

THE WESTERN CANADA SOCIETY TO ACCESS JUSTICE

FINANCIAL STATEMENTS

December 31, 2008

"Forging strong relationships. Providing clear business advice."

**berris
mangan**

CHARTERED ACCOUNTANTS

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, 2008 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, 2008 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 4, 2009

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STATEMENT OF FINANCIAL POSITION

December 31, 2008

	2008	2007
ASSETS		
CURRENT		
Cash	\$ 36,100	\$ 59,202
Restricted cash (Note 5)	-	10,766
Contributions receivable	8,750	-
GST recoverable	959	1,082
Prepaid expenses	2,725	2,667
	<u>48,534</u>	<u>73,717</u>
PROPERTY AND EQUIPMENT, net (Note 2e and 6)	6,305	7,083
	<u>\$ 54,839</u>	<u>\$ 80,800</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 32,642	\$ 31,397
DEFERRED CONTRIBUTION (Note 8)	-	10,766
	<u>32,642</u>	<u>42,163</u>
NET ASSETS		
Net assets invested in property and equipment (Note 6)	6,305	7,083
Net assets restricted for endowment purposes	3,000	500
Net assets, unrestricted	12,892	31,054
	<u>22,197</u>	<u>38,637</u>
COMMITMENT (Note 9)		
	<u>\$ 54,839</u>	<u>\$ 80,800</u>

Approved on behalf of the Board:

_____, Director

_____, Director

STATEMENT OF OPERATIONS

Year Ended December 31, 2008

	2008	2007
RECEIPTS		
Donations	\$ 88,126	\$ 79,948
Grants	235,500	225,484
Amortization of deferred contribution (Note 8)	10,766	2,450
Other	6,882	22,370
	<u>341,274</u>	<u>330,252</u>
EXPENDITURES		
Advertising and promotion	12,872	11,589
Amortization	2,344	2,796
Insurance	4,398	2,768
Interest and bank charges	278	436
Office and miscellaneous	10,094	14,429
Professional fees	11,175	6,232
Rent	13,700	12,600
Salaries and benefits	285,235	236,597
Telephone and internet	14,725	15,263
Travel and entertainment	2,893	3,116
	<u>357,714</u>	<u>305,826</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES		
FOR THE YEAR	\$ (16,440)	\$ 24,426

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2008

	Invested in Property and Equipment	Restricted for Endowment Purposes	Unrestricted	2008 Total	2007 Total
NET ASSETS AT BEGINNING OF YEAR	\$ 7,083	\$ 500	\$ 31,054	\$ 38,637	\$ 14,211
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES FOR THE YEAR	(2,344)	2,500	(16,596)	(16,440)	24,426
INVESTMENT IN PROPERTY AND EQUIPMENT	1,566	-	(1,566)	-	-
TRANSFER TO UNRESTRICTED NET ASSETS	-	-	-	-	-
NET ASSETS AT END OF YEAR	\$ 6,305	\$ 3,000	\$ 12,892	\$ 22,197	\$ 38,637

See notes to financial statements

STATEMENT OF CASH FLOWS

Year Ended December 31, 2008

	2008	2007
OPERATING ACTIVITIES		
Excess (deficiency) of receipts over expenditures for year	\$ (16,440)	\$ 24,426
Add: Items not involving cash		
Gain on disposal of property and equipment	-	(650)
Amortization	2,344	2,796
Deferred contribution received	-	8,316
	(14,096)	34,888
Changes in non-cash working capital (Note 10)	(7,440)	(5,570)
	(21,536)	29,318
FINANCING AND INVESTING ACTIVITIES		
Purchase of property and equipment	(1,566)	(2,921)
Proceeds on disposal of property and equipment	-	3,100
Transfer to restricted cash	-	(10,766)
	(1,566)	(10,587)
INCREASE (DECREASE) IN CASH	(23,102)	18,731
CASH AT BEGINNING OF YEAR	59,202	40,471
CASH AT END OF YEAR	\$ 36,100	\$ 59,202

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2008

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, 2008

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) 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, 2008**

3. NEW AND FUTURE ACCOUNTING POLICIES

(i) General Standards on Financial Statement Presentation

Effective January 1, 2008, the Society adopted an amendment to CICA Handbook Section 1400, General Standards of Financial Statement Presentation, which includes specific requirements to assess and disclose an entity's ability to continue as a going concern. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The adoption did not have a material impact on the financial statements of the Society for the year ended December 31, 2008.

(ii) Capital Disclosures

Effective for the 2008 year, the Society adopted applicable requirements of a new accounting standard, CICA Handbook Section 1535, "Capital Disclosures". This new Section requires the Society to disclose the nature of its externally imposed capital requirements and whether it has complied with those requirements during the period.

(iii) Disclosure of Allocated Expenses

Effective for the year ended December 31, 2009, the Society must adopt the provisions of CICA Handbook 4470 - Disclosure of Allocated Expenses by Not-for-Profit Organizations. This standard will require the Society to make certain disclosures regarding fundraising and general support expenses which have been allocated among different functional areas.

(iv) International Financial Reporting Standards

In January of 2006, the CICA adopted a strategic plan to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") for certain types of entities over a transition period ending in 2011. The Society will assess the impact of a transition to IFRS, if any, on its financial statements.

4. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, restrict 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. RESTRICTED CASH

Restricted cash in the amount of \$- (2007: \$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.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2008

6. PROPERTY AND EQUIPMENT			2008	2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	21,449	17,430	4,019	5,742
Computer software	4,044	4,044	-	-
Office equipment	4,367	2,081	2,286	1,341
	\$ 29,860	\$ 23,555	\$ 6,305	\$ 7,083

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of a loan in an amount of \$21,770 (2007: \$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.

8. DEFERRED CONTRIBUTION

Included in deferred contributions for the 2007 year are two grants received from The Law Foundation of B.C. subjected to external restrictions for clinic enhancement and infrastructure purposes. These amounts have been fully expensed in 2008 and recognized as revenue in the 2008 year.

Changes in the deferred contribution balance are as follows:

Beginning balance	\$ 10,766	\$ (2,450)
Add: Amount received related to the following year	-	10,766
Less: Amount recognized as revenue in the year	10,766	2,450
	\$ -	\$ 10,766

9. COMMITMENT

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

2009	\$ 14,900
2010	2,500
	<u>\$ 17,400</u>

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2008

10. CHANGES IN NON-CASH WORKING CAPITAL	2008	2007
Contributions receivable	\$ (8,750)	\$ 4,000
GST recoverable	123	(37)
Prepaid expenses	(58)	(2,667)
Accounts payable and accrued liabilities	1,245	(6,866)
	<u>\$ (7,440)</u>	<u>\$ (5,570)</u>

11. CASH FLOWS - SUPPLEMENTARY INFORMATION

During the year, the Society paid \$278 (2007: \$436) in interest and bank charges.

12. 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 various projects. The Society has complied with requirements during the year.