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Fourth
Annual Report

FOR FISCAL YEAR ENDING
JUNE 30TH, 1986



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

Pursuant to Section 55(1) of the Legal Profession Act, I herewith submit the report of the Northwest Territories Law Foundation for the year July 1, 1985 to June 30, 1986.

This is the fourth annual report of the Foundation and I am pleased to advise that the Foundation has made grants totalling \$6,000.00 during the past fiscal year. These include grants to the Canadian Bar Review, Committee on Equality Rights Conference, Family Mediation Canada and the Canadian Law Information Council.

The Foundation has successfully negotiated with the local chartered banks and as of November 1, 1985 all banks will now be paying interest on the minimum daily balance of lawyers' trust accounts. Previous to November 1, 1985, interest was paid on minimum monthly balances. Other provincial foundations have negotiated similar interest rates and anticipate that their revenues will increase dramatically. I trust that the same impact will be felt on our revenues and that our next year's report will reflect the increase.

The Foundation is grateful to Messrs. John Vertes, Jeffrey Gilmour, Richard Hardy and Michael Odell for their contributions as Directors over the past year and also to Gordon Carter for his constant, valuable service as the Executive Manager.

Respectfully submitted,

Loraine F. Minish-Cooper,
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.

For information about the Northwest Territories Law Foundation and to request financial assistance forms, write or telephone
The Northwest Territories Law Foundation
Box 2594, Yellowknife, N.W.T. X1A 2P9
Telephone (403) 873-8275

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 Directors 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.

Auditors' Report

TO THE BOARD OF DIRECTORS
NORTHWEST TERRITORIES LAW FOUNDATION

We have examined the Balance Sheet of the Northwest Territories Law Foundation for the year ended June 30, 1986, and the Statements of Surplus and Revenue and Expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests as we considered necessary in the circumstances.

A major part of the Foundation's revenue is interest from trust accounts of its members which is not susceptible to complete audit verification because of the lack of a system of control. Accordingly, our verification of receipts from this source was limited to accounting for the amounts recorded in the accounts of the Foundation.

In our opinion, except for the effect of adjustments, if any, which might have been required had interest from trust accounts been susceptible to complete audit verification, these financial statements present fairly the assets and liabilities of the Foundation as at June 30, 1986 and the results of its operations for the year then ended, in accordance with the accounting principles set out in the Notes to the Financial Statements, applied on a basis consistent with that of the preceding year.

Hinchey, Wowk, Williams, Avery & Co.
Certified General Accountants
Yellowknife, N.W.T.

September 2, 1986

STATEMENT I

NORTHWEST TERRITORIES LAW FOUNDATION

BALANCE SHEET

JUNE 30, 1986

	<u>1986</u>	<u>1985</u>
ASSETS		
CURRENT		
Cash	\$ 81,852	\$ 937
Term Deposits	<u>10,000</u>	<u>70,917</u>
	\$ 91,852	\$ 71,854
	===	===
LIABILITIES AND SURPLUS		
CURRENT		
Accounts Payable and Accruals	\$ 600	\$ 600
SURPLUS per Statement II	<u>91,252</u>	<u>71,254</u>
	\$ 91,852	\$ 71,854
	===	===

APPROVED:

_____ Director

_____ Director

The attached notes are an integral part of these financial statements.

STATEMENT II

NORTHWEST TERRITORIES LAW FOUNDATION

STATEMENT OF SURPLUS
For the Year Ended June 30, 1986

	<u>1986</u>	<u>1985</u>
OPENING BALANCE	\$ 71,254	\$ 42,661
EXCESS OF REVENUE OVER EXPENDITURE per Statement III	<u>19,998</u>	<u>28,593</u>
CLOSING BALANCE	<u>\$ 91,252</u> ===	<u>\$ 71,254</u> ===

The attached notes are an integral part of these statements.

STATEMENT III

NORTHWEST TERRITORIES LAW FOUNDATION

STATEMENT OF REVENUE AND EXPENDITURE

For the Year Ended June 30, 1986

	<u>1986</u>	<u>1985</u>
REVENUE		
Interest on Trust Accounts	\$ 28,578	\$ 33,854
Interest on Term Deposits	3,569	3,404
Donation	<u>1,000</u>	<u>-</u>
	<u>33,147</u>	<u>37,258</u>
EXPENDITURE		
Administration Fees	4,436	3,040
Executive	274	204
Grants	6,000	4,000
Office	218	292
Printing	468	539
Professional Fees	1,610	590
Dues	<u>143</u>	<u>-</u>
	<u>13,149</u>	<u>8,665</u>
EXCESS OF REVENUE OVER EXPENDITURE	\$ 19,998	\$ 28,593
	===	===

The attached notes are an integral part of these financial statements.

Northwest Territories Law Foundation

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 1986

NOTE 1 STATUS

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

- a) The Foundation records revenue from interest on members trust accounts as these amounts are received from members of the Law Society of the Northwest Territories.
- b) Prior years figures, shown for comparative purposes, have been restated where applicable to conform to current presentation.

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	<p>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.</p>
Idem	<p>(2) Without limiting the generality of subsection (1), the board may make by-laws regarding</p> <ul style="list-style-type: none"><i>(a)</i> the number and designation of officers of the Foundation;<i>(b)</i> the appointment of and terms of office of officers of the Foundation and all matters relating to their offices;<i>(c)</i> the resignation or removal from office of officers of the Foundation;<i>(d)</i> the number and designations of employees of the Foundation other than officers, and their terms and conditions of employment;<i>(e)</i> the remuneration, if any, of officers and employees of the Foundation, and<i>(f)</i> the operation of the Law Foundation Account.
Application of funds	<p>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.</p>
Funds	<p>(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.</p>
Disbursements from funds	<p>(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.</p>
Expenses of directors	<p>(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.</p>

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.