NEW BRUNSWICK LAW FOUNDATION

2014 - 2015 ANNUAL REPORT

NEW BRUNSWICK LAW FOUNDATION

68 Avonlea Court Fredericton, N.B., E3C 1N8

I am pleased to present the Annual Report of the New Brunswick Law Foundation for the year ended April 30, 2015.

The information contained in this report provides a profile of the Foundation. Individuals and organizations wishing to apply for a grant to undertake a law-related project are invited to communicate with the Executive Director to obtain more information and an application form. The annual report and application forms for grants and graduate scholarships are also available through the New Brunswick Law Foundation link on the Law Society of New Brunswick website (http://www.lawsociety-barreau.nb.ca/).

The funds available for disbursement through the Law Foundation result from the cooperative efforts of many individuals and groups including the members of the Law Society of New Brunswick. The continued success of the New Brunswick Law Foundation and the projects it supports owe much to this co-operation.

During the past several years, the Law foundation's revenues – which are tied to the prime rate – have been depressed by the continuation of prime rates at or below 3%. With the periodic renegotiation of the interest arrangements with financial institutions, the Law Foundation has managed to moderate the impact of declining interest rates. There has been a small decrease in interest revenue for 2014-15.

The accounts of the Foundation have been examined by the accounting firm of Grant Thornton. The audited financial statements for the fiscal year ended April 30, 2015 form part of this report.

I extend my thanks to the Directors for their continued dedication and support during the year and to the Executive Director for his efforts to improve the financial situation of the Foundation.

R. Bruce Eddy, Q.C. Chairperson

PURPOSE

The New Brunswick Law Foundation was established in 1975 by an amendment to the Barristers' Society Act (now the Law Society Act, 1996). This amendment directed that the interest earned on lawyers' mixed trust accounts be paid to the Foundation.

The purposes for which the Foundation's funds can be used are stipulated by statute. These are:

- * Legal aid
- Legal research
- Legal education
- Law reform
- * Establishing, maintaining and operating law libraries
- * Bursaries and scholarships for the study of law
- * Such other purposes related to the law as are, in the opinion of the Board, for the benefit of the public

REVENUES

The Foundation derives its revenues primarily from the interest on mixed trust accounts. The interest received is calculated by most financial institutions on the basis of prime rate minus 2 % - 3.5% with an agreed minimum rate. Basic service charges have been waived by some institutions while others continue to deduct such charges. Careful monitoring and negotiation of the rates and charges continue both provincially and nationally. The national efforts are made through the Association of Canadian Law Foundations of which the New Brunswick Law Foundation is a member.

ADMINISTRATION

The New Brunswick Law Foundation is administered by a Board of Directors consisting of seven members. As a consequence of amendments to the Law Society Act, 1996 effective July 1, 2009, the seven members of the Board of Directors are appointed by the Law Society. Five directors, including the chairperson, are required to be members of the Law Society and two directors are appointed as public representatives. The Directors meet as required to review grant applications and to determine investment and general administrative policies. One part-time staff member administers day-to-day affairs.

BOARD OF DIRECTORS

At year-end April 30, 2015, the members of the Board of Directors were:

R. Bruce Eddy, Chairperson Cameron Gunn, Treasurer Christa Bourque W. Keir Clark Léonard Larocque Joel Attis Art Gallant

STAFF

Alban Martin, Executive Director

GRANTS POLICY

Although the Foundation has not formally adopted a general grants policy, certain guidelines and principles are normally observed. These are:

- Priority is given to projects and programs that offer benefits directly or indirectly to the residents of New Brunswick.
- * Grants are normally made on a seed-money or one-time basis with long-term commitments being avoided.
- * The grants budget in any year is to be based on the revenues realized in the preceding year.
- * Any formula for the allocation of funds on a percentage basis among the several statutory objects must be flexible enough to allow for unusual fluctuations in revenues realized from year to year.
- Grants are normally given for a one-year period subject to an extension of time at the request of the grantee.

GRANTS CONDITIONS

The Board attaches the following conditions to grants:

- * The term of a grant is one year. Any funds remaining unexpended at the end of the year lapse. If the project extends beyond a year, the approval of the Foundation must be obtained to continue the approved funding into the following year.
- * Funds are to be expended in accordance with the budget submitted with the application. Any proposed significant digression from the budget must be approved in advance by the Foundation.
- * Any publicity or publication in connection with, or arising out of, the project is to indicate the Foundation's participation.
- * Upon completion of the project, a final report and accounting must be provided. If the project is to extend beyond a year, then a progress report must be submitted on the expiration of the first year.
- * The grant is not to be regarded as representing a continuing commitment of support by the Law Foundation.

MEETINGS

The Board of Directors has met twice during the year to consider grant applications and to review and formulate investment and administrative policies.

FINANCIAL HIGHLIGHTS

1. REVENUE

	Source	2014-15	2013-14
	Interest / Lawyers' mixed trust accounts	\$536,662	\$558,087
	Interest / Bank Account	60,285	61,528
	Income /Reserve Fund	199,687	254,710
	Interest / long-term note receivable	20,864	21,412
	Unclaimed trust funds	2,526	<u>6,868</u>
	Total	\$820,024	\$902,605
	Expenses	\$103,760	<u>\$104,833</u>
	Excess of revenues over expenses	\$716,264	\$797,772
2.	GRANTS		
	Grants approved	\$790,084	\$590,463

LOAN TO THE LAW SOCIETY OF NEW BRUNSWICK

In fiscal year 2010-11, the Foundation provided a loan to the Law Society of New Brunswick to assist in the financing of the acquisition of its new office premises. The loan was made for a 5 - year term at market rates.

RESERVE FUND

The Foundation has maintained a reserve fund to minimize fluctuations in the funds available for distribution. The investment of this fund is professionally managed. Its total at the beginning of this fiscal year was \$1,941,410. The excess of revenues over expenditures during the year was \$199,687. The balance of the reserve fund at the end of the year was \$2,141,097.

GRANTS

During the year, a total of \$790,084 was authorized in grants to further the Foundation's objectives within law-related projects. A description of these projects is provided at the end of this report. The uncertain economic conditions and continued historic low interest rates have depressed the Foundation's revenues with the result that the support of the Foundation to many worthy projects had declined considerably. However a consistent level of funding to three main grantees, namely Legal Aid, Law Libraries and PLEIS-NB has been maintained

LEGAL AID

The Foundation participates with the Province of New Brunswick in funding the Domestic Legal Aid program. The allocation for 2014-15 was \$175,000.

ENDOWMENT FUNDS

In 1992, an endowment fund was created at each of the two New Brunswick law schools and has since provided significant financial support annually to the legal communities of the University of New Brunswick and Université de Moncton. The initial contribution was \$300,000 each. Additional contributions to each of these funds were made during the subsequent years with a final contribution of \$70,000 to each in 2006-07. The Foundation's objective of \$1,000,000 for each endowment fund has now been reached.

The Endowment Funds are managed by a Board of Trustees that includes a member of the Board of Directors of the Foundation.

SCHOLARSHIPS AND BURSARIES

Undergraduate scholarships (\$132,000) and bursaries (\$72,000) were awarded to law students at the University of New Brunswick and the Université de Moncton. Three graduate scholarships totaling \$22,500 were granted to a student undertaking graduate studies in law.

The scholarship and bursary program is funded by revenue generated by the Scholarship Fund.

GRANTS APPROVED 2014-15

Law Libraries

LAW SOCIETY OF NEW BRUNSWICK 1.

	To assist in the maintenance of the provincial law libraries.	\$180,000
	Educational Videos	\$75,000
	Translation / Bar Exams	\$8,000
2.	NEW BRUNSWICK LEGAL AID SERVICES COMMISSION (NBLASC)	
	Family Legal Aid Program To assist in the provision of domestic legal aid services to NB residents.	\$175,000
3.	PUBLIC LEGAL EDUCATION AND INFORMATION SERVICE OF NEW BRUNSWICK (PLEIS-NB) Support for the publication of public legal education literature.	\$90,000
4.	UNIVERSITY OF NEW BRUNSWICK / FACULTY OF LAW	
	Pro Bono Program To assist in the provision of pro bono legal aid services to deserving not-for-profit organizations.	\$13,569
	Pro Bono Family Law Legal Information Project (FLLIP) To assist in the provision of legal information to clients involved in family law disputes.	\$5,405
	Sherron Dickson Award	\$50,000
	Kawaskimhon Moot 2015	\$5,000

5. UNIVERSITÉ DE MONCTON / FACULTÉ DE DROIT

	Programme Pro Bono To assist in the provision of pro bono legal aid services to deserving not-for-profit organizations.	\$10,133
	Programme Pro Bono / Droit de la famille To assist in the provision of legal information to clients involved In family law disputes.	\$5,378
	Société d'aide juridique étudiante (SAJE) To assist in the provision of legal information to clients involved In matters related to criminal law.	\$31,570
	Projet spécial / Bourse Pierre-Amand-Landry	\$100,000
6.	ASSOCIATION DES JURISTES D'EXPRESSION FRANÇAISE DU NB. Training Courses	\$11,029
7.	ATLANTIC BALLET THEATRE OF CANADA Celebrate Courage Project	\$30,000
	TOTAL	\$790,084



Financial statements

New Brunswick Law Foundation

April 30, 2015

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Independent auditors' report

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To the Directors of
New Brunswick Law Foundation

We have audited the accompanying financial statements of the **New Brunswick Law** Foundation, which comprise the balance sheet as at April 30, 2015, and the statements of operations and changes in fund balances and cash flows for the year ended April 30, 2015 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the New Brunswick Law Foundation as at April 30, 2015 and the results of its operations and changes in fund balances and its cash flows for the year ended April 30, 2015 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Fredericton, New Brunswick June 26, 2015 Grant Thornton LLP Chartered Accountants

Grant Thornton LLP

New Brunswick Law Foundation	
Statement of operations - general fur	nd

Statement of operations - general fun	nd 2015	2014
Year ended April 30	2013	2014
Revenue Interest - trust accounts - bank accounts - long-term note receivable Unclaimed trust funds (note 13)	\$ 536,662 60,285 20,864 2,526 620,337	\$ 558,087 61,528 21,412 6,868 647,895
Expenditures Depreciation Office Professional fees Rent Salaries and benefits Travel and meetings Excess of revenue over expenditures before grants and contributions	792 10,628 6,711 16,256 63,487 5,886 103,760 516,577	1,020 5,977 10,481 16,256 61,007 10,092 104,833
Grants and contributions Contribution to Association of Canadian Law Foundations Grants paid (page 17) Increase (decrease) in outstanding grants (note 9) Subsidy to New Brunswick Law Foundation Scholarship Trust	500 728,675 8,275 33,500 770,950	459,627 122,047 31,500 613,174
Excess of expenditures over revenue	\$ (254,373)	\$ (70,112)

New Brunswick Law Foundation Statement of operations - reserve fund					
Year ended April 30		2015		2014	
Investment revenue Interest Dividends Foreign exchange gain Realized gain Unrealized gain on investments	\$	15,601 32,034 45,517 38,171 85,222	\$	21,721 32,546 73,302 83,379 59,020	
Expenditures Investment fees	8	216,545 16,858		269,968 15,258	
Excess of revenues over expenditures	\$	199,687	\$	254,710	

New Brunswick Law Foundation Statement of changes in fund balances Year ended April 30

	General <u>fund</u>	Reserve fund	2015 <u>Total</u>	2014 <u>Total</u>
Balance, beginning of year	\$ 4,161,981 \$	1,941,410	\$ 6,103,391	\$ 5,918,793
Excess of (expenditures over revenue) revenue over expenditures	(254,373)	199,687	(54,686)	184,598
Balance, end of year	\$ 3,907,608 \$	2,141,097	\$ 6,048,705	\$ 6,103,391

New Brunswick Law Foundation Balance sheet		
April 30	2015	2014
Assets		
General fund		
Cash and cash equivalents (note 3) Accrued interest receivable (note 4) Accounts receivable — other Current portion of long-term note	\$ 3,567,877 89,189 700	\$ 3,773,096 117,178 221
receivable (note 5)	13,060	12,486
	3,670,826	3,902,981
Equipment (note 6) Long-term note receivable (note 5)	678 443,774	1,470 <u>456,834</u>
Reserve fund	4,115,278	4,361,285
Cash and cash equivalents Investments (note 7)	51,191 <u>2,089,905</u>	36,671 1,904,739
	2,141,096	1,941,410
	\$ 6,256,374	\$ 6,302,695
Liabilities		
General Fund		
Current Payables (note 8) Outstanding grants (note 10)	\$ 3,251 204,418	\$ 3,161 196,143
Equity	207,669	199,304
Funds retained to support granting formula General Fund	2,141,097 3,907,608	1,941,410 <u>4,161,981</u>
	6,048,705	6,103,391
	\$ 6,256,374	\$ 6,302,695
ON BEHALF OF THE LAW FOUNDATION		1
Chairman	James J.	Treasurer Treasurer

See accompanying notes to the financial statements.

New Brunswick Law Foundation Statement of cash flows		
Year ended April 30	2015	2014
(Decrease) increase in cash and cash equivalents		
Operating Excess of (expenditures over revenue) revenue over expenditures Depreciation Unrealized gain	\$ (54,686) 792 (85,222) (139,116)	\$ 184,598 1,020 (59,020) 126,598
Changes in Receivables Payables Outstanding grants	27,510 90 8,275 (103,241)	8,089 292 122,047 257,026
Investing Increase in investments Promissory note from NB Law Society	(99,944) 12,486 (87,458)	(208,857) 11,938 (196,919)
Net (decrease) increase in cash and cash equivalents	(190,699)	60,107
Cash and cash equivalents, beginning of year	3,809,767	3,749,660
Cash and cash equivalents, end of year	\$ 3,619,068	\$ 3,809,767

April 30, 2015

1. Nature of operations

The New Brunswick Law Foundation has been established as a non-profit corporation to receive interest earned on lawyers' trust accounts for the purpose of supporting legal aid, legal research, legal education, legal reform, and law libraries in New Brunswick. It is exempt from federal and provincial corporate taxes under paragraph 149(1)(I) of the Income Tax Act of Canada.

2. Summary of significant accounting policies

Basis of presentation

The Law Foundation's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue and expenditures

Revenue and expenditures are recorded using the accrual basis of accounting. Administration and general expenses are not allocated to projects and activities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and cash balances in investment accounts.

Fund accounting

The Law Foundation follows the fund basis of accounting which provides for a separate self-balancing group of accounts to enable separate accountability for assets that are to be used for certain designated purposes. The funds established by the Law Foundation are as follows:

- General Fund reports revenues, expenditures and fund balances related to general
 activities. The use of these funds is at the discretion of the Board of Directors of the
 Law Foundation which approves the grants and contributions to be disbursed on an
 annual basis.
- Reserve Fund reports revenues, expenditures and fund balances related to
 establishing a reserve to support the granting formula in case of revenue shortfalls in
 future years. The use of these funds is at the discretion of the Board of Directors.

Use of estimates

Under Canadian accounting standards for not-for-profit organizations management is required to make estimates and assumptions to prepare financial statements. These estimates are based on management's best knowledge of current events and actions that the Law Foundation may undertake in the future. These estimates and assumptions may affect the amount of assets and liabilities presented as at the reporting date and the reported amount of revenue and expenditures during the fiscal period. Significant items subject to such estimates include the fair value of investments. Actual results may be different from the estimates and assumptions used.

April 30, 2015

2. Summary of significant accounting policies (continued)

Investments

Investments are reported at fair value using quoted market prices with changes in fair market value recognized as unrealized gains or losses in excess of revenue over expenditures. Transaction costs related to the purchase of investments are charged immediately to excess of revenue over expenditures.

Capital assets and depreciation

Additions to capital assets are recorded at cost. Depreciation is recorded annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Furniture and equipment Computer equipment

20% straight line 30% straight line

Financial instruments

The Law Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Law Foundation accounts for the following as financial instruments:

- Cash and cash equivalents
- Accounts receivable
- Long-term note receivable
- Investments
- Payables
- · Outstanding grants

A financial asset or liability is recognized when the Law Foundation becomes party to contractual provisions of the instrument.

Measurement

The Law Foundation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's-length transactions.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Law Foundation is in the capacity of management in which case they are accounted for in accordance with accounting policies for financial instruments.

The Law Foundation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment, except for investments which are measured at fair value according to their active quoted market price.

April 30, 2015

3. Cash and cash equivalents - general fund	<u>2015</u>	<u>2014</u>
Petty cash General account GIC	\$ 132 1,317,482 2,250,263 \$ 3,567,877	1,610,120 2,162,876
4. Accrued interest receivable	<u>2015</u>	2014
Trust accounts General bank account GIC	\$ 67,525 1,107 20,557	\$ 51,789 1,511 63,878
	\$ 89,189	\$ 117,178
5. Long term note receivable	<u>2015</u>	<u>2014</u>
4.5% promissory note from the Law Society of New Brunswick, repayable at \$2,779 per month including interest beginning September 1, 2011. The term is for five years with an amortization period of twenty-		
five years.	\$ 456,834	\$ 469,320
Less: current portion	13,060	12,486
	\$ 443,774	\$ 456,834
6. Equipment Accumulate Cost depreciation		2014 Net book <u>value</u>
Furniture and equipment \$ 3,389 \$ 2,71 Computer equipment \$ 1,141	<u>.1 -</u>	\$ 1,356 114 \$ 1,470

April 30, 2015

7. Investments

Investments are held in safekeeping and invested by National Bank Financial Inc. on behalf of the Reserve fund as follows:

	Ma	2015 rket alue	2014 Market <u>Value</u>
Accrued income Fixed income	\$ 6	,420 \$	6,504
	558	,429	524,207
Equities		,190	525,293
Canadian		, <u>866</u>	848,735
Foreign		,905 \$	1,904,739

8. Payables

Included in payables are government remittances due of \$1,853 (2014 - \$1,818).

9. Change in outstanding grants		<u>2015</u>	<u>2014</u>
Balance, beginning of year Balance, end of year	\$	196,143 204,418	\$ 74,096 196,143
Increase outstanding grants	<u>\$</u>	8,275	\$ 122,047

April 30, 2015

10. Outstanding grants

The following list sets forth the unexpended portion of 2014/2015 grants and the total grants lapsed, approved, or paid during the current year. The grants lapsed column contains any unexpended portion of each grant that will not be paid or renewed in the subsequent year. The "Outstanding Grants" column shows the unexpended portion of each such grant as at April 30, 2015 for which payment is anticipated in the ensuing year(s).

Caw Society of	grants April 30, 2014	Grants approved 2014/2015	Grants paid 2014/2015	Grants lapsed	Outstanding grants April 30, 2015
New Brunswick					
- Law Libraries	\$ -	\$ 180,000	\$ 180,000	\$ -	\$ -
-Educational Videos	-	75,000	-	=	75,000
- NB Courts Historical					
Collections Project	18,000	-	-	-	18,000
- Bar Admission Course	30,000	-	=	9	30,000
- Translation of Discipline	e America 💆 in the state of the second				
Decisions	25,000	-	12,500	_	12,500
- Translation / Bar exams	12,000	8,000	12,000	3-3	8,000
Public Legal Education and					
Information Service	-	90,000	90,000	-	
University of New Brunswick				2011	12 12 1420212
 Pro Bono placement program 		13,569	7,875	573	13,569
- Pro Bono - FLLIP	5,635	5,405	5,051	584	5,405
-Kawaskimhon Moot 2015	1000	5,000			5,000
-Sherron Dickson Award	-	50,000	34,745	15,255	
Université de Moncton					
 Pro Bono Programme de 		10.100	0.000		40 400
placement	6,930	10,133	6,930	0.005	10,133
- Pro Bono Droit de la famille	3,630	5,378	1,565	2,065	5,378
- Projet Micheline Gleixner	39,855	-	29,451	-	10,404
- Projet spécial - bourses		100,000	100,000	0.077	-
- Société d'aide juridique étudi	ante 15,965	31,570	43,558	3,977	-
AJEFNB					
-Guide: Droits des parents	20,690			30,680	_
francophones	30,680	11,029	-	50,000	11,029
- Cours de formation	-	11,029			11,023
Atlantic Ballet Theatre	_	30,000	30,000	2	_
 Celebrate Courage NBLASC 	-	50,000	30,000		
-Operation budget	_	175,000	175,000	-	
-Operation budget		170,000	170,000		
	\$ 196,143	\$ 790,084	\$ 728,675	\$53,134	\$ 204,418

April 30, 2015

11. Other matters

Endowment Trusts

In 1992, the law faculties at University of New Brunswick and Université de Moncton were each awarded an initial contribution of \$300,000 to establish and administer an endowment fund. To date, the Law Foundation has contributed an additional \$700,000, bringing their current total to \$1,000,000 each.

12. The New Brunswick Law Foundation Scholarship Trust

The board of directors of New Brunswick Law Foundation also serve as the trustees of The New Brunswick Law Foundation Scholarship Trust. The Scholarship Trust was established by way of total capital contributions in the amount of \$1,650,000 in prior years from the Law Foundation.

The New Brunswick Law Foundation Scholarship Trust was created by the New Brunswick Law Foundation under a trust indenture with the Trustees being all the Directors of The New Brunswick Law Foundation. The purpose of the Scholarship Trust is to provide the payment of scholarships and/or bursaries for the purpose of studying law at the University of New Brunswick or the Université de Moncton or in any graduate or post-graduate program in law. The Trust is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The assets, liabilities and results of operations of the Scholarship Trust have not been consolidated in the financial statements of the Law Foundation. Financial summaries of this unconsolidated entity as of April 30, 2015 and 2014 and for the years then ended are as follows:

The New Brunswick Law Foundation Scholarship Trust

		2015		2014
Financial position Total assets	\$	3,711,064	\$ 3,5	62,999
Total liabilities	\$	4,000	\$	4,000
Fund balances - Income Fund		<u>-</u> 1		52
- Capital Fund	Marrie de la Constantina del Constantina de la C	3,707,064	3,	<u>558,999</u>
	\$	3,711,064	\$ 3,5	62,999

2014

2015

April 30, 2015

12. The New Brunswick Law Foundation Scholarship Trust (continued)

Results of operations Total revenue - Income Fund - Capital Fund	\$ 409,419 409,419	\$ 484,176 484,176
Total expenditures - Income Fund - Capital Fund	 226,500 34,854 261,354	210,000 33,728 243,728
Excess of revenues over expenditures	\$ 148,065	\$ 240,448
Cash flows Increase (decrease) in cash and cash equivalents Operating Investing	\$ 16,049 10,414	\$ 148,324 (213,441)
Net increase (decrease) in cash and cash equivalents	\$ 26,463	\$ (65,117)

Transactions with the Scholarship Trust during the year consist of a subsidy to cover audit, custodial, and investment management fees totalling \$33,500 (2014 - \$31,500). The transactions are recorded at the exchange amount.

13. Unclaimed trust funds

Unclaimed trust funds are held by the Law Society of New Brunswick for 10 years. Any funds which have not been claimed at the end of this period are transferred to the Law Foundation. During the current fiscal year \$700 became receivable by the Law Foundation.

14. Financial instruments

The Law Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Law Foundation's risk exposures and concentrations at April 30, 2015.

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 Law Foundation's main credit risks relate to its accounts receivable, long term note receivable and bond portfolio of investments. There was no significant change in exposure from the prior year.

April 30, 2015

14. Financial instruments (continued)

Details of bond maturities and interest ranges for investments held as at April 30, 2015 are as follows:

	Rese	Reserve Fund		
	Market Value	Interest Range		
		100 mm		
Less than one year	\$ 28,699	3.24%		
One year to five years	\$117,883	1.95 – 5.80%		
More than five years	\$411,846	2.10 - 6.63%		

Liquidity risk

Liquidity risk is the risk that the Law Foundation will encounter difficulty in meeting the obligations associated with its financial liabilities. The Law Foundation is exposed to this risk mainly in respect of its accounts payable and outstanding grants. There was no significant change in exposure from the prior year.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 26% of the Law Foundation's investments are in a foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations. As at April 30, 2015, cash and cash equivalents and investments of \$29,619 and \$455,648 respectively are denominated in US dollars and converted into Canadian dollars. There was no significant change in exposure from the prior year.

ii) 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 Law Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of investments, fixed-rate instruments subject the Law Foundation to a fair value risk while the floating-rate instruments subject it to a cash flow risk. There was no significant change in exposure from the prior year.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Law Foundation is exposed to other price risk through its investments quoted in an active market.

April 30, 2015

14. Financial instruments (continued)

It is management's opinion that the Law Foundation is not subject to significant amounts of concentration risk as the risk is managed by diversifying its portfolio among assets classes, industry sectors, individual securities and geographical locations.

There was no significant change in exposure from the prior year.

15. Capital management

Management considers capital to be the fund balances.

The Law Foundation has established policies for the management of its investments. All of the Law Foundation's investments are managed by independent, external investment managers. The compliance of these managers with the investment policies is monitored on a regular basis.

The Law Foundation's objective when managing capital is to maintain financial strength to sustain long term delivery of its core activities.

New Brunswick Law Foundation Grants paid		
Year ended April 30,	2015	2014
Law Society of New Brunswick - Law Libraries - Translation of Discipline Decisions - Translation / Bar exams Public Legal Education and Information Service Université de Moncton - Projet Micheline Gleixner - Pro Bono – Droit de la Famille - Programme Pro Bono de placement - Société d'aide juridique étudiante - Projet spécial - bourses University of New Brunswick - Charlottetown Accord Conference - Pro Bono Placement Program - Pro Bono - FLLIP -Sherron Dickson Award CBA – NB Branch - Translation of Index to Private Acts Atlantic Ballet Theatre - Celebrate Courage NBLASC - Operation budget	\$ 180,000 12,500 12,000 90,000 29,451 1,565 6,930 43,558 100,000 - 7,875 5,051 34,745 - 30,000 175,000 728,675	\$ 180,000