
FINANCIAL STATEMENTS

**ACCESS PRO BONO SOCIETY
OF BRITISH COLUMBIA**

March 31, 2019



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, 2019, 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, 2019, 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, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 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 the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
August 8, 2019

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at March 31

	2019	2018
	\$	\$
ASSETS		
Current		
Cash [note 3]	208,679	167,387
Accounts receivable [note 4]	136,034	29,079
Prepaid expenses	11,988	17,529
	356,701	213,995
Capital assets [note 5]	154,203	128,773
	510,904	342,768
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 6]	20,779	15,615
Deferred revenue [note 7]	204,172	201,079
	224,951	216,694
Deferred contributions related to capital assets [note 8]	148,006	115,657
Total liabilities	372,957	332,351
NET ASSETS	137,947	10,417
	510,904	342,768

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 \$
2019			
Balance, beginning of year	13,116	(2,699)	10,417
Excess of revenue (expenses) for the year	(6,919)	134,449	127,530
Capital asset purchases in the year	33,333	(33,333)	—
Restricted funding used for capital asset purchases	(33,333)	33,333	—
Balance, end of year	6,197	131,750	137,947
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

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2019	2018
	\$	\$
REVENUE		
Grants <i>[note 7]</i>	799,438	693,465
Fundraising events and donations <i>[note 9]</i>	322,534	152,111
Amortization of deferred contributions <i>[note 8]</i>	984	984
Other	—	21,203
	1,122,956	867,763
EXPENSES		
Wages and benefits	650,253	624,373
Event costs	122,544	21,629
Rent	118,080	118,080
Office and other	45,377	47,175
Disbursements	24,533	23,088
Professional fees	13,596	14,431
Travel and seminars	7,965	9,307
Amortization of capital assets	7,903	9,866
Communications	5,175	4,026
	995,426	871,975
Excess of revenue (expenses) for the year	127,530	(4,212)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue (expenses) for the year	127,530	(4,212)
Add items not affecting cash:		
Amortization of capital assets	7,903	9,866
Amortization of deferred contributions related to capital assets	(984)	(984)
	134,449	4,670
Changes in non-cash working capital items:		
Accounts receivable	(106,955)	35,619
Prepaid expenses	5,541	(6,942)
Accounts payable and accrued liabilities	5,164	839
Deferred grants	3,093	14,064
Cash provided by operating activities	41,292	48,250
INVESTING ACTIVITIES		
Purchase of capital assets	(33,333)	(91,700)
Capital grant used for purchase of capital assets	33,333	77,225
Cash used in investing activities	—	(14,475)
Increase in cash during the year	41,292	33,775
Cash, beginning of year	167,387	133,612
Cash, end of year	208,679	167,387

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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, 2019

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 2019 approximately 11,758 [2018 - 12,351] in non-lawyer and 15,623 [2018 - 13,276] 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, 2019

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

	2019	2018
	\$	\$
Operating	68,589	32,369
Restricted for gaming grant initiatives	140,090	135,018
	208,679	167,387

4. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Grants	131,059	25,703
Government - GST	4,975	3,376
	136,034	29,079

5. CAPITAL ASSETS

	Amortization Rates	Cost \$	Accumulated Amortization \$	Net Book Value \$
2019				
Computers	3 yr straight line	197,338	45,601	151,737
Furniture and fixtures	5 yr straight line	43,757	41,291	2,466
		241,095	86,892	154,203
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

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
	\$	\$
Operating	20,644	15,493
Government remittances - WorkSafeBC	135	122
	20,779	15,615

7. DEFERRED REVENUE

	Beginning of Year \$	Received & Receivable \$	Transferred to Deferred Contributions \$	Revenue Earned \$	End of Year \$
2019					
Grants					
Law Foundation of BC - operations	—	450,000	—	450,000	—
Law Foundation of BC - cy pres awards	695	130,430	33,333	97,792	—
Law Foundation of BC - case	40,000	—	—	—	40,000
Law Foundation of BC - conference	—	20,000	—	20,000	—
Law Society of BC - rent	—	48,380	—	48,380	—
Provincial Gaming	135,018	140,705	—	135,633	140,090
City of Vancouver	—	15,000	—	15,000	—
Pro Bono Canada	—	21,133	—	21,133	—
Legal Services Society, BC	20,000	—	—	—	20,000
Allard School of Law	—	11,250	—	11,250	—
BC Hydro	—	250	—	250	—
	195,713	837,148	33,333	799,438	200,090
Donations					
National Pro Bono Conference	5,366	2,500	—	5,366	2,500
Great Wines Charity Auction	—	1,582	—	—	1,582
	201,079	841,230	33,333	804,804	204,172
2018					
Grants					
Law Foundation of BC - operations	—	415,000	—	415,000	—
Law Foundation of BC - case	40,000	—	—	—	40,000
Law Foundation of BC - cy pres awards	4,507	174,201	77,225	100,788	695
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
Gaming Fund for Multiculturalism	2,500	—	—	2,500	—
Donations					
National Pro Bono Conference	—	5,366	—	—	5,366
	187,015	784,754	77,225	693,465	201,079

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2019	2018
	\$	\$
Balance, beginning of year	115,657	39,416
Add: Grant spent on capital assets <i>[note 7]</i>	33,333	77,225
Less: Amounts amortized to revenue	(984)	(984)
Balance, end of year	148,006	115,657

9. FUNDRAISING EVENTS AND DONATIONS

	2019	2018
	\$	\$
Pro Bono Conference - registrations, donations and sponsorships	123,436	—
General donations	105,929	74,504
Pro Bono Going Public Event - donations and sponsorships	79,883	77,607
Great Wines Charity Gala - donations and sponsorships	13,286	—
	322,534	152,111

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, 2019.

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, 2019

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.

	\$
2020	120,960
2021	120,960
2022	120,960
2023	110,880
	<u>473,760</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 \$120,005 paid to one employee during the year.