

**LEGAL INFORMATION CLINIC AT MCGILL/
CLINIQUE D'INFORMATION JURIDIQUE À MCGILL**

FINANCIAL STATEMENTS

AUGUST 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Legal Information Clinic at McGill/
Clinique d'information juridique à McGill

We have audited the accompanying financial statements of Legal Information Clinic at McGill/Clinique d'information juridique à McGill, which comprise the balance sheet as at August 31, 2016, and the statements of revenues and expenses, surplus, 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Legal Information Clinic at McGill/Clinique d'information juridique à McGill as at August 31, 2016, 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.

*Nexia Friedman LLP*¹

Chartered Professional Accountants

Montreal, Quebec

November 16, 2016

¹ CPA auditor, CA, public accountancy permit No. A124456

LEGAL INFORMATION CLINIC AT MCGILL/
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BALANCE SHEET

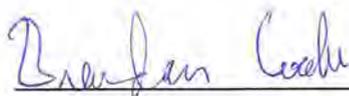
AS AT AUGUST 31, 2016

	2016	2015
	\$	\$
Assets		
Current		
Cash	21,485	47,090
Interest receivable	1,088	479
Short-term investments (note 3)	147,462	75,803
Prepaid expenses and deposits	2,852	5,258
	172,887	128,630
Tangible capital assets (note 4)	11,923	24,811
	184,810	153,441
Liability		
Current		
Accounts payable and accrued liabilities (note 5)	14,609	13,789
Surplus	170,201	139,652
	184,810	153,441

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

Approved on behalf of the Board:

 Director

 Director

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STATEMENT OF SURPLUS

FOR THE YEAR ENDED AUGUST 31, 2016

	2016	2015
	\$	\$
Balance, beginning of year	139,652	101,431
Excess of revenues over expenses	30,549	38,221
Balance, end of year	170,201	139,652

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

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STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2016

	2016	2015
	\$	\$
Revenues		
Student fees	221,319	220,246
Investment income	3,249	1,940
	224,568	222,186
Expenses		
Salaries and wage levies	110,427	106,926
Rent	13,838	12,726
Insurance	5,335	7,709
Telephone	6,187	5,900
Office	14,690	14,422
Professional fees	6,011	6,643
Advertising	12,948	4,402
Awards	276	256
Training and appreciation	8,787	8,220
Publications	2,340	2,497
Interest and bank charges	144	182
Amortization of furniture and fixtures	1,237	1,354
Amortization of computer hardware and software	2,958	3,889
Amortization of leasehold improvements	8,841	8,839
	194,019	183,965
Excess of revenues over expenses	30,549	38,221

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

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2016

	2016 \$	2015 \$
Operating activities		
Excess of revenues over expenses	30,549	38,221
Item not affecting cash:		
Amortization of tangible capital assets	13,036	14,082
	43,585	52,303
Net change in non-cash working capital items (note 7)	2,617	7,443
	46,202	59,746
Investing activity		
Acquisition of tangible capital assets	(148)	(5,174)
Increase in cash and cash equivalents	46,054	54,572
Cash and cash equivalents, beginning of year	122,893	68,321
Cash and cash equivalents, end of year	168,947	122,893
Cash and cash equivalents		
Cash	21,485	47,090
Short-term investments	147,462	75,803
	168,947	122,893

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

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NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

1. Incorporation and nature of operations

The Legal Information Clinic at McGill /La Clinique d'information juridique à McGill ("The Clinic") is a non-profit organization without the issuance of any share capital and is incorporated under the provisions of Part III of the Quebec Companies Act.

The Clinic offers legal information services that are provided by law students to the community.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations, hereafter referred to "ASNFPO", and include the following significant policies:

Use of estimates

The preparation of financial statements in conformity with Canadian ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting year. The main estimates relate to the useful life of the tangible capital assets. Amortization is based on the estimated useful lives of the tangible capital assets. Actual results could differ from these estimates.

Revenue recognition

Revenue is recognized when the funds are received from McGill University.

Interest is recognized as earned.

Cash and cash equivalents

The cash and cash equivalents consist of bank accounts and short-term investments with maturity dates of three months or less.

Investments

The Clinic has elected to account for all of its investments at fair market value. Changes in fair values during the year are included in revenue or expenses on the statement of revenues and expenses.

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2. Significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are accounted for at cost. Amortization is calculated on their estimated useful lives using the following methods and rates:

Furniture and fixtures	Declining balance	20%
Computer hardware and software	Declining balance	30%
Leasehold improvements	Straight-line method	over the term of the lease

Impairment of long-lived assets

Long-lived assets, which comprise tangible capital assets, are reviewed for impairment when certain events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

Financial instruments

Measurement of financial instruments:

The Clinic initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Clinic subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the excess of revenues over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, 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 the excess of revenues over expenses.

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3. Short-term investments

Short-term investments consist of:

- a) Two \$60,000 short-term investments bearing interest at 1.00% that have a maturity date of October 5, 2016.
- b) Mutual funds that are carried at a market value of \$27,462 which equals cost.

4. Tangible capital assets

	2016		
	Cost \$	Accumulated amortization \$	Net \$
Furniture and fixtures	23,156	18,135	5,021
Computer hardware and software	60,390	53,488	6,902
Leasehold improvements	33,144	33,144	-
	116,690	104,767	11,923

	2015		
	Cost \$	Accumulated amortization \$	Net \$
Furniture and fixtures	23,008	16,898	6,110
Computer hardware and software	60,390	50,530	9,860
Leasehold improvements	33,144	24,303	8,841
	116,542	91,731	24,811

5. Accounts payable and accrued liabilities

	2016 \$	2015 \$
Trade and accrued liabilities	5,791	6,749
Salaries payable	6,347	5,214
Government remittances	2,471	1,826
	14,609	13,789

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6. Commitments

The minimum rent payable under long-term operating leases, exclusive of certain operating costs for which the Clinic is responsible, are approximately as follows:

	\$
2017	19,000
2018	20,000
2019	20,000
2020	20,000
2021	15,000
	94,000

7. Cash flows

Net change in non-cash working capital items:

	2016	2015
	\$	\$
Interest receivable	(609)	(462)
Prepaid expenses and deposits	2,406	(371)
Accounts payable and accrued liabilities	820	8,276
	2,617	7,443

8. Financial instruments

Risks

The Clinic is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure as at August 31, 2016.

Liquidity risk

Liquidity risk is the risk that the Clinic will encounter difficulties in meeting obligations associated with financial liabilities. The Clinic manages its liquidity risk by constantly monitoring forecasted and annual cash flows and financial liability maturities, and by holding assets that are liquid or readily convertible to cash.