

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

FINANCIAL STATEMENTS

MARCH 31, 2017

HILBORNLLP

Independent Auditor's Report

To the Board of Directors of
Workers' Health and Safety Legal Clinic

We have audited the accompanying financial statements of Workers' Health and Safety Legal Clinic, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and funds balance 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 organization'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 organization'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 Workers' Health and Safety Legal Clinic as at March 31, 2017, 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.

Toronto, Ontario
August 22, 2017



Chartered Professional Accountants
Licensed Public Accountants

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Statement of Financial Position

March 31, 2017

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Outreach Fund \$	Non-LAO Fund \$	Total \$
ASSETS						
Current Assets						
Cash	120,913	23,831	-	-	14,216	158,960
Accounts receivable	137	-	-	4,952	-	5,089
HST recoverable	6,390	67	-	-	-	6,457
Prepaid expenses	6,101	-	-	-	-	6,101
	133,541	23,898	-	4,952	14,216	176,607
Capital assets (note 3)	-	-	9,520	-	-	9,520
Total assets	133,541	23,898	9,520	4,952	14,216	186,127
LIABILITIES						
Current Liabilities						
Accounts payable (note 4)	31,915	-	-	-	-	31,915
Inter-fund payable (receivable)	(1,244)	(50)	(32)	-	1,326	-
	30,671	(50)	(32)	-	1,326	31,915
FUNDS BALANCE	102,870	23,948	9,552	4,952	12,890	154,212
Total liabilities and funds balance	133,541	23,898	9,520	4,952	14,216	186,127

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director
Workers' Health and Safety Legal Clinic

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Statement of Financial Position

March 31, 2016

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Outreach Fund \$	Non-LAO Fund \$	Total \$
ASSETS						
Current Assets						
Cash	137,297	29,135	-	-	9,870	176,302
Accounts receivable	908	-	-	4,952	-	5,860
HST recoverable	5,351	86	-	-	-	5,437
Prepaid expenses	9,922	-	-	-	-	9,922
	153,478	29,221	-	4,952	9,870	197,521
Capital assets (note 3)	-	-	12,071	-	-	12,071
Total assets	153,478	29,221	12,071	4,952	9,870	209,592
LIABILITIES						
Current Liabilities						
Accounts payable (note 4)	56,989	-	-	-	-	56,989
Inter-fund payable (receivable)	(1,244)	-	(32)	-	1,276	-
	55,745	-	(32)	-	1,276	56,989
FUNDS BALANCE	97,733	29,221	12,103	4,952	8,594	152,603
Total liabilities and funds balance	153,478	29,221	12,071	4,952	9,870	209,592

The accompanying notes are an integral part of these financial statements

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Statement of Operations and Funds Balance

Year ended March 31, 2017

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Outreach Fund \$	Non-LAO Fund \$	Total \$
Revenues						
Legal Aid Ontario						
-direct receipts	657,004	-	-	-	-	657,004
-indirect receipts (note 5)	12,333	-	-	-	-	12,333
Recovered from clients	-	50	-	-	-	50
Donations	-	-	-	-	4,400	4,400
	669,337	50			4,400	673,787
Expenses						
Salaries	457,265	-	-	-	-	457,265
Benefits	70,267	-	-	-	-	70,267
Professional dues	13,859	-	-	-	-	13,859
Travel	3,579	-	-	-	-	3,579
Communications	11,919	-	-	-	-	11,919
Accommodations	54,460	-	-	-	-	54,460
Equipment	3,040	-	-	-	-	3,040
Library	7,879	-	-	-	-	7,879
Supplies and services	26,255	-	-	-	104	26,359
Audit fees	3,344	-	-	-	-	3,344
Indirect payments (note 5)	12,333	-	-	-	-	12,333
Legal disbursements	-	5,323	-	-	-	5,323
Amortization	-	-	2,551	-	-	2,551
	664,200	5,323	2,551		104	672,178
Excess of revenues over expenses (expenses over revenues)	5,137	(5,273)	(2,551)	-	4,296	1,609
Funds balance, beginning of year	97,733	29,221	12,103	4,952	8,594	152,603
Funds balance, end of year	102,870	23,948	9,552	4,952	12,890	154,212

The accompanying notes are an integral part of these financial statements

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Statement of Operations and Funds Balance

Year ended March 31, 2016

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Outreach Fund \$	Non-LAO Fund \$	Total \$
Revenues						
Legal Aid Ontario						
-direct receipts	619,918	-	-	-	-	619,918
-indirect receipts (note 5)	5,340	-	-	-	-	5,340
	<u>625,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>625,258</u>
Expenses						
Salaries	463,557	-	-	-	-	463,557
Benefits	64,944	-	-	-	-	64,944
Professional dues	6,098	-	-	-	-	6,098
Travel	5,655	-	-	-	-	5,655
Communications	6,955	-	-	-	-	6,955
Accommodations	52,342	-	-	-	-	52,342
Equipment	2,688	-	-	-	-	2,688
Library	9,065	-	-	-	-	9,065
Supplies and services	11,749	-	-	139	1,752	13,640
Audit fees	3,347	-	-	-	-	3,347
Indirect payments (note 5)	5,340	-	-	-	-	5,340
Legal disbursements	-	4,228	-	-	-	4,228
Amortization	-	-	2,348	-	-	2,348
	<u>631,740</u>	<u>4,228</u>	<u>2,348</u>	<u>139</u>	<u>1,752</u>	<u>640,207</u>
Excess of expenses over revenues	(6,482)	(4,228)	(2,348)	(139)	(1,752)	(14,949)
Transfer to Capital Fund	(9,417)	-	9,417	-	-	-
Funds balance, beginning of year	113,632	33,449	5,034	5,091	10,346	167,552
Funds balance, end of year	<u>97,733</u>	<u>29,221</u>	<u>12,103</u>	<u>4,952</u>	<u>8,594</u>	<u>152,603</u>

The accompanying notes are an integral part of these financial statements

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Statement of Cash Flows

Year ended March 31	2017	2016
	\$	\$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	1,609	(14,949)
Item not affecting cash		
Amortization	2,551	2,348
	<u>4,160</u>	<u>(12,601)</u>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	771	(5,855)
Increase in HST recoverable	(1,020)	(1,553)
Decrease (increase) in prepaid expenses	3,821	(2,390)
Increase (decrease) in accounts payable	(25,074)	45,760
	<u>(17,342)</u>	<u>23,361</u>
Cash flows from investing activities		
Purchase of capital assets	-	(9,417)
Net change in cash	(17,342)	13,944
Cash, beginning of year	176,302	162,358
Cash, end of year	<u>158,960</u>	<u>176,302</u>

The accompanying notes are an integral part of these financial statements

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Notes to Financial Statements

March 31, 2017

Workers' Health and Safety Legal Clinic (the "Organization"), is incorporated without share capital under the laws of the Province of Ontario. The Organization was formed to provide equal access to quality legal services for low-income workers in Ontario dealing with health, safety and compensation issues, and is primarily funded by Legal Aid Ontario.

The Organization qualifies as a not-for-profit organization under the Income Tax Act and is exempt from corporate income tax.

1. Significant accounting policies

a) Fund accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. The Organization follows the restricted fund method of accounting for contributions whereby all contributions are recognized as revenue of the applicable fund when received or receivable. All the funds described below, except as noted, are restricted as to use by various agreements between the Organization and Legal Aid Ontario ("LAO") and title to the Organization assets vests with the funder.

i) General Fund

These funds are used to provide a range of legal and paralegal services, including information, advice and representation, to low-income individuals and families.

ii) Legal Disbursements Fund

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

iii) Capital Fund

This fund holds the capital assets of the Organization that have been funded by LAO.

iv) Non-LAO Outreach Fund

These funds are used to fund specific community outreach projects.

v) Non-LAO Fund

These funds are received from non-LAO sources and are used to fund expenditures as approved by the Board of Directors and as per project funding agreements.

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2017

1. Significant accounting policies (continued)

b) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as capital assets, otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are presented at cost less accumulated amortization and accumulated impairment losses.

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the capital assets to its fair value. Any impairment of capital assets is charged to operations in the period in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital assets subsequently increases.

The Organization provides for amortization using methods at rates designed to amortize the cost of the capital asset over their estimated useful lives. Amortization is provided on a straight-line basis, over the following periods:

Computer equipment	- 3 years
Office equipment	- 5 years
Telephone equipment	- 8 years

c) Financial instruments

i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2017

1. **Significant accounting policies (continued)**

c) **Financial instruments (continued)**

ii) **Impairment**

Financial assets measured at amortized cost are tested for impairment annually for indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations and funds balance. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations and funds balance up to the amount of the previously recognized impairment.

2. **Financial instrument risk management**

The Organization may be exposed to various risks through its financial instruments including credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk):

Credit risk

Credit risk is the risk that the counterpart to a financial instrument will fail to discharge an obligation that is entered into with the Organization. The Organization is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization is not exposed to significant liquidity risk.

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2017

2. Financial instrument risk management (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 is comprised of interest rate risk, currency risk, and other price risk. The Organization is not exposed to significant market risk.

- i) Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments.
- ii) Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies.
- iii) Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

The Organization is not exposed to significant market risk.

Changes in risk

There have been no changes in the Organization's risk exposures from the prior year.

3. Capital assets

	2017		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	20,938	18,177	2,761
Office equipment	23,060	19,215	3,845
Telephone equipment	11,457	8,543	2,914
	<u>55,455</u>	<u>45,935</u>	<u>9,520</u>

	2016		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	20,938	17,465	3,473
Office equipment	23,060	18,117	4,943
Telephone equipment	11,457	7,802	3,655
	<u>55,455</u>	<u>43,384</u>	<u>12,071</u>

WORKERS' HEALTH AND SAFETY LEGAL CLINIC

Notes to Financial Statements (continued)

March 31, 2017

4. **Accounts payable**

Included in accounts payable are government remittances in the amount of \$11,772 (2016 - \$11,650).

5. **Indirect payments**

Legal Aid Ontario administers and makes payments on behalf of the Organization for the following expenditures:

General Fund	2017	2016
	\$	\$
Pension and group insurance	148	-
Supplies and services	11,718	4,945
Library expenses	467	395
	<u>12,333</u>	<u>5,340</u>

6. **Lease commitments**

The Organization is committed to lease its premises until January 31, 2021. Minimum lease payments are as follows:

2018	\$ 49,404
2019	49,404
2020	49,404
2021	<u>41,170</u>
	<u>\$ 189,382</u>

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LISTENERS. THINKERS. DOERS.