-	-	-	5,677	1,090
Other income	4,004	-	-	-	-	-	-	690	-	4,694	37
HRSDC	-	-	-	-	-	-	-	-	32,627	32,627	38,000
Law Foundation of Ontario	-	-	-	-	-	-	-	344,174	6,500	350,674	266,205
	3,455,902	127,780	62,143	108,127	5,677	-	7,074	344,864	39,127	4,150,694	3,930,833
Expenses											
Salaries	2,332,661	-	-	84,615	-	-	-	-	30,561	2,447,837	2,418,331
Benefits	438,078	-	-	16,495	-	-	-	-	2,067	456,640	420,001
Professional dues	38,630	-	-	-	-	-	-	-	-	38,630	40,207
Travel	4,547	-	-	-	-	-	-	-	-	4,547	6,308
Communications	18,366	-	-	-	-	438	-	-	-	18,804	18,824
Accommodations	263,657	-	-	-	-	-	-	-	-	263,657	265,584
Equipment	6,717	-	-	-	-	-	-	-	-	6,717	6,785
Library	16,268	-	-	-	-	-	-	-	-	16,268	11,837
Supplies and services	19,295	-	-	-	995	-	-	-	45	20,335	34,373
Indirect payments (Note 4)	203,304	-	-	-	-	-	-	-	-	203,304	198,334
Professional fees	42,935	-	-	-	-	-	-	-	-	42,935	65,972
Legal disbursements	-	127,632	-	-	-	-	-	-	-	127,632	132,472
Duty Counsel expense	-	-	-	5,426	-	-	-	-	-	5,426	5,001
Connecting Ottawa	-	-	-	-	-	-	-	344,864	-	344,864	254,205
Amortization of tangible capital assets	-	-	30,682	-	-	-	-	-	-	30,682	23,076
	3,384,458	127,632	30,682	106,536	995	438	-	344,864	32,673	4,028,278	3,901,310
Excess (deficiency) of revenues over expenses	71,444	148	31,461	1,591	4,682	(438)	7,074	-	6,454	122,416	29,523
Funds returned to Legal Aid Ontario	(53,856)	-	-	-	-	-	(7,074)	-	-	(60,930)	-
Fund balances (deficiency), beginning of year	(37,146)	3,459	32,185	6,008	7,179	8,900	-	-	43,356	63,941	34,418
Fund balances (deficiency), end of year	\$ (19,558)	\$ 3,607	\$ 63,646	\$ 7,599	\$ 11,861	\$ 8,462	\$ -	\$ -	\$ 49,810	\$ 125,427	\$ 63,941

Community Legal Services of Ottawa Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Cash receipts from government subsidy and clients	\$ 3,804,003	\$ 3,826,099
Cash paid to suppliers and employees	<u>(3,852,008)</u>	<u>(3,704,439)</u>
	(48,005)	121,660
Cash flows from investing activities		
Acquisition of tangible capital assets	<u>(8,744)</u>	<u>(1,173)</u>
Net (decrease) increase in cash	(56,749)	120,487
Cash, beginning of the year	<u>372,178</u>	<u>251,691</u>
Cash, end of the year	<u>\$ 315,429</u>	<u>\$ 372,178</u>

Community Legal Services of Ottawa

Notes to Financial Statements

March 31, 2023

1. Accounting Policies

Purpose of Organization Community Legal Services of Ottawa (the Clinic) is a not-for-profit organization incorporated without share capital under the laws of Ontario. The Clinic was formed to provide equal access to quality legal services for the citizens of Ottawa. The Clinic is a not-for-profit organization under the Income Tax Act and is exempt from corporate income taxes.

Basis of Accounting The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting All the funds described below are restricted as to use by various agreements between the Clinic and Legal Aid Ontario and title to the Clinic assets vests with the funder.

The General Fund is used to provide a range of legal and paralegal services, including information, advice and representation to low-income individuals and families.

The Legal Disbursements Fund is used to provide for certain direct expenses incurred in representing Clinic clients in legal proceedings.

The Tangible Capital Asset Fund holds the tangible capital assets of the Clinic that have been funded by Legal Aid Ontario.

The Duty Counsel Fund is used to pay caseworker services in providing advice to tenants appearing at the Landlord and Tenant Board.

The Donations Fund comes from donations to the Clinic and are used at the discretion of the Board of Directors.

The Immigration Conference Fund holds funds restricted for the annual Immigration Conference.

The Transformation Fund is restricted for the transformation project of the local Ottawa Legal Clinics.

The Connecting Ottawa Fund is used for the Connecting Ottawa project to maintain an Ottawa-based network of community agencies and to deliver services dedicated to increasing the ability of people who do not speak English or French, or who have communication impairments, to more easily obtain legal information and legal assistance.

Other funds are non-Legal Aid Ontario clinic operating funds and are used for the purposes specified by the funders and Community Legal Services of Ottawa.

Community Legal Services of Ottawa

Notes to Financial Statements

March 31, 2023

1. Accounting Policies (continued)

Revenue Recognition	<p>These financial statements are prepared following the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue in the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when earned.</p> <p>Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p>								
Financial Instruments	<p><u>Initial and subsequent measurement</u> The Clinic initially measures its financial assets and liabilities at fair value. The Clinic subsequently measures all its financial assets and liabilities at amortized cost.</p> <p><u>Impairment</u> Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.</p> <p><u>Transaction costs</u> Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.</p>								
Tangible Capital Assets	<p>Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the straight-line basis and following durations:</p> <table><tr><td>Computer equipment</td><td>3 years</td></tr><tr><td>Office equipment</td><td>5 years</td></tr><tr><td>Telephone equipment</td><td>8 years</td></tr><tr><td>Leasehold improvement</td><td>over the term of the lease</td></tr></table>	Computer equipment	3 years	Office equipment	5 years	Telephone equipment	8 years	Leasehold improvement	over the term of the lease
Computer equipment	3 years								
Office equipment	5 years								
Telephone equipment	8 years								
Leasehold improvement	over the term of the lease								
Contributed Materials and Services	<p>Contributed materials and services which are used in the normal course of the Clinic's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.</p>								

Community Legal Services of Ottawa Notes to Financial Statements

March 31, 2023

2. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 353,033	\$ 308,533	\$ 299,633	\$ 296,849
Office equipment	68,515	68,515	68,516	67,627
Telephone equipment	12,628	6,199	12,628	4,621
Leasehold improvements	200,154	187,437	191,409	170,904
	\$ 634,330	\$ 570,684	\$ 572,186	\$ 540,001
Net book value		\$ 63,646		\$ 32,185

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$37,385 (2022 - \$31,671).

4. Indirect Payments and Receipts

Legal Aid Ontario administers and makes payments on behalf of the Clinic for the following expenses:

	2023	2022
General Fund		
Pension and group insurance	\$ 346	\$ 280
Supplies and services	79,556	79,758
Library	76	2,091
IT Support	123,326	116,205
Computer equipment	53,399	-
	\$ 256,703	\$ 198,334

Community Legal Services of Ottawa Notes to Financial Statements

March 31, 2023

5. Deferred Contributions

Deferred contributions represents funds received in the current year to cover operating expenses in the subsequent year. The variations in the balance of deferred contributions is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 190,231	\$ 117,349
Plus: amounts received for the subsequent year	302,285	327,650
Less: amounts recognized as revenue in the year	<u>(351,247)</u>	<u>(254,768)</u>
Balance, end of the year	<u>\$ 141,269</u>	<u>\$ 190,231</u>

6. Contractual Obligation

The Clinic leases its premises under leases expiring in June 2023 and June 2028. Future minimum lease payments total \$575,557 and include the following payments over the next five years:

2024	\$ 90,990
2025	\$ 111,197
2026	\$ 113,267
2027	\$ 115,344
2028	\$ 115,807

7. Economic Dependence

The Clinic derives a major portion of its revenue from Legal Aid Ontario. During the year, Legal Aid Ontario revenue represented 86% (2022 - 88%) of total revenues. Should this funding not be continued or it can't be replaced, then the Clinic would not be able to continue its operation at the current level.

8. Financial Instruments

Credit risk

The Clinic is exposed to credit risk for its accounts receivable. The majority of the Clinic's receivables are from government sources and the Clinic works to ensure they meet all eligibility criteria in order to qualify to receive the corresponding funding.

There has been no change to the financial instrument risk from the previous year.

Community Legal Services of Ottawa Notes to Financial Statements

March 31, 2023

9. Employee Future Benefits

As of June 1, 2022, the Clinic provides retirement benefits for its employees under a multi-employer defined benefit pension plan with the Colleges of Applied Arts and Technology Pension Plan ("the plan"). The plan provides benefits that are based on a contribution of a percentage of the participants' plan earnings.

The employer contributions to the defined benefit pension plan for the year is \$108,821.
