

2014

NORTHWEST TERRITORIES
LAW FOUNDATION
32ND ANNUAL REPORT

FOR THE PERIOD ENDING JUNE 30, 2014



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.

BOARD AND MANAGEMENT

2013-14

CHAIRPERSON, Sheldon Toner

DIRECTOR, Thomas Druyan

DIRECTOR, Malinda A. Kellet

DIRECTOR, Paul Parker

LAY MEMBER, Darrell Beaulieu

EXECUTIVE MANAGER, Wendy Carter

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.

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 2014-2015 school year were awarded to Daniel T'Seleie, Alexandra Ballantyne, Arend Hoekstra, Shad Turner, Brendan Bachand and Aaran Ferguson totaling \$12,000.

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.

Nick Leeson was awarded \$2,000 to attend the Stitt Feld Handy Group four day workshop in Advanced Alternative Dispute Resolution.

GRANTS AWARDED

CANADIAN LEGAL INFORMATION INSTITUTE (CANLII) - \$ 15,055.04

To provide funding for the CANLII project (a Virtual Law Library). CANLII is a not for profit organization created by the Federation of Law Societies of Canada. Their objective is to provide, by means of electronic access through the Internet, free access to primary legal materials for members of the legal profession and the public. The project is funded based on the number of members of the bar in each province or territory. This contribution covers the cost assessed for the Northwest Territories bar.

GNWT – COURT LIBRARY - \$ 50,000

To assist in the acquisition of both print and electronic resources materials for the M.M.de Weerd Law Library. The Court Library is open to the public and members of the bar.

NATIVE LAW CENTRE - \$10,000

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 law course by most Canadian law schools. Students who successfully complete this course are exempt from the first year property law 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 - \$15,000

To assist in FOAJ'S e-Learning project to produce online courses in Decision Making and Interpreting Legislation. These online courses are designed to assist tribunal members, staff and advocates to competently perform their roles. E-learning also assists in the development, delivery and participation for administrative justice training in the NWT. FOAJ offers the only Certificate in Tribunal Administrative Justice in Canada.

TLI CHO GOVERNMENT - \$9,307.34

To assist in providing a legal information session for the public in Wills and Estate Planning for Elders (60 years and older) in the communities of Behchoko, Gameti, Wekweeti and Whati.

YELLOWKNIVES DENE FIRST NATION - \$30,000.00

To increase awareness in and the education of the Yellowknives Dene First Nation Community Justice Committee on the justice system and to assist in the implementation of community justice hearings and the delivery of community justice programs.

YWCA - \$11,500

To assist with the research, writing, publishing and distribution of a plain language manual about the legal options for women who are experiencing family violence.

THE 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 the Thirty-Second Annual Report of the Northwest Territories Law Foundation for the year ending June 30th, 2014, in compliance with the *Legal Profession Act*.

The Law Foundation is one of the key features of the Northwest Territories legal profession's self-governance structure. It demonstrates the legal profession's commitment to help fund programs and services that contribute to the legal knowledge of people in the Northwest Territories

The Foundation receives its chief source of revenue from the interest earned on lawyers' trust accounts. The trust accounts are accounts held by lawyers for their clients. The interest earned on those accounts is deposited to the Law Foundation. The Foundation has a reserve fund that also generates interest revenue which is used to supplement the Foundation's income in years when the interest rates on trust accounts are low. In the past year, the Foundation gave a total of \$142,862.38 in grants to Northwest Territories organizations and \$12,000.00 in scholarship funds to assist students from the NWT in attending law school.

Respectfully submitted on the 29 day of September 2014


Sheldon Toner
Chair

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STRATEGIC PLAN 2014-2017

The Northwest Territories Law Foundation marked an important milestone in 2012:

30 continuous years serving the people of the Northwest Territories. Since inception, the Law Foundation has awarded close to \$3.08 million dollars in grants, and \$255,000 in scholarships. Recognizing the significance of this anniversary, the Directors of the Law Foundation initiated discussions on the future of the organization, culminating in this Strategic Plan for the 2014-2017 period.

The Law Foundation has benefited tremendously from the commitment, wisdom and foresight of its Directors over the past three decades. Implementation of this Strategic Plan, with necessary monitoring and recalibrations over the next three years, can be one part of ensuring that this important institution continues to enable the people of the Northwest Territories to access justice and the tools of justice well into the future.

The objective of this Strategic Plan are as follows:

- achieve clarity with respect to the mission and vision of the Law Foundation;
- to prepare for and manage changes on the horizon;
- to focus decision-making processes on key goals;
- to ensure optimal stewardship of Law Foundation resources; and
- to improve communications and relations with stakeholders.

THE NORTHWEST TERRITORIES LAW FOUNDATION
Financial Statements
Year Ended June 30, 2014

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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, 2014 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 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.

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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, 2014 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
October 6, 2014

The logo for Ashton Chartered Accountants, featuring the word "Ashton" in a stylized, cursive script font.

Ashton Chartered Accountants

THE NORTHWEST TERRITORIES LAW FOUNDATION
Statement of Revenues and Expenditures
Year Ended June 30, 2014

	2014	2013
Revenue		
Unrestricted Fund (<i>Schedule 1</i>)	\$ 188,826	\$ 176,824
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	40,724	30,633
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	1,946	1,053
	231,496	208,510
Expenses		
Unrestricted Fund (<i>Schedule 1</i>)	182,917	107,259
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	17,800	22,800
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	2,000	-
	202,717	130,059
Excess of revenue over expenses for the year	\$ 28,779	\$ 78,451

See notes to financial statements

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THE NORTHWEST TERRITORIES LAW FOUNDATION

Statement of Changes in Net Assets

Year Ended June 30, 2014

	2013 Balance	Excess of revenue over expenses	Transfer to	Transfer from	2014 Balance
Unrestricted Fund	\$ 19,723	\$ 5,909	\$ -	\$ -	\$ 25,632
Graeme Garson Bursary Fund	220,232	22,924	-	-	243,156
John U. Bayly Memorial Fund	11,299	(54)	-	-	11,245
Grant Stabilization Reserve Fund	800,000	-	-	-	800,000
	\$ 1,051,254	\$ 28,779	\$ -	\$ -	\$ 1,080,033

	2012 Balance	Excess of revenue over expenses	Contributions	Withdrawals	2013 Balance
Unrestricted Fund	\$ (49,842)	\$ 69,565	\$ -	\$ -	\$ 19,723
Graeme Garson Bursary Fund	212,399	7,833	-	-	220,232
John U. Bayly Memorial Fund	10,246	1,053	-	-	11,299
Grant Stabilization Reserve Fund	800,000	-	-	-	800,000
	\$ 972,803	\$ 78,451	\$ -	\$ -	\$ 1,051,254

See notes to financial statements

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THE NORTHWEST TERRITORIES LAW FOUNDATION
Statement of Financial Position
June 30, 2014

	2014	2013
ASSETS		
Current		
Cash	\$ 196,444	\$ 113,372
Accounts receivable (Note 4)	9,585	12,276
Prepaid expenses	1,496	1,062
	<u>207,525</u>	<u>126,710</u>
Investments (Note 5)	1,030,388	998,062
	<u>\$ 1,237,913</u>	<u>\$ 1,124,772</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	\$ 5,018	\$ 5,018
Grants payable	140,862	51,500
Scholarships payable	12,000	17,000
	<u>157,880</u>	<u>73,518</u>
Net assets	1,080,033	1,051,254
	<u>\$ 1,237,913</u>	<u>\$ 1,124,772</u>

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

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THE NORTHWEST TERRITORIES LAW FOUNDATION
Statement of Cash Flows
Year Ended June 30, 2014

	2014	2013
Operating activities		
Excess of revenue over expenses	\$ 28,779	\$ 78,451
Items not affecting cash:		
Realized (gains) losses on investments	(60,921)	15,287
Unrealized (gains) losses on investments	(91,939)	(85,963)
	(124,081)	7,775
Changes in non-cash working capital:		
Accounts receivable	2,693	(8,910)
Accounts payable	-	(350)
Prepaid expenses	(433)	-
Grants payable	89,362	(61,474)
Scholarships payable	(5,000)	(4,000)
	86,622	(74,734)
Cash flow used by operating activities	(37,459)	(66,959)
Financing activity		
Proceeds on disposal of investments, net of purchases	120,531	108,010
Increase in cash	83,072	41,051
Cash - beginning of year	113,372	72,321
Cash - end of year	\$ 196,444	\$ 113,372

See notes to financial statements

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THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2014

1. Nature of operations

The Northwest Territories Law Foundation (the "Foundation") is incorporated under the Legal Profession Act of 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 (GAAP).

3. Summary of significant accounting policies

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.

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.

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THE NORTHWEST TERRITORIES LAW FOUNDATION
Notes to Financial Statements
Year Ended June 30, 2014

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. One quarter of the total investment income or loss is allocated from the Unrestricted Fund to the Bursary and Memorial Fund.

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

	2014	2013
Student scholarships reimbursable	\$ 15,300	\$ 20,700
Interest receivable from members' trust accounts	5,385	3,876
Subtotal	20,685	24,576
Allowance for doubtful accounts	(11,100)	(12,300)
	\$ 9,585	\$ 12,276

THE NORTHWEST TERRITORIES LAW FOUNDATION
Notes to Financial Statements
Year Ended June 30, 2014

5. Investments

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

	2014	2013
Bonds - within 1 year (Yield: 4.73%; 2013 - 5.0%)	\$ 26,548	\$ 20,514
Bonds - 1 - 5 years (Yield: 4.25%; 2013 - 4.54%)	65,546	73,259
Bonds - 5 - 10 years (Yield: 3.61%; 2013 - 3.83%)	104,566	86,415
Bonds - Over 10 years (Yield: nil; 2013 - 6.282%)	-	9,000
Equities (Cost \$637,863; 2013 - \$722,750)	833,728	808,874
	\$ 1,030,388	\$ 998,062

As at June 30, 2014, the Foundation's Unrestricted Fund has interfund balances owing to the Bursary Fund, Memorial Fund and Stabilization Fund of \$243,156 (2013 - \$220,232), \$11,245 (2013 - \$11,300) and \$800,000 (2013 - \$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, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations as agreed to. The Foundation is exposed to credit risk from students and contribution recipients. In order to reduce its credit risk, the Foundation reviews these individuals and organizations before agreeing to contribute money. An allowance for doubtful accounts is established based upon factors surrounding the credit risk based on history and knowledge of the situation.

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 its customers and other related sources and accounts payable.

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 mainly exposed to market risk in its investments..

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THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2014

6. Financial instruments (*continued*)

Currency risk

Currency risk is the risk to the company'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 investment held or exchanged from U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

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.

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.

7. Contractual obligations

The Foundation has entered into a contractual commitment for administrative services to June 30, 2015 with automatic renewal thereafter unless terminated.

Contractual obligation schedule of payments:

2015	<u>\$ 29,163</u>
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THE NORTHWEST TERRITORIES LAW FOUNDATION

Unrestricted Fund

(Schedule 1)

Year Ended June 30, 2014

	2014	2013
Revenue		
Interest income from members' trust accounts	\$ 40,152	\$ 57,244
Interest and dividends on investments	22,036	20,783
Grants rescinded and repaid	818	40,000
Back interest received	6,605	2,460
Realized gains (losses) on investments	47,504	(9,952)
Unrealized gains (losses) on investments	71,711	66,289
	188,826	176,824
Expenses		
Grants approved	140,862	64,431
Administration fees	29,163	28,314
Office and miscellaneous	5,690	4,376
Professional fees	5,355	5,250
Insurance	1,438	1,500
ACLF meetings	409	3,388
	182,917	107,259
Excess (deficiency) of revenue over expenses	\$ 5,909	\$ 69,565

See notes to financial statements

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THE NORTHWEST TERRITORIES LAW FOUNDATION

Graeme Garson Bursary Fund

(Schedule 2)

Year Ended June 30, 2014

	2014	2013
Revenue		
Interest and dividends on investments	\$ 5,920	\$ 8,263
Scholarships repaid or rescinded	2,800	8,800
Realized gains (losses) on investments	12,763	(5,199)
Unrealized gains (losses) on investments	19,241	18,769
	40,724	30,633
Expenses		
Scholarships	19,000	24,000
Provision for (recovery of) uncollectible scholarship	(1,200)	(1,200)
	17,800	22,800
Excess (deficiency) of revenue over expenses	\$ 22,924	\$ 7,833

See notes to financial statements

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THE NORTHWEST TERRITORIES LAW FOUNDATION

John U. Bayly Memorial Fund

(Schedule 3)

Year Ended June 30, 2014

	2014	2013
Revenue		
Interest and dividends on investments	\$ 304	\$ 284
Realized gains (losses) on investments	655	(136)
Unrealized gains (losses) on investments	987	905
	1,946	1,053
Expenses		
Grant approved	2,000	-
Excess (deficiency) of revenue over expenses	\$ (54)	\$ 1,053

See notes to financial statements

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NORTHWEST TERRITORIES
LAW FOUNDATION