



LAW FOUNDATION
of Prince Edward Island

ANNUAL REPORT

Year Ending December 31st, 2014

2014

ANNUAL REPORT

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Originally established in 1973, the Law Foundation of Prince Edward Island operates pursuant to Part VII of the *Legal Profession Act*. The purpose of the Foundation is to receive interest earned on lawyers' trust accounts (IOLTA) and to make these funds available to organizations engaged in activities which are in keeping with its mandate.

Visit lawfoundationpei.ca for more information

MISSION

The Law Foundation of PEI (LFPEI) works to promote the advancement of legal knowledge and access to justice for all Prince Edward Islanders. We do this by funding projects and encouraging partnerships that advance the Foundation's mandate.

MANDATE

As set out in the *Legal Profession Act*, Part VII Law Foundation, Section 50(1), the Foundation has the power to establish and maintain a fund and use the proceeds thereof for the purposes of:

- a) legal education, legal research or law reform
- b) the editing and printing of decisions of the Court of Appeal, Supreme Court and Provincial Court of Prince Edward Island
- c) the promotion of legal aid
- d) aiding in the establishing, operating, and maintaining of law libraries in Prince Edward Island

ADMINISTRATION

The affairs of the Foundation are conducted by a Board of Governors composed of five members, four being members of the Law Society and appointed by the Council of the Law Society, and one who is appointed by the Minister of Environment, Labour and Justice and Attorney General. Governors serve on the board for a term of two years or until a successor is appointed.

The Board meets a minimum of four times per year to decide on policy matters and to deal with the general administration of the Law Foundation.

Day-to-day administration and management services are provided by an Executive Director who is engaged on a part-time contract basis. Financial administration support is provided by a Financial Officer who is engaged on a part-time contract basis.

BOARD AND STAFF

2014 Law Foundation of PEI Board of Governors

- Paul Kiley, Chair
- Patsy MacLean, Secretary-Treasurer
- Gary Scales
- John Maynard
- Michele Dorsey, Q.C., Attorney General Representative

2014 Law Foundation of PEI Staff

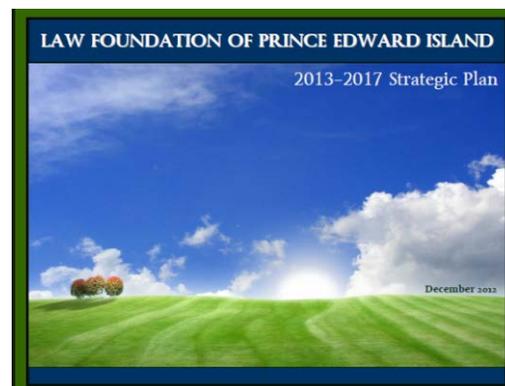
- Lisa MacKay, Financial Officer
- Sheila Lund MacDonald, Executive Director

AREAS OF ENCOURAGEMENT 2013-17

In 2012, the Foundation completed a five-year strategic plan to 2017. As part of this plan, the following five areas of encouragement were identified to guide funding decisions, with the overarching goal of strengthening Islanders' ability to access justice and legal knowledge:

Areas of Encouragement 2013-2017

- Legal needs of seniors, newcomers, and low- and modest-income Islanders
- Family law
- Innovative approaches to legal aid
- Public legal education (*with a focus on plain language*)
- Technology (*projects that explore or utilize technology in the delivery of legal services and/or public legal education*)



REVENUES AND EXPENDITURES

Financially, the Foundation implemented its planned budget allocation to support project activity and library services, which contributed to an expected deficit situation of \$216,062 for 2014 as compared to \$238,489 in 2013. IOLTA revenue experienced a slight increase to \$151,100 for 2014 as compared to \$138,376 in 2013. For 2015, the Foundation is projecting revenue from interest earned on lawyers' trust accounts (IOLTA) at \$144,000. The Foundation continues to implement a funding reserve policy of approximately \$1 million, or two times the total annual budget.

In 2014, the Foundation entered into an arrangement with a new investment advisor firm, Richardson GMP.

For more detailed information, please refer to the audited financial statements located in Appendix "A".

GRANTS AWARDED IN 2014

Continuous and Multi-Year Grants	
Canadian Legal Information Institute (CANLII)	\$ 3,000
PEI Court Library	\$136,848
Community Legal Information Association Of PEI (CLIA)	\$ 50,000
PEI Bar Admissions Program and Education Coordinator	\$ 54,548
PEI Legal Aid	\$ 93,000
Law School Scholarships	\$ 5,000
Legal Assistant Scholarships	\$ 4,000
One-Time Grants	
PEI Human Rights Commission	\$ 56,000
PEI Family Violence Prevention – Women and the Law workshops	\$ 10,000
PEI Association of Community Living – Wills and Estate Planning workshops	\$ 6,000

SCHOLARSHIPS



PEI Law Foundation Centennial Scholarships

In 1985, a \$22,000 endowment fund was started in order to offer a scholarship to a deserving Island student attending the Dalhousie Schulich School of Law. In 1992, another \$50,000 endowment fund was started to offer an entrance and an upper year scholarship to Island students attending law school at the University of New Brunswick

Pictured: Lindsay Silliiker, recipient of the Schulich School of Law at Dalhousie University Centennial Scholarship

2014 Centennial Scholarship Recipients

- The University of New Brunswick awarded the entrance scholarship to Joshua Adams from Kensington, PE, and the upper year scholarship to Alexandra Dalton, a third-year student from O'Leary, PE.
- The Schulich School of Law at Dalhousie University Centennial Scholarship was awarded to Lindsay Silliker, from Charlottetown, PE.



Clea Ward, Director of Career Services (left), presents the scholarship to Josh Adams

Legal Administration Program Scholarships

In 2008, the Foundation began supporting legal administration education programs by offering two \$1,000 scholarships to graduates of the program. In 2013, this amount was increased to four \$1,000 awards.



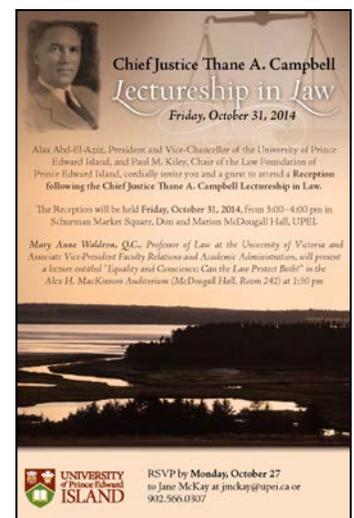
2014 Legal Administration Program Scholarship Recipients

- The Holland College Legal Administration Program scholarships were awarded to Paige MacPherson and Andrea Matters.
- The Eastern College Legal Administration Program scholarships were awarded Hannah Bell and Nadine MacDonald.

Law Foundation Board member, John Maynard (Key Murray Law), presented the Holland College Legal Administration Program scholarships to Paige MacPherson (left) and Andrea Matters (right)

2014 CHIEF JUSTICE THANE CAMPBELL LAW SERIES

This year's Chief Justice Thane Campbell Lectureship in Law was delivered by Mary Anne Waldron, Q.C., Professor of Law at the University of Victoria and Associate Vice-President Faculty Relations and Academic Administration. She discussed her book *Free to Believe: Rethinking Freedom of Conscience and Religion in Canada*. The lecture explored the topic of equality and conscience and was delivered in front of an audience representing education, legal, and community organizations.





CHAIRPERSON'S REPORT—PAUL KILEY

I am pleased to report that in 2014 the Law Foundation of Prince Edward Island continued its momentum towards building a strong community presence and supporting projects that promote access to justice and legal education for all Islanders.

2014 Funding Activity

The Foundation continued its core expenditures, totaling over \$325,000, in support of law libraries, the Community Legal Information Association, the bar admission program, a family legal aid position, a legal education coordinator, CanLII levy and legal education scholarships. In addition, the Foundation was pleased to provide grants in 2014 for the following projects:

- PEI Family Violence Prevention – Women and the Law workshops
- PEI Association of Community Living – Wills and Estate Planning workshops
- PEI Human Rights Commission – Human Rights Education in PEI Classrooms

Since 2010 the Foundation has provided an estimated \$2.6 million in continuous and annual funding support.

Projects Approved for 2015

The Foundation has approved \$85,000 in funding for continuing and new projects commencing in 2015, including:

- PEI Human Rights Commission – For the continuation of its program to integrate human rights education into the K-12 system across PEI.
- Community Legal Information Association – “Answering The Call For Legal Information – The Next Generation” (note that the greater part of this project is funded largely through the Canadian Access to Justice Fund)
- PEI Family Law Courts – In support of a Parent Coordination Program Pilot Project



Invitation for Submissions 2015 FUNDING GRANTS

The Law Foundation of Prince Edward Island proudly provides financial support for projects that promote the advancement of legal knowledge and access to justice for all Prince Edward Islanders. We are now inviting submissions for projects set to begin in 2015 from eligible organizations across the Province. Application requirements and deadlines vary based upon the amount of funding requested.

For more information, or to obtain application forms, please visit our website at www.lawfoundationpei.ca or contact Sheila Lund MacDonald, Executive Director, at slm@lawfoundationpei.ca

Looking Forward

The Foundation looks forward to a busy 2015 with efforts focused on continuing with the implementation of the strategic plan. These activities will include:

- Ongoing outreach to the community to increase awareness of the Foundation
- Site visits to grantee operations
- Evaluation of services and programs funded through the Foundation
- Exploration of opportunities for collaboration on multi-year projects with other funding organizations

The 2015 Chief Justice Thane Campbell Lectureship in Law event will feature Adam Dodek (University of Ottawa), one of Canada's leading constitutional experts.

Acknowledgements

We welcome Michele Dorsey, Q.C., as the Attorney General's representative on the Board. I also wish to express my appreciation to my fellow Board members for their generous commitment: Patsy MacLean (Secretary-Treasurer), Gary Scales, and John Maynard. Finally thanks are due to our staff; Lisa MacKay, Financial Officer, and Sheila Lund MacDonald, Executive Director, for their work throughout the year.



Michele Dorsey, Q.C.

The Foundation continues to encourage and support projects and programs with the ultimate goal of strengthening Islanders' ability to access justice and legal knowledge.

Respectfully submitted, Paul Kiley, Chair
Law Foundation of Prince Edward Island

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APPENDIX “A” FINANCIAL STATEMENTS

Financial Statements of

THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Year ended December 31, 2014



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INDEPENDENT AUDITOR'S REPORT

To the Members of The Law Foundation of Prince Edward Island

We have audited the accompanying financial statements of The Law Foundation of Prince Edward Island which comprise the statement of financial position as at December 31, 2014 and the statements of operations, 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 accounting standards for not-for-profit organizations 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 the 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 qualified audit opinion.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Basis for Qualified Opinion

The Foundation derives part of its revenue from interest on lawyers' trust accounts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to interest income, excess of expenses over revenue and cash flows from operations for the year ended December 31, 2014, current assets as at December 31, 2014 and net assets as at January 1 and December 31, 2014.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Law Foundation of Prince Edward Island as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Charlottetown, Prince Edward Island
January 22, 2015

THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Statement of Financial Position

December 31, 2014, with comparative figures for 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 38,945	\$ 50,085
Investments (note 2)	2,022,453	2,185,312
Accounts receivable	9,421	8,341
Accrued interest receivable	1,716	2,415
	<u>2,072,535</u>	<u>2,246,153</u>
Restricted investments - Scholarship Fund (notes 2 and 3)	130,516	129,224
	<u>\$ 2,203,051</u>	<u>\$ 2,375,377</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 47,740	\$ 4,004
Net assets:		
Internally restricted (note 3)	116,640	119,201
Unrestricted	2,038,671	2,252,172
	<u>2,155,311</u>	<u>2,371,373</u>
	<u>\$ 2,203,051</u>	<u>\$ 2,375,377</u>

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

On Behalf of the Board:



Director



Director

THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Statement of Operations

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
Revenue:		
Interest - lawyers' trust accounts	\$ 151,100	\$ 138,376
Interest - bank account and investments	82,000	82,608
Interest - scholarship investment	2,439	2,415
Gain on sale of investments	-	4,527
	<u>235,539</u>	<u>227,926</u>
Expenses:		
Advertising	2,273	1,963
Bank charges and interest	3,432	75
Conference travel	3,952	3,269
Insurance	850	850
Office	773	2,588
Professional fees	3,545	5,160
Rent	2,052	2,652
Salaries	6,000	8,000
Secretarial and Executive Director services	51,480	33,045
Website	1,517	7,586
	<u>75,874</u>	<u>65,188</u>
Excess of revenue over expenses before the undernoted	159,665	162,738
Other expenses:		
Grants (note 4)	418,896	339,943
Unrealized loss (gain) in fair value of investments	(43,169)	61,284
	<u>375,727</u>	<u>401,227</u>
Excess of expenses over revenue	\$ (216,062)	\$ (238,489)

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

THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Statement of Changes in Net Assets

Year ended December 31, 2014, with comparative figures for 2013

	Internally restricted scholarship	Unrestricted	2014	2013
Balance, beginning of year	\$ 119,201	\$ 2,252,172	\$ 2,371,373	\$ 2,609,862
Excess of expenses over revenue	(2,561)	(213,501)	(216,062)	(238,489)
Balance, end of year	\$ 116,640	\$ 2,038,671	\$ 2,155,311	\$ 2,371,373

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

THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Statement of Cash Flows

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
Cash flows from operating activities:		
Interest received	\$ 235,150	\$ 223,427
Grants paid	(374,348)	(339,443)
Cash paid to suppliers and employees	(76,686)	(82,983)
	(215,884)	(198,999)
Cash flows from investing activities:		
Proceeds on sale of investments	279,182	469,101
Purchase of investments	(74,438)	(232,775)
	204,744	236,326
Increase (decrease) in cash	(11,140)	37,327
Cash, beginning of year	50,085	12,758
Cash, end of year	\$ 38,945	\$ 50,085

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

THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Notes to Financial Statements

Year ended December 31, 2014

1. Nature of operations and summary of significant accounting policies:

(a) Nature of operations:

The Law Foundation of Prince Edward Island was formed to fund legal education, legal research and law reform; to edit and print the decisions of the Supreme Court and Provincial Court of Prince Edward Island; and to aid in the establishment, operation and maintenance of law libraries in Prince Edward Island.

(b) Basis of accounting:

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions.

Unrestricted investment income is recognized as operating revenue when earned. Investment income from the Law Foundation Scholarship Fund is recorded in that fund when earned.

(d) Financial instruments:

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Notes to Financial Statements

Year ended December 31, 2014

1. Nature of operations and summary of significant accounting policies (continued):

(e) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(f) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less. Interest earned on these investments is reflected in the statement of operations as interest income.

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THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Notes to Financial Statements

Year ended December 31, 2014

2. Investments:

	2014 Cost	2014 Market	2013 Cost	2013 Market
Bonds and certificates:				
Provincial	\$ 1,309,188	\$ 1,702,317	\$ 1,348,678	\$ 1,659,393
Commercial	124,099	127,353	200,663	203,187
Municipal	298,558	323,299	438,250	451,956
	<u>\$ 1,731,845</u>	<u>\$ 2,152,969</u>	<u>\$ 1,987,591</u>	<u>\$ 2,314,536</u>

Investments consist of fixed-interest bearing instruments. The investments bear interest at 1.85% to 4.30% and mature at various dates to September 2022. As at year end, the carrying value of investments approximates the fair value.

Bonds and certificates - maturity profile	Market Value	% of total
Within one year	\$ 179,992	8.4 %
Over one to five years	1,432,890	66.5 %
Over five to ten years	540,087	25.1 %
	<u>\$ 2,152,969</u>	<u>100.0 %</u>

3. Net assets - internally restricted:

	2014	2013
Law Foundation Scholarship Fund	\$ 116,640	\$ 119,201

The Law Foundation Scholarship Fund was set up to provide financial assistance for a deserving law student(s) to attend a university of his or her choice. In the current year, this investment earned \$ 2,439. (2013 - \$ 2,415.), which was calculated using the effective interest method, and \$ 5,000. (2013 - \$ 5,000.) in scholarships were paid out.

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THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Notes to Financial Statements

Year ended December 31, 2014

4. Grants:

	2014	2013
Association of Canadian Law Foundations	\$ 500	\$ 500
Bar Admission Course - NS component	44,548	26,170
CanLII Levy	3,000	3,000
Community Legal Information Association	50,000	30,000
Continuing Legal Education	10,000	10,000
Law Library	136,848	134,968
Law Scholarships	5,000	5,000
Legal Aid Lawyer - Summerside	93,000	90,000
Legal Assistant Scholarship	4,000	4,000
PEI Human Rights Commission	56,000	17,800
Strategic Planning	-	1,705
Other grants	16,000	16,800
	<u>\$ 418,896</u>	<u>\$ 339,943</u>

5. Related party transactions:

The Foundation utilizes facilities and personnel of The Law Society of Prince Edward Island. During the year, \$ 2,052. (2013 - \$ 2,652.) was paid for rent and \$ 6,000. (2013 - \$ 8,000.) was paid for salaries and secretarial services. These transactions are in the normal course of operations and are measured at the exchange amount of consideration as established and agreed to by the related parties.

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THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

Notes to Financial Statements

Year ended December 31, 2014

6. Financial instrument risks:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Market risk

The Foundation is exposed to fluctuations in equity markets on its long-term investments.

2015 Law Foundation of PEI Board of Governors

Paul Kiley

Chair

Patsy MacLean

Secretary/Treasurer

Gary Scales

John Maynard

Michele Dorsey

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LAW FOUNDATION
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