



ANNUAL REPORT

November 1, 2018 to October 31, 2019

INTRODUCTION

The Yukon Law Foundation (Foundation) was established in 1979. The Foundation carries out its mandate under the Yukon *Legal Profession Act* proclaimed into force on April 1, 1985. A new *Legal Profession Act* was finalized by the Government of Yukon in 2017 and is awaiting proclamation following the development of associated regulations and rules.

The Law Foundation depends almost entirely on the interest collected from the trust accounts of lawyers practicing law in the Yukon and from interest on the Foundation's investments to provide funding for grants and scholarships to Yukoners and Yukon organizations. The funding available to the Foundation to pursue its objectives therefore varies from year to year depending on the interest rates and the amount of client money held in trust in lawyers' trust accounts.

Since the fall of 2018 the Foundation also receives an annual levy of \$50 per Law Society of Yukon member. The total received for 2018-19 was \$16,900.

For the year ending October 31, 2019 the total amount of interest received by the Foundation was \$158,585.68.

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 again 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.

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 2018-19 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, 2019 for the following projects:

Law Library

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

Total Grants Approved: \$10,000

SCHOLARSHIPS

No scholarships were awarded during the 2018-19 fiscal period as no applications were received.

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 primarily 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 Fredericton, NB in September 2019. Board Member Paul Battin and Executive Director Deana Lemke attended the national meeting.

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, 2019. The audited financial statements are included in this report.



Mike Reynolds
Chair
Yukon Law Foundation

YUKON LAW FOUNDATION

Financial Statements

Year Ended October 31, 2019



Estrada & Tan
Chartered Professional Accountants
Beyond the numbers

YUKON LAW FOUNDATION
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Year Ended October 31, 2019

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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 (ASNPO). 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 approves the financial statements. The Board also considers and approves the engagement or re-appointment of the external auditors.

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



Executive Director

Whitehorse, YT
March 3, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of Yukon Law Foundation

Opinion

We have audited the financial statements of Yukon Law Foundation (the "Foundation"), which comprise the statement of financial position as at October 31, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at October 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

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Independent Auditor's Report to the Members of Yukon Law Foundation (*continued*)

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.

Whitehorse, Yukon Territory
March 3, 2020

Estrada & Tan

CHARTERED PROFESSIONAL ACCOUNTANTS

YUKON LAW FOUNDATION

Statement of Operations

Year Ended October 31, 2019

	2019	2018
REVENUES		
Trust funds income	\$ 167,962	\$ 75,761
Interest income	7,524	932
Expense recovery	3,323	1,788
	<u>178,809</u>	<u>78,481</u>
EXPENSES		
Contract services	13,388	14,175
Grants	10,000	10,000
Travel	5,699	4,369
Professional fees	3,675	3,675
Write-off of equipment (Note 4)	1,363	-
Meetings	200	268
Office	177	552
Bank charges	25	25
Memberships	-	175
Scholarship	-	2,000
	<u>34,527</u>	<u>35,239</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 144,282</u>	<u>\$ 43,242</u>

YUKON LAW FOUNDATION
Statement of Changes in Net Assets
Year Ended October 31, 2019

	Unrestricted net assets	Restricted for equipment	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 283,733	\$ 1,363	\$ 285,096	\$ 241,854
EXCESS OF REVENUES OVER EXPENSES	145,645	(1,363)	144,282	43,242
NET ASSETS - END OF YEAR	\$ 429,378	\$ -	\$ 429,378	\$ 285,096

See notes to financial statements

YUKON LAW FOUNDATION
Statement of Financial Position
October 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 196,549	\$ 62,056
Short-term investments (Note 3)	220,652	213,109
Accounts receivable	15,677	12,068
	432,878	287,233
EQUIPMENT (Note 4)	-	1,363
	\$ 432,878	\$ 288,596
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,500	\$ 3,500
 NET ASSETS		
Unrestricted net assets	429,378	283,733
Restricted for equipment	-	1,363
	429,378	285,096
	\$ 432,878	\$ 288,596

ON BEHALF OF THE BOARD

Director

Paul Butt
Director

YUKON LAW FOUNDATION

Statement of Cash Flows

Year Ended October 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from trust funds	\$ 175,200	\$ 75,701
Cash paid to suppliers	(21,801)	(23,239)
Cash paid for grants and scholarships	(10,000)	(12,000)
Interest received	4,623	-
Write-off of equipment	(1,363)	-
	<hr/>	<hr/>
Cash flow from operating activities	146,659	40,462
FINANCING ACTIVITIES		
Purchase of investments	(435,463)	-
Proceeds from sale of investments	430,840	-
	<hr/>	<hr/>
Cash flow used by financing activities	(4,623)	-
INCREASE IN CASH FLOW		
	142,036	40,462
Cash and cash equivalents - beginning of year	275,165	234,703
CASH AND CASH EQUIVALENTS - END OF YEAR		
	<hr/>	<hr/>
	\$ 417,201	\$ 275,165
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	\$ 196,549	\$ 62,056
Short-term investments	220,652	213,109
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	\$ 417,201	\$ 275,165
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See notes to financial statements

YUKON LAW FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2019

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 (l) 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, establishing, 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 special 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 (ASNFPO) and include the following significant policies.

Cash and cash equivalents

Cash includes deposits with the financial institutions. Cash equivalents are comprised of 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 expenses in the year they are acquired, and are recorded as assets at cost with a corresponding increase to net assets restricted for equipment.

When the foundation determines conditions that indicate that an equipment is impaired, the net carrying amount of the equipment is written down to the equipment's fair value or replacement cost. The write-downs of equipment are accounted for as expenses in the statement of operations.

Revenue recognition

Yukon Law Foundation follows the deferral method of accounting to account for contributions for not-for-profit organizations.

Unrestricted trust funds income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated.

Interest income is recognized when earned.

Grants and scholarships

Grants and scholarships are recorded as expenses when approved by the board of directors (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.

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YUKON LAW FOUNDATION
Notes to Financial Statements
Year Ended October 31, 2019

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

Net assets

- a) Net assets restricted for equipment represents the organization'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, net 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.

Financial assets subsequently measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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 the statement of operations in the period in which they become known. Actual results could differ from these estimates. Accounts requiring estimates include accounts receivable and accrued liabilities.

3. SHORT-TERM INVESTMENTS

This account consists of the following:

	2019	2018
Guaranteed investment certificate, 2.450% due April 15, 2020	\$ 220,632	\$ -
High interest savings account	20	-
Guaranteed investment certificate, 2.170% due April 9, 2019	-	213,109
	\$ 220,652	\$ 213,109

4. EQUIPMENT

There were no capital assets acquired during the year ended October 31, 2019 (2018: \$Nil).

During the year, the board of directors determined that the foundation no longer owns any equipment and decided to write-off the equipment's net carrying amount of \$1,363.

YUKON LAW FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2019

5. 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, 2019.

(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. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposures through its normal financial activities.

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