



NORTHWEST TERRITORIES LAW FOUNDATION

35TH ANNUAL REPORT

FOR THE PERIOD ENDING JUNE 30, 2017



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 2016 - 2017

CHAIRPERSON:	MALINDA KELLETT
DIRECTOR:	THOMAS DRUYAN
DIRECTOR:	PAUL PARKER
DIRECTOR:	MICHAEL WOODWARD
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 of \$2,000 per year 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 in the amount of \$7,000 per year for two years, for an overall commitment of \$20,000 per student.

Scholarships for the 2016-2017 school year were awarded to, Kathleen Glowach, Kathleen O’Brien, Siobhan Quigg, Adrienne Schmalz, Donna Henderson and Lydon Stanzell totaling \$12,000.00.

INTENSIVE TRIAL ADVOCACY COURSE – \$ 2,500

To provide partial funding for a course, over 3 days, designed as an intensive, hands-on learning experience for lawyers to develop a solid, ethical advocacy skill set and build confidence in advocacy. The course was by all reports, extremely worthwhile.

NATIVE LAW CENTRE – \$2,500

To assist with core funding for the Program of Legal Studies for Native People (PLSNP), a long standing project at the University of Saskatchewan which serves Aboriginal students and law schools across the country. The PLSNP encourages law schools to recruit and retain Aboriginal law students and encourages Aboriginal students to consider careers in the law. Each summer, it offers an 8-week program which is recognized as the equivalent of the first-year property course by most Canadian law schools. Students who successfully complete this course are exempt from the first year property course. This gives the students extra time during the academic year to adapt to the demands of law school and enables them to transfer the skills they

have developed in the context of property law to other areas of the curriculum. Since its inception in 1973 the PLSNP has attracted 31 Aboriginal Students from the NWT.

FOUNDATION FOR ADMINISTRATIVE JUSTICE – \$2,500

To provide funding for an E-Learning format for the Foundation's 'Principles of Administrative Justice' course for administrative tribunal appointees, staff, advocates, prepared and delivered by tribunal members. Goal is improved understanding of tribunal members and the administrative law process.



NORTHWEST TERRITORIES LAW FOUNDATION



CHAIRPERSON'S REPORT

To: The Legislative Assembly of the Northwest Territories, and

To: 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 35th annual report for the year ending June 30, 2017, in compliance with the *Legal Profession Act*.

The Foundation is a key feature of the NWT's 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 people in the NWT and to their access to justice.

The Foundation's chief source of revenue is from the interest earned on lawyers trust accounts, all of which is deposited with the Foundation. The Foundation also has a reserve fund that generates income which enhances the Foundation's ability to make grants and fund scholarships, particularly in times where interest rates and trust fund balances are comparatively low, as has been the case for over 5 years now.

This past year, the Foundation gave a total of \$7500 in grants to organizations and \$12,000 in scholarship funds to assist students from the NWT in attending law school. The Foundation, governed by its volunteer Board, continues to look for avenues to decrease its costs and increase its revenue in order to ensure continued funding for the important programs and services contributing to legal knowledge in the NWT.

Respectfully Submitted this December 1, 2017.

A blue ink handwritten signature, appearing to be 'M. Woodward', with a long horizontal flourish extending to the right.

Michael C. Woodward
Chair

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THE NORTHWEST TERRITORIES LAW FOUNDATION
Financial Statements
Year Ended June 30, 2017

THE NORTHWEST TERRITORIES LAW FOUNDATION
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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, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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 these 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 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.

(continues)

Independent Auditor's Report to the Members of The Northwest Territories Law Foundation (continued)

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, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Hay River, Northwest Territories
November 30, 2017



Ashton Chartered Accountants

THE NORTHWEST TERRITORIES LAW FOUNDATION
Statement of Revenues and Expenditures
Year Ended June 30, 2017

	2017	2016
Revenue		
Unrestricted Fund (<i>Schedule 1</i>)	\$ 67,146	\$ 112,610
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	9,587	22,123
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	440	1,067
	77,173	135,800
Expenses		
Unrestricted Fund (<i>Schedule 1</i>)	41,901	62,346
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	10,650	6,800
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	-	1,000
	52,551	70,146
Excess (deficiency) of revenue over expenses before the undernoted	24,622	65,654
Other income (expenses)		
Unrestricted Fund (<i>Schedule 1</i>)	36,752	(66,198)
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	12,206	(22,281)
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	560	(1,075)
	49,518	(89,554)
Excess (deficiency) of revenue over expenses for the year	\$ 74,140	\$ (23,900)

THE NORTHWEST TERRITORIES LAW FOUNDATION

Statement of Changes in Net Assets

Year Ended June 30, 2017


	2016 Balance	Excess of revenue over expenses	Contributions	Withdrawals	2017 Balance
Unrestricted Fund	\$ (86,058)	\$ 61,997	\$ -	\$ -	\$ (24,061)
Graeme Garson Bursary Fund	238,710	11,143	-	-	249,853
John U. Bayly Memorial Fund	10,889	1,000	-	-	11,889
Grant Stabilization Reserve Fund	800,000	-	-	-	800,000
	\$ 963,541	\$ 74,140	\$ -	\$ -	\$ 1,037,681

	2015 Balance	Excess of revenue over expenses	Contributions	Withdrawals	2016 Balance
Unrestricted Fund	\$ (70,124)	\$ (15,934)	\$ -	\$ -	\$ (86,058)
Graeme Garson Bursary Fund	245,668	(6,958)	-	-	238,710
John U. Bayly Memorial Fund	11,897	(1,008)	-	-	10,889
Grant Stabilization Reserve Fund	800,000	-	-	-	800,000
	\$ 987,441	\$ (23,900)	\$ -	\$ -	\$ 963,541

THE NORTHWEST TERRITORIES LAW FOUNDATION
Statement of Financial Position
June 30, 2017

	2017	2016
ASSETS		
Current		
Cash and short term deposits	\$ 54,321	\$ 28,181
Accounts receivable (Note 4)	2,611	6,893
Prepaid expenses	-	1,125
	56,932	36,199
Long term Investments	1,010,848	966,943
	\$ 1,067,780	\$ 1,003,142
LIABILITIES		
Current		
Accounts payable	\$ 6,299	\$ 6,301
Grants payable	11,800	25,300
Scholarships payable	12,000	8,000
	30,099	39,601
Net Assets	1,037,681	963,541
	\$ 1,067,780	\$ 1,003,142

APPROVED BY SOLE DIRECTOR


 _____ Director
 MICHAEL WOODWARD
 CHAIR.

THE NORTHWEST TERRITORIES LAW FOUNDATION**Statement of Cash Flow****Year Ended June 30, 2017**

	2017	2016
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 74,140	\$ (23,900)
Item not affecting cash:		
Unrealized (gains) losses on investments	(49,518)	89,553
	24,622	65,653
Changes in non-cash working capital:		
Accounts receivable	4,282	(3,518)
Accounts payable	-	(1,343)
Prepaid expenses	1,125	-
Grants payable	(13,500)	(114,007)
Scholarships payable	4,000	-
	(4,093)	(118,868)
Cash flow from (used by) operating activities	20,529	(53,215)
Investing activity		
Proceeds on disposal of investments, net of purchases	5,611	15,828
Increase (decrease) in cash flow	26,140	(37,387)
Cash - beginning of year	28,181	65,568
Cash - end of year	\$ 54,321	\$ 28,181

THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2017

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.

THE NORTHWEST TERRITORIES LAW FOUNDATION
Notes to Financial Statements
Year Ended June 30, 2017

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

	2017	2016
Student scholarships reimbursable	\$ 7,950	\$ 9,301
Interest receivable from members' trust accounts	2,611	2,405
Other receivables	-	4,487
Subtotal	10,561	16,193
Allowance for doubtful accounts	(7,950)	(9,300)
	\$ 2,611	\$ 6,893

THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2017

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:

	2017	2016
Bonds - within 1 year (Cost \$40,252) (Yield: 4.34%; 2016 - 4.5%)	\$ 37,876	\$ 28,997
Bonds - 1 - 5 years (Cost \$97,300) (Yield: 4.00%; 2016 - 4.35%)	96,858	105,928
Bonds - 5 - 10 years (Cost \$125,532) (Yield: 3.57%; 2016 - 3.37%)	128,725	154,632
Mutual Funds (Cost \$106,694)	127,931	111,035
Equities (Cost \$619,458)	619,458	566,351
	\$ 1,010,848	\$ 966,943

As at June 30, 2017, the Foundation's Unrestricted Fund has interfund balances owing to the Bursary Fund, Memorial Fund and Stabilization Fund of \$249,853 (2016 - \$237,510), \$11,890 (2016 - \$10,889) and \$800,000 (2016 - \$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, 2017.

(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 of risk.

THE NORTHWEST TERRITORIES LAW FOUNDATION
Notes to Financial Statements
Year Ended June 30, 2017

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 by way of the use of an investment account manager. The Foundation is exposed to interest rate risk primarily through its investment portfolio.

(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

(Schedule 1)

Year Ended June 30, 2017

	2017	2016
Revenues		
Interest income from members' trust accounts	\$ 32,448	\$ 27,490
Interest and dividends on investments	21,068	20,613
Realized gain (loss) on investments	7,885	45,116
Grants rescinded and repaid	-	15,010
Unclaimed trust monies	5,745	4,381
	67,146	112,610
Expenses		
Administration fees	22,757	29,746
Grants approved	7,500	16,800
Professional fees	6,300	8,244
Office and miscellaneous	2,833	3,079
Insurance	1,125	1,500
Website	864	1,845
ACLF meetings	522	1,132
	41,901	62,346
Excess (deficiency) of revenues over expenses before the undernoted	25,245	50,264
Other income (expenses)		
Unrealized gain (loss) on investments	36,752	(66,198)
Excess (deficiency) of revenues over expenses	\$ 61,997	\$ (15,934)

THE NORTHWEST TERRITORIES LAW FOUNDATION
Graeme Garson Bursary Fund
Year Ended June 30, 2017

(Schedule 2)

	2017	2016
Revenues		
Interest and dividends on investments	\$ 6,997	\$ 6,938
Realized gain (loss) on investments	2,590	15,185
	9,587	22,123
Expenses		
Scholarship approved	12,000	8,000
Provision for (recovery of) uncollectible scholarships	(1,350)	(1,200)
	10,650	6,800
Excess (deficiency) of revenues over expenses before the undernoted	(1,063)	15,323
Other income (expenses)		
Unrealized gain (loss) on investments	12,206	(22,281)
Excess (deficiency) of revenues over expenses	\$ 11,143	\$ (6,958)

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)

