FINANCIAL STATEMENTS

ACCESS PRO BONO SOCIETY OF BRITISH COLUMBIA

March 31, 2014

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, 2014, 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, 2014, 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 Society 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 20, 2014 Toruphung Wozny, Meller 7 6.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As	at	M	ar	ch	3	1

	2014	2013
	2014 \$ 85,836 8,317 5,197 99,350 26,955 126,305	\$
ASSETS		
Current		
Cash [note 3]	85,836	110,559
Accounts receivable [note 4]	•	30,686
Prepaid expenses	5,197	7,852
	99,350	149,097
Capital assets [note 5]	26,955	39,086
	126,305	188,183
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 6]	15,928	34,507
Deferred grants [note 7]	169,992	163,141
	185,920	197,648
Deferred contributions related to capital assets [note 8]	12,617	18,598
Total liabilities	198,537	216,246
NET DEFICIENCY	(72,232)	(28,063)
	126,305	188,183

Commitments [note 12]

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director

STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)

Year ended March 31

	Invested in		
	Capital	Unrestricted	
	Assets	deficiency	Total
	\$	\$	\$
2014			
Balance, beginning of year	20,489	(48,552)	(28,063)
Excess of expenses for the year	(8,747)	(35,422)	(44,169)
Capital asset purchases in the year	2,596	(2,596)	
Balance, end of year	14,338	(86,570)	(72,232)
2013			
Balance, beginning of year	7,897	(11,355)	(3,458)
Excess of expenses for the year	(8,000)	(16,605)	(24,605)
Capital asset purchases in the year	45,171	(45,171)	
Restricted grants used for capital purchases	(24,579)	24,579	
Balance, end of year	20,489	(48,552)	(28,063)

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31	

	2014	2013
	\$	\$
REVENUE		
Grants [note 7]	569,216	520,262
Donations [note 9]	130,050	163,074
Other	5,989	5,748
Amortization of deferred contributions [note 8]	5,981	5,981
	711,236	695,065
EXPENSES		
Wages and benefits	488,009	503,184
Rent	118,483	66,604
Office and other	40,806	32,042
Disbursements	27,860	34,397
Pro Bono Going Public event	18,748	16,313
Amortization of capital assets	14,727	13,981
Communications	14,276	8,886
Travel and seminars	13,265	14,132
Professional fees	12,611	10,440
Technology support	6,620	3,287
Consulting		16,404
	755,405	719,670
Excess of expenses for the year	(44,169)	(24,605)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year	ende	ed M	larc	h 31
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	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Excess of expenses for the year	(44,169)	(24,605)
Add items not affecting cash:		
Amortization of capital assets	14,727	13,981
Amortization of deferred contributions related to capital assets	(5,981)	(5,981)
	(35,423)	(16,605)
Changes in non-cash working capital items:		
Accounts receivable	22,369	(21,907)
Prepaid expenses	2,656	2,531
Accounts payable and accrued liabilities	(18,580)	1,163
Deferred grants	6,851	75,692
Cash provided by (used in) operating activities	(22,127)	40,874
INVESTING ACTIVITIES		
Purchases of capital assets	(2,596)	(45,170)
Purchases of capital assets with restricted grant	_	24,579
Cash used in investing activities	(2,596)	(20,591)
Increase (decrease) in cash during the year	(24,723)	20,283
Cash, beginning of year	110,559	90,276
Cash, end of year	85,836	110,559

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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 Society 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 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, 2014

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 2014 approximately 12,377 [2013 - 16,700] in non-lawyer and 8,474 [2013 - 8,187] 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, 2014

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

	2014	2013
	\$	\$
Operating (cheques issued in excess of funds)	(24,156)	20,576
Restricted for gaming grant initiatives	109,992	89,983
	85,836	110,559

4. ACCOUNTS RECEIVABLE

	2014	2013 \$
	\$	
Grants and other	3,043	17,596
Government - GST	5,274	13,090
	8,317	30,686
Allowance for doubtful accounts	<u> </u>	
	8,317	30,686

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

5. CAPITAL ASSETS

	Amortization Rates	Cost \$	Accumulated Amortization \$	Net Book Value \$
2014			_	
Computers	3 yr straight line	21,388	16,790	4,598
Furniture and fixtures	5 yr straight line	37,779	15,422	22,357
		59,167	32,212	26,955
2013				
Computers	3 yr straight line	19,692	9,585	10,107
Furniture and fixtures	5 yr straight line	36,879	7,900	28,979
		56,571	17,485	39,086

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013 \$
	\$	
Operating	15,769	33,258
Vacation time		1,089
Government remittances - WorkSafe BC	159	160
	15,928	34,507

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

7. DEFERRED GRANTS

	Beginning of Year \$	Received & Receivable	Revenue Earned \$	End of Year \$
2014				
Grants				
Law Foundation of BC - operations		365,000	365,000	
Law Foundation of BC - rural & disabled access		5,000	5,000	
Law Foundation of BC - case management	40,000	, <u>.</u>		40,000
Law Foundation of BC - move	8,608		8,608	
Law Foundation of BC - increased client intake	·	43,200	43,200	
Law Society of BC - rent		47,217	47,217	
Provincial Gaming	89,983	110,000	89,991	109,992
City of Vancouver	2,550	7,650	10,200	
Legal Services Society, BC	20,000			20,000
	161,141	578,067	569,216	169,992
Donations				
Borden Ladner Gervais	2,000	<u></u>	2,000	
	163,141	578,067	571,216	169,992
2013				
Grants				
Law Foundation of BC - operations		365,000	365,000	
Law Foundation of BC - rural & disabled access	10,000		10,000	
Law Foundation of BC - case management		40,000		40,000
Law Foundation of BC - move		16,421	7,813	8,608
Law Foundation of BC - rent		3,933	3,933	
Provincial Gaming	74,949	90,000	74,966	89,983
The Notary Foundation		25,000	25,000	N
City of Vancouver	2,500	10,100	10,050	2,550
Pro Bono Law Alberta		10,000	10,000	
Vancouver Foundation		10,000	10,000	
Legal Information Society of Nova Scotia	_	3,500	3,500	
Legal Services Society, BC		20,000		20,000
	87,449	593,954	520,262	161,141
Donations				
Borden Ladner Gervais		2,000	and the second s	2,000
	87,449	595,954	520,262	163,141

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

		2014 \$	2013 \$
Balance, beginning of year		18,598	
Add: Law Foundation move grant spent on capital expenses			24,579
Less: Amounts amortized to revenue		(5,981)	(5,981)
Balance, end of year	- English Hangara ang Kabupatèn Sa	12,617	18,598

In 2013, a grant from the Law Foundation of British Columbia was received for the office move in the amount of \$41,000. Of this amount, \$24,579 was spent of capital items and \$16,421 allocated to period expenses [note 7].

9. DONATIONS

	2014 \$	2013 \$
Donations	59,365	94,467
Pro Bono Going Public Event	57,266	63,415
The Canadian Bar Association - immigration section	5,000	
- insolvency subsection	500	
- annual dinner	1,125	_
Silent Auction	6,445	4,826
Fun Run	349	366
	130,050	163,074

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, 2014.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

10. FINANCIAL INSTRUMENTS (CONT'D)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Society's financial instruments are non-interest bearing except for cash that earns interest at variable market rates.

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.

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 the following annual lease payments, including the estimated operating costs and GST, over the next four years until February 28, 2018:

	\$
2015	120,960
2016	120,960
2017	120,960
2018	110,880
	473,760

The Society has secured a lease subsidy grant from the Law Society/Law Foundation of BC in the amount of \$47,200 per annum to partially subsidize the above lease payments.

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

13. COMPARATIVE FIGURES

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.