



ANNUAL REPORT

November 1, 2017 to October 31, 2018

Introduction

The Yukon Law Foundation was initially authorized in the Legal Profession Ordinance by amendments made in 1975, but was not actually established by the Government of Yukon until 1979. The Foundation now carries on its mandate under the Yukon *Legal Profession Act* proclaimed into force on April 1, 1985.

The Foundation receives all its revenue from interest on the trust accounts of the lawyers practicing law in the Yukon and from interest on the Foundation's investments. The money available to the Foundation to pursue its objectives will therefore vary from year to year depending on the amount of client money held in trust in a lawyer's trust account. For the year ending October 31, 2018, the interest received by the Foundation was \$76,692.36.

The Law Foundation depends entirely on the interest on lawyers' trust accounts to provide funding for grants and scholarships to Yukoners and Yukon organizations.

Individuals or organizations wishing to apply for a grant from the Yukon Law Foundation should communicate with:

Yukon Law Foundation
Box 31789
Whitehorse, Yukon Y1A 6L3
Phone: (867) 667-7500
Fax: (867) 393-3904
E-mail: execdir@yukonlawfoundation.com
Web Site: www.yukonlawfoundation.com

The Board has typically met twice per year to review grant applications (generally in April and September) and once per year in September to review scholarship applications. For this fiscal year, the Board has decided to meet once per year, combining the grant funding and scholarship application reviews in the fall. The Board also meets to discuss matters within its mandate.

Objectives

As noted in the Introduction, the Yukon Law Foundation is the recipient of the interest, which banks must pay on the trust accounts of lawyers practicing law in the Yukon. The objectives of the Foundation are to use these funds, as the Board of Directors see fit, for:

- conducting research into and recommending reform of law and the administration of justice;
- establishing, maintaining and operating law libraries for public use;
- contributing to the legal education and knowledge of members and the people of the Yukon and providing programs and facilities therefore;
- legal aid programs and programs of like nature for the benefit of persons unable to afford the legal services they require;
- contributing to the Assurance Fund;
- contributing to the cost incurred by the Law Society in relation to proceedings under Part 3 of the *Legal Profession Act*; and
- doing all other things that are incidental or conducive to the attaining of the objects enumerated in the preceding paragraphs.

Legal Profession Act Revisions

The Board is very thankful to have been consulted by the Minister of Justice before the tabling of the new Legal Profession Act, providing an opportunity for the Board to participate in the modernization of its enabling legislation. We are also grateful to the membership of the Law Society of Yukon for voting at the 2018 AGM to a three-year pilot agreement between the Law Society and the Law Foundation. As part of this agreement, over the next three years the Law Society will provide to the Law Foundation with \$50 per Law Society member. This agreement will address the issue over the past few years of low interest rates on lawyers' trust accounts and also not receiving interest from trust accounts that are held outside of the Yukon by non-resident Law Society members. Both of these issues have impacted the revenue flow for the Law Foundation which has, in turn, impacted its ability to meet its mandate.

Board Membership

The affairs of the Yukon Law Foundation are conducted by a Board of Directors composed of six members, three being appointed by the Commissioner in Executive Council and three being appointed by the Law Society of Yukon. The Board members serve for a period of two years at a time.

The members of the Yukon Law Foundation Board during the 2016-17 fiscal year were:

Appointed by the Law Society of Yukon

Board Members: Kelly McGill
Paul Battin
Alex Benitah

Appointed by Government of Yukon

Board Members: Mike Reynolds
Thomas Ullyett
Jody Woodland

The Board selects its own Chair from among its membership.

Chair: Mike Reynolds

The Board contracts an Executive Director for the Yukon Law Foundation.

Executive Director: Deana Lemke

The Board of Directors meets to consider applications and issues. Decisions of the Foundation are made in accordance with the wishes of the majority of the members present at a meeting. The Foundation presents a record of its financial position at each meeting and grants are considered in light of the revenues of the Foundation and the merits of each application. Applicants who receive grants are required to acknowledge in their grant activities the funding involvement of the Foundation.

Grants

Grant funding was approved during the fiscal year ending October 31, 2018 for the following projects:

Law Library

- Law Library Society of Yukon
Legal research collection \$10,000

Total Grants Approved: \$10,000

Scholarships

A total of four scholarships were awarded to the following Yukon students, for a combined amount of \$2,000:

- Stephanie Dragoman
- Mieke Leonard

National Law Foundation Meeting

The Association of Canadian Law Foundations (ACLF) is comprised of representatives from each provincial/territorial law foundation and the BC Notaries Society. Under the umbrella of the ACLF, we are able to exchange information about issues of common concern, discuss best practices and collaborate on national funding initiatives. The exchange of information assists in many ways – for example, when we are negotiating bank rates for interest on lawyers' trust accounts (IOLTA), it gives smaller foundations greater leverage knowing the rates that larger foundations have negotiated. Since our funding is derived exclusively from IOLTA, every percentage point makes a difference when it comes to interest rates. Our Yukon Law Foundation benefits greatly from being a member of this national organization.

Every year, a meeting of Chairs, Executive Directors and Trustees is held for ACLF member foundations. Each province or territory takes a turn in hosting the meeting. This year, the ACLF meeting was held in Vancouver, BC on February 2, 2018 in conjunction with an American Bar Association (ABA) Commission on IOLTA meeting. Chair Mike Reynolds, Board Member Paul Battin, and Executive Director Deana Lemke attended the 2018 ACLF meeting.

A series of workshops sponsored by the National Association of IOLTA Programs and the ABA Commission on IOLTA took place on February 1, 2018. This opportunity enabled trustees from across the United States and Canada to meet one another, exchange information and discuss issues of common interest.

Financials

The accounting firm of Estrada & Tan was retained to provide audited Financial Statements for the Yukon Law Foundation for the fiscal year ending October 31, 2018. The audited financial statements are included in this report.



Mike Reynolds
Chair
Yukon Law Foundation

YUKON LAW FOUNDATION

Financial Statements

Year Ended October 31, 2018

YUKON LAW FOUNDATION
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Year Ended October 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Yukon Law Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Yukon Law Foundation's reporting systems are achieved through the use of formal policies and procedures, and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors (the "Board") is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically to review significant accounting, reporting and internal control matters. Following its review of the financial statements, the Board of Directors approves the financial statements. The Board also approves the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the Board by Estrada & Tan, Chartered Professional Accountants, the independent auditor, in accordance with Canadian accounting standards for not-for-profit organizations.



Executive Director

Whitehorse, YT
March 11, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of Yukon Law Foundation

We have audited the accompanying financial statements of Yukon Law Foundation, which comprise the statement of financial position as at October 31, 2018 and the statements of revenues and expenses, 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 the 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 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 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yukon Law Foundation as at October 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.

Estrada & Tan

Whitehorse, Yukon Territory
March 11, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

YUKON LAW FOUNDATION
Statement of Financial Position
October 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 62,056	\$ 22,526
Short-term investments (Note 3)	213,109	212,177
Accounts receivable	12,068	9,288
	287,233	243,991
EQUIPMENT	1,363	1,363
	\$ 288,596	\$ 245,354
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,500	\$ 3,500
 NET ASSETS		
Unrestricted fund	283,733	240,491
Investment in equipment	1,363	1,363
	285,096	241,854
	\$ 288,596	\$ 245,354

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

YUKON LAW FOUNDATION
Statement of Revenues and Expenses
Year Ended October 31, 2018

	2018	2017
REVENUES		
Contribution	\$ 75,761	\$ 27,594
Interest income	932	3,490
Expense recovery	1,788	3,054
	<u>78,481</u>	<u>34,138</u>
EXPENSES		
Contract services	14,175	12,994
Grants	10,000	19,000
Travel	4,369	7,642
Professional fees	3,675	3,675
Scholarships	2,000	4,000
Office	552	677
Meetings	268	1,261
Memberships	175	210
Bank charges	25	25
	<u>35,239</u>	<u>49,484</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 43,242</u>	<u>\$ (15,346)</u>

YUKON LAW FOUNDATION
Statement of Changes in Net Assets
Year Ended October 31, 2018

	Unrestricted Fund	Investment in equipment	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 240,491	\$ 1,363	\$ 241,854	\$ 257,200
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	43,242	-	43,242	(15,346)
NET ASSETS - END OF YEAR	\$ 283,733	\$ 1,363	\$ 285,096	\$ 241,854

See notes to financial statements

YUKON LAW FOUNDATION

Statement of Cash Flows

Year Ended October 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Cash receipts from contributions	\$ 75,701	\$ 32,607
Cash paid to suppliers	(23,214)	(26,459)
Cash paid for grants and scholarships	(12,000)	(23,000)
Interest paid	(25)	(25)
	<hr/>	<hr/>
INCREASE (DECREASE) IN CASH FLOW	40,462	(16,877)
Cash - beginning of year	<hr/>	<hr/>
	234,703	251,580
CASH - END OF YEAR	<hr/>	<hr/>
	\$ 275,165	\$ 234,703
CASH CONSISTS OF:		
Cash	\$ 62,056	\$ 22,526
Short-term investments	213,109	212,177
	<hr/>	<hr/>
	\$ 275,165	\$ 234,703
	<hr/>	<hr/>

See notes to financial statements

YUKON LAW FOUNDATION
Notes to Financial Statements
Year Ended October 31, 2018

1. PURPOSE OF THE FOUNDATION

Yukon Law Foundation (the "Foundation") was established pursuant to Part 5 of the Yukon Legal Profession Act. The Foundation is exempt from income taxes under Section 149(1) of the Income Tax Act.

The Foundation maintains and manages a fund which accumulates bank interest received on lawyers' trust accounts and interests from investments. The fund is used for conducting research into and recommending reform of law and the administration of justice, maintaining and operating law libraries for public use, contributing to the legal education and knowledge of members and the people of Yukon, providing legal aid programs, contributing to the Assurance Fund, and performing other things incidental or conducive to the attainment of its main objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash includes cash deposits with the financial institutions. Cash equivalents are guaranteed investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because of its short-term maturity.

Equipment

Equipment is recorded as expense when purchased, and are recorded as assets valued at cost, with a corresponding increase to net assets invested in capital assets. No amortization is recorded.

Revenue recognition

Contribution is recognized as revenue when interest on lawyers' trust account are receivable from the financial institution. Interest income is recognized as earned.

Grants and scholarships

Grants and scholarships are recorded as expenses when approved by the Board. Approved grants and scholarships which are cancelled by the Board in subsequent years reduce expenses in the year in which grants and scholarships are cancelled.

Net assets

- a) Net assets invested in equipment represents the Foundation's net investment in equipment which is comprised of the unamortized amount of equipment purchased.
- b) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Foundation each year, not of transfers, and are available for general purposes.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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YUKON LAW FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. SHORT-TERM INVESTMENTS

	<u>2018</u>	<u>2017</u>
<u>Section heading</u>		
Guaranteed investment certificate, matures April 2019	<u>\$ 213,109</u>	<u>\$ 212,177</u>

4. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration as of October 31, 2018.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from cash, short-term investments and accounts receivable. In order to reduce its credit risk, cash and short-term investments are deposited and invested with highly reputable financial institutions. Accounts receivable are mainly interest owing from financial institution.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Foundation reduces its exposure to liquidity risk by ensuring it has adequate cash flow to cover its debts.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Foundation is exposed to interest rate risk primarily from varying market interest rates received on lawyers' trust accounts.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant other price risks arising from these financial instruments.