

**Legal Resource Centre of Alberta Ltd.**  
***(Operating as Centre for Public Legal Education Alberta)***  
**Financial Statements**  
**Year Ended June 30, 2015**

**Legal Resource Centre of Alberta Ltd.**  
*(Operating as Centre for Public Legal Education Alberta)*  
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**Year Ended June 30, 2015**

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## Independent Auditor's Report

To the Directors of Legal Resource Centre of Alberta Ltd. (Operating as Centre for Public Legal Education Alberta)

### Report on the Financial Statements

We have audited the accompanying financial statements of Legal Resource Centre of Alberta Ltd., (Operating as Centre for Public Legal Education Alberta), which comprise the statement of financial position as at June 30, 2015 and the statements of operations, changes in net assets 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 entity'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 entity'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 audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Legal Resource Centre of Alberta Ltd., (Operating as Centre for Public Legal Education Alberta), as at June 30, 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.

The financial statements for the year ended June 30, 2014 were audited by another accounting firm and are presented for comparative purposes only.

*Mowbrey Gil LLP*

Edmonton, Alberta  
September 16, 2015

CHARTERED ACCOUNTANTS

**Legal Resource Centre of Alberta Ltd.**  
*(Operating as Centre for Public Legal Education Alberta)*  
**Statement of Financial Position**  
**June 30, 2015**

	2015	2014
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	\$ 167,550	\$ -
Term deposits (Note 4)	50,521	101,173
Accounts receivable (Note 5)	1,634	16,254
Grants receivable	-	76,670
Goods and services tax recoverable	8,904	9,356
Prepaid expenses (Note 6)	94,518	14,548
	323,127	218,001
Property and equipment (Note 7)	51,616	68,804
Long term investments (Note 8)	505,659	516,302
	\$ 880,402	\$ 803,107
<b>Liabilities and net assets</b>		
<b>Current</b>		
Bank indebtedness (Note 3)	\$ -	\$ 13,316
Accounts payable and accrued liabilities	48,643	65,280
Deferred contributions (Note 9)	149,701	177,855
Grants payable	21,866	-
Current portion of deferred leasehold inducements (Note 10)	47,910	20,422
	268,120	276,873
Deferred leasehold inducements (Note 10)	45,113	40,339
	313,233	317,212
<b>Net assets</b>		
Endowment fund (Note 11)	505,659	516,302
Furniture and equipment fund (Note 12)	24,175	3,612
Net investment in property and equipment fund	22,914	25,749
Unrestricted fund	14,421	(59,768)
	567,169	485,895
	\$ 880,402	\$ 803,107

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Legal Resource Centre of Alberta Ltd.**  
**(Operating as Centre for Public Legal Education Alberta)**  
**Statement of Operations**  
**Year Ended June 30, 2015**

	2015	2014
<b>Revenues</b>		
Alberta Law Foundation	\$ 688,315	\$ 752,630
Contracts and grants	342,816	415,273
Miscellaneous	-	1,280
	<u>1,031,131</u>	<u>1,169,183</u>
<b>Expenses</b>		
Salaries and wages	605,943	833,302
Rental	141,700	156,142
Office and general	71,448	49,061
Consulting fees	68,061	14,743
Printing and copying	55,992	55,215
Professional fees	16,873	24,451
Travel	8,936	13,906
Telephone	8,751	8,691
Memberships	7,634	10,565
Insurance	4,503	4,374
Interest and bank charges	1,288	1,156
Partner support	-	47,784
	<u>991,129</u>	<u>1,219,390</u>
<b>Excess (deficiency) of revenues over expenses from operations</b>	<u>40,002</u>	<u>(50,207)</u>
<b>Other expenses (income)</b>		
Amortization of property and equipment	21,624	19,516
Amortization on deferred leasehold inducements (Note 14)	(47,910)	(20,422)
Interest income	(629)	(1,067)
	<u>(26,915)</u>	<u>(1,973)</u>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<u>\$ 66,917</u>	<u>\$ (48,234)</u>

**Legal Resource Centre of Alberta Ltd.**  
**(Operating as Centre for Public Legal Education Alberta)**  
**Statement of Changes in Net Assets**  
**Year Ended June 30, 2015**

	2014 Balance	Excess of revenues over expenses	Endowment fund gain (Note 11)	Transfers (Note 13)	2015 Balance
<b>Endowment Fund</b> <i>(Note 11)</i>	\$ 516,302	\$ -	\$ 14,357	\$ (25,000)	\$ <b>505,659</b>
<b>Furniture and Equipment Fund</b> <i>(Note 12)</i>	3,612	-	-	20,563	<b>24,175</b>
<b>Net Investment in Property and Equipment Fund</b>	25,749	-	-	(2,835)	<b>22,914</b>
<b>Unrestricted Fund</b>	(59,768)	66,917	-	7,272	<b>14,421</b>
	<b>\$ 485,895</b>	<b>\$ 66,917</b>	<b>\$ 14,357</b>	<b>\$ -</b>	<b>\$ 567,169</b>

	2013 Balance	Excess of revenues over expenses	Endowment fund gain (Note 11)	Transfers (Note 13)	2014 Balance
<b>Endowment Fund</b> <i>(Note 11)</i>	\$ 491,117	\$ -	\$ 50,185	\$ (25,000)	\$ 516,302
<b>Furniture and Equipment Fund</b> <i>(Note 12)</i>	3,120	-	-	492	3,612
<b>Net Investment in Property and Equipment Fund</b>	6,405	-	-	19,344	25,749
<b>Unrestricted Fund</b>	(16,698)	(48,234)	-	5,164	(59,768)
	<b>\$ 483,944</b>	<b>\$ (48,234)</b>	<b>\$ 50,185</b>	<b>\$ -</b>	<b>\$ 485,895</b>

**Legal Resource Centre of Alberta Ltd.**  
**(Operating as Centre for Public Legal Education Alberta)**  
**Statement of Cash Flows**  
**Year Ended June 30, 2015**

	2015	2014
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 66,917	\$ (48,234)
Items not affecting cash:		
Endowment fund income (Note 11)	14,357	50,128
Amortization of property and equipment	21,624	19,516
Amortization on deferred leasehold inducements (Note 14)	(47,910)	(20,422)
	<u>54,988</u>	<u>988</u>
Changes in non-cash working capital:		
Accounts receivable	14,620	110
Grants receivable	76,670	(76,670)
Goods and services tax recoverable	452	(924)
Prepaid expenses	(79,970)	5,397
Accounts payable and accrued liabilities	(16,637)	4,208
Deferred contributions	(28,154)	(91,832)
Grants payable	21,866	-
Deferred leasehold inducements	80,171	-
	<u>69,018</u>	<u>(159,711)</u>
	<u>124,006</u>	<u>(158,723)</u>
<b>Investing activities</b>		
Purchase of property and equipment	(4,436)	(24,508)
Proceeds on term deposits	50,652	49,917
Disposal (purchase) of long term investments, net	10,644	(24,993)
	<u>56,860</u>	<u>416</u>
<b>Increase (decrease) in cash flow</b>	<b>180,866</b>	<b>(158,307)</b>
<b>Cash (deficiency) - beginning of year</b>	<b>(13,316)</b>	<b>144,991</b>
<b>Cash (deficiency) - end of year</b>	<b>\$ 167,550</b>	<b>\$ (13,316)</b>

**Legal Resource Centre of Alberta Ltd.**  
**(Operating as Centre for Public Legal Education Alberta)**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

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**1. Description of the organization**

Legal Resource Centre of Alberta Ltd. ("the Centre") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta on May 12, 1975. The Centre is a registered charitable organization and is exempt from the payment of income taxes under the Income Tax Act.

The Centre operates as the Centre for Public Legal Education Alberta and has a mandate to contribute to, advance and promote the legal knowledge and education of the people of Canada.

**2. Summary of significant accounting policies**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not for profit organizations ("ASNPO"). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. The significant areas requiring management estimate include the allowance for doubtful accounts and the estimated useful lives of property and equipment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized as follows:

**Cash**

Cash consists of demand deposits held with a financial institution.

**Property and equipment**

Property and equipment is stated at cost less accumulated amortization. Property and equipment is amortized over their estimated useful life at the following rates and methods:

Leasehold improvements	term of lease	straight-line method
Computer software	3 years	straight-line method
Computer equipment	3 years	straight-line method
Furniture and fixtures	5 years	straight-line method

Contributions received for acquiring property and equipment are recorded as deferred contributions and recognized on the same basis and rates as the related fixed assets. The contributions are recorded as revenues under contracts and grants.

**Leasehold inducements**

Leasehold inducements, including rent-free periods or rent subsidies received from non-related third parties, are amortized on a straight-line basis over the term of the lease and recorded on the statement of operations.

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2. **Summary of significant accounting policies** *(continued)*

**Impairment of long lived assets**

The Centre tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

**Revenue recognition**

The Centre follows the deferral method of accounting for funding. Restricted funding is recognized as revenue in the year in which the related expenses are incurred. Upon completion of the contract any unspent amounts may be required to be repaid to the funding provider.

Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

Unrestricted investment income is recognized as revenue when earned.

**Fund accounting**

The Centre uses fund accounting to allocate its revenues and expenses according to their nature. Interfund transfers are not recognized as revenues and expenses but rather as changes in fund balances.

The following funds are used:

The Unrestricted Fund reports the excess of revenues over expenses for the year.

The Net Investment in Property and Equipment Fund reports the net assets invested in property and equipment.

The Endowment Fund reports the externally restricted original endowment contribution amounts and the internally restricted investment income to be used for the purchase of capital equipment or furnishings.

The Furniture and Equipment Fund tracks specific expenses against the amounts which are transferred from the Endowment Fund.

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**Legal Resource Centre of Alberta Ltd.**  
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**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**2. Summary of significant accounting policies (continued)**

**Contributed goods and services**

The operations of the Centre depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

**Financial instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

**3. Cash**

The Centre has a credit card facility to a maximum of \$30,000 (2014 - \$8,000). At year end, there was \$1,078 (2014 - \$436) of credit card payables included in accounts payable and accrued liabilities. The Centre also has a revolving demand facility of \$5,000 (2014 - \$nil) bearing interest at prime plus 5% per annum. These facilities are secured by a general security agreement over the Centre's assets.

**4. Term deposits**

Term deposits consist of a non-redeemable Guaranteed Investment Certificate "GIC" which bears interest at 0.90% per annum and matures on July 19, 2015. The interest is payable at maturity.

**5. Accounts receivable**

	2015	2014
Accounts receivable	\$ 1,634	\$ 24,887
Allowance for doubtful accounts	-	(8,633)
	\$ 1,634	\$ 16,254

**6. Prepaid expenses**

	2015	2014
Leasehold inducement	\$ 80,171	\$ -
Prepaid expenses	14,347	14,548
	\$ 94,518	\$ 14,548

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**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**7. Property and equipment**

	Cost	Accumulated amortization	<b>2015 Net book value</b>	2014 Net book value
Leasehold improvements	\$ 57,407	\$ 28,703	\$ <b>28,704</b>	\$ 43,055
Computer software	26,132	8,882	<b>17,250</b>	21,893
Computer equipment	47,533	43,598	<b>3,935</b>	1,602
Furniture and fixtures	37,377	35,650	<b>1,727</b>	2,254
	<b>\$ 168,449</b>	<b>\$ 116,833</b>	<b>\$ 51,616</b>	<b>\$ 68,804</b>

**8. Long term investments**

	<b>2015</b>		<b>2014</b>	
	<b>Cost</b>	<b>Market</b>	<b>Cost</b>	<b>Market</b>
Marketable securities	\$ <b>432,102</b>	\$ <b>464,789</b>	\$ 449,732	\$ 482,987
Cash with broker	<b>40,386</b>	<b>40,386</b>	32,568	32,568
Accrued interest	<b>484</b>	<b>484</b>	747	747
	<b>\$ 472,972</b>	<b>\$ 505,659</b>	<b>\$ 483,047</b>	<b>\$ 516,302</b>

The long term investments are held for the purpose of the endowment fund (note 11).

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**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**9. Deferred contributions**

The Centre receives the majority of its funding by way of grants and restricted donations. This funding is deferred and recognized in conjunction with the related expenses. The balance at year end consists of the following:

	Balance, beginning of the year	Restricted contributions	Amortized to operations	Balance, end of the year
New Horizons for Seniors	\$ 93,390	\$ -	\$ 93,390	\$ -
Status of Women	49,740	-	49,740	-
Human Rights Education and Multiculturalism	21,095	-	21,095	-
Justice Canada French Law Central Department of Justice Canada	13,630	-	13,630	-
Human Rights and Multicultural Education Fund: Tenancies	-	70,000	3,500	66,500
Alberta Law Foundation: Intermediaries PLE Training	-	43,000	-	43,000
Alberta Real Estate Foundation: Landlord and Tenant	-	52,010	34,002	18,008
Alberta Real Estate Foundation: Condo Education Project	-	58,225	47,018	11,207
	-	81,000	70,014	10,986
	<u>\$ 177,855</u>	<u>\$ 304,235</u>	<u>\$ 332,389</u>	<u>\$ 149,701</u>

**10. Lease inducements**

The Centre received the following leasehold inducements relating to their premises lease: rent-free period, leasehold improvements and an improvement allowance.

	<u>2015</u>	<u>2014</u>
Opening balance	\$ 60,761	\$ 23,777
Leasehold improvements	-	57,406
Tenant improvement allowance	80,172	-
Current year amortization (Note 14)	<u>(47,910)</u>	<u>(20,422)</u>
	<u>\$ 93,023</u>	<u>\$ 60,761</u>

*(continues)*

**Legal Resource Centre of Alberta Ltd.**  
**(Operating as Centre for Public Legal Education Alberta)**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

10. **Lease inducements** *(continued)*

Current portion of leasehold inducements	\$	<b>47,910</b>	\$	20,422
Long term portion of leasehold inducements		<b>45,113</b>		40,339
		<u><b>93,023</b></u>		<u>60,761</u>

Leasehold inducements are amortized over the life of the leased premises. The future minimum rent reductions as at year end are as below.

2016	\$	47,910
2017		<u>45,113</u>
		<u><b>\$ 93,023</b></u>

11. **Endowment Fund**

In 2007, an investment fund which had been established by the University of Alberta for the sole benefit of the Legal Resource Centre was transferred as part of an asset agreement. The transfer of trustee was granted March 30, 2007 through the Court of Queen's Bench. The University transferred cash totaling \$542,734. This included the principle of \$512,841 and expendable funds of \$29,893 for the purchase of property and equipment. The funds were invested in short term deposits until the Board of Directors approved an investment plan. At that time, \$514,738 was invested as a restricted investment fund with income to be used for the purchase of capital equipment or furnishings.

The income and expenses charged to the investment fund are as follows:

		<u>2015</u>		<u>2014</u>
Interest income	\$	<b>3,761</b>	\$	4,715
Dividends		<b>6,770</b>		8,577
Realized gain on disposal of investments		<b>6,087</b>		23,346
Management brokerage fees		<b>(6,428)</b>		(6,235)
Unrealized gain on adjustment to fair market value		<b>4,167</b>		19,782
		<u><b>14,357</b></u>		<u>50,185</u>

12. **Furniture and Equipment Fund**

The Furniture and Equipment Fund tracks specific expenses against the amounts which are transferred from the Endowment Fund upon approval by the Board. This provides the Board with a clear picture of how the fund is being spent and enables them to ensure the expenses are consistent with policy. Any unused amounts in the fund at June 30, 2015 is required by prior Board resolution to be returned to the Endowment account.

**Legal Resource Centre of Alberta Ltd.**  
**(Operating as Centre for Public Legal Education Alberta)**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

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**13. Interfund allocations**

During the year, the Unrestricted Fund allocated \$7,272 to the Net Investment in Property and Equipment Fund (2014 - \$5,164) for the amortization of capital assets, the Furniture and Equipment Fund allocated \$4,436 to the Net Investment in Property and Equipment Fund for the acquisition of furniture and equipment (2014 - \$24,508) and the Endowment Fund allocated \$25,000 to the Furniture and Equipment Fund (2014 - \$25,000).

**14. Amortization on deferred leasehold inducements**

	2015	2014
Lease inducement amortization related to rent-free periods	\$ 6,070	\$ 6,070
Lease inducement amortization related to tenant improvements	41,840	14,352
	\$ 47,910	\$ 20,422

**15. Lease commitments**

The Centre has a long term lease with respect to its premises and office equipment. Future minimum lease payments as at June 30, 2015, which include estimated operating costs of the office space, are as follows:

2016	\$ 148,054
2017	129,866
	\$ 277,920

**16. Economic dependence**

The Alberta Law Foundation provides funding which supports the development and maintenance of a variety of public services, programs and projects. During the year, the Centre received 67% (2014 - 66%) of its operating revenue from the Alberta Law Foundation.

**17. Comparative figures**

Some of the comparative figures have been reclassified to conform to the presentation adopted in the current year. The reclassification of certain balances has no impact on net assets.

**18. Financial instruments**

Financial instruments are defined as contractual rights to receive or deliver cash or another financial asset. The Centre's financial instruments consist of recorded amounts of cash, term deposits, accounts receivable, grants receivable, long term investments, accounts payable and accrued liabilities and grants payable.

The Centre is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Centre's risk exposure and concentration as of June 30, 2015.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Centre is exposed to credit risk from funding providers. The Centre is not exposed to a concentration of credit risk.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its receipt of funds from its funding providers and other related sources, and accounts payable and accrued liabilities.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Centre is mainly exposed to interest rate risk and other price risk.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Centre manages exposure through its normal operating activities. The Centre is exposed to interest rate risk primarily through its fixed rate term deposits and fixed income investments.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Centre is exposed to other price risk through its investment in equity securities.