

**West Toronto Community Legal
Services Inc.**

Financial Statements

March 31, 2023

West Toronto Community Legal Services Inc.

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September 21, 2023

Independent Auditor's Report

To the Board of Directors of West Toronto Community Legal Services Inc.

Opinion

We have audited the financial statements of West Toronto Community Legal Services Inc., 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 West Toronto Community Legal Services Inc. as at March 31, 2023, and its financial performance 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 West Toronto Community Legal Services Inc. 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 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 West Toronto Community Legal Services Inc.'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 West Toronto Community Legal Services Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing West Toronto Community Legal Services Inc.'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.

Roger Chaplin CPA, CA LPA MA (Oxon) Gail Bergman CPA, CA LPA B Comm

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 West Toronto Community Legal Services Inc.'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 West Toronto Community Legal Services Inc.'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 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 West Toronto Community Legal Services Inc. 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.

Chaplin + Co LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario



West Toronto Community Legal Services Inc.

Statement of Financial Position

	LAO General Fund	LAO Legal Disbursements Fund	LAO Capital Fund	City of Toronto Fund	Trust Fund	March 31 2023	March 31 2022
Assets							
Current							
Cash	\$ 17,746	\$ 612	\$ -	\$ 48,055	\$ 10	\$ 66,423	\$ 66,719
Accounts receivable	160	-	-	-	-	160	190
HST recoverable	8,500	57	-	1,281	-	9,838	11,702
Prepaid expenses	21,228	-	-	900	-	22,128	28,725
Capital assets (note 2)	47,634	669	-	50,236	10	98,549	107,336
	-	-	35,851	-	-	35,851	70,603
Total assets	\$ 47,634	\$ 669	\$ 35,851	\$ 50,236	\$ 10	\$ 134,400	\$ 177,939
Liabilities							
Current							
Accounts payable and accrued liabilities	\$ 41,961	\$ 30	\$ -	\$ 20,734	\$ -	\$ 62,725	\$ 69,209
Due to (from) other funds	(8,926)	150	-	8,776	-	-	-
Deferred revenue-rent deposit (note 3)	5,707	-	-	-	-	5,707	5,707
Deferred revenue - City of Toronto (note 6)	-	-	-	-	-	-	10,348
Deferred contribution related to capital assets (note 4)	-	-	33,298	-	-	33,298	62,100
Funds held in trust	-	-	-	-	10	10	10
Fund balances	38,742	180	33,298	29,510	10	101,740	147,374
	8,892	489	2,553	20,726	-	32,660	30,565
Total liabilities and fund balances	\$ 47,634	\$ 669	\$ 35,851	\$ 50,236	\$ 10	\$ 134,400	\$ 177,939
Commitments (note 8)							
See accompanying notes							

Approved on behalf of the Board of Directors
of West Toronto Community Legal Services Inc.:


Director


Director

West Toronto Community Legal Services Inc.

Statement of Operations and Changes in Fund Balances

	LAO General Fund	LAO Legal Disbursements Fund	LAO Capital Fund	City of Toronto (Note 6)	For the year ended March 31 2023	March 31 2022
Revenues						
Legal Aid Ontario	\$ 830,938	\$ 4,300	\$ 34,000	\$ -	\$ 869,238	\$ 862,441
- direct receipts	50,619	-	-	-	50,619	47,862
- indirect receipts (note 5)	-	-	-	406,546	406,546	338,604
City of Toronto	366	-	9,920	-	10,286	11,651
Other funding						
	<u>881,923</u>	<u>4,300</u>	<u>43,920</u>	<u>406,546</u>	<u>1,336,689</u>	<u>1,260,558</u>
Expenses						
Accommodations	101,050	-	-	-	101,050	115,498
Audit fees	4,287	-	-	4,378	8,665	8,565
Benefits	83,244	-	-	44,957	128,201	121,092
Communications	13,959	-	-	3,355	17,314	12,255
Equipment	13,779	-	-	-	13,779	18,059
Indirect payments (note 5)	50,619	-	-	-	50,619	47,862
Legal disbursements	-	4,529	-	-	4,529	3,651
Legal fees	15,633	-	-	-	15,633	11,758
Library	1,207	-	-	-	1,207	1,159
Professional dues	12,736	-	-	-	12,736	9,577
Salaries	577,074	-	-	301,376	878,450	809,087
Supplies and services	12,256	-	-	27,552	39,808	44,019
Travel	606	-	-	12,127	12,733	11,625
	<u>886,450</u>	<u>4,529</u>	<u>-</u>	<u>392,836</u>	<u>1,284,724</u>	<u>1,214,207</u>
Excess (deficiency) of revenues over expenses before non-cash expense	(4,527)	(229)	43,920	12,801	51,965	46,351
Amortization of capital assets	-	-	49,870	-	49,870	48,194
Excess (deficiency) of revenues over expenses	<u>(4,527)</u>	<u>(229)</u>	<u>(5,950)</u>	<u>12,801</u>	<u>2,095</u>	<u>(1,843)</u>
Fund balances, beginning of year	13,419	718	8,503	7,925	30,565	32,408
Fund balances, end of year	<u>\$ 8,892</u>	<u>\$ 489</u>	<u>\$ 2,553</u>	<u>\$ 20,726</u>	<u>\$ 32,660</u>	<u>\$ 30,565</u>

See accompanying notes

	Year ended March 31	
	2023	2022
Net cash provided by (used in)		
Operations		
Deficiency of revenue over expenses	\$ 2,095	\$ (1,843)
Item not involving cash		
Amortization	49,870	48,194
	<u>51,965</u>	<u>46,351</u>
Increase (decrease) in non-cash working capital		
Accounts receivable	30	12,791
HST recoverable	1,864	2,750
Prepaid expenses	6,597	(8,295)
Accounts payable and accrued liabilities	(6,448)	(595)
Deferred revenue- rent deposit	-	(56)
Deferred revenue - City of Toronto	(10,348)	10,348
Deferred revenue - funding	(28,802)	(41,400)
	<u>14,822</u>	<u>21,894</u>
Finance activities		
Purchase of capital assets	(15,118)	-
	<u>(15,118)</u>	<u>-</u>
Net increase (decrease) in cash during the year	(296)	21,894
Cash, beginning of year	66,719	44,825
	<u>66,719</u>	<u>44,825</u>
Cash, end of year	<u>\$ 66,423</u>	<u>\$ 66,719</u>

See accompanying notes

West Toronto Community Legal Services Inc. ("the clinic") is incorporated without share capital under the laws of the Province of Ontario. The clinic was formed to provide equal access to quality legal services for citizens of West Toronto.

The clinic qualifies as a not-for-profit organization under the Income Tax Act and is exempt from income taxes.

1. Significant accounting policies

Basis of presentation

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The funds described below are restricted as to use by various agreements between the clinic, Legal Aid Ontario ("LAO") and the City of Toronto. Title to the clinic assets vests with the funders.

General fund

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.

Legal Disbursements Fund

This fund is used to provide for certain direct expenses incurred in representing clinic clients in legal proceedings.

Capital Fund

This fund holds the capital assets of the clinic that have been funded by Legal Aid Ontario and the City of Toronto.

City of Toronto fund

This fund pertains to the receipts, expenses, assets and liabilities received/incurred under grants from the City of Toronto - Homelessness Programs Fund and City of Toronto - Homeless Initiatives Fund. The City of Toronto provides funding for these projects on a calendar year basis.

Trust Fund

This fund holds monies to be remitted to clients and monies pooled from legal clinic lawyers to promote matters dealing with the profession.

Revenue recognition

The clinic follows the deferral method of accounting for contributions. Restricted contributions received under contribution agreements are recognized as revenue in the year in which the related expenses are incurred. Amounts received that relate to future fiscal periods are recorded as deferred income until the related costs are incurred.

Contribution for capital assets are deferred and recognized as revenue over the useful life of the corresponding asset, commencing in the year the assets are put into use.

Donated materials and services, which are normally purchased by the clinic are recorded at their estimated fair value based upon appraisal and other pertinent factors to the donation in circumstances where donation receipts have been issued.

1. Significant accounting policies (continued)

Measurement of financial instruments

The clinic initially measures its financial assets and liabilities at fair value. The clinic subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash accounts receivable and HST recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The clinic has not designated any financial asset or financial liability to be measured at fair value.

Financial assets measured at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indication of impairment the clinic determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset, and recognizes an impairment loss if the carrying value of the asset is greater than the higher of present value of the expected future cash flows, the amount that can be realized by selling the asset or the amount the organization expects to realize by exercising its right to any collateral.

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement not exceeding the initial carrying value.

Capital assets

Capital assets are recorded at cost. Amortization is provided annually on a straight-line basis designed to amortize assets over the estimated useful lives at the following rates:

Computer Equipment	- 3 years
Office equipment	- 5 years
Leasehold improvements	- over the 5 year term of the lease
Telephone equipment	- 8 years

If there is an indication that the capital assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount, which is normally determined by estimating the sales less direct costs on an undiscounted basis over the remaining life of asset. There were no impairment indicators in 2023.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liability at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Such estimates include the useful lives of capital assets, deferred contributions and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Donated services

Volunteers assist the clinic in carrying out its programs. Because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

2. Capital assets

	2023		
	Cost	Accumulated amortization	Net
Computer equipment	\$ 15,118	\$ 2,520	\$ 12,598
Leasehold improvements	240,973	217,720	23,253
	<u>\$ 256,091</u>	<u>\$ 220,240</u>	<u>\$ 35,851</u>
	2022		
	Cost	Accumulated amortization	Net
Office equipment	\$ 67,875	\$ 67,875	\$ -
Leasehold improvements	240,973	170,370	70,603
Telephone equipment	14,788	14,788	-
	<u>\$ 323,636</u>	<u>\$ 253,033</u>	<u>\$ 70,603</u>

3. Deferred revenue - rent deposit

The deferred rent deposit represents the funds received from LAO for rent deposits held by the clinic's landlord as last month's rent in the amount of \$5,707 (2022- \$5,707).

4. Deferred contributions related to capital assets

Deferred contributions related to capital assets represents the unamortized cost of capital assets purchased from contributions from LAO, City of Toronto and Government of Canada. The contributions are amortized on a straight line basis over the term of the lease.

	2023	2022
Balance, beginning of year	\$ 62,100	\$ 103,500
Additions during the year	15,118	-
Amounts amortized to revenue	(43,920)	(41,400)
Balance, end of year	<u>\$ 33,298</u>	<u>\$ 62,100</u>

5. Indirect receipts/payments

Legal Aid Ontario administered and made payments on behalf of the clinic for the following General Fund expenditures as follows:

	2023	2022
Supplies and services	\$ 18,956	\$ 18,195
Pension and group insurance	88	71
Library	110	-
IT expenditures	31,465	29,596
	<u>\$ 50,619</u>	<u>\$ 47,862</u>

In addition to the above, Legal Aid Ontario provided the clinic with computer equipment in the amount of \$15,118 (2022 - \$nil) which is included in capital assets in the Capital fund.

6. City of Toronto Fund

The City of Toronto under their Homeless Initiatives Fund provides two separate grants as follows.

West Toronto Housing Help Services Support.

During the year, the clinic received an updated grant of \$1,000,000 to support and deliver housing placement and stabilization, prevention services, emergency housing funding, economic integration services, clinical and treatment services, basic needs services, and service coordination and network development. The grant will be paid equally over the period October 1, 2022 to March 31, 2025. Prior to signing this agreement the City of Toronto continued to fund the clinic under the terms of the previous agreement.

Rent Bank Enhancement

The clinic entered into a sub-funding agreement with the City of Toronto for a grant of \$43,443 to be received during the grant term February 1, 2022 to September 30, 2022. The grant is to support the Toronto Rent Bank and Access to Housing's Choice Based Model Initiative.

	2023	2022
Balance, beginning of year	\$ 10,348	\$ -
Amounts received	28,962	14,481
Amounts amortized to revenue	(39,310)	(4,133)
Balance, end of year	<u>\$ -</u>	<u>\$ 10,348</u>

7. Economic dependence

The clinic is dependent on funding from Legal Aid Ontario for its continued existence and ability to carry out its service mandate. During the year the clinic received approximately 69% (2022 - 69%) of its revenue from Legal Aid Ontario.

8. Commitments

The clinic occupies premises under the terms of a lease which expires on April 30, 2023, and an equipment lease which expires September 30, 2024. Future minimum payments are as follows for fiscal years ending:

	Equipment	Rent
2024	\$ 2,143	\$ 5,487
2025	1,071	-
	<u>\$ 3,214</u>	<u>\$ 5,487</u>

9. Post-retirement benefits

The clinic sponsors a group RRSP plan for its employees. The clinic contributes 5.5% of the employee's annual salary to the plan. Contributions are made quarterly in arrears and vest immediately. During the year, the clinic included \$40,733 (2022 - \$39,728) in expenses for contributions and administration of the pension plan.

In addition to the above, the clinic entered in to RRSP plan for its non-union employees. The clinic contributes 5% of the employee's annual salary to the plan. Contributions are made monthly and vest immediately. During the year, the clinic included \$14,464 (2022 - \$nil) in expenses for contributions and administration of the pension plan.

10. Risks associated with financial instruments

Interest rate risk

The clinic is not exposed to the risk of changing interest rates as it currently does not have any interest-bearing debt. Cash includes amounts on deposit with financial institutions, earning interest at market rates. West Toronto Community Legal Services Inc. manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the clinic's results of operations. The primary objective with respect to cash is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return.

Credit risk

Credit risk arises from the potential that debtors will renege on their payment responsibilities. It is believed that there is minimal risk of such an event.

Liquidity risk

Liquidity risk is the risk that the clinic will not be able to meet a demand for cash or fund its obligations as they come due. It also includes the risk of the clinic not being able to liquidate assets in a timely manner at a reasonable price. The clinic meets its liquidity requirements by holding assets that can be readily converted into cash.