



Financial Statements
For the year ended March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Calgary Legal Guidance Society

Opinion

We have audited the accompanying financial statements of Calgary Legal Guidance Society, which comprise:

- the statement of financial position as at March 31, 2020;
- the statements of operations and changes in fund balances;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Legal Guidance Society as at March 31, 2020, 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 "Auditors' Responsibilities for the Audit of the Schedule" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the Schedule in Canada and we have fulfilled our other 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

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.

In preparing the financial statements, management is responsible for assessing the Entity's ability 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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 schedule.

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 schedule, 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 Entity's internal control.
- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

June 24, 2020

Statement of Financial Position

As at March 31, 2020, with comparative information for 2019

ASSETS

	2020	2019
Current		
Cash	\$ 51,324	\$ 855,030
Short-term Investments (Note 3)	702,736	21,259
Accounts Receivable	55,955	74,056
Goods and Services Tax Recoverable	11,241	11,149
Employee Deductions Receivable (Note 6)	-	37,588
Short-term Deposits	49,425	-
Prepaid Expenses	135,512	56,850
	1,006,193	1,055,932
Capital Assets (Note 4)	58,603	82,889
Long-term Investments (Note 3)	21,951	-
Long-term Deposit	52,017	23,734
	1,138,764	1,162,555

LIABILITIES

Current		
Accounts Payable and Accrued Liabilities	8,660	31,710
Employee Deductions Payable (Note 6)	39,887	-
Deferred Contributions (Note 7)	189,346	201,799
	237,893	233,508
Deferred Capital Contributions (Note 8)	23,081	48,877
	260,974	282,385

FUND BALANCES



Programs and Infrastructure (General) Fund	380,120	386,349
Operating Reserve Fund	462,148	459,808
Invested in Capital Assets	35,522	34,012
	877,790	880,169
	1,138,764	1,162,555

COMMITMENTS AND CONTINGENCIES (Note 11)

ECONOMIC DEPENDENCE (Note 12)

SUBSEQUENT EVENT (Notes 2 & 14)

APPROVED ON BEHALF OF THE BOARD

 <hr style="border: 0.5px solid black;"/>	Abram Averbach <i>Director</i>	
 <hr style="border: 0.5px solid black;"/>	Dean Das <i>Director</i>	

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2020, with comparative information for 2019

	Legal Services	DVFL	SBAP	DAL/LRS	Sawhoo Mohkaak Tsi Ma Taas	Advice-A-Thon	Programs & Infra. Fund	Total General Fund 2020	Op. Reserve Fund 2020	Invested in Capital Assets 2020	Total 2020	Total 2019
REVENUE												
Grants												
Alberta Law Foundation (Note 7)	\$ 2,196,239	\$ 340,157	\$ 88,727	\$ 21,869	\$ 120,364	\$ -	\$ -	\$ 2,767,356	\$ -	\$ -	\$ 2,767,356	\$ 2,263,010
United Way (Note 7)	-	-	-	-	91,000	-	-	91,000	-	-	91,000	100,000
City of Calgary, FCSS (Note 7)	-	-	273,824	-	146,998	-	-	420,822	-	-	420,822	363,365
Solicitor General, Victims of Crime Fund (Note 7)	-	187,500	-	-	-	-	-	187,500	-	-	187,500	150,000
Calgary Foundation (Notes 5 & 7)	-	-	-	-	-	-	-	-	-	-	-	1,731
Canada Summer Jobs	18,759	-	-	-	-	-	-	18,759	-	-	18,759	18,030
Anonymous Donor	-	11,880	-	-	-	-	-	11,880	-	-	11,880	252,089
Law Foundation of Ontario	-	-	-	-	20,000	-	-	20,000	-	-	20,000	20,000
Canada Revenue Agency Temporary Remittance Subsidy (Note 6)	5,867	1,332	955	332	999	-	-	9,485	-	-	9,485	-
Law Society of Alberta	-	-	-	76,229	-	-	-	76,229	-	-	76,229	76,229
Donations (Note 5)	7,961	200	241	-	39	4,754	42,915	56,110	-	-	56,110	65,959
Event Sponsorships	-	-	-	-	-	17,001	-	17,001	-	-	17,001	9,850
Casino (Note 7)	34,913	7,921	5,683	1,980	5,941	-	-	56,438	-	-	56,438	13,506
Admin. Fees and Cost Reimbursements	4,201	-	-	-	-	-	14,078	18,279	-	-	18,279	5,450
Interest Income	-	-	-	-	-	-	1,115	1,115	2,340	-	3,455	5,314
Recognition of Deferred Contributions Related to Capital Assets (Note 8)	-	-	-	-	-	-	-	-	-	25,796	25,796	23,835
TOTAL REVENUE	2,267,940	548,990	369,430	100,410	385,341	21,755	58,108	3,751,974	2,340	25,796	3,780,110	3,368,368
EXPENSES												
Advertising and Promotion	4,451	948	753	12,731	1,321	175	-	20,379	-	-	20,379	25,842
Amortization	-	-	-	-	-	-	-	-	-	30,668	30,668	28,015
Audit Fees	11,135	2,526	1,813	632	1,895	-	-	18,001	-	-	18,001	18,000
Board Expenses	-	-	-	-	-	-	4,833	4,833	-	-	4,833	-
Casino Disbursements	-	-	-	-	-	-	-	-	-	-	-	2,695
Client Service Costs and Program Supplies	2,641	2,062	195	-	987	169	-	6,054	-	-	6,054	7,068
Dues, Fees, Licenses and Memberships	39,993	8,572	4,030	238	3,733	-	-	56,566	-	-	56,566	36,032
Equipment Lease	4,873	1,106	793	276	829	-	-	7,877	-	-	7,877	7,774
Computer Expenses	80,193	15,139	13,027	4,491	10,279	-	-	123,129	-	-	123,129	71,054
CRM Software	12,395	2,251	1,615	563	1,688	-	-	18,512	-	-	18,512	19,389
Furniture and Equipment Purchases	514	117	84	29	88	-	-	832	-	-	832	805
Human Resource Costs (Note 9)	1,787,379	431,002	294,370	65,222	291,590	-	37,224	2,906,787	-	-	2,906,787	2,604,620
Insurance	21,392	8,495	4,356	124	3,149	-	4,230	41,746	-	-	41,746	37,739
Interest and Bank Charges	1,812	411	295	103	308	128	-	3,057	-	-	3,057	2,906
Interpreters	764	487	-	-	-	-	-	1,251	-	-	1,251	1,717
Loss on Disposal of Asset	-	-	-	-	-	-	-	-	-	-	-	1,809
Meeting Costs	22,801	5,329	3,482	1,139	10,146	-	-	42,897	-	-	42,897	34,946
Office Supplies	16,177	3,049	2,153	634	2,791	-	-	24,804	-	-	24,804	23,035
Over / (Short)	-	-	-	-	-	-	24	24	-	-	24	-
Parking	14,359	3,268	2,299	801	2,903	35	-	23,665	-	-	23,665	31,011
Postage and Courier	2,778	371	55	19	56	-	-	3,279	-	-	3,279	4,525
Printing	8,165	1,422	1,391	273	2,287	767	-	14,305	-	-	14,305	7,282
Rent and Utilities (Note 9)	186,095	42,222	30,295	10,556	31,667	-	-	300,835	-	-	300,835	302,889
Professional Development	6,165	3,520	1,058	99	3,466	-	-	14,308	-	-	14,308	28,272
Program Evaluation	-	-	-	-	5,821	-	-	5,821	-	-	5,821	-
Statues and Books	5,320	51	36	13	38	-	-	5,458	-	-	5,458	6,139
Telephone and Internet	12,727	2,888	2,072	722	2,166	-	-	20,575	-	-	20,575	18,965
Travel	23,427	9,404	1,933	638	4,486	36	-	39,924	-	-	39,924	30,086
Volunteer	25,369	5,364	3,993	1,341	4,346	1,733	-	42,146	-	-	42,146	31,537
Website Development	3,197	574	412	143	430	-	-	4,756	-	-	4,756	758
TOTAL EXPENSES	2,294,122	550,578	370,510	100,787	386,470	3,043	46,311	3,751,821	-	30,668	3,782,489	3,384,910
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(26,182)	(1,588)	(1,080)	(377)	(1,129)	18,712	11,797	153	2,340	(4,872)	(2,379)	(16,542)
Fund Balances, Beginning of Year	-	-	-	-	-	-	386,349	386,349	459,808	34,012	880,169	896,711
Interfund Transfers (Note 10)	-	-	-	-	-	-	(6,382)	(6,382)	-	6,382	-	-
Program Transfers (Note 10)	26,182	1,588	1,080	377	1,129	(18,712)	(11,644)	-	-	-	-	-
FUND BALANCES, END OF YEAR	-	-	-	-	-	-	380,120	380,120	462,148	35,522	877,790	880,169

Statement of Cash Flows

For the year ended March 31, 2020, with comparative information for 2019

	2020	2019
<u>OPERATING ACTIVITIES</u>		
Deficiency of Revenues Over Expenditures	\$ (2,379)	\$ (16,542)
Items Not Affecting Cash		
Amortization of Capital Assets	30,668	28,015
Interest Accrued and Reinvested on Investments	(3,455)	(5,314)
Loss on Disposal of Asset	-	1,809
Recognition of Grants Towards Capital Assets	(25,796)	(23,835)
	(962)	(15,867)
Changes in Non-cash Working Capital		
Accounts Receivable	18,101	(54,999)
Goods and Services Tax Recoverable	(92)	6,344
Short-term Deposits	(49,425)	18,228
Employee Deductions Receivable	37,588	(37,588)
Prepaid Expenses	(78,662)	13,875
Accounts Payable and Accrued Liabilities	(23,050)	(36,589)
Employee Deductions Payable	39,887	(40,550)
Repayable to Alberta Law Foundation	-	(28,400)
Deferred Contributions	(12,453)	(12,466)
	(68,106)	(172,145)
	(69,068)	(188,012)
<u>INVESTING ACTIVITIES</u>		
Proceeds from Sale of Short-term Investments	-	342,499
Purchase of Short-term Investments	(699,973)	-
Purchase of Capital Assets	(6,382)	(51,057)
	(706,355)	291,442
<u>FINANCING ACTIVITIES</u>		
Proceeds from Grants for Capital Asset Purchases	-	30,975
Payment of Long-term Deposit	(28,283)	-
	(28,283)	30,975
(DECREASE) INCREASE IN CASH	(803,706)	134,405
CASH – BEGINNING OF YEAR	855,030	720,625
CASH – END OF YEAR	51,324	855,030

Notes to Financial Statements

For the year ended March 31, 2020, with comparative information for 2019

1. 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 2.

2. 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

Cash consists of cash on hand and bank deposits.

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.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contributed Services

Volunteers contribute their time 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.

Government Assistance

Government assistance related to current expenses and revenues is included in the determination of net income for the period. The Society has elected to account for such assistance as a contribution to revenue where applicable.

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, audit fees, dues, fees, licenses and memberships, equipment lease, computer expenses, CRM software expenses, furniture and equipment, insurance, interest and bank charges, meeting costs, office, parking, post and courier, printing, professional development, statutes and books, telephone and internet, travel, volunteer expenses and website development costs.

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 Fund

The Legal Services Program Fund 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 Fund 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.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Domestic Violence Family Law ("DVFL") Program Fund

The DVFL Program Fund assists in providing legal assistance on family law matters including court ordered protection, emotional support, safety planning, applying for restitution and referrals to other support agencies to victims of family violence.

Dial-A-Law / Lawyer Referral Service ("DAL/LRS") Program Fund

The DAL/LRS Program Fund 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 a wide variety of subjects to residents of the Province of Alberta; Lawyer Referral Services; and the delivery of public presentations to respond to public enquiries.

Effective April 1, 2020, the Society will be transferring the operations of the DAL/LRS program to other organizations. The Society will no longer be involved in any further operations of the DAL/LRS program after the current fiscal year-end.

Social Benefits Advocacy Program ("SBAP") Fund

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

Sawhoo Mohkaak Tsi Mah Taas Program Fund

The Sawhoo Mohkaak Tsi Ma Taas Program Fund accounts for the activities of the Sawhoo Mohkaak Tsi Ma Taas Indigenous Access to Justice Program. The program helps in bridging the gap between Indigenous people and the Justice system.

Advice-A-Thon Fund

The Advice-A-Thon Fund accounts for the activities of CLG's Advice-A-Thon events. The event occurs annually as a fundraiser for CLG. The net revenue after event expenses is treated as unrestricted revenue to support CLG's other programs and services.

Programs and Infrastructure Fund

The Programs and Infrastructure 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.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Internally Restricted Funds

Operating Reserve Fund

The Operating Reserve fund is a fund internally restricted by CLG's Board of Directors intended to ensure an orderly wind down of operations in the event that the organization is unable to continue as a going concern. The Operating Reserve fund is not intended to replace a temporary loss of funds (unbudgeted or otherwise); to replace a partial but permanent loss of funds (unbudgeted or otherwise); to eliminate an ongoing budget gap; to be used for unbudgeted or special non-recurring expenses; or, to be used for uninsured losses. The balance of the fund is evaluated on a regular basis to ensure that there is a sufficient balance available in the event that the fund needs to be used.

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.

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, 2020 amounted to \$72,431 (2019 - \$67,365). 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, 2020, with comparative information for 2019

2. 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, GST recoverable, short-term investments, and long-term investments.

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

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 the Statement of Operations and Changes in Fund Balances in the period the costs are 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.

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.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (“COVID-19”) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in Calgary resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and magnitude of the impact on the overall economy related to the COVID-19 pandemic is not known at this time.

As at the reporting date, the Society has not experienced any temporary declines in the fair value of investments and related investment income, declines in fundraising income, or declines in grants or other funding etc. in relation to the COVID-19 pandemic. The ultimate magnitude of the financial effect on the Society’s future revenues, operating results and overall financial performance is not known at this time. In the future, the Society may experience temporary declines due to the COVID-19 pandemic in the fair value of investments and related investment income, declines in fundraising income, or declines in grants or other funding etc.

As at the reporting date, the Society has determined that COVID-19 has had no impact on its contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition on its financial statements as at March 31, 2020.

The Society continues to use its tangible capital assets and management has not assessed any impairment that needs to be recognized on these assets as at March 31, 2020. The Society also continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at March 31, 2020, The Society continues to meet its contractual financial obligations within normal payment terms and the Society’s exposure to credit risk remains largely unchanged.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in Accounting Policies

In March 2018, the Accounting Standards Board issued “Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations” resulting in the introduction of new handbook sections in the Accounting Standards for Not-for-Profit Part III of the Handbook as follows:

Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a nonreversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at April 1, 2019.

Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset’s fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at April 1, 2019.

Section 4441, Collections held by not-for-profit organizations, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at April 1, 2019, based on the most readily determinable value. In addition, an adjustment to opening net assets is permitted to recognize any partial impairment of the value of collections that existed as at April 1, 2019.

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019. The implementation of these changes had no impact on the financial statements.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

3. INVESTMENTS

	2020	2019
Short-Term Guaranteed Investment Certificates (GICs)	702,736	21,259
Long-Term Guaranteed Investment Certificates (GICs)	21,951	-
	724,687	21,259

The GICs held by the Society bear interest at rates ranging from 2.15% to 1.85% (2019 - 1.45%) and mature between January 2021 and July 2023 (2019 - November 2019).

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Computer Hardware	41,754	20,359	21,395	25,452
Computer Software	19,990	8,938	11,052	16,049
Leasehold Improvements	152,317	126,161	26,156	41,388
	214,061	155,458	58,603	82,889

5. DONATION FROM 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, 2020, the fair market value of the fund was \$33,754 (2019 - \$32,823). The Foundation is permitted to charge the Society a fee for its expenses in administering the fund. Administration fees of \$424 (2019 - \$410) were charged to the Society during fiscal 2020. 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 \$1,268 (2019 - \$1,321) was received during the year and has been recognized in the current year's donation revenue pursuant to the Society's accounting policy for unrestricted contributions.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

6. GOVERNMENT REMITTANCES RECEIVABLE AND PAYABLE

As at year end, Employee Deductions Payable includes \$39,887 (2019 - receivable of \$37,588) in statutory Government Remittances payable to Canada Revenue Agency. The balance payable of \$39,887 is net of a reduction of \$9,485 (2019 - \$nil) made under the Government of Canada's Temporary Wage Remittance Subsidy administered by the Canada Revenue Agency. The balance payable has been paid subsequent to the Society's year end.

7. DEFERRED CONTRIBUTIONS

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	2020	2019
Deferred Contributions						
<u>Alberta Law Foundation</u>						
Core operating	-	2,767,356	2,767,356	-	-	-
<u>Other Funders</u>						
Grant from Anon.	11,880	-	11,880	-	-	11,880
Victims of Crime Fund	-	300,000	187,500	-	112,500	-
City of Calgary, FCSS*	47,911	228,187	273,824	-	2,274	47,911
City of Calgary, CPIP**	85,570	136,000	146,998	-	74,572	85,570
Casino	56,438	-	56,438	-	-	56,438
Canada Summer Jobs	-	18,759	18,759	-	-	-
United Way- Sawhoo	-	91,000	91,000	-	-	-
Mohkaak Tsi Ma Taas Program	-	-	-	-	-	-
Law Foundation of Ontario	-	20,000	20,000	-	-	-
Canada Revenue Agency Temp. Wage Remittance Subsidy	-	9,485	9,485	-	-	-
	201,799	3,570,787	3,583,240	-	189,346	201,799

* Family Community Support Services

** Crime Prevention Investment Plan

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

8. DEFERRED CAPITAL CONTRIBUTIONS

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	2020	2019
Alberta Law Foundation	19,254	-	11,376	7,878	19,254
Alberta Law Foundation	20,411	-	6,857	13,554	20,411
Anonymous Donation	3,707	-	3,707	-	3,707
Government of Alberta	5,505	-	3,856	1,649	5,505
	48,877	-	25,796	23,081	48,877

9. 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:

	% Allocation (March 2020)	% Allocation (March 2019)
Legal Services	62%	63%
DVFL	14%	15%
SBAP	10%	11%
DAL/LRS	3%	4%
Sawhoo Mohkaak Tsi Ma Taas	11%	7%
	100%	100%

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, 2020, with comparative information for 2019

9. ALLOCATION OF EXPENSES (cont'd)

Administrative wages and benefits totaling \$690,415 (2019 - \$692,235) included in Human Resources Costs 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>	<u>\$ Allocation 2020</u>	<u>\$ Allocation 2019</u>
Legal Services	427,089	436,668
DVFL	96,900	103,783
SBAP	69,526	73,946
Sawhoo Mohkaak Tsi Ma Taas	72,675	51,892
DAL/LRS	24,225	25,946
	690,415	692,235

General support expenses totaling \$308,015 (2019 - \$254,714) for various purposes such as advertising and promotion, audit fees, dues, fees, licenses and memberships, equipment lease, computer expenses, CRM software expenses, furniture and equipment, insurance, interest and bank charges, meeting costs, office, parking, post and courier, printing, professional development, statutes and books, telephone and internet, travel, volunteer expenses and website development costs 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>	<u>\$ Allocation 2020</u>	<u>\$ Allocation 2019</u>
Legal Services	190,537	160,676
DVFL	43,230	38,188
SBAP	31,018	27,209
Sawhoo Mohkaak Tsi Ma Taas	32,422	19,094
DAL/LRS	10,808	9,547
	308,015	254,714

Rental and utilities expenses totaling \$300,835 (2019 - \$302,889) 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>	<u>\$ Allocation 2020</u>	<u>\$ Allocation 2019</u>
Legal Services	186,095	191,065
DVFL	42,222	45,411
SBAP	30,295	32,355
Sawhoo Mohkaak Tsi Ma Taas	31,667	22,705
DAL/LRS	10,556	11,353
	300,835	302,889

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

10. INTERFUND AND PROGRAM TRANSFERS

During the year, CLG's Board of Directors internally restricted \$462,148 (2019 - \$459,808) of CLG's unrestricted net assets as per the requirements of the Board's newly adopted Operating Reserve Fund policy.

During the year, \$6,382 (2019 - \$20,082) was transferred from the Programs and Infrastructure Fund to the Invested in Capital Assets Fund.

During the year, \$18,712 (2019 - \$8,889) was transferred from the Advice-A-Thon Fund to the Programs and Infrastructure fund to support CLG's programs and services.

During the year, transfers of \$1,129 (2019 - \$64,836) to the Sawhoo Mohkaak Tsi Ma Taas program, \$26,182 (2019 - \$15,674) to the Legal Services program, \$377 (2019 - \$2,379) to the DAL/LRS program, \$1,588 (2019 - \$nil) to the DVFL program, and \$1,080 (2019 - \$nil) to the Social Benefits Advocacy program from the Programs and Infrastructure Fund within the General fund to cover the program deficits.

11. COMMITMENTS AND CONTINGENCIES

Lease commitments

The Society has a long-term lease with respect to its premises which expires February 2032. 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:

	\$ Amount
2021	157,309
2022	147,008
2023	262,250
2024	262,250
2025	262,250
Thereafter	2,058,660
	3,149,727

The Society's utilities, property taxes and maintenance costs are estimated by the Society's landlord each calendar year. As they cannot be reasonably estimated, they are not included as part of the future minimum lease payments noted in the table above.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

11. COMMITMENTS AND CONTINGENCIES (cont'd)

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, 2020, the Society is not aware of any active or pending claims.

12. ECONOMIC DEPENDENCE

Of the Society's total revenues, 73% (2019 - 67%) originate from the Alberta Law Foundation ("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 (Note 14).

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. There has been no change in the Society's risk exposure from 2019.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

13. FINANCIAL INSTRUMENTS (cont'd)

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, GST recoverable, accounts receivable, employee deductions receivable and long-term investments.

The Society's accounts receivable are due from two different funders, the Law Society of Alberta and the Alberta Gaming and Liquor Commission. The Society has never experienced any bad debts with regards to either 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.

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.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2020, with comparative information for 2019

14. SUBSEQUENT EVENT

Subsequent to year end, the Society received approval from the ALF for its 2020-2021 Core Operating grant. The total amount of the Grant is \$2,990,000.