

DOWNTOWN LEGAL SERVICES
(A STUDENT LEGAL AID SERVICES SOCIETY)
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

INDEX

1. Independent Auditors' Report
2. Statement of Financial Position
3. Statement of Changes in Net Assets
4. Statement of Operations
5. Statement of Cash Flows
- 6-7. Notes to Financial Statements

BERMAN, LOFCHICK & LUM, LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

JERRY BERMAN, Bsc., CPA, CA
MARSHALL LOFCHICK, B.A. (HONS.), CPA, CA
WINSTON LUM, B.Comm., CPA, CA

230 SHEPPARD AVENUE WEST
SUITE 300
TORONTO, ONTARIO M2N 1N1
TELEPHONE: (416) 229-9360
FAX: (416) 229-9375
email: berman@eol.ca
marsh31@rogers.com
wilum@rogers.com

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Downtown Legal Services, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets 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.

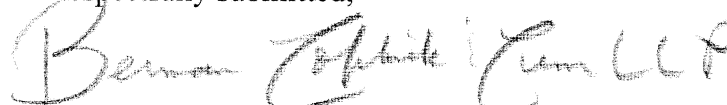
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 Downtown Legal Services as at March 31, 2015, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Respectfully submitted,



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
July 7, 2015.

DOWNTOWN LEGAL SERVICES
(A STUDENT LEGAL AID SERVICES SOCIETY)

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2015

	2015	2014
ASSETS		
Current		
Cash	\$ 274,770	\$ 213,902
Temporary investment - G.I.C.	31,360	31,972
Accounts receivable	32,144	38,977
Prepaid expenses and sundry assets	<u>37,657</u>	<u>31,145</u>
	375,931	315,996
Capital - at cost less accumulated amortization (note 3)	2,589	3,661
Cash held in trust for clients	1,620	4,539
Less - balance owing to clients	<u>(1,620)</u>	<u>(4,539)</u>
	-	-
	<u>\$ 378,520</u>	<u>\$ 319,657</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 56,601	\$ 12,826
Government remittances payable	<u>9,212</u>	<u>8,123</u>
	65,813	20,949
Capital contributions from funders	<u>1,695</u>	<u>2,421</u>
	<u>67,508</u>	<u>23,370</u>
NET ASSETS		
Net assets invested in capital	2,589	3,661
Net assets internally restricted for general purposes	307,551	292,551
Unrestricted net assets	<u>872</u>	<u>75</u>
	<u>311,012</u>	<u>296,287</u>
	<u>\$ 378,520</u>	<u>\$ 319,657</u>

Approved on behalf of the Board:

_____ Director

_____ Director

The accompanying notes form an integral
part of these financial statements.

DOWNTOWN LEGAL SERVICES
(A STUDENT LEGAL AID SERVICES SOCIETY)
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2015

	Invested in capital assets	Restricted for general purposes	Unrestricted	2015 Total	2014 Total
BALANCE - Beginning of year	\$ 3,661	\$ 292,551	\$ 75	\$ 296,287	\$ 306,808
- Excess (deficiency of revenues) over expenses	(726)		15,451	14,725	(10,521)
- Investment in capital assets	(346)		346		
- Internally imposed restrictions	_____	<u>15,000</u>	<u>(15,000)</u>	_____	_____
BALANCE - End of year	\$ <u>2,589</u>	\$ <u>307,551</u>	\$ <u>872</u>	\$ <u>311,012</u>	\$ <u>296,287</u>

The accompanying notes form an integral part of these financial statements.

DOWNTOWN LEGAL SERVICES
(A STUDENT LEGAL AID SERVICES SOCIETY)

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2015

	2015	2014
REVENUES		
Legal Aid Ontario		
Core Grant	\$ 542,045	\$ 534,719
Family Law Funding	62,553	-
Students' Administrative Council	126,762	126,168
Faculty of Law, University of Toronto	120,000	120,000
Graduate Students' Union	45,666	43,991
Scarborough Campus Students' Union	12,505	12,078
Administrative Recovery	2,399	1,252
Fees Income/Affidavits etc.	885	1,050
Interest	557	590
Donations	25	-
Client Disbursements Recovery	<u>-</u>	<u>690</u>
	<u>913,397</u>	<u>840,538</u>
EXPENSES		
Personnel	748,311	739,015
Other professional services	61,979	48,574
Transport/communications	35,689	22,941
Supplies	33,214	27,305
Legal disbursements	10,639	12,101
Accommodation/equipment	<u>8,840</u>	<u>1,123</u>
	<u>898,672</u>	<u>851,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ <u>14,725</u>	\$ <u>(10,521)</u>

The accompanying notes form an integral
part of these financial statements.

DOWNTOWN LEGAL SERVICES
(A STUDENT LEGAL AID SERVICES SOCIETY)

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2015

	2015	2014
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ <u>14,725</u>	\$ <u>(10,521)</u>
Adjustments for:		
Amortization	<u>345</u>	<u>483</u>
Changes in non-cash working capital:		
(Increase) decrease in temporary investments - G.I.C.	6,834	(9,788)
(Increase) decrease in accounts receivable	612	(580)
(Increase) decrease in prepaid expenses and sundry assets	(6,512)	11,280
Increase (decrease) in accounts payable and accrued liabilities	43,115	(46,418)
Increase in government remittances payable	<u>1,749</u>	<u>7,163</u>
	<u>45,798</u>	<u>(38,343)</u>
Cash flow from operating activities:	<u>60,868</u>	<u>(48,381)</u>
Net increase (decrease) in cash and cash equivalents	60,868	(48,381)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>213,902</u>	<u>262,283</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 274,770</u>	<u>\$ 213,902</u>

The accompanying notes form an integral
part of these financial statements.

DOWNTOWN LEGAL SERVICES
(A STUDENT LEGAL AID SERVICES SOCIETY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit organizations in Part III of the CPA Handbook.

(a) PURPOSE OF THE ORGANIZATION

Downtown Legal Services is a community legal clinic operated by the University of Toronto Faculty of Law. They offer innovative legal services to low income clients. These services are provided by law students who are closely supervised by lawyers.

The society has been established under the Legal Aid Services Act, 1998 and is a not-for-profit organization, exempt from income taxes under Section 149 of the Income Tax Act.

(b) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of highly liquid bank accounts and marketable investments with an original maturity date of 90 days or less.

(c) ACCOUNTS RECEIVABLE

Receipts are recorded in these financial statements on the accrual basis. Therefore, the amounts recorded in these financial statements may or may not correspond to the actual amounts received during the fiscal year.

(d) AMORTIZATION

Amortization of the capital assets has been provided at the following annual rates, consistent with those of the prior year:

Computer hardware	- 30% of unamortized cost
Office furniture and equipment	- 20% of unamortized cost

(e) AMORTIZATION ON CAPITAL CONTRIBUTIONS FROM FUNDERS

Funds received for the acquisition of capital assets are deferred in the accounts and amortized on the same basis as the related capital assets.

(f) CONTRIBUTED MATERIALS AND SERVICES

The organization does not account for contributed materials and services.

(g) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates.

Continued...

-6-