

Annual Report



LAW FOUNDATION
of Prince Edward Island

Year Ending
December 31st

2021

ANNUAL REPORT

Year Ending December 31st, 2021

TABLE OF CONTENTS

CHAIR’S REPORT– GARY SCALES.....	1
ABOUT THE LAW FOUNDATION OF PRINCE EDWARD ISLAND.....	3
MISSION	3
MANDATE	3
ADMINISTRATION	3
BOARD AND STAFF	3
AREAS OF ENCOURAGEMENT 2019-2022	4
GRANT FUNDING REPORT 2013-2021	4
SCHOLARSHIPS.....	4
2021 Centennial Scholarship Recipients	5
Law Society/Law Foundation Scholarship.....	5
Holland College Legal Administration Scholarships	5
APPENDIX “A” Audited Financial Statements.....	6



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

The following report highlights some of the key activities and successes of the Law Foundation of Prince Edward Island throughout 2021.

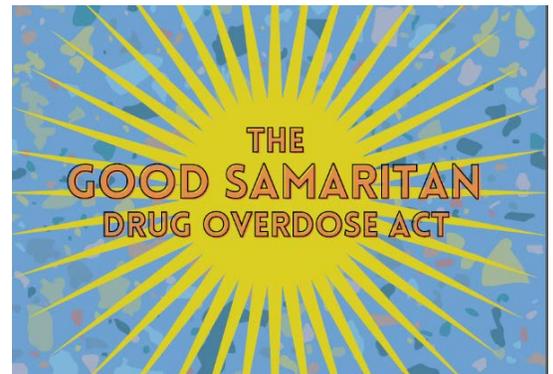
FUNDING ACTIVITY

In 2021 the Law Foundation contributed \$134,500 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.

Funding Support Provided in 2021 For Continuous Programs and Services	
CanLII Levy	\$ 3,000
Community Legal Information	\$ 50,000
Continuing Legal Education	\$ 10,000
Law Library	\$ 50,000
Law Scholarships	\$ 5,000
Legal Assistant Scholarship	\$ 1,500
Bar Admission Course - PEI	\$ 15,000

In addition, the Law Foundation was pleased to provide \$19,740 in grants to four projects taking place in 2021:

- PEERS Alliance for development of a Good Samaritans Drug Overdose Act brochure
- East Coast Environmental Law to hold an Environmental Impact Assessment Workshop
- Canadian National Institute for the Blind for a “Know Your Rights” information campaign
- PEI Access to Justice Committee to support an access to justice forum (deferred to 2022)
- Hospice PEI to conduct public advance care planning workshops (extension due to COVID-19 impacts on delivery in 2020)



IMPACT OF COVID-19

2021 saw fluctuations in COVID-related restrictions that affected many organizations across the province. Law Foundation operations were not significantly affected by the restrictions however some grantee projects experienced impacts where in-person activities were planned.

REVENUES AND EXPENDITURES¹:

Interest on lawyer’s trust accounts (IOLTA) revenue for 2021 was \$257,776, up from \$221,689 in 2020. However, this revenue total was greatly boosted by an IOLTA back-payment from one financial institution of just over \$80,000. The payment remedied an IOLTA formula miscalculation covering a three-year period.

¹ Audited statements appended to this report



Revenues from all sources in 2021 were \$311,894, as compared to \$276,520 in 2020. Revenues exceeded expenditures in the amount of \$69,919 at fiscal year-end. Revenue projections for 2022 have been conservatively set at a total of \$180,000.

2021 ASSOCIATION OF CANADIAN LAW FOUNDATIONS (ACLF)

The Executive Director and Chair attended the annual ACLF meeting on September 25th. As was the case in 2020, the meeting was held virtually due to travel restrictions. Regular jurisdictional updates were presented and there was a panel presentation on accessible grant-making for Indigenous communities and programs.

2022 PROJECT SUPPORT

The Law Foundation extended its application deadline into January of 2022 and approved grants to the following one-time projects:

Organization	Activity
PEI Association for Community Living	Social Assistance Act - Analysis and Education Related to Housing Options.
Sport PEI	Legal Issues in Sports - Clinics/Workshops
PEI Access to Justice Committee	Access to Justice Forum 2022 (deferred from 2021)

AWARENESS CAMPAIGN

The Law Foundation carried out an awareness campaign in 2021 to educate the community about the role of the Law Foundation and to encourage project applications. The campaign featured a new Legal Impact Grants funding program logo, with the tagline: “Access, Educate, Advance.”

Videos and google ads were released showcasing grantees and their projects, which can be viewed at <https://lawfoundationpei.ca/legal-impact-grants/>.



ACKNOWLEDGEMENTS

The Law Foundation welcomed Deputy Minister Jonah Clements to the board, as the appointee of the Minister of Justice and Public Safety and Attorney General. I extend my thanks to all the 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

2021 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

2021 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 2013-2021

**From 2013-2021 the Law Foundation of PEI has provided
\$2,304,194
in funding support to PEI-based projects, services and organizations.**

Organization	Description	Grants 2013 - 2020	Grants in 2021
Courthouse Law Library Services	To support day-to-day operations.	\$ 820,317	\$50,000
Community Legal Information Association	To support day-to-day operations.	\$ 392,000	\$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.	\$ 280,631	\$25,000
Canadian Legal Information Institute	To support CanLII case law service.	\$ 28,000	\$3,000
Legal Education Scholarships	\$5000 annually to support scholarships.	\$ 40,000	\$5,000
Legal Administration Scholarships	Annual scholarships for students studying legal administration.	\$ 22,000	\$1,500
Association of Canadian Law Foundations	Annual membership fee. (moved to expenses in 2021)	\$ 1,400	-
Total programs and services funded 2013-2020	Listed above	\$1,584,348	
Total programs and services funded in 2021	Listed above		\$134,500
Project Grants from 2013-2020	For one-time and multi-year projects.	\$ 565,606	
Project Grants provided in 2021	For one-time and multi-year projects.		\$19,740
Total funding from 2013-2020		\$2,149,954	
Total funding provided in 2021			\$154,240

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.

2021 Centennial Scholarship Recipients

Law Foundation of PEI Centennial Scholarships were presented to University of New Brunswick students Julia O’Hanley (Upper Year scholarship) and Carmelita Roberts (Entrance scholarship).

Sasha Perry was awarded the 2021 Dalhousie Schulich School of Law Centennial Scholarship.

Law Society/Law Foundation Scholarship

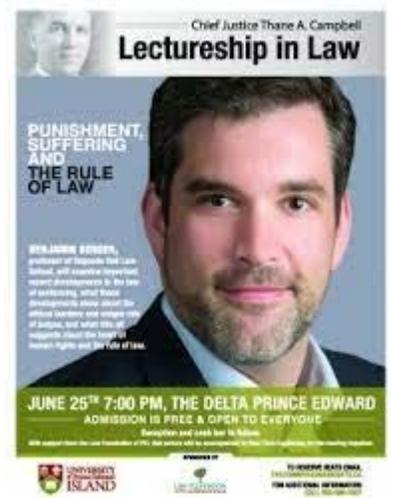
2021 recipients were: Avery Judson, Julia O’Hanley and David Chukwuka.

Holland College Legal Administration Scholarships

Recipients were Jennifer Gurszki and Julia Richards.

ANNUAL THANE CAMPBELL LECTURESHIP IN LAW

The Thane Campbell Lectureship in Law was not held in 2021 due to the impact of COVID-19 on the organization of this event. UPEI is coordinating upcoming speakers and lecture dates.



APPENDIX “A” AUDITED FINANCIAL STATEMENTS



**The Law Foundation of Prince
Edward Island
Financial Statements
For the Year Ended December 31, 2021**

**The Law Foundation of Prince Edward Island
Financial Statements
For the Year Ended December 31, 2021**

Contents

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11



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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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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

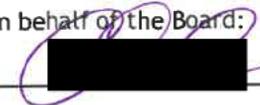
Chartered Professional Accountants

Charlottetown, Prince Edward Island
February 16, 2022

The Law Foundation of Prince Edward Island Statement of Financial Position

December 31	2021	2020
Assets		
Current		
Cash and cash equivalents	\$ 53,426	\$ 16,170
Short-term investments (Note 2)	982,145	1,113,273
Accounts receivable	24,127	17,611
	1,059,698	1,147,054
Long-term investments (Note 2)	1,240,873	1,083,598
	\$ 2,300,571	\$ 2,230,652
Net Assets		
Strategic Initiative Reserves (Note 3)	\$ 69,919	\$ -
Grant Stabilization Reserves (Note 3)	540,000	-
Unrestricted	1,690,652	2,230,652
	\$ 2,300,571	\$ 2,230,652

On behalf of the Board:


[REDACTED] Director


[REDACTED] Director

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

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

For the year ended December 31	Strategic Initiative Reserves	Grant Stabilization Reserves	Unrestricted	2021	2020
Balance, beginning of the year	\$ -	\$ -	\$ 2,230,652	\$ 2,230,652	\$ 2,149,336
Excess of revenue over expenses	69,919	-	-	69,919	81,316
Funds transferred (Note 3)	-	540,000	(540,000)	-	-
Balance, end of the year	\$ 69,919	\$ 540,000	\$ 1,690,652	\$ 2,300,571	\$ 2,230,652

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	2021	2020
Revenue		
Interest - lawyers' trust accounts	\$ 257,776	\$ 221,689
Interest - bank account and investments	45,243	51,422
Gain (loss) on sale of investments	8,727	(12,393)
Unclaimed trust money	148	15,802
	<u>311,894</u>	<u>276,520</u>
Operating expenses		
Advertising	11,793	709
Bank and investment fees	12,952	8,187
Insurance	850	850
Office	1,082	1,091
Professional fees	3,588	4,100
Rent	2,415	2,415
Salaries	6,500	6,500
Secretarial and Executive Director services	36,392	30,961
Website	541	483
	<u>76,113</u>	<u>55,296</u>
Excess of revenue over expenses before the undernoted	<u>235,781</u>	<u>221,224</u>
Other income (expenses)		
Grants (Note 4)	(150,190)	(194,359)
Unrealized gain (loss) in fair value of investments	(15,672)	54,451
	<u>(165,862)</u>	<u>(139,908)</u>
Excess of revenue over expenses	<u>\$ 69,919</u>	<u>\$ 81,316</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	2021	2020
Cash flows from operating activities		
Interest received	\$ 296,650	\$ 330,573
Grants paid	(150,190)	(194,359)
Cash paid to suppliers	(76,113)	(59,620)
	70,347	76,594
Cash flows from investing activities		
Proceeds from sale of investments	501,667	1,007,196
Purchase of investments	(534,758)	(1,104,301)
	(33,091)	(97,105)
Net increase (decrease) in cash position	37,256	(20,511)
Cash and cash equivalents, beginning of the year	16,170	36,681
Cash and cash equivalents, end of the year	\$ 53,426	\$ 16,170

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

The Law Foundation of Prince Edward Island Notes to Financial Statements

December 31, 2021

1. Significant Accounting Policies

Nature of Organization	<p>The Law Foundation of Prince Edward Island ("the Foundation") 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.</p> <p>The Foundation is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
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	<p>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.</p>

The Law Foundation of Prince Edward Island Notes to Financial Statements

December 31, 2021

2. Investments

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

	2021 Cost	2021 Market	2020 Cost	2020 Market
Investment account cash	\$ 147,822	\$ 147,822	\$ 28,052	\$ 28,052
High interest savings account	103,285	103,285	102,860	102,860
Bonds	52,855	52,965	27,852	28,176
Guaranteed investment certificates	300,000	309,923	616,000	634,199
Securities	297,985	368,150	280,669	319,986
Total short-term investments	\$ 901,947	\$ 982,145	\$ 1,055,433	\$ 1,113,273

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

	2021 Cost	2021 Market	2020 Cost	2020 Market
Bonds	\$ 1,057,118	\$ 1,040,873	\$ 1,050,320	\$ 1,083,598
Guaranteed investment certificates	200,000	200,000	-	-
Total long-term investments	\$1,257,118	\$1,240,873	\$1,050,320	\$1,083,598

3. Reserves

The Grant Stabilization reserves are maintained to provide funding stability for the Foundation's grantees, programs and operations during periods of volatile revenue fluctuations.

The Strategic Initiative reserves are maintained to provide sufficient flexibility to fund new project opportunities at times where regular project funding may not be adequate.

The Law Foundation of Prince Edward Island Notes to Financial Statements

December 31, 2021

4. Grants

	2021	2020
Bar Admission Course - PEI	\$ 15,000	\$ 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	50,000	75,000
Law Scholarships	5,000	5,000
Legal Assistant Scholarship	1,500	-
Other grants	15,690	26,359
	<u>\$ 150,190</u>	<u>\$ 194,359</u>

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. This risk has increased over the prior year due to an increase in cash held.

Market Risk

The Foundation is exposed to fluctuations in equity markets on its long-term investments. This risk has decreased over the prior year due to a decrease in 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. This risk has increased over the prior year due to an increase in investments.

The Law Foundation of Prince Edward Island Notes to Financial Statements

December 31, 2021

6. Uncertainty due to COVID-19

The recent outbreak of the Coronavirus Disease, or COVID-19, has spread across the globe and is impacting worldwide economic activity. The global pandemic poses the risk that the Foundation and other partners may be unable to conduct regular activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Foundation's operations, the continued spread of COVID-19 and the measures taken by the federal and provincial governments to contain its impact could adversely impact the Foundation's business, financial condition, or results of operations. The extent to which the COVID-19 outbreak impacts the Foundation's results will depend on future developments that are highly uncertain and cannot be predicted.

7. Comparative Figures

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

2021 Law Foundation of PEI Board of Governors

Gary Scales

Chair

Barbara Smith, Q.C.

Secretary/Treasurer

Bill Dow, Q.C.

Paul Murphy

Jonah Clements

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LAW FOUNDATION
of Prince Edward Island