



**Financial Statements
And Independent Auditor's Report thereon
For the year ended March 31, 2023**

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KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB
T2P 4B9
Telephone (403) 691-8000
Fax (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITOR'S 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, 2023
- the statement of operations for the year then ended
- the statement of 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, 2023, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 28, 2023

Statement of Financial Position

As at March 31, 2023, with comparative information for 2022

ASSETS

	2023	2022
Current		
Cash	\$ 396,334	\$ 968,157
Accounts Receivable	135,808	57,649
Goods and Services Tax Recoverable	27,546	2,698
Short-term Deposits	16,231	3,833
Prepaid Expenses	119,056	77,114
	694,975	1,109,451
Capital Assets (Note 4)	46,423	67,880
Long-term Investments (Note 3)	24,252	23,608
Long-term Deposit	52,017	52,017
	817,667	1,252,956

LIABILITIES

Current		
Accounts Payable and Accrued Liabilities	15,183	53,537
Employee Deductions Payable (Note 6)	22,023	38,084
Deferred Contributions (Note 7)	58,185	275,600
Payable to Alberta Law Foundation (Note 7)	-	86,189
	95,391	453,410
Long-term Rent Liability	202,891	198,864
	298,282	652,274

FUND BALANCES

Unrestricted Net Assets	1,164	144,011
Programs and Infrastructure Fund	61,550	-
Operating Reserve Fund	456,671	456,671
	519,385	600,682
	817,667	1,252,956

COMMITMENTS AND CONTINGENCIES (Note 10)

ECONOMIC DEPENDENCE (Note 11)

SUBSEQUENT EVENTS (Notes 6 & 13)

APPROVED ON BEHALF OF THE BOARD

Michael J.M. Hokanson

Director

Shant Lockett

Director

Statement of Operations

For the year ended March 31, 2023, with comparative information for 2022

	2023	2022
REVENUE		
Grants		
Alberta Law Foundation (Note 7)	\$ 2,850,000	\$ 2,713,811
United Way (Note 7)	61,600	61,600
City of Calgary FCSS (Note 7)	441,713	485,163
Solicitor General, Victims of Crime Fund (Note 7)	150,000	150,000
Anonymous Donor (Note 7)	54,383	48,616
Law Foundation of Ontario (Note 7)	10,000	10,000
The Calgary Foundation (Note 5)	1,734	-
Government of Canada (Note 7)	250,000	68,775
City of Calgary Housing (Note 7)	57,385	-
Donations	52,313	22,056
Event Sponsorship	97,026	-
Casino (Note 7)	17,973	46,434
Gladue Reports, Admin Fees and Cost Reimbursements	32,964	13,250
Interest Income	15,785	3,144
Recognition of Deferred Contributions Related to Capital Assets	-	6,696
REVENUE	4,092,876	3,629,545
EXPENSES (Note 8)		
Advertising and Promotion	14,511	3,310
Amortization	24,963	35,794
Audit Fees	36,020	32,350
Board Expenses	-	7,411
Casino	-	2,312
Client Service Costs and Program Supplies	3,430	3,807
Computer Expenses	85,095	63,636
COVID-19 Safety Costs	-	82
CRM Software	32,629	21,173
Dues, Fees, Licenses and Memberships	62,175	58,228
Equipment Lease	8,922	7,594
Human Resource Costs	3,085,227	2,873,610
Insurance	38,492	46,187
Interest and Bank Charges	3,010	2,843
Interpreters	633	1,097
Meeting Costs	120,599	13,082
Office Supplies	20,888	22,551
Parking	25,614	24,294
Postage and Courier	1,984	1,687
Printing	3,328	1,442
Professional Development	19,131	8,964
Program Evaluation	9,220	10,250
Rent and Utilities	481,284	407,640
Repairs and Maintenance	3,093	33,994
Statues and Books	7,523	7,249
Telephone and Internet	24,775	25,529
Travel	39,771	5,191
Volunteer	19,134	13,825
Website Development	2,722	1,993
EXPENSES	4,174,173	3,737,125
DEFICIENCY OF REVENUE OVER EXPENSES	(81,297)	(107,580)

Statement of Changes in Fund Balances

For the year ended March 31, 2023, with comparative information for 2022

	Internally Restricted			Total
	Unrestricted Net Assets	Programs and Infrastructure Fund	Operating Reserve Fund	
2023				
Fund balances, beginning of year	\$ 144,011	\$ -	\$ 456,671	\$ 600,682
Interfund Transfers	(61,550)	61,550	-	-
Deficiency of Revenue over Expenses for the year	(81,297)	-	-	(81,297)
Fund Balances, end of year	1,164	61,550	456,671	519,385

	Internally Restricted			Total
	Unrestricted Net Assets	Programs and Infrastructure Fund	Operating Reserve Fund	
2022				
Fund balances, beginning of year	\$ 251,591	\$ -	\$ 456,671	\$ 708,262
Deficiency of Revenue over Expenses for the year	(107,580)	-	-	(107,580)
Fund Balances, end of year	144,011	-	456,671	600,682

Statement of Cash Flows

For the year ended March 31, 2023, with comparative information for 2022

	2023	2022
<u>OPERATING ACTIVITIES</u>		
Deficiency of Revenue Over Expenses	\$ (81,297)	\$ (107,580)
Items Not Affecting Cash		
Amortization of Capital Assets	24,963	35,794
Interest Accrued and Reinvested on Investments	(644)	(2,349)
Recognition of Grants Towards Capital Assets	-	(6,696)
	(56,978)	(80,831)
Changes in Non-cash Working Capital		
Accounts Receivable	(78,159)	(19,897)
Goods and Services Tax Recoverable	(24,848)	9,670
Short-term Deposits	(12,398)	4,412
Prepaid Expenses	(41,942)	(8,263)
Accounts Payable and Accrued Liabilities	(38,354)	35,847
Restructuring Costs	-	(107,500)
Employee Deductions Payable	(16,061)	(8,010)
Repayable to Alberta Law Foundation	(86,189)	86,189
Deferred Contributions	(217,415)	92,021
	(515,366)	84,469
	(572,344)	3,638
<u>INVESTING ACTIVITIES</u>		
Purchase of Capital Assets	(3,506)	(11,683)
	(3,506)	(11,683)
<u>FINANCING ACTIVITIES</u>		
Change in Long-term Rent Liability	4,027	108,749
	4,027	108,749
(DECREASE) INCREASE IN CASH	(571,823)	100,704
CASH – BEGINNING OF YEAR	968,157	867,453
CASH – END OF YEAR	\$ 396,334	\$ 968,157

Notes to Financial Statements

For the year ended March 31, 2023, with comparative information for 2022

1. DESCRIPTION OF ORGANIZATION

The Calgary Legal Guidance Society (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 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
Computer software	4
Furniture and fixtures	10
Leasehold improvements	10

Contributed capital assets are recorded at fair value (or nominal value if fair value cannot be reasonably determined) 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, 2023, with comparative information for 2022

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

Government assistance related to current expenses and revenues is included in the determination of excess (deficiency) of revenues 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, CRM software, repairs and maintenance, insurance, interest and bank charges, meeting costs, office, parking, post and courier, printing, professional development, statutes and books, telephone and internet, travel, volunteer 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, 2023, with comparative information for 2022

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

Internally Restricted Funds

Operating Reserve Fund

The Operating Reserve fund is a fund internally restricted by the Society'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.

Programs and Infrastructure Fund

Effective March 31, 2023, the Society's Board of Directors elected to internally restrict a portion of the Society's unrestricted net assets. The purpose of the Programs & Infrastructure Fund Policy is to ensure and enhance the stability of the programs, ongoing operations of the organization, and provide opportunities for service innovation. The Programs & Infrastructure Fund is intended to provide an internal source of funds for situations such as: a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses; innovative services/projects where matching funding is or could be available; and, one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2023, with comparative information for 2022

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

Revenue Recognition

The Society follows the deferral method of accounting for contributions.

- a) Unrestricted contributions are recognized as revenue when received or receivable.
- b) Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.
- c) Fees for services are recognized as when such services are delivered.
- d) Interest is recognized as revenue 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 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 human resource costs for the year ended March 31, 2023 amounted to \$83,228 (2022 - \$92,573). 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, deposits and long-term investments.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, employee deductions payable and amounts payable to the Alberta Law Foundation.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2023, with comparative information for 2022

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

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 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, and tangible capital assets. 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, 2023, with comparative information for 2022

3. INVESTMENTS

	2023	2022
Long-Term Guaranteed Investment Certificates (GICs)	\$ 24,252	\$ 23,608
	24,252	23,608

The Society's GICs are held as long-term collateral for the Society's credit card liabilities. Each year, the GICs are rolled into new GICs at the prevailing rates offered by the Society's bank. The Society cannot access or use the GICs unless the Society winds up its credit cards. The GICs held by the Society bear interest at 2.7% per annum (2022 – 2.4%) and mature in July 2023.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Computer Hardware	\$ 101,947	\$ 82,819	\$ 19,128	\$ 32,266
Computer Software	19,990	19,990	-	1,057
Furniture and Fixtures	26,141	7,842	18,299	20,913
Leasehold Improvements	160,239	151,243	8,996	13,644
	308,317	261,894	46,423	67,880

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, 2023, the fair market value of the endowment fund was \$35,899 (2022 - \$37,190). The Foundation is permitted to charge the Society a fee for its expenses in administering the endowment fund. Administration fees of \$438 (2022 - \$466) were charged to the Society during fiscal 2023. An annual allocation of 5% of the fair market value of the endowment fund as at June 30 of each year is paid to the Society. As the Society does not control the endowment fund, the balance of the endowment fund is not reflected in these financial statements.

An allocation of \$1,734 (2022 - \$1,410) 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, 2023, with comparative information for 2022

6. GOVERNMENT REMITTANCES RECEIVABLE AND PAYABLE

As at year end, Employee Deductions Payable includes \$22,023 (2022 - \$38,084) in statutory Government Remittances payable to 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	2023	2022
Deferred Contributions						
<u>Alberta Law Foundation</u>						
Core operating	-	2,850,000	2,850,000	-	-	-
<u>Other Funders</u>						
Victims of Crime Fund	112,500	37,500	150,000	-	-	112,500
City of Calgary, FCSS* - Social Benefits Advocacy Program	-	273,828	273,828	-	-	-
City of Calgary, CPIP** - Sawhoo Mohkaak Tsi Ma Taas Program	75,359	136,000	152,885	289	58,185	75,359
City of Calgary, FCSS* - Program Evaluation	-	15,000	15,000	-	-	-
City of Calgary Housing – At Home With Law Program	57,385	-	57,385	-	-	57,385
Casino	17,973	-	17,973	-	-	17,973
Upcoming Events	9,500	77,526	87,026	-	-	9,500
United Way- Sawhoo Mohkaak Tsi Ma Taas Program	-	61,600	61,600	-	-	-
Law Foundation of Ontario	-	10,000	10,000	-	-	-
Government of Canada- Survivors of Sexual Assaults Criminal Justice Program	-	250,000	250,000	-	-	-
Grant from Anon. Donor	2,883	51,500	54,383	-	-	2,883
	<u>275,600</u>	<u>3,762,954</u>	<u>3,980,080</u>	<u>289</u>	<u>58,185</u>	<u>275,600</u>

* Family Community Support Services

** Crime Prevention Investment Plan

As at year end, there is \$nil designated as repayable to the Alberta Law Foundation (2022 - \$86,189).

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2023, with comparative information for 2022

8. 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 2023)	% Allocation (March 2022)
Legal Services	64%	64%
DVFL	16%	16%
SBAP	10%	10%
Sawhoo Mohkaak Tsi Ma Taas	10%	10%
	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, 2023, with comparative information for 2022

8. ALLOCATION OF EXPENSES (cont'd)

Administrative wages and benefits totaling \$620,999 (2022 - \$675,719) 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 2023</u>	<u>\$ Allocation 2022</u>
Legal Services	397,917	422,853
DVFL	99,479	112,761
SBAP	58,941	66,811
Sawhoo Mohkaak Tsi Ma Taas	64,662	73,294
	620,999	675,719

General support expenses totaling \$262,103 (2022 - \$357,828) for various purposes such as advertising and promotion, audit fees, dues, fees, licenses and memberships, equipment lease, computer, CRM software, repairs and maintenance, insurance, interest and bank charges, meeting costs, office, parking, post and courier, printing, professional development, statutes and books, telephone and internet, travel, volunteer 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 2023</u>	<u>\$ Allocation 2022</u>
Legal Services	167,948	223,922
DVFL	41,987	59,713
SBAP	24,877	35,380
Sawhoo Mohkaak Tsi Ma Taas	27,291	38,813
	262,103	357,828

Rental and utilities expenses, net of a fixed annual amount of \$31,400 (2022 - \$6,750) allocated directly to the Survivors of Sexual Assault Criminal Justice Project ("SSACJP), in the sum of \$467,858 (2022 - \$400,890) 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 2023</u>	<u>\$ Allocation 2022</u>
Legal Services	299,789	250,870
DVFL	74,947	66,899
SBAP	44,406	39,637
Sawhoo Mohkaak Tsi Ma Taas	48,716	43,484
	467,858	400,890

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2023, with comparative information for 2022

9. INTERFUND AND PROGRAM TRANSFERS

During the year, the Society's Board of Directors internally restricted \$61,550 (2022 - \$nil) of the Society's unrestricted net assets as per the requirements of the Board's Programs and Infrastructure Fund policy.

10. 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 must also provide for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

	\$ Amount
2024	255,853
2025	255,853
2026	255,853
2027	255,853
2028	287,835
Thereafter	1,208,907
	2,520,154

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. During the year, the Society paid total cash rent (including utilities, maintenance costs) to the landlord in the amount of \$504,491 (2022 - \$298,714), net of the Society's 50% Goods and Sales Tax rebate.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2023, with comparative information for 2022

10. 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.

11. ECONOMIC DEPENDENCE

Of the Society's total revenues, 70% (2022 - 75%) 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.

12. 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 2022.

Notes to the Financial Statements (cont'd)

For the year ended March 31, 2023, with comparative information for 2022

12. 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, accounts receivable, and long-term investments.

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

The Society's credit risk exposure on cash, 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 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, 2023, with comparative information for 2022

13. SUBSEQUENT EVENTS

Subsequent to year-end, the Society has been named as a defendant in a legal claim. Management believes the Society has valid defenses and appropriate insurance coverage in place. In the event the matter is resolved in favour of the claimant, management believes that such claim would not have a material effect on the Society's financial position.

Subsequent to year end, the Society received its first quarterly payment of \$773,000 from the Alberta Law Foundation under the Society's 2023-2024 Core Operating grant.

14. COMPARATIVE INFORMATION

Some of the comparative information has been reclassified to conform to the current year's presentation. These reclassifications did not impact deficiency of revenue over expenses or fund balances.