

PRO BONO ONTARIO

(formerly PRO BONO LAW ONTARIO)

(a charitable organization)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the members of **Pro Bono Ontario (formerly Pro Bono Law Ontario)**

Opinion

We have audited the accompanying financial statements of Pro Bono Ontario (formerly Pro Bono Law Ontario), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

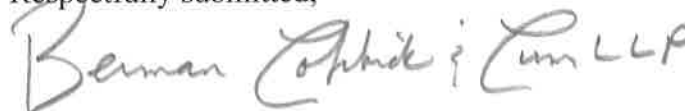
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 these 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 Organization'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 Organization'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 Organization 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.

We 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.

Respectfully submitted,



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
June 11, 2019

PRO BONO ONTARIO
(formerly PRO BONO LAW ONTARIO)
(a charitable organization)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

	2018	2017
ASSETS		
Current		
Cash and cash equivalents	\$ 1,210,579	\$ 675,357
Grants receivable (note 3)	77,000	58,301
Prepaid expenses and deposits	50,173	42,740
HST receivable	<u>23,033</u>	<u>31,140</u>
	1,360,785	807,538
Capital - at cost less accumulated amortization (note 4)	<u>9,976</u>	<u>13,259</u>
	<u>\$ 1,370,761</u>	<u>\$ 820,797</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 195,490	\$ 98,762
Deferred revenue (note 5)	972,480	562,500
Deferred capital contributions (note 6)	4,345	5,900
Government remittances payable	<u>20,288</u>	<u>14,300</u>
	<u>1,192,603</u>	<u>681,462</u>
NET ASSETS		
Net assets invested in capital	9,976	13,259
Unrestricted net assets (note 7)	<u>168,182</u>	<u>126,076</u>
	<u>178,158</u>	<u>139,335</u>
	<u>\$ 1,370,761</u>	<u>\$ 820,797</u>

Approved on behalf of the Board:

_____ Director

_____ Director

Lease commitment (note 8)

The accompanying notes form an integral
part of these financial statements.

PRO BONO ONTARIO
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STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	Invested in capital assets	Unrestricted	2018 Total	2017 Total
BALANCE - Beginning of year	\$ 13,259	\$ 126,076	\$ 139,335	\$ 90,057
Add - Excess of revenues over expenses	<u>(3,284)</u>	<u>42,106</u>	<u>38,822</u>	<u>49,278</u>
BALANCE - End of year	\$ <u>9,975</u>	\$ <u>168,182</u>	\$ <u>178,157</u>	\$ <u>139,335</u>

The accompanying notes form an integral part of these financial statements.

PRO BONO ONTARIO
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STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUES		
Law Foundation of Ontario operating grants		
- Program funding	\$ 800,000	\$ 800,000
- Special projects	300,725	89,050
- Deferred capital contribution	1,555	2,162
Government of Ontario		
- Ministry of Seniors & Accessibility	75,000	-
- Ministry of the Status of Women	13,535	30,400
- Ministry of Government and Consumer Services	20,000	-
- Ministry of Economic Development Job Creation and Growth	28,250	-
Government of Canada		
-Department of Justice	62,500	-
Law Society of Ontario	50,000	50,000
Donations and fundraising	260,111	161,870
The Advocates Society (Inmate Duty Council Appeals Project)(restricted)		-
5,210		
London Children's Health Foundation	73,852	75,195
Legal Aid Ontario (MAG)	-	300,000
Sick Kids	39,000	42,391
Holland Bloorview Kids Rehab. Hospital	20,000	-
Cy pres award	53,251	23,079
Paid Consulting	15,000	50,000
Hamilton Community Foundation	-	17,700
	<u>1,812,779</u>	<u>1,647,057</u>
EXPENSES		
Salaries and benefits	1,295,127	1,148,720
Rent	136,922	131,060
Office and general	117,909	105,548
Consulting fees - Special Projects	85,110	2,236
Computer costs	50,052	75,855
Professional fees	37,689	32,720
Communications and promotion	31,406	11,922
Meals and catering	7,512	9,045
Travel	5,746	14,510
Insurance	2,208	3,401
Training	992	624
Evaluation	-	52,468
Inmate Duty Council Appeals Project - operating expenses	-	5,208
Amortization	3,284	4,462
	<u>1,773,957</u>	<u>1,597,779</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 38,822</u>	<u>\$ 49,278</u>

The accompanying notes form an integral part of these financial statements.

PRO BONO ONTARIO
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STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

	2018	2017
Cash flow from operating activities:		
Excess of revenues over expenses	\$ <u>38,822</u>	\$ <u>49,278</u>
Adjustment for:		
Amortization of capital assets	<u>3,284</u>	<u>4,462</u>
Changes in non-cash working capital:		
Increase (decrease) in grants receivable	(18,699)	39,596
Decrease in prepaid expenses and sundry assets	674	3,243
Increase in accounts payable and accrued liabilities	<u>102,716</u>	<u>11,285</u>
	<u>84,691</u>	<u>54,124</u>
Cash flow from operating activities:	<u>126,797</u>	<u>107,864</u>
Cash flow from financing activities:		
Increase in deferred revenue	<u>408,425</u>	<u>101,288</u>
Net increase in cash and cash equivalents	535,222	209,152
CASH AND CASH EQUIVALENTS - Beginning of year	<u>675,357</u>	<u>466,205</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 1,210,579</u>	<u>\$ 675,357</u>

The accompanying notes form an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit organizations in Part III of the CPA Handbook.

(a) PURPOSE OF THE ORGANIZATION

Pro Bono Ontario is a registered charitable organization, registration number 8774524512 RR0001 and is exempt from income taxes under Section 149 of the Income Tax Act. The organization is incorporated without share capital under the Ontario Corporation Act.

The objective of the organization is to promote access to the justice system in Ontario by creating and promoting opportunities for lawyers to provide pro bono legal services to persons of limited means.

The organization receives funding from the Law Foundation of Ontario and The Law Society of Upper Canada. The Law Foundation of Ontario provides core funding for the organization's operations.

The Law Society of Upper Canada is providing funding to subsidize rent in the amount of \$50,000.

(b) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and deposits with bank.

(c) GRANTS RECEIVABLE

Receipts for all grants are recorded in these financial statements on the accrual basis. Therefore, the amounts recorded in these financial statements may or may not correspond to the actual amounts received during the fiscal year.

(d) AMORTIZATION

Amortization of the capital assets has been provided at the following annual rates, consistent with those of the prior year:

Computers	-	30% of unamortized cost
Leaseholds	-	over the term of the lease
Furniture	-	20% of unamortized cost
Equipment	-	20% of unamortized cost
Computer software	-	50% of unamortized cost

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PRO BONO ONTARIO
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

...Continued

(e) AMORTIZATION ON CAPITAL CONTRIBUTIONS

Funds received for the acquisition of capital assets are deferred in the accounts and amortized on the same basis as the related capital assets.

(f) CONTRIBUTED MATERIALS AND SERVICES

The organization does not account for contributed materials and services.

(g) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates.

(h) REVENUE RECOGNITION

The organization uses the deferral method in accounting for contributions. Accordingly, contributions subject to externally imposed restrictions are initially recorded as deferred revenue and are subsequently recognized as revenue in the period in which the related expenses are incurred.

(i) FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.
Financial assets measured at amortized cost include cash and grants receivable.

Financial liabilities measured at amortized cost include accounts payable, deferred revenue and capital contributions.

2. FINANCIAL INSTRUMENTS

(a) Liquidity Risk

Liquidity risk is a risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization is exposed to liquidity risk arising primarily from the requirement to pay its payables and government remittances. The organization's ability to meet these obligations depends on the receipt of funds from its operations, which it monitors closely.

(b) Other Risks

The organization believes that it is not exposed to significant interest, currency, credit, market or other price risks arising from holding financial instruments.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

...Continued

3. GRANTS RECEIVABLE

Grants receivable consist of amounts owing to the organization as follows:

	2018	2017
London Children's Health Foundation	\$ -	\$ 5,301
The Law Foundation of Ontario	70,000	40,000
Government of Ontario - Seniors affairs	5,000	-
Sick Kids Foundation	-	13,000
Government of Ontario - MGCS	<u>2,000</u>	<u>-</u>
	<u>\$ 77,000</u>	<u>\$ 58,301</u>

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net	2017 Net
Computers	\$ 99,211	\$ 94,981	\$ 4,230	\$ 6,044
Furniture	35,228	31,546	3,682	4,602
Equipment	24,465	22,447	2,018	2,522
Computer software	<u>17,159</u>	<u>17,113</u>	<u>46</u>	<u>91</u>
	<u>\$ 176,063</u>	<u>\$ 166,087</u>	<u>\$ 9,976</u>	<u>\$ 13,259</u>

5. DEFERRED REVENUE

Deferred revenue represent grants received relating to future periods and consists of the following:

	2018	2017
The Law Foundation of Ontario	\$ 570,000	\$ 550,000
Government of Canada - Department of Justice	175,000	-
The Law Society of Ontario	12,500	12,500
Law Centre donations	<u>214,980</u>	<u>-</u>
	<u>\$ 972,480</u>	<u>\$ 562,500</u>

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represents the unamortized amount of contributions received for the purchase of capital assets. The changes in deferred capital contributions are as follows:

	2018	2017
Balance - Beginning of year	\$ 5,900	\$ 3,062
Amortization of capital contributions	<u>(1,555)</u>	<u>(2,162)</u>
Balance - End of year	<u>\$ 4,345</u>	<u>\$ 5,900</u>

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

...Continued

7. UNRESTRICTED NET ASSETS

Unrestricted net assets represents unspent funding which is to be used in the future to accommodate the mandate of the organization.

8. LEASE COMMITMENT

The organization has committed to rental payments for its premises. Minimum lease payments over the remaining term of the lease are as follows:

2019 -	111,377
2020 -	85,356
2021 -	<u>78,243</u>
	<u>\$ 274,976</u>