

**NORTHWEST TERRITORIES  
LAW FOUNDATION**

Twenty-Seventh Annual Report for the  
Fiscal Year Ending June 30, 2009



## **PURPOSE**

The Northwest Territories Law Foundation was established pursuant to Part VII of the *Legal Profession Act* for the purpose of receiving the interest which banks must pay on clients' funds held by lawyers in mixed trust accounts. It is similar in form to Law Foundations established in most provinces.

## **OBJECTIVES**

The objectives of the Law Foundation are to use the funds collected in this manner to provide funding in the following areas:

- ◆ conducting research into and recommending reform of the law and the administration of justice,
- ◆ establishing, maintaining and operating law libraries,
- ◆ contributing to the legal education and knowledge of members and the people of the Territories and providing programs and facilities for that purpose,
- ◆ providing assistance to legal aid programs and programs of a similar nature, and
- ◆ contributing to the Assurance fund; and
- ◆ to do all other things which, in the opinion of the Directors, are incidental or conducive to the attainment of these objects.

## **ADMINISTRATION**

The affairs of the Foundation are conducted by a Board of Directors composed of five members, four being members of the Law Society and appointed by the Executive of the Law Society and one who is not a member of the Law Society and is appointed by the Commissioner. The Directors serve for a term of two years.

The Directors meet as required to decide on policy matters and to deal with the general administration of the Foundation including policy as to the collection and investment of funds. A "grant meeting" is held once a year to consider all requests for funding for that fiscal year.

Administration and management services are provided through an Executive Manager who is engaged on a contract basis.

# NORTHWEST TERRITORIES LAW FOUNDATION



## **CHAIRMAN'S REPORT**

TO: The Legislative Assembly of the Northwest Territories; and  
TO: The Executive, Law Society of the Northwest Territories

We are pleased to submit the Twenty-Seventh Annual Report of the Northwest Territories Law Foundation for the year ending June 30<sup>th</sup>, 2009 pursuant to the *Legal Profession Act*.

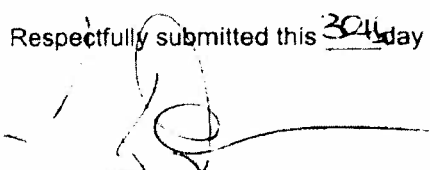
The Law Foundation made six grants during the year totaling \$115,838.11, details of which are outlined in this report.

This year the Northwest Territories Law Foundation/Graeme Garson Bursary Fund awarded scholarships to Christopher Buchanan and Jessica Iveson, both residents of the Northwest Territories attending Canadian law schools in 2008/2009.

As Chair I am grateful to Board members Gerard Phillips, Emerald Murphy, Sheldon Toner and lay member Darrell Beaulieu for their contributions as Directors over the past year and to Wendy Carter for her constant and valuable service as the Executive Manager.

I wish the new Board of Directors and Chair all the best.

Respectfully submitted this 30<sup>th</sup> day of October, 2009.



Scott Duke  
Chair

## **BOARD OF DIRECTORS - 2008-2009**

CHAIR:	SCOTT DUKE
FIRST VICE-CHAIR:	GERARD K. PHILLIPS
DIRECTOR:	SHELDON TONER
DIRECTOR:	EMERALD MURPHY
LAY MEMBER:	DARRELL BEAULIEU
EXECUTIVE MANAGER:	WENDY CARTER

## **SCHOLARSHIPS**

The Northwest Territories Law Foundation/Graeme Garson Bursary Fund has monies available to assist law students in pursuing their legal studies at either the graduate or undergraduate level.

For information about the Northwest Territories Law Foundation and to request financial assistance forms, write or telephone:

Wendy Carter  
Executive Manager  
The Northwest Territories Law Foundation  
P.O. Box 2594  
YELLOWKNIFE, NT X1A 2P9  
Telephone: (867) 873-8275  
Facsimile: (867) 873-6383  
e-mail: [action@theedge.ca](mailto:action@theedge.ca)

A scholarship for the school year 2008/2009 was awarded to Christopher Buchanan in the amount of \$5,000.00.

## **GRANTS AWARDED**

### **2008-2009 BAR ADMIN COURSES - \$10,000.00**

To assist in defraying the costs of registration fees for N.W.T. articling students enrolled in the Bar Admin courses for 2009/2010.

### **CBA – CANLII PROJECT - \$11,711.94**

To assist in the CANLII project (a Virtual Law Library).

### **YELLOWKNIVES DENE FIRST NATION - \$63,544.84**

To assist in providing a Community Justice Program that will serve the communities of Dettah, N'dilo and Yellowknife.

**NATIVE LAW CENTRE OF CANADA - \$15,000.00**

To assist in helping Canadians understand Aboriginal law issues and encourage Aboriginal people to enter the study of law.

**CENTRE FOR NORTHERN FAMILIES – POVERTY LAW CLINIC – \$ 156,210.10**

To assist in a pilot project for a poverty law clinic in Yellowknife . An original amount of \$198,225.00 was originally approved in the previous fiscal year with an adjustment done in this current year to reduce the overall approved amount to \$ 152,610.10.

**GOYATIKO LANGUAGE SOCIETY - \$14,910.00**

To assist in the provision of a Legal Terminology Workshop in the Tlicho and Chipewyan languages.

**CANADIAN BAR ASSOCIATION OF THE NORTHWEST TERRITORIES - \$671.33**

To provide airfare and expenses for Mr. David Jones, Q.C. to present a CLE seminar in Yellowknife for members of the local bar.

***JOHN U. BAYLY MEMORIAL FUND***

The John U. Bayly Memorial Fund awarded \$1100.00 to Trisha Soonias to attend a course in the Mediation of Civil Disputes.

**NORTHWEST TERRITORIES LAW FOUNDATION**  
Yellowknife, NT

**FINANCIAL STATEMENTS**  
For the year ended June 30, 2009

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**VERY, COOPER & CO.**  
Certified General Accountants

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Website: [www.averyco.nt.ca](http://www.averyco.nt.ca)

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Facsimile: (867) 873-2353

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**AUDITORS' REPORT**

To the Members of  
Northwest Territories Law Foundation

We have audited the Statement of Financial Position of Northwest Territories Law Foundation as at June 30, 2009 and the Statements of Changes in Fund Balances, Operations, 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.

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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at June 30, 2008 and for the year then ended were reported on by other auditors who expressed an opinion without reservation on those statements in their report dated October 22, 2008.

*Avery, Cooper & Co.*

Avery, Cooper & Co.  
Certified General Accountants  
Yellowknife, NT

November 13, 2009



# NORTHWEST TERRITORIES LAW FOUNDATION

## STATEMENT OF FINANCIAL POSITION

June 30, 2009

### ASSETS

	2009	2008
<b>CURRENT</b>		
Cash	\$ 105,354	\$ 590,251
Accounts receivable (note 3)	33,635	63,320
	138,989	653,571
<b>INVESTMENTS (note 4)</b>	1,306,571	996,900
	\$ 1,445,560	\$ 1,650,471

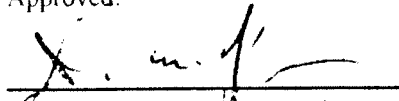
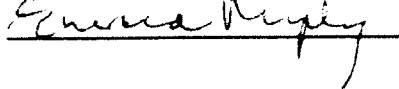
### LIABILITIES

<b>CURRENT</b>		
Trade payables and accruals	\$ 4,200	\$ 2,500
Grants payable	217,847	334,417
Scholarships payable	7,500	10,000
	229,547	346,917

### FUND BALANCES

GRAEME GARSON BURSARY FUND	251,381	282,245
JOHN U. BAYLY MEMORIAL FUND	10,658	11,235
<b>UNRESTRICTED</b>	953,974	1,010,074
	1,216,013	1,303,554
	\$ 1,445,560	\$ 1,650,471

Approved:

 <hr style="border: 0.5px solid black;"/>	Director
 <hr style="border: 0.5px solid black;"/>	Director

# NORTHWEST TERRITORIES LAW FOUNDATION

## STATEMENT OF CHANGES IN FUND BALANCES

For the year ended June 30, 2009

	2009			
	Total	Unrestricted	Graeme Garson Bursary Fund	John U. Bayly Memorial Fund
<b>BALANCE, opening</b>	\$ 1,303,554	\$ 1,010,074	\$ 282,245	\$ 11,235
Deficiency of revenue over expenses	<u>(87,541)</u>	<u>(56,100)</u>	<u>(30,864)</u>	<u>(577)</u>
<b>BALANCE, closing</b>	<u>\$ 1,216,013</u>	<u>\$ 953,974</u>	<u>\$ 251,381</u>	<u>\$ 10,658</u>
	2008			
	Total	Unrestricted	Graeme Garson Bursary Fund	John U. Bayly Memorial Fund
<b>BALANCE, opening</b>				
As previously reported	\$ 1,087,208	\$ 796,604	\$ 279,732	\$ 10,872
Prior period adjustment	<u>106,330</u>	<u>106,330</u>	<u>-</u>	<u>-</u>
As restated	1,193,538	902,934	279,732	10,872
Excess of revenue over expenses	<u>110,016</u>	<u>107,140</u>	<u>2,513</u>	<u>363</u>
<b>BALANCE, closing</b>	<u>\$ 1,303,554</u>	<u>\$ 1,010,074</u>	<u>\$ 282,245</u>	<u>\$ 11,235</u>

# NORTHWEST TERRITORIES LAW FOUNDATION

## STATEMENT OF OPERATIONS

For the year ended June 30, 2009

	<u>2009</u>	<u>2008</u>
<b>REVENUE</b>		
Unrestricted Fund - Schedule 1	\$ 55,910	\$ 535,196
Graeme Garson Bursary Fund - Schedule 2	(24,245)	16,202
John U. Bayly Memorial Fund - Schedule 3	<u>523</u>	<u>368</u>
	<u>32,188</u>	<u>551,766</u>
<b>EXPENSES</b>		
Unrestricted Fund - Schedule 1	112,010	428,056
Graeme Garson Bursary Fund - Schedule 2	6,619	13,694
John U. Bayly Memorial Fund - Schedule 3	<u>1,100</u>	<u>-</u>
	<u>119,729</u>	<u>441,750</u>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ (87,541)</u>	<u>\$ 110,016</u>

# NORTHWEST TERRITORIES LAW FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

### 1. NATURE OF OPERATIONS

Northwest Territories Law Foundation was created under the the Legal Profession Act of the Northwest Territories. The Foundation's activities include conducting research, establishing law libraries and contributing to the legal education and knowledge of members and the people of the Northwest Territories. The Foundation is exempt from taxes as a non-incorporated entity that was created by legislation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

#### (a) Fund accounting

The accounts of the Foundation are maintained in accordance with the restricted fund method. A fund is a set of accounts established to classify resources according to specific activities. The following funds are maintained:

**Unrestricted Fund** - To record general program delivery and administrative activities of the Foundation. Unrestricted revenue from interest and investment income are included in revenue when received or receivable. Externally restricted income for which no corresponding restricted fund is presented is included in this fund in accordance with the deferral method. Interest revenue on member trust accounts with chartered banks is recorded when earned.

**Restricted Funds** - To record resources with stipulations imposed on their use. Restrictions may be imposed externally by the contributor of the resources who requests that the funds be held in trust, or internally by decisions of the Foundation. Revenue from interest and investment income are included in revenue of the attributable restricted fund when received or receivable. The Foundation currently has two funds internally restricted by the Board including the Graeme Garson Bursary Fund, and the John U. Bayly Memorial Fund. The Bursary Fund was established to provide interest income which finances a scholarship program for law studies. The Memorial Fund was established to encourage and facilitate the development of mediation skills.

Grants and scholarships are recorded as expenses in the year that the payment was approved.

#### (b) Contributed services

The Foundation has elected not to recognize contributed materials and services in these financial statements.

#### (c) Financial instruments

The Foundation classifies cash, consisting of cash with banks and investment brokers, as held-for-trading. Accounts receivable is classified as loans and receivables and recorded at amortized cost. Trade payables and accruals, and grants and scholarships payable, are classified as other liabilities and recorded at amortized cost.

# NORTHWEST TERRITORIES LAW FOUNDATION

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2009

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from interest of members' trust accounts	\$ 146,740	\$ 377,506
Cash receipts from back interest	1,983	141,928
Cash receipts from scholarships reimbursed	2,034	4,550
Cash receipts from ACLF meetings expense reimbursed	7,583	-
Cash receipts from (paid for) investment income (loss)	184,313	(39,832)
Cash paid for grants	(191,493)	(80,250)
Cash paid for scholarships	(7,500)	(17,200)
Cash paid for materials and services	<u>(38,106)</u>	<u>(31,830)</u>
	105,554	354,872
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Increase in investments	<u>(590,451)</u>	<u>(241,466)</u>
<b>(DECREASE) INCREASE IN CASH</b>	(484,897)	113,406
<b>CASH, opening</b>	<u>590,251</u>	<u>476,845</u>
<b>CASH, closing</b>	<u>\$ 105,354</u>	<u>\$ 590,251</u>

# NORTHWEST TERRITORIES LAW FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Investments

Investments, consisting of mutual funds, fixed income bonds, and Canadian equities, are designated as held-for-trading and recorded at fair value. Fair value is determined in full by direct reference to published price quotations in an active market. Changes in the fair value of investments during the year are included in revenue of the appropriate fund as unrealized investment income or losses for the period in which it arises. All purchases and sales of investments are recorded using settlement-date accounting, and all transaction costs are expensed when paid. One quarter of investment income is allocated to the Bursary Fund.

#### (e) Capital assets

The Foundation expenses its capital assets when acquired.

#### (f) Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### (g) Prior year's figures

Prior year's figures have been restated, where applicable, to conform to current year's presentation.

### 3. ACCOUNTS RECEIVABLE

	<u>2009</u>	<u>2008</u>
Student scholarships reimbursable	\$ 33,300	\$ 35,333
Interest receivable from members' trust accounts	<u>335</u>	<u>27,987</u>
	<u>\$ 33,635</u>	<u>\$ 63,320</u>

# NORTHWEST TERRITORIES LAW FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

### 4. INVESTMENTS

Investments are recorded at fair value and consist of the following:

	2009	2008
Mutual funds (Market value: \$248,959; 2008 - \$256,383)	\$ 450,205	\$ 443,389
Fixed income bonds (Cost: \$559,036; 2008 - \$189,184)	565,341	191,116
Canadian equities (Cost: \$343,870; 2008 - \$387,787)	291,025	362,395
	\$ 1,306,571	\$ 996,900

Included in mutual funds above is a guaranteed investment from Manulife with an original cost of \$461,910, recorded at discounted value, and is guaranteed to provide a return equal to the greater of the market value of the investment at maturity, and cost. Investment income for the year from this guaranteed investment is \$11,409 (2008 - \$11,120) and is included in unrealized losses of \$(221,790) in note 6.

### 5. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, accounts receivable, investments, trade payables and accruals, grants payable, and scholarships payable. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest rate, market, currency, credit or liquidity risks arising from these financial instruments, unless otherwise noted. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

The Foundation is exposed to significant market risk through its investments. Market risk is the risk that the value of investments will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Foundation is exposed to significant interest rate risk through its investments and interest received on the members' trust accounts. Interest rate risk is the risk that the value of investments will fluctuate as a result of changes in market interest rates.

### 6. INVESTMENT INCOME (LOSS)

Investment income (loss) for the year by Fund, net of realized and unrealized gains and losses, is as follows:

	2009	2008
Unrestricted (Schedule 1)	\$ (72,744)	\$ 22,212
Graeme Garson Bursary Fund (Schedule 2)	(24,245)	(20,631)
John U. Bayly Memorial Fund (Schedule 3)	523	363
Total investment income (loss) for the year	\$ (96,466)	\$ 1,944



# NORTHWEST TERRITORIES LAW FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

**6. INVESTMENT INCOME (LOSS), continued**

Investment income (loss) for the year is net of realized gains of \$125,325 and unrealized losses of \$(221,790). Included in realized gains of \$125,325 is \$93,600, \$31,203, and \$523 for the Unrestricted Fund, Bursary Fund, and Memorial Fund, respectively. Included in unrealized losses of \$(221,790) is \$(166,343), \$(55,448), and \$nil for the Unrestricted Fund, Bursary Fund, and Memorial Fund, respectively.

The remaining terms to maturity of fixed income bonds at fair value (see note 4), along with the average effective yields of each maturity, are as follows:

	2009	2008
Within 1 year (Yield: 1.254%; 2008 - 3.134%)	\$ 382,416	\$ 42,447
1 - 5 years (Yield: 3.050%; 2008 - 4.421%)	119,087	98,440
5 - 10 years (Yield: 1.633%; 2008 - 4.874%)	63,838	50,229
Total fixed income bonds (Yield: 1.675%; 2008 - 4.254%)	\$ 565,341	\$ 191,116

**7. CONTRACTUAL OBLIGATION**

The Foundation's total obligation under an administration services agreement which expires June 30, 2011 is as follows:

2010	\$ 21,000
2011	21,000
	\$ 42,000

# NORTHWEST TERRITORIES LAW FOUNDATION

## SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2009

SCHEDULE OF UNRESTRICTED FUND	Schedule 1	
	2009	2008
<b>REVENUE</b>		
Interest income from members' trust accounts	\$ 119,088	\$ 371,056
ACLF meetings expense reimbursement	7,583	-
Back interest received	1,983	141,928
Investment income (loss) (note 6)	(72,744)	22,212
	55,910	535,196
<b>EXPENSES</b>		
ACLF meetings	10,065	-
Administration fees	21,000	21,100
Grants	73,823	397,849
Office and miscellaneous	2,054	6,392
Professional fees	5,069	2,714
	112,010	428,056
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (56,100)</b>	<b>\$ 107,140</b>
SCHEDULE OF GRAEME GARSON BURSARY FUND	Schedule 2	
	2009	2008
<b>REVENUE</b>		
Student scholarships reimbursable	\$ -	\$ 36,833
Investment loss (note 6)	(24,245)	(20,631)
	(24,245)	16,202
<b>EXPENSES</b>		
Advertising	1,619	-
Office and miscellaneous	-	1,494
Scholarships	5,000	12,200
	6,619	13,694
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (30,864)</b>	<b>\$ 2,508</b>

**NORTHWEST TERRITORIES LAW FOUNDATION**

**SCHEDULES TO THE FINANCIAL STATEMENTS**

For the year ended June 30, 2009

<b>SCHEDULE OF JOHN U. BAYLY MEMORIAL FUND</b>		<b>Schedule 3</b>
	<u>2009</u>	<u>2008</u>
<b>REVENUE</b>		
Investment income (note 6)	\$ 523	\$ 368
<b>EXPENSES</b>		
Grants	<u>1,100</u>	<u>-</u>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ (577)</u>	<u>\$ 368</u>

