

LANDLORD'S SELF-HELP CENTRE

FINANCIAL STATEMENTS

MARCH 31, 2021

Draft Statement Subject to Revision

HILBORN  **LLP**

Independent Auditor's Report

To the Board of Directors of Landlord's Self-Help Centre

Opinion

We have audited the financial statements of Landlord's Self-Help Centre (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and funds balance and 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 Organization as at March 31, 2021, 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.

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 Organization 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 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.

In preparing the financial statements, management is responsible for assessing the ability of the Organization 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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organization.

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 the 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 internal control of the Organization.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 ability of the Organization 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 Organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Toronto, Ontario
July 24, 2020

Chartered Professional Accountants
Licensed Public Accountants

LANDLORD'S SELF-HELP CENTRE

Statement of Financial Position

March 31, 2021

	General Fund \$	Capital Fund \$	Other Sources Fund \$	Total \$
ASSETS				
Current Assets				
Cash	7,539	-	157,814	165,353
Short-term deposits (note 3)	-	-	43,041	43,041
Accounts receivable	3,427	-	-	3,427
HST recoverable	4,201	-	64	4,265
Prepaid expenses	6,272	-	-	6,272
	21,439	-	200,919	222,358
Capital assets (note 4)	-	384	-	384
Total assets	21,439	384	200,919	222,742
LIABILITIES				
Current Liabilities				
Accounts payable	40,699	-	-	40,699
Inter-fund payable (receivable)	(2,814)	-	2,814	-
	37,885	-	2,814	40,699
FUNDS BALANCE (DEFICIT)	(16,446)	384	198,105	182,043
Total liabilities and funds balance	21,439	384	200,919	222,742

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director
Landlord's Self-Help Centre

LANDLORD'S SELF-HELP CENTRE

Statement of Financial Position

March 31, 2020

	General Fund \$	Capital Fund \$	Other Sources Fund \$	Total \$
ASSETS				
Current Assets				
Cash	18,244	-	91,296	109,540
Short-term deposits (note 3)	-	-	42,539	42,539
HST recoverable	4,918	-	332	5,250
Prepaid expenses	3,921	-	-	3,921
	27,083	-	134,167	161,250
Capital assets (note 4)	-	4,389	-	4,389
Total assets	27,083	4,389	134,167	165,639
LIABILITIES				
Current Liabilities				
Accounts payable	49,076	-	-	49,076
Inter-fund payable (receivable)	(275)	-	275	-
	48,801	-	275	49,076
FUNDS BALANCE (DEFICIT)	(21,718)	4,389	133,892	116,563
Total liabilities and funds balance	27,083	4,389	134,167	165,639

The accompanying notes are an integral part of these financial statements

LANDLORD'S SELF-HELP CENTRE

Statement of Operations and Funds Balance

Year ended March 31, 2021

	General Fund \$	Capital Fund \$	Other Sources Fund \$	Total \$
Revenues				
Legal Aid Ontario				
-direct receipts	550,336	-	-	550,336
-indirect receipts (note 5)	22,291	-	-	22,291
Memberships and donations	-	-	119,099	119,099
Kit recoveries	-	-	74	74
Government subsidy	6,875	-	-	6,875
Other income	9	-	-	9
	579,511	-	119,173	698,684
Expenses				
Salaries	436,428	-	-	436,428
Benefits	75,691	-	-	75,691
Professional dues	5,174	-	-	5,174
Travel	299	-	-	299
Communications	4,187	-	-	4,187
Accommodations	76,203	-	-	76,203
Equipment	1,037	-	-	1,037
Supplies and services	3,762	-	-	3,762
Audit fees	3,149	-	-	3,149
Indirect payments (note 5)	22,291	-	-	22,291
Project expenses	-	-	978	978
Amortization	-	4,005	-	4,005
	628,221	4,005	978	633,204
Excess of revenues over expenses (expenses over revenues)	(48,710)	(4,005)	118,195	65,480
Transfer to General Fund (note 7)	53,982	-	(53,982)	-
Funds balance (deficit), beginning of year	(21,718)	4,389	133,892	116,563
Funds balance (deficit), end of year	(16,446)	384	198,105	182,043

The accompanying notes are an integral part of these financial statements

LANDLORD'S SELF-HELP CENTRE

Statement of Operations and Funds Balance

Year ended March 31, 2020

	General Fund \$	Capital Fund \$	Other Sources Fund \$	Total \$
Revenues				
Legal Aid Ontario				
-direct receipts	511,171	-	-	511,171
-indirect receipts (note 5)	24,904	-	-	24,904
Memberships and donations	-	-	49,253	49,253
Kit recoveries	-	-	660	660
Other income	278	-	250	528
	536,353	-	50,163	586,516
Expenses				
Salaries	431,161	-	-	431,161
Benefits	75,854	-	-	75,854
Professional dues	5,750	-	-	5,750
Legal fees	1,433	-	-	1,433
Travel	2,532	-	-	2,532
Communications	11,150	-	-	11,150
Accommodations	74,979	-	-	74,979
Equipment	1,588	-	-	1,588
Supplies and services	6,265	-	-	6,265
Audit fees	2,754	-	-	2,754
Indirect payments (note 5)	24,904	-	-	24,904
Project expenses	-	-	4,923	4,923
Amortization	-	4,939	-	4,939
	638,370	4,939	4,923	648,232
Excess of revenues over expenses (expenses over revenues)	(102,017)	(4,939)	45,240	(61,716)
Transfer to General Fund (note 7)	75,000	-	(75,000)	-
Funds balance, beginning of year	5,299	9,328	163,652	178,279
Funds balance (deficit), end of year	(21,718)	4,389	133,892	116,563

The accompanying notes are an integral part of these financial statements

LANDLORD'S SELF-HELP CENTRE

Statement of Cash Flows

Year ended March 31	2021 \$	2020 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	65,480	(61,716)
Item not affecting cash		
Amortization	4,005	4,939
	69,485	(56,777)
Changes in non-cash working capital		
Increase in accounts receivable	(3,427)	-
Decrease in HST recoverable	982	661
Decrease (increase) in prepaid expenses	(2,351)	4,914
Increase (decrease) in accounts payable	(8,377)	7,030
	56,312	(44,172)
Cash flows from investing activities		
Increase in short-term deposits	(502)	(275)
	(502)	(275)
Net change in cash	55,810	(44,447)
Cash, beginning of year	109,540	153,987
Cash, end of year	165,350	109,540

The accompanying notes are an integral part of these financial statements

LANDLORD'S SELF-HELP CENTRE

Notes to Financial Statements

March 31, 2021

Landlord's Self-Help Centre (the "Organization"), is incorporated without share capital under the laws of the Province of Ontario. The Organization was formed to provide information and support for landlords and homeowners on a not-for-profit basis, to educate members of the community in landlord and tenant relations, to assist such persons in their dealings at various government levels and is primarily funded by Legal Aid Ontario.

The Organization qualifies as a not-for-profit organization under the Income Tax Act and is exempt from corporate income tax.

1. Significant accounting policies

a) Fund accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. The Organization follows the restricted fund method of accounting for contributions whereby all contributions are recognized as revenue when received or receivable. All the funds described below, except as noted, are restricted as to use by various agreements between the Organization and Legal Aid Ontario ("LAO") and title to the Organization assets vests with the funder.

i) LAO General Fund

These funds are used to provide a range of legal and paralegal services, to provide information, support and educational initiatives to landlords, homeowners, and members of the community.

ii) LAO Capital Fund

This fund holds the capital assets of the Organization that have been funded by Legal Aid Ontario.

iii) Other Sources Fund

These funds are composed of government grants, receipts from individuals and corporations and sales of self-help kits. The funds are used to enhance the activities of the Organization as directed by the board of directors.

b) Government assistance

In addition to its regular program funding the Organization may also receive non-program specific government assistance. Government assistance is recognized as revenue when the related expenses are incurred or when there is reasonable assurance that the Organization has complied with or will comply with all conditions of the assistance, and collection is reasonably assured. During the year, the Organization received \$6,875 under the Temporary Wage Subsidy Program as a result of the Covid-19 pandemic and this amount is recorded as revenue in the General fund.

LANDLORD'S SELF-HELP CENTRE

Notes to Financial Statements (continued)

March 31, 2021

1. Significant accounting policies (continued)

c) Short-term deposits

Short-term deposits consist of term deposits and guaranteed investment certificates with maturity dates less than twelve months from the date of acquisition.

d) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as capital assets, otherwise, costs are expensed as incurred. The cost of capital assets comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are presented at cost less accumulated amortization and accumulated impairment losses.

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the capital assets to its fair value. Any impairment of capital assets is charged to operations in the period in which the impairment is determined.

An impairment loss is not reversed if the fair value of the capital assets subsequently increases.

The Organization provides for amortization using methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. Amortization is provided on a straight-line basis, over the following periods:

Computer equipment	- 3 years
Office equipment	- 5 years

e) Financial instruments

i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

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

Financial assets measured at amortized cost include cash, short-term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

LANDLORD'S SELF-HELP CENTRE

Notes to Financial Statements (continued)

March 31, 2021

1. Significant accounting policies (continued)

e) Financial instruments (continued)

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations and funds balance. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations and funds balance up to the amount of the previously recognized impairment.

Draft Statement Subject to Revision

LANDLORD'S SELF-HELP CENTRE

Notes to Financial Statements (continued)

March 31, 2021

2. Financial instrument risk management

The Organization may be exposed to various risks through its financial instruments including credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk):

Credit risk

Credit risk is the risk that the counterpart to a financial instrument will fail to discharge an obligation that is entered into with the Organization. The Organization is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization is not exposed to significant liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk, currency risk, and other price risk. The Organization is not exposed to significant market risk.

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies.

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

Changes in risk

There have been no changes in the Organization's risk exposures from the prior year.

3. Short-term deposits

Short-term deposits have effective interest rates ranging from 0.20% to 0.90% (2020 - 0.20% to 1.50%) and maturity dates ranging from June 12, 2021 to March 25, 2022 (2020 - June 12, 2020 to March 25, 2021).

LANDLORD'S SELF-HELP CENTRE

Notes to Financial Statements (continued)

March 31, 2021

4. Capital assets

	2021		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	43,168	43,168	-
Office equipment	13,171	12,787	384
	56,339	55,955	384

	2020		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	43,168	40,864	2,304
Office equipment	13,171	11,086	2,085
	56,339	51,950	4,389

5. Indirect payments

Legal Aid Ontario administers and makes payments on behalf of the Organization for the following expenditures:

General Fund	2021	2020
	\$	\$
Pension and group insurance	289	435
Supplies and services	22,002	24,469
	22,291	24,904

6. Commitments

The Organization is a member of the Co-operative of Specialty Community Legal Clinics of Ontario Inc. (the "Co-op") located at 55 University Avenue in Toronto. Under the terms of the membership agreement, the Organization is committed to paying certain joint expenses on a cost recovery basis along with the other members of the Co-op until August 31, 2031. Rent costs under the membership agreement totalled \$76,050 (2020 - \$74,074).

7. Transfer to General Fund

These transfers were made with the approval of the Board of Directors to cover shortfalls in funding in the General Fund.

HILBORN

LISTENERS. THINKERS. DOERS.