

GUYANA LEGAL AID CLINIC INC.

DECEMBER 31, 2013

AUDITED FINANCIAL STATEMENTS

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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, 2013, and the statements of comprehensive income and accumulated fund and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility

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.

Auditor's responsibility

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.

Opinion

In our opinion, the financial statements on pages 1 to 8 present fairly, in all material respects, the financial position of **Guyana Legal Aid Clinic Inc.** as at December 31, 2013, 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

Ram & McRae

Chartered Accountants

Professional Services Firm

157 'C' Waterloo Street,

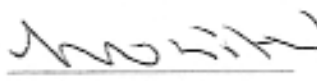
Georgetown

July 10, 2014

Guyana Legal Aid Clinic Inc.
Statement of Financial Position
As at December 31, 2013

	Notes	2013 GS	2012 GS
ASSETS			
Non-current assets			
Office furniture and equipment	3	557,420	835,450
Current assets			
Accounts receivable		271,609	250,195
Cash and cash equivalents	4	<u>24,924,778</u>	<u>21,703,315</u>
Total current assets		<u>25,196,387</u>	<u>21,953,510</u>
Total assets		<u>25,753,807</u>	<u>22,788,960</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		24,664,758	21,667,927
Non-current liability			
Deferred income	5	662,364	661,183
Current liabilities			
Accounts payable	6	<u>426,685</u>	<u>459,850</u>
Total liabilities		<u>1,089,049</u>	<u>1,121,033</u>
Total Equity & Liabilities		<u>25,753,807</u>	<u>22,788,960</u>


Director


Company Secretary

The notes on pages 4 to 8 form an integral part of these financial statements.

Guyana Legal Aid Clinic Inc.
Statement of Comprehensive Income & Accumulated Fund
For the year ended December 31, 2013

	Notes	2013 G\$	2012 G\$
Income			
Grants	7	41,085,819	36,007,773
Consultancy fees		999,050	1,089,500
Legal fees	8	9,232,750	7,112,300
Donations		191,571	164,000
Other income		268,865	394,862
Total income		51,778,055	44,768,435
Expenses			
Employment costs	9	42,285,968	39,721,704
Operating expenses	10	3,671,466	5,356,162
Administrative expenses	11	2,823,790	5,074,880
Total expenses		48,781,224	50,152,746
Surplus for the year		2,996,831	(5,384,311)
Accumulated fund at January 1, 2013		21,667,927	27,052,238
Accumulated fund at December 31, 2013		24,664,758	21,667,927

The notes on pages 4 to 8 form an integral part of these financial statements.

Guyana Legal Aid Clinic Inc.
Statement of Cash Flows
For the year ended December 31, 2013

	2013 GS	2012 GS
Cash flows from operating activities		
Surplus for the year	2,996,831	(5,384,311)
<i>Adjustments for:</i>		
Grants recognised in income	(41,084,638)	(37,669,747)
Grants received	41,085,819	36,007,773
Depreciation	494,001	972,682
Loss on assets written off	-	1,084,854
Operating surplus/(deficit) before working capital changes	<u>3,492,013</u>	<u>(4,988,749)</u>
Increase in accounts receivable	(21,414)	(31,217)
Increase/(decrease) in accounts payable	(33,165)	125,112
Cash generated/(used) in operating activities	<u>3,437,434</u>	<u>(4,894,854)</u>
Cash flows from investing activity		
Purchase of office furniture and equipment	(215,971)	(255,057)
Net increase/(decrease) in cash and cash equivalents	<u>3,221,463</u>	<u>(5,149,911)</u>
Cash and cash equivalents at January 1,	21,703,315	26,853,226
Cash and cash equivalents at December 31,	(Note 4) <u>24,924,778</u>	<u>21,703,315</u>

The notes on pages 4 to 8 form an integral part of these financial statements.

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2013

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 July 10, 2014.

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 included in deferred income.

(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 the statement of comprehensive income each year.

Guyana Legal Aid Clinic Inc.
Notes to the Financial Statements
For the year ended December 31, 2013

2. Statement of accounting policies continued

(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 statement of comprehensive income 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 less depreciation and any impairment losses. 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. The rate used is as follows:

Office furniture and equipment 20%

3. Office furniture and equipment

	Office furniture G\$	Office equipment G\$	Total G\$
Cost			
At January 1, 2012	3,325,640	5,923,265	9,248,905
Additions	40,716	214,341	255,057
Disposals	(2,335,746)	(394,959)	(2,730,705)
At December 31, 2012	1,030,610	5,742,647	6,773,257
Additions	-	215,971	215,971
At December 31, 2013	1,030,610	5,958,618	6,989,228
Depreciation			
At January 1, 2012	1,458,141	5,152,835	6,610,976
Charges for the year	155,426	817,256	972,682
Write back on disposals/adjustments	(659,478)	(986,373)	(1,645,851)
At December 31, 2012	954,089	4,983,718	5,937,807
Charges for the year	45,984	448,017	494,001
At December 31, 2013	1,000,073	5,431,735	6,431,808
Net book value			
At December 31, 2013	30,537	526,883	557,420
At January 1, 2013	76,521	758,929	835,450

Guyana Legal Aid Clinic Inc.
Notes to the Financial Statements
For the year ended December 31, 2013

	2013	2012
	G\$	G\$
4. Cash and cash equivalents		
Cash on hand and deposits held with financial institutions:		
Cash on hand	120,485	87,926
Cash at Bank	3,000,108	4,467,605
Deposits	21,804,185	17,147,784
Total	<u>24,924,778</u>	<u>21,703,315</u>

5. Deferred income (non-current)

Donated depreciable assets	<u>662,364</u>	<u>661,183</u>
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This is amortised and charged to the statement of comprehensive income at the rate the asset is depreciated.

6. Accounts payable

Publication fees	4,365	4,365
Accruals	338,670	371,835
Client funds	83,650	83,650
Total	<u>426,685</u>	<u>459,850</u>

7. Grants

This balance comprises grants recognised in income as follows:

(i) USAID/GDCCR Project	256,120	141,462
(ii) Ministry of Labour, Human Services & Social Security	40,829,699	32,082,943
(iii) UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	-	3,783,368
Total	<u>41,085,819</u>	<u>36,007,773</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). No grant was received from USAID in 2013.

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2013

7. Grants continued

- (ii) This represents amount recognised from the annual subvention received from the Government of Guyana through the Ministry of Labour, 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 \$41,871,029.

The lease rental for the premises occupied by the Company is funded by the Ministry of Labour, 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. No grant was received from UNICEF in 2013.

8. Legal fees

The Company charges a nominal fee for some clients.

	2013	2012
	G\$	G\$
9. Employment costs		
Salaries	35,583,852	31,824,930
Allowances	5,246,280	6,416,430
Employer's NIS Contribution	1,455,836	1,480,344
Total	<u>42,285,968</u>	<u>39,721,704</u>

During the period, the Company employed 13 persons (2012 - 19). From October 2012 to March 2013, the Company had the no-cost services of an intern under the Canadian Bar Association's International Youth Internship Programme.

10. Operating expenses

Affidavit fees	281,600	322,367
Depreciation	494,001	972,682
Legal services	760,000	1,340,000
Rent	567,600	1,119,740
Repairs and maintenance - office equipment	309,791	220,100
Transportation	1,258,474	1,381,273
Total	<u>3,671,466</u>	<u>5,356,162</u>

Guyana Legal Aid Clinic Inc.
Notes to the Financial Statements
For the year ended December 31, 2013

	2013	2012
	G\$	G\$
11 Administrative expenses		
Advertising	-	127,879
Audit fees	241,455	196,905
Communication costs	155,860	159,360
Electricity	614,408	647,992
Financial charges	44,070	93,352
Insurance	126,419	169,300
Loss on assets written off	-	1,084,854
Office expenses	1,043,646	1,845,950
Photocopying and postage	66,072	69,450
Security	101,616	112,729
Telephone	430,244	567,109
Total	<u>2,823,790</u>	<u>5,074,880</u>

12 Taxation

On July 07, 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.

13 Related party transactions

Donations from related parties	<u>141,330</u>	<u>155,000</u>
Key management personnel compensation	<u>7,045,176</u>	<u>6,536,280</u>

No remuneration was paid to the Directors during the year under review.