

**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, 2014, 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, 2014, 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

June 30, 2015

Guyana Legal Aid Clinic Inc.**Statement of Financial Position**

As at December 31, 2014

	Notes	2014 G\$	2013 G\$
ASSETS			
Non-current assets			
Office furniture and equipment	3	969,070	557,420
Current assets			
Accounts receivable		251,425	271,609
Cash and cash equivalents	4	<u>31,764,724</u>	<u>24,924,778</u>
Total current assets		32,016,149	25,196,387
Total assets		<u>32,985,219</u>	<u>25,753,807</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		31,470,574	24,664,758
Non-current liability			
Deferred income	5	1,102,628	662,364
Current liabilities			
Accounts payable	6	<u>412,017</u>	<u>426,685</u>
Total liabilities		1,514,645	1,089,049
Total Equity & Liabilities		<u>32,985,219</u>	<u>25,753,807</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, 2014

	Notes	2014 G\$	2013 G\$
Income			
Grants	7	40,646,736	41,085,819
Consultancy fees		962,000	999,050
Legal fees	8	11,275,950	9,232,750
Donations		100,000	191,571
Other income		434,131	268,865
Total income		53,418,817	51,778,055
Expenses			
Employment costs	9	41,619,987	42,285,968
Operating expenses	10	2,086,938	3,671,466
Administrative expenses	11	2,906,076	2,823,790
Total expenses		46,613,001	48,781,224
Surplus for the year		6,805,816	2,996,831
Accumulated fund at January 1,		24,664,758	21,667,927
Accumulated fund at December 31,		31,470,574	24,664,758

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, 2014

	2014	2013
	G\$	G\$
Cash flows from operating activities		
Surplus for the year	6,805,816	2,996,831
<i>Adjustments for:</i>		
Grants recognised in income	(40,206,472)	(41,084,638)
Grants received	40,646,736	41,085,819
Depreciation	281,021	494,001
Operating surplus before working capital changes	7,527,101	3,492,013
(Increase)/decrease in accounts receivable	20,184	(21,414)
Decrease in accounts payable	(14,668)	(33,165)
Cash generated by operating activities	7,532,617	3,437,434
Cash flows from investing activity		
Purchase of office furniture and equipment	(692,671)	(215,971)
Net increase in cash and cash equivalents	6,839,946	3,221,463
Cash and cash equivalents at January 1,	24,924,778	21,703,315
Cash and cash equivalents at December 31,	(Note 4) 31,764,724	24,924,778
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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, 2014

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 17th June, 2015.

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, 2014

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, 2013	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
Additions	109,404	583,267	692,671
At December 31, 2014	1,140,014	6,541,885	7,681,899
Depreciation			
At January 1, 2013	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
Charges for the year	20,381	260,640	281,021
At December 31, 2014	1,020,454	5,692,375	6,712,829
Net book value			
At December 31, 2014	119,560	849,510	969,070
At January 1, 2014	30,537	526,883	557,420

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2014

	2014	2013
	G\$	G\$
4. Cash and cash equivalents		
Cash on hand and deposits held with financial institutions:		
Cash on hand	96,797	120,485
Cash at Bank	3,867,572	3,000,108
Deposits	27,800,355	21,804,185
Total	<u>31,764,724</u>	<u>24,924,778</u>

5. Deferred income (non-current)

Donated depreciable assets	<u>1,102,628</u>	<u>662,364</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	44,365	4,365
Accruals	284,002	338,670
Client funds	83,650	83,650
Total	<u>412,017</u>	<u>426,685</u>

7. Grants

This balance comprises grants recognised in income as follows:

(i) USAID/GDCCR Project	252,407	256,120
(ii) Ministry of Labour, Human Services & Social Security	40,394,329	40,829,699
Total	<u>40,646,736</u>	<u>41,085,819</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 2014.

(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 \$41,087,000.

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

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2014

8. Legal fees

The Company charges a nominal fee for some clients.

	2014	2013
	G\$	G\$
9. Employment costs		
Salaries	35,238,251	35,583,852
Allowances	4,837,334	5,246,280
Employer's NIS Contribution	1,544,402	1,455,836
Total	<u>41,619,987</u>	<u>42,285,968</u>

During the period, the Company employed 14 persons (2013 - 13). 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. There was no intern with the company during 2014.

10. Operating expenses

Affidavit fees	280,454	281,600
Depreciation	281,020	494,001
Legal services	-	760,000
Rent	200,000	567,600
Repairs and maintenance - office equipment	211,210	309,791
Transportation	1,114,254	1,258,474
Total	<u>2,086,938</u>	<u>3,671,466</u>

11 Administrative expenses

Audit fees	257,040	241,455
Communication costs	132,265	155,860
Electricity	711,321	614,408
Financial charges	29,400	44,070
Insurance	147,833	126,419
Office expenses	1,067,816	1,043,646
Photocopying and postage	41,115	66,072
Security	80,736	101,616
Telephone	438,550	430,244
Total	<u>2,906,076</u>	<u>2,823,790</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.

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2014

	2014	2013
	G\$	G\$
13 Related party transactions		
Donations from related parties	<u>100,000</u>	<u>141,330</u>
Key management personnel compensation	<u>7,467,876</u>	<u>7,045,176</u>
No remuneration was paid to the Directors during the year under review.		