Parkdale Community Legal Services Inc.

Financial Statements

March 31, 2024

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Chaplin & co

August 15, 2024

Independent Auditor's Report

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

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, 2024, 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, 2024, 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, 2024 and 2023. Our audit opinion on the financial statements for the years ended March 31, 2024 and 2023 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 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 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 Clinic or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Clinic's financial reporting process.

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

Chaplin & Co LLP Chartered Professional Accountants • 1110 Finch Avenue West Suite 710 Toronto Ontario M3J 2T2

Telephone 416 667 7060 Facsimile 416 663 3746 *e* cpa@chaplinco.com www.chaplinco.com

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 reasonable be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. he 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 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 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 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 Clinic 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.

Other Matter
The financial statements of Parkdale Community Legal Services for the year ended March 31, 2023 were audited by another firm of Chartered Professional Accountants who issued a similarity worded qualified audit opinion on August 30, 2023

Chaplin + Co. LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario

Parkdale Community Legal Services Inc.

	Notes	Directors' Fund	LAO General Fund	LAO Legal Disbursements Fund	LAO Capital Fund	Trust Fund	March 31 2024	March 31 2023
Assets								
Current								
Cash		$ 228,194	$ 95,640	$ 6,210	$ -	$ -	$ 330,044	$ 832,096
Cash held in trust		-	-	-	-	65,263	65,263	10,786
Guaranteed Investment Certificate		608,748	-	-	-	-	608,748	-
Accounts receivable		-	7,680	-	-	-	7,680	31,082
Government remittances receivable		-	20,135	-	-	-	20,135	15,800
Prepaid expenses and deposits		-	26,099	-	-	-	26,099	37,614
		836,942	149,554	6,210	-	65,263	1,057,969	927,378
Property and equipment	2	12,000	-	-	523,712	-	535,712	649,931
		$ 848,942	$ 149,554	$ 6,210	$ 523,712	$ 65,263	$ 1,593,681	$ 1,577,309
Liabilities								
Current								
Accounts payable and accrued liabilities	6	$ -	$ 272,169	$ -	$ -	$ -	$ 272,169	$ 194,114
Deferred revenue		-	3,570	-	-	-	3,570	-
Funds held in trust		-	-	-	-	65,263	65,263	10,786
Interfund payable (receivable)		135,117	(152,245)	17,128	-	-	-	-
		135,117	123,494	17,128	-	65,263	341,002	204,900
Deferred capital contributions	3	-	-	-	218,932	-	218,932	264,889
		135,117	123,494	17,128	218,932	65,263	559,934	469,789
Fund balance (deficit)		713,825	26,060	(10,918)	304,780	-	1,033,747	1,107,520
		$ 848,942	$ 149,554	$ 6,210	$ 523,712	65,263	$ 1,593,681	$ 1,577,309

Commitments (note 5)

See accompanying notes

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

danielle

Director

Director

	Directors' Fund	LAO General Fund	LAO Legal Disbursements Fund	LAO Capital Fund	For the year ended March 31 2024	March 31 2023
Revenues						
Legal Aid Ontario (note 7)						
- direct receipts	$ -	$ 2,181,919	$ 12,042	$ -	$ 2,193,961	$ 2,229,801
- indirect receipts (note 4)	-	192,433	-	-	192,433	180,315
Osgoode Hall Law School Grant - annual	128,000	-	-	-	128,000	135,280
Donations and other income	18,189	-	-	-	18,189	80,641
Projects	-	-	-	-	-	54,643
Interest income	8,759	-	-	-	8,759	-
Amortization of deferred capital contributions (note 4)	-	-	-	45,957	45,957	35,478
	154,948	2,374,352	12,042	45,957	2,587,299	2,716,158
Expenses						
Amortization of property and equipment	6,000	-	-	108,219	114,219	105,847
Benefits (note 6)	-	288,286	-	-	288,286	265,445
Board expenses	2,798	1,437	-	-	4,235	11,365
Client services	-	2,824	-	-	2,824	3,789
Communications	2,000	6,163	-	-	8,163	8,319
Equipment rental and maintenance	5,000	19,811	-	-	24,811	21,304
Impairment loss	-	-	-	-	-	29,345
Indirect payments (note 4)	-	192,433	-	-	192,433	180,315
Legal disbursements	-	-	17,477	-	17,477	11,599
Moving expenses	-	-	-	-	-	-
Occupancy	90,000	137,204	-	-	227,204	216,394
Professional dues	-	9,957	-	-	9,957	11,629
Professional services	5,000	126,395	-	-	131,395	57,013
Salaries	-	1,598,597	-	-	1,598,597	1,586,774
Staff development	231	11,236	-	-	11,467	10,459
Supplies and services	15,000	15,004	-	-	30,004	49,121
	126,029	2,409,347	17,477	108,219	2,661,072	2,568,718
Excess of revenues over expenses (expense over revenue) for the year	28,919	(34,995)	(5,435)	(62,262)	(73,773)	147,440
Fund balance (deficit), beginning of year	684,906	61,055	(5,483)	367,042	1,107,520	960,080
Fund balance (deficit), end of year	$ 713,825	$ 26,060	$ (10,918)	$ 304,780	$ 1,033,747	$ 1,107,520

See accompanying notes

Parkdale Community Legal Services Inc.

	Year ended March 31 2024	2023
Net cash provided by (used in)		
Operations		
Excess of revenue over expenses (expenses over revenue) for the year	$ (73,773)	$ 147,440
Item not affecting cash		
Amortization of deferred capital contributions	(45,957)	(35,478)
Amortization of property and equipment	114,219	105,847
Impairment loss	-	29,345
	(5,511)	247,154
Change in non-cash working capital		
Accounts receivable	23,402	(31,082)
Government remittances receivable	(4,335)	39,743
Prepaid expenses and deposits	11,515	(15,574)
Accounts payable and accrued liabilities	78,055	(11,997)
Funds held in trust	54,477	4,083
Deferred revenue	3,570	(3,643)
	161,173	228,684
Cash flows used in investing activities		
Purchase of property and equipment	-	(98,943)
Purchase of guaranteed investment certificates	(608,748)	-
	(608,748)	(98,943)
Cash flows from financial activities		
Increase in deferred capital contributions (i)	-	62,867
Net increase (decrease) in cash during the year	(447,575)	192,608
Cash, beginning of year	842,882	650,274
Cash, end of year	$ 395,307	$ 842,882

Non-cash transaction:

(i) During the year, the Clinic received an indirect contribution of computer equipment from Legal Aid Ontario in the amount of $nil (2023 - $62,867).

See accompanying notes

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.

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
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:

Directors' fund
Comprised of the following:

	2024	2023
Osgoode Fund (net of repayments) (i)	$ 230,613	$ 228,643
Internally Restricted Fund (ii)	483,212	456,263
	$ 713,825	$ 684,906

Osgoode Fund (i)
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.

Internally Restricted Fund (ii)
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.

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.

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

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

Trust Fund
The trust fund is used to hold funds that opposing or third parties have agreed to or have been ordered to pay to clients of the Clinic.

1. Significant accounting policies (continued)

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.

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.

Donations in kind and volunteer services
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.

When the Clinic receives donations in-kind in the form of contributed goods and services, they are recorded as revenue with an offsetting expense (note 4). Volunteer services provided to the Clinic are not recognized in these financial statements due to the difficulty in determining the fair value of these contributed services.

Measurement of financial instruments
The Clinic initially measures its financial assets and liabilities as fair value. The Clinic subsequently measures all its financial assets and financial liabilities at amortized cost, Financial assets measured at amortized cost include cash, guaranteed investment certificates, government remittances receivable and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and funds held in trust. The Clinic has not designated any financial assets or financial liability to be measured at fair value.

Financial assets measured at cost or amortized cost are assessed for 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 financial asset is greater than the higher of present value of the expected future cash flows, the amount that could be realized by selling the asset or the amount the Clinic to realize by exercising its right to any collateral.

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

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. All other property and equipment is recorded at purchase cost. Amortization is 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

1. Significant accounting policies (continued)

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.

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.

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.

Use of estimates
The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Such estimates could include 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 differ from these estimates.

2. Property and equipment

	Cost	Accumulated Amortization	Net Book Value 2024	Net Book Value 2023
LAO Capital Fund				
Leasehold improvements	$ 589,891	$ 150,322	$ 439,569	$ 498,558
Computer equipment (i)	474,419	439,485	34,934	64,181
Office equipment	424,166	383,084	41,082	58,834
Telephone equipment	44,671	36,544	8,127	10,358
	1,533,147	1,009,435	523,712	631,931
Directors' Fund				
Office equipment	30,000	18,000	12,000	18,000
	$ 1,563,147	$ 1,027,435	$ 535,712	$ 649,931

(i) During the year, the Clinic received an indirect contribution of computer equipment from Legal Aid Ontario in the amount of $nil (2023 - $62,867).

3. 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:

	2024 LAO Capital Fund	2023 LAO Capital Fund
Balance, beginning of year	$ 264,889	$ 237,500
Increase in deferred capital contributions	-	62,867
Amortization of deferred capital contributions	(45,957)	(35,478)
Balance, end of year	$ 218,932	$ 264,889

4. Indirect receipts/payments

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

	2024	2023
LAO General Fund		
Translation services	$ 100,770	$ 93,679
Information technology support	73,714	74,551
Supplies and services	17,738	10,485
Library	-	1,391
Pension and benefits	211	209
	$ 192,433	$ 180,315

5. Commitments

The Clinic is committed under lease for two office spaces expiring on March 31, 2028 and May 31, 2033. The following minimum annual lease payments (net of recoverable HST) for its premises for the next five years, and thereafter is as follows:

2025	$ 135,404
2026	138,332
2027	149,260
2028	153,778
2029	39,600
Thereafter	178,383
	$ 794,757

6. 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% (2023 - 5.5%) and unionized employees contribute 4.5% (2023 - 4.5%) of the year's Maximum Pension Earning to the plan. During the year, the Clinic's total contributions to the Plan were $63,641 (2023 - $30,082). As at March 31, 2024, the Clinic's total payable to the Plan was $9,392 (2023 - $9,660), which is included in accounts payable and accrued liabilities.

7. Economic dependence

The Clinic is economically dependent on the support of Legal Aid Ontario which provides 94% (2023 - 90%) of the Clinic's funding.

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% (2023 - 99%) 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 meets 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 year.

Market risk

Market risk is the risk that 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. Comparative figures

Certain of the comparative figures have been reclassified in order to conform with the current year's presentation.