

Legal Resource Centre of Alberta Ltd.
(Operating as Centre for Public Legal Education Alberta)
Financial Statements
Year Ended June 30, 2018



Legal Resource Centre of Alberta Ltd.
(Operating as Centre for Public Legal Education Alberta)
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Year Ended June 30, 2018

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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)

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, 2018 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, 2018 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.



Edmonton, Alberta
September 19, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

Legal Resource Centre of Alberta Ltd.
(Operating as Centre for Public Legal Education Alberta)
Statement of Financial Position
June 30, 2018

	2018	2017
Assets		
Current		
Cash (Note 3)	\$ 293,632	\$ 325,196
Term deposits (Note 4)	71,730	51,058
Grants and other receivables	5,363	-
Goods and services tax recoverable	6,382	5,134
Prepaid expenses	19,601	13,026
	396,708	394,414
Property and equipment (Note 5)	2,915	12,547
Long term investments (Note 6)	562,389	541,112
	\$ 962,012	\$ 948,073
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	\$ 55,182	\$ 36,784
Deferred contributions (Note 7)	149,981	225,450
Grants payable	21,965	6,920
	227,128	269,154
Net assets		
Endowment fund (Note 8)	570,554	549,423
Net investment in property and equipment fund	2,915	12,547
Unrestricted fund	161,415	116,949
	734,884	678,919
	\$ 962,012	\$ 948,073

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, 2018

	2018	2017
Revenues		
Alberta Law Foundation	\$ 567,035	\$ 602,119
Contracts and grants (Note 7)	295,147	218,063
Miscellaneous	4,149	2,864
	<u>866,331</u>	<u>823,046</u>
Expenses		
Salaries and wages	555,747	517,044
Rental	102,555	140,064
Office and general	48,842	43,365
Printing and copying	38,069	39,154
Consulting fees	29,996	10,538
Professional fees	15,390	15,909
Travel	12,227	5,571
Memberships	8,761	10,082
Telephone	6,518	6,907
Insurance	2,500	5,660
Interest and bank charges	1,260	1,577
	<u>821,865</u>	<u>795,871</u>
Excess of revenues over expenses from operations	<u>44,466</u>	<u>27,175</u>
Other expenses (income)		
Amortization of property and equipment	9,632	28,397
Amortization of deferred leasehold inducements	-	(45,113)
	<u>9,632</u>	<u>(16,716)</u>
Excess of revenues over expenses for the year	<u>\$ 34,834</u>	<u>\$ 43,891</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, 2018

	2017 Balance	Excess of revenues over expenses	Endowment fund gain (Note 8)	Transfers (Note 9)	2018 Balance
Endowment Fund (Note 8)	\$ 549,423	\$ -	\$ 21,131	\$ -	\$ 570,554
Net Investment in Property and Equipment Fund	12,547	-	-	(9,632)	2,915
Unrestricted Fund	116,949	34,834	-	9,632	161,415
	\$ 678,919	\$ 34,834	\$ 21,131	\$ -	\$ 734,884

	2016 Balance	Excess of revenues over expenses	Endowment fund gain (Note 8)	Transfers (Note 9)	2017 Balance
Endowment Fund (Note 8)	\$ 511,995	\$ -	\$ 29,263	\$ 8,165	\$ 549,423
Furniture and Equipment Fund	8,165	-	-	(8,165)	-
Net Investment in Property and Equipment Fund	26,592	-	-	(14,045)	12,547
Unrestricted Fund	59,013	43,891	-	14,045	116,949
	\$ 605,765	\$ 43,891	\$ 29,263	\$ -	\$ 678,919

Legal Resource Centre of Alberta Ltd.
(Operating as Centre for Public Legal Education Alberta)
Statement of Cash Flows
Year Ended June 30, 2018

	2018	2017
Operating activities		
Excess of revenues over expenses for the year	\$ 34,834	\$ 43,891
Items not affecting cash:		
Endowment fund income <i>(Note 8)</i>	21,131	29,263
Amortization of property and equipment	9,632	28,397
Amortization of deferred leasehold inducements	-	(45,113)
	<u>65,597</u>	<u>56,438</u>
Changes in non-cash working capital:		
Grants and other receivables	(5,363)	2,092
Goods and services tax recoverable	(1,248)	3,868
Prepaid expenses	(6,575)	49,294
Accounts payable and accrued liabilities	18,398	(23,814)
Deferred contributions	(75,469)	142,212
Grants payable	15,045	(11,812)
	<u>(55,212)</u>	<u>161,840</u>
	<u>10,385</u>	<u>218,278</u>
Investing activities		
Purchase of term deposits	(20,672)	-
Purchase of long term investments, net	(21,277)	(29,117)
	<u>(41,949)</u>	<u>(29,117)</u>
Increase (decrease) in cash flow	(31,564)	189,161
Cash - beginning of year	325,196	136,035
Cash - end of year	\$ 293,632	\$ 325,196

Legal Resource Centre of Alberta Ltd.
(Operating as Centre for Public Legal Education Alberta)
Notes to Financial Statements
Year Ended June 30, 2018

1. Description of the organization

The 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, Canada.

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 Alberta.

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. 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:

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

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.

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Legal Resource Centre of Alberta Ltd.
(Operating as Centre for Public Legal Education Alberta)
Notes to Financial Statements
Year Ended June 30, 2018

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

Revenue recognition

The Centre follows the deferral method of accounting for funding received. 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.

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 Endowment Fund reports the externally restricted original endowment contribution and the internally restricted investment income to be used for the purchase of capital equipment or furnishings.
- The Net Investment in Property and Equipment Fund reports the net assets invested in property and equipment.
- The Unrestricted Fund reports the excess of revenues over expenses for the year.

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.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the Statement of Operations. 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 the Statement of Operations.

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

Notes to Financial Statements
Year Ended June 30, 2018

3. Cash

The Centre has a credit card facility available to a maximum of \$30,000 (2017 - \$30,000). At year end, there was \$6,068 (2017 - \$2,397) of credit card payables included in accounts payable and accrued liabilities. The Centre also has available a revolving demand facility of \$5,000 (2017 - \$5,000) 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 two redeemable Guaranteed Investment Certificates which bear interest at rates between 0.50% per annum and 0.75% per annum and mature between August 2018 and January 2019. The interest is payable at maturity.

5. Property and equipment

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 21,459	\$ 18,861	\$ 2,598	\$ 8,534
Furniture and fixtures	37,377	37,130	247	740
Computer software	23,090	23,020	70	3,273
Leasehold improvements	57,407	57,407	-	-
	\$ 139,333	\$ 136,418	\$ 2,915	\$ 12,547

6. Long term investments

	2018		2017	
	Cost	Market	Cost	Market
Marketable securities	\$ 514,272	\$ 561,383	\$ 488,308	\$ 540,461
Cash with broker	1,006	1,006	651	651
	\$ 515,278	\$ 562,389	\$ 488,959	\$ 541,112

The long term investments are held for the purpose of the Endowment Fund (refer to Note 8).

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

Notes to Financial Statements
Year Ended June 30, 2018

7. 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	Recognized in revenue	Balance, end of the year
Department of Justice Canada	\$ 60,000	\$ 70,000	\$ 60,000	\$ 70,000
Alberta Human Rights and Multiculturalism	46,450	56,981	46,450	56,981
Burns Memorial Fund	17,000	20,000	17,000	20,000
Canadian Association of Law Libraries: Library Project	-	3,000	-	3,000
Ministry of Status of Women	50,000	-	50,000	-
Alberta Real Estate Foundation: Condo Education Project	47,000	4,697	51,697	-
Landlord and Tenant under Alberta Real Estate Foundation	5,000	65,000	70,000	-
	<u>\$ 225,450</u>	<u>\$ 219,678</u>	<u>\$ 295,147</u>	<u>\$ 149,981</u>

8. Endowment Fund

In 2007, an investment fund which had been established by the University of Alberta for the sole benefit of the 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:

	2018	2017
Realized gain on disposal of investments	\$ 17,845	\$ 2,085
Dividends	13,892	11,083
Interest income	2,194	2,748
Unrealized gain (loss) on adjustment to fair market value	(5,534)	20,097
Management brokerage fees	(7,266)	(6,750)
	<u>\$ 21,131</u>	<u>\$ 29,263</u>

Legal Resource Centre of Alberta Ltd.
(Operating as Centre for Public Legal Education Alberta)
Notes to Financial Statements
Year Ended June 30, 2018

9. Interfund allocations

During the year, the Unrestricted Fund allocated \$9,632 to the Net Investment in Property and Equipment Fund (2017 - \$14,045) for the amortization of capital assets.

10. 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, 2018, which include estimated operating costs of the office space, are as follows:

2019	\$ 105,209
2020	101,783
2021	101,783
2022	<u>93,301</u>
	<u>\$ 402,076</u>

11. 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 65% (2017 - 73%) of its operating revenue from the Alberta Law Foundation.

12. 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, grants and other receivables, 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, 2018.

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 to the extent that amounts due to the Centre from one funder comprise 88% of grants and other receivables at year end.

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, with respect to the repayment of accounts payable and accrued liabilities, and grants payable.

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12. **Financial instruments** *(continued)*

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 long term 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), 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.