

# **Legal Information Clinic at McGill/ Clinique d'Information Juridique à McGill**

**Financial statements  
August 31, 2023**



# Independent auditor's report

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

## Opinion

We have audited the financial statements of **Legal Information Clinic at McGill** [the "Clinic"], which comprise the statement of financial position as at August 31, 2023, and the statement of changes in net assets, statement of revenues and expenditures and statement of 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 Clinic as at August 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

## 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 Clinic 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 private enterprises, 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 Clinic'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 Clinic or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Clinic'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 Clinic'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 Clinic'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 Clinic 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.

*Ernst & Young LLP*<sup>1</sup>

Montreal, Canada  
November 23, 2023

<sup>1</sup>CPA auditor, public accountancy permit no. A124456



## Legal Information Clinic at McGill

### Statement of financial position

As at August 31

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	<b>308,606</b>	79,306
Short-term investments <i>[note 3]</i>	<b>29,781</b>	229,676
Sundry receivable <i>[note 4]</i>	<b>4,935</b>	14,572
Prepaid expenses and deposits	<b>8,752</b>	8,776
<b>Total current assets</b>	<b>352,074</b>	332,330
Tangible capital assets <i>[note 5]</i>	<b>16,808</b>	16,018
	<b>368,882</b>	348,348
<b>Liabilities and fund balances</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 6]</i>	<b>16,999</b>	14,791
Deferred government grant <i>[note 7]</i>	<b>44,280</b>	-
<b>Total liabilities</b>	<b>61,279</b>	14,791
Commitments <i>[note 8]</i>		
<b>Surplus</b>	<b>307,603</b>	333,557
	<b>368,882</b>	348,348

See accompanying notes

On behalf of the Board:

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**Legal Information Clinic at McGill**

**Statement of changes in net assets**

Year ended August 31

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Balance, beginning of year</b>	<b>333,557</b>	324,659
Excess (deficiency) of revenues over expenditures for the year	<b>(25,954)</b>	8,898
<b>Balance, end of year</b>	<b>307,603</b>	333,557

*See accompanying notes*

## Legal Information Clinic at McGill

### Statement of revenues and expenditures

Year ended August 31

	2023	2022
	\$	\$
<b>Revenues</b>		
Student fees	275,226	276,480
Government grant <i>[note 7]</i>	30,720	-
Investment income	1,997	929
	<u>307,943</u>	<u>277,409</u>
<b>Expenditures</b>		
Salaries and wage levies	224,126	199,889
Rent	17,367	15,920
Insurance	3,714	3,343
Justice project <i>[note 7]</i>	30,720	-
Telephone	2,923	4,342
Office	11,666	8,608
Professional fees	10,612	9,382
Advertising	4,815	6,242
Awards	316	61
Training and appreciation	7,349	4,171
Consulting governance fees	-	3,219
Research	6,941	5,298
Taxes and licenses	4,429	-
Interest and bank charges	209	205
Amortization of tangible capital assets	4,813	4,330
Loss on disposal of tangible capital assets	2,626	-
Unrealized loss on mutual funds	1,271	3,501
	<u>333,897</u>	<u>268,511</u>
<b>Excess (deficiency) of revenues over expenditures for the year</b>	<u>(25,954)</u>	<u>8,898</u>

See accompanying notes

## Legal Information Clinic at McGill

### Statement of cash flows

Year ended August 31

	2023	2022
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures for the year	(25,954)	8,898
Add (deduct) items not involving cash		
Amortization of tangible capital assets	4,813	4,330
Loss on disposal of tangible capital assets	2,626	-
Unrealized loss on mutual funds	1,271	3,501
	(17,244)	16,729
Net change in non-cash working capital balances	56,149	11,904
<b>Cash provided by operating activities</b>	<b>38,905</b>	<b>28,633</b>
<b>Investing activities</b>		
Net redemptions (purchase) of short term investments	198,624	(133,177)
Acquisition of tangible capital assets	(8,229)	(2,202)
<b>Cash provided by (used in) investing activities</b>	<b>190,395</b>	<b>(135,379)</b>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>229,300</b>	<b>(106,746)</b>
Cash and cash equivalents, beginning of year	79,306	186,052
<b>Cash and cash equivalents, end of year</b>	<b>308,606</b>	<b>79,306</b>

See accompanying notes

## Legal Information Clinic at McGill

### Notes to financial statements

August 31, 2023

#### 1. Nature of operations

Legal Information Clinic at McGill/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. Summary of 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:

##### Revenue recognition

Revenue is recognized when the funds are received from McGill University who are responsible to collect the student's fees.

Revenue from government grants is recognized as the expenses to which they relate are incurred.

Investment income 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 accounts for all of its investments at fair value. Changes in fair values during the year are included in revenue or expenditures on the statement of revenues and expenditures.

##### Tangible capital assets

Tangible capital assets are accounted for at cost less accumulated amortization. Amortization is calculated on their estimated useful lives using the declining balance method at the following rates:

Furniture and fixtures	20%
Computer hardware	30%

##### 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.

##### Government assistance

Government assistance related to salaries are recorded as a reduction of the related expense.



## Legal Information Clinic at McGill

### Notes to financial statements

August 31, 2023

#### **Contributed services**

Volunteers make a significant contribution in assisting the Clinic in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not reflected in these financial statements.

#### **Foreign exchange**

The Clinic follows the temporal method to translate its foreign currency balances and transactions into Canadian dollars. Under this method, monetary assets and liabilities are translated at the rates of exchange in effect at year-end and the other balance sheet items and income statement items are translated at the monthly average exchange rates. Exchange gains and losses are included in the excess of revenues over expenditures for the period.

#### **Financial instruments**

##### *Measurement of financial instruments*

The Company initially records a financial instrument that was originated, issued or assumed in an arm's length transaction at fair value. Related party debt or equity instruments that are quoted in an active market, debt instruments with observable inputs and derivative instruments are also initially recorded at fair value.

Related party financial instruments that have repayment terms are initially recorded at cost, representing the undiscounted cash flows of that instrument, excluding interest and dividend payments. Related party financial instruments that do not have repayment terms are recorded at cost, determined using the consideration transferred or received. If the consideration transferred or received has repayment terms, then the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, of the financial instrument transferred as consideration. If, however, the consideration transferred is an asset or liability that does not have repayment terms, the cost is initially recognized at the carrying or exchange amount of the consideration transferred or received, depending on the circumstances. The exchange amount is used when the transaction is in the normal course of operations or the transaction is not in the normal course of operations but has commercial substance, the change in ownership interest is substantive and the amount of consideration transferred or received is supported by independent evidence. Otherwise, the consideration transferred or received is recorded at the carrying amount.

Subsequently, the Company measures financial instruments as follows:

- Arm's length financial instruments, which include cash, sundry receivable and accounts payable and accrued liabilities [except for government remittances payable] at amortized cost.

## Legal Information Clinic at McGill

### Notes to financial statements

August 31, 2023

#### *Impairment of financial assets measured at cost and amortized cost*

When there are indications of possible impairment, the Company determines if there has been a significant adverse change to the expected timing or amounts of future cash flows expected from the financial asset. The amount of any impairment loss is determined by comparing the carrying amount of the financial asset with the highest of three amounts:

- [i] For an arm's length financial asset, the present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to that asset, and for a related party financial debt instrument, the undiscounted cash flows expected to be generated by holding the asset, excluding interest and dividend payments;
- [ii] The amount that could be realized by selling the asset at the date of the balance sheet; and
- [iii] The amount the Company expects to realize by exercising its right to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

The amount of the write-down is recognized in net income. A previously recognized impairment loss is reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized, but the adjusted carrying amount of the financial asset shall be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized.

### 3. Short-term investments

Short-term investment due in less than three months consists of:

	2023 \$	2022 \$
Mutual funds at fair value	<b>29,781</b>	29,676

Short-term investments due later than three months consists of:

	2023 \$	2022 \$
A short-term investment bearing interest at 0.60% and having a maturity date of January 20, 2023.	-	100,000
A short-term investment bearing interest at 0.80% and having a maturity date of February 24, 2023.	-	100,000
	<b>-</b>	<b>200,000</b>

### 4. Sundry receivable

	2023 \$	2022 \$
Government grant receivable	<b>4,935</b>	13,793
Interest receivable	-	779
	<b>4,935</b>	<b>14,572</b>

## Legal Information Clinic at McGill

### Notes to financial statements

August 31, 2023

#### 5. Tangible capital assets

	2023		2022	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Furniture and fixtures	42,476	32,663	42,476	30,210
Computer hardware	8,229	1,234	68,268	64,516
	<b>50,705</b>	<b>33,897</b>	110,744	94,726
<b>Net book value</b>		<b>16,808</b>		16,018

#### 6. Accounts payable and accrued liabilities

	2023 \$	2022 \$
Trade and accrued liabilities	6,846	8,481
Salaries payable	9,234	6,165
Government remittances payable	919	145
	<b>16,999</b>	14,791

#### 7. Deferred government grant

During the year, a grant from the Ministry of Justice was received in the amount of \$75,000 out of a possible \$100,000 available under the *Programme d'aide financière pour favoriser l'accès à la justice*. The grant stipulates that the funds must be used for legal salaries and related program expenses.

	2023 \$	2022 \$
Deferred government grant, beginning of year	-	-
Grant proceeds received	75,000	-
Recognized as income	(30,720)	-
Deferred government grant, end of year	<b>44,280</b>	-

#### 8. 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:

	\$
2024	4,000
2025	1,000
	<b>5,000</b>

## **Legal Information Clinic at McGill**

### **Notes to financial statements**

August 31, 2023

#### **9. Financial instruments**

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, 2023.

##### **Interest rate risk**

The Clinic is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest instruments subject the Clinic to a fair value risk while the floating rate instruments subject it to a cash flow risk.

##### **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.

#### **10. Comparative figures**

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.