



LAW FOUNDATION
of Prince Edward Island

ANNUAL REPORT

Year Ending December 31st, 2015

2015

ANNUAL REPORT

Year Ending December 31st, 2015

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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 the Foundation's 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. It does 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

2015 Law Foundation of PEI Board of Governors

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

2015 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 Islanders with low- and modest-incomes
- 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 \$259,427 for 2015 as compared to \$216,062 in 2014. The Law Foundation's interest on lawyer's trust accounts (IOLTA) revenue experienced a marked decline to \$123,000 in 2015 as compared to \$151,100 in 2014. The Foundation is projecting IOLTA revenue of \$138,000 for 2016. It is anticipated that overall revenues will continue to decline as a result of ongoing low interest rates, reduction of IOLTA income, and the planned liquidation of some investments to support projects. The Foundation continues to implement a funding reserve policy equal to two times the total annual budget.

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

GRANTS AWARDED IN 2015

Continuous and Multi-Year Grants	
Canadian Legal Information Institute (CANLII)	\$ 3,000
PEI Court Library	\$138,501
Community Legal Information Association Of PEI (CLIA)	\$ 50,000
PEI Bar Admissions Program and Education Coordinator	\$ 27,250
PEI Legal Aid	\$ 75,000
Law School Scholarships	\$ 5,000
Legal Assistant Scholarships	\$ 2,500
One-Time Grants	
PEI Human Rights Commission	\$ 30,000
Community Legal Information Association Of PEI (CLIA)	\$ 12,000
Phase 1 of a Parenting Coordination Service Pilot Project.	\$ 40,000

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, a \$50,000 endowment fund was started to offer both an entrance and an upper year scholarship to Island students attending law school at the University of New Brunswick.



Professor Olasisi Akinkugbe of UNB (left) presents the scholarship to Iain McCarville

2015 Centennial Scholarship Recipients

- The University of New Brunswick awarded the entrance scholarship to Iain McCarvill from Kensington, PE, and the upper year scholarship to Amanda Blakeney, a second-year student from Stratford, PE.

Law Society/Law Foundation Scholarship

In 2008, the Law Foundation collaborated with the Law Society of PEI to establish an annual scholarship award fund. The awards support law students who are from PEI and are attending any recognized university. The three Law Society/Law Foundation Scholarship recipients for 2015-16 were Isabelle Keeler, Geoffrey Kowalski and Killian McParland.

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. For 2015, this amount increased to \$2,500 in total awards offered.

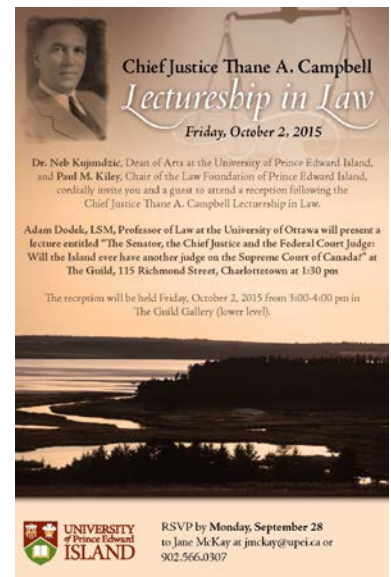
Law Foundation Executive Director, Sheila Lund MacDonald, presented the Holland College Legal Administration Program scholarships to Alanna Gallant (centre) and Santana Muttart (right)

2015 Legal Administration Program Scholarship Recipients

- The Holland College Legal Administration Program scholarships were awarded to Alana Gallant & Santana Muttart.
- The Eastern College Legal Administration Program scholarships were awarded to Ann LaFrance and Sherrie Knox (note this program was discontinued for 2016).

2015 CHIEF JUSTICE THANE CAMPBELL LAW SERIES

The 2015 Thane Campbell lecture was delivered on October 2nd by speaker Prof. Adam Dodek from the University of Ottawa. The title of his lecture was: *“The Senator, the Chief Justice and the Federal Court Judge: Will the Island ever have another judge on the Supreme Court of Canada?”* This lecture discussed the politics of appointments to the Supreme Court of Canada and the interaction between regionalism and other factors.



**Chief Justice Thane A. Campbell
Lectureship in Law**
Friday, October 2, 2015

Dr. Noh Kojandzic, Dean of Arts at the University of Prince Edward Island, and Paul M. Kiley, Chair of the Law Foundation of Prince Edward Island, cordially invite you and a guest to attend a reception following the Chief Justice Thane A. Campbell Lectureship in Law.

Adam Dodek, LSM, Professor of Law at the University of Ottawa will present a lecture entitled "The Senator, the Chief Justice and the Federal Court Judge: Will the Island ever have another judge on the Supreme Court of Canada?" at The Guild, 115 Richmond Street, Charlottetown at 1:30 pm.

The reception will be held Friday, October 2, 2015 from 3:00-4:00 pm in The Guild Gallery (lower level).

UNIVERSITY OF PRINCE EDWARD ISLAND
RSVP by Monday, September 28
to Jane McKay at jmckay@spei.ca or 902.566.0307

CHAIRPERSON'S REPORT—PAUL KILEY



Funding Activity

The Foundation continued its core expenditures, totaling over \$310,000, in support of law libraries, the Community Legal Information Association, the bar admission course, 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 2015 for the following projects:

- 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*.
- Phase 1 of a Parenting Coordination Service Pilot Project.

2015 ACLF

The Chair and the Executive Director attended the annual Association for Canadian Law Foundations (ACLF) conference in Winnipeg from September 24th – 26th. In addition to sharing updates on activities and initiatives, key areas of focus included interest rate agreements with financial institutions, measuring the impact of funded projects within communities, and collaborative research opportunities.

Looking Forward to 2016

Throughout 2016, the Foundation will continue to implement our five-year strategic plan. Key activities include:

- Exploring opportunities for further Board participation in community legal education and access to justice networks.
- Continued evaluation of services and programs funded through the Foundation.
- Preparations for updating the strategic plan in 2017.

Additionally, the Foundation has approved \$55,000 in funding for continuing and new projects in 2016, including:

- Best Interests of the Children workshops.
- Women and the Law in Prince Edward Island information sessions.
- Legal Education for low income foreign migrant workers (FMWs) on PEI.
- Alzheimer Society of PEI – Expansion of the Caregiver Education Series to include a fifth module entitled, *Legal Planning and Dementia*.
- Phase 2 of the Parenting Coordination Service pilot project.



LAW FOUNDATION
of Prince Edward Island

Invitation for Submissions
2017 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 **2017** from eligible organizations across the Province. The deadline for applications is **September 12th, 2016**.

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

Acknowledgements

January 2015 marked the departure of Patsy MacLean, a long-time representative who served both as a Governor and as Secretary-Treasurer. On behalf of the Board, I wish to thank Patsy for her dedicated service and contribution to the work of the Foundation. The Foundation welcomes Barbara Smith, Q.C., as the new Board representative. I also wish to express my appreciation to my fellow Governors for their generous commitment: Gary Scales (Secretary -Treasurer), Michele Dorsey, Q.C., 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.



Barbara Smith, Q.C.

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

APPENDIX “A” FINANCIAL STATEMENTS

**The Law Foundation of Prince
Edward Island
Financial Statements
For the Year Ended December 31, 2015**

The Law Foundation of Prince Edward Island
Financial Statements
For the Year Ended December 31, 2015

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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, 2015, 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 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 audit opinion.

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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, 2015, current assets as at December 31, 2015 and net assets as at January 1 and December 31, 2015.

Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue from interest on lawyers' trust accounts referred to in the preceding 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, 2015, 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

Chartered Professional Accountants

Charlottetown, Prince Edward Island
February 10, 2016

**The Law Foundation of Prince Edward Island
Statement of Financial Position**

December 31	2015	2014
Assets		
Current		
Cash and cash equivalents	\$ 3,862	\$ 38,945
Investments (Note 2)	1,763,967	2,022,453
Accounts receivable	15,689	9,421
Accrued interest receivable	1,716	1,716
	1,785,234	2,072,535
Restricted investments - Scholarship Fund (Note 2 and 3)	131,189	130,516
	\$ 1,916,423	\$ 2,203,051

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 20,539	\$ 47,740
Net Assets		
Internally restricted (Note 3)	114,072	116,640
Unrestricted	1,781,812	2,038,671
	1,895,884	2,155,311
	\$ 1,916,423	\$ 2,203,051

On behalf of the Board:

—  — Director

—  — Director

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

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**The Law Foundation of Prince Edward Island
Statement of Changes in Net Assets**

For the year ended December 31	Internally Restricted	Unrestricted	2015 Total	2014 Total
Balance, beginning of the year	\$ 116,640	\$ 2,038,671	\$ 2,155,311	\$ 2,371,373
Excess of expenses over revenue	(2,568)	(256,859)	(259,427)	(216,062)
Balance, end of the year	\$ 114,072	\$ 1,781,812	\$ 1,895,884	\$ 2,155,311

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

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The Law Foundation of Prince Edward Island Statement of Operations

For the year ended December 31	2015	2014
Revenue		
Interest - lawyers' trust accounts	\$ 123,936	\$ 151,100
Interest - bank account and investments	58,184	82,000
Interest - Scholarship investments	2,432	2,439
Gain on sale of investments	5,137	-
	<u>189,689</u>	<u>235,539</u>
Operating expenses		
Advertising	1,181	2,273
Bank and investment fees	5,851	3,432
Conference travel	4,506	3,952
Insurance	850	850
Office	1,126	773
Professional fees	3,289	3,545
Rent	2,052	2,052
Salaries	6,000	6,000
Secretarial and Executive Director services	34,943	51,480
Website	1,211	1,517
	<u>61,009</u>	<u>75,874</u>
Excess of revenue over expenses before the undernoted	<u>128,680</u>	<u>159,665</u>
Other expenses		
Grants (Note 4)	383,351	418,896
Unrealized gain (loss) in fair value of investments	4,756	(43,169)
	<u>388,107</u>	<u>375,727</u>
Excess of expenses over revenue	<u>\$ (259,427)</u>	<u>\$ (216,062)</u>

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

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**The Law Foundation of Prince Edward Island
Statement of Cash Flows**

For the year ended December 31	2015	2014
Cash flows from operating activities		
Interest received	\$ 183,419	\$ 235,150
Grants paid	(410,649)	(374,348)
Cash paid to suppliers and employees	(60,910)	(76,686)
	<u>(288,140)</u>	<u>(215,884)</u>
Cash flows from investing activities		
Proceeds from sale of investments	433,827	279,182
Purchase of investments	(180,770)	(74,438)
	<u>253,057</u>	<u>204,744</u>
Net decrease in cash	(35,083)	(11,140)
Cash, beginning of the year	38,945	50,085
Cash, end of the year	\$ 3,862	\$ 38,945

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

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The Law Foundation of Prince Edward Island Notes to Financial Statements

December 31, 2015

1. Significant Accounting Policies

Nature of Organization 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.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

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.

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

December 31, 2015

1. Significant Accounting Policies (continued)

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.
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.

The Law Foundation of Prince Edward Island Notes to Financial Statements

December 31, 2015

2. Investments

The carrying amounts of investments are comprised of the following:

	2015 Cost	2015 Market	2014 Cost	2014 Market
Bonds and certificates:				
Provincial	\$1,054,612	\$1,395,236	\$1,309,188	\$1,702,317
Commercial	-	-	124,099	127,353
Municipal	298,558	324,667	298,558	323,299
	1,353,170	1,719,903	1,731,845	2,152,969
Mutual funds	180,770	175,253	-	-
Total investments	\$1,533,940	\$1,895,156	\$1,731,845	\$2,152,969

Bonds and certificates bear interest at 1.85% to 6.08% and mature at various dates to September 2022.

Bonds and certificates - maturity profile:	Market Value	% of Total
Within one year	\$ 262,846	15.3 %
Over one to five years	1,017,141	59.1 %
Over five or more years	439,916	25.6 %
	\$ 1,719,903	100.0 %

3. Net Assets - Internally Restricted

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 \$ 2,432. (2014 - \$ 2,439.), which was calculated using the effective interest method, and \$ 5,000. (2014 - \$ 5,000.) in scholarships were paid out.

	2015	2014
Law Foundation Scholarship Fund	\$ 114,072	\$ 116,640
	\$ 114,072	\$ 116,640

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The Law Foundation of Prince Edward Island Notes to Financial Statements

December 31, 2015

4. Grants

	2015	2014
Association of Canadian Law Foundations	\$ 100	\$ 500
Bar Admission Course - NS component	17,250	44,548
CanLII Levy	3,000	3,000
Community Legal Information Association	62,000	50,000
Continuing Legal Education	10,000	10,000
Law Library	138,501	136,848
Law Scholarships	5,000	5,000
Legal Aid Lawyer - Summerside	75,000	93,000
Legal Assistant Scholarship	2,500	4,000
P.E.I. Human Rights Commission	30,000	56,000
Other grants	40,000	16,000
	\$ 383,351	\$ 418,896

5. Financial Instrument Risks

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 is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$ 100,000.

Market Risk

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

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 on its fixed and floating interest rate financial instruments.

A portion of the Foundation's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

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2016 Law Foundation of PEI Board of Governors

Paul Kiley

Chair

Gary Scales

Secretary/Treasurer

John Maynard

Michele Dorsey

Attorney General Representative

Barbara Smith

Law Foundation of Prince Edward Island

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LAW FOUNDATION
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