

**THE SASKATCHEWAN LEGAL AID COMMISSION**

**FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2004**



## Provincial Auditor Saskatchewan

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SASKATCHEWAN

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### AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of The Saskatchewan Legal Aid Commission as at March 31, 2004 and the statements of operations and changes in net assets, and cash flows for the year then ended. The Commission's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan  
May 19, 2004

A handwritten signature in black ink, appearing to read "Fred Wendel".

Fred Wendel, CMA, CA  
Provincial Auditor

**THE SASKATCHEWAN LEGAL AID COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Current		
Cash	\$ 645,371	\$ 225,948
Accounts receivable	189,411	83,501
Prepaid expense	<u>97,214</u>	<u>96,911</u>
Total current assets	931,996	406,360
Capital assets (Note 4)	<u>301,066</u>	<u>386,789</u>
	<u>\$ 1,233,062</u>	<u>\$ 793,149</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 769,740	\$ 529,380
Deferred contributions (Note 6)	---	<u>79,932</u>
Total current liabilities	<u>769,740</u>	<u>609,312</u>
<b>FUND BALANCES</b>		
Investment in capital assets fund	301,066	386,789
Operating fund - unrestricted	<u>162,256</u>	<u>(202,952)</u>
	<u>463,322</u>	<u>183,837</u>
	<u>\$ 1,233,062</u>	<u>\$ 793,149</u>

(See accompanying notes to the financial statements)

**THE SASKATCHEWAN LEGAL AID COMMISSION**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**Year Ended March 31**

	2004			2003	
	Operating Fund Budget (note 11)	Operating Fund Actual	Investment in Capital Assets Fund Actual	Total	Total
Revenue: (Note 2)					
Department of Justice	\$ 12,659,000	\$ 13,129,000	\$ ---	\$ 13,129,000	\$11,915,000
Grants	152,932	84,707	---	84,707	211,902
Other	77,500	89,219	---	89,219	83,781
	<u>12,889,432</u>	<u>13,302,926</u>		<u>13,302,926</u>	<u>12,210,683</u>
Expenses:					
Salaries and employee benefits	9,505,584	9,486,983	---	9,486,983	9,029,991
Central Office administrative (Schedule 1)	461,332	358,510	8,608	367,118	308,567
Area Office administrative and operating expenses (Schedule 1)	1,396,856	1,296,424	108,646	1,405,070	1,354,087
Provision of legal services	771,000	1,133,762	---	1,133,762	978,925
Other legal expenses	168,740	163,685	---	163,685	200,059
Travel	464,000	462,669	---	462,669	454,056
Loss on disposal of fixed assets	---	---	4,154	4,154	7,401
	<u>12,767,512</u>	<u>12,902,033</u>	<u>121,408</u>	<u>13,023,441</u>	<u>12,333,086</u>
Excess (deficiency) of revenue over expenses	121,920	400,893	(121,408)	279,485	(122,403)
Fund Balances, beginning of year	(202,952)	(202,952)	386,789	183,837	306,240
Transfer between funds (Note 12)	(89,100)	(35,685)	35,685		
Fund Balances, end of year	<u>\$ (170,132)</u>	<u>\$ 162,256</u>	<u>\$ 301,066</u>	<u>\$ 463,322</u>	<u>\$ 183,837</u>

(See accompanying notes to the financial statements)

**THE SASKATCHEWAN LEGAL AID COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**As at March 31**

**Statement 3**

	2004	2003
Cash provided by (used in)		(note 13)
<b>OPERATING ACTIVITIES</b>		
Appropriation Funds received	\$ 12,959,000	\$12,031,000
Cash received from grants	70,495	285,816
Cash received from other income	87,879	69,005
Cash payments for salaries and benefits	(9,395,245)	(9,034,967)
Cash payments for other suppliers	(2,266,733)	(2,179,392)
Cash payments for legal services	(1,000,288)	(1,172,830)
Net cash provided by (used in) operating activities	455,108	(1,368)
<b>INVESTING ACTIVITIES</b>		
Purchase of Capital Assets	(35,685)	(74,979)
Net increase (decrease) in cash	419,423	(76,347)
Cash, beginning of year	225,948	302,295
Cash, end of year	\$ 645,371	\$ 225,948

(See accompanying notes to the financial statements)

**THE SASKATCHEWAN LEGAL AID COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2004**

*The Legal Aid Act* came into force on September 1, 1983 by Order in Council 1275/83 and continued The Saskatchewan Community Legal Services Commission as a body corporate under the name of The Saskatchewan Legal Aid Commission. The purpose of the Commission is to provide legal services to persons and organizations for criminal and civil matters where those persons and organizations are financially unable to secure those services from their own resources.

**1. Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) **Fund Accounting**

The Commission follows the restricted fund method of accounting for contributions. For financial reporting purposes, the following major funding groups are:

**Operating Fund (unrestricted assets)**

The Operating Fund reflects the primary operations of the Commission including revenue from the Department of Justice for the provision of legal services.

**Investment in Capital Assets Fund (restricted assets)**

Investment in Capital Assets Fund reflects the equity of the Commission in capital assets. This fund includes any grants designated for the acquisitions of capital assets. The Commission would also impose a restriction that any capital purchases made with operating funds would be recorded as an interfund transfer. Expenses consist primarily of amortization of capital assets.

b) **Capital Assets**

Capital assets are recorded at cost. Normal repairs and maintenance are expensed as incurred. The capital assets are reduced annually by an amount representing the consumed cost of the asset calculated as follows:

Office Equipment and Furniture	14 2/7% per annum
Library	33 1/3% per annum

## 2. Revenues

The following are included in revenue:

- a) Unrestricted contributions are recognized as revenue of the operating fund in the year received or receivable.

Other revenue is comprised of client contributions, cost recoveries, interest, and miscellaneous receipts.

- b) Restricted contributions related to capital assets are recognized as revenue of the investment in capital assets fund in the year received or receivable.

## 3. Pension Plan

The Commission participates in a defined contribution pension plan for the benefit of its employees. The Commission's financial obligation to The Staff Pension Plan for Employees of The Saskatchewan Legal Aid Commission (Plan) is limited to making regular payments to match the amounts contributed by the employees for current service. The Commission's annual pension expense for 2004 amounted to \$414,917 (2003 - \$410,639).

The Plan is administered and sponsored by a joint trustees arrangement. The joint trustees consist of four members, two appointed by the Commission and two appointed by C.U.P.E. Local 1949. The Commission provides day-to-day administration for the Trustees without charge to the Plan.

## 4. Capital Assets

Capital assets are comprised of the following amounts:

	2004			2003		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Office equipment and furniture	\$1,055,990	\$ 762,842	\$ 293,148	\$1,115,050	\$ 746,458	\$ 368,592
Library	<u>1,003,194</u>	<u>995,276</u>	<u>7,918</u>	<u>1,003,194</u>	<u>984,997</u>	<u>18,197</u>
	<u>\$2,059,184</u>	<u>\$ 1,758,118</u>	<u>\$ 301,066</u>	<u>\$2,118,244</u>	<u>\$ 1,731,455</u>	<u>\$ 386,789</u>

## 5. Accounts Payable and Accrued Liabilities

	<u>2004</u>	<u>2003</u>
Supplies and services	\$ 171,652	\$ 64,918
Accrued private solicitors' fees	453,707	320,233
Employee salaries and benefits	<u>144,381</u>	<u>144,229</u>
	<u>\$ 769,740</u>	<u>\$ 529,380</u>

## 6. Deferred Contributions

Deferred operating contributions represent grants and externally restricted contributions for which the related expenditures have not been incurred.

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 79,932	\$ ---
Add: Grant contributions received in the year		
Law Foundation of Saskatchewan	424	112,000
Law Foundation of Saskatchewan Legal Aid Endowment Fund Trust	4,351	15,000
Less: Amounts recognized as revenue in the year	<u>(84,707)</u>	<u>(47,068)</u>
Balance, end of year	<u>\$ ---</u>	<u>\$ 79,932</u>

## 7. Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of accounts payable and accrued liabilities at the date of the financial statements and the reported amount of expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

## 8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Commission by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as “related parties”).

Facilities, vehicle rentals, office supplies, and miscellaneous office services are acquired from a related party. These transactions are recorded at rates, which are determined primarily on the basis of recovery of the costs incurred by the related party. These transactions and amounts outstanding at year end are as follows:

	<u>2004</u>	<u>2003</u>
Expenses	\$ 1,121,964	\$ 999,126
Accounts payable	16,206	15,850
Accounts receivable	170,000	10,000

Other operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

	<u>2004</u>	<u>2003</u>
Expenses	\$ 303,473	\$ 298,111
Other Revenue	2,189	12,915
Accounts payable	6,668	2,759



In addition, the Commission pays Provincial Sales Tax on all its taxable purchases. The Commission also received transcripts without charge from the Department of Justice, Transcript Services.

During the year, the Commission made a payment in the amount of \$21,155 (2003 - \$21,155) to the Saskatchewan Legal Aid Commission Benefit Plan Surplus Fund. The intent of this fund is to cover increased premium costs of the extended health care benefits for members of C.U.P.E. Local 1949 in accordance with the Collective Bargaining Agreement. The increased premium costs are initially paid by the Commission and for 2004 the Fund reimbursed the Commission \$3,093 (2003 - \$29,828) for the increased premium costs.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes thereto.

#### **9. The Law Foundation of Saskatchewan Legal Aid Endowment Fund Trust**

A Trust Deed exists between the Law Foundation of Saskatchewan and the Trustees of The Law Foundation of Saskatchewan Legal Aid Endowment Fund Trust (Trust). The Trust has been established with an endowment to assist in the Commission's mandate by :

- a) improving access to justice for persons whose own financial resources are inadequate;
- b) enhancing the ability of all Commission employees to provide legal aid service to clients, including education, research and the acquisition of research, teaching and library materials by the Commission;
- c) providing funds for research in legal and social areas related to legal aid and access to justice; or
- d) assisting otherwise in the Commission's mandate in ways not traditionally covered by government funding, and with particular emphasis on novel or innovative programs or delivery methods.

An endowment amount of \$1,100,000 has been provided to the Trust and only the net income from the Trust is available for the beneficiaries. During the year the Trust provided a grant to the Commission in the amount of \$4,351 (2003-\$15,000).

The Trust has five trustees, three of which are members of the Commission. They include:

- The Chair of The Saskatchewan Legal Aid Commission
- A commissioner of The Saskatchewan Legal Aid Commission, appointed by the Law Society of Saskatchewan
- A commissioner of The Saskatchewan Legal Aid Commission, appointed by the Minister of Justice (Saskatchewan)

The Commission has authorized the utilization of its staff as may be reasonably required from time to time to provide administrative support to the Trust at no fee.

**10. Financial Instruments**

Financial instruments consist of:

Cash  
Accounts receivable  
Accounts payable

There are no significant terms and conditions related to financial instruments that may affect the amount, timing and certainty of future cash flows.

The carrying value of the financial instruments approximate fair value due to their immediate or short-term nature.

**11. Budget**

These amounts represent the budget approved by members of The Saskatchewan Legal Aid Commission.

**12. Interfund Transfers**

The Commission internally restricted and transferred from the Operating Fund to the Investment in Capital Assets Fund \$35,685 (2003 - \$74,979) for the purchase of capital assets.

**13. Comparative Figures**

The Statement of Cash Flows is presented using the direct method. As a result of changing from last year's presentation using the indirect method, certain balances have been reclassified to conform with the current year's presentation.

**THE SASKATCHEWAN LEGAL AID COMMISSION**  
**SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES**  
**Year Ended March 31**

	2004		2003
	Budget	Operating Fund Actual	Operating Fund Actual
Central Office Administrative			
Leased accommodation	\$ 113,446	\$ 39,536	\$ 35,844
Telephone	19,400	13,303	14,066
Computer maintenance and support	18,675	75,454	55,426
Postage	7,200	9,990	8,026
Stationery and office supplies	6,250	6,201	5,863
Periodicals	3,300	4,755	3,550
Photocopying	3,602	2,317	3,343
Other operating expenses	289,459	206,954	156,419
Total Central Office Administrative	\$ 461,332	\$ 358,510	\$ 282,537
Area Office Administrative and Operating Expenses			
Leased accommodation	\$ 864,850	\$ 845,074	\$ 724,811
Telephone	130,600	115,758	124,372
Computer maintenance and support	96,285	44,814	38,599
Postage	34,800	33,279	31,446
Stationery and office supplies	83,750	71,542	81,068
Periodicals	20,700	23,404	20,116
Photocopying	39,398	40,767	39,140
Other operating expenses	126,473	121,786	158,742
Total Area Office Administrative and Operating Expenses	\$ 1,396,856	\$ 1,296,424	\$ 1,218,294

