

GUYANA LEGAL AID CLINIC INC.

DECEMBER 31, 2009

AUDITED FINANCIAL STATEMENTS



RAM & McRAE
CHARTERED ACCOUNTANTS
PROFESSIONAL SERVICES FIRM

157 'C' Waterloo Street
North Cummingsburg
Georgetown

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**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
GUYANA LEGAL AID CLINIC INC.**

We have audited the accompanying financial statements of **Guyana Legal Aid Clinic Inc**, which comprise the statement of financial position as at December 31, 2009, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

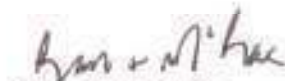
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act 1991. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including, the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements on pages 1 to 9 present fairly, in all material aspects, the financial position of Guyana Legal Aid Clinic Inc, as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act 1991.



RAM & McRAE
CHARTERED ACCOUNTANTS
PROFESSIONAL SERVICES FIRM
157 'C' WATERLOO STREET
GEORGETOWN, GUYANA

August 31, 2010

Guyana Legal Aid Clinic Inc.
Statement of Financial Position
As at December 31, 2009

	Notes	2009 G\$	2008 G\$
ASSETS			
Non-current asset			
Office Furniture and equipment	3	3,720,540	3,992,984
Current assets			
Accounts receivable		206,134	186,332
Cash and cash equivalents	4	30,009,062	22,984,125
Total current assets		<u>30,215,196</u>	<u>23,170,457</u>
Total assets		<u>33,935,736</u>	<u>27,163,441</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		25,801,457	19,679,629
Non-current liability			
Deferred income	5	1,418,132	1,851,480
Current liabilities			
Deferred income	6	6,267,432	5,491,127
Accounts payable		448,715	141,205
Total current liabilities		<u>6,716,147</u>	<u>5,632,332</u>
Total Equity & Liabilities		<u>33,935,736</u>	<u>27,163,441</u>

The notes on pages 5 to 9 form an integral part of these financial statements.


Director


Treasurer

Guyana Legal Aid Clinic Inc.
Statement of Comprehensive Income
For the year ended December 31, 2009

	Notes	2009 GS	2008 GS
Income			
Grants	7	38,247,694	32,685,190
Consultancy fees		1,087,000	898,000
Legal fees	8	5,145,287	4,606,016
Donations		112,000	300,000
Other income		1,260,598	1,181,422
Total income		<u>45,852,579</u>	<u>39,670,628</u>
Expenses			
Employment costs	9	31,799,682	27,408,845
Operating expenses	10	3,541,053	2,340,318
Administrative expenses	11	4,390,016	2,802,869
Total expenses		<u>39,730,751</u>	<u>32,552,032</u>
Surplus for the period		<u>6,121,828</u>	<u>7,118,596</u>

The notes on pages 5 to 9 form an integral part of these financial statements.

Guyana Legal Aid Clinic Inc.
Statement of Changes in Equity
For the year ended December 31, 2009

	Accumulated Fund GS	Total GS
At January 01, 2008	12,561,033	12,561,033
Surplus for the year	7,118,596	7,118,596
At December 31, 2008	<u>19,679,629</u>	<u>19,679,629</u>
Surplus for the year	6,121,828	6,121,828
At December 31, 2009	<u>25,801,457</u>	<u>25,801,457</u>

The notes on pages 5 to 9 form an integral part of these financial statements.

Guyana Legal Aid Clinic Inc.
Statement of Cash Flows
For the year ended December 31, 2009

	2009	2008
	GS	GS
Cash flows from operating activities		
Surplus for the period	6,121,828	7,118,596
<i>Adjustments for:</i>		
Deferred income	(433,348)	1,547,456
Depreciation	1,640,258	931,265
Operating surplus before working capital changes	7,328,738	9,597,317
(Increase)/decrease in accounts receivable	(19,802)	78,254
(Decrease)/increase in deferred income	776,305	(26,969,121)
Increase in accounts payable	307,510	54,138
Cash generated from/(used in) operating activities	8,392,751	(17,239,412)
Cash flows from investing activity		
Purchase of office furniture and equipment	(1,367,814)	(2,797,107)
Net (decrease)/increase in cash and cash equivalents	7,024,937	(20,036,519)
Cash and cash equivalents at January 1,	22,984,125	43,020,644
Cash and cash equivalents at December 31,	30,009,062	22,984,125
Analysis of cash and cash equivalents as shown on the statement of financial position		
Cash in hand	92,988	111,855
Cash at bank	29,916,074	22,872,270
Total	30,009,062	22,984,125

The notes on pages 5 to 9 form an integral part of these financial statements.

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2009.

1. Incorporation and principal activity

The company was incorporated in the Co-operative Republic of Guyana on February 16, 1993 under the Companies Act Cap: 89:01 as a company limited by guarantee and was continued under the Companies Act 1991 on January 5, 1996. Operations commenced during March 1994.

The principal objective of the company is to provide free or subsidised legal advice and representation to persons, who because of lack of means would otherwise have their need for such advice and representation unmet, and to refer persons requiring non-legal help to appropriate agencies.

The company's registered office is located at First Floor, Eastern Section, Maraj Building, Charlotte & King Streets, Georgetown, Guyana.

These financial statements were approved by the Board of Directors on August 12, 2010.

2. Statement of accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with and comply with the International Financial Reporting Standard for Small and Medium-sized Entities. The financial statements have been prepared under the historical cost convention.

During the current period the company adopted the International Financial Reporting Standard for Small and Medium-sized Entities. There were no effect on current or prior period earnings. There was however, certain changes in presentation of these financial statements.

(b) Income and expenditure

Income and expenditure are dealt with in these financial statements on the accrual basis.

(c) Revenue recognition

Revenue from services are recognised when the service has been rendered. Donations, other than capital donations, are recognised when received. Income from grants, other than capital grants, are recognised in income to the extent utilised. Any unutilised amounts are credited to deferred income.

Guyana Legal Aid Clinic Inc.

Notes to the financial statements

For the year ended December 31, 2009

2. Statement of accounting policies continued

(d) Capital donations

Capital donations comprise the estimated or actual (if available) acquisition cost of office furniture and equipment donated in-kind as well as cash donations and grants received specifically for the acquisition of office furniture and equipment. Capital donation of non-depreciable assets are credited to capital reserve. Capital donation of depreciable assets are credited to deferred income with an amount equivalent to their annual depreciation charge transferred to their income and expenditure account each year.

(e) Reporting currency

These financial statements are stated in Guyana dollars. Foreign currency transactions during the year are translated at the exchange rates ruling at the dates of these transactions. Any gains or losses arising from these conversions are accounted for in the income statement in the period which they were incurred. Monetary assets and liabilities in foreign currencies at the statement of financial position date are translated at the rates prevailing at the end of the year.

(f) Office furniture and equipment

Office furniture and equipment are stated at historical cost. Depreciation is provided for on the straight line basis at rates sufficient to write off the cost of the assets over their estimated useful lives. A full year's depreciation is charged in the year of acquisition and none in the year of disposal. The rate used is as follows:

Office furniture and equipment 20%

3. Office furniture and equipment

	Office furniture GS	Office equipment GS	Total GS
Cost			
At January 1, 2009	3,214,370	4,036,945	7,251,315
Additions	50,825	1,316,989	1,367,814
At December 31, 2009	<u>3,265,195</u>	<u>5,353,934</u>	<u>8,619,129</u>
Depreciation			
At January 1, 2009	917,841	2,340,490	3,258,331
Charges for the year	308,049	1,332,209	1,640,258
At December 31, 2009	<u>1,225,890</u>	<u>3,672,699</u>	<u>4,898,589</u>
Net book value			
At December 31, 2009	<u>2,039,305</u>	<u>1,681,235</u>	<u>3,720,540</u>
At January 1, 2009	<u>2,296,529</u>	<u>1,696,455</u>	<u>3,992,984</u>

Guyana Legal Aid Clinic Inc.
Notes to the financial statements
For the year ended December 31, 2009

4. Cash and cash equivalents	2009	2008
	G\$	G\$
Cash on hand and deposits held with financial institutions:		
Cash on hand	92,988	111,855
Deposits	29,916,074	22,872,270
Total	<u>30,009,062</u>	<u>22,984,125</u>

Included in deposits are grants received but not utilised as detailed in note 7.

5. Deferred income (non-current)		
Donated depreciable assets	<u>1,418,132</u>	<u>1,851,480</u>

This is amortised and charged to the statement of comprehensive income at the rate the asset is depreciated.

6. Deferred income (current)		
This represents grants received but not utilised at the end of the period:		
UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	2,222,940	1,012,329
Ministry of Human Services and Social Security	4,044,492	4,478,798
Total funds not utilised	<u>6,267,432</u>	<u>5,491,127</u>

Please refer to note 7 for additional information on the UNICEF funded Children's Legal Aid Project. The amount received from the Ministry of Human Services and Social Security and deferred represents funding received pursuant to a Memorandum of Understanding between the Company and the Ministry dated 14 March 2008 for the purpose of enabling the Company to continue in operation and expand its services.

7. Grants		
This balance comprises monies received from the following parties:		
(i) USAID/GDCCR Project	-	510,811
(ii) Ministry of Human Services and Social Security	32,434,305	27,521,202
(iii) UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	5,813,389	4,653,177
	<u>38,247,694</u>	<u>32,685,190</u>

Guyana Legal Aid Clinic Inc.

Notes to the financial statements

For the year ended December 31, 2009

7. Grants continued

- (i) This represents a grant received from the Guyana Democratic Consolidation and Conflict Resolution Project (GDCCR) of the United States Agency for International Development (USAID) to enable the company to continue in operation and expand its services.
- (ii) This represents an annual subvention received from the Government of Guyana through the Ministry of Human Services and Social Security to fund day-to-day activities of the company. The annual income is \$32Mn and the unutilised amount is \$4Mn and is accounted for as deferred income. These were utilised in January and February 2010.

The lease rental for the premises occupied by the company is funded by the Ministry of Human Services and Social Security.

- (iii) These represent funds provided by UNICEF for the purpose of providing legal aid services to children. Provision of the services began in September 2007 by agreement with the Ministry of Culture, Youth and Sport (which had received funds from UNICEF for the establishment of a children's legal aid service) and the original 12 months of the project has been extended by consensus.

8. Legal fees

clients.

9. Employment costs

	2009	2008
	G\$	G\$
Salaries	26,486,877	20,966,244
Allowances	4,212,910	5,414,262
Employer's NIS Contribution	959,695	761,609
Training & Accomodation	140,200	266,730
Total	<u>31,799,682</u>	<u>27,408,845</u>

During the period, the company employed 14 persons (2008 - 12). From September to December 2009, the company had the no-cost services of an intern under the Canadian Bar Association's International Youth Internship Programme.

Key management personnel compensation	<u>8,409,615</u>	<u>6,523,285</u>
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No remuneration was paid to the Directors during the period.

Guyana Legal Aid Clinic Inc.**Notes to the financial statements**

For the year ended December 31, 2009

	2009	2008
	GS	GS
9. Operating expenses		
Depreciation	1,206,910	857,945
Transportation	1,124,334	11,420
Rent	835,200	695,800
Affidavit fees	269,769	209,845
Legal services	35,730	277,785
Repairs and maintenance - equipment	59,160	192,224
Repairs and maintenance - building	9,950	82,699
Repairs and maintenance - furniture	-	12,600
Total	<u><u>3,541,053</u></u>	<u><u>2,340,318</u></u>
10 Administrative expenses		
Office expenses	1,463,033	1,305,975
Advertising	1,329,436	63,007
Telephone	339,502	292,033
Electricity	263,036	455,198
Insurance	175,686	130,660
Communication costs	168,485	143,760
Security	106,869	79,692
Miscellaneous	62,068	26,390
Meals and entertainment	43,850	17,650
Photocopying and postage	25,102	53,873
Financial charges	296,949	234,631
Audit fees	116,000	-
Total	<u><u>4,390,016</u></u>	<u><u>2,802,869</u></u>

11. Taxation

On July 7, 1994 the company received approval from the Ministry of Finance to be deemed as a charitable organisation. The company is therefore exempt from Corporation and Property Taxes.

12 Profit before taxation

Included therein are the following charges:

Depreciation	1,206,910	857,945
Auditors' remuneration	116,000	-