

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

FINANCIAL STATEMENTS

December 31, 2007

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, 2007 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 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, 2007 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.

Berris Mangan.

CHARTERED ACCOUNTANTS

Vancouver, B.C.

May 1, 2008

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STATEMENT OF FINANCIAL POSITION

December 31, 2007

	2007	2006
ASSETS		
CURRENT		
Cash	\$ 59,202	\$ 40,471
Restricted cash (Note 4)	10,766	-
Contributions receivable	-	4,000
GST recoverable	1,082	1,045
Prepaid expenses	2,667	-
	<u>73,717</u>	<u>45,516</u>
PROPERTY AND EQUIPMENT, net (Note 2e and 5)	7,083	9,408
	<u>\$ 80,800</u>	<u>\$ 54,924</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 31,397	\$ 38,263
	<u>31,397</u>	<u>38,263</u>
DEFERRED CONTRIBUTION (Note 7)	10,766	2,450
	<u>42,163</u>	<u>40,713</u>
NET ASSETS		
Net assets invested in property and equipment (Note 5)	7,083	6,958
Net assets restricted for endowment purposes	500	-
Net assets, restricted	-	4,000
Net assets, unrestricted	31,054	3,253
	<u>38,637</u>	<u>14,211</u>
COMMITMENT (Note 8)		
	<u>\$ 80,800</u>	<u>\$ 54,924</u>

Approved on behalf of the Board:

_____, Director

_____, Director

STATEMENT OF OPERATIONS

Year Ended December 31, 2007

	2007	2006
RECEIPTS		
Donations	\$ 79,948	\$ 138,674
Grants	225,484	112,161
Amortization of deferred contribution (Note 7)	2,450	1,050
Other	22,370	154
	<u>330,252</u>	<u>252,039</u>
EXPENDITURES		
Advertising and promotion	11,589	8,448
Amortization	2,796	7,750
Insurance	2,768	2,141
Interest and bank charges	436	2,128
Office and miscellaneous	14,429	7,712
Professional fees	6,232	6,038
Rent	12,600	12,600
Repairs and maintenance	-	519
Salaries and benefits	236,597	183,082
Telephone and internet	15,263	16,315
Travel and entertainment	3,116	4,643
	<u>305,826</u>	<u>251,376</u>
EXCESS OF RECEIPTS OVER EXPENDITURES FOR THE YEAR	\$ 24,426	\$ 663

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2007

		Invested in Property and Equipment	Restricted for Endowment Purposes	Unrestricted	2007 Total	2006 Total
NET ASSETS AT BEGINNING OF YEAR	\$	6,958	\$ -	\$ 7,253	\$ 14,211	\$ 13,548
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES FOR THE YEAR		(2,146)	500	26,072	24,426	663
INVESTMENT IN PROPERTY AND EQUIPMENT		2,921	-	(2,921)	-	-
TRANSFER TO UNRESTRICTED NET ASSETS		(650)	-	650	-	-
NET ASSETS AT END OF YEAR	\$	7,083	\$ 500	\$ 31,054	\$ 38,637	\$ 14,211

STATEMENT OF CASH FLOWS

Year Ended December 31, 2007

	2007	2006
OPERATING ACTIVITIES		
Excess of receipts over expenditures for year	\$ 24,426	\$ 663
Add: Items not involving cash		
Gain on disposal of property and equipment	(650)	-
Amortization	2,796	7,750
Donation of property and equipment	-	(3,500)
Deferred contribution received	8,316	3,500
Amortization of deferred contribution	-	(1,050)
	<u>34,888</u>	<u>7,363</u>
Changes in non-cash working capital (Note 9)	<u>(5,570)</u>	<u>38,490</u>
	<u>29,318</u>	<u>45,853</u>
FINANCING AND INVESTING ACTIVITIES		
Purchase of property and equipment	(2,921)	(4,998)
Proceeds on disposal of property and equipment	3,100	-
Transfer to restricted cash	(10,766)	-
	<u>(10,587)</u>	<u>(4,998)</u>
INCREASE IN CASH	18,731	40,855
CASH (CHEQUES ISSUED IN EXCESS OF FUNDS ON HAND)		
AT BEGINNING OF YEAR	40,471	(384)
CASH AT END OF YEAR	<u>\$ 59,202</u>	<u>\$ 40,471</u>

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2007

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.

- 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, 2007

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.

Automobile	30% declining balance
Computer equipment	30% declining balance
Computer software	100% 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 .

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) Accounting changes

Effective with the commencement of the 2007 fiscal year, the Society has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement.

Under the new standard, all financial instruments are classified into one of the following five categories: Held for trading, Held to maturity, Loans and receivables, Available for sale or Other financial liabilities.

Financial instruments classified as held for trading are measured at fair value and all gains and losses are included in excess of receipts over expenditures in the period in which they arise. Financial instruments classified as available-for-sale are measured at fair value with revaluation of gains and losses included in a separate component of net assets until the asset is removed from the balance sheet. Loans and receivables and Other financial liabilities are measured at amortized cost.

Upon adoption of the new standards, the Society has designated its cash and equivalents as held for trading. The Society has classified its GST recoverable as loans and receivables and its accounts payable and accrued liabilities as other financial liabilities.

These standards are applied without restatement of prior period amounts. The cost amount at December 31, 2006 of financial instruments designated as held for trading approximated fair value, therefore the adoption of these standards had no impact on the net assets of the Society at the commencement of the 2007 year.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2007

3. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of 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.

4. RESTRICTED CASH

Restricted cash in the amount of \$10,766 is subject to external restrictions placed by The Law Foundation of B.C. The restrictions require that the funds be applied towards expenditures of specific projects.

5. PROPERTY AND EQUIPMENT

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automobile	\$ -	\$ -	\$ -	\$ 2,450
Computer equipment	21,449	15,707	5,742	5,540
Computer software	3,994	3,994	-	-
Office equipment	2,851	1,510	1,341	1,418
	<u>\$ 28,294</u>	<u>\$ 21,211</u>	<u>\$ 7,083</u>	<u>\$ 9,408</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of a loan in an amount of \$21,770 (2006: \$31,770) 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.

7. DEFERRED CONTRIBUTION

During the 2007 year, the Society disposed of the donated property and equipment received in the 2006 year. The unamortized deferred contribution balances of \$2,450 related to the donated property and equipment was recognized as revenue in the 2007 year. Included in deferred contributions for the 2007 year is the grant received from The Law Foundation of B.C. subjected to external restrictions for clinic enhancement and infrastructure purposes. These amounts are related to expenses of future periods.

During the 2006 year, the Society received donated property and equipment. The deferred contribution is being amortized on a basis consistent with the related asset acquired.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2007

7. DEFERRED CONTRIBUTION (continued)	2007	2006
Changes in the deferred contribution balance are as follows:		
Beginning balance	\$ 2,450	\$ -
Add: Amount received related to the following year	10,766	3,500
Less: Amount recognized as revenue in the year	2,450	1,050
	\$ 10,766	\$ 2,450

8. COMMITMENT

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

2008	\$ 13,700
2009	14,900
2010	2,500

9. CHANGES IN NON-CASH WORKING CAPITAL	2007	2006
Contributions receivable	\$ 4,000	\$ 18,000
GST recoverable	(37)	425
Prepaid expenses	(2,667)	-
Accounts payable and accrued liabilities	(6,866)	20,065
	\$ (5,570)	\$ 38,490

10. CASH FLOWS - SUPPLEMENTARY INFORMATION

During the year, the Society paid \$436 (2006 - \$417) in interest and bank charges.