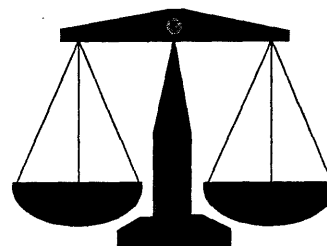


TABLED DOCUMENT NO. 12 - 16 (3) TABLED ON FEB 06 2009

N.W.T. LEGISLATIVE LIBRARY



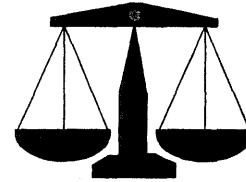
3 1936 00082 1213



NORTHWEST TERRITORIES LAW FOUNDATION

Twenty-Sixth Annual Report for the
Fiscal Year Ending June 30, 2008

NORTHWEST TERRITORIES LAW FOUNDATION



CHAIRMAN'S REPORT

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

We are pleased to submit the Twenty-sixth Annual Report of the Northwest Territories Law Foundation for the year ending June 30th, 2008 pursuant to the *Legal Profession Act*.

The Law Foundation made thirteen grants during the year totaling \$397,848.74, details of which are outlined in this report.

This year the Northwest Territories Law Foundation/Graeme Garson Bursary Fund awarded \$5000.00 scholarships to each of Christopher Buchanan and Jessica Iveson, residents of the Northwest Territories attending Canadian law schools in 2008/2009.

The Foundation is grateful to Glenn Tait, former Chair, Board members Gerard Phillips and Emerald Murphy as well as lay member Darrell Beaulieu for their contributions as Directors over the past year and also to Wendy Carter for her constant and valuable service as the Executive Manager.

Respectfully submitted this 17 day of November , 2008.



Scott Duke
Chair

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 Territories and providing programs and facilities for that purpose,
- ◆ providing assistance to legal aid programs and programs of a similar nature, and
- ◆ contributing to the Assurance fund; and
- ◆ to do all other things which, in the opinion of the Directors, are 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 OF DIRECTORS 2007- 2008

CHAIR:	SCOTT DUKE
FIRST VICE-CHAIR:	GERARD K. PHILLIPS
DIRECTOR:	GLENN TAIT, FORMER CHAIR
DIRECTOR:	EMERALD MURPHY
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 at either the graduate or undergraduate level.

For information about the Northwest Territories Law Foundation and to request financial assistance forms, write or telephone:

Wendy Carter
Executive Manager
The Northwest Territories Law Foundation
P.O. Box 2594
YELLOWKNIFE, NT X1A 2P9
Telephone: (867) 873-8275
Facsimile: (867) 873-6383
e-mail: action@theedge.ca

Scholarships for the 2008-2009 school year were awarded to Christopher Buchanan and Jessica Iveson, in the amount of \$5,000.00 each.

GRANTS AWARDED 2007-2008

2007-2008 BAR ADMIN COURSES \$10,000.00

To assist in defraying the costs of registration fees for N.W.T. articling students enrolled in the Bar Admin courses for 2007/2008.

CBA – CANLII PROJECT - \$10,468.48

To assist in the CANLII project (Virtual Law Library).

NWT COURT LIBRARY - \$83,100.00

To assist in the purchase of serial and electronic materials for the M.M. de Weerd Law Library.

YELLOWKNIFE DENE BAND - \$33,824.56

To assist in providing a community justice worker for the communities of Dettah, N'dilo and Yellowknife.

SUPREME COURT OF THE NWT - \$ 30,000.00

To assist in a review of the NWT Supreme Court Rules.

LAW SOCIETY OF THE NWT – TRAIL ADVOCACY PROFESSIONAL DEVELOPMENT - \$ 6350.02

To assist in defraying a portion of the costs for a Trial Advocacy Professional Development Program held in Yellowknife.

NWT CBA – ABORIGINAL LAW CLE - \$ 7,500.00

To assist in the presentation of "Standing at a Crossroads: How are Indigenous Perspectives Influencing the Evolution of Canadian Law" at the CBA meetings held in Yellowknife.

NWT REVIEW BOARD - \$ 7,200.00

To assist in an educational seminar entitled "Mentally Disordered Persons and the Law".

YELLOWKNIFE ASSOCIATION OF CONCERNED CITIZENS FOR SENIORS - \$ 606.00

To assist in attending workshops on the new "Employment Standards Act".

NWT COUNCIL FOR DISABLED PERSONS - \$ 8,892.20

To assist in the presentation of one day workshops in the communities of Inuvik and Hay River for persons of disabilities and their families and their access to justice.

YELLOWKNIFE SENIOR'S SOCIETY - \$ 1,400.00

To assist in the presentation of workshops on "wills".

CENTRE FOR NORTHERN FAMILIES – POVERTY LAW CLINIC - \$ 198,225.00

To assist in a pilot project for a poverty law clinic .

WOMEN'S COURT SYMPOSIUM - \$ 282.48

To assist in the covering the costs of one law student from the NWT to attend The Women's Court of Canada symposium.

Northwest Territories Law Foundation

Financial Statements

June 30, 2008

	Page
Auditors' Report	3
Statement of Operations	4
Statement of Unrestricted Net Assets	5
Statement of Graeme Garson Bursary Fund	5
Statement of John U. Bayly Memorial Fund	6
Balance Sheet	7
Notes to the Financial Statements	8 - 14

Auditors' Report

To the Board of Directors of Northwest Territories Law Foundation

We have audited the balance sheet of Northwest Territories Law Foundation as at June 30, 2008 and the statements of operations, unrestricted net assets, Graeme Garson Bursary Fund, and John U. Bayly Memorial Fund for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

The balance sheet as at June 30, 2007 and the statements of operations, unrestricted net assets, Graeme Garson Bursary Fund, John U. Bayly Memorial Fund and cash flows for the year then ended were reported on by another firm of chartered accountants who issued an unqualified report dated October 12, 2007.

**Yellowknife, Canada
October 22, 2008, except as to Note 6 which is as
of November 13, 2008**

Mackay LLP

Chartered Accountants

Northwest Territories Law Foundation

Statement of Operations

For the year ended June 30,	2008	2007 (restated)
Revenues		
Back interest received	\$ 141,928	\$ -
Interest income - Trust accounts of practitioners in banks	371,057	329,497
Investment income	22,212	141,912
	<hr/>	<hr/>
	535,197	471,409
Expenditures		
Administration fees	21,100	13,768
Grants	396,750	180,388
Office and miscellaneous	7,492	8,815
Professional fees	2,714	1,460
	<hr/>	<hr/>
	428,056	204,431
Excess of revenues over expenditures	\$ 107,141	\$ 266,978

Northwest Territories Law Foundation

Statement of Unrestricted Net Assets

For the year ended June 30,	2008	2007 (restated)
Balance, beginning of year		
As previously reported	\$ 796,603	\$ 635,955
Correction of accounting error (note 5)	106,330	-
As restated	902,933	635,955
Add		
Excess of revenues over expenditures	107,141	266,978
Balance, end of year	\$ 1,010,074	\$ 902,933

Statement of Graeme Garson Bursary Fund

For the year ended June 30,	2008	2007 (restated)
Balance, beginning of year	\$ 279,737	\$ 270,277
Add (deduct)		
Investment income (loss)	(20,631)	14,690
Reimbursement of student scholarship	36,833	10,300
	16,202	24,990
Deduct		
Administration fees	1,489	530
Student scholarship	12,200	15,000
	13,689	15,530
Balance, end of year	\$ 282,250	\$ 279,737

Northwest Territories Law Foundation

Statement of John U. Bayly Memorial Fund

For the year ended June 30,	2008	2007 (restated)
Balance, beginning of year	\$ 10,867	\$ 10,308
Accrued interest	363	559
Balance, end of year	\$ 11,230	\$ 10,867

Northwest Territories Law Foundation

Balance Sheet

June 30, 2008 2007
(restated)

Assets

Current

Cash	\$ 590,251	\$ 476,845
Interest receivable from banks holding practice trust accounts	45,487	34,436
Reimbursement of student scholarship	17,833	3,050

653,571 514,331

Investments (note 4) 996,900 713,658

\$ 1,650,471 **\$ 1,227,989**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 2,500	\$ 1,535
Grants payable	344,417	32,917

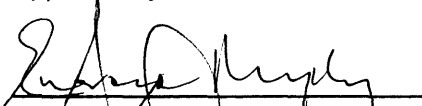
346,917 34,452

Unrestricted Net Assets	1,010,074	902,933
Graeme Garson Bursary Fund	282,250	279,737
John U. Bayly Memorial Fund	11,230	10,867

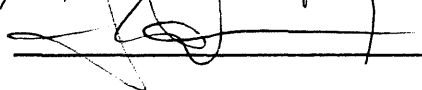
1,303,554 **1,193,537**

\$ 1,650,471 **\$ 1,227,989**

Approved by the Board:



Director



Director

Northwest Territories Law Foundation

Notes to the Financial Statements

June 30, 2008

1. Nature of operations

The Northwest Territories Law Foundation (the "Foundation") is incorporated under the 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 taxes as a non-incorporated entity that was created by legislation.

2. Significant accounting policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Accounting changes

Effective July 1, 2007, the Foundation adopted the new accounting standards issued by the Accounting Standards Board (AcSB): Handbook Section 1530, Comprehensive Income, Handbook Section 3855, Financial Instruments – Recognition and Measurement, and Section 3861, Financial Instruments – Disclosure and Presentation. The Foundation has evaluated the impact of these new standards and determined that no adjustments are currently required.

Financial Instruments – Recognition and Measurement

Section 3855 requires that all financial assets and financial liabilities be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial asset or liability has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial instruments classified as held-for-trading are subsequently measured at fair value and unrealized gains and losses are included in net income in the period in which they arise. The Foundation has classified cash and investments as held for trading.

Available-for-sale assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as held-for-trading, held-to-maturity, or loans and receivables. Available-for-sale assets are subsequently measured at fair value with unrealized gains and losses recorded in unrestricted net assets until realized, at which time they will be recognized in net income. The Foundation has not classified any financial assets as available for sale.

Held to maturity assets are those non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has an intention and ability to hold until maturity, excluding those assets that have been classified as held-for-trading, available-for-sale, or loans and receivables. They are subsequently measured at amortized cost using the effective interest method. The Foundation has not classified any financial assets as held to maturity.

Northwest Territories Law Foundation

Notes to the Financial Statements

June 30, 2008

2. Significant accounting policies (continued)

Financial instruments classified as loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, usually with interest. These assets do not include debt securities or assets classified as held-for-trading. They are subsequently measured at amortized cost using the effective interest method. The Foundation has classified interest receivable and reimbursement of student scholarship as loans and receivables.

All other financial liabilities that are not classified as held-for-trading are subsequently measured at cost or amortized cost.

Financial Instruments – Disclosure and Presentation

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated.

(b) Fund accounting

The Foundation follows the restricted fund method of accounting for revenues.

(i) Unrestricted Net Assets

Revenues and expenditures related to program delivery and administrative activities are reported in unrestricted net assets.

(ii) Northwest Territories Law Foundation/Graeme Garson Bursary Fund

A bursary fund was established to provide interest income which finances a scholarship program for law studies. This fund is internally restricted by the Board of the Foundation. Interest on the investment is calculated annually at year end. The bursary fund and interest income is recorded on the balance sheet in the investment account.

(iii) John U. Bayly Memorial Fund

The John U. Bayly Memorial Fund was established to encourage and facilitate the development of mediation skills. This fund is internally restricted by the Board of the Foundation. Interest earned annually on the fund will be used as a grant.

(c) Investments

One quarter of investment unrealized capital gains or losses are allocated to the bursary fund.

(d) Grants payable

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

Northwest Territories Law Foundation

Notes to the Financial Statements

June 30, 2008

2. Significant accounting policies (continued)

(e) Revenue recognition

The Foundation records interest revenue on member trust accounts as it is earned from the chartered banks.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Future changes to significant accounting policies

Effective July 1, 2007, the Foundation implemented the new CICA Handbook Section 1506 "Accounting Changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the company has not adopted because they are not yet in effect.

The impact the adoption of this Section will have on the Foundation's financial statements will depend on the nature of future accounting changes.

General standards for financial statement presentation

The CICA has amended Handbook Section 1400 "General Standards of Financial Statement Presentation" effective for periods beginning on or after January 1, 2008 to include requirements to assess and disclose the Foundation's ability to continue as a going concern. The adoption of this new section is not expected to have an impact on the Foundation's financial statements.

Capital Disclosures

In December 2006, the CICA issued Handbook section 1535 "Capital Disclosures" which is effective for years beginning on or after October 1, 2007. The section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosures and did not have an impact on the Foundation's financial results.

Northwest Territories Law Foundation

Notes to the Financial Statements

June 30, 2008

3. Future changes to significant accounting policies (continued)

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The impact of the transition to IFRS on the Foundation's financial statements has not yet been determined.

4. Investments

The table below presents the fair value of the Foundation's investments as at June 30, 2008 together with the change in fair value from their cost base. The fair value of the Foundation's investments were determined by reference to published price quotations in an active market.

	2008		2007 (restated)	
	Market	Cost	Market	Cost
Fixed income bonds:				
4.05% Government of Canada, due Sept 1/07	\$ -	\$ -	\$ 8,996	\$ 8,998
4.25% Government of Canada, due Sept 1/08	16,036	15,926	15,933	15,926
3.61% CIBC Full Service, due Jan 26/09	10,200	10,200	10,200	10,200
5.25% Province of Manitoba, due Mar 2/09	16,211	16,131	16,136	16,131
6.90% BMO CAP Trust, due June 30/10	8,196	8,420	8,402	8,420
6.10% Province of Ontario, due Nov 19/10	15,819	15,609	15,629	15,609
7.18% RBC Capital Trust, due June 30/11	9,352	9,662	9,661	9,662
5.75% Province of BC, due Jan 9/12	16,953	16,613	16,651	16,613
5.77% Hydro One Inc, due Nov 15/12	9,460	9,333	9,341	9,333
5.25% Government of Canada, due June 1/13	9,720	9,283	9,312	9,283
6.28% Scotia Bank Cap, due June 30/13	9,087	9,448	9,452	9,448
5.00% Province of Ontario, due Mar 8/14	19,853	19,160	19,238	19,160
5.20% Thomson Corp, due Dec 1/14	7,805	7,953	-	-
4.65% GE Cap Can Funding, due Feb 11/15	8,649	8,718	8,722	8,718
4.38% Wells Fargo Fin CDA, due June 30/15	7,616	7,599	7,596	7,599

Northwest Territories Law Foundation

Notes to the Financial Statements

June 30, 2008

4. Investments (continued)

4.40% Province of Ontario, due Mar 8/16	7,055	6,765	6,799	6,765
4.50% Province of Ontario, due Dec 1/16	9,074	8,683	8,737	8,683
4.50% Province of Ontario, due Dec 1/17	10,030	9,681	-	-
Mutual Funds:				
CIBC Wood Gundy	443,389	256,383	427,676	321,347
Equity - Canadian controlled equity investments:				
Federated Investment Counselling	77,716	100,740	105,177	106,265
Foyston, Gordon & Payne Inc.	88,949	92,270	-	-
Greystone Managed Investments Inc.	103,845	93,137	-	-
Walter Scott and Partners	91,885	101,640	-	-
	\$ 996,900	\$ 833,354	\$ 713,658	\$ 608,160

Investment funds are carried at fair market value together with the accrued interest earned. Unrealized gains of \$13,822 (2007 - \$141,912) have been recognized in investment income.

5. Correction of accounting error

In 1990, the Foundation purchased a guaranteed investment from Manulife at a cost of \$461,920. The investment is guaranteed to provide a return of the greater of the market value of the investment on the date of maturity or the original investment. The investment has seen a significant decline in its market value since the date of purchase. It is expected to mature on October 10, 2010.

In the prior period, the investment was written down to its market value, which resulted in the Foundation incurring a loss on investments. The correct accounting treatment is to obtain the discounted value of the guaranteed investment at the year end. The financial statements for 2007 have been restated as investments, investment income and the unrestricted net asset fund were understated. As a result of the correction, the following adjustments were made to the financial statements as at June 30, 2007:

	As originally stated	As restated	Net increase
Increase in investments	\$ 934,369	\$ 992,307	\$ 57,938
Increase in investment income	\$ 35,583	\$ 141,912	\$ 106,329
Increase in unrestricted net assets	\$ 796,603	\$ 902,933	\$ 106,330

Northwest Territories Law Foundation

Notes to the Financial Statements

June 30, 2008

6. Subsequent event

As of September 30, 2008, the Foundation experienced a loss in value of \$78,719 in their investments portfolio.

7. Commitments

The Foundation has entered into a contract with Adanac Management Ltd. to provide bookkeeping services for two years with the contract terminating June 30, 2009 for \$20,000 plus GST per year.

8. Financial instruments

The following sections describe the Foundation's financial risk management objectives and policies and the Foundation's financial risk exposures.

(a) Financial risk management objectives and policies

The Foundation does not have formalized risk management objectives and policies

(b) Market risk

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

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation is exposed to credit risk from students who obtain scholarships from the Foundation and then do not return to the Northwest Territories to work. As well, the Foundation is exposed to credit risk from the chartered banks, as the banks are responsible for the calculation and provision of interest to the Foundation.

(d) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Foundation is exposed to interest rate risk through its investments and the interest received on the practice trust accounts.

The table below presents the remaining terms to maturity at fair value, along with the average effective yields for each maturity, for the fixed income bonds exposed to interest rate risk as at June 30, 2008:

Northwest Territories Law Foundation

Notes to the Financial Statements

June 30, 2008

8. Financial instruments (continued)

	Within 1 yr	1 - 5 yrs	5 - 10 yrs	Remaining term to maturity Over 10 yrs	2008	2007
Fixed income (bonds)	42,447	98,439	50,229	-	191,116	180,804
Average effective yields	3.134 %	4.421 %	4.874 %	- %	4.254 %	4.764 %

9. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

