

**INJURED WORKERS COMMUNITY LEGAL CLINIC**

FINANCIAL STATEMENTS

March 31, 2022

## **Independent Auditor's Report**

To the Board of Directors of Injured Workers Community Legal Clinic

### **Opinion**

We have audited the financial statements of Injured Workers Community Legal Clinic (the "Organization"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and funds balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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.

### **Basis for Opinion**

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 of our report. We are independent of the Organization 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 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 the ability of the Organization 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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organization.

### **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 the financial statements.

## Independent Auditor's Report (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 the internal control of the Organization.
- 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 the ability of the Organization 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 the 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 the Organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario  
September 15, 2022

Chartered Professional Accountants  
Licensed Public Accountants

# INJURED WORKERS COMMUNITY LEGAL CLINIC


## Statement of Financial Position

March 31, 2022

	General Fund	Legal Disbursements Fund	Capital Fund	Non-LAO Fund	Total
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
Current Assets					
Cash and short-term investments	5,550	5,838	-	28,569	<b>39,957</b>
HST recoverable	36,189	38	-	-	<b>36,227</b>
Prepaid expenses	15,352	-	-	-	<b>15,352</b>
	<u>57,091</u>	<u>5,876</u>	<u>-</u>	<u>28,569</u>	<u><b>91,536</b></u>
Capital assets (note 3)	-	-	20,404	-	<b>20,404</b>
Total assets	<u>57,091</u>	<u>5,876</u>	<u>20,404</u>	<u>28,569</u>	<u><b>111,940</b></u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable (note 4)	150,638	-	-	-	<b>150,638</b>
Inter-fund payable (receivable)	(11,663)	(3,905)	-	15,568	-
	<u>138,975</u>	<u>(3,905)</u>	<u>-</u>	<u>15,568</u>	<u><b>150,638</b></u>
<b>FUNDS BALANCE (DEFICIT)</b>	<u>(81,884)</u>	<u>9,781</u>	<u>20,404</u>	<u>13,001</u>	<u><b>(38,698)</b></u>
Total liabilities and funds balance	<u>57,091</u>	<u>5,876</u>	<u>20,404</u>	<u>28,569</u>	<u><b>111,940</b></u>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

  
Director  
Injured Workers Community Legal Clinic  
15 September 2022

# INJURED WORKERS COMMUNITY LEGAL CLINIC

## Statement of Financial Position

March 31, 2021

	General Fund \$	Legal Disbursement Fund \$	Capital Fund \$	Non-LAO Fund \$	Total \$
<b>ASSETS</b>					
Current Assets					
Cash and short-term investments	67,183	334	-	27,229	<b>94,746</b>
HST recoverable	25,290	380	-	53	<b>25,723</b>
Prepaid expenses	9,647	-	-	-	<b>9,647</b>
	<u>102,120</u>	<u>714</u>	<u>-</u>	<u>27,282</u>	<u><b>130,116</b></u>
Capital assets (note 3)	-	-	29,239	-	<b>29,239</b>
Total assets	<u>102,120</u>	<u>714</u>	<u>29,239</u>	<u>27,282</u>	<u><b>159,355</b></u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable (note 4)	130,071	-	-	-	<b>130,071</b>
Inter-fund payable (receivable)	2,568	(4,573)	-	2,005	<b>-</b>
	<u>132,639</u>	<u>(4,573)</u>	<u>-</u>	<u>2,005</u>	<u><b>130,071</b></u>
<b>FUNDS BALANCE (DEFICIT)</b>	<b>(30,519)</b>	<b>5,287</b>	<b>29,239</b>	<b>25,277</b>	<b>29,284</b>
Total liabilities and funds balance	<u>102,120</u>	<u>714</u>	<u>29,239</u>	<u>27,282</u>	<u><b>159,355</b></u>

The accompanying notes are an integral part of these financial statements

# INJURED WORKERS COMMUNITY LEGAL CLINIC

## Statement of Operations and Funds Balance

Year ended March 31, 2022

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Fund \$	Total \$
Revenues					
Legal Aid Ontario					
-direct receipts	1,126,843	8,100	-	-	1,134,943
-indirect receipts (note 5)	62,360	-	-	-	62,360
Donations	-	-	-	2,024	2,024
Other	366	-	-	-	366
	<u>1,189,569</u>	<u>8,100</u>	<u>-</u>	<u>2,024</u>	<u>1,199,693</u>
Expenses					
Salaries	850,351	-	-	-	850,351
Benefits	147,649	-	-	-	147,649
Professional dues	12,394	-	-	-	12,394
Travel	342	-	-	-	342
Communications	14,711	-	-	-	14,711
Accommodations	115,400	-	-	-	115,400
Equipment	4,871	-	-	-	4,871
Library	8,558	-	-	-	8,558
Supplies and services	21,443	-	-	435	21,878
Audit fees	16,720	-	-	-	16,720
Indirect payments (note 5)	62,360	-	-	-	62,360
Legal disbursements	-	3,606	-	-	3,606
Amortization	-	-	8,835	-	8,835
	<u>1,254,799</u>	<u>3,606</u>	<u>8,835</u>	<u>435</u>	<u>1,267,675</u>
Excess of revenues over expenses (expenses over revenues)	(65,230)	4,494	(8,835)	1,589	(67,982)
Transfer to General Fund (note 7)	13,865	-	-	(13,865)	-
Funds balance (deficit), beginning of year	(30,519)	5,287	29,239	25,277	29,284
Funds balance (deficit), end of year	<u>(81,884)</u>	<u>9,781</u>	<u>20,404</u>	<u>13,001</u>	<u>(38,698)</u>

The accompanying notes are an integral part of these financial statements

# INJURED WORKERS COMMUNITY LEGAL CLINIC

## Statement of Operations and Funds Balance

Year ended March 31, 2021

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Fund \$	Total \$
Revenues					
Legal Aid Ontario					
-direct receipts	1,142,019	4,573	-	-	1,146,592
-indirect receipts (note 5)	50,061	-	-	-	50,061
Donations	-	-	-	5,352	5,352
Other income	54	-	-	-	54
Government subsidy	9,625	-	-	-	9,625
Grants	1,201,759	4,573	-	5,352	1,211,684
Expenses					
Salaries	746,334	-	-	-	746,334
Benefits	115,095	-	-	-	115,095
Professional dues	10,860	-	-	-	10,860
Travel	1,165	-	-	-	1,165
Communications	29,063	-	-	-	29,063
Accommodations	115,741	-	-	-	115,741
Equipment	5,053	-	-	-	5,053
Library	10,749	-	-	-	10,749
Supplies and services	50,434	-	-	1,887	52,321
Audit fees	18,745	-	-	-	18,745
Indirect payments (note 5)	50,061	-	-	-	50,061
Legal disbursements	-	8,686	-	-	8,686
Amortization	-	-	11,555	-	11,555
	1,153,300	8,686	11,555	1,887	1,175,428
Excess of revenues over expenses (expenses over revenues)	48,459	(4,113)	(11,555)	3,465	36,256
Transfer to Capital Fund	(31,048)	-	31,048	-	-
Funds balance (deficit), beginning of year	(47,930)	9,400	9,746	21,812	(6,972)
Funds balance (deficit), end of year	(30,519)	5,287	29,239	25,277	29,284

The accompanying notes are an integral part of these financial statements

# INJURED WORKERS COMMUNITY LEGAL CLINIC

## Statement of Cash Flows

Year ended March 31	2022 \$	2021 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	(67,982)	36,256
Item not affecting cash		
Amortization	8,835	11,555
	<u>(59,147)</u>	<u>47,811</u>
Changes in non-cash working capital		
Increase in HST recoverable	(10,504)	(14,986)
Decrease (increase) in prepaid expenses	(5,705)	4,629
(Decrease) increase in accounts payable	20,567	(22,764)
	<u>(54,789)</u>	<u>14,690</u>
Purchase of capital assets	-	(31,048)
Net change in cash	(54,789)	(16,358)
Cash and short-term investments, beginning of year	94,746	111,104
Cash and short-term investments, end of year	<u>39,957</u>	<u>94,746</u>

The accompanying notes are an integral part of these financial statements



# INJURED WORKERS COMMUNITY LEGAL CLINIC

## Notes to Financial Statements

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March 31, 2022

Injured Workers Community Legal Clinic (the "Organization"), is incorporated without share capital under the laws of the Province of Ontario. The Organization was formed to provide legal advice and representation on workers' compensation issues and is primarily funded by Legal Aid Ontario.

The Organization is a registered charity 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. Disbursements recovered from clients are recorded in revenue when received.

#### iii) Capital Fund

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

#### iv) Non-LAO Fund

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

# INJURED WORKERS COMMUNITY LEGAL CLINIC

## Notes to Financial Statements (continued)

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March 31, 2022

### 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
Leasehold improvements	- 5 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 cash and short-term investments.

Financial liabilities measured at amortized cost include accounts payable.

# INJURED WORKERS COMMUNITY LEGAL CLINIC

## Notes to Financial Statements (continued)

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March 31, 2022

### 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.

#### d) Government assistance

In addition to its regular program funding the Organization may also receive non-program specific government assistance. Government assistance is recognized as revenue when the related expenses are incurred or when there is reasonable assurance that the Organization has complied with or will comply with all conditions of the assistance, and collection is reasonably assured. During the year, the Organization received \$nil (2021 - \$9,625) under the Temporary Wage Subsidy Program as a result of the Covid-19 pandemic and this amount is recorded as revenue in the General fund.

### 2. Financial instruments 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.

# INJURED WORKERS COMMUNITY LEGAL CLINIC

## Notes to Financial Statements (continued)

March 31, 2022

### 2. Financial instruments risk management (continued)

#### Market risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies.

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

	2022		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	63,257	59,930	3,327
Office equipment	24,395	7,318	17,077
Leasehold improvements	27,046	27,046	-
	114,698	94,294	20,404

	2021		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	63,257	57,714	5,543
Office equipment	24,395	2,438	21,957
Leasehold improvements	27,046	25,307	1,739
	114,698	85,459	29,239

# INJURED WORKERS COMMUNITY LEGAL CLINIC

## Notes to Financial Statements (continued)

March 31, 2022

4. **Accounts payable**

Included in accounts payable are government remittances in the amount of \$46,477 (2021 - \$24,186).

5. **Indirect payments**

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

<b>General Fund</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Pension and group insurance	102	490
Supplies and services	60,483	45,402
Accommodation and equipment	1,775	2,445
Library expenses	-	1,724
	<u>62,360</u>	<u>50,061</u>

6. **Employee future benefits**

Certain employees who opted to participate became members of the Colleges of Applied Arts and Technology DBplus Pension Plan (the "Plan"), which is a multi-employer, jointly-sponsored defined benefit pension plan. The Organization makes contributions to the Plan equal to those of the employees. The Organization does not recognize any share of the Plan's pension surplus or deficit, and it is accounted for as a defined contribution plan as there is not sufficient information available to use defined benefit plan accounting. The most recent actuarial valuation filed with pension regulators as of January 1, 2022 indicated an actuarial surplus on a going concern basis of \$4.4 billion. The amount of contribution made by the Organization in the year was \$46,205 (2021 - \$29,823), which is included in the statement of operations and funds balance as benefits expenses.

7. **Interfund transfer**

The Board of Directors has approved in the year the transfer of \$13,865 from the Non-LAO Fund to the General Fund.

**HILBORN**

LISTENERS. THINKERS. DOERS.