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**LAW FOUNDATION OF NOVA SCOTIA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2001**

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## **AUDITORS' REPORT**

### **To The Board of Governors of the Law Foundation of Nova Scotia**

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We have audited the statement of financial position of the Law Foundation of Nova Scotia as at March 31, 2001 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Law Foundation of Nova Scotia derives substantially all of its revenue from interest credited by financial institutions on Nova Scotia Barristers' Society members' mixed trust funds which is not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts received from financial institutions and recorded in the records of the Law Foundation of Nova Scotia.

In our opinion, except for the effect of the adjustments, if any, had interest credited by financial institutions been susceptible to complete audit verification, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2001 and the results of its operations, changes in net assets and cash flows for the year then ended, in accordance with generally accepted accounting principles.

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#### **CHARTERED ACCOUNTANTS**

Bedford, Nova Scotia

April 22, 2001

# LAW FOUNDATION OF NOVA SCOTIA

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2001

	2001	2000
	\$	\$
<b>A S S E T S</b>		
CURRENT ASSETS		
Cash	229,535	172,021
Accounts receivable	9,220	18,115
Prepaid expenses	2,063	2,046
4.5% Guaranteed Investment Certificates	1,714,677	1,404,552
	<u>1,955,495</u>	<u>1,596,734</u>
INVESTMENTS - RESTRICTED (note 3)	1,686,716	1,609,803
CAPITAL ASSETS (note 4)	<u>8,388</u>	<u>11,829</u>
	<b>3,650,599</b>	<b>3,218,366</b>
<b>L I A B I L I T I E S</b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	4,194	6,448
Designated grants payable (note 5)	1,053,432	770,355
	<u>1,057,626</u>	<u>776,803</u>
<b>N E T A S S E T S</b>		
GENERAL FUND	906,257	831,760
RESTRICTED FUND	<u>1,686,716</u>	<u>1,609,803</u>
	<b>2,592,973</b>	<b>2,441,563</b>
	<b>3,650,599</b>	<b>3,218,366</b>

COMMITMENTS (note 6)

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_  
Governor

\_\_\_\_\_  
Governor

**LAW FOUNDATION OF NOVA SCOTIA**  
**STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2001**

	2001	2000
	\$	\$
<b>REVENUE</b>		
Interest on trust accounts	1,935,955	1,405,359
Interest on guaranteed investment certificates	80,996	51,717
	<u>2,016,951</u>	<u>1,457,076</u>
GRANTS (note 5)	<u>1,835,587</u>	<u>859,333</u>
	<u>181,364</u>	<u>597,743</u>
<b>EXPENSES</b>		
Salaries and benefits	73,987	74,464
Accounting and audit	7,418	6,084
Rent and common area	8,560	8,472
Office	5,713	4,312
Telephone	1,805	1,877
Computer consulting	1,668	373
Travel and meetings - board	3,753	2,614
Travel - staff	599	2,071
Bank charges	(220)	297
Miscellaneous	-	568
Depreciation	3,584	4,829
	<u>106,867</u>	<u>105,961</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>74,497</u>	<u>491,782</u>
NET ASSETS - beginning of year	<u>831,760</u>	<u>339,978</u>
NET ASSETS - end of year	<u>906,257</u>	<u>831,760</u>

**LAW FOUNDATION OF NOVA SCOTIA**  
**STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND**  
**FOR THE YEAR ENDED MARCH 31, 2001**

	2001	2000
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Interest	84,771	85,493
<b>EXPENSES</b>		
Broker's fees	7,858	7,298
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>76,913</b>	<b>78,195</b>
NET ASSETS - beginning of year	1,609,803	1,531,608
NET ASSETS - end of year	<b>1,686,716</b>	1,609,803

**LAW FOUNDATION OF NOVA SCOTIA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2001**

	2001	2000
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	151,410	569,977
Depreciation	3,584	4,829
Approved grants	1,847,028	859,333
Payment of grants	<u>(1,563,951)</u>	<u>(597,737)</u>
	438,071	836,402
Change in noncash working capital balances		
Accounts receivable	8,895	(7,959)
Prepaid expenses	(17)	(335)
Guaranteed investment certificates	(310,125)	(858,655)
Accounts payable and accrued liabilities	<u>(2,254)</u>	<u>(1,235)</u>
	134,570	(31,782)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(143)	(6,725)
Investments - Restricted	<u>(76,913)</u>	<u>(78,195)</u>
	(77,056)	(84,920)
<b>CHANGE IN CASH DURING THE YEAR</b>	57,514	(116,702)
CASH - beginning of year	<u>172,021</u>	288,723
CASH - end of year	<u>229,535</u>	172,021

**LAW FOUNDATION OF NOVA SCOTIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2001**

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**1. DESCRIPTION OF OPERATIONS**

The Law Foundation was established in 1976 by a Nova Scotia statute and is exempt from income tax. Its purpose is to grant funds to groups for projects connected with the law.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

**Guaranteed Investment Certificates - Unrestricted**

These short-term investments are recorded at cost.

**Investments - Restricted**

These investments, that have been restricted by the Foundation's Board of Directors are recorded at cost. The total market value as detailed in note 3 is \$1,621,502 (2000 - \$1,540,553).

**Revenue Recognition**

Interest on trust accounts is recorded on a cash basis when transferred to the Foundation. Interest on investments, unrestricted and restricted are recorded on the accrual basis.

**Capital Assets**

Capital assets are stated at cost. Depreciation is provided using the following annual rates and methods:

	<b>Rate</b>	<b>Method</b>
Office equipment	20%	Diminishing balance
Furnitures and fixtures	20%	Diminishing balance
Computer hardware	3 years	Straight line
Computer software	3 years	Straight line

**Fund Accounting**

The board of directors has internally restricted funds to finance future operations of the Foundation. The net investment income earned on these assets is recorded in the restricted fund.

The general fund accounts for the Foundation's day-to-day activities which include the interest income on lawyers' trust accounts, the interest income on the short-term investments, less grants approved and paid, and the administrative expenses relating to the running of the Foundation.



**LAW FOUNDATION OF NOVA SCOTIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2001**

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**3. INVESTMENTS - RESTRICTED**

The Foundation has internally restricted funds amounting to \$1,686,716 (2000 - \$1,609,803) for the purpose of covering continuing commitments should the Foundation not have sufficient resources to maintain its future grants.

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
Fixed income funds (market value - \$1,192,447)	<b>1,229,624</b>	1,257,348
Equity funds (market value - \$310,757)	<b>338,794</b>	247,122
Money market fund	<b>116,946</b>	102,789
Cash	<b>1,352</b>	2,544
	<b><u>1,686,716</u></b>	<b><u>1,609,803</u></b>

**4. CAPITAL ASSETS**

	<b>2001</b>		<b>2000</b>	
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	<b>Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Office equipment	<b>21,449</b>	<b>15,318</b>	<b>6,131</b>	7,664
Furniture and fixtures	<b>4,292</b>	<b>2,130</b>	<b>2,162</b>	2,702
Computer hardware	<b>6,819</b>	<b>6,819</b>	-	1,463
Computer software	<b>4,971</b>	<b>4,876</b>	<b>95</b>	-
	<b><u>37,531</u></b>	<b><u>29,143</u></b>	<b><u>8,388</u></b>	<b><u>11,829</u></b>

**5. DESIGNATED GRANTS**

The Board of Governors has approved grants totalling \$1,847,028 less \$11,441 of grants revoked relating to the previous year, for a net of \$1,835,587, during the year ended March 31, 2001 (2000 - \$859,333). Grants that have been approved but remain unpaid at year end are reported as liabilities. These unpaid grants are expected to be paid out of existing cash resources and future revenues.

**LAW FOUNDATION OF NOVA SCOTIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2001**

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**6. COMMITMENTS**

The Foundation rents its premises under a long-term lease which expires August 31, 2001, the annual rental for which is \$3,228.

The Foundation has approved the following grants which have not been recorded in the financial statements to date:

For the year April 1, 2001 to March 31, 2002	\$477,000
For the year April 1, 2002 to March 31, 2003	\$430,000

**7. COMPARATIVE FIGURES**

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.