

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

FINANCIAL STATEMENTS

December 31, 2005

AUDITORS' REPORT

To The Members of The Western Canada Society to Access Justice:

We have audited the statement of financial position of the **The Western Canada Society to Access Justice** as at December 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Society derives revenues from voluntary membership dues and donations from the general public, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenues from these sources was limited to testing the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues as referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2005 and the results of its operations for the year then ended, in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The financial statements as at December 31, 2004 and for the period then ended were prepared by management and have not been audited.



CHARTERED ACCOUNTANTS

Vancouver, B.C.

April 8, 2006

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

STATEMENT OF FINANCIAL POSITION

December 31, 2005

	2005	2004
		(Notes 9 and 10)
ASSETS		
CURRENT		
Cash	\$ -	\$ 1,990
Contributions receivable (Note 4)	22,000	-
GST recoverable	1,470	-
	<u>23,470</u>	<u>1,990</u>
PROPERTY AND EQUIPMENT, net (Note 5)	8,660	3,759
	<u>\$ 32,130</u>	<u>\$ 5,749</u>
LIABILITIES		
CURRENT		
Cheques issued in excess of funds on hand	\$ 384	\$ -
Accounts payable and accrued liabilities	18,198	5,933
	<u>18,582</u>	<u>5,933</u>
NET ASSETS	<u>13,548</u>	<u>(184)</u>
COMMITMENT (Note 6)		
	<u>\$ 32,130</u>	<u>\$ 5,749</u>

Approved on behalf of the Board:

_____, Director

_____, Director

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

STATEMENT OF OPERATIONS

Year Ended December 31, 2005

	2005	2004
		(Notes 9 and 10)
REVENUES		
Donations	\$ 120,713	\$ 98,837
Grants	101,616	26,120
Other	849	11
	<u>223,178</u>	<u>124,968</u>
EXPENDITURES		
Advertising and promotion	11,980	2,950
Amortization	3,437	1,514
Insurance	1,935	-
Interest and bank charges	170	290
Licenses, dues and subscriptions	2,112	-
Office and miscellaneous	8,565	16,090
Professional fees	3,650	3,049
Rent	10,785	3,100
Repairs and maintenance	560	-
Salaries and benefits	147,238	90,466
Telephone and internet	13,558	7,090
Travel and entertainment	5,200	2,410
Utilities	256	-
	<u>209,446</u>	<u>126,959</u>
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) FOR THE YEAR	\$ 13,732	\$ (1,991)

See notes to financial statements

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2005

	<u>2005</u>	<u>2004</u>
		(Notes 9 and 10)
NET ASSETS AT BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ 6,441	\$ 1,807
PRIOR PERIOD ADJUSTMENT (NOTE 9)	<u>(6,625)</u>	-
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	(184)	1,807
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) FOR THE YEAR	<u>13,732</u>	(1,991)
NET ASSETS AT END OF YEAR	<u>\$ 13,548</u>	<u>\$ (184)</u>

See notes to financial statements

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

STATEMENT OF CASH FLOWS

Year Ended December 31, 2005

	2005	2004
		(Notes 9 and 10)
OPERATING ACTIVITIES		
Excess of revenues over expenditures (expenditures over revenues) for year	\$ 13,732	\$ (1,991)
Add: Item not involving cash:		
Amortization	3,437	1,514
	<u>17,169</u>	<u>(477)</u>
Changes in non-cash working capital (Note 7):	<u>(11,205)</u>	<u>(1,939)</u>
	<u>5,964</u>	<u>(2,416)</u>
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(8,338)</u>	-
INCREASE (DECREASE) IN CASH	(2,374)	(2,416)
CASH AT BEGINNING OF YEAR	1,990	4,406
CASH (CHEQUES ISSUED IN EXCESS OF FUNDS ON HAND)		
AT END OF YEAR	\$ (384)	\$ 1,990

See notes to financial statements

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2005

1. NATURE OF OPERATIONS

The Western Canada Society to Access Justice ("the Society") is a non-profit society incorporated in 2000 under the British Columbia Society Act. The Society is a registered charity as defined by the Income Tax Act (Canada) and is exempt from income taxes.

The objective of the Society is to relieve poverty in Western Canada by improving access to justice for the poor and in particular:

- a) To research the length of court proceedings and the effect of delays in such proceedings on the poor;
- b) To develop and operate pro-bono programs to provide free lawyer services to the poor;
- c) To educate lawyers, the poor and the public with respect to the need for access to justice for the poor and the means of improving such access; and
- d) To otherwise promote access to justice for the poor.

2. SIGNIFICANT ACCOUNTING POLICIES

- a) Cash and equivalents:

Cash and equivalents consists of funds on deposit at financial institutions and cheques issued in excess of funds on deposit.

- b) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Revenues are recognized as follows:

- i) Restricted contributions - deferred and recognized in the year in which the related expenses are incurred.
- ii) Unrestricted contributions - when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

- c) Contributed services, materials and premises locations:

Volunteer lawyers contribute an undetermined number of hours to assist the Society in carrying out its pro-bono legal services to the poor. Due to the difficulty of determining the number of hours and fair value, contributed services are not recognized in the financial statements.

Donated materials are recorded in the financial statements only to the extent that a receipt in-kind has been issued for materials received.

Various host agency's provide premise locations as needed to allow the volunteer lawyers to meet with there clients and provide services to the poor in a cost effective manner. Due to the difficulty in determining the time and fair value of the various premises locations provided during the year, the contributed premises locations are not recognized in the financial statements.

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Property and equipment:

Property and equipment are stated at cost. Property and equipment are amortized over their estimated useful lives at the following rates and methods.

Computer equipment	30% declining balance
Office furniture and equipment	20% declining balance

The half year-rule has not been adopted by the Society for calculating the amortization in the year of acquisition .

e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

3. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of contributions receivable, GST recoverable, cheques issued in excess of funds on hand, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of grant revenue that has been agreed upon during the year. As at December 31, 2005, all restrictions related to this grant have been complied with.

5. PROPERTY AND EQUIPMENT

	2005			2004	
				(Note 10)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer equipment	\$ 17,994	\$ 10,872	\$ 7,122	\$	3,218
Office equipment	2,381	843	1,538	\$	541
	\$ 20,375	\$ 11,715	\$ 8,660	\$	3,759

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2005

6. COMMITMENT

The Society is committed to \$21,000 in future minimum lease payments for premises over the next two years.

2006	\$	12,600
2007		8,400

7. CHANGES IN NON-CASH WORKING CAPITAL

2005 2004

(Note 10)

Contributions receivable	(22,000)	-
GST recoverable	(1,470)	662
Accounts payable and accrued liabilities	12,265	(2,601)
	<u>(11,205)</u>	<u>(1,939)</u>

8. CASH FLOWS - SUPPLEMENTARY INFORMATION

During the year, the Society paid \$170 (2004 - \$290) in interest and bank charges.

9. CORRECTION OF PRIOR PERIOD ERROR

The correction of the prior period error consists of outstanding cheques and deposits from the prior period that were previously not recorded. The related revenues and expenditures are as follows:

Donation revenue	\$	<u>1,000</u>
Wages and benefits		(4,517)
Office and miscellaneous		(2,006)
Telephone and internet		(702)
Professional fees		(400)
		<u>(7,625)</u>
	\$	<u>(6,625)</u>

The comparative figures have been retroactively restated to reflect the correction of the above prior period error.

10. COMPARATIVE FIGURES

The comparative figures are unaudited and have been prepared by management. We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness for the 2004 comparative figures. Our services will not result in the expression of an audit opinion or any other form of assurance on the comparative figures for December 31, 2004 nor the fulfilling of any statutory or other audit requirements. Readers are cautioned that the comparative figures for December 31, 2004 may not be appropriate for their purposes.