

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
10TH ASSEMBLY, 1ST SESSION**

TABLED DOCUMENT NO. 6-84(1)

TABLED ON FEBRUARY 6, 1984

First
Annual Report

FOR FISCAL YEAR ENDING
JUNE 30TH 1983



The Northwest Territories Law Foundation.

Box 2594 Yellowknife X1A 2P9 (403) 873-8275

Chairman's Report

To the Executive,
Law Society of the Northwest Territories

I have the honour to submit to you, in accordance with Section 55(1) of the Legal Profession Ordinance, the first Annual Report of the Northwest Territories Law Foundation covering the period July 1st, 1982, to June 30th, 1983. This report will enable the Executive to meet its statutory obligation of tabling this report with the Legislative Assembly as required by Section 55(2) of the Ordinance.

Introduction:

The Northwest Territories Law Foundation was enacted pursuant to Part VII of the Legal Profession Ordinance 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 of the provinces.

The statutory authority for establishment of the Foundation was excluded from the proclamation establishing the Law Society in 1976. This exclusion was as a result of the specific requests of members of the Society as it was thought that the Law Society should become fully operational before attempting to take on the additional task of managing the Law Foundation.

At the request of members of the Society, the 1982-83 Executive of the Law Society commenced work on establishing the Law Foundation. This work was carried on by the subsequent Executive with the result that Part VII of the Legal Profession Ordinance was proclaimed into force by the Commissioner of the Northwest Territories on June 1st, 1982.

In order to facilitate the implementation of the Law Foundation's goals and objectives and the establishment of its ongoing administrative responsibilities, it was thought advisable to have the members of the 1982-83 Executive designated as the first Directors of the Law Foundation. Accordingly, the following persons were appointed to be the first Directors of the Foundation to serve for a two-year term:

JOHN Z. VERTES — Yellowknife
ROBERT M. E. WILSON — Yellowknife
GEOFFREY M. BICKERT — Yellowknife
LLOYD C. TANCOCK — Inuvik

and the writer was chosen to serve as the first Chairman.

In accordance with Section 52(1)(a) of the Ordinance, Mr. Dana Ferguson of Yellowknife was appointed by the Commissioner as a member of the Board, Mr. Ferguson being "a person who is not a member of the Society", and his term ends on July 23rd, 1984.

Objects:

As noted in the introduction, the Law Foundation is the recipient of the interest which banks must pay on clients' funds held by lawyers in mixed trust accounts. Prior to the establishment of the Foundation, the banks were the recipients of such interest or in some cases did not pay any interest since lawyers could not and were not allowed to collect interest on their mixed trust accounts. This anomaly has now been eradicated with the establishment of the Foundation. Interest on these mixed accounts must now be paid directly to the Foundation in order to carry out its objects as set out by the Ordinance.

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

- (a) conducting research into and recommending reform of the law and the administration of justice;
- (b) establishing, maintaining and operating law libraries;
- (c) contributing to the legal education and knowledge of members and the people of the Northwest Territories and providing programmes and facilities therefor;
- (d) providing assistance to legal aid programmes and programmes of like nature;
- (e) contributing to the Assurance Fund; and,
- (f) doing all other things that, in the opinion of the Directors, are incidental or conducive to the attainment of these objects.

Applications for Funding

One of the initial undertakings of the Directors was the development of application forms and procedures for funding requests. These have been developed with a view that applications should require an outline of the applicant's organizational structure and the purpose for which the funds will be used. A budget will be required and, in particular, the Directors will be concerned about future funding if it is an on-going project. The Executive Manager of the Foundation will assist in completing an application but he can only offer advice to the applicants and it will be the Directors who will make the final decision on the funding of any specific proposal.

It is the intention of the Board of Directors to (1) monitor the expenditure of grants and ensure that the work is carried out in accordance with the application; (2) require the submission of progress reports and financial statements at agreed upon intervals during the life of any specific project; (3) to be notified of any major departure or alterations from the objectives and procedures of the original project; (4) require the return of any unspent funds; and, (5) require an independent auditor's report at the completion of the project.

The Board of Directors did not make any grants in the 1982-83 fiscal year of the Foundation as it was thought to be more appropriate for the Foundation to take the initial year to determine what the anticipated revenues would be over a one-year period. A number of applications for funding have been received and some funding will be carried out in 1983-84.

Administration

As noted above, the Foundation is administered by a Board of Governors consisting of five members: four being members of the Law Society and appointed by the Executive of the Society and one who is not a member of the Law Society and appointed by the Commissioner. The Directors serve for a term of two years.

The Directors meet as required to decide on policy matters, to consider requests for funding and to deal with the general administration of the Foundation including policy as to the collection and investment of funds.

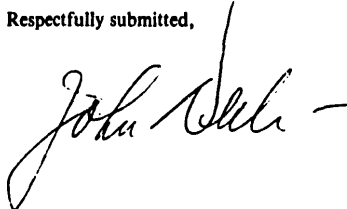
In order to assist it in the administration of the affairs of the Foundation, the Directors have employed Mr. Gordon R. Carter on contract as the Executive Manager of the Foundation. The Executive Manager provides administrative and management services and will advise and assist prospective applicants for funding.

Accounts

The accounts of the Law Foundation were examined by MacKay & Partners, Chartered Accountants, for the period April 1st, 1982, to December 31st, 1982, and then again for the period of January 1st, 1983, to June 30th, 1983. From henceforth, the Foundation will be on its regular fiscal year period of July 1st to June 30th in each year.

As noted from the enclosed Financial Statements, the Foundation received \$30,156 in revenue from the various banks where lawyers in this jurisdiction maintain mixed trust accounts. The Directors anticipate some variation in this figure from year to year since the interest earned on these funds vary due to economic conditions in the community generally affecting the amount of funds passing through lawyers' accounts. It should be noted that many provincial Law Foundations have suffered severe reductions in the amount of funds available to them due to the economic recession of the past few years. The revenue accumulated in the first year therefore cannot be viewed with any degree of surety for future results since we have nothing to base it against due to our young history. The Directors therefore have adopted a general policy of restraint and prudent forecasting for future requirements.

Respectfully submitted,



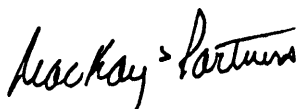
John Z. Vertes,
Chairman.

Auditors' Report

To the Members
Northwest Territories Law Foundation

We have examined the balance sheet of the Northwest Territories Law Foundation as at December 31, 1982 and the statements of revenue and expenditures and foundation's equity for the period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at December 31, 1982 and the results of its operations for the period then ended in accordance with generally accepted accounting principles.



Chartered Accountants
Yellowknife, N.W.T.
January 31, 1983

Revenue and Expenditures

Statement I

For the Period from Commencement of Operations
June 1, 1982 to December 31, 1982

Revenue	
Interest on trust account	\$ 7,951
Interest on term deposits	81
	<u>8,032</u>
Expenditures	
Printing	143
Bank charges	7
	<u>150</u>
Excess of Revenue Over Expenditures (Statement 2)	<u><u>\$ 7,882</u></u>

Foundation's Equity

Statement II

For the Period from Commencement of Operations
June 1, 1982 to December 31, 1982

Balance, Opening	\$ -0-
Excess of revenue (Statement 1)	7,882
Balance, Closing (Statement 3)	<u><u>\$ 7,882</u></u>

Balance Sheet

Statement III

As at December 31, 1982

Assets

Current

Cash	\$ 356
Term deposit	7,500
Accrued interest receivable	26
	<u>\$ 7,882</u>

Foundation's Equity

Foundation's Equity (Statement 2) \$ 7,882

Approved By:

_____ Director

_____ Director

Notes to the Financial Statements

For the Period from Commencement of Operations
June 1, 1982 to December 31, 1982

1. Significant Accounting Policy

The Foundation records revenue from interest on trust accounts as these amounts are received from members of the Law Society of the Northwest Territories.

Revenue from interest on term deposit invested by the Foundation is recorded as it is earned.

2. Jurisdiction of Incorporation

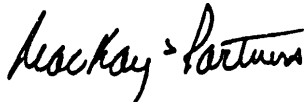
The Foundation is incorporated under the laws of the Northwest Territories.

Auditor's Report

To the Members
Northwest Territories Law Foundation

We have examined the balance sheet of the Northwest Territories Law Foundation as at June 30, 1983 and the statements of revenue and expenditures and foundation's equity for the period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at June 30, 1983 and the results of its operations for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.



Chartered Accountants
Yellowknife, N.W.T.
September 9, 1983

Revenue and Expenditures

Statement I

For the Six Months ended June 30, 1983

Revenue	1983	1982
Interest on trust account	\$ 24,016	\$ 7,951
Interest on term deposits	373	81
	<u>24,389</u>	<u>8,032</u>
Expenditures		
Administration fees	1,050	-0-
Professional fees	835	-0-
Office	143	-0-
Printing	85	143
Bank charges	2	7
	<u>2,115</u>	<u>150</u>
Excess of Revenue over Expenditures (Statement 2)	<u>\$ 22,274</u>	<u>\$ 7,882</u>

Foundation's Equity

Statement II

For the Six Months Ended June 30, 1983

	1983	1982
Balance, Opening	\$ 7,882	\$ -0-
Excess of revenue (Statement 1)	22,274	7,882
Balance, Closing (Statement 3)	<u>\$ 30,156</u>	<u>\$ 7,882</u>

Balance Sheet

Statement III

As At June 30, 1983

Assets	1983	1982
Current		
Cash	\$ 7,473	\$ 356
Term deposit	23,500	7,500
Accrued interest receivable	233	26
	<u>\$31,206</u>	<u>\$ 7,882</u>
 Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,050	\$ -0-
 Foundation's Equity		
Foundation's Equity (Statement 2)	<u>30,156</u>	<u>7,882</u>
	<u>\$31,206</u>	<u>\$ 7,882</u>

Approved By:

_____ Director

_____ Director

Notes to the Financial Statements

For the Six Months Ended June 30, 1983

1. Significant Accounting Policy

The Foundation records revenue from interest on trust accounts as these amounts are received from members of the Law Society of the Northwest Territories.

Revenue from interest on term deposits invested by the Foundation is recorded as it is earned.

2. Jurisdiction of Incorporation

The Foundation is incorporated under the laws of the Northwest Territories.

Part VII

NORTHWEST TERRITORIES LAW FOUNDATION

50. There is hereby established a body corporate and politic to be known as the Northwest Territories Law Foundation (in this Part called the "Foundation").

Northwest
Territories Law
Foundation

51. The objects of the Foundation are

Objects

(a) to receive moneys and property and to maintain and manage a fund, the interest and capital of which is to be used from time to time as the board of directors of the Foundation see fit for

(i) conducting research into and recommending reform of law and the administration of justice;

(ii) establishing, maintaining and operating law libraries;

(iii) contributing to the legal education and knowledge of members and the people of the Territories and providing programs and facilities therefor;

(iv) providing assistance to legal aid programs and programs of like nature;

(v) contributing to the Assurance Fund; and

(b) doing all other things that are, in the opinion of the directors, incidental or conducive to the attainment of the objects enumerated in paragraph (a).

52.(1) The affairs of the Foundation shall be conducted by a board of directors composed of

Board of
directors

(a) a person who is not a member of the Society and who shall be appointed by the Commissioner; and

(b) four other persons to be appointed from among the membership of the Society by the Executive in accordance with the rules.

(2) The term of office of the directors of the Foundation shall be for a period of two years.

Tenure

(3) The Executive shall designate one member of the board of directors as chairman.

Chairman

(4) Three members of the board of directors constitute a quorum.

Quorum

Legal Profession Ordinance Chapter 4

- By-laws** **53.(1)** The board may make by-laws respecting calling of meetings of the board and the conduct of business thereat, the duties and conduct of members and generally as to the conduct of the business and affairs of the Foundation.
- Idem** **(2)** Without limiting the generality of subsection (1), the board may make by-laws regarding
- (a)* the number and designation of officers of the Foundation;
 - (b)* the appointment of and terms of office of officers of the Foundation and all matters relating to their offices;
 - (c)* the resignation or removal from office of officers of the Foundation;
 - (d)* the number and designations of employees of the Foundation other than officers, and their terms and conditions of employment;
 - (e)* the remuneration, if any, of officers and employees of the Foundation, and
 - (f)* the operation of the Law Foundation Account.
- Application of funds** **54.(1)** The board shall apply, and cause to be applied, the funds of the Foundation, in such manner as the board may decide, in carrying out the objects of the Foundation.
- Funds** **(2)** The funds of the Foundation shall consist of all sums paid to the Foundation pursuant to section 57, interest accruing from investment of the funds of the Foundation, and any other moneys received by the Foundation.
- Disbursements from funds** **(3)** There shall be paid out of the funds of the Foundation the costs, charges and expenses involved in the administration of the Foundation, and the costs, charges, and expenses incurred by the board in carrying out the objects of the Foundation.
- Expenses of directors** **(4)** No director may receive any remuneration for his services but the directors shall be entitled to be paid out of the funds of the Foundation their reasonable travelling and living expenses while absent from their respective ordinary places of residence in the course of their duties as members of the board.

Legal Profession Ordinance Chapter 4

(5) All funds of the Foundation shall, pending investment or application in accordance with this section, be paid into a bank, treasury branch, credit union or trust company in the Territories to the credit of a separate account to be called the "Law Foundation Account".

Deposit of funds

(6) Any funds that are not immediately required for the purposes of the Foundation may be invested in the name of the Foundation by the directors but in so doing the directors are not subject to the provisions of the *Trustee Ordinance* respecting the investment of trust funds.

Investment of funds

(7) The accounts of the Foundation shall be audited annually by a chartered accountant or a certified general accountant appointed by the board.

Audit

55.(1) After the end of each year, the Foundation shall prepare and submit to the Executive a report consisting of

Annual report

- (a) a general summary of its transactions and affairs during that year, its revenues and expenditures during that year,
- (b) an audited balance sheet, and
- (c) such other information as the Executive may require.

(2) Upon receiving a report under subsection (1), the Executive shall cause a copy of it to be tabled in Council if it is then in session, and if not, within five days after the commencement of the next ensuing session.

Tabling of report before Council

56. The Foundation may borrow or raise or secure the payment of money upon the credit of the Foundation from time to time as the board of directors thinks fit to fulfil the objects of the Foundation and may for that purpose issue notes, bonds, debentures, debenture stock or other evidences of indebtedness.

Borrowing

57.(1) Every member (or firm of more than one member which shall be included in the term "member") shall maintain an interest-bearing trust account in a bank, trust company, credit union or treasury branch into which he shall deposit any moneys received by him upon trust from or on account of any client and shall instruct the bank, trust company, credit union or treasury branch to remit the interest earned thereon to the Foundation semi-annually and such interest thereupon becomes the property of the Foundation.

Trust accounts

Legal Profession Ordinance Chapter 4

Interest

(2) A member is not liable, by virtue of the relation between the member and his client, to account to any client for interest earned on money deposited in the bank, trust company, credit union or treasury branch pursuant to subsection (1).

Idem

(3) Nothing in this Part affects any arrangement made between a member and his client to deposit money received from or on behalf of the client or to which the client is entitled, in a separate account for the client at interest, which interest shall be the property of the client.

**Dissolution of
foundation**

58. Upon the dissolution of the Foundation, the net assets thereof shall be paid to the Society to be used for such purposes as the Society shall determine.