

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
10TH ASSEMBLY, 4TH SESSION

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Second

Annual Report

**FOR FISCAL YEAR ENDING
JUNE 30TH, 1984**



The Northwest Territories Law Foundation

Box 2594, Yellowknife, N.W.T. X1A 2P9 (403) 873-8275

Chairman's Report

To the Executive,
Law Society of the Northwest Territories

I have the pleasure of submitting herewith, in accordance with the requirements of Section 55(1) of the Legal Profession Ordinance, the Annual Report of the Northwest Territories Law Foundation for the fiscal period July 1st, 1983 to June 30th, 1984.

While this is the second Annual Report for the Foundation since its inception, it is the first one that covers what is in fact a "normal" operating year. During the first year of its operation, the Directors of the Foundation were concerned with putting in place the administrative framework for the Foundation's operations as well as delineating the broad policy guidelines which the Foundation should follow in carrying out its statutory objectives. This second year, on the other hand, put that framework and those guidelines to the test as the Directors were faced for the first time with evaluating specific funding requests.

In the Foundation's first Annual Report, I stated that the Directors adopted a general policy of restraint and prudent forecasting for future requirements. I believe this policy is the correct one in that the income of the Foundation, being based as it is on whatever interest is earned on lawyers' trust accounts, is prone to fluctuation. The auditors' report for the current year shows a decline in revenue from the previous year, when comparing the entire fiscal year in each case, although I am heartened by the fact that our decline, in relative terms, was insignificant when compared to the drastic decline in revenues recorded by all of the Provincial Foundations. This situation of course is merely indicative of the general state of the economy as a whole.

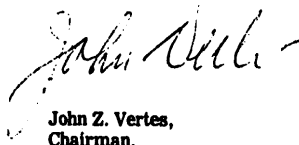
In order to guard against periodic fluctuations in revenue and so as not to deplete the Foundation's resources in any one year, at the potential risk of not funding worthwhile projects in future years, the Directors adopted as a policy that there should be a reserve fund maintained at adequate levels to smooth out those fluctuations and to generate interest income of its own. The Directors periodically review the adequacy of the reserve fund as revenue and funding information becomes known during the year. At present, the reserve fund is set at a level of \$30,000.00.

The Foundation approved three applications for funding during the past year.

The first grant was the sum of \$8,000.00 to the Law Society of the Northwest Territories to assist that body in the publication of the Northwest Territories Reports. The other two grants were both to the Canadian Law Foundation Council, to assist that body in its general research endeavours, in the sums of \$3,000.00 and \$2,500.00. These grants covered two different fiscal periods for the Council.

As in its first year of operations, the Foundation has greatly benefitted from the efforts of its Directors, Messrs. Robert M.E. Wilson, Geoffrey M. Bicker, and C. Lloyd Tancock, practitioners all, and its lay Director appointed by the Commissioner, Mr. Dana Ferguson of Yellowknife. A great debt, as well, is owed to Mr. Gordon R. Carter who has served the Foundation as its Executive Manager in a most diligent and productive manner.

Respectfully submitted.



John Z. Vertes,
Chairman.

The Northwest Territories Law Foundation

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.

Objectives

The objectives 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.

Administration

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.

Administration and management services are provided through an Executive Manager who is engaged on a contract basis. The accounts of the Law Foundation are examined by Chartered Accountants MacKay & Partners.

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

The Northwest Territories Law Foundation
Box 2504, Yellowknife, N.W.T. X1A 2P9
Telephone (403) 873-8275

As of July 1st, 1984 the members of the Board of Directors are:

Chairman, Robert M.E. Wilson
Directors, John Z. Vertes, Loraine Minish-Cooper, Brian Smith
Appointed Member, Michael S. Odell
Executive Manager, Gordon R. Carter

Auditors' Report

To the Members
Northwest Territories Law Foundation

We have examined the balance sheet of the Northwest Territories Law Foundation as at June 30, 1984 and the statements of revenue and expenditures and foundation's equity for the year 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, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

MacKay & Partners.

Chartered Accountants
Yellowknife, Northwest Territories
September 19, 1984.

NORTHWEST TERRITORIES LAW FOUNDATION

STATEMENT 1

REVENUE AND EXPENDITURES

FOR YEAR ENDED JUNE 30, 1984

	<u>1984</u>	<u>6 months 1983</u>
REVENUE		
Interest on trust account	\$ 28,594	\$ 24,016
Interest on term deposits	<u>2,234</u>	<u>373</u>
	<u>30,828</u>	<u>24,389</u>
EXPENDITURES		
Law Society of the Northwest Territories grant	8,000	-0-
Canadian Law Information Council grant	5,500	-0-
Administration fees	2,801	1,050
Printing	1,025	85
Professional fees	525	835
Executive	236	-0-
Office	224	143
Bank charges	<u>12</u>	<u>2</u>
	<u>18,323</u>	<u>2,115</u>
EXCESS OF REVENUE OVER EXPENDITURES (Statement 2)	<u><u>\$ 12,505</u></u>	<u><u>\$ 22,274</u></u>

NORTHWEST TERRITORIES LAW FOUNDATION

STATEMENT 2

FOUNDATION'S EQUITY

FOR THE YEAR ENDED JUNE 30, 1984

	<u>1984</u>	<u>6 months 1983</u>
BALANCE, OPENING	\$ 30,156	\$ 7,882
Excess of revenue over expenditures (Statement 1)	<u>12,505</u>	<u>22,274</u>
BALANCE, CLOSING (Statement 3)	<u>\$ 42,661</u>	<u>\$ 30,156</u>

NORTHWEST TERRITORIES LAW FOUNDATION

STATEMENT 3

BALANCE SHEET

AS AT JUNE 30, 1984

	<u>1984</u>	<u>1983</u>
<u>ASSETS</u>		
CURRENT		
Cash	\$ 12,602	\$ 7,473
Term deposits	30,179	23,500
Accrued interest receivable	480	233
	<u>\$ 43,261</u>	<u>\$ 31,206</u>
<u>LIABILITIES</u>		
CURRENT		
Accounts payable and accrued liabilities	\$ 600	\$ 1,050
<u>FOUNDATION'S EQUITY</u>		
FOUNDATION'S EQUITY (Statement 2)	<u>42,661</u>	<u>30,156</u>
	<u>\$ 43,261</u>	<u>\$ 31,206</u>

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

Northwest Territories Law Foundation

Notes to the Financial Statements for the year ended June 30, 1984

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.

Legal Profession Ordinance Chapter 4
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.