

NORTHWEST TERRITORIES LAW FOUNDATION

Thirtieth Annual Report
for the Fiscal Year Ended
June 30, 2012

30

NWT LAW FOUNDATION THROUGH THE YEARS

1982-1983

NWT Law Foundation was enacted pursuant to Part VII of the *Legal Profession Act*. At the request of members of the NWT Law Society, the 1982-1983 Executive of the Law Society commenced work on setting up the Foundation

\$7,951 in revenue from trust accounts in 1982

\$24,016 in revenue from trust accounts in 1983

2012

The Law Foundation celebrates its 30th anniversary. Since 1982 the Law Foundation has awarded grants totalling \$2,875,081 which have benefitted the people of the Northwest Territories. In addition, over \$226,000.00 in scholarships have been awarded to some 45 students. One of those recipients, Karen Lajoie, now sits as a director of the Law Foundation.

\$48,050.14 in revenue from trust accounts

\$105,974.97 in grants awarded -

Canadian Legal Information Institute (CanLII), Yellowknives Dene First Nation, GNWT - Court Library and Yellowknife Seniors Society

Scholarships of \$2,000.00 each were awarded to Eric Aitken, Britt Walsh, Keelen Simpson, Margaret Lovely, Andrew Matthews, Daniel T'seleie and Arend Hoekstra.

30

Table of Contents

CHAIRPERSON'S REPORT.....	4
PURPOSE.....	5
OBJECTIVES.....	5
ADMINISTRATION.....	5
BOARD AND MANAGEMENT – 2011 - 2012.....	6
SCHOLARSHIPS.....	6
JOHN U. BAYLY MEMORIAL FUND.....	6
GRANTS AWARDED	7
BOARD AND MANAGEMENT FOR THE PAST 30 YEARS.....	8
INCOME EARNED ON LAWYERS TRUST ACCOUNTS.....	10
GRANTS AWARDED 1982-2012.....	10
FINANCIALS.....	11

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 Thirtieth Annual Report of the Northwest Territories Law Foundation for the year ending June 30th, 2012, in compliance with the *Legal Profession Act*.

The Law Foundation serves as one of the signal components of the Northwest Territories legal profession's self-governance, demonstrating the profession's commitment to helping fund the development of programs and services that have the final object of contributing to the legal knowledge of people in the Northwest Territories. Since its inception 30 years ago, the Foundation has granted \$ 2,875,081 to organizations in the Northwest Territories who meet these criteria, and has awarded scholarships totaling \$226,000 to students from the Northwest Territories who have attended law school.

The Foundation's main source of revenue is the interest earned on the mixed trust accounts into which Northwest Territories lawyers deposit funds held in trust for clients. Interest income in 2012 was \$48,050. Previous Directors of the Foundation had the foresight to establish a reserve fund to generate interest revenue to balance our overall income in years when bank interest rates on trust accounts were low. We acknowledge and thank them for their vision for the future. Without this reserve fund, we would not be able to continue funding our core grantees. The Foundation gave a total of \$105,974 in grants in the past year to a variety of worthy organizations as listed in this report.

I have been privileged to serve as Chairperson of the Law Foundation over the past three years with excellent colleagues: Douglas McNiven; Sheldon Toner; Karen Lajoie; Matt Young; our wonderful lay member Darrell Beaulieu; and our diligent Executive Manager Wendy Carter. I thank each of them for their work with the Foundation, and especially their collegiality and good humour.

Respectfully submitted on June 30th, 2012.


Emerald Murphy, Chair

Emerald Murphy

Chairperson

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 2011 - 2012

CHAIRPERSON.....	EMERALD MURPHY
DIRECTOR.....	MATT YOUNG
DIRECTOR.....	SHELDON TONER
DIRECTOR.....	KAREN LAJOIE
LAY MEMBER	DARRELL BEAULIEU
EXECUTIVE MANAGER.....	WENDY CARTER

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 he or she continue to work in the Northwest Territories for an additional year after articles, the Fund will assist him or her in the amount of \$7,000 per year for two years, for an overall commitment of \$20,000 per student.

Scholarships for the 2012/2013 school year were awarded to Eric Aitken, Britt Walsh, Keelen Simpson, Margaret Lovely, Andrew Matthews, Daniel T'Seleie and Arend Hoekstra totaling \$14,000.

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. In 2012, \$1,000 was awarded to Cayley Thomas to assist her in her studies at York University in the LL.M program specializing in Alternate Dispute Resolution.

GRANTS AWARDED

CANADIAN LEGAL INFORMATION INSTITUTE (CANLII) – \$ 14,474

To assist in the CANLII project (a Virtual Law Library). CANLII is a not for profit organization created by the Federation of Law Societies of Canada. Its 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.

YELLOWKNIVES DENE FIRST NATION – \$ 40,000

To assist in providing a Community Justice Initiatives Program for 2011/2012 that serves the communities of Dettah, N'dilo and Yellowknife. The funding helps support the members of the YKDFN work together to deal with justice issues through holistic and alternative approaches to Aboriginal Restorative Justice. The Justice Committee accepts youth and adult cases from the court and implements diversion programs and restorative justice by providing such services as counseling; support programs such as drug/alcohol programs; healing circles and workshops; cultural awareness; traditional teachings and spiritual ceremonies by elders; and on- the- land and family violence workshops. The Law Foundation has financially supported this program since 2007.

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.

YELLOWKNIFE SENIORS SOCIETY – \$ 1,500

To assist in the completion of wills, power of attorneys and living wills by a lawyer for “financial” needy seniors/elders.

BOARD AND MANAGEMENT FOR THE PAST 30 YEARS

1982-1984

John Z. Vertes
Robert M.E. Wilson
Geoffrey M. Bickert
Lloyd C. Tancock
Dana Ferguson
Gordon R. Carter - Executive Manager

1984-1985

Loraine Minish-Cooper
John Vertes
Richard Hardy
Michael Odell
Gordon R. Carter - Executive Manager

1985-1986

Loraine Minish-Cooper
John Vertes
Jeffrey Gilmour
Richard Hardy
Michael Odell
Gordon R. Carter - Executive Manager

1986-1987

Loraine Minish-Cooper
Richard Hardy
Cheryl Walker
Richard Spaulding
Michael Odell
Gordon R. Carter - Executive Manager

1987-1988

Loraine Minish-Cooper
Richard Hardy
Cheryl Walker
Richard Spaulding
Ron Williams
Gordon R. Carter - Executive Manager

1988-1989

Loraine Minish-Cooper
Cheryl Walker
Ron Williams
Richard Spaulding
Gary Boyd
Gordon R. Carter - Executive Manager

1989-1990

Loraine Minish-Cooper
Cheryl Walker
Gary Boyd
Richard Spaulding
Ronald D. Williams
Fibbie Tatti
Gordon R. Carter - Executive Manager

1990-1991

Cheryl Walker
Larry Pontus
Gary Boyd
Lucy Austin
Fibbie Tatti
Gordon R. Carter - Executive Manager

1991-1992

Cheryl Walker
Larry Pontus
Gary Boyd
Lucy Austin
Virginia Schuler
Fibbie Tatti
Gordon R. Carter - Executive Manager

1992-1994

Lucy Austin
Sandra Aitken
John Bayly
Diane Buckland
Sue Heron-Hebert
Wendy Carter - Executive Manager

1994-1996

Lucy Austin
Diane Buckland
Dan Levert
Reg Tolton
Sue Heron-Hebert
Wendy Carter - Executive Manager

1996-1998

Reg Tolton
John U. Bayly
Ed Gullberg
Sue Cooper
Dennis Patterson
Wendy Carter - Executive Manager

1998-1999

John U. Bayly
Reg Tolton
Gerard Phillips
Elaine Keenan-Bengts
Dennis Patterson
Wendy Carter - Executive Manager

1999-2000

John U. Bayly (stepped down January 2000)
Reg Tolton
Gerard Phillips
Elaine Keenan-Bengts
Gail Cyr
Wendy Carter - Executive Manager

2000-2002

Elaine Keenan-Bengts
Gerard Phillips
Glenn Tait
Yvonne MacNeill
Gail Cyr
Wendy Carter - Executive Manager

2002-2003

Elaine Keenan-Bengts
Gerard Phillips
Glenn Tait
Yvonne MacNeill
Gail Cyr
Wendy Carter - Executive Manager

2003-2005

Elaine Keenan-Bengts
Gerard Phillips
Glenn Tait
Yvonne MacNeill
Darrell Beaulieu
Wendy Carter - Executive Manager

2005-2007

Glenn Tait
Gerard Phillips
Scott Duke
Emerald Murphy
Darrell Beaulieu
Wendy Carter - Executive Manager

2007-2008

Scott Duke
Gerard Phillips
Glenn Tait
Emerald Murphy
Darrell Beaulieu
Wendy Carter - Executive Manager

2008-2009

Scott Duke
Gerard Phillips
Sheldon Toner
Emerald Murphy
Darrell Beaulieu
Wendy Carter - Executive Manager

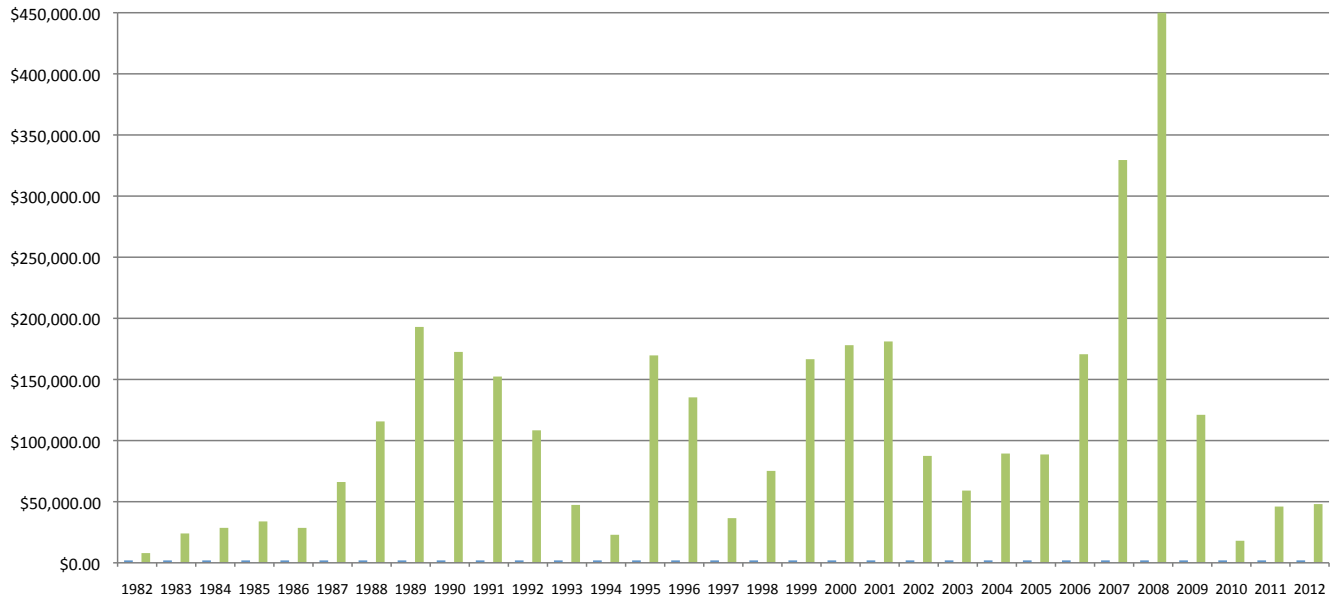
2009-2011

Emerald Murphy
Douglas McNiven
Sheldon Toner
Karen Lajoie
Darrell Beaulieu
Wendy Carter - Executive Manager

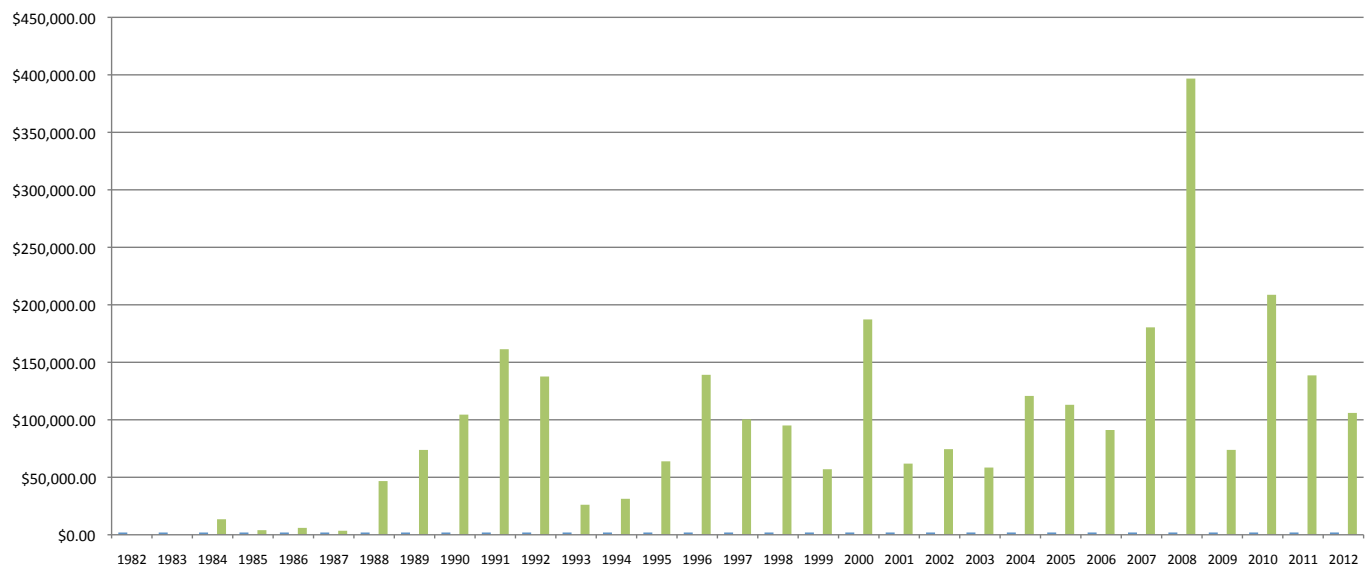
2011-2013

Emerald Murphy
Sheldon Toner
Karen Lajoie
Matt Young
Darrell Beaulieu
Wendy Carter - Executive Manager

**NWT LAW FOUNDATION
INCOME EARNED ON LAWYERS' TRUST ACCOUNTS 1982 - 2012
\$3,514,478**



**NWT LAW FOUNDATION
GRANTS AWARDED 1982-2012
\$2,875,081**



THE NORTHWEST TERRITORIES LAW FOUNDATION
Financial Statements
Year Ended June 30, 2012

THE NORTHWEST TERRITORIES LAW FOUNDATION

Index to Financial Statements

Year Ended June 30, 2012

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11
Unrestricted Fund (<i>Schedule 1</i>)	12
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	13
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	14

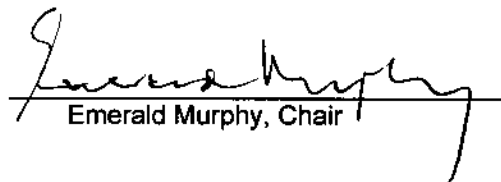
Management's Responsibility for Financial Reporting

The financial statements of The Northwest Territories Law Foundation have been prepared in accordance with Canadian generally accepted accounting principles. 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 contracted management 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's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles and for maintaining standards of conduct that are appropriate.

The financial statements have been audited on behalf of the Directors by Ashton, Chartered Accountants, in accordance with Canadian generally accepted auditing standards.


Emerald Murphy, Chair

Yellowknife, NT

INDEPENDENT AUDITOR'S REPORT

To the Directors 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, 2012 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 generally accepted accounting principles, 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)

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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hay River, Northwest Territories
September 21, 2012



Ashton, Chartered Accountants

THE NORTHWEST TERRITORIES LAW FOUNDATION

Statement of Revenues and Expenditures

Year Ended June 30, 2012

	2012	2011
Revenue		
Unrestricted Fund (<i>Schedule 1</i>)	\$ (13,541)	\$ 130,510
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	(18,835)	27,569
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	(463)	621
	(32,839)	158,700
Expenses		
Unrestricted Fund (<i>Schedule 1</i>)	146,228	184,023
Graeme Garson Bursary Fund (<i>Schedule 2</i>)	41,400	18,300
John U. Bayly Memorial Fund (<i>Schedule 3</i>)	1,000	-
	188,628	202,323
Deficiency of revenue over expenses for the year	\$ (221,467)	\$ (43,623)

THE NORTHWEST TERRITORIES LAW FOUNDATION

Statement of Changes in Net Assets

Year Ended June 30, 2012

	2011 Balance	Deficiency of revenue over expenses	Contributions	Withdrawals	2012 Balance
Unrestricted Fund	\$ 909,926	\$ (159,769)	\$ -	\$ (800,000)	\$ (49,843)
Graeme Garson Bursary Fund	272,635	(60,235)	-	-	212,400
John U. Bayly Memorial Fund	11,709	(1,463)	-	-	10,246
Grant Stabilization Reserve Fund	-	-	800,000	-	800,000
	\$ 1,194,270	\$ (221,467)	\$ 800,000	\$ (800,000)	\$ 972,803

	2010 Balance	Deficiency of revenue over expenses	Contributions	Withdrawals	2011 Balance
Unrestricted Fund	\$ 963,439	\$ (53,513)	\$ -	\$ -	\$ 909,926
Graeme Garson Bursary Fund	263,366	9,269	-	-	272,635
John U. Bayly Memorial Fund	11,088	621	-	-	11,709
	\$ 1,237,893	\$ (43,623)	\$ -	\$ -	\$ 1,194,270

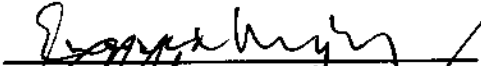
THE NORTHWEST TERRITORIES LAW FOUNDATION

Statement of Financial Position

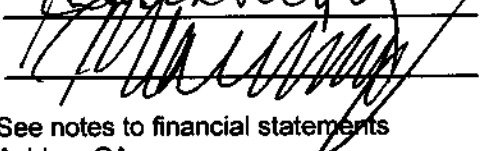
June 30, 2012

	2012	2011
ASSETS		
Current		
Cash (Note 2)	\$ 72,321	\$ 116,456
Accounts receivable (Note 3)	3,367	36,897
Prepaid expenses	1,063	1,063
	76,751	154,416
Long term Investments (Note 2)	1,035,395	1,219,477
	\$ 1,112,146	\$ 1,373,893
LIABILITIES		
Current		
Accounts payable	\$ 5,369	\$ 6,999
Grants payable	112,974	159,624
Scholarships payable	21,000	13,000
	139,343	179,623
NET ASSETS	972,803	1,194,270
	\$ 1,112,146	\$ 1,373,893

ON BEHALF OF THE BOARD



Director



Director

See notes to financial statements
Ashton, CA

THE NORTHWEST TERRITORIES LAW FOUNDATION**Statement of Cash Flows****Year Ended June 30, 2012**

	2012	2011
Operating activities		
Deficiency of revenue over expenses	\$ (221,467)	\$ (43,623)
Items not affecting cash:		
Realized (gains) losses on investments	36,464	(14,342)
Unrealized (gains) losses on investments	77,269	(68,856)
	(107,734)	(126,821)
Changes in non-cash working capital:		
Accounts receivable	33,530	(687)
Accounts payable	(1,630)	(391)
Prepaid expenses	-	226
Grants payable	(46,650)	(49,088)
Scholarships payable	8,000	8,000
	(6,750)	(41,940)
Cash flow used by operating activities	(114,484)	(168,761)
Investing activity		
Proceeds on disposal of investments, net of purchases	70,349	80,255
Decrease in cash flow	(44,135)	(88,506)
Cash - beginning of year	116,456	204,962
Cash - end of year	\$ 72,321	\$ 116,456

THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2012

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. Summary of significant accounting policies

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 organization'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 Bursary Fund was established to provide interest income which finances a scholarship program for law studies. The Memorial Fund was established to encourage and facilitate the development of mediation skills. The Stabilization 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.

Contributed services

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

(continues)

THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2012

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

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.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles required 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 amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Comparative figures

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

3. Accounts receivable

	2012	2011
Student scholarships reimbursable	\$ 13,500	\$ 28,600
Interest receivable from members' trust accounts	3,367	8,297
Subtotal	16,867	36,897
Allowance for doubtful accounts	(13,500)	-
	\$ 3,367	\$ 36,897

THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2012

4. Investments

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

	2012	2011
Cash equivalents (Cost \$107,683)	\$ 107,773	\$ -
Fixed income bonds (Cost \$193,654; 2011 - \$265,794)	201,076	267,763
Equities (Cost \$752,194; 2011 - \$909,769)	726,546	951,714
	\$ 1,035,395	\$ 1,219,477

As at June 30, 2012, the Foundation's Unrestricted Fund has interfund balances owing to the Bursary Fund, Memorial Fund and Stabilization Fund of \$212,399 (2011 - \$272,634), \$10,247 (2011 - \$11,709) and \$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.

5. Financial instruments

The Foundation's financial instruments consist of cash, accounts receivable, investments, trade payables and accruals, grants payable and scholarships payable. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant fair value, currency, credit, or liquidity risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

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 its grant and scholarship applicants. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Market risk

The Foundation is exposed to significant market risk through its investments. Market risk is the risk that the value of the investments will fluctuate as a result of changes in market prices, whether the factors are specific to the instruments or all instruments traded in the market.

Interest rate risk

The Foundation is exposed to significant interest rate risk through its investments and interest received on the members' trust accounts. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates.

THE NORTHWEST TERRITORIES LAW FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2012

6. Investments

The remaining term to maturity of fixed income bonds at fair value (see note 4), along with the average effective yields of each maturity, are as follows:

	2012	2011
Within 1 year (Yield: 5.77%; 2011 - 3.26%)	\$ 31,035	\$ 36,163
1 - 5 years (Yield: 4.72%; 2011 - 2.74%)	76,801	119,469
5 - 10 years (Yield: 4.05%; 2011 - 3.19%)	93,240	112,131
Total fixed income bonds (Yield: 4.58%; 2011 - 3.00%)	\$ 201,076	\$ 267,763

7. Contractual obligations

The Foundation has entered into a contractual commitment for administrative services to June 30, 2013 with automatic renewal thereafter unless terminated.

Contractual obligation schedule of payments:

2013	<u>\$ 28,314</u>
------	------------------

8. Comparative figures

The prior year comparative figures were audited by another firm of public accountants.

THE NORTHWEST TERRITORIES LAW FOUNDATION**Unrestricted Fund****(Schedule 1)****Year Ended June 30, 2012**

	2012	2011
Revenue		
Interest income from member's trust accounts	\$ 48,050	\$ 44,116
Back interest received	-	1,900
Realized gains (losses) in investments	(27,372)	10,737
Unrealized gains (losses) on investments	(57,952)	51,642
Interest and dividends on investments	23,733	22,115
	(13,541)	130,510
Expenses		
Administration fees	27,489	22,050
Insurance	1,500	1,727
Grants approved	105,974	138,624
ACLF meetings	1,834	3,904
Office and miscellaneous	3,606	2,961
Professional fees	5,825	11,119
Travel	-	3,638
	146,228	184,023
Deficiency of expenses over revenue	\$ (159,769)	\$ (53,513)

THE NORTHWEST TERRITORIES LAW FOUNDATION**Graeme Garson Bursary Fund****(Schedule 2)****Year Ended June 30, 2012**

	2012	2011
Revenue		
Realized gains (losses) on investments	\$ (8,886)	\$ 3,500
Unrealized gains (losses) on investments	(18,882)	16,834
Interest and dividends on investments	7,733	7,210
Scholarships repaid	1,200	-
Other Income	-	25
	(18,835)	27,569
Expenses		
Scholarships	27,900	18,300
Provision for uncollectible scholarship	13,500	-
	41,400	18,300
Excess (deficiency) of expenses over revenue	\$ (60,235)	\$ 9,269

THE NORTHWEST TERRITORIES LAW FOUNDATION**John U. Bayly Memorial Fund****(Schedule 3)****Year Ended June 30, 2012**

	2012	2011
Revenue		
Realized gains (losses) on investments	\$ (205)	\$ 79
Unrealized gains (losses) on investments	(436)	380
Interest and dividends on investments	178	162
	(463)	621
Expenses		
Grant approved	1,000	-
Excess (deficiency) of expenses over revenue	\$ (1,463)	\$ 621

NWT LAW FOUNDATION
THROUGH THE YEARS

30

1985

Negotiations commenced with the chartered banks to obtain better interest rates for lawyer's accounts and increase the Foundation's revenues.

\$33,854 in revenue from trust accounts

\$4,000.00 in grants awarded - Canadian Law Information Council, Canadian Bar Review and Federation of Law Societies

1989

Revenue increased by 69% over the previous year enabling the Foundation to provide a much needed source of income for legal education, legal reform and other legal services.

Article included in this year's report was written by Richard Hardy entitled "The Berger Inquiry".

\$192,961 in revenue from trust accounts

\$73,794.00 in grants awarded - Arctic Public Legal Education, Law Society of the Northwest Territories, University of Saskatchewan, Canadian Law Information Council, Canadian Bar Association, Canadian Bar - Law for the Future Fund, N.W.T. Family Law Reform Project, N.W.T. Native Women's Association and the Western Judicial Education Centre

1992

Revenue down \$68,944 from previous year and was consistent with other Law Foundations across Canada. A special report included in this year's report was written by Richard Hardy entitled "Dividing the Northwest Territories". Gordon R. Carter retired as Executive Manager and Wendy Carter was appointed the new Executive Manager.

\$108,376 in revenue from trust accounts

\$137,639.00 in grants awarded - Arctic Public Legal Education, Law Society of the Northwest Territories, NWT Court Library, Supreme Court Rules and Practice Committee, Canadian Journal of Women and the Law, Canadian Bar Association and Western Judicial Education Centre. The first scholarship was awarded to Craig Bell of Yellowknife, a second year law student.

1995

The Northwest Territories Law Foundation/Graeme Garson Scholarship Fund was established from funds received from the family of the late Graeme Garson.

\$169,671 in revenue from trust accounts

\$63,875.00 in grants awarded - Native Law Centre (University of Saskatchewan), Arctic Public Legal Education, N.W.T. Court Library and N.W.T. Law Society Scholarships in the amount of \$1,000.00 each were awarded to Collette Langlois, Laureen Nowland Card, Angela Davies, Jennifer Bayly and Chantal Richard.

1999

Saw the division of the Northwest Territories and Nunavut. The Foundation transferred 20% of the value of its assets and liabilities to the Nunavut Law Foundation.

\$166,556 in revenue from trust accounts

\$56,990 in grants awarded - N.W.T. Court Library, Law Society of the Northwest Territories, 1999/2000 Bar Admission Courses

A scholarship in the amount of \$3,000.00 was awarded to Karen Lajoie.

2001

Revenue from trust accounts continued to rise

\$181,076 in revenue from trust accounts

\$61,866 in grants awarded - Court Library, 2001/2002 Bar Admission Courses, CBA Human Rights/WCB Review, Canadian Bar Association and N.W.T. Law Foundation/Graeme Garson Bursary Fund

Scholarships in the amount of \$3,000.00 each were awarded to Moira Vane, Doris Aubin, Kelsey Scott, Karen Lajoie and Monica Balasky.

2005

The John U. Bayly O.C. Memorial Fund was established from funds received in his memory. The Fund will be used to encourage and facilitate members of the N.W.T. Bar in the development of mediation skills.

\$88,631 in revenue from trust accounts

\$113,044 in grants awarded - Canadian Bar Association - N.W.T. Branch, 2004/2005 Bar Admission Courses, Canadian Bar Association - CANLII Project, Northwest Territories Law Foundation/Graeme Garson Bursary Fund, N.W.T. Court Library, John U. Bayly Memorial Fund

Scholarships in the amount of \$5,000.00 each were awarded to Amber LeMouel, Magnolia Unka and Menelik Tessema.

2008

Revenue from trust accounts was high this year because of the collection of back interest on trust accounts that hadn't been remitted by the banks over several past years.

\$371,057 in revenue from trust accounts and \$141,928 in revenue from back interest on trust accounts

\$396,750.00 in grants were awarded - 2007/2008 Bar Admission Courses, Canadian Bar Association - CANLII Project, N.W.T. Court Library, Yellowknife Dene Band,

Supreme Court of the N.W.T., Law Society of the N.W.T. - Trial Advocacy Professional Development, N.W.T. Branch, Canadian Bar Association - Aboriginal Law CLE

Scholarships in the amount of \$5,000.00 each were awarded to Christopher Buchanan and Jessica Iveson

2009

A cash incentive was given to new NWT law school graduates, to further encourage them to return to work in the NWT.

\$121,071 in revenue from trust accounts

\$78,823.00 in grants awarded - 2008/2009 Bar Admission Courses, Canadian Bar Association - CANLII Project, Yellowknives Dene First Nation, Native Law Centre of Canada, Centre for Northern Families - Poverty Law Clinic, Goyatiko Language Society, Canadian Bar Association

A scholarship in the amount of \$5,000.00 was awarded to Christopher Buchanan.

2010

2010's economic downturn resulted in a significant reduction in revenue paid on trust accounts and resulted in greatly reduced funds available

For distribution to applicants for assistance.

\$18,037 in revenue from trust accounts

\$208,711.94 in grants awarded - 2010/11 Bar Admission Courses, Canadian Bar Association - CANLII Project, Yellowknives Dene First Nation, Indigenous Bar Association, N.W.T. Court Library, University of Saskatchewan Native Law Centre

Scholarships in the amount of \$2,000.00 each to Christopher Buchanan and Moses Hernandez

30

NORTHWEST TERRITORIES LAW FOUNDATION

Box 2594

5212 55th St.

Yellowknife, NT X1A 2P9

Tel: (867)873-8275

Fax: (867)873-6383

Email: action@theedge.ca

www.lawsociety.nt.ca/LawFoundation