

**THE SASKATCHEWAN LEGAL AID COMMISSION**

**FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2006**



SASKATCHEWAN

## Provincial Auditor 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, 2006 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, 2006 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 18, 2006

  
Fred Wendel, CMA, CA  
Provincial Auditor

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

	2006	2005
<b>ASSETS</b>		
Current		
Cash	\$ 911,588	\$ 965,628
Accounts receivable	108,404	47,592
Prepaid expense	116,616	112,028
Total current assets	1,136,608	1,125,248
Capital assets (Note 4)	206,460	197,280
	<u>\$ 1,343,068</u>	<u>\$ 1,322,528</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,257,094	\$ 947,332
Deferred contributions (Note 6)	39,600	48,922
Total current liabilities	1,296,694	996,254
<b>FUND BALANCES</b>		
Investment in capital assets fund	206,460	197,280
Operating fund - unrestricted	(160,086)	128,994
	46,374	326,274
	<u>\$ 1,343,068</u>	<u>\$ 1,322,528</u>

*See accompanying notes*

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

	2006			2005	
	Operating Fund Budget (note 11)	Operating Fund Actual	Investment in Capital Assets Fund Actual	Total	Total
Revenue: (Note 2)					
Department of Justice	\$ 15,996,000	\$ 16,146,000	\$ ---	\$ 16,146,000	\$14,295,000
Grants	60,000	72,113	---	72,113	43,104
Other	88,206	123,860	---	123,860	96,975
	<u>16,144,206</u>	<u>16,341,973</u>	<u>---</u>	<u>16,341,973</u>	<u>14,435,079</u>
Expenses:					
Salaries and employee benefits	11,627,386	11,838,251	---	11,838,251	10,322,921
Central Office administrative (Schedule 1)	721,691	755,731	6,814	762,545	501,500
Area Office administrative and operating expenses (Schedule 1)	1,821,951	1,787,430	61,837	1,849,267	1,488,906
Provision of legal services	1,333,000	1,490,168	---	1,490,168	1,515,704
Other legal expenses	200,772	201,388	---	201,388	179,160
Travel	497,400	478,695	---	478,695	455,994
Loss on disposal of fixed assets	---	---	1,559	1,559	107,942
	<u>16,202,200</u>	<u>16,551,663</u>	<u>70,210</u>	<u>16,621,873</u>	<u>14,572,127</u>
Deficiency of revenue over Expenses	(57,994)	(209,690)	(70,210)	(279,900)	(137,048)
Fund Balances, beginning of year	128,994	128,994	197,280	326,274	463,322
Transfer between funds (Note 12)	(71,000)	(79,390)	79,390	---	---
Fund Balances, end of year	\$ ---	\$ (160,086)	\$ 206,460	\$ 46,374	\$ 326,274

*See accompanying notes*

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

	2006	2005
Cash provided by (used in)		
<b>OPERATING ACTIVITIES</b>		
Appropriation funds received	\$ 16,096,000	\$ 14,465,000
Cash received from grants	62,191	53,026
Cash received from other income	102,020	93,947
Cash payments for salaries and benefits	(11,640,888)	(10,305,432)
Cash payments for other suppliers	(3,244,890)	(2,493,716)
Cash payments for legal services	(1,349,083)	(1,419,745)
Net cash provided by operating activities	25,350	393,080
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(79,390)	(72,823)
Net (decrease) increase in cash	(54,040)	320,257
Cash, beginning of year	965,628	645,371
Cash, end of year	\$ 911,588	\$ 965,628

*See accompanying notes*

**THE SASKATCHEWAN LEGAL AID COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2006**

*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 2006 amounted to \$472,024 (2005 - \$416,129).

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:

	2006			2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment and furniture	\$ 757,722	\$ 558,543	\$ 199,179	\$ 727,113	\$ 537,114	\$ 189,999
Library	907,799	900,518	7,281	907,799	900,518	7,281
	<u>\$1,665,521</u>	<u>\$1,459,061</u>	<u>\$ 206,460</u>	<u>\$1,634,912</u>	<u>\$ 1,437,632</u>	<u>\$ 197,280</u>

## 5. Accounts Payable and Accrued Liabilities

	2006	2005
Supplies and services	\$ 99,488	\$ 127,338
Accrued private solicitors' fees	690,751	549,666
Employee salaries and benefits	466,855	270,328
	<u>\$ 1,257,094</u>	<u>\$ 947,332</u>

Comparative figures have been reclassified to conform with current year presentation.

**6. Deferred Contributions**

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

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 48,922	\$ ---
Add: Grant contributions received in the year		
Law Foundation of Saskatchewan Legal Aid		
Endowment Fund Trust	62,791	92,026
Less: Amounts recognized as revenue in the year	<u>(72,113)</u>	<u>(43,104)</u>
Balance, end of year	<u>\$ 39,600</u>	<u>\$ 48,922</u>

**7. Measurement Uncertainty**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions on accrued private solicitor fees 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>2006</u>	<u>2005</u>
Expenses	\$ 1,304,051	\$ 1,136,887
Accounts payable	13,029	15,037
Accounts receivable	50,000	---

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>2006</u>	<u>2005</u>
Expenses	\$ 652,714	\$ 419,216
Other Revenue	600	430
Accounts payable	3,652	5,805

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 payments in the amount of \$89,788 (2005 - \$49,244) 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 2006 the Fund reimbursed the Commission \$64,756 (2005 - \$31,601) 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 cash to the Commission for approved grants in the amount of \$62,190 (2005-\$53,026). In addition, the Trust has approved grants which are recorded as receivable by the Commission at year end in the amount of \$39,600 (2005-\$39,000).

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 operating 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 \$79,390 (2005 - \$72,823) for the purchase of capital assets.

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

	<u>2006</u>	<u>2005</u>
	Operating Fund	Operating Fund
Central Office Administrative	<u>Budget</u>	<u>Actual</u>
Leased accommodation	\$ 48,118	\$ 45,582
Computer leases, maintenance, and support	75,970	100,548
Telephone	18,500	15,331
Postage	19,200	20,814
Stationery and office supplies	6,250	7,252
Periodicals	4,200	6,150
Photocopying	3,000	3,286
Other operating expenses	<u>546,453</u>	<u>554,216</u>
Total Central Office Administrative	<u>\$ 721,691</u>	<u>\$ 493,738</u>
Area Office Administrative and Operating Expenses		
Leased accommodation	\$ 1,167,314	\$ 840,292
Computer leases, maintenance, and support	205,030	154,147
Telephone	122,500	122,771
Postage	36,420	34,423
Stationery and office supplies	86,250	82,704
Periodicals	26,800	23,443
Photocopying	44,500	41,295
Other operating expenses	<u>133,137</u>	<u>128,926</u>
Total Area Office Administrative and Operating Expenses	<u>\$ 1,821,951</u>	<u>\$ 1,428,001</u>