

**PRO BONO ONTARIO**

**(formerly PRO BONO LAW ONTARIO)**

**(a charitable organization)**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

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, 2017, and the statements of financial position, changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

As is the case of most organizations in receipt of funds by donations and fundraising, verification of such items was impractical beyond accounting for amounts recorded in the accounts of the organization, and we were not able to determine whether adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

### Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2017, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Respectfully submitted,

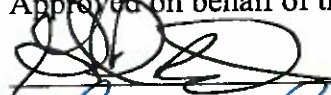

  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

Toronto, Ontario  
April 12, 2018

**PRO BONO ONTARIO**  
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**(a charitable organization)**  
**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2017**

	2017	2016
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 675,357	\$ 466,205
Grants receivable (note 3)	58,301	97,897
Prepaid expenses and deposits	42,740	43,486
HST receivable	<u>31,140</u>	<u>33,637</u>
	807,538	641,225
Capital - at cost less accumulated amortization (note 4)	<u>13,259</u>	<u>17,721</u>
	<u>\$ 820,797</u>	<u>\$ 658,946</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 98,762	\$ 88,713
Deferred revenue (note 5)	562,500	459,050
Deferred capital contributions (note 6)	5,900	8,062
Government remittances payable	<u>14,300</u>	<u>13,064</u>
	<u>681,462</u>	<u>568,889</u>
<b>NET ASSETS</b>		
Net assets invested in capital	13,259	17,721
Unrestricted net assets (note 7)	<u>126,076</u>	<u>72,336</u>
	<u>139,335</u>	<u>90,057</u>
	<u>\$ 820,797</u>	<u>\$ 658,946</u>

Approved on behalf of the Board:  
 Director  
 Director

Lease commitment (note 8)

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

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**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2017**

	Invested in capital assets	Unrestricted	2017 Total	2016 Total
<b>BALANCE - Beginning of year</b>	\$ 17,721	\$ 72,336	\$ 90,057	\$ 237,139
- Surplus received on amalgamation with Connect Legal	-	-	-	38,509
- Excess (deficiency) of revenues over expenses	<u>(4,462)</u>	<u>53,740</u>	<u>49,278</u>	<u>(185,591)</u>
<b>BALANCE - End of year</b>	\$ <u>13,259</u>	\$ <u>126,076</u>	\$ <u>139,335</u>	\$ <u>90,057</u>

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

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**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2017**

	2017	2016
<b>REVENUES</b>		
Operating grants		
- Law Foundation of Ontario - Program funding	\$ 800,000	\$ 800,000
- Special projects	89,050	-
- Deferred capital contribution	2,162	3,031
Legal Aid Ontario (MAG)	300,000	-
Donations and fundraising	161,669	362,177
London Children's Health Foundation	75,195	67,006
Law Society of Ontario	50,000	50,000
Fee for services	50,000	-
Sick Kids Foundation	42,391	21,000
Ontario Women's Directorate	30,400	2,228
Awards	23,079	-
Hamilton Community Foundation	17,700	-
The Advocates Society (Inmate Duty Council Appeals Project)	5,210	79,910
Other	201	-
Sixth National Pro Bono Conference	-	50,284
	<u>1,647,057</u>	<u>1,435,636</u>
<b>EXPENSES</b>		
Salaries and benefits	1,099,603	1,096,492
Rent	131,060	100,774
Free legal advice hotline	130,025	-
Office and general	67,976	60,319
Evaluation	52,468	-
Professional fees	32,720	31,785
Computer costs	22,548	32,545
Travel	14,510	13,164
Communications and promotion	11,922	3,981
Photocopying	9,682	10,709
Meals and catering	9,045	4,291
Inmate Duty Council Appeals Project - operating expenses	5,208	79,910
Insurance	3,401	2,224
Fundraising	1,565	80,721
Consulting fees	960	1,530
Training	624	2,163
Sixth National Pro Bono conference	-	94,279
Volunteer expenses	-	231
Amortization	4,462	6,109
	<u>1,597,779</u>	<u>1,621,227</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ <u>49,278</u></b>	<b>\$ <u>(185,591)</u></b>

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, 2017**

	2017	2016
Cash flow from operating activities:		
Excess (deficiency) of revenues over expenses	\$ <u>49,278</u>	\$( <u>185,591</u> )
Adjustment for:		
Amortization of capital assets	<u>4,462</u>	<u>6,109</u>
Changes in non-cash working capital:		
Decrease in grants receivable	39,596	14,117
Decrease in prepaid expenses and sundry assets	3,243	14,976
Increase (decrease) in accounts payable and accrued liabilities	<u>11,285</u>	<u>(6,565)</u>
	<u>54,124</u>	<u>22,528</u>
Cash flow from operating activities:	<u>107,864</u>	<u>(156,954)</u>
Cash flow from financing activities:		
Increase in deferred revenue	<u>101,288</u>	<u>353,399</u>
Cash flow from investing activities:		
Increase in net assets on amalgamations with Connect Legal	-	38,509
Purchase of capital assets	<u>-</u>	<u>(1,242)</u>
	<u>-</u>	<u>37,267</u>
Net increase in cash and cash equivalents	209,152	233,712
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>466,205</u>	<u>232,493</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u>\$ 675,357</u>	<u>\$ 466,205</u>

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

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**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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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

...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, 2017**

...Continued

**3. GRANTS RECEIVABLE**

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

	2017	2016
London Children's Health Foundation	\$ 5,301	\$ 40,897
The Law Foundation of Ontario	40,000	30,000
Borden Ladner Gervais LLP	-	20,000
Sick Kids Foundation	<u>13,000</u>	<u>7,000</u>
	<u>\$ 58,301</u>	<u>\$ 97,897</u>

**4. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2017 Net	2016 Net
Computers	\$ 99,211	\$ 93,167	\$ 6,044	\$ 8,634
Furniture	35,228	30,626	4,602	5,753
Equipment	24,465	21,943	2,522	3,152
Computer software	<u>17,159</u>	<u>17,068</u>	<u>91</u>	<u>182</u>
	<u>\$ 176,063</u>	<u>\$ 162,804</u>	<u>\$ 13,259</u>	<u>\$ 17,721</u>

**5. DEFERRED REVENUE**

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

	2017	2016
The Law Foundation of Ontario	\$ 550,000	\$ 423,640
Hamilton Community Foundation	-	17,700
The Law Society of Ontario	12,500	12,500
TAS Inmate Duty Council Appeals Project	<u>-</u>	<u>5,210</u>
	<u>\$ 562,500</u>	<u>\$ 459,050</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:

	2017	2016
Balance - Beginning of year	\$ 3,062	\$ 11,093
Amortization of capital contributions	<u>(2,162)</u>	<u>(3,031)</u>
Balance - End of year	<u>\$ 5,900</u>	<u>\$ 8,062</u>

Continued..

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

...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:

2018 -	\$ 105,820
2019 -	84,377
2020 -	85,356
2021 -	<u>78,243</u>
	<u>\$ 353,796</u>