

Parkdale Community Legal Services
Inc.

Financial Statements

March 31, 2025

Parkdale Community Legal Services Inc.

Financial Statements

March 31, 2025

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August 12, 2025

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, 2025, 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, 2025, 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, 2025 and 2024. Our audit opinion on the financial statements for the years ended March 31, 2025 and 2024 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.

Emphasis of Matter

We draw attention to note 2 to the financial statements, which explains that certain comparative information in the year ended March 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

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.
Parkdale Community Legal Services Inc.

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

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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 judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Chaplin & Co. LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario



Parkdale Community Legal Services Inc.

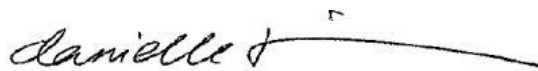
Statement of Financial Position

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	Notes	Directors' Fund	LAO General Fund	LAO Legal Disbursements Fund	LAO Capital Fund	Trust Fund	March 31 2025	March 31 2024 (as restated Note 2)
Assets								
Current								
Cash		\$ 203,386	\$ 167,126	\$ 751	\$ -	\$ -	\$ 371,263	\$ 330,044
Cash held in trust		-	-	-	-	28,985	28,985	65,263
Investments	3	600,000	-	-	-	-	600,000	608,748
Accounts receivable		-	28,130	-	-	-	28,130	7,680
Public Service Bodies rebate receivable		-	27,211	-	-	-	27,211	20,135
Prepaid expenses and deposits		-	33,462	-	-	-	33,462	84,150
		<u>803,386</u>	<u>-</u>	<u>751</u>	<u>-</u>	<u>28,985</u>	<u>1,089,051</u>	<u>1,116,020</u>
Property and equipment	4	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>421,993</u>	<u>-</u>	<u>427,993</u>	<u>535,712</u>
		<u>\$ 809,386</u>	<u>\$ 255,292</u>	<u>\$ 751</u>	<u>\$ 421,993</u>	<u>\$ 28,985</u>	<u>\$ 1,517,044</u>	<u>\$ 1,651,732</u>
Liabilities								
Current								
Accounts payable and accrued liabilities	8	\$ -	\$ 135,795	\$ -	\$ -	\$ -	\$ 135,795	\$ 272,169
Deferred revenue		-	-	-	-	-	-	3,570
Funds held in trust		-	-	-	-	28,985	28,985	65,263
Interfund payable (receivable)		<u>22,979</u>	<u>(48,403)</u>	<u>25,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>22,979</u>	<u>87,392</u>	<u>25,424</u>	<u>-</u>	<u>28,985</u>	<u>164,780</u>	<u>341,002</u>
Deferred capital contributions	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,975</u>	<u>-</u>	<u>172,975</u>	<u>218,932</u>
		<u>22,979</u>	<u>87,392</u>	<u>25,424</u>	<u>172,975</u>	<u>28,985</u>	<u>337,755</u>	<u>559,934</u>
Fund balance (deficit)		<u>786,407</u>	<u>168,537</u>	<u>(24,673)</u>	<u>249,018</u>	<u>-</u>	<u>1,179,289</u>	<u>1,091,798</u>
		<u>\$ 809,386</u>	<u>\$ 255,292</u>	<u>\$ 751</u>	<u>\$ 421,993</u>	<u>\$ 28,985</u>	<u>\$ 1,517,044</u>	<u>\$ 1,651,732</u>

Commitments (note 5)
See accompanying notes

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



Director

Sheryl Sarfin

Director

	Directors' Fund	LAO General Fund	Legal Disbursements Fund	LAO Capital Fund	For the year ended March 31 2025	March 31 2024 (as restated - note 2)
Revenues						
Legal Aid Ontario (note 9)						
- direct receipts	\$ -	\$ 2,361,742	\$ 9,100	\$ -	\$ 2,370,842	\$ 2,279,672
- indirect receipts (note 6)	-	216,953	-	-	216,953	192,433
Osgoode Hall Law School Grant - annual		141,570	-	-	-	141,570
Donations and other income	42,729	-	-	-	42,729	18,189
Interest income	22,275	-	-	-	22,275	8,759
Amortization of deferred capital contributions (note 5)	-	-	-	45,957	45,957	45,957
	<u>206,574</u>	<u>2,578,695</u>	<u>9,100</u>	<u>45,957</u>	<u>2,840,326</u>	<u>2,673,010</u>
Expenses						
Amortization of property and equipment	6,000	-	-	101,719	107,719	114,219
Benefits (note 8)	-	296,101	-	-	296,101	288,286
Board expenses	7,347	2,262	-	-	9,609	4,235
Client services	-	7,077	-	-	7,077	2,824
Communications	2,000	7,193	-	-	9,193	8,163
Equipment rental and maintenance	5,000	35,137	-	-	40,137	24,811
Indirect payments (note 6)	-	216,953	-	-	216,953	192,433
Legal disbursements	-	-	22,855	-	22,855	17,477
Occupancy	90,000	133,020	-	-	223,020	227,204
Professional dues	-	14,945	-	-	14,945	9,957
Professional services	5,000	100,883	-	-	105,883	73,344
Salaries	-	1,628,377	-	-	1,628,377	1,598,597
Staff development	201	12,607	-	-	12,808	11,467
Supplies and services	18,444	24,116	-	-	42,560	30,004
	<u>133,992</u>	<u>2,478,671</u>	<u>22,855</u>	<u>101,719</u>	<u>2,737,237</u>	<u>2,603,021</u>
Excess of revenues over expenses (expense over revenue) for the year	72,582	100,024	(13,755)	(55,762)	103,089	69,989
Repaid to funder	-	(15,598)	-	-	(15,598)	(85,711)
Fund balance (deficit), beginning of year (as restated- note 2)	713,825	84,111	(10,918)	304,780	1,091,798	1,107,520
Fund balance (deficit), end of year	<u>\$ 786,407</u>	<u>\$ 168,537</u>	<u>\$ (24,673)</u>	<u>\$ 249,018</u>	<u>\$ 1,179,289</u>	<u>\$ 1,091,798</u>

See accompanying notes

Parkdale Community Legal Services Inc.

Statement of Cash Flows

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	Year ended March 31	
	2025	2024
	(As restated - note 2)	
Net cash provided by (used in)		
Operations		
Excess of revenue over expenses for the year	\$ 103,089	\$ 69,989
Item not affecting cash		
Amortization of deferred capital contributions	(45,957)	(45,957)
Amortization of property and equipment	107,719	114,219
	<u>164,851</u>	<u>138,251</u>
Change in non-cash working capital		
Accounts receivable	(20,450)	23,402
Public Service Bodies rebate receivable	(7,076)	(4,335)
Prepaid expenses and deposits	50,688	(46,536)
Accounts payable and accrued liabilities	(136,374)	78,055
Funds held in trust	(36,278)	54,477
Deferred revenue	(3,570)	3,570
	<u>11,791</u>	<u>246,884</u>
Investing activities		
Purchase of guaranteed investment certificates	(600,000)	(608,748)
Redemption of guaranteed investment certificates	608,748	-
	<u>8,748</u>	<u>(608,748)</u>
Financing activities		
Repayment of LAO	(15,598)	(85,711)
Net increase (decrease) in cash during the year	4,941	(447,575)
Cash, beginning of year	<u>395,307</u>	<u>842,882</u>
Cash, end of year	<u>\$ 400,248</u>	<u>\$ 395,307</u>

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:

	2025	2024
Osgoode Fund (net of repayments) (i)	\$ 245,298	\$ 230,613
Internally Restricted Fund (ii)	541,106	483,212
	<u>\$ 786,407</u>	<u>\$ 713,825</u>

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 5). 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. Restatement of prior year financial statements

In 2025, the Clinic identified a professional service expense that was incorrectly recognized in 2024. Specifically, the amount should have been recognized as a prepaid expense rather than an expense. As a result, prior period figures were restated to take into account the effect of the correction. As at March 31, 2024, prepaid expenses were increased by \$58,051 with a corresponding decrease in professional service, resulting in an increase to revenue over expenses and fund balance for the year ended March 31, 2024.

3. Investments

Investment consists of guaranteed investment certificates (GIC's) with an annual interest rate of 2.70%, maturing on March 20, 2026. GICs are recorded at amortized cost, which approximates fair value. Interest income is recognized on an accrual basis and included in interest income.

Parkdale Community Legal Services Inc.

Notes to the Financial Statements
March 31, 2025

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4. Property and equipment

		Accumulated	Net Book Value	
	Cost	Amortization	2025	2024
LAO Capital Fund				
Leasehold improvements	\$ 589,891	\$ 209,311	\$ 380,580	\$ 439,569
Computer equipment (i)	474,419	463,622	10,797	34,934
Office equipment	424,166	399,446	24,720	41,082
Telephone equipment	44,671	38,775	5,896	8,127
	<u>1,533,147</u>	<u>1,111,154</u>	<u>421,993</u>	<u>523,712</u>
Directors' Fund				
Office equipment	30,000	24,000	6,000	12,000
	<u>\$ 1,563,147</u>	<u>\$ 1,135,154</u>	<u>\$ 427,993</u>	<u>\$ 535,712</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:

	2025 LAO Capital Fund	2024 LAO Capital Fund
Balance, beginning of year	\$ 218,932	\$ 264,889
Amortization of deferred capital contributions	(45,957)	(45,957)
Balance, end of year	<u>\$ 172,975</u>	<u>\$ 218,932</u>

Parkdale Community Legal Services Inc.

Notes to the Financial Statements
March 31, 2025

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6. Indirect receipts/payments

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

	2025	2024
LAO General Fund		
Translation services	\$ 104,914	\$ 100,770
Information technology support	98,666	73,714
Supplies and services	10,565	17,738
Library	2,598	-
Pension and benefits	210	211
	<u>\$ 216,953</u>	<u>\$ 192,433</u>

7. 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:

2026	\$ 134,340
2027	145,160
2028	149,580
2029	39,600
2030	39,600
Thereafter	130,200
	<u>\$ 638,480</u>

8. 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% (2024 - 5.5%) and unionized employees contribute 4.5% (2024 - 4.5%) of the year's Maximum Pension Earning to the plan. During the year, the Clinic's total contributions to the Plan were \$59,954 (2025 - \$63,641). As at March 31, 2025, the Clinic's total payable to the Plan was \$10,083 (2024 - \$9,392), which is included in accounts payable and accrued liabilities.

9. Economic dependence

The Clinic is economically dependent on the support of Legal Aid Ontario which provides 91% (2024 - 94%) of the Clinic's funding.

10. 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 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 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.

11. Comparative figures

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