FINANCIAL STATEMENTS

ACCESS PRO BONO SOCIETY OF BRITISH COLUMBIA

March 31, 2015

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, 2015, 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, 2015, 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, 2015

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Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As	at	M	arol	h 2	1
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	2015	2014
	\$	\$
ASSETS		
Current		
Cash [note 3]	120,848	85,836
Accounts receivable [note 4]	12,938	8,317
Prepaid expenses	11,637	5,197
	145,423	99,350
Capital assets [note 5]	17,326	26,955
	162,749	126,305
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 6]	10,029	15,928
Deferred grants [note 7]	175,209	169,992
	185,238	185,920
Deferred contributions related to capital assets [note 8]	6,636	12,617
Total liabilities	191,874	198,537
NET ASSET DEFICIENCY	(29,125)	(72,232)
	162,749	126,305

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 Assets \$	Unrestricted deficiency	Total \$
2015		_	
Balance, beginning of year	14,338	(86,570)	(72,232)
Excess of revenue (expenses) for the year	(6,466)	49,573	43,107
Capital asset purchases in the year	2,818	(2,818)	´—
Balance, end of year	10,690	(39,815)	(29,125)
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)

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31		
	2015	2014
	\$	\$
REVENUE		
Grants [note 7]	607,886	569,216
Donations [note 9]	141,795	130,050
Other	24,482	5,989
Amortization of deferred contributions [note 8]	5,981	5,981
	780,144	711,236
EXPENSES		
Wages and benefits	493,574	488,009
Rent	118,080	118,483
Office and other	38,836	40,806
Disbursements	25,217	27,860
Pro Bono Going Public event	18,604	18,748
Travel and seminars	14,893	13,265
Amortization of capital assets	12,448	14,727
Professional fees	10,756	12,611
Communications	4,137	14,276
Technology support	492	6,620

See accompanying notes to the financial statements

Excess of revenue (expenses) for the year

737,037

43,107

755,405

(44,169)

STATEMENT OF CASH FLOWS

Year	ended	Mai	rch.	31

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue (expenses) for the year	43,107	(44,169)
Add items not affecting cash:	•	, , ,
Amortization of capital assets	12,448	14,727
Amortization of deferred contributions related to capital assets	(5,981)	(5,981)
	49,574	(35,423)
Changes in non-cash working capital items:		
Accounts receivable	(4,621)	22,369
Prepaid expenses	(6,440)	2,656
Accounts payable and accrued liabilities	(5,900)	(18,580)
Deferred grants	5,217	6,851
Cash provided by (used in) operating activities	37,830	(22,127)
INVESTING ACTIVITIES		
Purchases of capital assets	(2,818)	(2,596)
Cash used in investing activities	(2,818)	(2,596)
Increase (decrease) in cash during the year	35,012	(24,723)
Cash, beginning of year	85,836	110,559
Cash, end of year	120,848	85,836

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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, 2015

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 2015 approximately 14,931 [2014 - 12,377] in non-lawyer and 11,546 [2014 - 8,474] 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, 2015

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

	2015	2014
	\$	\$
Operating (cheques issued in excess of funds)	10,838	(24,156)
Restricted for gaming grant initiatives	110,010	109,992
	120,848	85,836

4. ACCOUNTS RECEIVABLE

	2015	2014 \$
	\$	
Grants and other	8,057	3,043
Government - GST	4,881	5,274
	12,938	8,317
Allowance for doubtful accounts	_	
	12,938	8,317

5. CAPITAL ASSETS

Amortization		Accumulated	Net Book
Rates	Cost	Amortization	Value
	\$	\$	\$
3 yr straight line	23,859	21,646	2,213
5 yr straight line	38,126	23,013	15,113
	61,985	44,659	17,326
3 yr straight line	21,388	16,790	4,598
5 yr straight line	37,779	15,422	22,357
	59,167	32,212	26,955
	3 yr straight line 5 yr straight line 3 yr straight line	Rates Cost \$ 3 yr straight line 23,859 5 yr straight line 38,126 61,985 3 yr straight line 21,388 5 yr straight line 37,779	Rates Cost \$ Amortization 3 yr straight line 23,859 21,646 5 yr straight line 38,126 23,013 61,985 44,659 3 yr straight line 21,388 16,790 5 yr straight line 37,779 15,422

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014 \$
	\$	
Operating	9,912	15,769
Government remittances - WorkSafeBC	9,912 117	159
	10,029	15,928

7. DEFERRED GRANTS

	Beginning of Year \$	Received & Receivable \$	Revenue Earned \$	End of Year \$
2015				
Grants				
Law Foundation of BC - operations		415,000	415,000	_
Law Foundation of BC - debt alleviation		15,000	15,000	
Law Foundation of BC - case management	40,000	_	_	40,000
Law Society of BC - rent	-	48,353	48,353	_
Provincial Gaming	109,992	110,000	109,983	110,009
City of Vancouver		11,450	11,450	
Legal Services Society, BC	20,000	-		20,000
UVIC - student placement		10,800	8,100	2,700
	169,992	610,603	607,886	172,709
Donations				
Canadian Bar Association		5,000	2,500	2,500
	169,992	615,603	610,386	175,209
2014				
Grants				
Law Foundation of BC - operations		365,000	365,000	S
Law Foundation of BC - rural & disabled access		5,000	5,000	H===1
Law Foundation of BC - case management	40,000	-	-	40,000
Law Foundation of BC - move	8,608	, ,	8,608	1
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	=	2,000	
34556	163,141	578,067	571,216	169,992

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2015 \$	2014 \$
Balance, beginning of year	12,617	18,598
Add: Law Foundation move grant spent on capital expenses	_	
Less: Amounts amortized to revenue	(5,981)	(5,981)
Balance, end of year	6,636	12,617

9. DONATIONS

2015	2014
\$	\$
74,828	57,266
60,205	59,365
6,762	6,445
_	5,000
	500
	1,125
_	349
141,795	130,050
	\$ 74,828 60,205 6,762 — — —

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, 2015.

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.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

10. FINANCIAL INSTRUMENTS (CONT'D)

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 three years until February 28, 2018:

	<u> </u>
2016	120,960
2017	120,960
2018	110,880
	352,800

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.