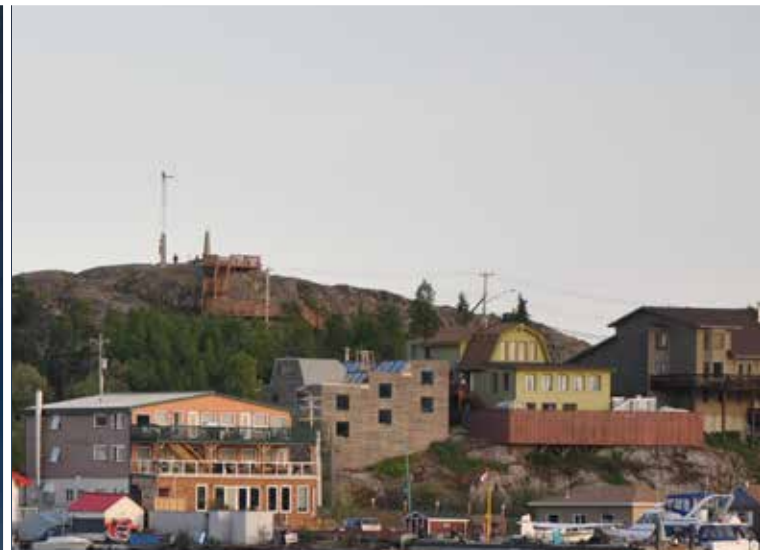




NORTHWEST TERRITORIES LAW FOUNDATION

36TH ANNUAL REPORT

FOR THE PERIOD ENDING JUNE 30, 2018



**NORTHWEST TERRITORIES
LAW FOUNDATION**



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PURPOSE

The Northwest Territories Law Foundation was established pursuant to Part VII of the Legal Profession Act for the purpose of receiving the interest which banks must pay on clients' funds held by lawyers in mixed trust accounts. It is similar in form to Law Foundations established in most provinces.



OBJECTIVES

The objectives of the Law Foundation are to use the funds collected in this manner to provide funding in the following areas:

- conducting research into and recommending reform of the law and the administration of justice;
- establishing, maintaining and operating law libraries;
- contributing to the legal education and knowledge of members and the people of the Northwest Territories and providing programs and facilities for that purpose;
- providing assistance to legal aid programs and programs of a similar nature;
- contributing to the Assurance Fund; and
- to do all other things that are, in the opinion of the board, incidental or conducive to the attainment of these objects.

ADMINISTRATION

The affairs of the Foundation are conducted by a Board of Directors composed of five members, four being members of the Law Society and appointed by the Executive of the Law Society and one who is not a member of the Law Society and is appointed by the Commissioner. The Directors serve for a term of two years.

The Directors meet as required to decide on policy matters and to deal with the general administration of the Foundation including policy as to the collection and investment of funds. A “grant meeting” is held once a year to consider all requests for funding for that fiscal year.

Administration and management services are provided through an Executive Manager who is engaged on a contract basis.

BOARD AND MANAGEMENT 2017 - 2018

CHAIRPERSON:	MICHAEL WOODWARD
DIRECTOR:	MARIE-PIER LEDUC
DIRECTOR:	PAUL PARKER
DIRECTOR:	JOHN DONIHEE
LAY MEMBER:	LYLE FABIAN

JOHN U. BAYLY MEMORIAL FUND

The John U. Bayly Memorial Fund was established in the memory of the late John U. Bayly, Q.C., a prominent member of the Northwest Territories bar for 30 years, to encourage and facilitate the development of mediation skills to a resident member in good standing of the Northwest Territories Bar.

SCHOLARSHIPS

The Northwest Territories Law Foundation Graeme Garson Bursary Fund has monies available to assist law students in pursuing their legal studies and to encourage Northwest Territories graduates of law school to return to work in the Northwest Territories after their law studies. Qualified applicants are eligible for an award for three years while attending law school and this money is not repayable. When the student secures an articling position in the Northwest Territories, and if they continue to work in the area of law in the Northwest Territories for an additional year after articles, the Fund will assist them for two years, for an overall commitment of up to \$27,000 per student.

Scholarships for the 2017-2018 school year were awarded to;

Don Couturier \$3000 for L3

Kirsten Hobbs \$3000 for L1

Kathleen O’Brien \$3000 for L2

Slobhan Squigg \$3000 for L2

Lyndon Stanzel for \$3000 for L3

Gabriel Byatt, articled student, \$8500

Richard Raffai, articled student, \$8500

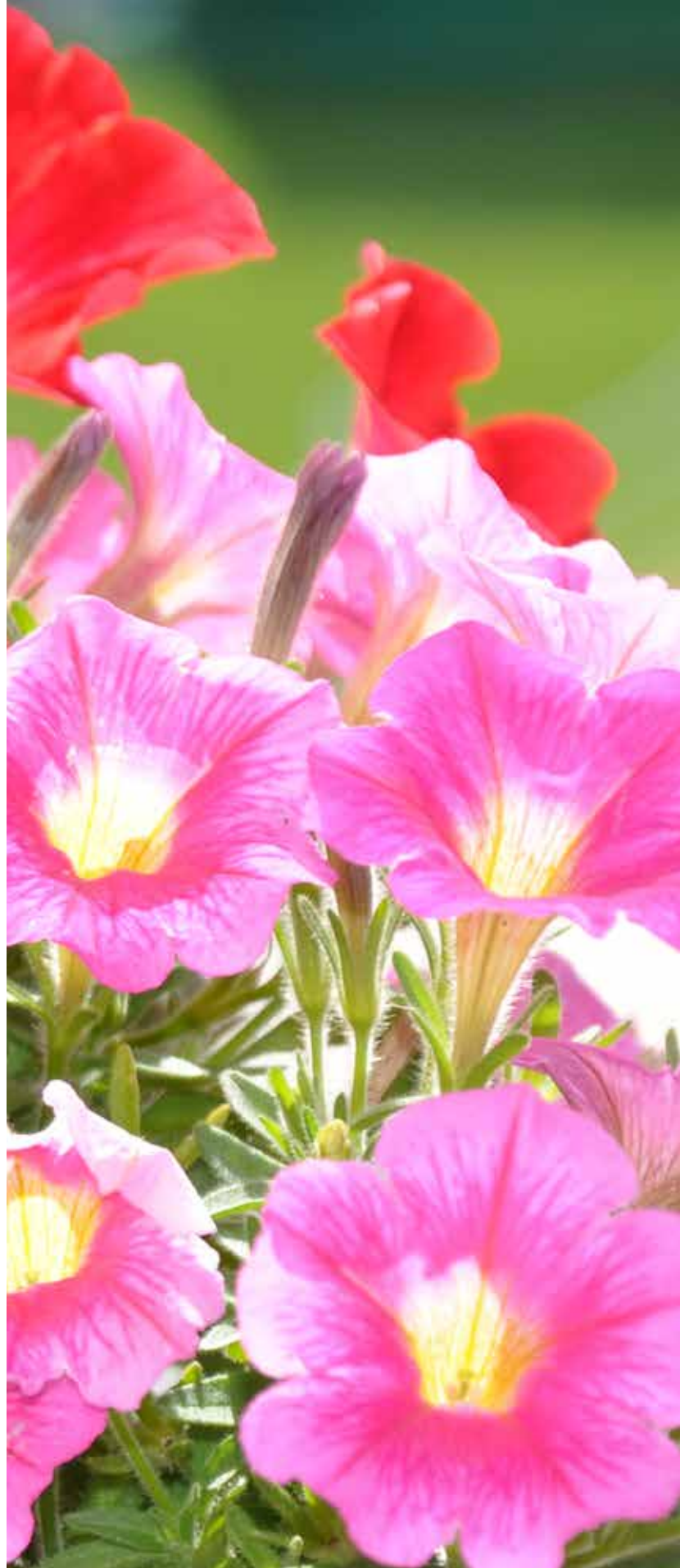
GRANTS

CANLII ANNUAL LEVY – \$8000

CanLii makes case law and statutes available to all Canadians over the internet, at www.canlii.org. The Canlii program is entirely funded by assessments on lawyers, and the Foundation paid a portion of that assessment so that the access to legal resources can continue to be maintained.

TRAUMA INFORMED JUSTICE PROJECT – \$7500

Major funding for conference held in Yellowknife with expert speakers, and attended by legal council, corrections officials, police, and others.



THE NORTHWEST TERRITORIES LAW FOUNDATION



December 13, 2018

CHAIRPERSON'S REPORT

To: The Legislative Assembly of the Northwest Territories, and
The Executive, Law Society of the Northwest Territories

On behalf of the board of Directors of the Law Foundation of the Northwest Territories, I am pleased to submit our 36th annual report, for the year ending June 30, 2018 in compliance with the *Legal Profession Act*.

The Foundation is a key feature of the NWT legal profession's self-governing structure. It demonstrates the profession's commitment to help fund programs and services that contribute to the legal knowledge of the people of the NWT and to their access to justice.

The Foundation's chief source of revenue is from the interest earned on lawyer's trust accounts, all of which is deposited with the Foundation. The Foundation also has a reserve fund that generates income, enhancing the Foundation's ability to make grants and fund scholarships, particularly in times where interest rates are low and trust fund balances are at lower levels than in the past.

This past year, the Foundation gave a total of \$15,500 in grants to organizations and \$32,000 in scholarship funds to assist students from the NWT in attending law school and in returning to the NWT to commence legal practice. The Foundation, governed by a volunteer board, continues to look for avenues to decrease its costs and to increase its revenue in order to ensure continued funding for the important programs and services contributing to legal knowledge in the NWT.

Respectfully submitted,

A blue ink handwritten signature of Michael C. Woodward.

Michael C. Woodward, Chair

Mailing Address: P.O. Box 1298
Yellowknife, NT X1A 2N9
Telephone: (867) 873-3828
e-mail: lawfoundation@lawsociety.nt.ca
www.lawsociety.nt.ca/LawFoundation

THE NORTHWEST TERRITORIES LAW FOUNDATION
Financial Statements
Year Ended June 30, 2018

THE NORTHWEST TERRITORIES LAW FOUNDATION
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Year Ended June 30, 2018

Management's Responsibility for Financial Reporting

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

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Statement of Changes in Net Assets

Statement of Financial Position

Statement of Cash Flows

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Unrestricted Fund (*Schedule 1*)

Graeme Garson Bursary Fund (*Schedule 2*)

John U. Bayly Memorial Fund (*Schedule 3*)

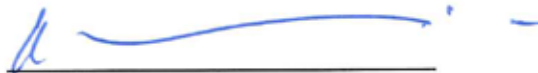
Management's Responsibility for Financial Reporting

The financial statements of The Northwest Territories Law Foundation have been prepared in accordance with Accounting Standards for Not-For-Profits. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of The Northwest Territories Law Foundation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically with management and the auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board approves the financial statements. The Board also considers, for review by the Law Society of the NWT and the Legislative Assembly of the NWT, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the NWT Law Foundation by Ashton Chartered Accountants, in accordance with Canadian auditing standards.



Michael Woodward, Chair

Yellowknife, N.W.T.
November 28, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of The Northwest Territories Law Foundation

We have audited the accompanying financial statements of The Northwest Territories Law Foundation, which comprise the statement of financial position as at June 30, 2018 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

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 Canadian generally accepted auditing standards. 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 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 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 present fairly, in all material respects, the financial position of The Northwest Territories Law Foundation as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Hay River, Northwest Territories
November 13, 2018



Ashton Chartered Accountants

THE NORTHWEST TERRITORIES LAW FOUNDATION
Statement of Revenues and Expenditures
Year Ended June 30, 2018

	2018	2017
Revenue		
Unrestricted Fund (<i>Schedule 1</i>)	\$ 102,313	\$ 67,146
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	14,479	9,587
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	486	440
	117,278	77,173
Expenses		
Unrestricted Fund (<i>Schedule 1</i>)	40,913	41,901
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	33,900	10,650
	74,813	52,551
Excess (deficiency) of revenue over expenses before that undernoted	42,465	24,622
Other income (expenses)		
Unrestricted Fund (<i>Schedule 1</i>)	12,133	36,752
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	3,907	12,206
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	187	560
	16,227	49,518
Excess of revenue over expenses for the year	\$ 58,692	\$ 74,140

THE NORTHWEST TERRITORIES LAW FOUNDATION
Statement of Changes in Net Assets
Year Ended June 30, 2018

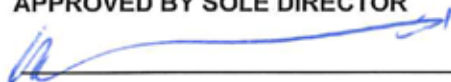
	2017 Balance	Excess of revenue over expenses	Contributions	Withdrawals	2018 Balance
Unrestricted Fund	\$ (24,061)	\$ 73,533	\$ -	\$ -	\$ 49,472
Graeme Garson Bursary Fund	249,854	(15,514)	-	-	234,340
John U. Bayly Memorial Fund	11,889	673	-	-	12,562
Grant Stabilization Reserve Fund	800,000	-	-	-	800,000
	\$ 1,037,682	\$ 58,692	\$ -	\$ -	\$ 1,096,374

	2016 Balance	Excess of revenue over expenses	Contributions	Withdrawals	2017 Balance
Unrestricted Fund	\$ (86,058)	\$ 61,997	\$ -	\$ -	\$ (24,061)
Graeme Garson Bursary Fund	238,711	11,143	-	-	249,854
John U. Bayly Memorial Fund	10,889	1,000	-	-	11,889
Grant Stabilization Reserve Fund	800,000	-	-	-	800,000
	\$ 963,542	\$ 74,140	\$ -	\$ -	\$ 1,037,682

THE NORTHWEST TERRITORIES LAW FOUNDATION
Statement of Financial Position
June 30, 2018

	2018	2017
ASSETS		
Current		
Cash and short term deposits	\$ 17,476	\$ 54,321
Accounts receivable (Note 4)	14,958	2,611
	32,434	56,932
Long term Investments (Note 5)	1,078,867	1,010,848
	\$ 1,111,301	\$ 1,067,780
LIABILITIES		
Current		
Accounts payable	\$ 14,927	\$ 6,298
Grants payable	-	11,800
Scholarships payable	-	12,000
	14,927	30,098
Net Assets	1,096,374	1,037,682
	\$ 1,111,301	\$ 1,067,780

APPROVED BY SOLE DIRECTOR



Director

THE NORTHWEST TERRITORIES LAW FOUNDATION
Statement of Cash Flows
Year Ended June 30, 2018

	2018	2017
Operating activities		
Excess of revenue over expenses	\$ 58,692	\$ 74,140
Item not affecting cash:		
Unrealized gain (loss) on investments	(16,227)	(49,518)
	42,465	24,622
Changes in non-cash working capital:		
Accounts receivable	(12,347)	4,282
Accounts payable	8,628	-
Prepaid expenses	-	1,125
Grants payable	(11,800)	(13,500)
Scholarships payable	(12,000)	4,000
	(27,519)	(4,093)
Cash flow from operating activities	14,946	20,529
Investing activity		
Proceeds from sale (purchase) of marketable securities	(51,791)	5,611
Increase (decrease) in cash	(36,845)	26,140
Cash - beginning of year	54,321	28,181
Cash - end of year	\$ 17,476	\$ 54,321

THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2018

1. Purpose of the Foundation

The Northwest Territories Law Foundation (the "Foundation") is incorporated under the Legal Profession Act of the Northwest Territories. The Foundation's activities include conducting research, establishing law libraries and contributing to the legal education and knowledge of members and the people of the Northwest Territories. The Foundation is exempt from income taxes under paragraph 149(1)(l) of the Income Tax Act.

2. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

3. Summary of significant accounting policies

Fund accounting

The Northwest Territories Law Foundation follows the restricted fund method of accounting. A fund is a set of accounts established to classify resources according to specific activities. The following funds are maintained:

The Unrestricted Fund accounts for the foundation's program delivery and administrative activities. Unrestricted revenues from interest and investment income are included in revenues when received or receivable. Externally restricted income for which no corresponding restricted fund is presented, is included in this fund in accordance with the deferral method. Interest revenues on members' trust accounts with chartered banks is recorded when earned.

The Restricted Funds record resources with stipulations imposed on their use. Restrictions may be imposed externally by the contributor of the resources who requests that the funds be held in trust, or internally by decisions of the Foundation. Revenues from interest and investment income are included in revenues of the attributable restricted fund when received or receivable. The Foundation currently has three funds internally restricted by the Board including the Graeme Garson Bursary Fund, the John U. Bayly Memorial Fund and the Grant Stabilization Reserve Fund..

- The Graeme Garson Bursary Fund was established to provide interest income which finances a scholarship program for law studies
- The John U. Bayly Memorial Fund was established to encourage and facilitate the development of mediation skills
- The Grant Stabilization Reserve Fund was established to stabilize money available for grants by ensuring a continuing yield of investment income.

Grants and scholarships are recorded as expenses in the year that the payment was approved.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2018

3. Summary of significant accounting policies (*continued*)

Contributed services

The Foundation has elected not to recognize contributed materials and services in these financial statements.

Financial Instruments

The Foundation classifies cash, consisting of cash with banks and investment managers, as held-for-trading. Accounts receivable are classified as loans and receivables and recorded at amortized cost. Trade and accrued payables and grants and scholarships payable are classified as other liabilities and recorded at amortized cost.

Cash equivalents

The Foundation considers cash on hand, balances with banks, and cash held with investment managers to be cash and cash equivalents of the Unrestricted Fund.

Investments

Investments, consisting of mutual funds, fixed income bonds, and Canadian equities, are designated as held-for-trading and recorded at fair value. Fair value is determined in full by direct reference to published price quotations in an active market. Changes in the fair value of investments during the year are included in revenue of the appropriate fund as unrealized investment income or losses for the period in which it arises. All purchases and sales of investments are recorded using settlement-date accounting, and all transaction costs are expensed when paid. Investment income or loss is allocated to each of the Unrestricted, Bursary and Memorial Fund based on the opening fund balance for the year.

Capital assets

The Foundation expenses its capital assets when acquired.

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

4. Accounts receivable

	2018	2017
Student scholarships reimbursable	\$ 7,850	\$ 7,950
Interest receivable from members' trust accounts	13,015	2,611
Other receivables	1,943	-
Subtotal	22,808	10,561
Allowance for doubtful accounts	(7,850)	(7,950)
	\$ 14,958	\$ 2,611

THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2018

5. Long term investments

Investments are classified as long term. The Stabilization fund balance has to be maintained at the internally restricted amount and the Bursary and Memorial funds have internal restrictions to limit spending within the next year.

Investments are recorded at fair value and consist of the following:

	2018	2017
Bonds - within 1 year (Cost \$22,198) (Yield: 3.57%; 2017 - 4.34%)	\$ 21,320	\$ 37,876
Bonds - 1 - 5 years (Cost \$32,733) (Yield: 3.25%; 2017 - 4.0%)	32,802	96,858
Bonds - 5 - 10 years (Cost \$67,974) (Yield: 3.57%; 2017 - 3.37%)	67,218	128,725
Mutual Funds (Cost \$138,728)	170,358	127,931
Equities (Cost \$593,783)	787,169	619,458
	\$ 1,078,867	\$ 1,010,848

As at June 30, 2018, the Foundation's Unrestricted Fund has interfund balances owing to the Bursary Fund, Memorial Fund and Stabilization Fund of \$230,040 (2017 - \$249,853, \$12,562 (2017 - \$11,890) and \$800,000 (2017 - \$800,000), respectively. These interfund balances are non-interest bearing and due on demand, but no repayments terms have been specified. Amounts on the Statement of Financial Position represent the total for all Funds and as such, interfund balances have been eliminated.

6. Financial instruments

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of June 30, 2018.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from approved grant, bursary and scholarship recipients that are required to repay funding. In order to reduce its credit risk, the Foundation reviews new applicant's to ensure they meet the criteria for funding. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from collection of grants, bursaries and scholarships that are repayable.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation is exposed to all three types risk.

(continues)

THE NORTHWEST TERRITORIES LAW FOUNDATION
Notes to Financial Statements
Year Ended June 30, 2018

6. Financial instruments (*continued*)

(d) Currency risk

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on its investments held or exchanged from U.S. dollars. The Foundation does not use derivative instruments to reduce its exposure to foreign currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in quoted shares.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant other price risks arising from these financial instruments.

THE NORTHWEST TERRITORIES LAW FOUNDATION
Unrestricted Fund
Year Ended June 30, 2018

(Schedule 1)

	2018	2017
Revenues		
Interest income from members' trust accounts	\$ 68,143	\$ 32,534
Interest and dividends on investments	21,154	21,068
Realized gain (loss) on investments	10,450	7,799
Unclaimed trust monies	2,566	5,745
	102,313	67,146
Expenses		
Grants approved	15,500	7,500
Administration fees	14,255	22,757
Professional fees	6,300	6,300
ACLF meetings	3,190	522
Office and miscellaneous	1,668	2,833
Insurance	-	1,125
Website	-	864
	40,913	41,901
Excess (deficiency) of revenues over expenses before the undernoted	61,400	25,245
Other income (expenses)		
Unrealized gain (loss) on investments	12,133	36,752
Excess (deficiency) of revenues over expenses	\$ 73,533	\$ 61,997

THE NORTHWEST TERRITORIES LAW FOUNDATION
Graeme Garson Bursary Fund
Year Ended June 30, 2018

(Schedule 2)

	2018	2017
Revenues		
Interest and dividends on investments	\$ 6,814	\$ 6,997
Realized gain (loss) on investments	3,365	2,590
Grants rescinded and repaid	4,300	-
	14,479	9,587
Expenses		
Scholarship approved	34,000	12,000
Provision for (recovery of) uncollectible scholarships	(100)	(1,350)
	33,900	10,650
Excess (deficiency) of revenues over expenses before the undernoted	(19,421)	(1,063)
Other income (expenses)		
Unrealized gain (loss) on investments	3,907	12,206
Excess (deficiency) of revenues over expenses	\$ (15,514)	\$ 11,143

THE NORTHWEST TERRITORIES LAW FOUNDATION

John U. Bayly Memorial Fund

(Schedule 3)

Year Ended June 30, 2018

	2018	2017
Revenues		
Interest and dividends on investments	\$ 325	\$ 321
Realized gain (loss) on investments	161	119
	486	440
Other income (expenses)		
Unrealized gain (loss) on investments	187	560
Excess (deficiency) of revenues over expenses	\$ 673	\$ 1,000

THE NORTHWEST TERRITORIES LAW FOUNDATION
John U. Bayly Memorial Fund
Year Ended June 30, 2017

(Schedule 3)

	2017	2016
Revenues		
Interest and dividends on investments	\$ 321	\$ 335
Realized gain (loss) on investments	119	732
	440	1,067
Expenses		
Grant approved	-	1,000
	440	67
Excess (deficiency) of revenues over expenses before the undernoted		
Other income (expenses)		
Unrealized gain (loss) on investments	560	(1,075)
	\$ 1,000	\$ (1,008)

