

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

FINANCIAL STATEMENTS

March 31, 2026

HILBORN_{LLP}

Independent Auditor's Report

To the Board of Directors of South Etobicoke Community Legal Services

Opinion

We have audited the financial statements of South Etobicoke Community Legal Services (the "Organization"), which comprise the statement of financial position as at March 31, 2026, 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, 2026, 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.

Independent Auditor's Report (continued)

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

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.
- 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 30, 2026

Chartered Professional Accountants
Licensed Public Accountants

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Statement of Financial Position

March 31, 2026

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Fund \$	Total \$
ASSETS					
Current Assets					
Cash	15,651	2,523	-	1,969	20,143
HST recoverable	7,471	-	-	-	7,471
Prepaid expenses	21,223	-	-	-	21,223
	44,345	2,523	-	1,969	48,837
Capital assets (note 3)	-	-	5,961	-	5,961
Total assets	44,345	2,523	5,961	1,969	54,798
LIABILITIES					
Current Liabilities					
Accounts payable (note 6)	38,969	-	-	-	38,969
Inter-fund payable (receivable)	218	(218)	-	-	-
	39,187	(218)	-	-	38,969
FUNDS BALANCE	5,158	2,741	5,961	1,969	15,829
Total liabilities and funds balance	44,345	2,523	5,961	1,969	54,798

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:



Laura Faiczak (Aug 21, 2026 13:33:20 EDT)

Director and Treasurer: Laura Faiczak
South Etobicoke Community Legal Services
August 21, 2026

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Statement of Financial Position

March 31, 2025

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Fund \$	Total \$
ASSETS					
Current Assets					
Cash	22,222	1,781	-	2,005	26,008
HST recoverable	6,435	-	-	-	6,435
Prepaid expenses	20,945	-	-	-	20,945
	49,602	1,781	-	2,005	53,388
Capital assets (note 3)	-	-	6,368	-	6,368
Total assets	49,602	1,781	6,368	2,005	59,756
LIABILITIES					
Current Liabilities					
Accounts payable (note 6)	34,426	-	-	-	34,426
Inter-fund payable (receivable)	74	(74)	-	-	-
	34,500	(74)	-	-	34,426
FUNDS BALANCE	15,102	1,855	6,368	2,005	25,330
Total liabilities and funds balance	49,602	1,781	6,368	2,005	59,756

The accompanying notes are an integral part of these financial statements

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Statement of Operations and Funds Balance

Year ended March 31, 2026

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Fund \$	Total \$
Revenues					
Legal Aid Ontario					
-direct receipts	797,308	14,300	-	-	811,608
-indirect receipts (note 4)	61,756	-	-	-	61,756
Recovered from clients	-	3,350	-	-	3,350
Other	8	-	-	-	8
	859,072	17,650	-	-	876,722
Expenses					
Salaries	575,994	-	-	-	575,994
Benefits (note 8)	85,517	-	-	-	85,517
Professional dues	9,558	-	-	-	9,558
Legal fees	1,472	-	-	-	1,472
Communications	4,733	-	-	-	4,733
Accommodations	83,172	-	-	-	83,172
Equipment	2,057	-	-	-	2,057
Library	480	-	-	-	480
Supplies and services	22,571	-	-	-	22,571
Audit fees	12,210	-	-	-	12,210
Indirect payments (note 4)	61,756	-	-	-	61,756
Legal disbursements	-	16,764	-	-	16,764
Other expenses	-	-	-	36	36
Amortization	-	-	6,175	-	6,175
	859,520	16,764	6,175	36	882,495
Excess of revenues over expenses (expenses over revenues)	(448)	886	(6,175)	(36)	(5,773)
Transfer to Capital Fund (note 7)	(5,768)	-	5,768	-	-
Return of funding to Legal Aid Ontario	(3,728)	-	-	-	(3,728)
Funds balance, beginning of year	15,102	1,855	6,368	2,005	25,330
Funds balance, end of year	5,158	2,741	5,961	1,969	15,829

The accompanying notes are an integral part of these financial statements

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Statement of Operations and Funds Balance

Year ended March 31, 2025

	General Fund \$	Legal Disbursements Fund \$	Capital Fund \$	Non-LAO Fund \$	Total \$
Revenues					
Legal Aid Ontario					
-direct receipts	781,675	13,900	-	-	795,575
-indirect receipts (note 4)	54,131	-	-	-	54,131
Recovered from clients	-	3,408	-	-	3,408
Other	-	-	-	126	126
	835,806	17,308	-	126	853,240
Expenses					
Salaries	568,222	-	-	-	568,222
Benefits (note 8)	82,977	-	-	-	82,977
Professional dues	9,248	-	-	-	9,248
Legal fees	14,408	-	-	-	14,408
Communications	3,114	-	-	-	3,114
Accommodations	90,512	-	-	-	90,512
Equipment	2,149	-	-	-	2,149
Library	339	-	-	-	339
Supplies and services	14,982	-	-	-	14,982
Audit fees	4,885	-	-	-	4,885
Indirect payments (note 4)	54,131	-	-	-	54,131
Legal disbursements	-	15,730	-	-	15,730
Other expenses	-	-	-	36	36
Amortization	-	-	8,850	-	8,850
	844,967	15,730	8,850	36	869,583
Excess of revenues over expenses					
(expenses over revenues)	(9,161)	1,578	(8,850)	90	(16,343)
Return of funding to Legal Aid Ontario	(5,569)	-	-	-	(5,569)
Funds balance, beginning of year	29,832	277	15,218	1,915	47,242
Funds balance, end of year	15,102	1,855	6,368	2,005	25,330

The accompanying notes are an integral part of these financial statements

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Statement of Cash Flows

Year ended March 31	2026	2025
	\$	\$
Cash flows from operating activities		
Excess of expenses over revenues for year	(5,773)	(16,343)
Return of funding to Legal Aid Ontario	(3,728)	(5,569)
Item not affecting cash		
Amortization of capital assets	6,175	8,850
	(3,326)	(13,062)
Changes in non-cash working capital		
Decrease in accounts receivable	-	11,804
Decrease (increase) in HST recoverable	(1,036)	2,668
Increase in prepaid expenses	(278)	(593)
Increase (decrease) in accounts payable	4,543	(3,560)
	(97)	(2,743)
Cash flows from investing activities		
Purchase of capital assets	(5,768)	-
Net change in cash	(5,865)	(2,743)
Cash, beginning of year	26,008	28,751
Cash, end of year	20,143	26,008

The accompanying notes are an integral part of these financial statements

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Notes to Financial Statements

March 31, 2026

South Etobicoke Community Legal Services (the "Organization"), is incorporated without share capital under the laws of the Province of Ontario. The Organization was formed to provide equal access to quality legal services for the low-income members of the South Etobicoke community and is primarily funded by Legal Aid Ontario.

The Organization is a registered charity and is exempt from taxation under the Income Tax Act.

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. Inter-fund payables and receivables do not have specific repayment terms.

i) General Fund

These funds are used to provide a range of legal and paralegal services, including information, advice and representation, to low-income individuals and families.

ii) Legal Disbursements Fund

These funds are used to provide for certain direct expenses incurred in representing Organization clients in legal proceedings. Disbursements recovered from clients are recorded in revenue when received.

iii) Capital Fund

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

iv) Non-LAO Fund

These funds are received from non-LAO sources and are used to fund expenditures as approved by the Board of Directors and as per project funding agreements.

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Notes to Financial Statements (continued)

March 31, 2026

1. Significant accounting policies (continued)

b) Contributed materials and services

From time to time, the Organization may receive contributed materials and services used in the normal course of operations. The value of these contributions are not recognized in the financial statements.

c) 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
Telephone equipment	- 5 years
Leasehold improvements	- over the term of the lease

d) 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.

Financial liabilities measured at amortized cost include accounts payable.

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Notes to Financial Statements (continued)

March 31, 2026

1. Significant accounting policies (continued)

d) 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.

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).

(a) 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.

(b) 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.

(c) 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.

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Notes to Financial Statements (continued)

March 31, 2026

2. Financial instrument risk management (continued)

Changes in risk

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

3. Capital assets

	2026		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	103,289	103,289	-
Office equipment	52,588	47,974	4,614
Telephone equipment	6,049	6,049	-
Leasehold improvements	24,937	23,590	1,347
	<u>186,863</u>	<u>180,902</u>	<u>5,961</u>

	2025		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	103,289	99,615	3,674
Office equipment	46,820	46,820	-
Telephone equipment	6,049	6,049	-
Leasehold improvements	24,937	22,243	2,694
	<u>181,095</u>	<u>174,727</u>	<u>6,368</u>

4. Indirect payments

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

General Fund

	2026	2025
	\$	\$
Pension and group insurance	124	77
Supplies and services	61,461	53,423
Library expenses	171	631
	<u>61,756</u>	<u>54,131</u>

SOUTH ETOBICOKE COMMUNITY LEGAL SERVICES

Notes to Financial Statements (continued)

March 31, 2026

5. Lease commitments

The Organization is committed to lease its premises until November 30, 2027. Minimum lease payments including common area maintenance and realty taxes are as follows:

2027	\$ 92,845
2028	<u>64,505</u>
	<u>\$ 157,350</u>

6. Accounts payable

Included in accounts payable are government remittances in the amounts of \$19,373 (2025 - \$19,208).

7. Transfer to Capital Fund

During the year, the Organization transferred \$5,768 (2025 - \$nil) from the General Fund to the Capital Fund for the purchase of capital assets.

8. Employee future benefits

On January 1, 2025, employees of the Organization became members of the Colleges of Applied Arts and Technology DBplus Pension Plan (the "Plan"), which is a multi-employer, jointly-sponsored defined benefit pension plan. The Organization makes contributions to the Plan equal to 5.5% of employees' salaries. The Organization does not recognize any share of the Plan's pension surplus or deficit, and it is accounted for as a defined contribution plan as there is not sufficient information available to use defined benefit plan accounting. The most recent actuarial valuation filed with pension regulators as of January 1, 2026 indicated an actuarial surplus on a going concern basis of \$6.75 billion. The amount of contribution made by the Organization in the year was \$30,350 (2025 - \$7,668).

Prior to becoming members of the Plan, the Organization contributed \$nil (2025 - \$22,094) to employee RRSP's.

Both of these employee future benefits are included in benefits expense in the statement of operations and funds balance.

HILBORN

LISTENERS. THINKERS. DOERS.

SECLS 2025-26 final audited financial statements

Final Audit Report

2026-08-21

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