

GUYANA LEGAL AID CLINIC INC.

DECEMBER 31, 2011

AUDITED FINANCIAL STATEMENTS



RAM & McRAE
PROFESSIONAL SERVICES FIRM
CHARTERED ACCOUNTANTS

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, 2011, 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.

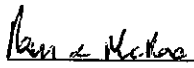
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act 1991. This responsibility includes: designing, implementing and maintaining internal 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 8 present fairly, in all material respects, the financial position of **Guyana Legal Aid Clinic Inc.** as at December 31, 2011, 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

June 14, 2012

Guyana Legal Aid Clinic Inc.

Statement of Comprehensive Income & Accumulated Fund

For the year ended December 31, 2011

	Notes	2011 G\$	2010 G\$
Income			
Grants	8	39,057,546	42,420,423
Consultancy fees		973,500	1,267,500
Legal fees	9	5,002,100	4,495,100
Donations		100,000	123,680
Other income		951,146	1,319,188
Total income		46,084,292	49,625,891
Expenses			
Employment costs	10	39,064,816	37,491,999
Operating expenses	11	5,639,571	4,964,574
Administrative expenses	12	3,963,267	3,768,523
Total expenses		48,667,654	46,225,096
Surplus/(deficit) for the period		(2,583,362)	3,400,795
Accumulated fund at January 1,		29,635,600	26,234,805
Accumulated fund at December 31,		27,052,238	29,635,600

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, 2011

	2011 G\$	2010 G\$
Cash flows from operating activities		
Surplus/(deficit) for the period	(2,583,362)	3,400,795
<i>Adjustments for:</i>		
Grants recognised in income	(39,057,546)	(42,420,423)
Grants received	39,860,362	36,255,200
Depreciation	1,052,812	1,285,875
Loss on asset write off	15,233	-
Operating deficit before working capital changes	<u>(712,501)</u>	<u>(1,478,553)</u>
(Increase)/decrease in accounts receivable	(26,985)	14,141
Increase/(decrease) in accounts payable	6,032	(120,009)
Cash used in operating activities	<u>(733,454)</u>	<u>(1,584,421)</u>
Cash flows from investing activity		
Purchase of office furniture and equipment	(443,144)	(394,817)
Net decrease in cash and cash equivalents	<u>(1,176,598)</u>	<u>(1,979,238)</u>
Cash and cash equivalents at January 1,	28,029,824	30,009,062
Cash and cash equivalents at December 31,	<u><u>26,853,226</u></u>	<u><u>28,029,824</u></u>
Analysis of cash and cash equivalents as shown on the statement of financial position		
Cash in hand	123,455	133,871
Cash at bank	26,729,771	27,895,953
Total	<u><u>26,853,226</u></u>	<u><u>28,029,824</u></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, 2011

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 14th June, 2012.

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.

(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.

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2011

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 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 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, 2011	3,273,315	5,740,631	9,013,946
Additions	87,000	356,144	443,144
Disposals	(34,675)	(173,510)	(208,185)
At December 31, 2011	3,325,640	5,923,265	9,248,905
Depreciation			
At January 1, 2011	1,294,492	4,456,624	5,751,116
Charges for the year	184,454	868,358	1,052,812
Write back on disposals	(20,805)	(172,147)	(192,952)
At December 31, 2011	1,458,141	5,152,835	6,610,976
Net book value			
At December 31, 2011	1,867,499	770,430	2,637,929
At January 1, 2011	1,978,823	1,284,007	3,262,830

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2011

	2011	2010
	G\$	G\$
4. Cash and cash equivalents		
Cash on hand and deposits held with financial institutions:		
Cash on hand	123,455	133,871
Deposits	26,729,771	27,895,953
Total	<u>26,853,226</u>	<u>28,029,824</u>
Included in deposits are grants received but not utilised as detailed in note 6.		
5. Deferred income (non-current)		
Donated depreciable assets	<u>547,588</u>	<u>1,134,506</u>
This is amortised and charged to the statement of comprehensive income at the rate the asset is depreciated.		
6. Deferred income (current)	2011	2010
	G\$	G\$
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)	1,775,569	385,835
Total funds not utilised	<u>1,775,569</u>	<u>385,835</u>
Please refer to note 8 for additional information on these grants.		
7. Accounts payable	2011	2010
	G\$	G\$
Publication fees	4,365	8,364
Accruals	246,723	236,692
Client funds	83,650	83,650
Total	<u>334,738</u>	<u>328,706</u>
8. Grants	2011	2010
	G\$	G\$
This balance comprises grants recognised in income as follows:		
(i) USAID/GDCCR Project	586,918	283,626
(ii) Ministry of Human Services and Social Security	32,338,000	36,382,492
(iii) UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	6,132,628	5,754,305
	<u>39,057,546</u>	<u>42,420,423</u>

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2011

8. Grants continued

- (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).
- (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,

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.

9. Legal fees

The company charges a nominal fee to clients.

	2011	2010
	G\$	G\$
10. Employment costs		
Salaries	31,307,491	30,626,730
Allowances	6,562,269	5,673,026
Employer's NIS Contribution	1,157,496	1,145,843
Training & Accommodation	37,560	46,400
Total	<u>39,064,816</u>	<u>37,491,999</u>

During the period, the company employed 14 persons (2010 - 16). From August 2011 to December 2011, 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>11,460,000</u>	<u>11,040,000</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, 2011

	2011	2010
	G\$	G\$
11. Operating expenses		
Depreciation	1,052,812	1,285,875
Transportation	2,204,079	1,194,338
Rent	856,080	835,200
Affidavit fees	272,700	285,102
Legal services	1,225,000	775,000
Repairs and maintenance - equipment	28,900	92,040
Repairs and maintenance - building	-	459,499
Repairs and maintenance - furniture	-	37,520
Total	<u>5,639,571</u>	<u>4,964,574</u>

12 Administrative expenses

Office expenses	1,920,652	1,593,172
Advertising	288,284	488,110
Telephone	386,594	342,312
Electricity	493,197	385,753
Insurance	146,414	139,019
Communication costs	156,760	242,932
Security	80,736	85,956
Loss on disposal of assets	15,233	-
Photocopying and postage	72,877	36,274
Financial charges	216,320	280,895
Audit fees	186,200	174,100
Total	<u>3,963,267</u>	<u>3,768,523</u>

13 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.

14 Related party transactions

Donations from related party	<u>100,000</u>	<u>100,000</u>
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