



# LAW FOUNDATION of Prince Edward Island

## ANNUAL REPORT

*Year Ending December 31st, 2018*

2018

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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 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

### 2018 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.

### 2018 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 ACTIVITY REPORT 2013-2018

Organization	Description	Grants from 2013- 2017	Grants in 2018
Courthouse Law Library Services	To support day-to-day operations.	\$595,317	\$75,000
Community Legal Information Association	To support day-to-day operations.	\$242,000	\$50,000
Bar Admission Course and Coordination of Professional Legal Education Sessions	Funds allocated to cover the cost of the course and for coordination of other professional legal education events.	\$175,631	\$35,000
Canadian Legal Information Institute	To support CanLII case law service.	\$19,000	\$3,000
Legal Education Scholarships	\$5000 annually to support scholarships for law students.	\$25,000	\$5,000
Legal Administration Scholarships	Annual scholarships for students studying legal administration.	\$17,500	\$1,500
Association of Canadian Law Foundations	Annual membership fee.	\$1,300	-- <sup>1</sup>
Project Grants provided in 2018	For one-time and multi-year projects.		\$11,700
Project Grants from 2013-2017	For one-time and multi-year projects.	\$516,347	
Total funding in 2018			<b>\$181,200</b>
Total funding from 2013-2017		<b>\$1,592,095</b>	

From 2013-2018 the Law Foundation of PEI has provided  
**\$1,773,295**  
 in funding support to PEI-based projects and organizations.

<sup>1</sup> For 2018 onward the Association of Canadian Law Foundations fee has been moved from grants to administrative expenses and will not be included in the grant calculations.



## 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 fund 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.

### 2018 Centennial Scholarship Recipients

Law Foundation of PEI Centennial Scholarships were presented to University of New Brunswick students Jeremy MacDonald (Entrance scholarship) and Margaret Grimmer (Upper Year scholarship) at the October 2018 Law Academic Awards Night ceremony.



*Professor Vokhid Urinov (left) presents the Law Foundation Scholarship to Jeremy MacDonald (Photo credit UNB Law School)*



*Professor Vokhid Urinov (left) presents the Law Foundation Scholarship to Maggie Grimmer (Photo credit UNB Law School)*

Graeme Stetson was the recipient of the 2018/2019 Dalhousie Schulich School of Law Centennial Scholarship.



*Left: Graeme Stetson  
Shulich School of Law  
Dalhousie University*

### Law Society/Law Foundation Scholarship

2017-2018 recipients were: Gregory Landry, Iain McCarvill and Margaret Grimmer.

### Legal Administration Program Scholarships

In 2018 scholarships were awarded to Stephanie Ashaolu and Susan Lott at the Holland College graduation ceremony held on July 27<sup>th</sup>.

*Keynote speaker, Cindy Cameron (center), presents the Law Foundation award to Susan Lott (left) and Stephanie Ashaolu (right). Photo credit Holland College*



## 2018 ACLF

The Executive Director and Treasurer attended sessions of the National Association of IOLTA Programs (NAIP) conference held in Vancouver on January 31<sup>st</sup>, which were part of the American Bar Association conference that was held at that time. The NAIP sessions were followed by the annual Association of Canadian Law Foundation's (ACLF) meetings that were also held in Vancouver from February 1<sup>st</sup> to 3<sup>rd</sup>. The ACLF event included panel discussions about public interest law, self-represented litigants and access to justice initiatives. The keynote speaker was Honourable Thomas Cromwell, retired Justice, Supreme Court of Canada.



### 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 2018.

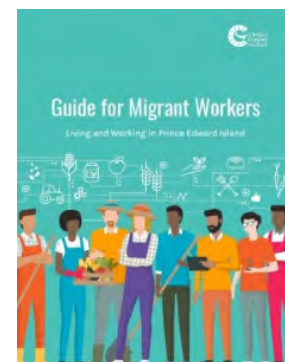
#### 2018 Funding Activity

Over 2018 the Law Foundation contributed approximately \$170,000 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 scholarships.

In addition, the Law Foundation was pleased to approve one-time grants totaling \$11,700 to the following projects:

- Improving communication for the hard of hearing in legal environments – Phase 2 (PEI Chapter of the Canadian Hard of Hearing Association).
- Development of legal information documents for migrant workers (The Cooper Institute).
- Support for PEI Human Rights Day (PEI Human Rights Commission).
- Support for a legal information workshop (Arthritis Society of PEI).



### Revenues and Expenditures<sup>2</sup>

The Law Foundation experienced a significant increase in revenues during 2018, benefitting from higher interest rates. This resulted in a positive cash position of \$140,315 for 2018 as compared to a deficit of \$31,665 in 2017. Interest on lawyer's trust accounts (IOLTA) revenue totaled \$372,103 in 2018, up from \$192,842 in 2017.

### PEI Bar Admission Course

The Law Foundation was happy to provide funding towards the delivery of an entirely PEI-based bar admission course (previously participants had to travel to Halifax). The program was first delivered in the Fall of 2018 and included a short presentation about the purpose and work of the Foundation.

<sup>2</sup> Law Foundation of PEI final Audited Statements ending December 31<sup>st</sup>, 2018





## Looking Forward to 2019

### **2019 Project Support:**

In addition to its continuous funding programs the Law Foundation approved grants for the following projects to be completed in 2019:

- PEI Human Rights Commission to support a mentorship initiative and to pay for real time captioning of presentations at a national conference they are hosting in June.
- PEI Citizen Advocacy to develop a comprehensive research plan.

### **Hard of hearing clients get help talking with lawyers**



Pilot project offers lawyers trial with assistive device

Kevin Yarr - CBC News - Posted: Jul 21, 2017 6:57 AM AT | Last Updated: July 25, 2017



The Pocketalkers will help people at an important time in their lives, says Annie Lee MacDonald. (Sarah MacMillan/CBC)

### **Strategic Planning:**

Strategic planning activity was completed in 2018 and a plan was developed that covers the period from 2019-2021.

### **Chief Justice Thane Campbell Law Series:**

The next Chief Justice Thane Campbell Lectureship in Law will be delivered as part of the national conference of Canadian Human Rights Agencies slated for June 2019. The speaker for the event will be Professor Benjamin Berger (Osgoode Law School).

### **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,

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, 2018**

**The Law Foundation of Prince Edward Island  
Financial Statements  
For the Year Ended December 31, 2018**

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## Independent Auditor's Report

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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 Entity), which comprise the statement of financial position as at December 31, 2018, 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 Entity as at December 31, 2018, 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 Entity derives part of its revenue from interest on lawyers' 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to interest revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2018 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 Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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  
January 23, 2019

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

December 31	2018	2017
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**Assets**

**Current**

Cash and cash equivalents	\$ 191,943	\$ 21,651
Investments (Note 2)	1,594,178	1,660,750
Accounts receivable	70,277	33,581
	\$ 1,856,398	\$ 1,715,982

**Liabilities and Net Assets**

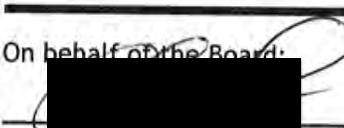
**Current**

Accounts payable and accrued liabilities	\$ 3,522	\$ 3,421
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**Net Assets**

Internally restricted (Note 3)	-	108,876
Unrestricted	1,852,876	1,603,685
	1,852,876	1,712,561
	\$ 1,856,398	\$ 1,715,982

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	2018 Total	2017 Total
Balance, beginning of the year	\$ 108,876	\$ 1,603,685	\$ 1,712,561	\$ 1,744,226
Funds transferred (Note 3)	(108,876)	108,876	-	-
Excess of revenue over expenses (expenses over revenue)	-	140,315	140,315	(31,665)
Balance, end of the year	\$ -	\$ 1,852,876	\$ 1,852,876	\$ 1,712,561

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	2018	2017
<b>Revenue</b>		
Interest - lawyers' trust accounts	\$ 372,103	\$ 192,842
Interest - bank account and investments	46,591	50,387
Interest - scholarship investments	-	2,372
Loss on sale of investments	(18,835)	-
Donation revenue	250	-
Unclaimed trust money	1,838	1,300
	<u>401,947</u>	<u>246,901</u>
<b>Operating expenses</b>		
Advertising	578	406
Bank and investment fees	4,891	4,416
Conference travel	4,513	3,254
Insurance	850	850
Office	1,139	853
Professional fees	4,899	3,416
Rent	2,070	2,070
Salaries	6,500	6,000
Secretarial and Executive Director services	34,292	33,525
Website	569	541
	<u>60,301</u>	<u>55,331</u>
<b>Excess of revenue over expenses before the undernoted</b>	<u>341,646</u>	<u>191,570</u>
<b>Other expenses</b>		
Grants (Note 4)	181,300	195,410
Unrealized loss in fair value of investments	20,031	27,825
	<u>201,331</u>	<u>223,235</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<u>\$ 140,315</u>	<u>\$ (31,665)</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	2018	2017
<b>Cash flows from operating activities</b>		
Interest received	\$ 337,303	\$ 213,354
Grants paid	(182,680)	(195,410)
Cash paid to suppliers and employees	(58,820)	(55,329)
	<u>95,803</u>	<u>(37,385)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	303,633	300,952
Purchase of investments	(229,144)	(361,765)
	<u>74,489</u>	<u>(60,813)</u>
<b>Net increase (decrease) in cash position</b>	<b>170,292</b>	<b>(98,198)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>21,651</b>	<b>119,849</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 191,943</b>	<b>\$ 21,651</b>

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, 2018

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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.

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

**December 31, 2018**

### 2. Investments

The carrying amounts of investments are comprised of the following:

	2018 Cost	2018 Market	2017 Cost	2017 Market
Bonds and certificates:				
Provincial	\$890,596	\$1,168,772	\$990,066	\$1,258,395
Mutual funds	-	-	204,163	206,093
Money Market funds	425,406	425,406	196,262	196,262
Total investments	<u>\$1,316,002</u>	<u>\$1,594,178</u>	<u>\$1,390,491</u>	<u>\$1,660,750</u>

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

Bonds and certificates - maturity profile:	<u>Market Value</u>	<u>% of Total</u>
Within one year	\$ 412,004	35.3 %
Over one to five years	756,768	64.7 %
	<u>\$ 1,168,772</u>	<u>100.0 %</u>

### 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, the restricted net assets balance was reallocated by the Board of Governors to unrestricted net assets, and the scholarship will now be funded from general operations.

	2018	2017
Law Foundation Scholarship Fund	\$ -	\$ 108,876

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

December 31, 2018

### 4. Grants

	2018	2017
Association of Canadian Law Foundations	\$ 100	\$ 100
Bar Admission Course - NS component	-	21,563
CanLII Levy	3,000	5,000
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	1,500
Bar Admission Course - PEI	25,000	-
Other grants	11,700	27,247
	<u>\$ 181,300</u>	<u>\$ 195,410</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.

#### 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.

## 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  
of Prince Edward Island