

**PARKDALE COMMUNITY LEGAL SERVICES INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Parkdale Community Legal Services Inc.

### Qualified Opinion

We have audited the financial statements of Parkdale Community Legal Services Inc. (the "Clinic") which comprise the statement of financial position as at March 31, 2023, and the statement of operations and funds balance and the statement of 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 paragraph, the financial statements present fairly, in all material respects, the financial position of the Clinic as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Clinic derives a portion of its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded by the Clinic. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets, funds balance, and cash flows from operations for the years ended March 31, 2023 and 2022. Our audit opinion on the financial statements for the years ended March 31, 2023 and 2022 is modified accordingly because of the possible effects of this limitation in scope.

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 on our report. We are independent of the Clinic 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 opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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 Clinic'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 Clinic or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Clinic'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 judgement 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 Clinic'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 the Clinic'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 Clinic to cease to continue as a going concern.

Independent Auditor's Report  
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- 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.

*Segal GCSE LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
August 30, 2023

**PARKDALE COMMUNITY LEGAL SERVICES INC.**

**STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2023**

|  | Directors'<br>Fund | LAO<br>General Fund | LAO<br>Legal<br>Disbursements<br>Fund | LAO<br>Capital<br>Fund | 2023<br>Total       | 2022<br>Total       |
|--|--------------------|---------------------|---------------------------------------|------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                    |                    |                     |                                       |                        |                     |                     |
| <b>Current assets</b>                            |                    |                     |                                       |                        |                     |                     |
| Cash   | \$ 660,128         | \$ 161,664          | \$ 10,304                             | \$ -                   | \$ 832,096          | \$ 643,571          |
| Accounts receivable                              | -                  | 31,082              | -                                     | -                      | 31,082              | -                   |
| Government remittances receivable                | -                  | 15,800              | -                                     | -                      | 15,800              | 55,543              |
| Prepaid expenses and deposits                    | -                  | 37,614              | -                                     | -                      | 37,614              | 22,040              |
|  | 660,128            | 246,160             | 10,304                                | -                      | 916,592             | 721,154             |
| <b>Property and equipment, note 3</b>            | <u>18,000</u>      | <u>-</u>            | <u>-</u>                              | <u>631,931</u>         | <u>649,931</u>      | <u>686,180</u>      |
|  | <u>\$ 678,128</u>  | <u>\$ 246,160</u>   | <u>\$ 10,304</u>                      | <u>\$ 631,931</u>      | <u>\$ 1,566,523</u> | <u>\$ 1,407,334</u> |
| <b>LIABILITIES</b>                               |                    |                     |                                       |                        |                     |                     |
| <b>Current liabilities</b>                       |                    |                     |                                       |                        |                     |                     |
| Accounts payable and accrued liabilities, note 7 | \$ -               | \$ 194,114          | \$ -                                  | \$ -                   | \$ 194,114          | \$ 206,111          |
| Deferred revenue                                 | -                  | -                   | -                                     | -                      | -                   | 3,643               |
| Interfund payable (receivable)                   | (6,778)            | (9,009)             | 15,787                                | -                      | -                   | -                   |
|  | (6,778)            | 185,105             | 15,787                                | -                      | 194,114             | 209,754             |
| <b>Deferred capital contributions, note 5</b>    | <u>-</u>           | <u>-</u>            | <u>-</u>                              | <u>264,889</u>         | <u>264,889</u>      | <u>237,500</u>      |
|  | <u>(6,778)</u>     | <u>185,105</u>      | <u>15,787</u>                         | <u>264,889</u>         | <u>459,003</u>      | <u>447,254</u>      |
| <b>Commitments, note 6</b>                       |                    |                     |                                       |                        |                     |                     |
| <b>FUNDS BALANCE (DEFICIT)</b>                   | <u>684,906</u>     | <u>61,055</u>       | <u>(5,483)</u>                        | <u>367,042</u>         | <u>1,107,520</u>    | <u>960,080</u>      |
|  | <u>\$ 678,128</u>  | <u>\$ 246,160</u>   | <u>\$ 10,304</u>                      | <u>\$ 631,931</u>      | <u>\$ 1,566,523</u> | <u>\$ 1,407,334</u> |

Approved on behalf of the Board:

\_\_\_\_\_ *Janet Mober* \_\_\_\_\_, Director  
 \_\_\_\_\_ *B* \_\_\_\_\_, Director

See accompanying notes to the financial statements

**PARKDALE COMMUNITY LEGAL SERVICES INC.**

**STATEMENT OF OPERATIONS AND FUNDS BALANCE  
FOR THE YEAR ENDED MARCH 31, 2023**

|  | Directors'<br>Fund | LAO<br>General Fund | LAO<br>Legal<br>Disbursements<br>Fund | LAO<br>Capital<br>Fund | 2023<br>Total    | 2022<br>Total    |
|--|--------------------|---------------------|---------------------------------------|------------------------|------------------|------------------|
| <b>Revenues</b>  |                    |                     |                                       |                        |                  |                  |
| Legal Aid Ontario, note 9                              |                    |                     |                                       |                        |                  |                  |
| - direct receipts                                      | \$ -               | \$ 2,213,201        | \$ 16,600                             | \$ -                   | \$ 2,229,801     | \$ 2,067,363     |
| - indirect receipts, note 4                            | -                  | 180,315             | -                                     | -                      | 180,315          | 326,710          |
| Osgoode Hall Law School Grant - annual                 | 135,280            | -                   | -                                     | -                      | 135,280          | 130,832          |
| Donations and other income                             | 80,641             | -                   | -                                     | -                      | 80,641           | 44,572           |
| Projects   | 54,643             | -                   | -                                     | -                      | 54,643           | 30,357           |
| Amortization of deferred capital contributions, note 5 | <u>-</u>           | <u>-</u>            | <u>-</u>                              | <u>35,478</u>          | <u>35,478</u>    | <u>12,500</u>    |
|  | <u>270,564</u>     | <u>2,393,516</u>    | <u>16,600</u>                         | <u>35,478</u>          | <u>2,716,158</u> | <u>2,612,334</u> |

See accompanying notes to the financial statements

**PARKDALE COMMUNITY LEGAL SERVICES INC.**

**STATEMENT OF OPERATIONS AND FUNDS BALANCE (Continued...)  
FOR THE YEAR ENDED MARCH 31, 2023**

|   | Directors'<br>Fund | LAO<br>General Fund | LAO<br>Legal<br>Disbursements<br>Fund | LAO<br>Capital<br>Fund | 2023<br>Total       | 2022<br>Total     |
|---|--------------------|---------------------|---------------------------------------|------------------------|---------------------|-------------------|
| <b>Expenses</b>   |                    |                     |                                       |                        |                     |                   |
| Salaries  | 43,880             | 1,542,894           | -                                     | -                      | 1,586,774           | 1,381,718         |
| Benefits, note 7  | 8,471              | 256,974             | -                                     | -                      | 265,445             | 224,692           |
| Occupancy   | 90,000             | 126,394             | -                                     | -                      | 216,394             | 197,581           |
| Indirect payments, note 4   | -                  | 180,315             | -                                     | -                      | 180,315             | 326,710           |
| Professional services   | 5,000              | 52,013              | -                                     | -                      | 57,013              | 51,270            |
| Supplies and services   | 14,117             | 35,004              | -                                     | -                      | 49,121              | 24,801            |
| Impairment loss, note 3   | -                  | -                   | -                                     | 29,345                 | 29,345              | -                 |
| Equipment rental and maintenance  | 5,000              | 16,304              | -                                     | -                      | 21,304              | 11,667            |
| Professional dues   | -                  | 11,629              | -                                     | -                      | 11,629              | 14,900            |
| Legal disbursements   | -                  | -                   | 11,599                                | -                      | 11,599              | 10,207            |
| Board expenses  | 11,092             | 273                 | -                                     | -                      | 11,365              | 1,130             |
| Staff development   | 2,485              | 7,974               | -                                     | -                      | 10,459              | 17,563            |
| Communications  | 2,000              | 6,319               | -                                     | -                      | 8,319               | 18,025            |
| Client services   | 940                | 2,849               | -                                     | -                      | 3,789               | 13,349            |
| Moving expenses   | -                  | -                   | -                                     | -                      | -                   | 10,586            |
| Amortization of property and equipment                                      | <u>6,000</u>       | <u>-</u>            | <u>-</u>                              | <u>99,847</u>          | <u>105,847</u>      | <u>63,606</u>     |
|   | <u>188,985</u>     | <u>2,238,942</u>    | <u>11,599</u>                         | <u>129,192</u>         | <u>2,568,718</u>    | <u>2,367,805</u>  |
| Excess of revenues over expenses /<br>(expenses over revenues) for the year | 81,579             | 154,574             | 5,001                                 | (93,714)               | 147,440             | 244,529           |
| Interfund transfer  | -                  | (13,965)            | -                                     | 13,965                 | -                   | -                 |
| Funds balance (deficit), beginning of year                                  | <u>603,327</u>     | <u>(79,554)</u>     | <u>(10,484)</u>                       | <u>446,791</u>         | <u>960,080</u>      | <u>715,551</u>    |
| Funds balance (deficit), end of year  | <u>\$ 684,906</u>  | <u>\$ 61,055</u>    | <u>\$ (5,483)</u>                     | <u>\$ 367,042</u>      | <u>\$ 1,107,520</u> | <u>\$ 960,080</u> |

See accompanying notes to the financial statements

**PARKDALE COMMUNITY LEGAL SERVICES INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2023**

|   | 2023                     | 2022                     |
|---|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>                     |                          |                          |
| Excess of revenues over expenses for the year                   | \$ 147,440               | \$ 244,529               |
| Items not affecting cash:                                       |                          |                          |
| Amortization of deferred capital contributions                  | (35,478)                 | (12,500)                 |
| Amortization of property and equipment                          | 105,847                  | 63,606                   |
| Impairment loss   | <u>29,345</u>            | <u>-</u>                 |
|   | 247,154                  | 295,635                  |
| Changes in non-cash working capital balances:                   |                          |                          |
| Decrease (increase) in accounts receivable                      | (31,082)                 | 1,168                    |
| Decrease (increase) in government remittances receivable        | 39,743                   | (42,557)                 |
| Decrease (increase) in prepaid expenses and deposits            | (15,574)                 | 1,932                    |
| Increase (decrease) in accounts payable and accrued liabilities | (11,997)                 | 10,836                   |
| Decrease in deferred revenue                                    | <u>(3,643)</u>           | <u>(246,357)</u>         |
| Cash flows from operating activities                            | <u>224,601</u>           | <u>20,657</u>            |
| <b>Cash flows used in investing activities</b>                  |                          |                          |
| Purchase of property and equipment (i)                          | <u>(98,943)</u>          | <u>(650,981)</u>         |
| <b>Cash flows from financing activities</b>                     |                          |                          |
| Increase in deferred capital contributions (i)                  | <u>62,867</u>            | <u>250,000</u>           |
| Net increase (decrease) in cash                                 | 188,525                  | (380,324)                |
| Cash, beginning of year   | <u>643,571</u>           | <u>1,023,895</u>         |
| <b>Cash, end of year</b>  | <u><u>\$ 832,096</u></u> | <u><u>\$ 643,571</u></u> |

**Non-cash transaction:**

(i) During the year, the Clinic received an indirect contribution of computer equipment from Legal Aid Ontario in the amount of \$62,867 (2022 - \$Nil).

# PARKDALE COMMUNITY LEGAL SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

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### 1. PURPOSE OF THE ORGANIZATION

Parkdale Community Legal Services Inc. (the "Clinic") provides legal services to low-income individuals. The Clinic was incorporated under the Laws of Ontario as a not-for-profit corporation without share capital and is a registered charity.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO"). The significant accounting policies are as follows:

#### Fund accounting

The Clinic has the following funds:

#### a) Directors' Fund

Comprised of the following:

|                                  |      | 2023              | 2022              |
|----------------------------------|------|-------------------|-------------------|
| Osgoode Fund (net of repayments) | (i)  | \$ 228,643        | \$ 218,474        |
| Internally Restricted Fund       | (ii) | <u>456,263</u>    | <u>384,853</u>    |
|                                  |      | <u>\$ 684,906</u> | <u>\$ 603,327</u> |

i) **Osgoode Fund:** These funds are provided by York University (the "University") to enhance the academic program in poverty law, which is a joint project of Osgoode Hall Law School and the Clinic. In addition to the itemized budget for the Osgoode Fund, the University provides a full-time academic director position and some services in kind.

ii) **Internally Restricted Fund:** This fund includes monies received from individuals and corporations, which are used for project activities of the Clinic as directed by the management team or board of directors. This fund also includes monies received to fund specific projects, which no longer have any external restrictions as to use, but are internally restricted projects as directed by the management team or board of directors.

#### b) LAO General Fund

These funds, provided by Legal Aid Ontario ("LAO"), are used to provide a range of legal and paralegal services, including information, advice and representation, to low-income individuals and families.

# PARKDALE COMMUNITY LEGAL SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

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### 2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

#### **Fund accounting** (Continued...)

##### c) **LAO Legal Disbursements Fund**

These funds are used to provide for certain direct expenses incurred in representing Clinic clients in legal proceedings.

##### d) **LAO Capital Fund**

This fund holds the property and equipment of the Clinic that has been funded by Legal Aid Ontario.

#### **Revenue recognition**

The Clinic follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the fund to which they pertain (see description of funds above). Contributions that relate to future periods are recorded as deferred revenue. Unrestricted contributions are recognized as revenue of the Directors' Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Donations in kind and volunteered services**

The Clinic received donations in kind in the form of contributed goods and services, which are recorded as revenue with an offsetting expense (note 4). In addition, other volunteers provide contributed services for the Clinic which are not recognized in these financial statements, due to the difficulty in determining the fair value of these contributed services.

#### **Financial instruments**

The Clinic's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. All financial instruments noted, with the exception of cash, are initially recognized at fair value and subsequently measured at amortized cost. Cash is carried at fair value. Transaction costs and financial fees associated with arm's length financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument or shorter, dependent upon the expected period of cash flow.

When there is an indication of impairment and such an impairment is determined to have occurred, the carrying amount of financial assets, measured at cost or amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. Such impairments can be subsequently reversed if the value subsequently improves.

# PARKDALE COMMUNITY LEGAL SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

#### Property and equipment

Contributed property and equipment is recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed property and equipment are recorded at a nominal amount.

Otherwise, property and equipment are recorded at cost less accumulated amortization. Amortization has been calculated over the estimated useful lives of the property and equipment at the following annual rates:

|                        |  |
|------------------------|--|
| Leasehold improvements | - straight-line basis over the term of the lease |
| Computer equipment     | - straight-line over 3 years                     |
| Office equipment       | - straight-line over 5 years                     |
| Telephone equipment    | - straight-line over 8 years                     |

#### Impairment of long-lived assets

Long-lived assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When a long-lived asset no longer contributes to the Clinic's ability to provide goods and services, or the value of future economic benefits or service potential associated with the long-lived asset is less than its net carrying amount, the net carrying amount of the long-lived asset is written down to the asset's fair value or replacement cost.

#### Deferred capital contributions

Deferred capital contributions represent restricted contributions for leasehold improvements and other property and equipment. Revenue is recorded on these amounts at the same rates used for the associated assets being amortized.

#### Income taxes

The Clinic is a registered charitable organization and accordingly is exempt from income taxes under Section 149 of the Income Tax Act.

#### Government assistance

Amounts received or receivable from government assistance programs are reflected as revenues or restricted contributions when the Clinic becomes eligible to receive them, provided that there is reasonable assurance the benefits will be realized.

**PARKDALE COMMUNITY LEGAL SERVICES INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2023**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)**

**Employee future benefits**

The Clinic is a participating employer in The Colleges of Applied Arts and Technology (CAAT) pension plan (the "Plan"), a multi-employer jointly sponsored pension plan. The Clinic participates in the plan. The retirement pension is available based on total contributions received by the Plan annually multiplied by an annual pension factor. The cost of pension benefits for the plan are charges to income as incurred and included in personnel costs.

**Estimates**

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of significant management estimates relate to the useful lives of property and equipment for amortization purposes, the fair value of property and equipment in determining impairment, the provision for uncollectible accounts, and accruals. Actual results may differ from this estimate.

**3. PROPERTY AND EQUIPMENT**

|                            | Cost                | Accumulated<br>Amortization | 2023<br>Net Book<br>Value | 2022<br>Net Book<br>Value |
|----------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| <b>LAO Capital Fund</b>    |                     |                             |                           |                           |
| Leasehold improvements (i) | \$ 589,891          | \$ 91,333                   | \$ 498,558                | \$ 567,046                |
| Computer equipment (ii)    | 474,419             | 410,238                     | 64,181                    | 20,416                    |
| Office equipment           | 424,166             | 365,332                     | 58,834                    | 66,030                    |
| Telephone equipment        | <u>44,671</u>       | <u>34,313</u>               | <u>10,358</u>             | <u>8,688</u>              |
|                            | <u>1,533,147</u>    | <u>901,216</u>              | <u>631,931</u>            | <u>662,180</u>            |
| <b>Directors' Fund</b>     |                     |                             |                           |                           |
| Office equipment           | <u>30,000</u>       | <u>12,000</u>               | <u>18,000</u>             | <u>24,000</u>             |
| <b>Total</b>               | <u>\$ 1,563,147</u> | <u>\$ 913,216</u>           | <u>\$ 649,931</u>         | <u>\$ 686,180</u>         |

(i) During the year, an impairment loss of \$29,345 (2022 - \$Nil) was recognized due to a flood.

(ii) During the year, the Clinic received an indirect contribution of computer equipment from Legal Aid Ontario in the amount of \$62,867 (2022 - \$Nil).

**PARKDALE COMMUNITY LEGAL SERVICES INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2023**

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**4. INDIRECT PAYMENTS**

Legal Aid Ontario administered and made payments on behalf of the Clinic for the following expenditures:

|                                | 2023              | 2022              |
|--------------------------------|-------------------|-------------------|
| <b>LAO General Fund</b>        |                   |                   |
| Translation services           | \$ 93,679         | \$ 111,424        |
| Information technology support | 74,551            | 70,218            |
| Supplies and services          | 10,485            | 11,408            |
| Library                        | 1,391             | 2,630             |
| Pension and benefits           | 209               | 168               |
| Accommodation and equipment    | <u>-</u>          | <u>130,862</u>    |
|                                | <u>\$ 180,315</u> | <u>\$ 326,710</u> |

**5. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent restricted contributions for leasehold improvements and other property and equipment. The changes in the deferred capital contributions are as follows:

|  | 2023<br>LAO Capital<br>Fund | 2022<br>LAO Capital<br>Fund |
|--|-----------------------------|-----------------------------|
| Balance, beginning of year                     | \$ 237,500                  | \$ -                        |
| Increase in deferred capital contributions     | 62,867                      | 250,000                     |
| Amortization of deferred capital contributions | <u>(35,478)</u>             | <u>(12,500)</u>             |
| Balance, end of year                           | <u>\$ 264,889</u>           | <u>\$ 237,500</u>           |

**PARKDALE COMMUNITY LEGAL SERVICES INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2023**

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**6. COMMITMENTS**

The Clinic is committed to the following minimum annual lease payments for its premises and equipment for the next five years, and thereafter as follows:

|            |                   |
|------------|-------------------|
| 2024       | \$ 145,325        |
| 2025       | 132,400           |
| 2026       | 135,220           |
| 2027       | 145,675           |
| 2028       | 149,580           |
| Thereafter | <u>209,400</u>    |
|            | <u>\$ 917,600</u> |

**7. PENSION PLAN**

The Clinic is a participating employer in The Colleges of Applied Arts and Technology (CAAT) pension plan (the "Plan"), a multi-employer jointly sponsored pension plan within the meaning of the Pension Benefits Act (Ontario). The Plan covers employees of the 24 Colleges of Applied Arts and Technology in Ontario, and other participating employers with employees working across Canada. The Clinic participates in the plan called DBplus. The DBplus plan offers benefits based on total contribution received by the plan. The Clinic's non-unionized employees contribute 5.5% (2022 - Nil%) and unionized employees contribute 4.5% (2022 - Nil%) of the year's Maximum Pension Earning to the plan. During the year, the Clinic's total contributions to the Plan were \$30,082 (2022 - \$Nil). As at March 31, 2023, the Clinic's total payable to the Plan was \$9,660 (2022 - \$Nil), which is included in accounts payable and accrued liabilities.

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Transacting in financial instruments exposes the Clinic to certain financial risks and uncertainties. These risks include:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Clinic is exposed to credit risk to the extent that its accounts receivable may not be collectible. The Clinic manages its credit risk by actively monitoring its outstanding balances. Subsequent to the year-end, 99% (2022 - Nil%) of the accounts receivable outstanding at the statement of financial position date were collected.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The Clinic manages liquidity risk by maintaining adequate cash balances and continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Clinic's reputation. There has been no change in the risk exposure from the prior period.

**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 risk, interest rate risk, and other price risk. The Clinic is not exposed to any of these risks.

**9. ECONOMIC DEPENDENCE**

The Clinic is economically dependent on the support of Legal Aid Ontario which provides 90% (2022 - 92%) of the Clinic's funding.