

2008-2009 Annual Report

Law Foundation of Nova Scotia



REPORT FROM THE CHAIR

These are challenging financial times. Law Foundation revenue dropped from an unprecedented high of \$4 million last year to just over \$2 million for the year ended March 2009. The year ahead will be even more difficult, largely because of the historic decline in the prime rate of interest.

The foundation's revenue fluctuates with the prime rate – when the prime rate is high, the foundation receives more revenue from interest on lawyers' trust accounts. Last year, the foundation benefitted from a prime rate that averaged 6% from April 2007 until March 2008 and from high balances in lawyers' trust accounts. Although trust account balances have remained relatively stable since March 2008, the prime rate has dropped five times, and has averaged 4.1% for the year ending March 2009.

With the prime rate now at a record low of 2.5%, and trust account balances on the decline, the foundation is expecting a severe reduction in revenue for the year ending March 2010. Financial stability for grant recipients will be our primary goal in the coming year, but with interest rates and trust account balances beyond the foundation's control, the means to achieve this goal will be limited. In addition to careful monitoring of investments, we will have to consider adjusting the grants program and relying on reserve funds. Fortunately, the foundation took advantage of the opportunities presented by higher than normal revenue last year to increase the balance in the reserve fund to protect future grants.

Negotiating better arrangements with financial institutions across the province to increase the foundation's revenue is also an option, although today's interest rate provides little room to manoeuvre. Currently, the prime rate is so low that the foundation is receiving no revenue from the financial institutions that historically provided

most of its income. We are grateful to the Bank of Montreal, TD Canada Trust and the Credit Unions across the province for continuing to remit interest to the foundation at a floor rate of 1%.

Despite the decline in revenue this year, the foundation awarded twenty seven grants totaling \$1.9 million. No new grants were awarded, but most of the continuing program grants were maintained at last year's levels.

Law Foundation funding in these difficult times contributes to the stability of essential legal programs and services that benefit all Nova Scotians. These include the **Legal Information Society of Nova Scotia** (LISNS), which has been providing Nova Scotians with resources and information about the law for over twenty five years. Last year alone, LISNS responded to over 7,000 calls and emails to its Legal Information Line, and referred over 1,500 individuals to lawyers through its Lawyer Referral Service. More than 70,000 individuals visited the Society's website and 5,000 accessed legal information tapes through their Dial-a-Law service. The Society also distributed over 9,000 publications. **Dalhousie Legal Aid Society** (DLAS) is another grantee whose work in the areas of community development, community advocacy, poverty, housing and access to justice is especially relevant and vital in today's economy.

The foundation is pleased to report on some special projects that have concluded during the past year:

- The **Nova Scotia Pro Bono Study** assessed the current state of pro bono practice in Nova Scotia and the feasibility of establishing a provincial pro bono organization. The project's final report presents a comprehensive overview of the legal profession's current level of interest and engagement in pro bono work, identifies gaps in existing

legal services, examines how pro bono organizations work in other jurisdictions, and evaluates the support for organized pro bono in the province. The report will serve as an essential guide for future action, and can be downloaded from the NSBS website at www.nsbs.org.

- The **Nova Scotia Barristers' Society Library** completed a successful project to improve access to legal information by assisting members of the public and the legal profession to make use of free online legal resources.

- Another **Barristers' Society Library** project nearing completion will produce a searchable electronic version of the **Annotated Civil Procedure Rules** that will benefit self-represented litigants as well as the legal profession. Law Foundation grants have allowed the Library to train public librarians, judges and lawyers throughout the province in how to use this and other Nova Scotia Barristers' Library online products.

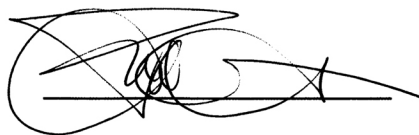
- The **Nova Scotia Community College** has conveyed messages of gratitude from paralegal students who were the first to receive scholarships made possible by last year's Law Foundation grant. That grant also provided for updates to legal collections in campus libraries and student field trips to law libraries.

- On December 5, 2008 the **Legal Information Society of Nova Scotia** launched "**Safely on Your Way: Custody and Access Information for Women Leaving Abusive Relationships and Their Service Providers**". This essential resource for women was funded jointly by the Law Foundation, the IWK Health Foundation, Justice Canada, Status of Women Canada, NS Advisory Council on the Status of Women, and the NS Department of Justice. "Safely on Your Way" can be downloaded from the LISNS website at www.legalinfo.org.

Although the foundation was unable to fund any of the new project proposals submitted this year, it will strive to maintain funding for ongoing legal education and assistance programs that continue to address diverse needs across the province.

I would like to extend my thanks and appreciation to staff and to members of the board for their ongoing support and contributions to the work of the foundation.

Respectfully submitted,



Christine A. McCulloch, Q.C.
Chair

March 31, 2009

OVERVIEW OF THE FOUNDATION

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 consisting of up to nine members. Up to five members are appointed by the Governor in Council and four by the Nova Scotia Barristers' Society. The members of the Board in 2008 – 2009 were:

Appointed by the Governor in Council:

Christine A. McCulloch, Q.C.
(term expires February 2010)
Josh Arnold, Q.C.
(term expires January 2011)

M. Estelle Theriault, Q.C.
(term expires May 2011)
Anna Paton
(term expires February 2010)

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

M. Gerard Tompkins, Q.C.
(term expires August 2009)
Robert G. MacKeigan, Q.C.
(term expires August 2009)

Margaret M. MacKenzie
(term expires August 2010)
A. Robert Sampson, Q.C.
(term expires August 2010)

Chair, appointed from the members of the board by the Governor in Council upon the joint recommendation of the Attorney General and the Nova Scotia Barristers' Society:

Christine A. McCulloch, Q.C.
(Appointment as Chair expires February 2010)

The Board meets 4-5 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*

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 averaged 4.1% for the year, dropping to a record low of 2.5% on March 3, 2009. Law Foundation revenue declined accordingly, from \$4,057,739 in 2007 – 2008 to \$2,022,317 in 2008 – 2009.

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 \$4,575,917 and a market value of \$4,742,438. As of March 31, 2009, it had a total cost and market value of \$4,596,346 and \$3,901,322 respectively. There was a deficiency of revenue over expenditures totaling \$849,427. The main reason for this deficiency was the unrealized loss on investments of \$861,546, due to the volatility in the global market. Without this unrealized loss, there would have been an excess of revenue over expenditures totaling \$12,119.

Funding Guidelines & Application Procedures

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

GRANTS

Since its creation in 1976, the Foundation has received approximately \$35 million in revenue from interest on lawyers' trust accounts, and has awarded approximately \$31 million in grants. More than \$2.3 million has also been awarded in scholarships during the past 17 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.

Continuing Program Grants

The Foundation awarded \$1,931,328 in continuing program grants in 2008 – 2009. Continuing program 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.

Continuing Grants Approved in 2008-2009 Breakdown by Mandate

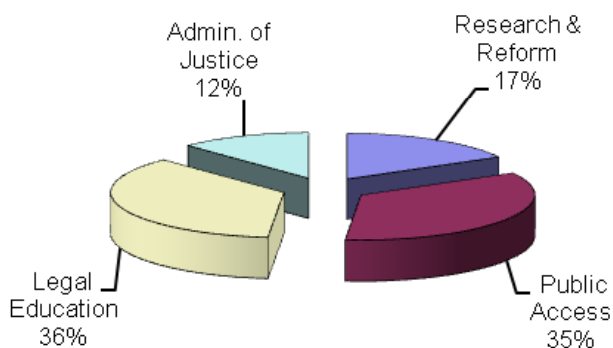
Research and Reform	327,510
Public Access to Law	666,757
Legal Education	700,397
Administration of Justice	236,664
Total	\$1,931,328

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 2008 – 2009 Law Foundation Scholarships included three entrance scholarships, and a total of ten second-year and third-year scholarships. Six graduate fellowships were awarded. Scholarship payments for the year amounted to \$212,500.

Grants According to Mandate



Continuing Program Grants Awarded In 2008-2009

Antigonish Women's Resource Centre Justice Matters for Women	66,643.00	Elizabeth Fry Mainland Program Activities 2009/2010	82,000.00
Avalon Sexual Assault Centre Program Activities 2009/2010	118,632.00	Halifax Refugee Clinic Program Activities 2008/2009 Program Activities 2009/2010	33,000.00 97,947.00
Cape Breton Transition House Preventive Education: Date Abuse & Spousal Assault	60,916.00	King's County Seniors' Safety Program Program Activities 2009/2010	30,000.00
Christian Council for Reconciliation – Prison Ministry Program Activities 2009/2010	63,000.00	Law Reform Commission Program Activities 2009/2010	167,728.00
Community Justice Society (Halifax) Legal & Crime Prevention Workshops	43,950.00	Leave Out Violence (LOVE) Video Outreach Program	20,000.00
Confederacy of Mainland Mi'kmaq Mi'kmaq Legal Support Network	25,000.00	Legal Information Society of Nova Scotia Program Activities 2009/2010	160,000.00
Coverdale Courtwork Services Program Activities 2009/2010	77,500.00	Mainline Needle Exchange Community Based Legal Support and Education Program	51,974.00
Dalhousie Law School Entrance Scholarships for Nova Scotia Applicants	50,000.00	Pro Bono Students Association Program Activities 2009/2010	20,699.55
Indigenous Blacks & Mi'kmaq Initiative	156,000.00	reachAbility Nova Scotia Association Persons with Disabilities Legal Services	49,115.00
Dalhousie Legal Aid Service	164,588.00	Society of Deaf & Hard of Hearing Nova Scotians Access Project - The Legal System	4,000.00
East Coast Environmental Law Association Program Activities 2009/2010	75,000.00	Stepping Stone Association Tipping the Scales	47,476.76
EPIC Society Youth Peer Transformation	80,000.00	Tearmann Society for Battered Women & Pictou County Opportunities for Men (New Leaf) Public Education: Violence against Women	28,548.00

Tri-County Community Justice Society		Valley Restorative Justice	
Bringing Restorative		Crime Prevention Educational	
Justice to Schools	10,000.00	Workshops	44,327.60
		Total Grants Awarded	\$1,931,327.91

Continuing Program & Project Grants Not Disbursed

**University of King's College
School of Journalism**
Balance of 2006 – 2007 grant 1,010.00

**Society of Deaf & Hard of Hearing
Nova Scotians**
Balance of 2007 – 2008 grant 2,669.90
Balance of 2008 – 2009 grant 4,284.16

Women's Court of Canada Symposium
Balance of 2007 – 2008 grant 937.20

I B & M Initiative
Balance of 2008 – 2009 grant 45,000.00

LAW FOUNDATION OF NOVA SCOTIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

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Governor's Place
2nd Floor, 26 Union Street
Bedford, Nova Scotia
Canada B4A 2B5

Tel: (902) 835-7333
Fax: (902) 835-5297
E-mail: BedfordOffice@wbli.ca
www.wbli.ca

Partners
Brad J. Langille, FCA, CF
Jerry M. Inman, FCA, TEP
Kirk D. Higgins, CA, CFE
J. William Vienneau, CA, CBV, TEP, CF
Gregory C. Mosher Incorporated
Stephanie M. Roberts Incorporated
Sarah J. Veinot Incorporated
M. Earl MacLeod Incorporated

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AUDITORS' REPORT

To The Board of the Law Foundation of Nova Scotia

Member of DFK
Accountancy Group
Inc. (Canada) and
DFK International

We have audited the statement of financial position of the Law Foundation of Nova Scotia as at March 31, 2009 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, 2009 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.

Truro Office
640 Prince St., Suite 301
Truro, N.S.
Canada B2N 1G4
Tel: (902) 897-9291
Fax: (902) 897-9293
E-mail: TruroOffice@wbli.ca
www.wbli.ca

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CHARTERED ACCOUNTANTS

Bedford, Nova Scotia

April 27, 2009



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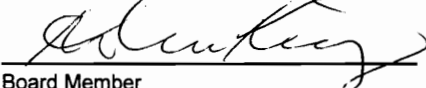
LAW FOUNDATION OF NOVA SCOTIA


STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2009

	2009	2008
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	486,454	1,086,319
Accrued interest receivable - general	26,067	20,322
Accrued interest receivable - restricted	15,937	24,247
Due from Law Foundation of Nova Scotia Scholarship Fund	-	29,372
Prepaid expenses	3,481	3,272
	<u>531,939</u>	1,163,532
INVESTMENTS - GENERAL (note 3)	2,124,236	1,983,609
INVESTMENTS - RESTRICTED (note 4)	3,901,321	4,742,438
PROPERTY, PLANT AND EQUIPMENT (note 5)	11,679	14,278
	<u>6,569,175</u>	7,903,857
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	7,434	7,909
Designated grants payable (note 6)	1,949,248	2,510,739
Due to Law Foundation of Nova Scotia Scholarship Fund	504	-
	<u>1,957,186</u>	2,518,648
FUND BALANCES		
GENERAL FUND	694,731	618,524
RESTRICTED FUND	<u>3,917,258</u>	4,766,685
	<u>4,611,989</u>	5,385,209
	<u>6,569,175</u>	7,903,857
COMMITMENT (note 7)		

APPROVED ON BEHALF OF THE BOARD


Board Member


Board Member

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Chartered Accountants

LAW FOUNDATION OF NOVA SCOTIA
STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
	\$	\$
REVENUE		
Interest on trust accounts	2,022,317	4,057,739
Interest on investments	120,465	133,770
Realized loss on disposal of investments	(6,862)	(704)
Unrealized gain on investments	1,364	13,520
	<u>2,137,284</u>	<u>4,204,325</u>
GRANTS (note 6)	<u>1,876,559</u>	<u>3,055,029</u>
	<u>260,725</u>	<u>1,149,296</u>
EXPENDITURES		
Salaries and benefits	111,503	108,138
Accounting and audit	16,159	12,569
Rent and common area	13,231	12,959
Office	8,887	8,269
Telephone	2,485	2,692
Consulting	2,433	1,931
Travel and meetings - board	3,024	5,102
Travel - staff and chair	9,258	7,463
Bank charges	714	657
Brokers' and investment management fees	10,645	8,916
Miscellaneous	725	2,151
Amortization	3,585	2,850
Anniversary video	-	14,250
Director's insurance	1,869	1,461
	<u>184,518</u>	<u>189,408</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>76,207</u>	<u>959,888</u>
GENERAL FUND- beginning of year	618,524	464,256
PRIOR PERIOD ADJUSTMENT (note 8)	-	(47,000)
GENERAL FUND - beginning of year as restated	618,524	417,256
TRANSFER TO RESTRICTED FUND (note 9)	-	(758,620)
GENERAL FUND - end of year	<u>694,731</u>	<u>618,524</u>

LAW FOUNDATION OF NOVA SCOTIA
STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND
FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
	\$	\$
REVENUE		
Interest on investments	98,004	79,462
Dividend income	64,855	87,332
Realized (loss) gain on disposal of investments	(102,656)	175,601
Unrealized loss on investments	(861,546)	(413,112)
	<u>(801,343)</u>	<u>(70,717)</u>
EXPENDITURES		
Brokers' and investment management fees	49,743	49,850
Foreign exchange (gain) loss	(1,659)	3,736
	<u>48,084</u>	<u>53,586</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(849,427)	(124,303)
RESTRICTED FUND - beginning of year	4,766,685	4,132,368
TRANSFER FROM GENERAL FUND (note 9)	-	758,620
RESTRICTED FUND - end of year	<u>3,917,258</u>	<u>4,766,685</u>

LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
	\$	\$
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES		
Excess (Deficiency) of revenue over expenditures	(773,220)	835,585
Items in earnings not involving cash		
Amortization	3,585	2,850
Realized loss on disposal of investments - general	6,862	704
Realized loss (gain) on disposal of investments - restricted	102,656	(175,601)
Unrealized gain on investments - general	(1,364)	(13,520)
Unrealized loss on investments - restricted	861,546	413,112
Prior period adjustment	-	(47,000)
	200,065	1,016,130
Change in noncash working capital balances		
Accrued interest receivable - general	(5,745)	(4,441)
Accrued interest receivable - restricted	8,310	(9,470)
Due from Law Foundation of Nova Scotia Scholarship Fund	29,876	(17,000)
Prepaid expenses	(209)	(346)
Accounts payable and accrued liabilities	(475)	976
Designated grants payable	(561,491)	344,653
	(329,669)	1,330,502
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investments - General		
Purchase of investments	(847,648)	(1,193,611)
Proceeds on disposal of investments	670,881	839,311
Investments - Restricted		
Purchase of investments	(2,128,731)	(1,735,954)
Proceeds on disposal of investments	1,915,478	940,326
Acquisition of property, plant and equipment	(986)	(12,672)
	(391,006)	(1,162,600)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(720,675)	167,902
CASH AND EQUIVALENTS - beginning of year	1,464,263	1,296,361
CASH AND EQUIVALENTS - end of year (see note below)	743,588	1,464,263

NOTE:

CASH AND EQUIVALENTS

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

	2009	2008
	\$	\$
Cash	486,454	1,086,319
Cash - investments - general (note 3)	94,095	124,737
Cash - investments - restricted (note 4)	163,039	253,207
	743,588	1,464,263

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LAW FOUNDATION OF NOVA SCOTIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

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

Market Risk

The foundation is exposed to interest rate risk on its fixed-interest financial instruments and the interest revenue from the Trust accounts that have variable-interest based on prime. Fixed-interest instruments subject the foundation to a fair value risk while the variable-interest income stream subjects the foundation to a cash flow risk.

Investments - General

The investments in the general fund consist of fixed income funds. They have been 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

The investments in the restricted fund, that have been restricted by the Foundation's Board, consist of fixed income funds and equities. They have been 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

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LAW FOUNDATION OF NOVA SCOTIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 from running the Foundation.

Fair Values of Financial Instruments

The Foundation's financial instruments consist of cash, accrued interest receivable, the balance due from and to the Law Foundation of Nova Scotia Scholarship Fund, investments, accounts payable and accrued liabilities and designated grants payable.

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

The investments are recorded at fair market value as these values are readily available. Any adjustments recorded on these investments are recorded through the statement of operations.

3. INVESTMENTS - GENERAL

At March 31, 2009, the Foundation's investments held in the general fund are comprised of the following:

	2009	2008
	\$	\$
Fixed income funds (cost -\$2,016,596; 2008 - \$1,846,691)	2,030,141	1,858,872
Cash	94,095	124,737
	<u>2,124,236</u>	<u>1,983,609</u>

LAW FOUNDATION OF NOVA SCOTIA NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

3. INVESTMENTS - GENERAL (continued)

At March 31, 2009, the Foundation's fixed income investments held in the general fund are comprised of the following:

	2009
	\$
Government of Canada - due June 1, 2009 with yield to maturity of 3.75% and face value of \$83,000	83,456
Province of Ontario - due November 19, 2010 with yield to maturity of 6.10% and face value of \$169,000	182,309
RBC Capital Trust II - call and due June 30, 2011 with yield to maturity of 7.18% and a face value of \$95,000	96,457
Province of British Columbia - due January 9, 2012 with yield to maturity of 5.75% and face value of \$175,000	193,368
Hydro One Inc. Medium Term Note - due November 15, 2012 with yield to maturity of 5.77% and a face value of \$99,000	107,974
Government of Canada - due June 1, 2013 with yield to maturity of 5.25% and face value of \$99,000	113,459
Scotiabank Capital Trust - due June 30, 2013 with yield to maturity of 6.28% and a face value of \$101,000	97,977
Province of Ontario - due March 8, 2014 with yield to maturity of 5.00% and a face value of \$206,000	226,632
Thomson Reuters Corporation - due December 1, 2014 with yield to maturity of 5.20% and a face value of \$83,000	83,403
GE Capital Canada Funding - due February 11, 2015 with yield to maturity of 4.65% and a face value of \$99,000	90,192

LAW FOUNDATION OF NOVA SCOTIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

3. INVESTMENTS - GENERAL (continued)

	2009
	\$
Wells Fargo Financial Canada Corp - due June 30, 2015 with yield to maturity of 4.38% and face value of \$84,000	73,163
Province of Ontario - due March 8, 2016 with yield to maturity of 4.40% and a face value of \$74,000	78,012
Province of Quebec - due December 1, 2016 with yield to maturity of 4.50% and a face value of \$97,000	100,875
Province of Quebec - due December 1, 2017 with yield to maturity of 4.50% and a face value of \$105,000	107,252
Government of Canada - due June 1, 2018 with yield to maturity of 4.25% and face value of \$173,000	195,691
Canada Housing Trust No. 1 - due December 15, 2018 with yield to maturity of 4.10% and face value of \$99,000	106,126
BMO Capital Trust - call June 30, 2010, due December 31, 2049 with yield to maturity of 6.90% and face value of \$93,000	93,795
	<u>2,030,141</u>

LAW FOUNDATION OF NOVA SCOTIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

4. INVESTMENTS - RESTRICTED

The Foundation has internally restricted funds totaling \$3,917,258 (2008 - \$4,766,685) 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 \$15,937 (2008 - \$24,247).

	2009	2008
	\$	\$
Equities (cost - \$3,199,456; 2008 - \$2,181,565)	2,494,515	2,334,273
Fixed income funds (cost - \$1,233,851; 2008 - \$2,141,145)	1,243,767	2,154,958
Cash	163,039	253,207
	<u>3,901,321</u>	<u>4,742,438</u>

At March 31, 2009, the Foundation's fixed income investments held in the restricted fund are comprised of the following:

	2009
	\$
Government of Canada - due June 1, 2009 with yield to maturity of 3.75% and face value of \$52,000	52,286
Province of Ontario - due November 19, 2010 with yield to maturity of 6.10% and face value of \$104,000	112,190
RBC Capital Trust II - call and due June 30, 2011 with yield to maturity of 7.18% and face value of \$58,000	58,890
Province of British Columbia - due January 9, 2012 with yield to maturity of 5.75% and face value of \$107,000	118,231
Hydro One Inc. Medium Term Note - due November 15, 2012 with yield to maturity of 5.77% and face value of \$60,000	65,439

LAW FOUNDATION OF NOVA SCOTIA
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FOR THE YEAR ENDED MARCH 31, 2009

4. INVESTMENTS - RESTRICTED (continued)

	2009
	\$
Government of Canada - due June 1, 2013 with yield to maturity of 5.25% and face value of \$60,000	68,763
Scotiabank Capital Trust - due June 30, 2013 with yield to maturity of 6.28% and face value of \$62,000	60,144
Province of Ontario - due March 8, 2014 with yield to maturity of 5.00% and face value of \$126,000	138,619
Thomson Reuters Corporation - due December 1, 2014 with yield to maturity of 5.20% and face value of \$51,000	51,248
GE Capital Canada Funding - due February 11, 2015 with yield to maturity of 4.65% and face value of \$60,000	54,662
Wells Fargo Financial Canada Corp - due June 30, 2015 with yield to maturity of 4.38% and face value of \$52,000	45,291
Province of Ontario - due March 8, 2016 with yield to maturity of 4.40% and face value of \$46,000	48,494
Province of Quebec - due December 1, 2016 with yield to maturity of 4.50% and face value of \$59,000	61,357
Province of Quebec - due December 1, 2017 with yield to maturity of 4.50% and face value of \$64,000	65,373
Government of Canada - due June 1, 2018 with yield to maturity of 4.25% and face value of \$106,000	119,903
Canada Housing Trust No.1 - due December 15, 2018 with yield to maturity of 4.10% and face value of \$61,000	65,390
BMO Capital Trust - call June 30, 2010, due December 31, 2049 with yield to maturity of 6.90% and face value of \$57,000	57,487
	<u>1,243,767</u>

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FOR THE YEAR ENDED MARCH 31, 2009

5. PROPERTY, PLANT AND EQUIPMENT

	2009		2008	
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Office equipment	30,718	23,128	7,590	9,487
Furniture and fixtures	8,769	5,337	3,432	4,290
Computer hardware	12,214	11,557	657	501
Computer software	5,225	5,225	-	-
	56,926	45,247	11,679	14,278

6. DESIGNATED GRANTS

The Board approved grants totaling \$1,931,328 (2008 - \$3,100,064) less \$54,769 (2008 - \$45,035) of grants revoked relating to the previous year, for a net of \$1,876,559, during the year ended March 31, 2009 (2008 - \$3,055,029). 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, 2014. The annual base rental for this lease is \$8,913 including HST plus common area costs. The estimated total common area costs for the upcoming fiscal year are \$8,000.

8. PRIOR PERIOD ADJUSTMENT

A grant for \$47,000 was approved on February 9, 2001 for the fiscal year April 1, 2001 to March 31, 2002. This grant was paid out during the March 31, 2002 fiscal year and the payment was recorded in the financial statements. However, the approved grant was not recorded in the statement of operations. A prior period adjustment has been recorded in the prior year to record the approved grant and to adjust the designated grants payable total.

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9. INTERFUND TRANSFERS

During the year, there were no transfers between the Restricted and General fund. During the prior year, the Board approved transfers to the Reserve Fund totaling \$758,620 from the General Fund.

LAW FOUNDATION OF NOVA SCOTIA

Suite 606 Cogswell Tower, 2000 Barrington Street, Halifax, Nova Scotia

Tel: (902) 422-8335 Fax: (902) 492-0424

nslawfd@nslawfd.ca

www.nslawfd.ca