

Annual Report



LAW FOUNDATION
of Prince Edward Island

Year Ending
December 31st

2020

ANNUAL REPORT

Year Ending December 31st, 2020

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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



CHAIR’S REPORT– GARY SCALES

2020 FUNDING ACTIVITY

In the year 2020, the Law Foundation contributed \$169,500 in support of continuous programs and services including the courthouse law libraries, the Community Legal Information Association, the PEI Bar Admission Course, a legal education coordinator position, CanLII levies and various scholarships.

In addition, the Law Foundation was pleased to provide \$26,359 in grants to four projects taking place in 2020: Hospice PEI’s health care directive education sessions, CanLII’s PEI database expansion project, Community Legal Information’s development of a self-represented litigants handbook and the Restorative Justice Community Speakers Series.

Funding Support Provided in 2020 For Continuous Programs and Services	
Law Library	\$ 75,000
Community Legal Information Association	\$ 50,000
Bar Admission Course - PEI	\$ 25,000
Continuing Legal Education Coordinator	\$ 10,000
Law Scholarships	\$ 5,000
CanLII Levy	\$ 3,000
Legal Assistant Scholarship	\$ 1,500

IMPACT OF COVID-19

2020 saw the introduction of significant COVID-19 related restrictions that had an impact on the operations of many organizations across PEI. As outlined below, the Law Foundation was affected financially however its operations and most grantee projects were able continue using on-line platforms.

Revenues and Expenditures:

The Law Foundation experienced a marked decrease in revenues during the year as compared to 2019 largely due to lower interest rates. Interest on lawyer’s trust accounts (IOLTA) revenue was \$221,698, down from \$485,792 in 2019 - a decline of just over 54%. Low interest rates are expected to continue through 2021, therefore revenue projections for 2021 have been conservatively set at a total of \$150,000.

Grantees:

The Law Foundation reached out to all grantees during the height of COVID-19 restrictions informing them that the Law Foundation was committed to continuing funding support during this challenging time. Grantees were asked to provide an update on the status of their project, and whether the activity of the project was significantly affected by public health restrictions. Most grantees were able to seamlessly shift to virtual project delivery, however, one project that relied on in-person sessions had their funding extended into 2021 to allow for a shift to an on-line education format.

Law Foundation Operations and Governance:

Public Health restrictions had minimum impact on the day-to-day activities of the Law Foundation, which was able to continue its work using on-line methods. Board meetings and information sessions were shifted to virtual formats.



2020 ACLF

The Executive Director and Chair attended an afternoon Zoom session on September 10th for the Association of Canadian Law Foundation's (ACLF) meetings. This gathering provided valuable information on emerging access to justice issues and new initiatives that have been funded within each jurisdiction. The learning focus of the meeting was on racial justice, diversity and inclusion in grant-making organizations.

2021 PROJECT SUPPORT:

In addition to its continuous funding, the Law Foundation approved grants for the following one-time projects to be completed in 2021:

Organization	Activity
Hospice PEI	Conduct public advance care planning workshops (extension due to COVID-19 impacts on delivery in 2020)
PEERS Alliance	Development of <i>Good Samaritans Drug Overdose Act</i> brochure
East Coast Environmental Law	Environmental Impact Assessment Workshop
Canadian National Institute for the Blind	Know Your Rights information campaign
PEI Access to Justice Committee	Grant supporting an access to justice forum

AWARENESS CAMPAIGN

The Law Foundation's 2019-2021 strategic plan set out a goal to connect with more community organizations that may have ideas for projects that address new issues or offer innovative approaches to the delivery of legal services on PEI. The action to achieve this goal was to undertake an awareness campaign in 2020. Due to the impact of COVID-19, the project was moved into 2021 and work is currently underway. Materials are being developed that feature a new landmark and logo focusing specifically on the funding program. Videos and google ads will be released showcasing grantees and their projects, and will highlight awareness about the work of the Law Foundation.



Acknowledgements

I extend my thanks to the current Governors for their generous commitment of time and effort to further the work of the Law Foundation: Barbara Smith, Q.C. (Secretary Treasurer), William Dow, Q.C., and Paul Murphy. The Law Foundation also extends its appreciation to staff members, Lisa MacKay, Financial Officer, and Sheila Lund MacDonald, Executive Director, for their work throughout the year.

Respectfully submitted,
Gary Scales, Chair
Law Foundation of Prince Edward Island



ABOUT THE LAW FOUNDATION OF PRINCE EDWARD ISLAND

MISSION

The Law Foundation of PEI (Law Foundation) 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 Law 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 member who is appointed by the Minister of Justice and Public Safety 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

2020 Law Foundation of PEI Board of Governors*

- Gary Scales, Chair
- Barbara Smith, Q.C., Secretary-Treasurer
- TBA, Attorney General Representative
- William Dow, Q.C.
- Paul Murphy

2020 Law Foundation of PEI Staff

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

*Biographies of each Board member can be found [here](#).



AREAS OF ENCOURAGEMENT 2019-2022

The following four areas of encouragement were identified to guide funding decisions, with the overarching goal of strengthening Islanders' ability to access justice and legal information:

- Legal needs of seniors, newcomers, low income Islanders and vulnerable groups.
- Innovative approaches to enhance access to justice.
- Public legal education that is practical, relevant and accessible.
- Technology, specifically projects that explore or use technology that enhances the delivery of legal services and/or public legal education.

GRANT FUNDING REPORT 2013-2020

Organization	Description	Grants 2013- 2019	Grants in 2020
Courthouse Law Library Services	To support day-to-day operations.	\$745,317	\$75,000
Community Legal Information Association	To support day-to-day operations.	\$342,000	\$50,000
Bar Admission Course and Professional Legal Education Sessions	Funds allocated to cover the cost of the course and for coordination of other professional legal education events.	\$245,631	\$35,000
Canadian Legal Information Institute	To support CanLII case law service.	\$25,000	\$3,000
Legal Education Scholarships	\$5000 annually to support scholarships.	\$35,000	\$5,000
Legal Administration Scholarships	Annual scholarships for students studying legal administration.	\$20,500	\$1,500
Association of Canadian Law Foundations	Annual membership fee.	\$1,400	-
Total programs and services funded 2013-2019	Listed above	\$1,414,848	
Total programs and services funded 2020	Listed above		\$169,500
Project Grants from 2013-2019	For one-time and multi-year projects.	\$539,247	
Project Grants provided in 2020	For one-time and multi-year projects.		\$26,359
Total funding from 2013-2019		\$1,954,095	
Total funding provided in 2020			\$195,859
From 2013-2020 the Law Foundation of PEI has provided \$2,149,954 in funding support to PEI-based projects, services and organizations.			



SCHOLARSHIPS

The Law Foundation funds a variety of scholarships to support students pursuing careers in law. In 1985 an endowment fund was started in order to offer a scholarship to Island students attending the Dalhousie Schulich School of Law. In 1992 an 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. Beginning in 2008, the Law Foundation partnered with the Law Society of PEI to establish an annual scholarship award for students from PEI engaged in the study of law at an accredited university. Since 2008, the Law Foundation has offered scholarships for those graduating from legal administration programs on PEI.



Sabryna Shaw

Since 2008, the Law Foundation has offered scholarships for those graduating from legal administration programs on PEI.

2020 Centennial Scholarship Recipients

Law Foundation of PEI Centennial Scholarships were presented to University of New Brunswick students Sabryna Shaw (Upper Year scholarship) and Vanessa Trainor (Entrance scholarship) at the October 2019 Law Academic Awards Night ceremony.

For the second consecutive year, Zach Geldert was awarded the Dalhousie Schulich School of Law Centennial Scholarship.

Zach Geldert



Law Society/Law Foundation Scholarship

2020 recipients were: David C. Chukwuka, Julia O'Hanley and Sabryna Shaw

ANNUAL THANE CAMPBELL LECTURESHIP IN LAW

The Thane Campbell Lectureship in Law was not held in 2020 due to the impact of COVID-19 on the organization of this event.



APPENDIX “A” AUDITED FINANCIAL STATEMENTS



**The Law Foundation of Prince
Edward Island
Financial Statements
For the Year Ended December 31, 2020**

**The Law Foundation of Prince Edward Island
Financial Statements
For the Year Ended December 31, 2020**

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Independent Auditor's Report

To the Members of
The Law Foundation of Prince Edward Island

Qualified Opinion

We have audited the financial statements of The Law Foundation of Prince Edward Island (the Foundation), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, 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

Basis for Qualified Opinion

The Foundation derives part of its revenue from interest on lawyers' trust accounts and from unclaimed trust accounts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to interest revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Charlottetown, Prince Edward Island
February 24, 2021

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

December 31	2020	2019
Assets		
Current		
Cash and cash equivalents	\$ 16,170	\$ 36,681
Short-term investments (Note 2)	1,113,273	1,328,519
Accounts receivable	17,611	59,271
	<u>1,147,054</u>	<u>1,424,471</u>
Long-term investments (Note 2)	1,083,598	729,189
	<u>\$ 2,230,652</u>	<u>\$ 2,153,660</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ -	\$ 4,324
Net Assets		
Unrestricted	<u>2,230,652</u>	<u>2,149,336</u>
	<u>\$ 2,230,652</u>	<u>\$ 2,153,660</u>

On behalf of:  Director

  Director

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

<u>For the year ended December 31</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of the year	\$ 2,149,336	\$ 1,852,876
Excess of revenue over expenses	<u>81,316</u>	<u>296,460</u>
Balance, end of the year	<u>\$ 2,230,652</u>	<u>\$ 2,149,336</u>

The Law Foundation of Prince Edward Island Statement of Operations

For the year ended December 31	2020	2019
Revenue		
Interest - lawyers' trust accounts	\$ 221,689	\$ 485,792
Interest - bank account and investments	51,422	40,801
Loss on sale of investments	(12,393)	(18,558)
Unclaimed trust money	15,802	287
	<u>276,520</u>	<u>508,322</u>
Operating expenses		
Advertising	709	1,192
Bank and investment fees	8,187	5,016
Conference travel	-	3,549
Insurance	850	850
Office	1,091	1,305
Professional fees	4,100	3,588
Rent	2,415	2,415
Salaries	6,500	6,500
Secretarial and Executive Director services	30,961	35,353
Website	483	1,116
	<u>55,296</u>	<u>60,884</u>
Excess of revenue over expenses before the undernoted	<u>221,224</u>	<u>447,438</u>
Other income (expenses)		
Grants (Note 3)	(194,359)	(180,800)
Unrealized gain in fair value of investments	54,451	29,822
	<u>(139,908)</u>	<u>(150,978)</u>
Excess of revenue over expenses	<u>\$ 81,316</u>	<u>\$ 296,460</u>

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

The Law Foundation of Prince Edward Island Statement of Cash Flows

For the year ended December 31	2020	2019
Cash flows from operating activities		
Interest received	\$ 330,573	\$ 537,884
Grants paid	(194,359)	(180,800)
Cash paid to suppliers	(59,620)	(60,080)
	<u>76,594</u>	<u>297,004</u>
Cash flows from investing activities		
Proceeds from sale of investments	1,007,196	2,556,696
Purchase of investments	(1,104,301)	(3,008,962)
	<u>(97,105)</u>	<u>(452,266)</u>
Net decrease in cash position	(20,511)	(155,262)
Cash and cash equivalents, beginning of the year	<u>36,681</u>	<u>191,943</u>
Cash and cash equivalents, end of the year	\$ 16,170	\$ 36,681

The Law Foundation of Prince Edward Island

Notes to Financial Statements

December 31, 2020

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	<p>The Foundation follows the deferral method of accounting for contributions.</p> <p>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.</p>
Financial Instruments	<p>Financial instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market 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.</p> <p>Financial assets are tested for impairment when indicators of impairment exist.</p>
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, 2020

2. Investments

The carrying amounts of short-term investments maturing within one year are comprised of the following:

	2020 Cost	2020 Market	2019 Cost	2019 Market
Bonds	\$ 27,852	\$ 28,176	\$ 46,609	\$ 46,832
Money market funds	746,912	765,111	1,097,518	1,097,518
Securities	280,669	319,986	171,880	184,169
Total short-term investments	\$ 1,055,433	\$ 1,113,273	\$ 1,316,007	\$ 1,328,519

The carrying amounts of long-term investments maturing over one to nine years are comprised of the following:

	2020 Cost	2020 Market	2019 Cost	2019 Market
Bonds	\$ 1,050,320	\$ 1,083,598	\$ 709,515	\$ 729,189

3. Grants

	2020	2019
Association of Canadian Law Foundations	\$ -	\$ 100
Bar Admission Course - PEI	25,000	25,000
CanLII Levy	3,000	3,000
Community Legal Information Association	50,000	50,000
Continuing Legal Education	10,000	10,000
Law Library	75,000	75,000
Law Scholarships	5,000	5,000
Legal Assistant Scholarship	-	1,500
Other grants	26,359	11,200
	\$ 194,359	\$ 180,800

The Law Foundation of Prince Edward Island Notes to Financial Statements

December 31, 2020

4. 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 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.

5. Uncertainty due to COVID-19

In January 2020, the World Health Organization announced a global health emergency due to the COVID-19 outbreak. The full impact of the COVID-19 outbreak continues to evolve as of the report date. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.

2020 Law Foundation of PEI Board of Governors

Gary Scales

Chair

Barbara Smith, Q.C.

Secretary/Treasurer

Bill Dow, Q.C.

Paul Murphy

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LAW FOUNDATION
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