



**LAW FOUNDATION
OF NOVA SCOTIA
ANNUAL REPORT**

2014 - 2015

LAW FOUNDATION OF NOVA SCOTIA ANNUAL REPORT

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.

The Foundation is administered by a board of up to nine members. The Governor in Council appoints up to five members. The Nova Scotia Barristers' Society appoints four. The members of the board in 2014 – 2015 were:

APPOINTED BY THE GOVERNOR IN COUNCIL:

Paulette Anderson (until February 2015)
Steve Graham (appointed February 2015)
George W. Hudson, CA
Valerie MacKenzie (appointed February 2015)
Kent Noseworthy (appointed February 2015)
Anna Paton (until February 2015)
M. Estelle Theriault, Q.C. VICE-CHAIR

APPOINTED BY THE COUNCIL OF THE NOVA SCOTIA BARRISTERS' SOCIETY:

Robert G. MacKeigan, Q.C., CHAIR
Margaret M. MacKenzie, SECRETARY
Dwight Rudderham, Q.C.
M. Gerard Tompkins, Q.C., TREASURER

The Governor in Council appoints the chair from the members of the board, upon the joint recommendation of the Attorney General and the Nova Scotia Barristers' Society.

The board meets 3 – 4 times per year and reviews grant applications at its winter meeting.

The Foundation employs two part-time staff members:

Kerry Oliver Executive Director
Kathy Samson Executive Assistant

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."

Visit nslawfd.ca for more information on the Law Foundation of Nova Scotia.

CHAIR'S MESSAGE

The interest earned on lawyers' trust accounts in Nova Scotia makes access to justice more achievable for thousands of people all across the province – the Law Foundation is the link that makes it happen.

The Foundation is mandated by the *Legal Profession Act* to receive trust account interest from financial institutions and to pay it out in the form of grants to support public access to the law, legal education, research and reform, and the administration of justice. The Foundation approved 20 grants totaling \$1,006,806 during the fiscal year ended March 31, 2015.

GRANTS

The Foundation's grantees use the funds for programs that offer legal information, support and a broad range of direct services – to help people fill out forms, navigate the courts, obtain benefits to which they're entitled, deal with family law, housing and poverty related issues, to name just a few.

Sometimes lives are transformed. Youth who have experienced violence or have been in conflict with the law have been welcomed and encouraged by *Leave Out Violence (LOVE)* and *EPIC* to break from destructive and dysfunctional behaviours and to become leaders among their peers. *Concilio*, *Coverdale* and the *Elizabeth Fry Societies* offer crucial support to individuals while in prison and upon release.

Online assistance is a popular component of the services offered by the *Legal Information Society of Nova Scotia (LISNS)*, the *East Coast Environmental Law Association* and the *Artists Legal Information Society*. And the demand for telephone counselling has prompted *LISNS* to increase the hours of the Legal Information Line.

reachAbility, in partnership with *Pro Bono Students Canada*, recently launched a "Form Filling Aid" program that offers one-on-one assistance filling out paperwork. Individuals with disabilities, low literacy skills, seniors and those who speak English as a second language have responded enthusiastically to drop-in sessions at three locations in Halifax Regional Municipality for help with court forms, Service Canada and pardon applications.

Law Foundation funding allows *Mainline Needle Exchange* to run its Community Based Legal Education Project. Along with core services within the criminal justice system, the funding allows Mainline to provide more individualized care for people who may be living on the street, who may need a meal or warm clothes or access to other essential services.

The *Law Reform Commission of Nova Scotia* has examined specific access to justice priorities through its research and public consultation in recent projects. Created by provincial statute in 1990 as a permanent task force independent of the provincial government, it has delved into issues involving the enforcement of judgments in Small Claims Court, multiple challenges that stem from abuse and lack of legal advice in relation to the *Powers of Attorney Act*, builders' lien matters, intestate succession and matrimonial property.

"I have been dealing with this foreclosure case for months, and you were the first person who has actually helped and explained this to me in a way I can understand. You were very plain and clear, and I really appreciate it. Now I know my next steps."

Anonymous caller to
LISNS' Legal Information Line

“Funding from the Law Foundation has enabled our Society to reach out to a wider community and to raise the level of awareness of various legal documents and the rights of individuals.”

King's County Seniors' Safety Society

Approximately one quarter of the Foundation's annual funding involves legal education – more than 22% of next year's total grants budget has been allocated to two long-standing programs. A grantee since 1978, *Dalhousie Legal Aid Service (DLAS)* offers poverty law clinical experience to third-year law students and allows them to become involved in community development projects and law reform initiatives. Since 1989, the Foundation has funded the *Indigenous Blacks and Mi'kmaq Initiative* at the Schulich School of Law. Unique in North America, the Initiative aims to reduce discrimination by increasing the representation of Indigenous Blacks and Mi'kmaq people in the legal profession – to date, it has supported close to 160 graduates. Its 25th Anniversary Celebration in March 2015 was a chance to showcase just two of its recent successes: it was awarded the *Canadian Race Relations Foundation Award of Excellence in the Category of Education*, and *Alumna Heather McNeill was the 2014 winner of the Nova Scotia Barristers' Society Distinguished Service Award.*

REVENUE

The interest revenue that contributes to the success of these programs is remitted to the Foundation by financial institutions in accordance with negotiated agreements that are tied to the prime rate of interest. When the prime rate fluctuates, so does the Foundation's revenue. The Foundation received \$1,054,754 in interest revenue between April 1, 2014 and March 31, 2015.

The unexpected drop in the prime rate in January 2015 will have an impact on grants in 2015 – 2016. Nevertheless, the Foundation remains committed to supporting its grantees by using its own reserve funds to maintain grants and seeking to ensure that it receives all interest owing from trust accounts in the province. Efforts to locate trust accounts that for various reasons are missing from banks' remittance lists have generated an additional \$48,186 in revenue this fiscal year.

LAW FOUNDATION BOARD

The Foundation's achievements would not be possible without a board of dedicated volunteers. This year we must thank two members whose terms have come to an end. *Anna Paton* and *Paulette Anderson* were conscientious board members whose experience and records of service within the profession and community contributed immensely to the board's deliberations.

We will miss departing board members but we are pleased to welcome three new appointees. Steve Graham, Valerie MacKenzie and Kent Noseworthy were appointed by Order in Council in February 2015.

Mr. Graham, the former Deputy Commissioner East, responsible for RCMP services in Ontario, Quebec, and the Atlantic Provinces, brings extensive police operational and executive leadership experience to the board.

Ms. MacKenzie was called to the Bar in 1989. Her focus in private practice was family law and human rights. Currently with the provincial Department of Justice, she is Coordinator of Policy and Compliance for Court Services and Project Lead for Phase II of the Family Law Reform Project.

In private practice since 1984, **Mr. Noseworthy** brings a wealth of experience and a keen understanding of the need to educate new Canadians on the Canadian legal process, having witnessed countless immigrants uncertain of their legal rights or misinformed as to the impartiality of the justice system.

I look forward to working with our new appointees and as always, I am grateful to the board and to the Law Foundation staff for their support and for their commitment to this important work.

Respectfully submitted,



Robert G. MacKeigan, Q.C., Chair
March 31, 2015

“The exposure of students to systemic and discriminatory problems faced by the low-income community broadens their perspective regarding the impact of the law on the lives of the disadvantaged and powerless.”

Dalhousie Legal Aid Service

REVENUE

The Foundation's main source of revenue is interest earned on lawyers' pooled and Service Nova Scotia trust accounts in the province. The Legal Profession Act requires financial institutions to pay to the Foundation all interest earned on these accounts, but it is a challenge to ensure that all trust accounts are properly identified and all interest owing is remitted. Over the past eighteen months, the Foundation has compared its trust account records with those of the Nova Scotia Barristers' Society, and has contacted financial institutions, individual lawyers and law firms to update records. In several cases, interest was found owing and retroactive payments have been made. This work continues and we are grateful for the cooperation of the lawyers and financial institutions involved.

Trust account revenue fluctuates with the balances in the trust accounts and particularly with the prime rate of interest. Changes in the prime rate can produce dramatic results. When the rate dropped from an average of 6.09% to 2.29% between 2008 and 2010, revenue dropped from \$4 million to \$331,560. The increase to 3% in September 2010 allowed revenue to rise gradually and remain steady at about \$1 million for the past 3 years but that will change in 2015 – 2016.

The Bank of Canada's announcement to reduce the overnight rate in January 2015, followed by the reduction in the prime rate will mean less trust account revenue. Taking the long-term survival of the grants program into consideration, the Foundation responded by reducing grants for the coming year. By continuing to use its reserve funds to supplement trust account revenue, the Foundation will be able to limit the reduction to 10%, but further reductions could be necessary in 2016 – 2017.

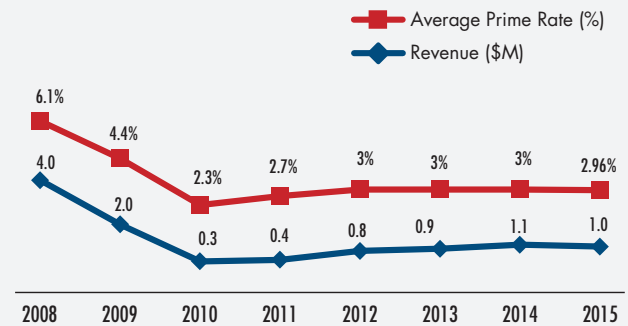
RESERVE

It was recognized early in the Foundation's history that a severe decline in the prime rate could force the board to reduce or eliminate grants. To help protect against this, the Foundation established a reserve fund in 1986 to be used to maintain regular grants in periods when low interest rates result in insufficient income to fund them.

The Foundation has continued to make withdrawals from the reserve fund to maintain operations and a consistent level of funding for the grantees. During the fiscal year \$138,923 was transferred from the reserves to the general fund. As of March 31, 2015, the value was \$3,180,102.

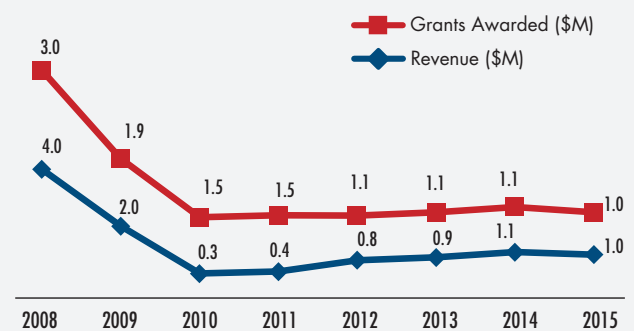
TRUST ACCOUNT REVENUE & PRIME RATES

Fiscal Years Ending 2008 - 2015



TRUST ACCOUNT REVENUE AND GRANTS

Fiscal Years Ending 2008 - 2015



GRANTS

Since its creation in 1976, the Foundation has received approximately \$40 million in revenue from interest on lawyers' trust accounts, and has awarded over \$38 million in grants. The Law Foundation Scholarship Fund has provided an additional \$3.2 million in scholarships to over 330 students during the past 23 years. These grants and scholarships have made it possible for a wide array of organizations to deliver legal information and services to the public while also encouraging improvements in the law and excellence within the profession.

During the 2014 – 2015 fiscal year, the Foundation awarded grants totaling \$1,006,806, to be disbursed during 2015 – 2016.

GRANTS AWARDED IN 2014 – 2015

Grants 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.

Grants awarded, by mandate:

Public Access to Law:	\$433,675
Legal Education:	\$264,216
Research and Reform:	\$190,901
Administration of Justice:	\$118,014
TOTAL:	\$1,006,806

LAW FOUNDATION SCHOLARSHIP FUND

The Law Foundation established a trust fund in 1981 with a grant of \$200,000 to provide scholarships to students attending the Schulich School of Law at Dalhousie University. There have been several contributions by the Foundation to the fund over the years. The fund provides scholarships valued at \$16,000 for students entering first year, renewable in second and third years provided the recipient maintains a B+ average. The fund also provides fellowships at the graduate level.

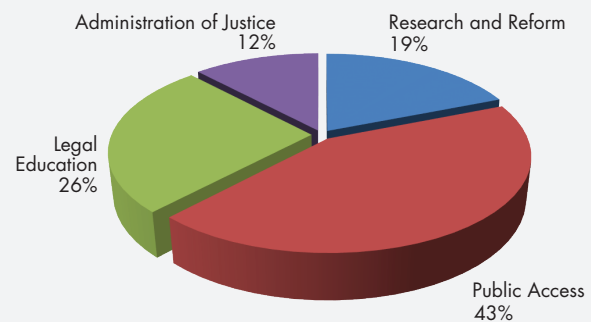
The 2014 – 2015 scholarships included four entrance and a total of five second and third-year scholarships. Two graduate fellowships valued at \$10,000 each were also awarded. Scholarship payments for the year amounted to \$164,000.

Scholarship recipients this year were:

Entering 1st Year:	Scott Belliveau, Grace MacCormick, Simon McCormick, Vinidhra Vaitheeswaran
Entering 2nd Year:	Emily Hansen, Ian Mahood, Lauren Mills
Entering 3rd Year:	Keith Lehwald, Kira Misiewicz
Graduate Fellowship:	John Roman Picherack, Kenneth Sunday Ugwuokpe

GRANTS BY MANDATE

To be disbursed in 2015 - 2016



FUNDING GUIDELINES AND APPLICATION PROCEDURES

The board strives to be accountable in the distribution of funds received by the Foundation from interest accruing on lawyers' trust accounts. The board also 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.

Funding guidelines and grant application procedures may be obtained by contacting the executive director, or by visiting the Foundation's website at nslawfd.ca.

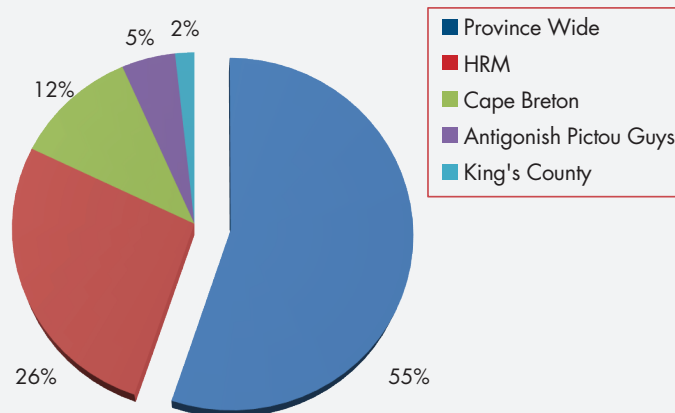
GRANTS TO BE DISBURSED IN 2015 - 2016

“Our recommendations must genuinely respond to the needs of those affected by the laws we examine.”

Law Reform Commission of Nova Scotia

Antigonish Women’s Resource Centre	\$48,791
A rural outreach program providing law-related information and individual support for women and adolescent girls in Antigonish and Guysborough Counties and the Strait area	
Artists’ Legal Information Society	\$3,150
Pro Bono legal advice, information and education for artists on how to protect and promote their creative work	
Avalon Sexual Assault Centre	\$45,660
Sexual assault legal information and education, professional training workshops, support services and policy development aimed at improving the criminal justice process for victims of sexual violence	
Concilio	\$39,371
Programming and support for inmates at Springhill Institution and their families	
Coverdale Courtwork Services	\$50,625
Information and support for women in the criminal court process; counseling and support at parole hearings & pre-release planning	
Dalhousie Legal Aid	\$99,988
Legal services; community development and law reform; an educational experience for 3rd year law students	
East Coast Environmental Law Association	\$43,031
Collaboration among students, academics & practitioners to provide information regarding environmental laws to individuals and organizations; research and advice on improving environmental laws that affect this region	
Elizabeth Fry Cape Breton	\$75,843
Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education	

2015 - 2016 GRANTS BY GEOGRAPHIC AREA



Elizabeth Fry Mainland	\$56,637
Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education	
EPIC Society	\$44,280
After school programs for youth in conflict with the law & support for parents	
Halifax Refugee Clinic	\$94,205
A legal clinic to assist financially eligible refugee claimants before the Immigration & Refugee Board & in related matters	
I B & M Initiative	\$52,650
An initiative to increase the representation of Indigenous Blacks & Mi'kmaq people in the legal profession	
King's County Seniors' Safety Society	\$17,550
A program to provide legal, safety & security information on an individual and group basis to seniors in King's County	
Law Reform Commission	\$96,070
Review of provincial laws & recommendations for improvement, modernization and reform	
Leave Out Violence (LOVE)	\$7,953
Youth who have experienced violence are trained to become educators about the root causes, effects & alternatives to violent behavior	
Legal Information Society (LISNS)	\$121,496
Programs providing Nova Scotians with access to legal information & resources to enable them to answer their questions about the law and begin to address their legal issues	
Mainline Needle Exchange	\$35,887
A legal education program for drug users & service providers; legal assistance for drug users in court & correctional institutions	
Pro Bono Students Association	\$15,750
Law students volunteer their time to provide legal services to public interest community organizations	
reachAbility	\$22,832
Access to legal services & plain language information for persons with disabilities across Nova Scotia	
Stepping Stone	\$35,037
Court support & assistance for current or former sex trade workers; workshops for sex trade workers and the legal community; community education	

“The funding has allowed too many success stories to mention.”

Mainline Needle Exchange

TOTAL GRANTS **\$1,006,806**

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Financial Statements

Law Foundation of Nova Scotia

March 31, 2015

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Contents

	Page
Independent auditor's report	1
Statement of operations and changes in general fund	2
Statement of operations and changes in reserve fund	3
Statement of financial position	4
Statement of cash flows	5
Notes to the financial statements	6-9

Independent auditor's report

To the Board of the
Law Foundation of Nova Scotia

We have audited the accompanying financial statements of the Law Foundation of Nova Scotia, which comprise the statement of financial position as at March 31, 2015, and the statement of operations, statement of changes in net assets for the general and reserve fund and statement of cash flows for the year ended March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for qualified opinion

The Law Foundation of Nova Scotia derives substantially all of its revenue from interest credited by financial institutions of 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. Therefore we were unable to determine whether any adjustments might be necessary for revenue, excess of revenue over expenses, and cash flow from operations for the years ended March 31, 2015 and 2014, assets as at March 31, 2015 and 2014 and net assets as at April 1, 2014 and 2013 and March 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Law Foundation of Nova Scotia as at March 31, 2015 and the results of its operations and its cash flows for the year ended March 31, 2015 in accordance with Canadian standards for not-for-profit organizations.

Grant Thornton LLP

Halifax, Canada
June 5, 2015

Chartered Accountants

Law Foundation of Nova Scotia**Statement of operations and changes in general fund**

Year ended March 31

2015

2014

Revenue		
Interest on trust accounts	\$ 1,054,754	\$ 1,084,900
Interest on investments	1,373	1,561
Realized gain on disposal of investments	<u>163</u>	<u>18</u>
	1,056,290	1,086,479
Grants (note 6)	<u>1,006,806</u>	<u>1,110,244</u>
	49,484	(23,765)
Expenditures		
Accounting and audit	8,338	6,613
Amortization	722	903
Bank charges	339	329
Consulting	6,375	3,363
Director's insurance	1,889	1,889
Miscellaneous	959	1,743
Office	11,308	7,593
Rent and common area	19,066	17,738
Salaries and benefits	130,550	118,777
Telephone	2,550	2,498
Travel and meetings - board	6,311	4,724
Travel - staff and chair	<u>-</u>	<u>5,445</u>
	188,407	171,615
Deficiency of revenue over expenditures	\$ <u>(138,923)</u>	\$ <u>(195,380)</u>
General fund, beginning of year	\$ -	\$ -
Deficiency of revenue over expenditures	(138,923)	(195,380)
Transfer from reserve fund	<u>138,923</u>	<u>195,380</u>
General fund, end of year	\$ <u>-</u>	\$ <u>-</u>

Law Foundation of Nova Scotia
Statement of operations and changes in reserve fund

Year ended March 31	2015	2014
Revenue		
Interest on investments	\$ 19,598	\$ 28,825
Dividend income	178,479	53,459
Realized gain on disposal of investments	79,758	216,005
Unrealized gain on investments	<u>45,033</u>	<u>280,579</u>
	<u>322,868</u>	<u>578,868</u>
Expenditures		
Brokers' and investment management fees	<u>29,285</u>	<u>46,583</u>
Excess of revenue over expenditures	<u>\$ 293,583</u>	<u>\$ 532,285</u>
<hr/>		
Reserve fund, beginning of year	\$ 3,025,442	\$ 2,688,537
Excess of revenue over expenditures	293,583	532,285
Transfer to general fund	<u>(138,923)</u>	<u>(195,380)</u>
Reserve fund, end of year	<u>\$ 3,180,102</u>	<u>\$ 3,025,442</u>

Law Foundation of Nova Scotia

Statement of financial position

March 31

2015

2014

Assets

Current

Cash	\$ 222,813	\$ 374,202
Accrued interest receivable - reserve	12,642	13,128
Accrued interest receivable - general	-	3,024
Prepays	<u>4,169</u>	<u>3,740</u>
	239,624	394,094

Investments (note 3)	3,953,491	3,747,040
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Equipment (note 4)	<u>2,888</u>	<u>3,610</u>
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	\$ <u>4,196,003</u>	\$ <u>4,144,744</u>
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Liabilities

Current

Payables and accruals (note 5)	\$ 9,095	\$ 9,058
Designated grants payable (note 6)	<u>1,006,806</u>	<u>1,110,244</u>
	1,015,901	1,119,302

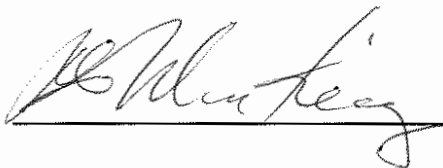
Fund balances

Reserve fund	<u>3,180,102</u>	<u>3,025,442</u>
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	\$ <u>4,196,003</u>	\$ <u>4,144,744</u>
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Commitment (note 7)

On behalf of the Board

 Director

 Director

Law Foundation of Nova Scotia

Statement of cash flows

Year ended March 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditures	\$	154,660	\$	336,905
Items in earnings not involving cash				
Amortization		722		903
Unrealized gain on investments		(45,033)		(280,579)
Reinvested dividend		(133,551)		-
		<u>(23,202)</u>		<u>57,229</u>
Change in non-cash working capital balances				
Accrued interest receivable - reserve		486		735
Accrued interest receivable - general		3,024		(3,024)
Prepays		(429)		(26)
Payables and accruals		37		30
Designated grants payable		(103,438)		5,765
		<u>(123,522)</u>		<u>60,709</u>

Investing

Proceeds on disposal of investments, net of purchases		<u>(27,867)</u>		<u>(44,432)</u>
Net (decrease) increase in cash and cash equivalents		<u>(151,389)</u>		<u>16,277</u>
Cash and cash equivalents				
Beginning of year		<u>374,202</u>		<u>357,925</u>
End of year	\$	<u>222,813</u>	\$	<u>374,202</u>

Law Foundation of Nova Scotia

Notes to the financial statements

March 31, 2015

1. Nature of operations

The Law Foundation of Nova Scotia (the “Foundation”) was established in 1976 by a Nova Scotia statute as a not-for-profit organization and is exempt from income tax. Its purpose is to grant funds to groups for projects connected with the law.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”). The significant policies used in the preparation of these statements are detailed as follows:

Fund accounting

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

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

Cash

Cash and cash equivalents include cash balances on hand and held in investment accounts.

Investments

The investments of the Foundation consist of money market funds, fixed income securities, and equities. They are measured at fair value with changes in fair value recognized in statement of operations in the period in which they arise.

Equipment

The cost of equipment is amortized over its useful life using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Office equipment	20%	Declining balance
Furniture and fixtures	20%	Declining balance

Financial instruments

Initial measurement

The Foundation’s financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Law Foundation of Nova Scotia

Notes to the financial statements

March 31, 2015

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation has also irrevocably elected to measure its investments in fixed income securities at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in fixed income securities are recorded in the statement of operations. The financial instruments measured at amortized cost are accrued interest receivable and payables and accruals.

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure as at the date of the financial statements.

i) Credit risk

The Foundation is exposed to credit risk in the event of non-performance by counterparties to financial instruments. The Foundation is not exposed to any significant credit risk due to the nature of its accounts receivable.

ii) Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to pay financial liabilities as they come due. The majority of assets held by the Fund are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise.

iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Foundation segregates market risk into three categories: interest rate risk, currency risk and other price risk.

Interest rate risk

The Fund holds money market funds and fixed income investments \$2,946,156 at year end (2014 - \$673,989). These investments are not subject to significant interest rate risk.

Currency risk

The Fund's functional currency is the Canadian dollar. No significant transactions are denominated in foreign currencies.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those occurring from interest rate risk or currency risk. Securities held for trading are carried at fair value, and as such, impact earnings as changes occur. Investments held by the Foundation are managed by professional investment managers and are monitored by management.

Law Foundation of Nova Scotia

Notes to the financial statements

March 31, 2015

2. Summary of significant accounting policies (continued)

Revenue recognition

Interest on trust accounts is recorded in the General Fund on an accrual basis.

Interest income and dividend income are recorded on an accrual basis, in the General or Reserve Fund.

Realized gains or losses on sale of investments are the difference between the proceeds received and the cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

Use of estimates

The preparation of the financial statements in conformity with ASNPO requires the Foundation's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective judgments by management that may be uncertain. These items could include fair value of investments and useful lives of capital assets. Actual results could differ from those reported.

3. Investments

	<u>Cost</u>	<u>2015 Market Value</u>	<u>Cost</u>	<u>2014 Market Value</u>
Equities and mutual funds	\$ 965,901	\$ 1,007,335	\$ 2,501,761	\$ 3,073,051
Fixed income	1,099,779	1,103,500	651,450	673,989
Money market fund	<u>1,842,748</u>	<u>1,842,656</u>	-	-
	<u>\$ 3,908,428</u>	<u>\$ 3,953,491</u>	<u>\$ 3,153,211</u>	<u>\$ 3,747,040</u>

4. Equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2015 Net Book Value</u>	<u>2014 Net Book Value</u>
Office equipment	\$ 30,718	\$ 28,388	\$ 2,330	\$ 2,912
Furniture and fixtures	<u>8,769</u>	<u>8,211</u>	<u>558</u>	<u>698</u>
	<u>\$ 39,487</u>	<u>\$ 36,599</u>	<u>\$ 2,888</u>	<u>\$ 3,610</u>

Law Foundation of Nova Scotia

Notes to the financial statements

March 31, 2015

5. Payables and accruals

Included in payables and accruals are government remittances payable of \$3,056 (2014 - \$3,019)

6. Designated grants

The Board approved grants totalling \$1,006,806 during the year ended March 31, 2015 (2014 - \$1,110,244). 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, 2019. Estimated annual costs are \$20,000, including annual base rental and common area costs.

8. Comparative figures

Certain of the comparative figures for the prior year have been reclassified to conform to the financial statement presentation adopted for the current period.

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