

GUYANA LEGAL AID CLINIC INC.

DECEMBER 31, 2010

AUDITED FINANCIAL STATEMENTS



RAM & McRAE
PROFESSIONAL SERVICES FIRM
CHARTERED ACCOUNTANTS

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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, 2010, and the statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 the audit to obtain reasonable assurance about 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 the 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 the 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 the entity's 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 the 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 respects, the financial position of **Guyana Legal Aid Clinic Inc.** as at December 31, 2010, and its financial performance and cash flows for the year then ended in accordance with the 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

May 19, 2011

Guyana Legal Aid Clinic Inc.
Statement of Financial Position
As at December 31, 2010

	Notes	2010 GS	2009 GS
ASSETS			
Non-current asset			
Office furniture and equipment	3	3,262,830	4,153,888
Current assets:			
Accounts receivable		191,993	206,134
Cash and cash equivalents	4	28,029,824	30,009,062
Total current assets		<u>28,221,817</u>	<u>30,215,196</u>
Total assets		<u>31,484,647</u>	<u>34,369,084</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		29,635,600	26,234,805
Non-current liability			
Deferred income	5	1,134,506	1,418,132
Current liabilities			
Deferred income	6	385,835	6,267,432
Accounts payable		328,706	448,715
Total current liabilities		<u>714,541</u>	<u>6,716,147</u>
Total Equity & Liabilities		<u>31,484,647</u>	<u>34,369,084</u>

The notes on pages 4 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, 2010

	Notes	2010 GS	2009 GS
Income			
Grants	7	42,420,423	38,681,042
Consultancy fees		1,267,500	1,087,000
Legal fees	8	4,495,100	5,145,287
Donations		123,680	112,000
Other income		1,319,188	1,260,598
Total income		<u>49,625,891</u>	<u>46,285,927</u>
Expenses			
Employment costs	9	37,491,999	31,799,682
Operating expenses	10	4,964,574	3,541,053
Administrative expenses	11	3,768,523	4,390,016
Total expenses		<u>46,225,096</u>	<u>39,730,751</u>
Surplus for the period		<u>3,400,795</u>	<u>6,555,176</u>
Accumulated fund at January 1,		26,234,805	19,679,629
Accumulated fund at December 31,		<u>29,635,600</u>	<u>26,234,805</u>

The notes on pages 4 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, 2010

	2010 GS	2009 GS
Cash flows from operating activities:		
Surplus for the period	3,400,795	6,555,176
<i>Adjustments for:</i>		
Grants recognised in income	(42,420,423)	(38,681,043)
Grants received	36,255,200	39,024,000
Depreciation	1,285,875	1,206,910
Operating surplus before working capital changes	<u>(1,478,553)</u>	<u>8,105,043</u>
Decrease in accounts receivable	14,141	(19,802)
Increase/(decrease) in accounts payable	(120,009)	307,510
Cash generated (used in) operating activities	<u>(1,584,421)</u>	<u>8,392,751</u>
Cash flows from investing activity		
Purchase of office furniture and equipment	(394,817)	(1,367,814)
Net decrease in cash and cash equivalents	<u>(1,979,238)</u>	<u>7,024,937</u>
Cash and cash equivalents at January 1,	30,009,062	22,984,125
Cash and cash equivalents at December 31,	<u>28,029,824</u>	<u>30,009,062</u>
Analysis of cash and cash equivalents as shown on the statement of financial position		
Cash in hand	133,871	92,988
Cash at bank	27,895,953	29,916,074
Total	<u>28,029,824</u>	<u>30,009,062</u>

The notes on pages 4 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, 2010

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 19th May, 2011.

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.

(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, 2010

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, 2010	3,265,195	5,353,934	8,619,129
Additions	8,120	386,697	394,817
At December 31, 2010	<u>3,273,315</u>	<u>5,740,631</u>	<u>9,013,946</u>
Depreciation			
At January 1, 2010	1,105,354	3,359,887	4,465,241
Charges for the year	189,138	1,096,737	1,285,875
At December 31, 2010	<u>1,294,492</u>	<u>4,456,624</u>	<u>5,751,116</u>
Net book value			
At December 31, 2010	<u>1,978,823</u>	<u>1,284,007</u>	<u>3,262,830</u>
At January 1, 2010	<u>2,159,841</u>	<u>1,994,047</u>	<u>4,153,888</u>

Guyana Legal Aid Clinic Inc.
Notes to the financial statements
For the year ended December 31, 2010

4. Cash and cash equivalents	2010	2009
	G\$	G\$
Cash on hand and deposits held with financial institutions:		
Cash on hand	133,871	92,988
Deposits	27,895,953	29,916,074
Total	<u>28,029,824</u>	<u>30,009,062</u>

Included in deposits are grants received but not utilised as detailed in note 6.

5. Deferred income (non-current)

Donated depreciable assets	<u>1,134,506</u>	<u>1,418,132</u>
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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)	385,835	2,222,940
Ministry of Human Services and Social Security	-	4,044,492
Total funds not utilised	<u>385,835</u>	<u>6,267,432</u>

Please refer to note 7 for additional information on these grants.

7. Grants

This balance comprises grants recognised in income as follows:

(i) USAID/GDCCR Project	283,626	433,348
(ii) Ministry of Human Services and Social Security	36,382,492	32,434,305
(iii) UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	5,754,305	5,813,389
	<u>42,420,423</u>	<u>38,681,042</u>

- (i) This represents amount recognised from a capital grant received from the Guyana Democratic Consolidation and Conflict Resolution Project (GDCCR) of the United States Agency for International Development (USAID).

Guyana Legal Aid Clinic Inc.
Notes to the financial statements
For the year ended December 31, 2010

7. Grants continued

- (ii) This represents amount recognised from the 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. This funding is provided pursuant to a Memorandum of Understanding between the Company and the Ministry dated March 14, 2009. Total cash received during the period was \$32,338,000 and was fully utilised at December 31, 2010.

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

- (iii) This represents amounts recognised from 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

The company charges a nominal fee to clients.

9. Employment costs

	2010	2009
	GS	GS
Salaries	30,626,730	26,486,877
Allowances	5,673,026	4,212,910
Employer's NIS Contribution	1,145,843	959,695
Training & Accommodation	46,400	140,200
Total	<u>37,491,999</u>	<u>31,799,682</u>

During the period, the company employed 16 persons (2009 - 12). From September 2009 to November 2010, 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>11,040,000</u>	<u>8,409,615</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, 2010

	2010	2009
	G\$	G\$
10. Operating expenses		
Depreciation	1,285,875	1,206,910
Transportation	1,194,338	1,124,334
Rent	835,200	835,200
Affidavit fees	285,102	269,769
Legal services	775,000	35,730
Repairs and maintenance - equipment	92,040	59,160
Repairs and maintenance - building	459,499	9,950
Repairs and maintenance - furniture	37,520	-
Total	<u>4,964,574</u>	<u>3,541,053</u>
13 Administrative expenses		
Office expenses	1,593,172	1,463,033
Advertising	488,110	1,329,436
Telephone	342,312	339,502
Electricity	385,753	263,036
Insurance	139,019	175,686
Communication costs	242,932	168,485
Security	85,956	106,869
Miscellaneous	-	62,068
Meals and entertainment	-	43,850
Photocopying and postage	36,274	25,102
Financial charges	280,895	296,949
Audit fees	174,100	116,000
Total	<u>3,768,523</u>	<u>4,390,016</u>
14 Taxation		
<p>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.</p>		
15 Related party transactions		
Donations from related party	100,000	100,000

Guyana Legal Aid Clinic Inc.

Notes to the financial statements

For the year ended December 31, 2010

2009

16 Prior period adjustment

GS

Office furniture and equipment, accumulated fund and deferred grants recognised in income were restated due to an error in the prior period financial statements. The effect of these adjustments are as follows:

Surplus for the period, as previously stated	6,121,828
Increase in deferred grants recognised in income	433,348
Surplus for the period, as restated	<u>6,555,176</u>
Accumulated fund, as previously stated	25,801,457
Increase in office furniture and equipment	433,348
Accumulated fund, as restated	<u>26,234,805</u>