

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

FINANCIAL STATEMENTS

December 31, 2009

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, 2009 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 to 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 (deficiency) of receipts 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, 2009 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.

CHARTERED ACCOUNTANTS

Vancouver, B.C.

May 17, 2010

STATEMENT OF FINANCIAL POSITION

December 31, 2009

	2009	2008
		Restated (Note 11)
ASSETS		
CURRENT		
Cash	\$ 50,832	\$ 32,100
Contributions receivable	12,513	8,750
GST recoverable	661	959
Prepaid expenses	4,865	2,725
	<u>68,871</u>	44,534
PROPERTY AND EQUIPMENT, net (Note 5)	20,918	6,305
CASH RESTRICTED FOR ENDOWMENT PURPOSES (Note 10)	4,000	4,000
	<u>\$ 93,789</u>	<u>\$ 54,839</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 28,117	\$ 32,642
NET ASSETS		
Net assets invested in property and equipment (Note 5)	20,918	6,305
Net assets restricted for endowment purposes	4,000	4,000
Net assets, unrestricted	40,754	11,892
	<u>65,672</u>	<u>22,197</u>
COMMITMENT (Note 7)		
	<u>\$ 93,789</u>	<u>\$ 54,839</u>

Approved on behalf of the Board:

_____, Director

_____, Director

STATEMENT OF OPERATIONS

Year Ended December 31, 2009

	2009	2008
		Restated (Notes 11 and 12)
RECEIPTS		
Donations	\$ 125,586	\$ 87,626
Grants	210,375	235,500
Amortization of deferred contribution	-	10,766
Other	3,343	3,882
	<u>339,304</u>	<u>337,774</u>
EXPENDITURES		
Advertising and promotion	3,585	12,872
Amortization	6,039	2,344
Insurance	3,480	4,398
Interest and bank charges	418	278
Office and miscellaneous	10,329	10,094
Professional fees	6,672	11,175
Rent	15,065	13,700
Salaries and benefits	227,371	285,235
Telephone and internet	14,303	14,725
Travel and entertainment	2,456	2,893
	<u>289,718</u>	<u>357,714</u>
OTHER EXPENDITURES		
Loss on capital asset retirement	6,111	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES		
FOR THE YEAR	\$ 43,475	\$ (19,940)

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2009

	Invested in Property and Equipment	Restricted for Endowment Purposes	Unrestricted	2009 Total	2008 Total Restated (Note 11)
NET ASSETS AT BEGINNING OF YEAR	\$ 6,305	\$ 4,000	\$ 11,892	\$ 22,197	\$ 38,637
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES FOR THE YEAR	(12,150)	-	55,625	43,475	(19,940)
ENDOWMENT CONTRIBUTIONS	-	-	-	-	3,500
INVESTMENT IN PROPERTY AND EQUIPMENT	26,763	-	(26,763)	-	-
NET ASSETS AT END OF YEAR	\$ 20,918	\$ 4,000	\$ 40,754	\$ 65,672	\$ 22,197

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

	2009	2008
		Restated (Note 11)
OPERATING ACTIVITIES		
Excess (deficiency) of receipts over expenditures for year	\$ 43,475	\$ (19,940)
Add: Items not involving cash		
Loss on disposal of property and equipment	6,111	-
Amortization	6,039	2,344
	<u>55,625</u>	<u>(17,596)</u>
Changes in non-cash working capital (Note 8)	<u>(10,130)</u>	<u>(7,440)</u>
	<u>45,495</u>	<u>(25,036)</u>
FINANCING AND INVESTING ACTIVITIES		
Purchase of property and equipment	(27,198)	(1,566)
Proceeds on disposal of property and equipment	435	-
Endowment contributions	-	3,500
	<u>(26,763)</u>	<u>1,934</u>
INCREASE (DECREASE) IN CASH	18,732	(23,102)
CASH AT BEGINNING OF YEAR	36,100	59,202
CASH AT END OF YEAR	\$ 54,832	\$ 36,100

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2009

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:

Cash consists of funds on deposit at financial institutions.

- b) Pledges:

Pledges are not recorded as revenue as they are not legally enforceable claims.

- c) Revenue recognition - Deferral method:

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

- i) Restricted contributions - deferred and recognized as income 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.
 - iii) Contributions for assets - deferred and amortized as income on a basis consistent with the amortization policy of the related asset acquired. Where assets with an indefinite life are acquired and no amortization is recognized, the contributions are recognized as a direct increase to net assets.
 - ii) Endowment contributions - recognized as direct increases in net assets in the current period.
- d) 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 and the fair value of the materials contributed can be determined.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d) Contributed services, materials and premises locations (Continued):

Various host agency's provide premise locations as needed to allow the volunteer lawyers to meet with their 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.

- e) 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
Computer software	100% declining balance
Office furniture and equipment	20% declining balance
Leasehold improvement	Straight-line over term of lease

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

- f) 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.

- g) Financial Instruments

The Association designates its financial instruments as follows:

- Cash and restricted cash are classified as "Held for trading" and recorded at fair value.
- Contributions receivable and GST recoverable are classified as "Loans and receivables" and recorded at amounts that approximate its amortized cost using the effective interest method.
- Accounts payable and accrued liabilities are classified as "Other financial liabilities" and recorded at amounts that approximate its amortized cost using the effective interest method.

Effective for fiscal years beginning on or after October 1, 2007, publicly accountable entities must adopt Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862, Financial Instruments - Disclosure, and Section 3863 Financial Instruments - Presentation, which provide additional disclosure and presentation requirements related to financial instruments. Not-for-Profit organizations may choose instead to continue to apply the earlier provisions of Section 3861, Financial Instruments - Disclosure and Presentation. The Society has chosen to continue to apply Section 3861.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2009

3. NEW AND FUTURE ACCOUNTING POLICIES

(i) Disclosure of Allocated Expenses

Effective for fiscal years beginning on or after January 1, 2009, not-for-profit organizations that classifies their expenses by function are required to adopt the provisions of CICA Handbook 4470 - Disclosure of Allocated Expenses by Not-for-Profit Organizations. This standard does not require organizations to classify their expenses by function or to undertake any allocations. The Society does not classify its expenses by function and therefore does not adopt this standard.

(ii) International Financial Reporting Standards

In January of 2006, the CICA adopted a strategic plan to converge Canadian Generally Accepted Accounting Principles ("GAAP") with International Financial Reporting Standards ("IFRS") for certain types of entities over a transition period ending in 2011. Not-for-profit ("NPO") organizations are excluded from this requirement.

The Accounting Standards Board has recently proposed that NPO's be permitted to choose between IFRS and newly developed GAAP for private enterprises, modified for issues unique to NPOs.

4. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, restricted cash, contributions receivable, GST recoverable 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 and that the carrying value amounts approximate their fair value.

5. PROPERTY AND EQUIPMENT

			2009	2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	5,260	1,578	3,682	4,019
Office equipment	7,098	1,420	5,678	2,286
Leasehold improvement	14,448	2,890	11,558	-
	\$ 26,806	\$ 5,888	\$ 20,918	\$ 6,305

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of a loan in an amount of \$16,770 (2008: \$21,770) due to the predecessor President of the Society who passed away on July 31, 2006. The loan is currently without interest or specified terms of repayment. The Society is in the process of negotiating a repayment plan with the predecessor President's Estate.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2009

7. COMMITMENT

The Society is committed to future minimum lease payments for premises over the next five years as follows:

2010	\$	27,513
2011		32,435
2012		34,675
2013		37,811
2014		<u>36,467</u>
	\$	<u>168,901</u>

8. CHANGES IN NON-CASH WORKING CAPITAL

	2009	2008
Contributions receivable	\$ (3,763)	\$ (8,750)
GST recoverable	298	123
Prepaid expenses	(2,140)	(58)
Accounts payable and accrued liabilities	(4,525)	1,245
	<u>\$ (10,130)</u>	<u>\$ (7,440)</u>

9. CASH FLOWS - SUPPLEMENTARY INFORMATION

During the year, the Society paid \$418 (2008: \$278) in interest and bank charges.

10. CAPITAL DISCLOSURES

The Society maintains net assets held in restricted funds which are subject to external restrictions in segregated accounts. These funds are restricted for endowment purposes. The Society has complied with the requirements during the year.

11. PRIOR PERIOD ADJUSTMENTS

During the year the following prior period adjustments were made:

It was determined that endowment contributions should be directly attributed to net assets restricted for endowment purposes and were previously understated by \$1,000. Prior to this adjustment, the contribution was included as part of Other Receipts on the Statement of Operations.

The financial statements of year 2008 have been restated to correct these errors. The effects of the restatement on those financial statements are summarized as follows:

Deficiency of receipts over expenditures increased by	\$ 3,500
Net assets restricted for endowment purposes increased by	(1,000)
Net assets, unrestricted decreased by	1,000

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2009

12. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform with the current year's financial presentation.

13. SUBSEQUENT EVENT

On April 1, 2010, the Society merged with Pro Bono Law of British Columbia to become the Access Pro Bono Society of British Columbia.

