



New Brunswick
Law Foundation

Fondation pour le droit
au Nouveau-Brunswick

ANNUAL REPORT
2018-19

New Brunswick Law Foundation

As Chair of the New Brunswick Law Foundation, I am pleased to present the Annual Report for the fiscal year ended April 30, 2019.

The accounts of the Foundation have been examined by the accounting firm of Bringlee Feeney LLP. The audited financial statements for the fiscal year form part of this report.

The Foundation derives its revenues primarily from the interest earned on lawyer's mixed trust accounts maintained in financial institutions. During the past several years, interest rates – which are tied to the prime lending rate set by the Bank of Canada – had been at historical lows. However, with three increases in prime rates during the previous reporting period, improved interest on those trust accounts increased revenues from \$754,705 last year to \$1,429,316 this fiscal year, an increase of 89.4%.

During the year, the Foundation reviewed thirteen (13) applications for funding and twelve (12) were approved for a total of \$655,362 in grants. Details of these programs and projects are included in this report. I encourage those who would have innovative programs or projects that are in keeping with the Foundation's mandate to contact the foundation office to obtain more information on project funding. Application forms and guidelines are available on the New Brunswick Law Foundation's website.

In April 2019, the Foundation launched a new logo and website as part of the evolution of its activities. After careful consideration, the Board of Directors determined that in establishing its own recognizable identity, the Foundation was better able to promote its existence and bring focus to the valuable work being done in the area of the law reform, legal aid and legal education. The website can be found at www.nblf-fdnb.ca.

On behalf of the Board of Directors, I'd also like to express our thanks to a valuable member of the Foundation's Board who stepped down during the year. Cameron Gunn, Q.C., served as Chair for 10 months until his appointment to the New Brunswick Provincial Court. Under his brief leadership, the Foundation was successful in being named as host of the next national conference of the Association of Canadian Law Foundations (ACLF) to be held in Fredericton, September 12–14, 2019.

Finally, I extend my thanks to the Foundation's Directors for their time, interest and collaborative spirit throughout the year.



Patrick Ervin
Chairperson

PURPOSE

The New Brunswick Law Foundation (Foundation) was established in 1975 by an amendment to the *Barristers' Society Act* (now the *Law Society Act, 1996*). By legislation, 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,
- * Law libraries,
- * Bursaries and scholarships for the study of law,
- * All other things that are, in the opinion of the Board, incidental or conducive to the attainment of the purposes referred to above.

REVENUES

The Foundation derives its revenues primarily from the interest on lawyer's mixed trust accounts maintained in financial institutions. The interest calculated by the financial institutions is based on interest rates and terms negotiated by the Foundation. In general, the interest rates that the Foundation currently receives are equal to the prime rate minus a range of between 2.25 % to 3.25%, with an agreed upon minimum rate. Basic service charges are waived by some institutions while others continue to deduct such charges. Monitoring and negotiation of the rates and charges continue both provincially and nationally. The national efforts are coordinated through the Association of Canadian Law Foundations of which the Foundation is a member.

ADMINISTRATION

The Foundation is administered by a Board of Directors consisting of seven members appointed by the Law Society of New Brunswick (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, the Executive Director, administers day-to-day affairs.

BOARD OF DIRECTORS

At year-end April 30, 2019, the members of the Board of Directors were:

Cameron Gunn, Q.C., Chair (until March 1, 2019)

Vacant, Chair (March 2, 2019 - awaiting appointment by the Law Society of New Brunswick)

Heather Black

W. Keir Clark

Patrick Ervin

Art Gallant

Sirpal Randhawa

Honourable François Angers, Q.C.

Staff:

Monique McLeod, Executive Director

GRANTS POLICY

The Foundation is in the process of developing a more formal grants policy, however certain general 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.
- * 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. Extensions may be considered by the Board upon request.

GRANT CONDITIONS

The Board attaches the following conditions to grants:

- * The term of a grant is one year. Any undisbursed funds 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 for the following year.
- * Funds are to be utilized 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 from the project must the Foundation's participation.
- * Upon completion of the project, a final report and financial 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.
- * Approval of a grant is not to be regarded as representing a commitment of funding for any future requests to the Foundation.

MEETINGS

The Board of Directors met twice during fiscal year 2018-19 to consider grant applications and to review and formulate investment and administrative policies.

FINANCIAL HIGHLIGHTS

1. REVENUE

Source	2018-19	2017-18
Interest / Lawyers' mixed trust accounts	\$1,429,316	\$754,705
Interest / Bank Account	40,192	21,874
Investment Income	308,593	147,435
Interest / long-term note receivable	14,157	14,720
Unclaimed trust funds	<u>60,165</u>	<u>19,808</u>
Total	\$1,852,423	\$958,542
Expenses	<u>\$133,261</u>	<u>\$137,223</u>
Excess of revenues over expenses	\$1,719,162	\$821,319

2. GRANTS

Grants approved	\$655,362	\$452,921
Subsidy to Scholarship Fund	<u>35,300</u>	<u>35,300</u>
Total Grants and Subsidies	\$690,662	\$488,221

LOAN TO THE LAW SOCIETY OF NEW BRUNSWICK

In August 2016, the Foundation renewed a loan to the Law Society of New Brunswick which had originally been made to assist in the financing of the acquisition of the Laws Society's office premises. The loan, which is at market rates, matures in August 2021.

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 \$2,423,816. The investment income on the reserve fund was \$265,132 bringing the balance of the reserve fund to \$2,688,948 at April 30, 2019.

GRANTS

During the year, twelve (12) grants for a total of \$655,362 were authorized to further the Foundation's objectives within law-related projects. A description of these projects is provided at the end of this report. With an increase in the trust account revenues over the reporting period, the Foundation will continue to encourage non-profit groups to submit proposals that seek to advance access to justice for the benefit of the people of the province.

LEGAL AID

Family legal aid in New Brunswick is funded by the Province of New Brunswick and through grants received from the Foundation. In 2018-2019, the Foundation approved a grant in the amount of \$175,000.

ENDOWMENT FUNDS

In 1992, an endowment fund was created at each faculty of law at the University of New Brunswick and the Université de Moncton. The initial contribution was \$300,000 with additional contributions made during the subsequent years. By 2006-07 the Foundation's objective of \$1,000,000 for each endowment fund was realized.

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

In the reporting year, undergraduate scholarships and bursaries totaling \$299,200 were awarded to law students at the University of New Brunswick and the Université de Moncton

The scholarship and bursary programs are funded by revenue generated by the Foundation's Scholarship Fund.

GRANTS APPROVED 2018-19

• LAW SOCIETY OF NEW BRUNSWICK	
Improvements to Bar Course and Bar Examination	\$100,000
Discipline Administrators Conference / Adjudicator Training	\$15,000
• NEW BRUNSWICK LEGAL AID SERVICES COMMISSION	
Family Legal Aid Program	
To assist in the provision of domestic legal aid services to NB residents	\$175,000
• PUBLIC LEGAL EDUCATION AND INFORMATION SERVICE - NB	
Support for publication of public legal education literature	\$90,000
• UNIVERSITY OF NEW BRUNSWICK / FACULTY OF LAW	
Pro Bono, Family Law & Wills projects (PBSC UNB Chapter)	
To assist in the provision of legal information services to deserving not-for-profit organizations and to those involved in family law disputes	\$16,584
Summer Employment, Access to Justice Initiative	
To hire two law students to work with New Brunswick Legal Aid to assist in the provision of legal information services	\$21,200
• UNIVERSITÉ DE MONCTON / FACULTÉ DE DROIT	
Programme Pro Bono / Programme Pro Bono - Droit de la famille	
To assist in the provision of pro bono legal aid services to deserving not-for-profit organizations, and of legal information to those involved in criminal law matters.	\$20,768
Société d'aide juridique étudiante (SAJE)	
To assist in the provision of legal information to those involved in criminal law matters	\$18,695
• ASSOCIATION DES JURISTES D'EXPRESSION FRANÇAISE DU NOUVEAU-BRUNSWICK (AJEFNB)	
Training Courses	\$43,815
• NEW BRUNSWICK REFUGEE CLINIC	
To provide legal aid services to refugees	\$75,000
• JOHN HOWARD SOCIETY OF SOUTHEASTERN NEW BRUNSWICK	
Exploring practices and impacts of Police Record Checks	\$59,800
• CANADIAN LEGAL INFORMATION INSTITUTE (CANLII)	
Adding New Brunswick annual statutes	\$19,500
TOTAL	\$655,362

New Brunswick Law Foundation

Financial Statements

April 30, 2019

New Brunswick Law Foundation

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Independent Auditor's Report

To: The Directors of New Brunswick Law Foundation

Opinion

We have audited the financial statements of New Brunswick Law Foundation, which comprise the statement of financial position as at April 30, 2019, and the statements of operations, changes in fund balances, 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 organization as at April 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Accounting Standards for Not-for-Profit Organizations (ASNPO).

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 organization 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 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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 organization's internal control.

Independent Auditor's Report

- ♦ 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 organization'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 organization 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.

Fredericton, New Brunswick
June 28, 2019


Chartered Professional Accountants

New Brunswick Law Foundation

Statement of Financial Position

As at April 30, 2019

	2019	2018 Restated	2017
ASSETS			
Current			
Cash	\$ 2,399,443	\$ 1,776,842	\$ 1,607,363
Marketable securities (note 3)	1,682,202	1,638,741	1,579,504
Accounts receivable (note 4)	187,312	98,162	63,356
Prepaid grants	45,000	-	-
Current portion of note receivable	<u>17,001</u>	<u>16,416</u>	<u>15,852</u>
	4,330,958	3,530,161	3,266,075
Note receivable (note 5)	378,461	395,462	411,878
Capital assets (note 6)	502	1,478	-
Restricted investments - reserve fund (note 7)	<u>2,688,948</u>	<u>2,423,816</u>	<u>2,335,618</u>
	<u>\$ 7,398,869</u>	<u>\$ 6,350,917</u>	<u>\$ 6,013,571</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities (note 8)	\$ 6,953	\$ 3,186	\$ 3,415
Grants payable (note 13)	<u>195,689</u>	<u>289,633</u>	<u>320,606</u>
	<u>202,642</u>	<u>292,819</u>	<u>324,021</u>
FUND BALANCES			
Reserve fund	2,688,948	2,423,816	2,335,618
General fund (note 13)	<u>4,507,279</u>	<u>3,634,282</u>	<u>3,353,932</u>
	<u>7,196,227</u>	<u>6,058,098</u>	<u>5,689,550</u>
	<u>\$ 7,398,869</u>	<u>\$ 6,350,917</u>	<u>\$ 6,013,571</u>

Approved

Chairman



Treasurer



New Brunswick Law Foundation

Statement of Changes in fund balances
Year ended April 30, 2019

	<u>Reserve fund</u>	<u>General fund</u>	<u>Total</u> <u>2019</u>	<u>Total</u> <u>2018</u> <u>Restated</u>	<u>Total</u> <u>2017</u>
Balance, opening					
As previously reported	\$ 2,423,816	\$ 3,338,221	\$ 5,762,037	\$ 5,689,550	\$ 5,731,177
Prior period adjustment (note 13)	-	296,061	296,061	-	-
As restated	2,423,816	3,634,282	6,058,098	5,689,550	5,731,177
Excess (deficiency) of revenues over expenditures	265,132	872,997	1,138,129	368,548	(41,627)
Balance, closing	<u>\$ 2,688,948</u>	<u>\$ 4,507,279</u>	<u>\$ 7,196,227</u>	<u>\$ 6,058,098</u>	<u>\$ 5,689,550</u>

New Brunswick Law Foundation

Statement of Operations
Year ended April 30, 2019

	2019	2018 Restated	2017
Revenues			
Interest - trust accounts	\$ 1,429,316	\$ 754,705	\$ 452,226
Unclaimed trust funds	60,165	19,808	27,672
Investment income	43,461	59,237	79,505
Interest - bank accounts	40,192	21,874	35,230
Interest - note receivable	14,157	14,720	15,454
	<u>1,587,291</u>	<u>870,344</u>	<u>610,087</u>
Expenditures			
Wages and benefits	69,801	84,320	66,503
Professional fees	22,425	13,446	15,642
Rent	16,544	16,544	16,447
Website	8,559	-	-
Travel	7,862	10,868	4,370
Office	7,094	11,411	5,677
Amortization	976	634	-
	<u>133,261</u>	<u>137,223</u>	<u>108,639</u>
Excess of revenues over expenditures before grants, subsidies and contributions	<u>1,454,030</u>	<u>733,121</u>	<u>501,448</u>
Grants, subsidies and contributions			
Grants (notes 11 and 13)	552,502	419,364	739,376
New Brunswick Law Foundation Scholarship Trust (note 9)	35,300	35,300	36,500
Grants returned unused	(6,769)	(1,893)	-
	<u>581,033</u>	<u>452,771</u>	<u>775,876</u>
Excess (deficiency) of revenues over expenditures before reserve fund	872,997	280,350	(274,428)
Reserve fund (Schedule 1)	<u>(265,132)</u>	<u>(88,198)</u>	<u>(232,801)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,138,129</u>	<u>\$ 368,548</u>	<u>\$ (41,627)</u>

New Brunswick Law Foundation

Statement of Cash Flows
Year ended April 30, 2019

	2019	2018 Restated	2017
Operating activities			
Cash received from trust accounts	\$ 1,402,200	\$ 740,966	\$ 480,836
Cash received from interest on cash held	38,323	20,616	99,062
Cash paid to suppliers and employees	(128,518)	(136,819)	(106,996)
Cash paid for grants, subsidies and contributions	(719,977)	(483,744)	(649,253)
	<u>592,028</u>	<u>141,019</u>	<u>(176,351)</u>
Investing activities			
Payments received on note receivable	30,573	30,572	31,499
Purchase of capital assets	-	(2,112)	-
Purchase of marketable securities	-	-	(1,500,000)
	<u>30,573</u>	<u>28,460</u>	<u>(1,468,501)</u>
Change in cash position	622,601	169,479	(1,644,852)
Cash, opening	<u>1,776,842</u>	<u>1,607,363</u>	<u>3,252,215</u>
Cash, closing	<u>\$ 2,399,443</u>	<u>\$ 1,776,842</u>	<u>\$ 1,607,363</u>

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2019

1. Nature of operations

New Brunswick Law Foundation ("the Foundation") has been established as a separate entity under section 97 of the Law Society Act of New Brunswick. The Foundation is a non-profit corporation and its principal purpose is to receive interest earned on lawyers' trust accounts which in turn is used to support legal aid, legal research, legal education, legal reform, and law libraries in New Brunswick. It is exempt from income tax under paragraph 149(1)(l) of the Income Tax Act of Canada.

The New Brunswick Law Foundation Scholarship Trust ("the Scholarship Trust") was created by the Foundation under a trust indenture with the trustees being all the directors of the Foundation. The Scholarship Trust was established by way of capital contributions totaling \$1,650,000 from the Foundation.

The Foundation also created two endowment trusts - the University of New Brunswick Law Faculty Endowment Trust and the Fonds de dotation de la faculté de droit de l'Université de Moncton (the "Endowment Trusts"). The Endowment Trusts were established by initial contributions of \$300,000 each from the Foundation. In following years an additional \$700,000 in contributions was made, bringing the total capital contributions for each trust by the Foundation to \$1,000,000.

The Foundation, the Scholarship Trust and the Endowment Trusts maintain separate books and records for which annual financial statements are prepared.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Revenue recognition

Investment income includes dividends, interest income, foreign exchange, and realized and unrealized investment gains and losses. Investment income is recognized as revenue when earned.

Unclaimed trust funds are held by the Law Society of New Brunswick for 10 years. Any funds which not been claimed at the end of this period are transferred to the Foundation. Unclaimed trust funds are recognized as revenue once the 10 year hold period has expired.

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2019

2. Significant accounting policies, continued

(b) Fund accounting

The Foundation follows the fund basis of accounting which provides for separate groups of accounts to ensure accountability for restricted assets. The funds established by the Foundation are as follows:

General Fund - reports general activities including grants, scholarships and other disbursements. The use of these funds is at the discretion of the Board of Directors which approves all activity on an annual basis.

Reserve Fund - report activities relating 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.

(c) Investments

Investments are reported at fair value using quoted market prices. Changes in the fair value of investments are recognized as unrealized gains or losses.

(d) Capital assets

Capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Equipment	20% straight-line
Computer equipment	30% straight-line

(e) Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Foundation subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable, and notes receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and grants payable.

Financial assets measured at fair value include investments.

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2019

2. Significant accounting policies, continued

(f) Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Marketable securities

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 12,713	\$ 1,869	\$ 148,130
Accrued income	-	1,744	1,862
Fixed income	493,127	441,810	406,910
Canadian equities	157,152	450,103	402,097
Foreign equities	458,371	447,013	364,463
Other investments	<u>560,839</u>	<u>296,202</u>	<u>256,042</u>
	<u>\$ 1,682,202</u>	<u>\$ 1,638,741</u>	<u>\$ 1,579,504</u>

4. Accounts receivable

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Trust accounts interest receivable	\$ 128,814	\$ 92,276	\$ 38,342
General bank interest receivable	4,242	2,373	1,115
Other accounts receivable	<u>54,256</u>	<u>3,513</u>	<u>23,899</u>
	<u>\$ 187,312</u>	<u>\$ 98,162</u>	<u>\$ 63,356</u>

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2019

5. Note receivable

	2019	2018	2017
3.5% promissory note receivable from the Law Society of New Brunswick; repayable at \$2,548 per month including interest; maturing August 1, 2021	\$ 395,462	\$ 411,878	\$ 427,730
Less current portion	17,001	16,416	15,852
	<u>\$ 378,461</u>	<u>\$ 395,462</u>	<u>\$ 411,878</u>
Estimated principal repayments are as follows:			
2020	\$ 17,001		
2021	17,605		
2022	360,856		

6. Capital assets

	2019	2018
Cost	Accumulated amortization	Net
Equipment	\$ 3,389	\$ -
Computer equipment	3,253	1,478
	<u>\$ 6,642</u>	<u>\$ 1,478</u>

7. Restricted investments - reserve fund

	2019	2018	2017
Cash	\$ 11,000	\$ 2,764	\$ 219,041
Accrued income	2,821	2,579	2,754
Fixed income	580,939	653,468	601,700
Canadian equities	855,727	665,735	594,581
Foreign equities	831,259	661,165	538,933
Other investments	407,202	438,104	378,609
	<u>\$ 2,688,948</u>	<u>\$ 2,423,815</u>	<u>\$ 2,335,618</u>

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2019

8. Accounts payable and accrued liabilities

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Trade payables	\$ 4,549	\$ 1,044	\$ 1,527
Government remittances payable	<u>2,404</u>	<u>2,142</u>	<u>1,888</u>
	<u>\$ 6,953</u>	<u>\$ 3,186</u>	<u>\$ 3,415</u>

9. Related party transactions

The Foundation is related to the Scholarship Trust by virtue of common control.

Transactions between related parties include:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenses			
Subsidy to Scholarship Trust	\$ 35,300	\$ 35,300	\$ 36,500

Subsidies to the Scholarship Trust are used to cover audit, custodial, and investment management fees. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2019

10. The New Brunswick Law Foundation Scholarship Trust

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 are as follows:

	<u>2019</u>	<u>2018</u>
Total assets	\$ 3,508,463	\$ 3,565,499
Total liabilities	<u>(4,002)</u>	<u>(4,002)</u>
	<u>\$ 3,504,461</u>	<u>\$ 3,561,497</u>
	<u>2019</u>	<u>2018</u>
Revenue - capital fund	\$ 276,188	\$ 169,176
Expenditures - income fund	(299,200)	(300,600)
Expenditures - income fund	<u>(34,024)</u>	<u>(35,023)</u>
	<u>\$ (57,036)</u>	<u>\$ (166,447)</u>

New Brunswick Law Foundation
Notes to Non-consolidated Financial Statements
April 30, 2019

11. Summary of grants

The following list summarizes the grant activity of the Foundation for the fiscal year.

	Outstanding grants, May 1, 2018	Grants approved	Grants paid (Returned)	Grants lapsed	Outstanding grants, April 30, 2019
Law Society of New Brunswick					
Law Libraries	-	-	-	-	-
Educational Videos	37,500	-	9,117	28,383	-
Bar Admissions Course	-	-	-	-	-
Translation of Discipline Decisions	20,000	-	20,000	-	-
Rules of Court Review	50,000	-	-	-	50,000
Improvements to Bar Discipline Administrators Conf and Adjudicator Training	-	100,000	100,000	-	-
	-	15,000	10,000	-	5,000
Public Legal Education and Information Service	-	90,000	90,000	-	-
University of New Brunswick					
Pro Bono - Family Law & Wills project	16,584	-	14,408	2,176	-
Summer employment/access to Justice Initiative	14,400	-	-	-	14,400
Legal Aid Summer Students	-	21,200	-	-	21,200
Université de Moncton					
Pro Bono programme de placement	12,795	-	12,769	26	-
Pro Bono Droit de la famille	6,182	20,768	6,005	177	20,768
Projet Micheline Gleixner	10,404	-	-	10,404	-
Societe d'aide juridique etudiante	-	18,695	18,695	-	-
AJEFNP					
Cours de formation	6,753	43,815	16,152	5,206	29,210
Rules of Court of NB - Annotated 2018	25,000	-	25,000	-	-
Subtotal	199,618	309,478	322,146	46,372	140,578

New Brunswick Law Foundation
Notes to Non-consolidated Financial Statements
April 30, 2019

11. Summary of grants, continued

	Outstanding grants, May 1, 2018	Grants approved	Grants paid (Returned)	Grants lapsed	Outstanding grants, April 30, 2019
Balance carried forward	199,618	309,478	322,146	46,372	140,578
NB Pro Bono Inc.					
Moncton Legal Advice Clinic	28,527	-	-	-	28,527
NBLASC					
Operating budget	-	175,000	175,000	-	-
NB Refugee Clinic					
Operating budget	-	-	-	-	-
Legal aid clinic for refugee claimants	-	75,000	75,000	-	-
Fredericton Legal Advice Clinic	56,488	-	-	56,488	-
Canadian Superior Courts Judges - Try Judging	5,000	-	-	-	5,000
Pro Bono Students Canada	-	16,584	-	-	16,584
CANLII	-	19,500	19,500	-	-
John Howard Society of NB	-	59,800	54,800	-	5,000
	289,633	655,362	646,446	102,860	195,689

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2019

12. Financial instruments

The Foundation is exposed to the following risks in respect of certain of the financial instruments held:

(a) 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. The Foundation is exposed to currency risk with respect to its investments.

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Foundation is exposed to market risk with respect to its investments.

(c) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation is exposed to credit risk with respect to its notes receivable.

13. Prior period adjustment

The financial statements for the year ended April 30, 2018 were restated to correct an accounting error. This error occurred as grants approved at the February 2018 board meeting were included in the grant expense for that year however the intent of the board was that they were approved for the April 30, 2019 year-end. The net impact of the adjustment on the 2018 financial statements was a decrease in grants payable of \$296,061, an equal decrease in grant expense and an equal increase in the closing general fund balance at April 30, 2018. The impact of this change on the general fund balance is outlined on the Statement of changes in fund balances.

New Brunswick Law Foundation

Schedule to Financial Statements
Year ended April 30, 2019

Schedule of reserve fund operations

Schedule 1

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenue			
Unrealized gain (loss) on investments	\$ 154,439	\$ 46,200	\$ 104,152
Dividends	95,370	54,534	51,639
Realized gain on sale of investments	16,860	10,888	45,581
Foreign exchange gain (loss)	14,751	(11,582)	33,923
Interest	<u>5,289</u>	<u>6,957</u>	<u>12,203</u>
	286,709	106,997	247,498
Expenditures			
Investment management fees	<u>21,577</u>	<u>18,799</u>	<u>14,697</u>
Excess of revenues over expenditures	<u>\$ 265,132</u>	<u>\$ 88,198</u>	<u>\$ 232,801</u>