



LAW FOUNDATION  
of Prince Edward Island

**ANNUAL REPORT**

*Year Ending December 31st, 2017*

**2017**

# ANNUAL REPORT

Year Ending December 31st, 2017

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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](http://lawfoundationpei.ca) for more information

# 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 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

### 2017 Law Foundation of PEI Board of Governors\*

- Gary Scales, Chair
- Barbara Smith, Q.C., Secretary-Treasurer
- John Maynard, Q.C.
- Erin Mitchell, Attorney General Representative
- William Dow, Q.C.

### 2017 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 2013-2017

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 information:

- 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*)



## GRANT ACTIVITY REPORT 2013-2017

Organization	Description	Grants in 2017	Grants from 2013- 2016
Courthouse Law Library Services	To support day-to-day operations	\$75,000	\$520,317
Community Legal Information Association	To support day-to-day operations	\$50,000	\$192,000
Bar Admissions Program	Funds allocated to cover the cost of this mandatory course for students being admitted to the PEI Bar.	\$31,563	\$144,068
Canadian Legal Information Institute (CanLII)	To support CanLII case law service	\$5,000	\$14,000
Legal Education Scholarships (administered through the Law Society of PEI)	\$5000 annually to support scholarships for law students	\$5,000	\$20,000
Legal Administration Scholarships	Annual scholarships for students studying legal administration	\$1,500	\$16,000
Association of Canadian Law Foundations (ACLF)	Annual contribution to the ACLF	\$100	\$1,200
Other Grants provided in 2017	For one-time and multi-year projects	\$31,960	
Other Grants from 2013-2016	One-time and multi-year grants		\$484,387
Total Grant Funding Provided in 2017		<b>\$200,123</b>	
Total funding from 2013-2016			<b>\$1,391,972</b>

From 2013-2017 Law Foundation of PEI has provided **over \$1.5 million dollars**  
**\$1,592,095**  
 in funding support to PEI based projects and organizations



## SCHOLARSHIPS

The Law Foundation funds a variety of scholarships to support students pursuing careers in law. In 1985 a \$22,000 endowment fund was started in order to offer a scholarship to Island students 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. Beginning in 2008, the Law Foundation has collaborated with the Law Society of PEI to establish an annual scholarship award fund.

The Law Foundation also offers scholarships for those graduating from legal administration programs on PEI.

### 2017 Centennial Scholarship Recipients



*UNB Professor McEvoy(left), presents Law Foundation scholarships to Zachary Tweel (center) and Lucas MacArthur (right)*

Law Foundation of PEI Centennial Scholarships were presented to University of New Brunswick students Zachary Tweel (Entrance scholarship) and Lucas MacArthur (Upper Year scholarship) at the October 2017 Law Academic Awards Night ceremony.

Parker Baglole was the 2017/18 Law Foundation of PEI Centennial Scholarship recipient from Dalhousie University.



*Parker Baglole earned the Law Foundation Scholarship from Dalhousie University for the second year in a row.*

### Law Society/Law Foundation Scholarship

2017 recipients were: Gregory Landry, Iain McCarvill and Maggie Grimmer.



### Legal Administration Program Scholarships

In 2017 two scholarships were awarded to Haley Stavert and Shanae Deveaux at the Holland College graduation ceremony held on July 28th.

*Law Foundation board member John Maynard (Key Murray Law) presented Haley Stavert (left) and Shanae Deveaux (right) with Law Foundation Legal Administration Program Scholarships*

### 2017 CHIEF JUSTICE THANE CAMPBELL LAW SERIES

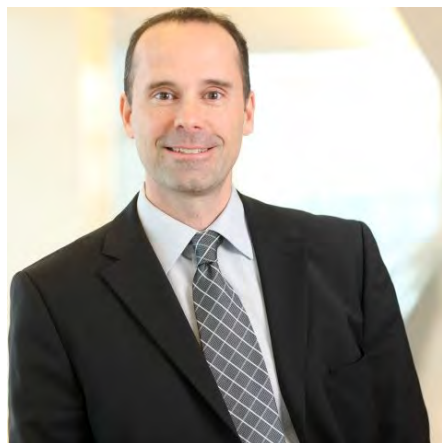
The 2017 Chief Justice Thane Campbell Lectureship in Law was delivered on October 20th by UNB Professor Anne Warner La Forest. Her talk was titled "Canada and International Human Rights Law at 150." The lecture can be viewed online [here](#).



## 2017 ACLF

The Executive Director attended the 2017 Association for Canadian Law Foundations (ACLF) conference in Iqaluit from August 17<sup>th</sup> to 19<sup>th</sup>. Detailed jurisdictional updates were provided and topics discussed included grantmaking practices, governance and the future structure of Law Foundations. The host province arranged for a site visit to a local men's shelter and the legislature building. The 2018 ACLF meetings are set for February 1<sup>st</sup> – 3<sup>rd</sup> in Vancouver.

## CHAIR'S REPORT– GARY SCALES



The following report highlights some of the key activities and successes of the Law Foundation throughout 2017.

### 2017 Funding Activity

Total funding provided in 2017 was **\$200,123**. The Law Foundation contributed \$168,163 in support of continuous programs and services including the courthouse law libraries, the Community Legal Information Association, the bar admissions program, a legal education coordinator position, CanLII levies and legal education scholarships. In addition, the Law Foundation was pleased to provide one-time grants totaling \$31,960 to the following organizations:

- PEI Parenting Coordination Society - for incorporation and to conduct family arbitration training
- PEI Family Violence Prevention Services - to develop a shelter video for newcomers
- PEI Chapter of the Canadian Hard of Hearing Association - to pilot the use of hearing assistance devices by legal professionals and their clients
- Family Law Section PEI Department of Justice and Public Safety - for phase 3 of the Parenting Coordination Service Pilot Project

### Revenues and Expenditures<sup>1</sup>

The Law Foundation implemented its planned budget allocation for 2017 resulting in an expected deficit situation which totalled \$31,665, as compared to a deficit of \$151,658 in 2016. The Law Foundation's interest on lawyer's trust accounts (IOLTA) revenue experienced an increase to \$192,842 in 2017 from \$136,340 in 2016.

The Law Foundation has continued to reduce the annual deficit, by paring down its costs and by encouraging project applications involving multiple funding partners.

For more detailed information, please refer to the audited financial statements located in [Appendix "A"](#).

### Looking Forward

In addition to its continuous funding programs, the Law Foundation approved grants for the following projects to be completed in 2018:

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<sup>1</sup> Law Foundation of PEI Draft Audited Statements ending December 31<sup>st</sup>, 2017



- Using hearing assistance devices to improve communication for the hard of hearing in legal environments - year 2 of a pilot program. (PEI Chapter of the Canadian Hard of Hearing Association)
- Development of legal information documents and education for migrant workers (The Cooper Institute)
- Support for a legal information workshop (Arthritis Society of PEI)

Projected program and project funding to be provided by the Law Foundation in 2018 is **\$178,300**.

Strategic planning began in 2017 and is continuing into 2018. This will involve the renewal of the existing plan to guide the work of the Board over the next three to five-year period.

### **Acknowledgements**

I extend thanks to the members of the Law Foundation's Board of Governors for their generous commitment of time and effort to the work of the Law Foundation: Barbara Smith, Q.C. (Secretary Treasurer), John Maynard, Q.C., William Dow, Q.C., and Deputy Minister Erin Mitchell. 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 on \_\_\_\_\_, 2018

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Gary Scales, Chair  
Law Foundation of Prince Edward Island





# APPENDIX “A” AUDITED FINANCIAL STATEMENTS



**The Law Foundation of Prince  
Edward Island  
Financial Statements  
For the Year Ended December 31, 2017**

**The Law Foundation of Prince Edward Island  
Financial Statements  
For the Year Ended December 31, 2017**

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## Independent Auditor's Report

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### 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, 2017, 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.



### **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, the verification of this revenue 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 income, excess of expenses over revenue, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both 2017 and 2016 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

### **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, 2017, 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  
March 1, 2018

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

December 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 21,651	\$ 119,849
Investments (Note 2)	1,660,750	1,605,010
Accounts receivable	33,581	22,785
	<b>\$ 1,715,982</b>	<b>\$ 1,747,644</b>

**Liabilities and Net Assets**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 3,421	\$ 3,418
<b>Net Assets</b>		
Internally restricted (Note 3)	108,876	111,504
Unrestricted	1,603,685	1,632,722
	<b>1,712,561</b>	<b>1,744,226</b>
	<b>\$ 1,715,982</b>	<b>\$ 1,747,644</b>

On behalf of the Board:

  
 Director

  
 Director

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

For the year ended December 31	Internally Restricted	Unrestricted	2017 Total	2016 Total
Balance, beginning of the year	\$ 111,504	\$ 1,632,722	\$ 1,744,226	\$ 1,895,884
Excess of expenses over revenue	(2,628)	(29,037)	(31,665)	(151,658)
Balance, end of the year	\$ 108,876	\$ 1,603,685	\$ 1,712,561	\$ 1,744,226

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

## The Law Foundation of Prince Edward Island Statement of Operations

For the year ended December 31	2017	2016
<b>Revenue</b>		
Interest - lawyers' trust accounts	\$ 192,842	\$ 136,340
Interest - bank account and investments	50,387	52,363
Interest - scholarship investments	2,372	2,432
Gain on sale of investments	-	3,612
Unclaimed trust money	1,300	6,597
	<u>246,901</u>	<u>201,344</u>
<b>Operating expenses</b>		
Advertising	406	712
Bank and investment fees	4,416	4,714
Conference travel	3,254	3,794
Insurance	850	850
Office	853	899
Professional fees	3,416	3,416
Rent	2,070	2,057
Salaries	6,000	6,000
Secretarial and Executive Director services	33,525	33,311
Website	541	483
	<u>55,331</u>	<u>56,236</u>
<b>Excess of revenue over expenses before the undernoted</b>	<u>191,570</u>	<u>145,108</u>
<b>Other expenses</b>		
Grants (Note 4)	195,410	252,200
Unrealized loss in fair value of investments	27,825	44,566
	<u>223,235</u>	<u>296,766</u>
<b>Excess of expenses over revenue</b>	<u>\$ (31,665)</u>	<u>\$ (151,658)</u>



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

For the year ended December 31	2017	2016
<b>Cash flows from operating activities</b>		
Interest received	\$ 193,355	\$ 194,249
Grants paid	(195,410)	(252,200)
Cash paid to suppliers and employees	(55,329)	(73,358)
	<u>(57,384)</u>	<u>(131,309)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	332,707	247,296
Purchase of investments	(373,521)	-
	<u>(40,814)</u>	<u>247,296</u>
<b>Net increase (decrease) in cash position</b>	<b>(98,198)</b>	<b>115,987</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>119,849</b>	<b>3,862</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 21,651</b>	<b>\$ 119,849</b>

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# The Law Foundation of Prince Edward Island

## Notes to Financial Statements

December 31, 2017

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### 1. Significant Accounting Policies

<b>Nature of Organization</b>	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</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Revenue Recognition</b>	<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>
<b>Financial Instruments</b>	<p>Financial instruments are recorded at fair value at initial recognition.</p> <p>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.</p> <p>Financial assets are tested for impairment when indicators of impairment exist.</p>
<b>Cash and Cash Equivalents</b>	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

December 31, 2017

### 2. Investments

The carrying amounts of investments are comprised of the following:

	2017 Cost	2017 Market	2016 Cost	2016 Market
Bonds and certificates:				
Provincial	\$990,066	\$1,258,395	\$1,128,233	\$1,411,186
Mutual funds	204,163	206,093	201,445	193,824
Money Market funds	196,262	196,262	-	-
<b>Total investments</b>	<b>\$1,390,491</b>	<b>\$1,660,750</b>	<b>\$1,329,678</b>	<b>\$1,605,010</b>

Bonds and certificates bear interest at 1.6% to 6.08% and mature at various dates to September 2022.

Bonds and certificates - maturity profile:	Market Value	% of Total
Within one year	\$ 102,609	8.2 %
Over one to five years	1,155,786	91.8 %
	<b>\$ 1,258,395</b>	<b>100.0 %</b>

### 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 \$ 2,372. (2016 - \$ 2,432.), and \$ 5,000. (2016 - \$ 5,000.) in scholarships were paid out. As at December 31, 2017, general operations have funded scholarships in the accumulated amount of \$ 16,208. (2016 - \$ 13,596.).

	2017	2016
Law Foundation Scholarship Fund	\$ 108,876	\$ 111,504

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## The Law Foundation of Prince Edward Island Notes to Financial Statements

December 31, 2017

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### 4. Grants

	2017	2016
Association of Canadian Law Foundations	\$ 100	\$ 100
Bar Admission Course - NS component	21,563	16,100
CanLII Levy	5,000	5,000
Community Legal Information Association	50,000	50,000
Continuing Legal Education	10,000	10,000
Law Library	75,000	110,000
Law Scholarships	5,000	5,000
Legal Assistant Scholarship	1,500	1,500
Other grants	27,247	54,500
	<u>\$ 195,410</u>	<u>\$ 252,200</u>

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### 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 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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### 6. Comparative Figures

The comparative figures have been adjusted to conform to the current year's presentation.

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## 2018 Law Foundation of PEI Board of Governors

Gary Scales

Chair

Barbara Smith, Q.C.

Secretary/Treasurer

John Maynard, Q.C.

Bill Dow, Q.C.

Erin Mitchell

Attorney General Representative

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LAW FOUNDATION  
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