



**Financial Statements
And Independent Auditors' Report thereon
For the year ended March 31, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Calgary Legal Guidance Society

Opinion

We have audited the financial statements of Calgary Legal Guidance Society (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and changes in fund balances for the year then ended
- 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 accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of 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 Financial Statements***” 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 financial statements in Canada and we have fulfilled our other ethical 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 financial statements.

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 financial statements, 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 23, 2021

Statement of Financial Position

As at March 31, 2021, with comparative information for 2020

ASSETS

	2021	2020
Current		
Cash	\$ 867,453	\$ 51,324
Short-term Investments (Note 3)	-	702,736
Accounts Receivable	37,752	55,955
Goods and Services Tax Recoverable	12,368	11,241
Short-term Deposits	8,245	49,425
Prepaid Expenses	68,851	135,512
	994,669	1,006,193
Capital Assets (Note 4)	91,991	58,603
Long-term Investments (Note 3)	21,259	21,951
Long-term Deposit	52,017	52,017
	\$ 1,159,936	\$ 1,138,764

LIABILITIES

Current		
Accounts Payable and Accrued Liabilities	\$ 17,690	\$ 8,660
Accrued Restructuring Costs (Note 14)	107,500	-
Employee Deductions Payable (Note 6)	46,094	39,887
Deferred Contributions (Note 7)	183,579	189,346
	354,863	237,893
Deferred Capital Contributions (Note 8)	6,696	23,081
Deferred Rent Liability	90,115	-
	451,674	260,974

FUND BALANCES

Programs and Funds	251,591	415,642
Operating Reserve Fund	456,671	462,148
	708,262	877,790
	\$ 1,159,936	\$ 1,138,764

COMMITMENTS AND CONTINGENCIES (Note 11)

ECONOMIC DEPENDENCE (Note 12)

SUBSEQUENT EVENT (Note 14)

APPROVED ON BEHALF OF THE BOARD

Philip Zachariah

Director

Shantel Lockett

Director

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2021, with comparative information for 2020

	Legal Services	DVFL	SBAP	Sawhoo Mohkaak Tsi Ma Taas	Advice-A-Thon	Invested in Capital Assets	Programs & Infra. Fund	Total Programs & Funds 2021	Op. Reserve Fund 2021	Total 2021	Total 2020
REVENUE											
Grants											
Alberta Law Foundation (Note 7)	\$ 2,390,574	\$ 381,186	\$ 33,692	\$ 184,548	\$ -	\$ -	\$ -	\$ 2,990,000	\$ -	\$ 2,990,000	\$ 2,767,356
United Way (Note 7)	-	-	-	81,401	-	-	-	81,401	-	81,401	91,000
City of Calgary, FCSS (Note 7)	-	-	276,098	139,493	-	-	28,000	443,591	-	443,591	420,822
Solicitor General, Victims of Crime Fund (Note 7)	-	150,000	-	-	-	-	-	150,000	-	150,000	187,500
Canada Summer Jobs (Note 7)	4,694	-	-	-	-	-	-	4,694	-	4,694	18,759
Anonymous Donor (Note 7)	-	-	-	-	-	-	-	-	-	-	11,880
Law Foundation of Ontario (Note 7)	-	-	-	20,000	-	-	-	20,000	-	20,000	20,000
The Calgary Foundation (Notes 5 & 7)	17,852	2,371	1,406	2,371	-	-	1,375	25,375	-	25,375	-
COVID-19 Grants and Subsidies	11,434	2,250	1,332	2,250	-	-	4,397	21,663	-	21,663	9,485
Law Society of Alberta	-	-	-	-	-	-	-	-	-	-	76,229
Donations	-	-	-	-	-	-	42,347	42,347	-	42,347	56,110
Event Sponsorships	-	-	-	-	-	-	-	-	-	-	17,001
Casino (Note 7)	-	-	-	-	-	-	-	-	-	-	56,438
Gladue Reports, Admin. Fees and Cost Reimbursements	492	2,499	-	-	-	-	12,000	14,991	-	14,991	18,279
Interest Income	-	-	-	-	-	-	3,664	3,664	7,878	11,542	3,455
Recognition of Deferred Contributions Related to Capital Assets (Note 8)	-	-	-	-	-	16,385	-	16,385	-	16,385	25,796
TOTAL REVENUE	2,425,046	538,306	312,528	430,063	-	16,385	91,783	3,814,111	7,878	3,821,989	3,780,110
EXPENSES											
Advertising and Promotion	5,396	861	510	1,210	-	-	-	7,977	-	7,977	20,379
Amortization	-	-	-	-	-	45,681	-	45,681	-	45,681	30,668
Audit Fees	19,622	3,861	2,288	6,861	-	-	-	32,632	-	32,632	18,001
Board Expenses	-	-	-	-	-	-	35,445	35,445	-	35,445	4,833
Client Service Costs and Program Supplies	651	-	-	10	-	-	-	661	-	661	6,054
Dues, Fees, Licenses and Memberships	40,865	8,386	3,931	4,696	-	-	-	57,878	-	57,878	56,566
Equipment Lease	6,470	1,273	754	1,509	-	-	-	10,006	-	10,006	7,877
Computer Expenses	69,145	13,549	8,028	21,591	-	-	-	112,313	-	112,313	123,129
COVID-19 Safety Costs	3,120	491	291	491	-	-	-	4,393	-	4,393	-
CRM Software	21,222	488	289	488	-	-	-	22,487	-	22,487	18,512
Furniture and Equipment Purchases	565	53	31	53	-	-	-	702	-	702	832
Human Resource Costs (Note 9)	1,931,932	444,050	261,894	321,705	-	-	18,503	2,978,084	-	2,978,084	2,906,787
Insurance	24,835	15,229	3,253	3,177	-	-	705	47,199	-	47,199	41,746
Interest and Bank Charges	2,135	420	249	420	-	-	-	3,224	-	3,224	3,057
Interpreters	564	-	-	-	-	-	-	564	-	564	1,251
Meeting Costs	2,377	483	354	1,648	-	-	-	4,862	-	4,862	42,897
Moving Costs	15,065	2,881	1,707	2,881	-	-	-	22,534	-	22,534	-
Office Supplies	8,022	1,327	828	1,365	-	-	-	11,542	-	11,542	24,828
Parking	16,401	3,222	1,909	3,582	-	-	-	25,114	-	25,114	23,665
Postage and Courier	1,302	59	49	59	-	-	-	1,469	-	1,469	3,279
Printing	1,940	382	370	382	-	-	-	3,074	-	3,074	14,305
Rent and Utilities (Note 9)	254,864	50,145	29,711	50,145	-	-	-	384,865	-	384,865	300,835
Restructuring Costs (Note 14)	-	-	-	-	-	-	107,500	107,500	-	107,500	-
Professional Development	8,736	3,869	72	226	-	-	-	12,903	-	12,903	14,308
Program Evaluation	-	-	-	-	-	-	-	-	-	-	5,821
Statues and Books	4,344	594	352	594	-	-	-	5,884	-	5,884	5,458
Telephone and Internet	14,297	2,817	1,667	3,574	-	-	-	22,355	-	22,355	20,575
Travel	3,572	4,401	307	832	-	-	-	9,112	-	9,112	39,924
Volunteer	10,597	1,812	1,088	2,120	-	-	-	15,617	-	15,617	42,146
Website Development	4,289	444	263	444	-	-	-	5,440	-	5,440	4,756
TOTAL EXPENSES	2,472,328	561,097	320,195	430,063	-	45,681	162,153	3,991,517	-	3,991,517	3,782,489
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(47,282)	(22,791)	(7,667)	-	-	(29,296)	(70,370)	(177,406)	7,878	(169,528)	(2,379)
Fund Balances, Beginning of Year	-	-	-	-	-	-	415,642	415,642	462,148	877,790	880,169
Interfund Transfers (Note 10)	-	-	-	-	-	-	13,355	13,355	(13,355)	-	-
Program Transfers (Note 10)	47,282	22,791	7,667	-	-	29,296	(107,036)	-	-	-	-
FUND BALANCES, END OF YEAR	-	-	-	-	-	-	251,591	251,591	456,671	708,262	877,790

Statement of Cash Flows

For the year ended March 31, 2021, with comparative information for 2020

	2021	2020
<u>OPERATING ACTIVITIES</u>		
Deficiency of Revenue Over Expenditures	\$ (169,528)	\$ (2,379)
Items Not Affecting Cash		
Amortization of Capital Assets	45,681	30,668
Interest Accrued and Reinvested on Investments	(11,542)	(3,455)
Recognition of Grants Towards Capital Assets	(16,385)	(25,796)
Deferred Rent Liability	90,115	-
	(61,659)	(962)
Changes in Non-cash Working Capital		
Accounts Receivable	18,203	18,101
Goods and Services Tax Recoverable	(1,127)	(92)
Short-term Deposits	41,180	(49,425)
Employee Deductions Receivable	-	37,588
Prepaid Expenses	66,661	(78,662)
Accounts Payable and Accrued Liabilities	9,030	(23,050)
Accrued Restructuring Costs	107,500	-
Employee Deductions Payable	6,207	39,887
Deferred Contributions	(5,767)	(12,453)
	241,887	(68,106)
	180,228	(69,068)
<u>INVESTING ACTIVITIES</u>		
Proceeds from Sale of Short-term Investments	714,970	-
Purchase of Short-term Investments	-	(699,973)
Purchase of Capital Assets	(79,069)	(6,382)
	635,900	(706,355)
<u>FINANCING ACTIVITIES</u>		
Payment of Long-term Deposit	-	(28,283)
	-	(28,283)
INCREASE (DECREASE) IN CASH	816,129	(803,706)
CASH – BEGINNING OF YEAR	51,324	855,030
CASH – END OF YEAR	\$ 867,453	\$ 51,324

Notes to Financial Statements

For the year ended March 31, 2021, with comparative information for 2020

1. DESCRIPTION OF ORGANIZATION

The Calgary Legal Guidance Society (the “Society” or “CLG”) 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 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 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, 2021, with comparative information for 2020

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

Deferred Contributions

Deferred contributions include unexpended grants, donations and other contributions received prior to the year-end, which have a restriction on the use of the funds. Such restrictions are imposed by the contributor. These will be recorded as revenue in the year the Society complies with the restrictions.

Deferred Rent

The Society is committed to an office lease which includes increase in base rent. Base rent cost, including rent free periods and inducements, is amortized on a straight-line basis over the life of the lease. Deferred rent liability represents the difference between amount paid and amount expensed.

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

The Society applies for financial assistance under available government incentive programs. Government assistance related to current expenses and revenues is included in the determination of excess (deficiency) of revenue over expenses 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 purchases, insurance, interest and bank charges, meeting costs, office supplies, parking, postage and courier, printing, professional development, statutes and books, telephone and internet, travel, volunteer expenses and website development costs.

Long-term Contracts

The Society recognizes the expenses related to the provision of services to the Society under long-term contracts (contracts with a term greater than one year) on a straight-line basis over the life of the contract.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

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

Fund Presentation

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

Programs and 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 DVFL Program 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.

Social Benefits Advocacy Program ("SBAP")

The SBAP 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

The Sawhoo Mohkaak Tsi Ma Taas Program 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.

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.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

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

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.

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 Society 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.

Revenue Recognition

The Society follows the deferral method of accounting for contributions.

- a) Unrestricted contributions are recognized as revenue of the respective Program or Fund when received or receivable.
- b) Restricted contributions are recognized as revenue of the respective Program or Fund in the year in which the related expenses are incurred.
- c) Fees for services are recognized as revenue within the respective Program or Fund when such services are delivered.
- d) Interest is recognized as revenue within the respective Program or 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 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.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

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

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 human resource costs for the year ended March 31, 2021 amounted to \$91,528 (2020 - \$72,431). These contributions do not include any voluntary personal contributions made by employees.

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, goods and services tax recoverable, short-term investments, and long-term investments.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued restructuring costs 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 (deficiency) 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 (deficiency) 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.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

2. 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 capital assets for amortization purposes, and the net recoverable amount of accounts receivable, 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.

COVID-19 Pandemic

On March 11, 2021, 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 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, 2021.

The Society experienced a loss of revenue due to the cancellation of its charitable casino, however the charitable casino has been tentatively rescheduled for the 4th quarter of fiscal year 2021.

The Society also cancelled several fundraising events, including the Advice-A-Thon, during the year due to the pandemic. The Society is currently working on restarting the event and is tentatively planning on holding its Advice-A-Thon in the Autumn of 2021.

The Society continues to use its capital assets and management has not assessed any impairment that needs to be recognized on these assets as at March 31, 2021. The Society also continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at March 31, 2021, 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, 2021, with comparative information for 2020

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

The uncertainties around the outbreak of COVID-19 pandemic required the use of judgments and estimates which resulted in no material impacts for the year ended March 31, 2021. The future impact of COVID-19 uncertainties could generate, in the future reporting periods, a significant risk of material adjustment to the reported amounts of assets, liabilities, revenue and expenses in the financial statements.

While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The Society is unclear if this disruption will negatively impact its future operating results. The related financial impact and duration cannot be reasonably estimated at this time. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported on the statement of operations in the periods in which they become known. Consequently, actual results could differ from those estimates.

3. INVESTMENTS

	2021	2020
Short-Term Guaranteed Investment Certificates (GICs)	-	702,736
Long-Term Guaranteed Investment Certificates (GICs)	21,259	21,951
	21,259	724,687

The GICs held by the Society bear interest at 2.10% (2020 – 2.15% to 1.85%) and mature in July 2023 (2020 - January 2021 and July 2023).

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Computer Hardware	89,140	42,643	46,497	21,395
Computer Software	19,990	13,935	6,055	11,052
Furniture and Fixtures	26,141	2,614	23,527	-
Leasehold Improvements	157,859	141,947	15,912	26,156
	293,130	201,139	91,991	58,603

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

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 endowment fund will be retained by the Foundation in perpetuity and will be invested in accordance with the Foundation's investment policies. At March 31, 2021, the fair market value of the fund was \$36,018 (2020 - \$33,754). The Foundation is permitted to charge the Society a fee for its expenses in administering the fund. Administration fees of \$423 (2020 - \$424) were charged to the Society during the year. An annual allocation of 5% of the fair market value of the fund as at June 30 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 \$1,375 (2020 - \$1,268) 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.

6. GOVERNMENT REMITTANCES PAYABLE

As at year end, employee deductions payable includes \$38,028 (2020 - \$39,887) in statutory government remittances payable to Canada Revenue Agency. The balance payable of \$46,094 (2020 - \$39,887) is net of a reduction of \$nil (2020 - \$9,485) 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.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

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	2021	2020
Deferred Contributions						
<u>Alberta Law Foundation</u>						
Core operating	-	2,990,000	2,990,000	-	-	-
<u>Other Funders</u>						
Victims of Crime Fund	112,500	150,000	150,000	-	112,500	112,500
City of Calgary, FCSS* - Social Benefits Advocacy Program	2,274	273,824	276,098	-	-	2,274
City of Calgary, CPIP** - Sawhoo Mohkaak Tsi Ma Taas Program	74,572	136,000	139,493	-	71,079	74,572
City of Calgary, FCSS* -Board Development	-	28,000	28,000	-	-	-
Canada Summer Jobs	-	4,694	4,694	-	-	-
United Way- Sawhoo Mohkaak Tsi Ma Taas Program	-	81,401	81,401	-	-	-
Law Foundation of Ontario	-	20,000	20,000	-	-	-
The Calgary Foundation - Remote Service Delivery	-	24,000	24,000	-	-	-
The Calgary Foundation – PPE	-	4,397	4,397	-	-	-
Canada Revenue Agency Temp. Wage Remittance Subsidy	-	17,266	17,266	-	-	-
	189,346	3,729,582	3,735,349	-	183,579	189,346

* Family Community Support Services

** Crime Prevention Investment Plan

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

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	2021	2020
Alberta Law Foundation	7,878	-	7,878	-	7,878
Alberta Law Foundation	13,554	-	6,858	6,696	13,554
Government of Alberta	1,649	-	1,649	-	1,649
	23,081	-	16,385	6,696	23,081

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 (2021)	% Allocation (2020)
Legal Services	66%	62%
DVFL	13%	14%
SBAP	8%	10%
DAL/LRS	0%	3%
Sawhoo Mohkaak Tsi Ma Taas	13%	11%
	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, 2021, with comparative information for 2020

9. ALLOCATION OF EXPENSES (cont'd)

Administrative wages and benefits totaling \$697,083 (2020 - \$690,415) 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 2021</u>	<u>\$ Allocation 2020</u>
Legal Services	461,619	427,089
DVFL	90,825	96,900
SBAP	53,814	69,526
Sawhoo Mohkaak Tsi Ma Taas	90,825	72,675
DAL/LRS	-	24,225
	697,083	690,415

General support expenses totaling \$286,532 (2020 - \$308,015) 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 purchases, insurance, interest and bank charges, meeting costs, office supplies, parking, postage 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 2021</u>	<u>\$ Allocation 2020</u>
Legal Services	189,746	190,537
DVFL	37,333	43,230
SBAP	22,120	31,018
Sawhoo Mohkaak Tsi Ma Taas	37,333	32,422
DAL/LRS	-	10,808
	286,532	308,015

Rental and utilities expenses totaling \$384,866 (2020 - \$300,835) 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 Expenses</u>	<u>\$ Allocation 2021</u>	<u>\$ Allocation 2020</u>
Legal Services	254,864	186,095
DVFL	50,145	42,222
SBAP	29,711	30,295
Sawhoo Mohkaak Tsi Ma Taas	50,145	31,667
DAL/LRS	-	10,556
	384,865	300,835

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

10. INTERFUND AND PROGRAM TRANSFERS

During the year, CLG's Board of Directors internally restricted \$456,671 (2020 - \$462,148) of CLG's unrestricted net assets as per the requirements of the Board's Operating Reserve Fund policy.

During the year, transfers of \$nil (2020 - \$1,129) to the Sawhoo Mohkaak Tsi Ma Taas program, \$47,282 (2020 - \$26,182) to the Legal Services program, \$22,791 (2020 - \$1,588) to the DVFL program, \$7,667 (2020 - \$1,080) to the SBAP, and \$29,296 (2020 - \$6,382) to the Invested in Capital Assets fund 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
2022	153,472
2023	255,853
2024	255,853
2025	255,853
2026	255,853
Thereafter	1,752,595
	2,929,481

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, 2021, with comparative information for 2020

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, 2021, the Society is not aware of any active or pending claims.

12. ECONOMIC DEPENDENCE

Of the Society's total revenues, 78% (2020 - 73%) 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 2020. Refer to summary of significant accounting policies note for COVID-19 considerations.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

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, goods and services tax 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. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2021, with comparative information for 2020

14. SUBSEQUENT EVENTS

Subsequent to year end, the Society received its first quarterly payment of \$700,000 from the Alberta Law Foundation under the Society's 2021-2022 Core Operating Grant. The total amount of the Core Operating Grant for 2021-2022 was reduced by \$190,000 to an annual amount of \$2,800,000 (2020 - \$2,990,000) by the Alberta Law Foundation.

The Society paid out restructuring costs of \$107,500 that were incurred as a result of the reduction of its 2021-2022 Core Operating Grant from the Alberta Law Foundation.

15. COMPARATIVE INFORMATION

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