



**Financial Statements**  
**For the year ended March 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Calgary Legal Guidance Society

We have audited the accompanying financial statements of Calgary Legal Guidance Society (the "Society"), which comprise the statement of financial position as at March 31, 2017 and the statement of revenue and expenditures and changes in fund balances 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.

### **Auditors' 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 an 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 Calgary Legal Guidance Society as at March 31, 2017 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.

#### **Other matter**

The financial statements of Calgary Legal Guidance Society as at and for the year ended March 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on June 20, 2016.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

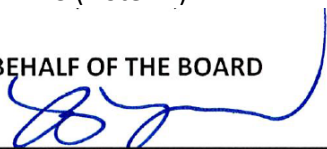
June 28, 2017  
Calgary, Canada

**Statement of Financial Position**  
As at March 31, 2017, with comparative information for 2016

<b>ASSETS</b>		
	<b>2017</b>	<b>2016</b>
<b>Current</b>		
Cash	\$ 510,012	\$ 143,363
Short-term Investments (Note 3)	336,090	328,602
Accounts Receivable	75,414	85,381
Goods and Services Tax Recoverable	6,917	17,157
Prepaid Expenses	34,852	82,671
	<b>963,285</b>	657,174
<b>Long-term Investments</b> (Note 3)	<b>352,357</b>	675,261
<b>Capital Assets</b> (Note 4)	<b>77,926</b>	97,424
<b>Long-term Deposit</b>	<b>23,734</b>	23,734
	<b>1,417,303</b>	1,453,593
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts Payable and Accrued Liabilities	94,643	120,310
Employee Deductions Payable (Note 14)	37,633	36,363
Repayable to Alberta Law Foundation (Note 5)	81,261	-
Deferred Contributions (Note 5)	220,672	115,964
	<b>434,209</b>	272,637
<b>Deferred Contributions Related to Capital Assets</b> (Note 6)	<b>60,603</b>	78,122
	<b>494,812</b>	350,759
<b>FUND BALANCES</b>		
<b>General Fund</b>	<b>905,168</b>	1,083,532
<b>Invested in Capital Assets</b>	<b>17,323</b>	19,302
	<b>922,491</b>	1,102,834
	<b>1,417,303</b>	1,453,593

**COMMITMENTS AND CONTINGENCIES** (Note 10)  
**SUBSEQUENT EVENTS** (Note 11)

APPROVED ON BEHALF OF THE BOARD



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Director



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Director

## Statement of Operations and Changes in Fund Balances

### For the year ended March 31, 2017, with comparative information for 2016

	Legal Services	DVFL	SBAP	DAL/LRS	MHLHC	Program Stability	Total General Fund 2017	Indigenous Program	Invested in Capital Assets 2017	Total 2017	Total 2016
<b>REVENUE</b>											
Grants											
Alberta Law Foundation (Note 5)	\$ 1,842,802	\$ 223,518	\$ 31,404	\$ 48,645	\$ 69,161	\$ -	\$ 2,215,530	\$ 21,519	\$ -	\$ 2,237,047	\$ 2,347,003
United Way (Note 5)	-	116,253	-	-	-	-	116,253	-	-	116,253	133,482
City of Calgary, FCSS (Note 5)	-	-	226,314	-	-	-	226,314	-	-	226,314	138,162
Solicitor General, Victims of Crime Fund (Note 5)	-	65,000	-	-	-	-	65,000	-	-	65,000	123,000
Calgary Foundation (Notes 5 & 8)	-	-	-	-	-	1,198	1,198	23,269	-	24,467	3,762
Alberta Lotteries Comm. Invest. Program	30,600	7,200	3,600	3,600	-	-	45,000	-	-	45,000	-
Canada Summer Jobs	10,526	-	-	-	-	-	10,526	-	-	10,526	16,776
Alberta Student Temp. Employment Prog.	8,365	-	-	-	-	-	8,365	-	-	8,365	15,037
Law Society of Alberta	-	-	-	76,228	-	-	76,228	-	-	76,228	76,229
Donations	2,070	-	-	-	-	58,434	60,504	1,000	-	61,504	63,978
Casino (Note 5)	31,601	7,435	3,718	3,718	-	-	46,472	-	-	46,472	55,625
Admin. Fees and Cost Reimbursements	11,701	5,788	113	113	12	-	17,727	-	-	17,727	11,547
Interest Income	-	-	-	-	-	17,259	17,259	-	-	17,259	18,772
Recognition of Deferred Contributions Related to Capital Assets (Note 6)	-	-	-	-	-	-	-	-	17,519	17,519	17,852
<b>TOTAL REVENUE</b>	<b>1,937,665</b>	<b>425,194</b>	<b>265,149</b>	<b>132,304</b>	<b>69,173</b>	<b>76,891</b>	<b>2,906,376</b>	<b>45,788</b>	<b>17,519</b>	<b>2,969,683</b>	<b>3,021,225</b>
<b>EXPENSES</b>											
Advertising and Promotion	12,448	2,602	2,317	11,860	1,477	-	30,704	72	-	30,776	23,200
Amortization	-	-	-	-	-	-	-	-	19,498	19,498	23,588
Audit Fees	11,102	2,612	1,306	1,306	173	-	16,499	-	-	16,499	15,000
Board Expenses	-	-	-	-	-	1,175	1,175	-	-	1,175	11,157
Casino Disbursements	-	-	-	-	-	-	-	-	-	-	2,142
Client Service Costs and Program Supplies	6,365	167	1,401	-	-	-	7,933	-	-	7,933	4,062
Dues, Fees, Licenses and Memberships	27,255	4,858	3,422	196	25	-	35,756	1,052	-	36,808	37,385
Equipment Lease	4,127	971	486	486	49	-	6,119	-	-	6,119	4,637
Computer Expenses	36,732	8,382	4,191	4,191	1,087	-	54,583	-	-	54,583	90,958
CRM Software	1,743	410	205	205	-	-	2,563	-	-	2,563	3,000
Furniture and Equipment Purchases	3,397	799	400	400	1	-	4,997	-	-	4,997	7,805
Human Resource Costs	1,619,904	384,559	214,668	93,107	64,725	26,513	2,403,476	63,722	-	2,467,198	2,382,995
Insurance	23,238	8,804	4,608	438	53	-	37,141	-	-	37,141	38,665
Interest and Bank Charges	2,064	479	239	239	43	-	3,064	-	-	3,064	1,860
Interpreters	2,198	398	128	-	-	-	2,724	-	-	2,724	7,297
Meeting Costs	14,377	2,708	1,328	1,328	343	-	20,084	636	-	20,720	8,631
Office Supplies	12,714	1,616	825	692	131	-	15,978	-	-	15,978	14,864
Parking	15,316	3,630	1,765	1,765	252	-	22,728	156	-	22,884	9,636
Postage and Courier	6,834	454	171	123	52	-	7,634	-	-	7,634	15,102
Printing	4,763	982	491	491	36	-	6,763	-	-	6,763	25,612
Rent and Utilities	188,427	44,336	22,168	22,168	2,698	-	279,797	-	-	279,797	275,293
Professional Development	24,125	4,996	1,845	1,481	420	-	32,867	-	-	32,867	10,572
Statuses and Books	10,743	30	15	15	-	-	10,803	-	-	10,803	11,493
Telephone and Internet	12,647	2,976	1,488	1,488	345	-	18,944	-	-	18,944	17,768
Travel	11,924	5,211	473	394	776	-	18,778	47	-	18,825	15,280
Volunteer	17,734	2,191	1,086	1,086	96	-	22,193	-	-	22,193	21,975
Website Development	1,043	245	123	123	6	-	1,540	-	-	1,540	2,801
<b>TOTAL EXPENSES</b>	<b>2,071,220</b>	<b>484,416</b>	<b>265,149</b>	<b>143,582</b>	<b>72,788</b>	<b>27,268</b>	<b>3,064,843</b>	<b>65,685</b>	<b>19,498</b>	<b>3,150,026</b>	<b>3,082,778</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>(133,555)</b>	<b>(59,222)</b>	<b>-</b>	<b>(11,278)</b>	<b>(3,615)</b>	<b>49,203</b>	<b>(158,467)</b>	<b>(19,897)</b>	<b>(1,979)</b>	<b>(180,343)</b>	<b>(61,553)</b>
Fund Balances, Beginning of Year	-	-	-	-	-	1,083,532	1,083,532	-	19,302	1,102,834	1,164,387
Interfund Transfers (Note 9)	-	-	-	-	-	(19,897)	(19,897)	19,897	-	-	-
Program Transfers (Note 9)	133,555	59,222	-	11,278	3,615	(207,316)	-	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>905,168</b>	<b>905,168</b>	<b>-</b>	<b>17,323</b>	<b>922,491</b>	<b>1,102,834</b>

## Statement of Cash Flows

For the year ended March 31, 2017, with comparative information for 2016

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Deficiency of Revenues Over Expenditures	\$ (180,343)	\$ (61,553)
Items Not Affecting Cash		
Amortization of Capital Assets	19,498	23,588
Interest Accrued and Reinvested on Investments	(17,259)	(18,772)
Recognition of Grants Towards Capital Assets	(17,519)	(17,852)
	<b>(195,623)</b>	<b>(74,589)</b>
Changes in Non-cash Working Capital		
Accounts Receivable	9,967	(59,490)
Goods and Services Tax Recoverable	10,380	2,901
Prepaid Expenses	47,819	(24,475)
Accounts Payable and Accrued Liabilities	(25,667)	40,922
Employee Deductions Payable	1,270	(18,454)
Repayable to Alberta Law Foundation	81,261	-
Deferred Contributions Related to Operations	118,941	(28,196)
Deferred Contributions Related to Restricted Funds	(14,233)	(4,639)
	<b>229,738</b>	<b>(91,431)</b>
	<b>34,115</b>	<b>(166,020)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from Sale of Short Term Investments	332,534	324,198
Purchase of Long Term Investments	-	(324,198)
	<b>332,534</b>	<b>-</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>366,649</b>	<b>(166,020)</b>
<b>CASH – BEGINNING OF YEAR</b>	<b>143,363</b>	<b>309,383</b>
<b>CASH – END OF YEAR</b>	<b>510,012</b>	<b>143,363</b>

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## Notes to Financial Statements

For the year ended March 31, 2017, with comparative information for 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Calgary Legal Guidance Society (the "Society") have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

#### **Cash and short-term investments**

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

#### **Capital assets**

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis over the following years:

Computer hardware	4	straight-line
Computer software	4	straight-line
Furniture and fixtures	4	straight-line
Leasehold improvements	10	straight-line

Contributed capital assets are recorded at fair value at the date of contribution if these assets would otherwise have been purchased by the Society.

Capital assets acquired during the year are not amortized until they are placed into use.

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the tangible capital assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

#### **Contributed services**

Volunteers contributed approximately 8,000 hours (2016 - 11,000 hours) during the year to assist the Society in carrying out its activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials and other services are recorded at fair value at the date of contribution when the fair value can be reasonably estimated, and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.



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## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Allocation of expenses**

The Society allocates administrative wages and general support expenses across various programs based on approved grant budgets with their major funders. General support expenses include advertising and promotion, board, equipment lease and maintenance, insurance, office and printing, rent, parking, post and courier and volunteer expenses.

#### **Fund presentation**

The statement of revenue and expenditures and changes in fund balances is presented by program function and therefore shown on a fund basis.

#### **General Funds**

##### *Legal Services Program*

The Legal Services program reports activities including the volunteer clinic which has been the core delivery model since inception and follow-up services for matters that cannot be resolved at the clinic. The Legal Services program also includes the Immigration program. The Immigration program addresses shortfalls in immigration and refugee legal support for those who have recently arrived in Canada. The program provides legal information, advice and assistance in areas of law that have a greater impact for immigrants and refugees.

##### *Domestic Violence Family Law (DVFL) Program*

The Family Law/DVLI program assists in providing legal assistance on family law matters including court ordered protection, emotional support, safety planning and referrals to victims of family violence.

##### *DAL/LRS Program*

The DAL/LRS program reports the education activities that provide information to the community either directly to individuals or to organizations, including: Dial-A-Law, which provides pre-recorded legal information on approximately 183 subjects to residents of the Province of Alberta; Lawyer Referral Services; and the delivery of public presentations or response to public enquiries.

##### *Social Benefits Advocacy Program*

The Social Benefit Advocacy program reports the activities of providing services to clients regarding matters such as Alberta Works, Assured Income for Severely Handicapped, Canada Pension Plan, Employment Insurance and Worker's Compensation Benefit programs.

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## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### *Program Stability Fund*

The Program Stability fund reports the Society's unrestricted resources available for use by other programs or restricted funds in the event of a funding deficit. The fund is maintained through unrestricted donations and unrestricted revenue surpluses that do not otherwise have to be returned to the funder.

#### *Medicine Hat Project Fund*

The Medicine fund accounts for the activities of the Medicine Hat Intake Project. The Medicine Hat Project. The purpose of the project is to develop the Medicine Hat Legal Help Centre program within the community of Medicine Hat and surrounding area. Activities of the program include dedicated program delivery support and file management.

#### **Restricted Funds**

##### *Indigenous Program Fund*

The Indigenous Program Fund accounts for the activities of the Indigenous Access to Justice Program. The Indigenous Access to Justice Program helps in bridging the gap between Indigenous people and the Justice system.

##### **Invested in Capital Assets Fund**

The Invested in Capital Assets fund reports the assets, liabilities, revenue and expenses related to the Society's capital assets.

#### **Revenue recognition**

The Society follows the deferral method of accounting for contributions.

- a) Unrestricted contributions are recognized as revenue of the General Fund when received or receivable.
- b) Restricted contributions are recognized as revenue of the related Restricted Fund in the year in which the related expenses are incurred.
- c) Fees for services are recognized as revenue of various programs within the General Fund when such services are delivered.
- d) Interest is recognized as revenue of the related program within the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- e) Restricted contributions related to tangible capital assets are recognized into revenue of the Invested in Capital Asset Fund in the year in which the related amortization expense is incurred over the useful life of the related asset.

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## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Financial instruments**

##### *Measurement*

The Society initially measures its financial assets and liabilities at fair value, except for certain related party transactions which are measured at the carrying amount or exchange amount. The Society subsequently measures all financial assets and financial liabilities at amortized cost, except equity instruments quoted in an active market, which are reported at fair value with any unrealized gains and losses reported in excess of revenue over expenses.

Financial assets subsequently measured at amortized cost include cash, accounts receivable, investments and long-term deposit.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

##### *Impairment*

Financial assets subsequently measured at amortized cost are tested for impairment when there are indications that an impairment exists. The amount of write-down is recognized as an impairment loss in excess of revenue over expenses. A previously recognized impairment loss may be reversed to the extent of an improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses in the period the reversal occurs.

##### *Transaction costs*

The Society recognizes transaction costs on financial instruments subsequently measured at fair value in excess of revenue over expenses in the period incurred. Financial instruments subsequently measured at amortized cost are adjusted for financing fees and transaction costs which are directly attributable to the origination and acquisition of the financial instrument.

#### **Group registered retirement savings plan**

The Society operates a defined contribution registered retirement savings plan ("RRSP") for its employees. The assets of the RRSP are held and administered separately from assets of the Society by an independent administrator. Contributions paid and expensed under salaries, benefits and contract services for the year ended March 31, 2017 amounted to \$68,598 (2016 - \$71,228). These contributions do not include any voluntary personal contributions made by employees.

## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates and assumptions include the estimated useful life of tangible capital assets for amortization purposes, and the net recoverable amount of accounts receivable, tangible capital assets and the allocation of general support expenses to programs. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

### 2. DESCRIPTION OF ORGANIZATION

The Society was incorporated under the Societies Act of Alberta on June 15, 1977. The Society is registered as a charitable organization under the Income Tax Act of Canada, which provides the Society tax exempt status. The Society provides legal education and assistance to marginalized individuals through the various programs and funds detailed in Note 1.

### 3. INVESTMENTS

	<b>2017</b>	<b>2016</b>
Short Term Guaranteed Investment Certificates (GICs)	<b>336,090</b>	328,602
Long Term Guaranteed Investment Certificates (GICs)	<b>352,357</b>	675,261
	<b>688,447</b>	1,003,863

The GIC's held by the Society bear interest at rates ranging from 1.80% to 2.05% (2016 - 1.60% to 2.25%) and mature between November 2017 and January 2019 (2016 - between October 2016 and October 2018).

### 4. CAPITAL ASSETS

	Cost	Accumulated Amortization	<b>2017 Net Book Value</b>	2016 Net Book Value
Computer Hardware	79,680	74,237	<b>5,443</b>	9,077
Computer Software	5,268	4,636	<b>631</b>	1,264
Leasehold Improvements	152,317	80,466	<b>71,852</b>	87,083
	237,266	159,339	<b>77,926</b>	97,424

## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 5. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS AND RESTRICTED FUNDS

Deferred contributions related to operations are to be used for the purpose of the relevant Society program and if not, may be required to be returned to the funder.

Deferred contributions related to restricted funds are to be used for the specific purpose as designated by the funder and if not, may be required to be returned to the funder.

Changes in the deferred contributions related to both operations and restricted funds are as follows:

	Beginning Balance	Contributions	Utilization/ Repayment	2017	2016
<b>Deferred Contributions</b>					
<u>Alberta Law Foundation</u>					
Core operating	-	2,234,455	2,153,194	81,261	-
Indigenous Program	-	21,519	21,519	-	-
Medicine Hat Intake Project	2,992	70,506	62,335	11,163	2,992
<u>Other Funders</u>					
Victims of Crime Fund	65,000	150,000	65,000	-	65,000
City of Calgary, FCSS*	-	260,345	226,404	-	-
Casino	46,472	-	46,472	-	46,472
Calgary Foundation-Indigenous Program	-	60,000	23,269	-	-
Donations- Indigenous Program	-	1,000	1,000	-	-
Refugee Sponsorship Support Program	1,500	193	1,693	-	1,500
	<u>115,964</u>	<u>2,798,018</u>	<u>2,600,886</u>	<u>92,424</u>	<u>115,964</u>
				<b>220,672</b>	

\* Family Community Support Services

As at year end, \$81,261 (2016- \$nil) of the \$92,424 (2016- \$nil) that was not used by the organization in its operations (designated to be returned to the Alberta Law Foundation) is currently an account payable owing to the Alberta Law Foundation. The amount has been disclosed separately on the face of the balance sheet. The remaining \$11,163 (2016- \$nil) was returned to the Alberta Law Foundation before year end.

## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Restricted contributions received for the purchase of capital assets are deferred and amortized into income on the same basis as the amortization of the capital assets acquired.

	Beginning Balance	Contributions	Amortization	<b>2017</b>	2016
Alberta Law Foundation	52,743	-	10,737	<b>42,006</b>	52,743
Alberta Law Foundation	9,243	-	3,863	<b>5,380</b>	9,243
Alberta Law Foundation	93	-	93	-	93
Government of Alberta	16,043	-	2,826	<b>13,217</b>	16,043
	<b>78,122</b>	-	<b>17,519</b>	<b>60,603</b>	<b>78,122</b>

### 7. ALLOCATION OF EXPENSES

The allocation of certain expenses that are not directly attributable to a specific program, including administrative wages and benefits, general support expenses, and rent and utilities expenses are allocated to the following programs as follows:

	<b>% Allocation (Apr 2016 – Dec 2016)</b>	<b>% Allocation (Jan 2017 – Mar 2017)</b>	<b>% Allocation (Apr 2015 – Mar 2016)</b>
Legal Services	68%	65%	68%
DVFL	16%	15%	16%
SBAP	8%	8%	8%
DAL/LRS	8%	8%	8%
MHLHC	-	4%	-
	<b>100%</b>	<b>100%</b>	<b>100%</b>

The allocations are based on approved grant budgets which are prepared by the Society and approved by the Society's major funders.

## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 7. ALLOCATION OF EXPENSES (cont'd)

Administrative wages and benefits totaling \$502,132 (2016 - \$421,783) have been allocated to the following programs based on approved grant budgets which are decided upon by the Society's major funders.

<u>Administrative Benefits and Wages</u>	<b>\$ Allocation 2017</b>	\$ Allocation 2016
Legal Services	<b>339,481</b>	286,812
DVFL	<b>79,878</b>	67,485
SBAP	<b>39,939</b>	33,743
DAL/LRS	<b>39,939</b>	33,743
MHLHC	<b>2,895</b>	-
	<b>502,132</b>	421,783

General support expenses totaling \$223,961 (2016 - \$171,671 including advertising and promotion, board, conference, equipment lease and maintenance, insurance, office and printing, parking, post and courier and volunteer expenses have been allocated to the following programs based on approved grant budgets which are decided upon by the Society's major funders.

<u>General Support Expenses</u>	<b>\$ Allocation 2017</b>	\$ Allocation 2016
Legal Services	<b>150,550</b>	116,736
DVFL	<b>35,424</b>	27,467
SBAP	<b>17,712</b>	13,734
DAL/LRS	<b>17,712</b>	13,734
MHLHC	<b>2,563</b>	-
	<b>223,961</b>	171,671

Rental and utilities expense totaling \$279,797 (2016 - \$275,293) have been allocated to the following programs based on approved grant budgets which are decided upon by the Society's major funders.

<u>Rent and Utilities</u>	<b>\$ Allocation 2017</b>	\$ Allocation 2016
Legal Services	<b>188,427</b>	187,199
DVFL	<b>44,336</b>	44,047
SBAP	<b>22,168</b>	22,023
DAL/LRS	<b>22,168</b>	22,023
MHLHC	<b>2,698</b>	-
	<b>279,797</b>	275,292

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## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 8. THE CALGARY FOUNDATION

The Calgary Foundation (the "Foundation") administers an Endowment fund program for the Society. All capital contributions made to the fund will be retained by the Foundation in perpetuity and will be invested in accordance with the Foundation's investment policies. At March 31, 2017, the fair market value of the fund was \$32,330 (2016 - \$29,960). The Foundation is permitted to charge the Society a fee for its expenses in administering the fund. Administration fees of \$381 (2016 - \$379) were charged to the Society during fiscal 2017. An annual allocation of 5% of the fair market value of the fund as at June 30th of each year is paid to the Society. As the Society does not control the capital fund, the balance of the fund is not reflected in these financial statements.

An allocation of \$1,198 (2016 - \$1,262) was received during the year and has been recognized in the current year's revenue pursuant to the Society's accounting policy for unrestricted contributions.

### 9. INTERFUND AND PROGRAM TRANSFERS

During the year, \$19,897 (2016 - \$6,036) was transferred from the General fund to the Indigenous Program fund to cover the deficit at the end of the year.

During the year, \$nil (2016 - \$2,208) was transferred from One Time Projects fund within the Restricted fund to the General fund to use the surplus funding towards programs within the General fund.

During the year, transfers of \$133,555 (2016- \$51,434) to the Legal Services program, \$11,278 (2016- \$2,253) to the DAL/LRS program, \$59,222 (2016- \$5,907) to the DVFL program, \$nil (2016- \$1,841) to the Social Benefits Advocacy program and \$3,615 (2016- \$nil) to the MHLHC program from the Program Stability Fund within the General fund to cover the program deficits.



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## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 10. COMMITMENTS AND CONTINGENCIES

#### Lease commitments

The Society has a long-term lease with respect to its premises which expires February 2022. Along with basic rent the Society also has to provide for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2018	\$289,644
2019	289,644
2020	289,644
2021	289,644
2022	265,506
	<hr/>
	\$1,424,082

#### Other commitments

The Society has agreed to indemnify certain individuals who have acted at the Society's request to be an officer or director of the Society, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individual as a result of their service. The nature of the indemnification agreements prevents the Society from making a reasonable estimate of the maximum potential amount it could be required to pay to the beneficiary as a result of the indemnification. The Society has purchased various insurance policies to reduce the risks associated with such indemnification.

In the ordinary course of business, the Society enters into contracts which contain indemnification provisions, such as funding agreements and leasing agreements. In such contracts, the Society may indemnify counterparties to the contracts if certain events occur. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under said provisions is difficult to predict. Therefore, the maximum potential future amount that the Society could be required to pay cannot be reliably estimated.

As at March 31, 2017, the Society is not aware of any active or pending claims.

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## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 11. SUBSEQUENT EVENTS

Subsequent to year end, the Society received approval from the Alberta Law Foundation (“ALF”) for its 2017-2018 Core Operating grant. The total amount of the Grant is \$2,106,000.

Subsequent to year end, the Society received approval from the Law Foundation of Ontario for a \$100,000 grant spread over five (5) years towards CLG’s Domestic Violence Family Law program.

### 12. ECONOMIC DEPENDENCE

Of the Society's total revenues, 75% (2016 - 78%) originate from ALF. If ALF were to withdraw funding, the programs funded by ALF would be unable to continue. Funding by ALF is in the normal course of operations for many similar organizations.

### 13. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the statement of financial position date.

#### **Credit risk**

Credit risk arises from the possibility that third parties may default on their financial obligations. The Society is exposed to credit risk on cash, short-term investments, accounts receivable and long-term investments.

The Society's accounts receivable are due from one funder, the Law Society of Alberta. The Society has never experienced any bad debts with regards to this funder.

The Society's credit risk exposure on cash, short-term investments and long-term investments is minimized substantially by ensuring that the cash and investments are held with credible financial institutions.

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk as described below.

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## Notes to the Financial Statements (cont'd)

For the year ended March 31, 2017, with comparative information for 2016

### 13. FINANCIAL INSTRUMENTS (cont'd)

#### **Currency risk**

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of the Society will fluctuate due to changes in foreign exchange rates. The Society is not currently exposed to currency risk.

#### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is exposed to interest rate risk on its short and long-term investments which carry at fixed rates of interest.

#### **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not currently exposed to other price risk.

#### **Liquidity risk**

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is currently exposed to liquidity risk to the extent of its trade payables.

### 14. GOVERNMENT REMITTANCES PAYABLE

As at year end, Employee Deductions Payable includes \$29,527 (2016- \$28,248) in statutory Government Remittances Payable. The balance has been paid subsequent to year end.

### 15. COMPARATIVE INFORMATION

Some of the comparative information has been reclassified to conform to the current year's presentation.