



New Brunswick
Law Foundation

Fondation pour le droit
au Nouveau-Brunswick

ANNUAL REPORT 2019-2020



**New Brunswick
Law Foundation**
**Fondation pour le droit
au Nouveau-Brunswick**

As Chair of the New Brunswick Law Foundation, I am pleased to present the Annual Report for the fiscal year ended April 30, 2020.

The Foundation's central focus is to receive and distribute funding to support initiatives that will improve access to justice for the people of New Brunswick. The Foundation's revenues are primarily derived from interest earned on lawyers' mixed trust accounts maintained in financial institutions. The Board meets twice during the fiscal year to review grant requests and to determine investment and general administrative policies.

Revenues are tied to the prime lending rate set by the Bank of Canada, and have been steady throughout most of 2019-20, surpassing \$1.6M for the fiscal year. During March 2020 however, the prime rate decreased multiple times, and as a result, minimum rates of interest were reached. These reductions, coupled with the market volatility brought on by the economic uncertainty of the COVID-19 pandemic, may significantly impact revenues for the coming fiscal year.

To moderate the effect of downturns in revenues, the Foundation maintains a reserve fund which is invested in marketable securities with a wealth manager. Revenue forecasts will be closely monitored by the Board during 2020-21. The Foundation has sufficient reserves and conservative operating costs which will allow current grant levels to be sustained for the foreseeable future.

During the year, the Foundation reviewed eleven applications for funding, of which ten were approved, for a total of \$1,038,766 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 at www.nblf-fdnb.ca

In September 2019, the Foundation was pleased to host the annual conference for the Association of Canadian Law Foundations in Fredericton, NB. Law foundation members from 13 jurisdictions across Canada were in attendance for the 3-day event.

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

In January, the Foundation hired Christa Greer as its Executive Director, replacing Monique McLeod, who retired on November 30, 2019. On behalf of the Foundation, I thank Monique for her dedicated and professional service.

Finally, I would like to thank 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.

Board Of Directors

The Foundation is administered by a board of directors appointed by the Law Society of New Brunswick. Five directors, including the chairperson, are required to be members of the Law Society and two directors are appointed as public representatives. At year-end on April 30, 2020, the members of the Board of Directors were:

Patrick Ervin, Chair (appointed April 26, 2019)
Honourable François Angers, Q.C.
Heather Black
Gilles Bujold
W. Keir Clark, Treasurer
Art Gallant
Sirpal Randhawa

The Directors meet as required to review grant applications and to determine investment and general administrative policies. One part-time staff member fills the role of Executive Director and administers the day-to-day operations. In December 2019, Monique McLeod retired as Executive Director and was replaced by Christa Greer.

Revenues

The Foundation derives its revenues primarily from the interest on lawyer's mixed trust accounts maintained at 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 fees are waived by some institutions while others continue to deduct such charges. Monitoring and negotiation of the rates and fees continue both provincially and nationally. The national efforts are coordinated through the Association of Canadian Law Foundations, of which the Foundation is a member.

Grants Policy

The Foundation has developed a formal grants policy to be implemented in July 2020, 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.

"The public, especially individuals who cannot afford a lawyer, continued to benefit from the delivery of family law workshops around the province... Without the Foundation's support, we would not be able to successfully pursue our special projects which benefit so many vulnerable individuals in need of legal information and services. Together we will make important strides in enhancing access to the justice system."

—Public Legal Education and Information Service of New Brunswick

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 indicate 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 Of The Board

The Board of Directors met twice during fiscal year 2019-20 to consider grant applications and to review and formulate investment and administrative policies.

Financial Highlights

Revenue

Source	2019-20	2018-19
Interest from Lawyers' mixed trust accounts	\$1,613,523	\$1,429,316
Unclaimed trust funds	69,952	60,165
Interest from bank accounts	60,143	40,192
Interest from long-term note receivable	13,572	14,157
Investment income (loss)	(110,469)	308,593
Total	\$1,646,721	\$1,852,423
Expenses	\$130,270	\$133,261
Excess of Revenues over Expenses	\$1,516,451	\$1,719,162

Grants

Grants approved	\$952,264	\$655,362
Subsidy to Scholarship Fund	33,700	35,300
Total Grants and Subsidies	\$985,964	\$690,662

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 Law 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 and the balance at the beginning of this fiscal year was \$2,688,948. This year due to significant market volatility, there was an investment loss on the reserve fund of \$92,618 bringing the balance of the fund to \$2,596,330 at April 30, 2020.

Grants

During the year, ten grants for a total of \$1,038,766 were approved to further the Foundation's objectives within law-related projects. A list 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.

"The Commission greatly appreciates this significant contribution to help us serve the citizens of New Brunswick. This will further enhance the Commission's ability to fund family law for legal aid clients."

—New Brunswick Legal Aid Services Commission

Legal Aid

Legal aid in New Brunswick is funded by the Province of New Brunswick and through grants received from the Foundation. In 2019-20, the Foundation approved a grant in the amount of \$200,000 to support family legal aid programs.

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

During the fiscal year, undergraduate scholarships and bursaries totaling \$277,879 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.

"The entrance scholarship I was awarded has given me the freedom to fully dedicate my time to my studies and volunteering without financial strain or concern. I've also been able to invest my time in founding an Animal Justice club to help educate the community about animal law issues. Your generous contribution towards my legal education is greatly appreciated."

—UNB Scholarship Recipient

"I am currently in my second year of law at U de M... I dream of practicing law in the Moncton region. You have played an important role in helping me achieve this goal thanks to the generous scholarship from your organization. [Translation]"

—U de M Scholarship Recipient

Grants Approved In 2019-20

LAW SOCIETY OF NEW BRUNSWICK

Bar Admission Program 2019-21 \$495,000

NEW BRUNSWICK LEGAL AID SERVICES COMMISSION

Family Legal Aid Program \$200,000

To assist in the provision of domestic legal aid services to NB residents

PUBLIC LEGAL EDUCATION AND INFORMATION SERVICE - NB

Core funding and Family Law Workshops \$90,000

Advanced Health Care Directives Publication \$26,746

UNIVERSITY OF NEW BRUNSWICK / FACULTY OF LAW

Pro Bono (PBSC UNB Chapter) \$16,584

To assist in the provision of legal information services to deserving not-for-profit organizations and to those involved in family law disputes

Summer Employment, Access to Justice Initiative \$17,700

To hire two law students to work with New Brunswick Legal Aid to assist in the provision of legal information services

UNIVERSITÉ DE MONCTON / FACULTÉ DE DROIT

Programme Pro Bono – Le réseau PBSC, UdeM \$20,709

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.

Société d'aide juridique étudiante (SAJE) \$18,747

To assist in the provision of legal information to those involved in criminal law matters

NEW BRUNSWICK REFUGEE CLINIC

To provide legal aid services to refugees \$90,000

CANADIAN LEGAL INFORMATION INSTITUTE (CANLII)

Completing 50 Years of Primary Law Coverage for NB \$63,280

TOTAL GRANTS **\$1,038,767**

"We are happy to be able to provide better information to New Brunswick residents about the laws that govern them. We are grateful for the opportunity to work with supportive organizations that are passionate about making law and legal information available to everyone."

— Canadian Legal Information Institute

New Brunswick Law Foundation

Financial Statements

April 30, 2020

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, 2020, 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, 2020, 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.

Independent Auditor's Report, continued

- 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.
- 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
July 3, 2020


Chartered Professional Accountants

New Brunswick Law Foundation

Statement of Financial Position

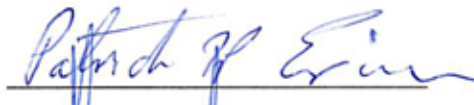

As at April 30, 2020

	2020	2019	2018 Restated
ASSETS			
Current			
Cash	\$ 3,311,889	\$ 2,399,443	\$ 1,776,842
Marketable securities (note 3)	1,664,351	1,682,202	1,638,741
Accounts receivable (note 4)	64,640	187,312	98,162
Prepaid grants	45,000	45,000	-
Current portion of note receivable	17,605	17,001	16,416
	<u>5,103,485</u>	<u>4,330,958</u>	<u>3,530,161</u>
Note receivable (note 5)	360,856	378,461	395,462
Capital assets (note 6)	248	502	1,478
Restricted investments - reserve fund (note 7)	<u>2,596,330</u>	<u>2,688,948</u>	<u>2,423,816</u>
	<u>\$ 8,060,919</u>	<u>\$ 7,398,869</u>	<u>\$ 6,350,917</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities (note 8)	\$ 4,720	\$ 6,953	\$ 3,186
Grants payable (note 11)	<u>329,485</u>	<u>195,689</u>	<u>289,633</u>
	<u>334,205</u>	<u>202,642</u>	<u>292,819</u>
FUND BALANCES			
Reserve fund	2,596,330	2,688,948	2,423,816
General fund	<u>5,130,384</u>	<u>4,507,279</u>	<u>3,634,282</u>
	<u>7,726,714</u>	<u>7,196,227</u>	<u>6,058,098</u>
	<u>\$ 8,060,919</u>	<u>\$ 7,398,869</u>	<u>\$ 6,350,917</u>

Approved

Chairman

Treasurer

New Brunswick Law Foundation

Statement of Operations
Year ended April 30, 2020

	<u>Reserve fund</u>	<u>General fund</u>	<u>Total 2020</u>	<u>Total 2019</u>	<u>Total 2018 Restated</u>
Balance, opening					
As previously reported	\$ 2,688,948	\$ 4,507,279	\$ 7,196,227	\$ 5,762,037	\$ 5,689,550
Prior period adjustment (note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,061</u>	<u>-</u>
As restated	2,688,948	4,507,279	7,196,227	6,058,098	5,689,550
Excess (deficiency) of revenues over expenditures	<u>(92,618)</u>	<u>623,105</u>	<u>530,487</u>	<u>1,138,129</u>	<u>368,548</u>
Balance, closing	<u>\$ 2,596,330</u>	<u>\$ 5,130,384</u>	<u>\$ 7,726,714</u>	<u>\$ 7,196,227</u>	<u>\$ 6,058,098</u>

New Brunswick Law Foundation

Statement of Operations
Year ended April 30, 2020

	2020	2019	2018 Restated
Revenues			
Interest - trust accounts	\$ 1,613,523	\$ 1,429,316	\$ 754,705
Unclaimed trust funds	69,952	60,165	19,808
Interest - bank accounts	60,143	40,192	21,874
Interest - note receivable	13,572	14,157	14,720
Investment income (loss)	(17,851)	43,461	59,237
	<u>1,739,339</u>	<u>1,587,291</u>	<u>870,344</u>
Expenditures			
Wages and benefits	73,439	69,801	84,320
Professional fees	21,103	22,425	13,446
Rent	16,544	16,544	16,544
Travel	9,696	7,862	10,868
Office	7,333	7,094	11,411
Amortization	1,285	976	634
Website	870	8,559	-
	<u>130,270</u>	<u>133,261</u>	<u>137,223</u>
Excess of revenues over expenditures before grants, subsidies and contributions	<u>1,609,069</u>	<u>1,454,030</u>	<u>733,121</u>
Grants, subsidies and contributions			
Grants (note 11)	952,264	552,502	419,364
New Brunswick Law Foundation Scholarship Trust (note 9)	33,700	35,300	35,300
Grants returned unused	-	(6,769)	(1,893)
	<u>985,964</u>	<u>581,033</u>	<u>452,771</u>
Excess of revenues over expenditures before reserve fund	623,105	872,997	280,350
Reserve fund (Schedule 1)	<u>92,618</u>	<u>(265,132)</u>	<u>(88,198)</u>
Excess of revenues over expenditures	<u>\$ 530,487</u>	<u>\$ 1,138,129</u>	<u>\$ 368,548</u>

New Brunswick Law Foundation

Statement of Cash Flows
Year ended April 30, 2020

	2020	2019	2018 Restated
Operating activities			
Cash received from trust accounts	\$ 1,804,756	\$ 1,402,200	\$ 740,966
Cash received from interest on cash held	61,534	38,323	20,616
Cash paid to suppliers and employees	(131,218)	(128,518)	(136,819)
Cash paid for grants, subsidies and contributions	(852,168)	(719,977)	(483,744)
	<u>882,904</u>	<u>592,028</u>	<u>141,019</u>
Investing activities			
Payments received on note receivable	30,573	30,573	30,572
Purchase of capital assets	(1,031)	-	(2,112)
	<u>29,542</u>	<u>30,573</u>	<u>28,460</u>
Change in cash position	912,446	622,601	169,479
Cash, opening	<u>2,399,443</u>	<u>1,776,842</u>	<u>1,607,363</u>
Cash, closing	<u><u>\$ 3,311,889</u></u>	<u><u>\$ 2,399,443</u></u>	<u><u>\$ 1,776,842</u></u>

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2020

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) Cash and cash equivalents

Cash and cash equivalents consist of balances held in bank accounts, marketable securities and investment cash accounts with financial institutions.

(b) Revenue recognition

Investment income includes dividends, interest income, foreign exchange, and realized and unrealized investment gains and losses. Interest, dividend income and foreign exchange are recognized when the right to receive payment is established. Income from realized gains and losses is recognized in the period in which the sale of an investment has occurred. Unrealized investment gains and losses reflect the change in the fair market value of the investments at year-end. Unclaimed trust funds are held by the Law Society of New Brunswick for ten 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 ten year hold period has expired.

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2020

2. Significant accounting policies, continued

(c) 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.

(d) 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.

(e) 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:

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

(f) 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 marketable securities and restricted investments.

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2020

2. Significant accounting policies, continued

(g) 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>2020</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 2,906	\$ 12,713	\$ 1,869
Accrued income	1,210	-	1,744
Fixed income	476,307	493,127	441,810
Canadian equities	161,620	157,152	450,103
Foreign equities	459,310	458,371	447,013
Other investments	<u>562,998</u>	<u>560,839</u>	<u>296,202</u>
	<u>\$ 1,664,351</u>	<u>\$ 1,682,202</u>	<u>\$ 1,638,741</u>

4. Accounts receivable

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Trust account interest	\$ 58,645	\$ 128,814	\$ 92,276
General bank interest	2,851	4,242	2,373
Other accounts receivable	<u>3,144</u>	<u>54,256</u>	<u>3,513</u>
	<u>\$ 64,640</u>	<u>\$ 187,312</u>	<u>\$ 98,162</u>

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2020

5. Note receivable

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

6. Capital assets

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 4,284	\$ 4,036	\$ 248	\$ 502
Equipment	3,389	3,389	-	-
	<u>\$ 7,673</u>	<u>\$ 7,425</u>	<u>\$ 248</u>	<u>\$ 502</u>

7. Restricted investments - reserve fund

	2020	2019	2018
Cash	\$ 14,175	\$ 11,000	\$ 2,764
Accrued income	4,061	2,821	2,579
Fixed income	568,826	580,939	653,468
Canadian equities	704,822	855,727	665,735
Foreign equities	885,503	831,259	661,165
Other investments	418,943	407,202	438,104
	<u>\$ 2,596,330</u>	<u>\$ 2,688,948</u>	<u>\$ 2,423,815</u>

New Brunswick Law Foundation

Notes to Financial Statements

April 30, 2020

8. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Trade payables	\$ 2,197	\$ 4,549	\$ 1,044
Government remittances payable	<u>2,523</u>	<u>2,404</u>	<u>2,142</u>
	<u>\$ 4,720</u>	<u>\$ 6,953</u>	<u>\$ 3,186</u>

9. Related party transactions

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

Transactions between related parties include:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Expenses			
Subsidy to Scholarship Trust	\$ 33,700	\$ 35,300	\$ 35,300

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, 2020

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>2020</u>	<u>2019</u>	<u>2018</u>
Total assets	\$ 3,193,604	\$ 3,508,463	\$ 3,565,499
Total liabilities	<u>(4,001)</u>	<u>(4,002)</u>	<u>(4,002)</u>
	<u>\$ 3,189,603</u>	<u>\$ 3,504,461</u>	<u>\$ 3,561,497</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue - capital fund	\$ (3,962)	\$ 276,188	\$ 169,176
Expenditures - income fund	(277,879)	(299,200)	(300,600)
Expenditures - income fund	<u>(33,017)</u>	<u>(34,024)</u>	<u>(35,023)</u>
	<u>\$ (314,858)</u>	<u>\$ (57,036)</u>	<u>\$ (166,447)</u>

New Brunswick Law Foundation
Notes to Non-consolidated Financial Statements
April 30, 2020

11. Summary of grants

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

	Outstanding grants, May 1, 2019	Grants approved	Grants paid (Returned)	Grants lapsed	Outstanding grants, April 30, 2020
Law Society of New Brunswick					
Bar Admissions Program	-	495,000	250,000	-	245,000
Rules of Court Review	50,000	-	3,588	46,412	-
Discipline Administrators Conference and Adjudicator Training	5,000	-	-	-	5,000
Public Legal Education and Information Service	-	90,000	90,000	-	-
Advanced Health Care Directives	-	26,746	-	-	26,746
University of New Brunswick					
PBSC UNB Chapter	-	16,584	-	-	16,584
Summer employment/access to Justice Initiative - 2018	14,400	-	12,215	2,185	-
Summer employment/access to Justice Initiative - 2019	21,200	17,700	34,665	4,235	-
Université de Moncton					
Le réseau PBSC Ude M	-	20,709	-	-	20,709
Pro Bono Droit de la famille	20,768	-	20,629	139	-
Société d'aide juridique étudiante (SAJE)	-	18,747	18,742	5	-
AJEFNB					
Cours de formation	29,210	-	14,605	-	14,605
Subtotal	140,578	685,486	444,444	52,976	328,644

New Brunswick Law Foundation
Notes to Non-consolidated Financial Statements
April 30, 2020

11. Summary of grants, continued

	Outstanding grants, May 1, 2019	Grants approved	Grants paid (Returned)	Grants lapsed	Outstanding grants, April 30, 2020
Balance carried forward	140,578	685,486	444,444	52,976	328,644
NB Pro Bono Inc.					
Moncton Legal Advice Clinic	28,527	-	-	28,527	-
NBLASC					
Operating budget	-	200,000	200,000	-	-
NB Refugee Clinic					
Operating budget	-	90,000	90,000	-	-
Canadian Superior Court Judges - Try Judging	5,000	-	-	5,000	-
Pro Bono Students Canada (PBSC) - UNB Law School	16,584	-	15,743	-	841
CANLII	-	63,280	63,280	-	-
John Howard Society of Southeastern NB	5,000	-	5,000	-	-
	195,689	1,038,766	818,467	86,503	329,485

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 held in the US dollar account.

(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.

The outbreak of a novel strain of coronavirus resulted in the global declaration of a pandemic by the World Health Organization on March 11, 2020. Government measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown and fluctuations in marketable securities.

The duration and impact of the outbreak are unknown at this time, as are the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity nor the impact on the future financial results.

(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.

It is management's opinion that the Law Foundation is not subject to a significant concentration of risk with respect to its financial instruments.

13. Prior period adjustment

The financial statements for the year ended April 30, 2018 were restated in 2019 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, 2020

Schedule of reserve fund operations

Schedule 1

	2020	2019	2018 Restated
Revenue			
Dividends	\$ 83,726	\$ 95,370	\$ 54,534
Interest	9,818	5,289	6,957
Realized gain on sale of investments	2,359	16,860	10,888
Foreign exchange	1,386	14,751	(11,582)
Unrealized gain (loss) on investments	(168,558)	154,439	46,200
	(71,269)	286,709	106,997
Expenditures			
Investment management fees	21,349	21,577	18,799
Excess (deficiency) of revenues over expenditures	\$ (92,618)	\$ 265,132	\$ 88,198