

GUYANA LEGAL AID CLINIC INC.

DECEMBER 31, 2016

AUDITED FINANCIAL STATEMENTS

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

Opinion

We have audited the financial statements of **Guyana Legal Aid Clinic Inc.** (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income and accumulated fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 1 to 8 present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its 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 Cap. 89:01.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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 the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act Cap. 89:01, 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 Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

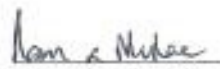
Auditor's Responsibilities for the Audit of the Financial Statements

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 ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, 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 Company's internal control.
- 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 Company's ability 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 Company 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.



Ram & McRae
Chartered Accountants
Professional Services Firm
157 'C' Waterloo Street,
Georgetown

June 22, 2017

Guyana Legal Aid Clinic Inc.
Statement of Financial Position
As at December 31, 2016

	Notes	2016 GS	2015 GS
ASSETS			
Non-current assets			
Office furniture and equipment	3	2,013,729	1,070,737
Current assets			
Accounts receivable		157,445	251,425
Cash and cash equivalents	4	49,182,482	46,403,350
Total current assets		<u>49,339,927</u>	<u>46,654,775</u>
Total assets		<u>51,353,656</u>	<u>47,725,512</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		48,649,057	46,015,827
Non-current liabilities			
Deferred income	5	2,201,779	1,258,966
Current liabilities			
Accounts payable	6	502,820	450,719
Total liabilities		<u>2,704,599</u>	<u>1,709,685</u>
Total Equity & Liabilities		<u>51,353,656</u>	<u>47,725,512</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, 2016

	Notes	2016 GS	2015 GS
Income			
Grants	7	48,144,187	52,930,662
Consultancy fees		1,058,200	1,049,000
Legal fees	8	12,475,110	12,116,965
Donations		161,500	100,000
Other income		2,884,873	873,542
Total income		64,723,870	67,070,169
Expenses			
Employment costs	9	52,843,859	47,184,656
Operating expenses	10	5,106,949	2,349,647
Administrative expenses	11	4,139,832	2,990,613
Total expenses		62,090,640	52,524,916
Surplus for the year		2,633,230	14,545,253
Accumulated fund at January 1,		46,015,827	31,470,574
Accumulated fund at December 31,		48,649,057	46,015,827

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, 2016

	2016 GS	2015 GS
Cash flows from operating activities		
Surplus for the year	2,633,230	14,545,253
<i>Adjustments for:</i>		
Grants received	49,087,000	53,087,000
Grants recognised in income	(48,144,187)	(52,930,662)
Depreciation	457,165	344,476
Loss on assets written off	-	54,671
Operating surplus before working capital changes	4,033,208	15,100,738
Decrease in accounts receivable	93,980	-
Increase in accounts payable	52,101	38,702
Cash generated by operating activities	4,179,289	15,139,440
Cash flows from investing activities		
Purchase of office furniture and equipment	(1,400,157)	(500,814)
Net increase in cash and cash equivalents	2,779,132	14,638,626
Cash and cash equivalents at January 1,	46,403,350	31,764,724
Cash and cash equivalents at December 31,	(Note 4) 49,182,482	46,403,350

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, 2016

1. Incorporation and principal activity

The Company was incorporated in the Co-operative Republic of Guyana on February 16, 1993 as a Company limited by guarantee and was continued under the Companies Act Cap. 89:01 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 June 22, 2017.

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, 2016

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, 2015	1,140,014	6,541,885	7,681,899
Additions	90,666	410,148	500,814
Disposals	(655,730)	(3,323,496)	(3,979,226)
At December 31, 2015	574,950	3,628,537	4,203,487
Additions	678,247	721,910	1,400,157
At December 31, 2016	1,253,197	4,350,447	5,603,644
Depreciation			
At January 1, 2015	1,020,454	5,692,375	6,712,829
Charges for the year	34,557	309,919	344,476
Written back on disposals	(655,730)	(3,268,825)	(3,924,555)
At December 31, 2015	399,281	2,733,469	3,132,750
Charges for the year	123,733	333,432	457,165
At December 31, 2016	523,014	3,066,901	3,589,915
Net book value			
At December 31, 2016	730,183	1,283,546	2,013,729
At January 1, 2016	175,669	895,068	1,070,737

Guyana Legal Aid Clinic Inc.
Notes to the Financial Statements
For the year ended December 31, 2016

	2016	2015
	G\$	G\$
4. Cash and cash equivalents		
Cash on hand and deposits held with financial institutions:		
Cash on hand	159,277	150,561
Cash at bank	3,993,402	4,267,136
Deposits	45,029,803	41,985,653
Total	<u>49,182,482</u>	<u>46,403,350</u>

5. Deferred income (non-current)

Donated depreciable assets	<u>2,201,779</u>	<u>1,258,966</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

Accrued expenses	419,170	367,069
Client funds	83,650	83,650
Total	<u>502,820</u>	<u>450,719</u>

7. Grants

This balance comprises grants recognised in income as follows:

(i) USAID/GDCCR Project	-	344,476
(ii) Ministry of Social Protection	48,144,187	51,586,186
(iii) UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	-	1,000,000
Total	<u>48,144,187</u>	<u>52,930,662</u>

- (i) This represents amount recognised from a capital grant received in prior year 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 2016 and all assets previously donated were fully depreciated.
- (ii) This represents amount recognised from the annual subvention received from the Government of Guyana through the Ministry of Social Protection 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 year was \$49,087,000.

The lease rental for the premises occupied by the Company is funded by the Government of Guyana.

Guyana Legal Aid Clinic Inc.
Notes to the Financial Statements
For the year ended December 31, 2016

8. Legal fees

The Company charges a nominal fee for some clients.

	2016	2015
	G\$	G\$
9. Employment costs		
Salaries	45,188,369	40,366,059
Allowances	5,532,847	5,062,902
Employer's NIS Contribution	2,122,643	1,755,695
Total	<u>52,843,859</u>	<u>47,184,656</u>

During the year the Company employed 15 persons (2015 - 14). The Company also had the no-cost services of interns under the Canadian Bar Association's International Youth Internship Programme during the year.

10. Operating expenses

Affidavit fees	529,944	288,030
Depreciation	457,164	344,476
Legal services	50,000	135,000
Rent	593,980	210,000
Repairs and maintenance - office equipment	-	900
Transportation	2,015,451	1,371,241
Repairs and maintenance building	840,500	-
Rights of the Child Commission Visits	554,150	-
Training and accomodation	65,760	-
Total	<u>5,106,949</u>	<u>2,349,647</u>

11 Administrative expenses

Audit fees	425,470	440,730
Communication costs	85,400	208,674
Electricity	568,787	613,159
Financial charges	260,687	198,159
Insurance	147,833	147,833
Office expenses	2,099,528	973,991
Photocopying and postage	54,039	32,900
Security	40,368	106,697
Advertising	59,939	71,334
Telephone	397,781	142,465
Total	<u>4,139,832</u>	<u>2,990,613</u>

Guyana Legal Aid Clinic Inc.
Notes to the Financial Statements
For the year ended December 31, 2016

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.

	2016	2015
	GS	GS
13 Related party transactions		
Donations from related parties	<u>161,500</u>	<u>100,000</u>
Key management personnel compensation	<u>10,029,078</u>	<u>9,349,752</u>

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