

GUYANA LEGAL AID CLINIC INC.

DECEMBER 31, 2019

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, 2019, 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, 2019, 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.

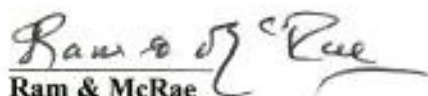
Auditor's Responsibilities for the Audit of the Financial Statements

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

15 September, 2020.

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

As at December 31, 2019

	Notes	2019 G\$	2018 G\$
ASSETS			
Non-current assets			
Office furniture and equipment	3	2,986,644	3,420,877
Current assets			
Accounts receivable		200,235	166,035
Cash and cash equivalents	4	132,371,739	101,497,569
Total current assets		<u>132,571,974</u>	<u>101,663,604</u>
Total assets		<u>135,558,618</u>	<u>105,084,481</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		121,688,886	93,764,679
Non-current liability			
Deferred income	5	10,891,268	10,691,432
Current liability			
Accounts payable	6	2,978,464	628,370
Total liabilities		<u>13,869,732</u>	<u>11,319,802</u>
Total Equity & Liabilities		<u>135,558,618</u>	<u>105,084,481</u>


Director/ Treasurer

Guyana Legal Aid Clinic Inc.
185 Charlotte & King Streets
Lacytown, Georgetown, Guyana


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, 2019

	Notes	2019 G\$	2018 G\$
Income			
Grants	7	80,196,162	68,383,978
Consultancy fees		1,110,500	1,115,000
Legal fees	8	17,199,791	18,334,000
Donations		100,000	100,000
Other income		3,171,511	2,378,886
Total income		101,777,964	90,311,864
Expenses			
Employment costs	9	63,241,113	57,990,902
Operating expenses	10	7,122,172	6,341,162
Administrative expenses	11	3,490,472	3,483,109
Total expenses		73,853,757	67,815,173
Surplus for the year		27,924,207	22,496,691
Accumulated fund at January 1,		93,764,679	71,267,988
Accumulated fund at December 31,		121,688,886	93,764,679

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, 2019

	2019 G\$	2018 G\$
Cash flows from operating activities		
Surplus for the year	27,924,207	22,496,691
<i>Adjustments for:</i>		
Grants received	80,395,998	74,642,548
Grants recognised in income	(80,196,162)	(68,383,978)
Depreciation	1,125,771	967,341
Operating surplus before working capital changes	29,249,814	29,722,602
Decrease/(increase) in accounts receivable	(34,200)	18,911
Increase in accounts payable	2,350,094	95,762
Cash generated by operating activities	31,565,708	29,837,275
Cash flows from investing activities		
Acquisition of office furniture and equipment	(691,538)	(143,406)
Net increase in cash and cash equivalents	30,874,170	29,693,869
Cash and cash equivalents at January 1,	101,497,569	71,803,700
Cash and cash equivalents at December 31,	(Note 4) 132,371,739	101,497,569
Analysis of cash and cash equivalents as shown in the statement of financial position		
Cash at bank	131,981,826	101,248,483
Cash in hand	389,913	249,086
	132,371,739	101,497,569

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, 2019

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 **September 15, 2020**.

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.

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, 2018	1,370,692	7,222,526	8,593,218
Additions	-	143,406	143,406
At December 31, 2018	1,370,692	7,365,932	8,736,624
Additions	115,038	576,500	691,538
At December 31, 2019	1,485,730	7,942,432	9,428,162
Depreciation			
At January 1, 2018	710,659	3,637,747	4,348,406
Charges for the year	199,162	768,179	967,341
At December 31, 2018	909,821	4,405,926	5,315,747
Charges for the year	199,787	925,984	1,125,771
At December 31, 2019	1,109,608	5,331,910	6,441,518
Net book value			
At December 31, 2018	376,122	2,610,522	2,986,644
At January 1, 2018	460,871	2,960,006	3,420,877

Guyana Legal Aid Clinic Inc.
Notes to the Financial Statements
For the year ended December 31, 2019

	2019 G\$	2018 G\$
4. Cash and cash equivalents		
Cash on hand and deposits held with financial institutions:		
Cash on hand	389,913	249,086
Cash at bank	7,791,959	4,321,773
Deposits	124,189,867	96,926,710
Total	132,371,739	101,497,569

5. Deferred income (non-current)

Donated depreciable assets	10,891,268	10,691,432
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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	2,894,814	544,720
Client funds	83,650	83,650
Total	2,978,464	628,370

7. Grants

This balance comprises grants recognised in income as follows:

(i) Ministry of Social Protection	79,496,162	67,846,697
(ii) UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	700,000	537,281
Total	80,196,162	68,383,978

- (i) 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 \$79,927,401 of which \$7,611,079 was deferred to 2020.

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

- (ii) This represents funds provided by United Nations International Children's Fund for the purpose of providing legal aid services to children under the age of 18 in collaboration with the Rights of the Child Commission. Provision of the services began in September 2007 via an agreement with the Ministry of Culture, Youth and Sport who had received funds from UNICEF for the establishment of a children's legal aid service.

Guyana Legal Aid Clinic Inc.
Notes to the Financial Statements
For the year ended December 31, 2019

8. Legal fees

The Company charges a nominal fee for some clients.

9. Employment costs	2019	2018
	GS	GS
Salaries	54,809,579	50,040,110
Allowances	5,643,920	5,558,856
Employer's NIS Contribution	2,787,614	2,391,936
Total	63,241,113	57,990,902

During the year the Company employed 4 persons (2018 - 2). 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	1,820,214	1,698,930
Depreciation	1,125,771	967,341
Legal services	-	55,000
Rent	1,566,000	946,500
Repairs and maintenance - office equipment	206,910	258,463
Transportation	2,045,477	1,818,096
Repairs and maintenance building	105,000	24,500
Rights of the Child Commission Visits	252,800	497,332
Training and accomodation	-	75,000
Total	7,122,172	6,341,162

11 Administrative expenses

Audit fees and expenses	421,800	599,794
Communication costs	215,928	121,188
Electricity	740,922	797,804
Financial charges	58,832	50,905
Insurance	126,095	145,005
Office expenses	1,449,078	1,237,669
Photocopying and postage	18,700	33,520
Security	106,704	101,574
Advertising	61,104	105,048
Telephone	291,309	290,602
Total	3,490,472	3,483,109

Guyana Legal Aid Clinic Inc.
Notes to the Financial Statements
For the year ended December 31, 2019

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	2019 G\$	2018 G\$
Donations from related parties	<u>100,000</u>	<u>100,000</u>
Key management personnel compensation	<u>9,714,331</u>	<u>9,313,223</u>

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