

# 2006-2007 Annual Report

*Law Foundation  
of Nova Scotia*



## ***REPORT FROM THE CHAIR***

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I am pleased to present the Annual Report of the Law Foundation of Nova Scotia for the fiscal year ending March 31, 2007.

This has been a successful and rewarding year. In February 2007, the Board of Governors approved 44 grants totaling approximately \$2.2 million dollars – the second highest level of grant making in the Foundation's history and an increase of 38% over last year. This was due primarily to increased trust account revenue resulting from the prime rate of interest, which has remained stable at 6% since May 2006.

Of the total amount of funding approved for 2007 – 2008, \$1,630,929 dollars will go towards continuing program grants. Approximately 72% of these grants will focus on public access to justice, public legal education, and law student education in Nova Scotia. Some examples include:

- The Legal Information Society, which provides public access to information about the law, the legal process and the administration of justice through a variety of programs.
- Coverdale Courtwork Services and the Elizabeth Fry Societies of Mainland Nova Scotia and Cape Breton, which provide guidance and support to women and youth in conflict with the law.
- The Halifax Refugee Clinic, which assists financially eligible refugee claimants before the Immigration and Refugee Board.
- The Pro Bono Students Association at Dalhousie Law School, which provides much-needed legal services to public interest community organizations and helps to cultivate a volunteer public service ethic in the next generation of lawyers.

- reachAbility, which ensures public access to legal services and plain language information for persons with disabilities across Nova Scotia.
- Dalhousie Legal Aid Service, which provides access to the law for the low-income community.

Grantees of the Law Foundation also contribute to the administration of justice in the province, conduct valuable research and promote law reform. Dalhousie Legal Aid Service maintains a strong focus on community development and law reform and provides a meaningful legal education experience for third year law students. The Law Reform Commission reviews the laws of Nova Scotia and makes recommendations for their improvement, modernization and reform. Grantees also contribute to the administration of justice by providing court workers to support individuals through the court process, or by providing services that enhance the province's restorative justice program.

In addition to continuing program grants, the Board of Governors approved approximately \$600,000 dollars in special grants for projects that will be completed in 2007 - 2008. The Board advertised the availability of one-time only funding and was pleased to receive an enthusiastic response for innovative projects all across the province, notable among them:

- A poster campaign in high schools, colleges and universities to increase awareness of sexual violence and to improve access to support and services.

- Upgrades to furniture and equipment at County Barristers' Libraries.
- The establishment of an Africentric model within the province's restorative justice framework for dealing with youth in conflict with the law.
- A conference to examine gaps in the provision of legal aid in the province and to determine how these gaps might be addressed.
- A program to teach agencies in mainland Nova Scotia how to independently present a series of workshops currently available only at the Elizabeth Fry offices in Halifax.
- A program to provide safety and security information to seniors in Kings' County.
- Research to identify family law information required by abused women with children and preparation of a clear, accurate and accessible handbook.
- Preparation of "A Citizen's Guide to Environmental Law and Policy in Nova Scotia" and delivery of Environmental Legal Toolkit Workshops throughout the province.
- Legal support and advocacy for women in Pictou County.
- Bursaries to enable ten working journalists to audit the "News Media and the Courts in Canada" course offered by King's College School of Journalism in Halifax.
- Printing of a handbook of general information for family and friends of people who are incarcerated in federal institutions.

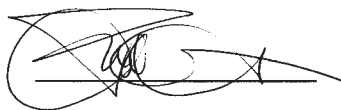
The Foundation is gratified to be able to further the goals of these very worthy organizations and to play a small role in bringing to the people of

Nova Scotia the incalculable benefits of their diverse programs and projects.

The Board of Governors was also delighted this year to observe the Foundation's 30th anniversary. In order to commemorate the anniversary as well as publicize and promote the work of the Foundation, the Board commissioned a video to highlight some of the Foundation's many accomplishments and to educate the public and the legal profession about what we do. The video is available for educational purposes by contacting the Foundation offices. Excerpts from the video have also been posted on the Foundation's website.

I would like to take this opportunity to thank the members of the Board and staff for their dedication and their commitment to the work of the Foundation during the past year.

Respectfully submitted,



Christine A. McCulloch, Q.C.  
Chair

## ***OVERVIEW OF THE FOUNDATION***

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The Law Foundation of Nova Scotia was established in 1976 by amendment to the Barristers' and Solicitors' Act (now The Legal Profession Act). Its central purpose is to receive and distribute interest earned on lawyers' pooled trust accounts in accordance with its mandate.

### **MANDATE**

The objects of the Law Foundation are "to establish and maintain a fund to be used for the examination, research, revision and reform of and public access to the law, legal education, the administration of justice in the Province and other purposes incidental or conducive to or consequential upon the attainment of any such objects."

### **ADMINISTRATION**

The Foundation is administered by a Board of Governors consisting of up to nine members. Up to five governors are appointed by the Governor in Council and four by the Nova Scotia Barristers' Society. The members of the Board of Governors in 2006-07 were:

Appointed by the Governor in Council:

Jonathan F.L. Davies, Q.C. (term expired June 1, 2006)  
Christine A. McCulloch, Q.C. (term expires December 19, 2007)

Appointed by the Council of the Nova Scotia Barristers' Society:

M. Gerard Tompkins, Q.C. (term expires August 31, 2007)  
Robert G. MacKeigan, Q.C. (term expires August 31, 2007)  
Margaret M. MacKenzie (term expires August 31, 2008)  
A. Robert Sampson, (term expires August 31, 2008)

Chair, appointed by the Governor in Council on the recommendation of the Council of the Nova Scotia Barristers' Society:

Christine A. McCulloch, Q.C. (Appointment as Chair expires December 19, 2007)

The Board meets three to four times per year, and reviews grant applications at its February meeting.

The Foundation employs two part-time staff members:

Kerry Oliver, Executive Director  
Kathy Samson, Executive Assistant

## REVENUE

The Law Foundation's ability to make grants depends on revenue generated primarily from interest on lawyers' pooled trust accounts. The Foundation keeps these funds invested until distribution. Trust account revenue fluctuates with the balances in the trust accounts and the prime rate of interest.

The prime rate rose from 5.75% in April 2006 to 6% in May 2006, where it remained for the balance of the fiscal year. As a result, revenue earned from interest on lawyers' trust accounts increased from \$1,831,753 in 2005-2006 to \$3,465,997 in 2006-2007.

## RESERVE FUND

Fluctuations in the Foundation's income are reflected in the amount of money paid out in grants. A severe decline in the prime rate could force the Board to reduce or terminate grants. Because of these fluctuations, the Foundation established a reserve fund in 1986 to be used to maintain regular grants in periods of low interest rates when current income is insufficient to fund these grants.

At the beginning of this fiscal year, the reserve fund had a total cost of \$2,305,861 and a market value of \$2,805,235. As of March 31, 2007, it had a total cost and market value of \$3,537,957 and \$4,117,591. Dividends, interest, and realized gains on disposal of investments totaled \$227,815, net of management fees. Unrealized gains on investments totaled \$80,259.

## FUNDING GUIDELINES AND APPLICATION PROCEDURES

The Board of Governors strives to be accountable in the distribution of funds received by the Foundation from interest accruing on lawyers' pooled trust accounts. To ensure that potential grantees understand the application process, assistance is available to those who need help with their funding proposals. The Board endeavours to be transparent and consistent in its evaluation of applications. It takes into consideration where programs will operate and who will benefit from them, as well as whether they fit within the Foundation's mandate. Accountability extends to the careful assessment and consistent monitoring of programs that receive funding.

Information concerning the Foundation's funding guidelines and grant application procedure may be obtained by contacting the Executive Director, or by visiting the Foundation's website at [www.nslawfd.ca](http://www.nslawfd.ca).

## GRANTS

Since its creation in 1976, the Foundation has received approximately \$29 million in revenue from interest on lawyers' trust accounts, and has paid out approximately \$26 million in grants. An additional \$2,000,000 has been awarded in scholarships during the past 15 years. These grants and scholarships have promoted improvements in the law, excellence within the profession, and have helped more than 250 organizations make the law more understandable and accessible to the public.

### LAW FOUNDATION SCHOLARSHIP FUND

The Foundation established a trust fund in 1981 with an initial grant of \$200,000 to provide scholarships to students attending Dalhousie Law School. There have been several contributions by the Law Foundation to the fund over the years. The fund provides scholarships valued at \$13,000 for students entering first year, renewable in second and third years. The fund also provides fellowships at the graduate level.

The 2006-2007 Law Foundation Scholarships included four entrance scholarships, a total of eight second-year and third-year scholarships, and one graduate fellowship. Although 13 students were eligible to receive scholarships totalling \$166,000, one recipient deferred her scholarship to the 2007 academic year, so scholarship payouts in the 2006 academic year amounted to \$153,000. The graduate fellowship was \$10,000.

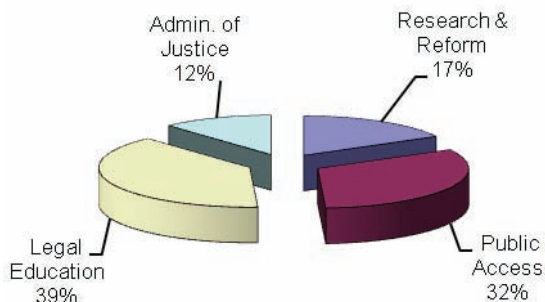
### CONTINUING PROGRAM GRANTS APPROVED IN 2006 - 2007

For purposes of this report, continuing programs are categorized according to the Foundation's four mandated objectives. Activities of many of the funded organizations fall under more than one of the objectives.

#### Continuing Programs Approved in 2006-2007 Breakdown by Mandate

Research and Reform	276,863
Public Access to Law	524,797
Legal Education	636,982
Administration of Justice	192,287
Total	\$1,630,929

**Grants According to Mandate**



## Antigonish Women's Resource Centre

## Avalon Sexual Assault Centre

## Cape Breton Transition House

## Christian Council for Reconciliation – Prison Ministry

## Community Justice Society

## Confederacy of Mainland Mi'kmaq

## Coverdale Courtwork Services

## Dalhousie Law School

## Dalhousie Law School

## Dalhousie Legal Aid Service

## Elizabeth Fry Mainland

## Elizabeth Fry Cape Breton

**EPIC-IDEA Charity**

## Halifax Refugee Clinic Association

## Law Reform Commission

## Leave Out Violence – Outreach

[illegible]

(Research & Reform, Public Access & Legal Education)

[illegible]

Community Based Legal Support and Education  
Program(Public Access & Legal Education)

[illegible]

Pro Bono Students Canada at Dalhousie  
(Public Access & Legal Education)

[illegible]

National Pro Bono Conference  
(Public Access)

[illegible]

Persons with Disabilities Legal Services  
(Public Access & Legal Education)

[illegible]

## Access Project - The Legal System (Public Access)

[illegible]

## Tipping the Scales

(Public Access, Legal Education & Administration  
of Justice)

[illegible]

### Public Education: Violence Against Women

(Legal Education)

## Crime Prevention Educational Workshops

(Legal Education & Administration of Justice)

[illegible][illegible]

## PROJECT GRANTS APPROVED IN 2006-2007

Increased trust account revenue resulting from higher interest rates in the year ending March 31, 2007 allowed the Board to consider applications for project grants for 2007 – 2008. Project grants are funded on a non-renewable, one-year only basis, and are an effective way to utilize revenue that fluctuates with the prime rate of interest.

## Sexual Assault Awareness Campaign

[illegible]

## Africentrism for Youth/Community Transformation

[illegible]

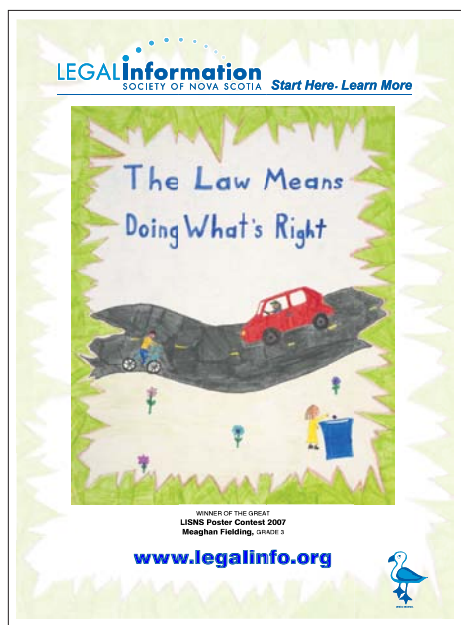




## Antigonish Women's Resource Centre

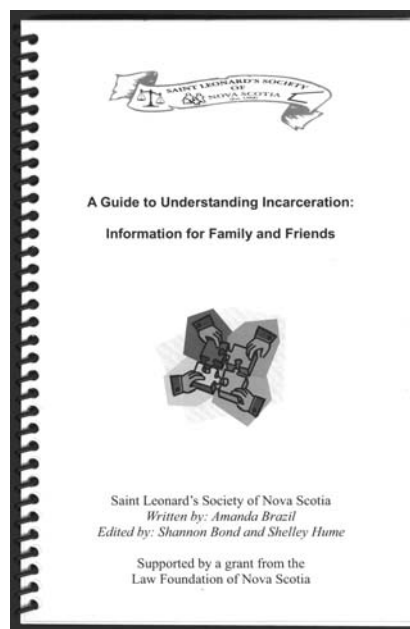
*"Thanks to funding from the Law Foundation, the Outreach for Rural Women Program has been able to provide services to rural areas of Guysborough County, N.S., and in doing so has demonstrated to women living in these isolated areas that their rights matter."*

Meghan Mulcahy,  
Outreach Worker.



## Legal Information Society of Nova Scotia

THE GREAT LISNS POSTER CONTESTS  
Winner – Elementary School  
Meaghan Fielding, Grade 3



## Saint Leonard's Society of Nova Scotia

*A Guide to Understanding Incarceration:  
Information for Family and Friends*



## Dalhousie Legal Aid Society

*"The Law Foundation money has helped us ensure that people who live in poverty have a voice."*

Donna Franey,  
Executive Director

## reachAbility

*"We help people with disabilities to gain access to the legal system through legal referral, public legal education and more. This program would not be possible without the Law Foundation's much needed support."*

Tova Sherman,  
Executive Director



Staff of reachAbility



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**LAW FOUNDATION OF NOVA SCOTIA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2007**

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## AUDITORS' REPORT

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

We have audited the statement of financial position of the Law Foundation of Nova Scotia as at March 31, 2007 and the statements of operations and changes in fund balances 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 Canadian 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, 2007 and the results of its operations, changes in fund balances and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

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**CHARTERED ACCOUNTANTS**

Bedford, Nova Scotia

May 18, 2007



A member firm of DFK International, a worldwide association of independent accounting firms and business advisers

**LAW FOUNDATION OF NOVA SCOTIA****STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	<b>1,044,287</b>	718,396
Accrued interest receivable - general	<b>15,881</b>	10,077
Accrued interest receivable - restricted	<b>14,777</b>	4,139
Due from Law Foundation of Nova Scotia Scholarship Fund	<b>12,372</b>	32,634
Prepaid expenses	<b>2,926</b>	2,625
	<b>1,090,243</b>	767,871
INVESTMENTS - GENERAL (note 3)	<b>1,557,353</b>	1,063,096
INVESTMENTS - RESTRICTED (note 4)	<b>4,117,591</b>	2,305,861
PROPERTY, PLANT AND EQUIPMENT (note 5)	<b>4,456</b>	3,801
	<b>6,769,643</b>	4,140,629
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<b>6,932</b>	6,547
Designated grants payable (note 6)	<b>2,166,086</b>	1,554,770
	<b>2,173,018</b>	1,561,317
<b>FUND BALANCES</b>		
GENERAL FUND	<b>464,256</b>	269,312
RESTRICTED FUND	<b>4,132,369</b>	2,310,000
	<b>4,596,625</b>	2,579,312
	<b>6,769,643</b>	4,140,629
COMMITMENT (note 7)		

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, 2007**

	2007	2006
	\$	\$
<b>REVENUE</b>		
Interest on trust accounts	3,465,997	1,831,753
Interest on investments	91,657	49,399
Realized loss on disposal of investments	(4,021)	(651)
Unrealized gain on investments	195	-
	<u>3,553,828</u>	<u>1,880,501</u>
GRANTS (note 6)	<u>2,180,182</u>	<u>1,564,782</u>
	<u>1,373,646</u>	<u>315,719</u>
<b>EXPENDITURES</b>		
Salaries and benefits	95,977	93,011
Accounting and audit	11,224	14,219
Rent and common area	13,147	12,852
Office	7,661	7,002
Telephone	2,386	2,799
Consulting	1,250	3,979
Travel and meetings - board	2,022	2,908
Travel - staff and chair	4,076	6,001
Bank charges	746	581
Brokers' and investment management fees	6,714	5,274
Miscellaneous	1,087	806
Amortization	1,633	1,195
Anniversary video	14,325	-
	<u>162,248</u>	<u>150,627</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>1,211,398</u>	<u>165,092</u>
GENERAL FUND- beginning of year	269,312	104,220
CHANGE IN ACCOUNTING POLICY (note 9)	<u>(1,534)</u>	<u>-</u>
GENERAL FUND - beginning of year as restated	267,778	104,220
TRANSFER TO RESTRICTED FUND (note 10)	<u>(1,014,920)</u>	<u>-</u>
GENERAL FUND - end of year	<u>464,256</u>	<u>269,312</u>

**LAW FOUNDATION OF NOVA SCOTIA**  
**STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND**  
**FOR THE YEAR ENDED MARCH 31, 2007**

	2007	2006
	\$	\$
<b>REVENUE</b>		
Interest on investments	48,460	20,769
Dividend income	43,645	38,903
Realized gain on disposal of investments	178,035	112,547
Unrealized gain on investments	80,259	-
	<u>350,399</u>	<u>172,219</u>
<b>EXPENDITURES</b>		
Brokers' and investment management fees	42,844	44,096
Foreign exchange (gain) loss	(519)	469
	<u>42,325</u>	<u>44,565</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>308,074</u>	<u>127,654</u>
RESTRICTED FUND - beginning of year	2,310,000	2,182,346
CHANGE IN ACCOUNTING POLICY (note 9)	499,375	-
RESTRICTED FUND - beginning of year as restated	<u>2,809,375</u>	<u>2,182,346</u>
TRANSFER FROM GENERAL FUND (note 10)	<u>1,014,920</u>	<u>-</u>
RESTRICTED FUND - end of year	<u>4,132,369</u>	<u>2,310,000</u>

# LAW FOUNDATION OF NOVA SCOTIA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	1,519,472	292,746
Items in earnings not involving cash		
Amortization	1,633	1,195
Approved grants	2,180,182	1,564,782
Payment of grants	(1,568,866)	(1,102,174)
Realized loss on disposal of investments - general	4,021	651
Realized gain on disposal of investments - restricted	(178,035)	(112,547)
Unrealized gain on investments - general	(195)	-
Unrealized gain on investments - restricted	(80,259)	-
	<u>1,877,953</u>	<u>644,653</u>
Change in noncash working capital balances		
Accrued interest receivable - general	(5,804)	24,381
Accrued interest receivable - restricted	(10,638)	97
Due from Law Foundation of Nova Scotia Scholarship Fund	20,262	(19,506)
Prepaid expenses	(301)	(483)
Accounts payable and accrued liabilities	385	(3,256)
	<u>1,881,857</u>	<u>645,886</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Investments - General		
Purchase of investments	(1,609,953)	(278,113)
Proceeds on disposal of investments	1,146,452	85,000
Investments - Restricted		
Purchase of investments	(1,987,924)	(528,554)
Proceeds on disposal of investments	994,819	556,331
Acquisition of property, plant and equipment	(2,288)	(1,466)
	<u>(1,458,894)</u>	<u>(166,802)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>422,963</b>	<b>479,084</b>
<b>CASH AND EQUIVALENTS - beginning of year</b>	<b>873,398</b>	<b>394,314</b>
<b>CASH AND EQUIVALENTS - end of year (see note below)</b>	<b>1,296,361</b>	<b>873,398</b>

### NOTE:

#### CASH AND EQUIVALENTS

Cash and equivalents is comprised of the following items at year end:

	2007	2006
	\$	\$
Cash	1,044,287	718,396
Cash - investments - general (note 3)	65,597	29,481
Cash - investments - restricted (note 4)	186,477	125,521
	<u>1,296,361</u>	<u>873,398</u>

## LAW FOUNDATION OF NOVA SCOTIA

### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

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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

##### Investments - General

During the year, the Fund adopted the new provisions of the CICA Handbook related to financial instruments as disclosed in note 9. The investments in the general fund consist of fixed income funds. They have been designated to be classified as held for trading investments which are recorded at their quoted market price. Any adjustments recorded on these investments are recorded through the statement of operations for the general fund.

##### Investments - Restricted

During the year, the Fund adopted the new provisions of the CICA Handbook related to financial instruments as disclosed in note 9. The investments in the restricted fund, that have been restricted by the Foundation's Board of Governors, consist of fixed income funds and equities. They have been designated to be classified as held for trading investments which are recorded at their quoted market price. Any adjustments recorded on these investments are recorded through the statement of operations for the restricted fund.

##### Revenue Recognition

Interest on trust accounts is recorded on a cash basis when received. Interest on investments is recorded on the accrual basis. Dividend income is recorded on a cash basis when received.

##### Property, Plant and Equipment

Property, plant and equipment are stated at cost. Amortization is provided using the following annual rates and methods:

	Rate	Method
Office equipment	20%	Diminishing balance
Furniture and fixtures	20%	Diminishing balance
Computer hardware	3 years	Straight line
Computer software	3 years	Straight line

##### Fund Accounting

The Board of Governors 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 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, 2007

#### 3. INVESTMENTS - GENERAL

At March 31, 2007, the Foundation's investments held in the general fund are comprised of the following:

	2007	2006
	\$	\$
Fixed income funds (cost - \$1,493,095)	1,491,756	-
Fixed income funds (market value - \$1,032,081)	-	1,033,615
Cash	65,597	29,481
	<b>1,557,353</b>	<b>1,063,096</b>

At March 31, 2007, the Foundation's fixed income investments held in the general fund are comprised of the following:

	2007
	\$
Government of Canada - due September 1, 2007 with yield to maturity of 4.50% and face value of \$73,000	73,047
Government of Canada- due September 1, 2008 with yield to maturity of 4.25% and face value of \$136,000	136,347
Province of Manitoba - due March 2, 2009 with yield to maturity of 5.25% and face value of \$132,000	134,709
Province of Ontario - due November 19, 2010 with yield to maturity of 6.10% and face value of \$126,000	134,261
RCB Capital Trust II - due June 30, 2011 with yield to maturity of 7.18% and a face value of \$70,000	77,293
Province of British Columbia - due January 9, 2012 with yield to maturity of 5.75% and face value of \$130,000	138,959
Hydro One Inc. Medium Term Note - due November 15, 2012 with yield to maturity of 5.77% and a face value of \$73,000	78,122
Government of Canada - due June 1, 2013 with yield to maturity of 5.25% and face value of \$73,000	77,747

## LAW FOUNDATION OF NOVA SCOTIA

### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

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#### 3. INVESTMENTS - GENERAL (continued)

	2007
	\$
Scotiabank Capital Trust Scotia - due June 30, 2013 with yield to maturity of 6.28% and a face value of \$75,000	81,576
Province of Ontario - due March 8, 2014 with yield to maturity of 5.00% and a face value of \$152,000.	158,813
Thomson Corporation - due December 1, 2014 with yield to maturity of 5.20% and a face value of \$61,000	63,642
GE Capital Canada Funding - due February 11, 2015 with yield to maturity of 4.65% and a face value of \$73,000	73,456
Wells Fargo Financial Canada Corp - due June 30, 2015 with yield to maturity of 4.38% and face value of \$63,000	62,251
Province of Ontario - due March 8, 2016 with yield to maturity of 4.40% and a face value of \$55,000	55,225
Province of Quebec - due December 1, 2016 with yield to maturity of 4.50% and a face value of \$72,000	72,177
BMO Capital Trust - call June 30, 2010, due December 31, 2049 with yield to maturity of 6.90% and face value of \$69,000	74,131
	<u>1,491,756</u>

# LAW FOUNDATION OF NOVA SCOTIA

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2007

#### 4. INVESTMENTS - RESTRICTED

The Foundation has internally restricted funds totaling \$4,132,369 (2006 - \$2,310,000) for the purpose of covering continuing commitments should the Foundation not have sufficient resources to maintain its future grants. This amount includes accrued interest receivable of \$14,777 (2006 - \$4,139). At March 31, 2007, the Foundation's investments held in the restricted fund are comprised of the following:

	2007	2006
	\$	\$
Equities (cost - \$1,988,160)	2,562,267	-
Equities (market value - \$2,321,819)	-	1,822,894
Fixed income funds (cost - \$1,363,320)	1,368,847	-
Fixed income funds (market value - \$357,895)	-	357,446
Cash	186,477	125,521
	<b>4,117,591</b>	<b>2,305,861</b>

At March 31, 2007, the Foundation's fixed income investments held in the restricted fund are comprised of the following:

	2007
	\$
Government of Canada - due September 1, 2007 with yield to maturity of 4.5% and face value of \$67,000	67,044
Government of Canada - due September 1, 2008 with yield to maturity of 4.25% and face value of \$125,000	125,319
Province of British Columbia - due January 9, 2012 with yield to maturity of 5.75% and face value of \$119,000	127,201
Province of Manitoba - due March 2, 2009 with yield to maturity of 5.25% and face value of \$121,000	123,484
BMO Capital Trust - call June 30, 2010, due December 31, 2049 with yield to maturity of 6.90% and face value of \$63,000	67,685
Province of Ontario - due November 19, 2010 with yield to maturity of 6.10% and face value of \$115,000	122,540

## LAW FOUNDATION OF NOVA SCOTIA

### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

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#### 4. INVESTMENTS - RESTRICTED (continued)

	2007
	\$
RBC Capital Trust II - due June 30, 2011 with yield to maturity of 7.18% and face value of \$64,000	70,668
Hydro One Inc. Medium Term Note - due November 15, 2012 with yield to maturity of 5.77% and face value of \$67,000	71,701
Government of Canada - due June 1, 2013 with yield to maturity of 5.25% and face value of \$67,000	71,356
Scotiabank Capital Trust - due June 30, 2013 with yield to maturity of 6.28% and face value of \$69,000	75,050
Province of Ontario - due March 8, 2014 with yield to maturity of 5.00% and face value of \$140,000	146,275
Thomson Corporation - due December 1, 2014 with yield to maturity of 5.20% and face value of \$56,000	58,425
GE Capital Canada Funding - due February 11, 2015 with yield to maturity of 4.65% and face value of \$67,000	67,418
Wells Fargo Financial Canada Corp - due June 30, 2015 with yield to maturity of 4.38% and face value of \$58,000	57,310
Province of Ontario - due March 8, 2016 with yield to maturity of 4.40% and face value of \$51,000	51,209
Province of Quebec - due December 1, 2016 with yield to maturity of 4.50% and face value of \$66,000	66,162
	<u>1,368,847</u>

## LAW FOUNDATION OF NOVA SCOTIA

### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

#### 5. PROPERTY, PLANT AND EQUIPMENT

	2007		2006	
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Office equipment	22,233	19,920	2,313	2,009
Furniture and fixtures	4,582	3,930	652	815
Computer hardware	11,228	9,737	1,491	977
Computer software	5,225	5,225	-	-
	<b>43,268</b>	<b>38,812</b>	<b>4,456</b>	<b>3,801</b>

#### 6. DESIGNATED GRANTS

The Board of Governors has approved grants totaling \$2,215,834 (2006 - \$1,605,289) less \$35,652 (2006 - \$40,507) of grants revoked relating to the previous year, for a net of \$2,180,182, during the year ended March 31, 2007 (2006 - \$1,564,782). Grants that have been approved but remain unpaid at year end are reported as current liabilities.

#### 7. COMMITMENT

The Foundation rents its premises under a long-term lease which expires June 30, 2009. The annual base rental for this lease is \$4,680 plus common area costs. The estimated total common area costs for the upcoming fiscal year are \$8,756.

#### 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of cash, accrued interest receivable, the balance due from the Law Foundation of Nova Scotia Scholarship Fund, accounts payable and accrued liabilities, and designated grants payable is approximately equal to their carrying value due to their short-term maturity dates.

The fair value of investments is approximately equal to their quoted market value.

## LAW FOUNDATION OF NOVA SCOTIA

### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

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#### 9. CHANGE IN ACCOUNTING POLICY

The Foundation adopted the provisions of the CICA Handbook Sections 3855, Financial Instruments - Recognition and Measurement and 1530 Comprehensive Income on April 1, 2006 which address the classification, recognition and measurement of financial instruments and the inclusion of other comprehensive income. As a result of adopting these new standards, the Foundation recorded a decrease to its investments and its beginning fund balances totaling \$1,534 for general funds and an increase to its investments and its beginning fund balances totaling \$499,375 for restricted funds. These adjustments were made to record the investments at their fair market value on April 1, 2006 and reflect the one-time cumulative effect of this change in accounting policy. Future adjustments due to unrealized gains and losses will be recorded through the statement of operations as they are incurred.

#### 10. INTERFUND TRANSFERS

During the year, the Board approved transfers to the Reserve Fund totaling \$1,014,920 from the General Fund.



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