

A Return to Optimism

.....
2021-2022 ANNUAL REPORT



OUR VISION

Our Foundation has advanced the public interest through greater legal knowledge and access to justice.

OUR MISSION

We are a law foundation that inspires and supports initiatives that advance justice through better access, increased knowledge, and innovation.

LEGISLATIVE MANDATE

We grant funds for the purposes of legal education, legal research, legal aid, law libraries and law reform in accordance with our governing legislation.

OUR CORE VALUES

The Law Foundation of Saskatchewan has chosen the following core values that will guide how we fulfill our legislative mandate.

- **Stewardship:** We manage, invest, and distribute monies entrusted to the Law Foundation prudently and responsibly.
- **Collaboration:** We seek and encourage partnerships and co-operative actions with and among grantees, stakeholders, and others in achieving our mission. We encourage collaboration with and among those who work together to promote the achievement of our vision and mission. We support networks for sharing ideas to create and advance this purpose.
- **Innovation:** We are open to and seek new ways to fulfill the mission of inspiring and supporting innovative initiatives within our mandate.
- **Positive impact:** We seek evidence that our investments in projects and organizations achieve our vision.
- **Accountability:** We hold ourselves and grantees accountable by regular evaluation and

assessment of performance as measured against our vision, mission, and values.

STRATEGIC GOALS AND INITIATIVES

1. Manage Our Resources Prudently

In a dynamic funding environment, we will maintain our focus on adhering to an ethic of responsible planning and management of our resources. We will maintain and follow an appropriate investment and reserve policy. We will exercise due diligence in managing our resources and in our granting processes.

2. Continuously Improve Our Granting Processes

We will improve our knowledge of the grantee organizations we fund. We will work with grantees to evaluate how their work achieves our vision. We will use our evaluation processes to determine our grant allocations and to ensure we fund initiatives that are in line with our vision, mission, and values.

3. Continue Our Involvement in Access to Justice Initiatives

We will increase the awareness of our Foundation and its work within the legal profession. We will seek to inspire new and innovative approaches to access to justice working with our grantee organizations and institutions that promote access to justice.

4. Enhance Management of the Organization

We will continue to seek improvements in our governance and operations.

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Message from the Chair



I am pleased to provide the 49th Annual Report of the Law Foundation of Saskatchewan for the fiscal year ended June 30, 2022.

The theme of this year's message is optimism.

The Law Foundation earns revenue from interest earned on the daily balance in lawyers' mixed trust accounts. Foundation revenue is very sensitive to interest rate fluctuations.

For the past two years low interest rates reduced the Foundation's revenues and impaired funding capacity. The Foundation's commitment to keeping core grantees at historical funding resulted in a shortfall of \$1.4 million in fiscal 2021. The deficit was funded by drawing down the grant stabilization reserve. The Foundation committed to grantees again in 2022 but again expected a substantial deficit.

In 2022, the Bank of Canada increased rates by 125 basis points in the third and fourth quarter of our fiscal year. The Foundation ended its fiscal year with a minimal draw down on the grant stabilization reserve.

After year end the prime interest rate increased by a further 225 basis points. The Foundation expects a substantial surplus for fiscal 2023. This is good news. Our grantees can expect a return to stable funding in the near-term and the Foundation has capacity to fund additional special projects.

The Foundation has struck the Legacy Grant Committee to identify projects for the anticipated surplus. 'Legacy' is an appropriate name for the Committee as 2023 will be the 50th anniversary of the Foundation. During the first 50 years the Foundation has created an enduring legacy by granting about \$100,000,000 to projects that enhance the administration of justice for the people of Saskatchewan. The surplus in fiscal 2023 will build on the legacy.

The details of grants approved this year are in the body of this report with the Foundation's financial statements.

The Foundation expects a substantial surplus for fiscal 2023. This is good news. Our grantees can expect a return to stable funding in the near-term and the Foundation has capacity to fund additional special projects.

Now, the acknowledgments to those who make the good work possible.

First the grantees. The Foundation applauds the front-line workers in non-profits. You have a vocation. Your personal commitment and hard work advance the public interest through greater legal knowledge and access to justice. The Foundation recognizes your ingenuity through the difficult restrictions of Covid.

The Foundation relies on a Board of volunteers. I enthusiastically express thanks to fellow Board members, David Chow, Merlis Belsher, Tim Bergsma, Irene Seiferling, Sean Sinclair, Lee Anne Schienbein, Trevor Forrest, Paul Jaspar, Glen Gardner and Shannon Williams. Your thoughtful and respectful comments made my job as chair easy. Your character and conduct embrace the Foundation's core values.

Special mention goes to departing Board members. Merlis Belsher, K.C. is widely recognized for his philanthropy. Merlis was our longstanding Treasurer serving two tours of duty on the Board. His meticulous attention to detail on the financial statements and investments left us in awe.

We also recognize the departure of two representatives from the Ministry of Justice. Glen Gardner, K.C., the former Deputy Minister of Justice and Deputy Attorney General always brought great insight to the Board. Glen retired from the Board

in early fiscal 2022 and was replaced by Shannon Williams, K.C. Although Shannon left the Board after year end it is appropriate to recognize her distinguished service in this report. Shannon has been replaced by Linda Zarzeczny, K.C., the Deputy Minister of Justice and Deputy Attorney General, in fiscal 2023.

On January 1, 2023, David Chow, K.C., will assume the Chair and Lee Anne Schienbein will become Vice-Chair. I have every confidence the new leadership team and a strong Board will continue to meet its mandate and carry out its strategic plan.

The Board also acknowledges the privilege of professional management. The Board confidently relies on the technical skills and good judgment of our Executive Director, Bob Watt. The Board also acknowledges the support of Tennille Wild and Virtus Group.

On behalf of the Board of the Law Foundation of Saskatchewan I respectfully submit this Annual Report to the citizens of Saskatchewan, the Minister of Justice, and the Law Society of Saskatchewan.



Tom Schonhoffer, K.C.
Chair
December 5, 2022

Law Foundation of Saskatchewan

Our Legislative Purposes

The Law Foundation of Saskatchewan was established in 1971 and the year ended June 30, 1974, marked the first year of operation. It was one of the first foundations of its kind in Canada and is governed by *The Legal Profession Act, 1990* of Saskatchewan.

The Foundation has established a fund to accumulate and distribute interest earned on lawyers' mixed trust accounts to the benefit of the public in Saskatchewan.

The purposes for which the funds are to be distributed are described in our legislation and are:

- legal education
- legal research
- legal aid
- law libraries
- law reform

From its fund the Foundation's Board members make grants that are consistent with the legislative purposes of the Foundation. The grants are made to organizations that deliver innovative initiatives promoting better access, increased knowledge, and innovation, and that the Board members believe will succeed in improving the lives of the public in Saskatchewan.

Our Funding Sources

The Foundation is a non-profit organization which is required by legislation to set up a fund to receive and distribute the interest on clients' funds held in lawyers' mixed trust accounts maintained in financial institutions. Mixed trust accounts are those specifically not designated to a client of a lawyer because the funds are normally held for a brief period (for example in a real estate transaction) and

the costs of administering the account do not make specific designation feasible.

Across the province the amounts held by lawyers in mixed trust accounts, while generally small individually, are collectively significant. Saskatchewan's financial institutions pay interest on these mixed trust accounts directly to the Foundation. All lawyers' mixed trust accounts earn interest at rates negotiated between the Foundation and the various financial institutions.

The fund also accumulates investment income from investments held by the Foundation pending distribution to grantees. Until January 1, 2020, under our governing legislation investments could only be made "at interest". On January 1, 2020, the legislation was changed to remove that restriction, thereby permitting investment in a wider range of investment products, such as bond funds and equities. While these new investment powers are now available to the Foundation, the historically conservative investment policies of the Foundation have continued in place. The Foundation's Board will continue to be prudent in its investment decisions. The Audit & Investment Committee is working on future strategies to appropriately broaden our investment profile to enhance yield.





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Board and Management

As of June 30, 2022

Appointed by the Law Society of Saskatchewan

- 1. Tom Schonhoffer, K.C. – Chair
- 2. David Chow, K.C. – Vice-Chair
- 3. Irene Seiferling, B.A., ICD.D, FEA
- 4. Lee Anne Schienbein, B.A. (Hons.), LL.B.
- 5. Sean Sinclair, LL.B.

Appointed by the Minister of Justice

- 6. Tim Bergsma, B. Comm – Treasurer
- 7. Trevor Forrest, B. Comm
- 8. Shannon Williams, K.C.
- 9. Paul S. Jaspar, SVM, FCPA, FCA

Executive Director

- 10. Bob Watt, FCPA, FCA

Financial Highlights

Revenues—Mixed Trust Accounts

Revenues from mixed trust accounts are the main source of funding of grants for ongoing programs and projects undertaken by our grantees. We use the monies we receive by statute to inspire and support initiatives that advance justice through better access, increased knowledge and innovation. However, we do not control the interest revenues we receive from mixed trust accounts. They are dependent on the amount at any point in time in mixed trust accounts in Saskatchewan and the interest rate paid by financial institutions on those balances.

During the year ended June 30, 2022, interest earned on lawyers' mixed trust accounts was \$3,073,471 compared to \$1,956,255 in 2021. This represented an increase of approximately 57% in our main revenue source. The increase was directly attributable to increased bank prime interest rates through the second half of our fiscal year as the economy continued to recover from the pandemic and interest rates increased to combat inflation.

Our mixed trust revenue trend for the past ten years is illustrated in *Table 1*.

The bank prime interest rate at the Foundation's fiscal year end for the past ten years is illustrated in *Table 2*.

After our fiscal year end the bank prime rate has risen three more times and as of December 5, 2022 stands at 5.95%. Interest rates at this level were last seen at the end of 2007.

The other factor that impacts the revenues that we receive is the amount of monies in mixed trust accounts at any point in time. We measure

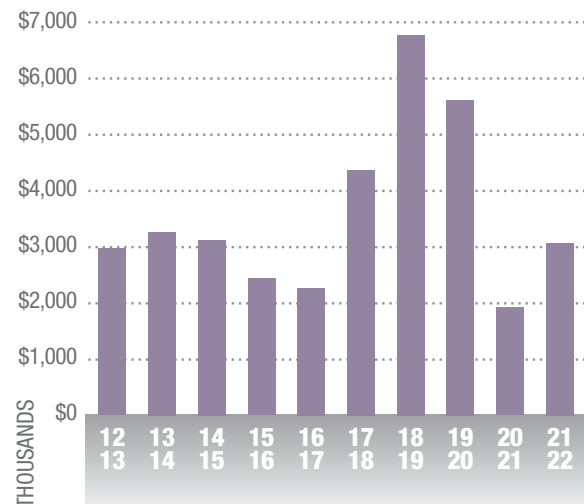


Table 1 | Table of Revenues

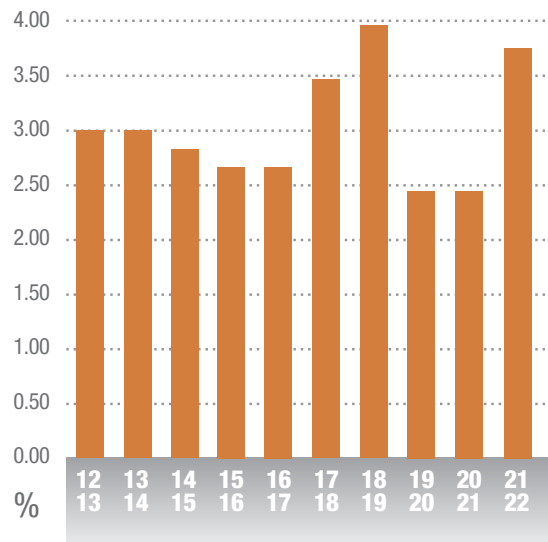


Table 2 | Bank Prime Interest Rate

the average balances on a twelve month rolling basis to reflect seasonality. The average balances in these trust accounts in Saskatchewan was approximately \$534 million at June 30, 2021. At June 30, 2022, the average balances have increased to approximately \$585 million. As the prime rate of interest increased in the last quarter of fiscal 2022, some modest weakness was seen in the average balances. Economic activity is expected to slow when interest rates rise and the longer term impact of higher interest rates on these balances is yet to be determined.

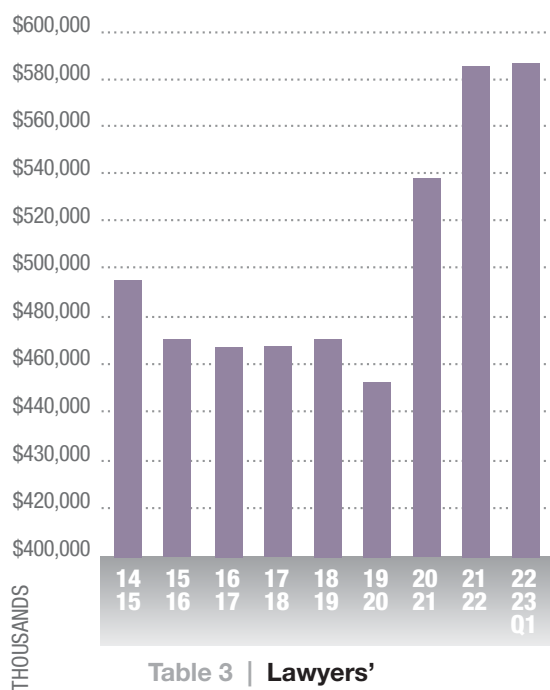


Table 3 | Lawyers' Mixed Trust Accounts

Table 3 reflects the average trailing twelve month balances over the past eight years and the first quarter of fiscal 2023.

Financial institutions continue to offer competitive interest rates on mixed trust accounts. These rates are generally priced off the prime rate of the financial institution and subject to a floor rate, usually 25 basis points. These floor rates were crucially important to the Foundation during the recent low interest rate environment through the first two years of the pandemic. On a composite basis across all the financial institutions we earned approximately 53 basis points on mixed trust deposits in fiscal

2022, compared to 37 basis points in fiscal 2021. Previously we earned 120 basis points in fiscal 2020, 143 basis points in 2019 and 93 basis points in 2018. We appreciate the support of Canada's major banks and Saskatchewan's credit unions that see the value of the work we and our grantees do in our communities to advance the public interest through greater legal knowledge and access to justice.

Revenues—Investment Income

Investment income was \$271,327 in 2022 compared to \$303,340 in 2021. The decrease was primarily due to having less monies available to invest as we had drawn down on our reserves during fiscal 2021, and also due to renewing investments at lower interest rates.

Grant Expenses

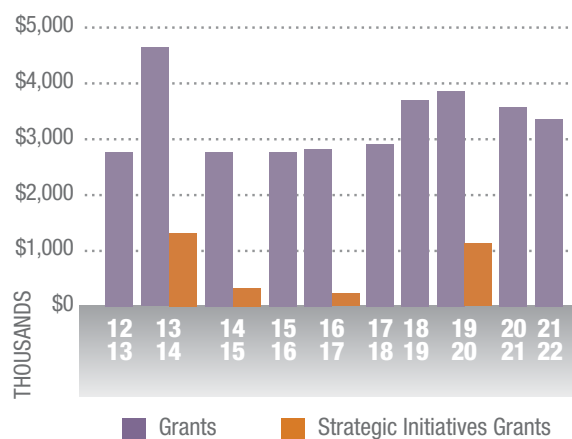


Table 4 | Grant Expenses

Our ongoing grant expenses and grants from our Strategic Initiatives Reserve for the past ten years are shown in Table 4.

In fiscal 2022 we granted \$3,326,000 compared to \$3,593,500 in the prior year.

The Foundation maintains two reserve accounts, a Grant Stabilization Reserve, and a Strategic Initiatives Reserve.

Grant Stabilization Reserve: This reserve protects our ongoing grantees, those who rely on the Foundation

for their primary funding, from sustained declines in interest revenues and therefore our funding capacity.

Our goal is to maintain 3.0 times the current level of funding to such organizations to reflect the time it can take to adjust their operations to new levels of activity if a period of low interest rates and/or a weak economic environment persists. Throughout the pandemic period we committed to these organizations that we would maintain their funding levels and we did just that. In 2021, we drew down this reserve by \$1,425,000 to support our granting program and maintain it at pre-pandemic levels. In 2022, we drew a modest \$150,000 from this reserve



as our revenues rebounded late in our fiscal year. The Foundation will continue to exercise stewardship over its financial assets and maintain a sufficient reserve position to protect our grantees and the important programs they undertake with our funding.

Strategic Initiatives Reserve: This reserve allows the Foundation to respond to significant new one-time initiatives which are deemed to be strategic.

During the year, the Foundation did not fund any grants from the Strategic Initiatives Reserve. The balance in the reserve remains at \$4,718,640 as of June 30, 2022. The Foundation remains able to be effective through significant and innovative one-time initiatives.

Outlook for 2022-2023

We expect that the economic recovery following the global pandemic will continue to impact the Foundation's outlook in its fiscal 2023 year. At the same time as the economy strengthens and returns to pre-pandemic levels, the Bank of Canada is using monetary policy to slow down economic activity to curb price inflation. The impact on balances in mixed trust accounts is not easy to predict, however, there is an expectation that lower balances could result.

We expect that prime interest rates in Canada will continue to increase in the fiscal 2023 year of the Foundation. Since year end the bank prime rate has increased 2.25%, and at the last rate announcement in October 2022 the Bank of Canada was clear that further increases are coming. A further 50 basis points would increase the bank prime rate to 6.45%. Taking all of this into account we expect to receive in excess of \$15 million in revenues in our next fiscal year.

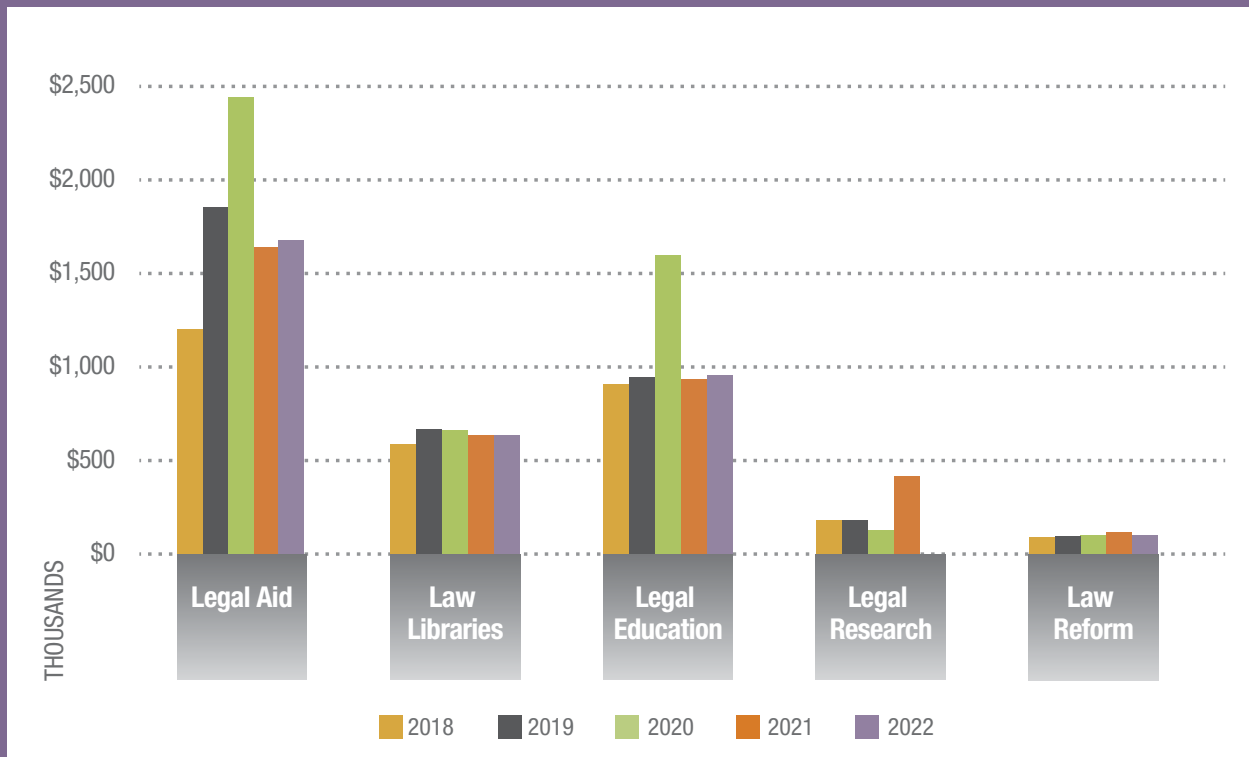
The exact timing and the number of future rate changes predicted for 2023 is a subject of considerable debate. As noted, balances in mixed trust accounts have remained at higher levels than we have seen in the past, providing additional optimism for the future revenues to the Foundation.

Due to the expected increase in our revenues in our upcoming year, the Foundation will look forward to increased support for our core grantees in the year. We will seek to find new opportunities which will allow the Foundation to meet its legislated mandate. In that regard, in the first half of fiscal 2023 the Board formed the Legacy Grant Committee to identify projects to be funded by this one-time anticipated surplus.

The success of our grantees is crucial to achieving our vision. As responsible stewards of the monies that are entrusted to us, we balance changing fiscal realities with a need and desire to support our grantees.

Funded Programs and Projects

The breakdown of the Foundation's grant expenses from 2018-2022 (in thousands) in accordance with its legislative purposes is set out below:



Funded Programs and Projects

(continued)

Grant recipient	Grant purpose	2021-2022 Grant amount
Public Legal Education Association of Saskatchewan	Facilitate the creation and distribution of high quality legal information to the public.	\$ 660,000
Law Society of Saskatchewan - Legal Resources	Provide print and online legal resources and services.	\$ 650,000
Pro Bono Law Saskatchewan	Improves access to justice by providing pro bono legal services.	\$ 575,000
Community Legal Assistance Services for Saskatoon Inner City (CLASSIC)	Providing clients with legal services and legal information.	\$ 500,000
Elizabeth Fry Society of Saskatchewan	Working for and with criminalized women and their families involved in the criminal justice system.	\$ 450,000
College of Law at the University of Saskatchewan	Various programs to support undergraduate and graduate students at the College.	\$ 125,000
John Howard Society of Saskatchewan	Addition of a staff lawyer to strengthen and expand services in Saskatchewan.	\$ 112,000
Law Reform Commission of Saskatchewan	Working to simplify and modernize laws in the province.	\$ 105,000

The Foundation in Action

A Classic Case of Making Justice Accessible to All

Most, if not all, cities in North America have seen the deterioration of their older inner-city neighbourhoods. Over the course of several decades, the lack of housing renewal has meant these neighbourhoods have lost much of their value, making them affordable to low-income tenants.

Saskatoon is no exception, and while the life circumstances bringing them into these neighbourhoods greatly vary, the challenges faced by inner-city residents are similar and can be, at times, overwhelming. Often, the residents are trapped in an unending cycle of economic and social problems; a cycle which, among other things, may leave them helpless when legal issues arise.

Fortunately, in Saskatoon, Community Legal Assistance Services for Saskatoon Inner City Inc. (CLASSIC) provides free community legal services to inner-city residents in such circumstances. Established in 2007, CLASSIC offers a variety of services focused on meeting the needs of low-income members of that community. Although their wish would be to help everyone in need they do not have the resources to deal with every file. Each request is assessed on a case-by-case basis and the supervising lawyers determine what files CLASSIC can assist on. They cover a variety of matters such as landlord-tenant issues, prison law, social assistance, human rights, immigration and refugee issues, summary legal matters, employment issues and more. What cannot receive CLASSIC's full representation may be served through summary advice clinics. Clients must also have been turned down by Legal Aid before CLASSIC can assist them if the matter is in criminal or family law.

From among these many legal issues, people fleeing a country in which their life is in danger offer a great example of the essential nature of

CLASSIC's services. Arriving in Canada without financial means or language skills can create serious challenges. A couple (name withheld) whom CLASSIC assisted had recently escaped from Afghanistan fearing for their lives due to threats made against them and other members of their family. When they arrived in Saskatoon they were fortunately connected with CLASSIC, the only free legal service provider for refugee applications in Saskatchewan. CLASSIC applied for work permits at the same time as making their refugee application. This resulted not only with the family obtaining refugee status but also the husband finding employment. CLASSIC then helped them apply for their permanent residence status. This could have been a much more difficult, and perhaps denied, future for them without CLASSIC's assistance.

This kind of success is, of course, rewarding for CLASSIC's team members, many of which are articling students, law students, and social work students. As Holly Stroschein, an articling student, explains, *"Simply put, CLASSIC is needed in this Province. Clients have expressed to me time and time again how grateful they are for us, and how nice it is to have a group who is behind them, supporting and advocating for them."*

An interdisciplinary approach

Having to deal with low-income clients also means they often simultaneously face both legal and social issues. As Chantelle Johnson, CLASSIC's Executive Director, explains, *"Many of CLASSIC's clients come to CLASSIC with inter-twined needs as opposed to a neatly packaged legal issue. Often, the non-legal needs far outweigh the legal needs. The Community Support Unit works with people to find*



*Chantelle Johnson
Executive Director, CLASSIC Inc.*

them shelter/housing, food, clothing, mental health supports and to navigate complex systems such as Saskatchewan Income Support.” CLASSIC’s use of both law and social work students can lead to a more comprehensive solution for its clients.

Such was Jenny’s case (name withheld) when she moved to Saskatoon with her two-year old daughter from a remote Northern community and enrolled in an Early Childhood Education program. At one point, the furnace of the basement suite she rented stopped working but, in response to her concern, the landlord simply told her to turn the oven on and leave the door open. To further complicate the situation, her daughter became ill and was not permitted at daycare, which resulted in Jenny missing classes at the risk of being expelled from her program. Once she came to CLASSIC, they helped her with the housing law issues and ensured her continued

enrollment in her program. CLASSIC’s intervention in this case was especially helpful with the tenant-landlord negotiations around fixing the furnace and oven. They drafted documents to start an action at the Office of Residential Tenancies if the landlord did not respond to their demands. But he responded favourably and even offered to waive her rent for a few months to make up for having left her in such neglectful conditions. In this case, Jenny benefited from this interdisciplinary social and legal approach.

Two access roads to justice

Not all cases require CLASSIC’s complete services. Some clients only need advice while others will need to be accompanied through a legal process. To better deal with these different needs CLASSIC offers two kinds of clinics:

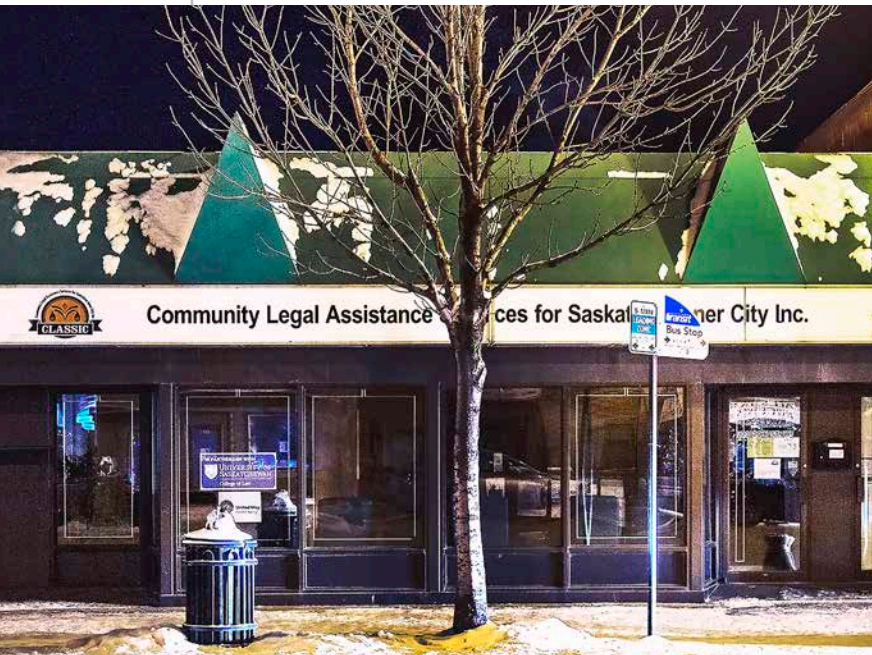
- **Legal Advice Clinic (LAC)** consists of a 15-30 minutes session with a volunteer private practice lawyer during which a client can ask questions and receive advice. The LAC typically deals with family matters and more serious criminal issues if Legal Aid has denied services. The LAC also deals with civil matters and some immigration matters.
- **Walk-in Advocacy Clinic (WAC)** provides a potential client with the chance to present their case to a staff member or law student. The case is then reviewed by a supervising lawyer who determines if CLASSIC can take it on.

The invaluable support of the Law Foundation

In addition to its main programs and clinics, CLASSIC’s work is involved with a variety of initiatives in partnership with other organizations:

- Community Legal Education – CLASSIC contributes in its areas of expertise but does not overlap with the good work of the Public Legal Education Association of Saskatchewan (PLEA).
- Project ID – to assist people in obtaining various forms of identification.
- The Rehabilitative Alternatives to Incarceration Handbook.
- Partners with Pro Bono Law Saskatchewan on a housing law initiative.
- Participates in a Prison Law Working Group.
- Collaborates with the University of Saskatchewan on a variety of research projects.

All this requires appropriate funding, and for that, sponsors are a real lifeline. This is clear to Chantelle Johnson when she says, “*The Law Foundation of Saskatchewan has been CLASSIC’s largest revenue point for over a decade.*” As she looks to the future, she attests, “*LFS’s ongoing support will help us continue to better keep up with inflationary costs, meet the demand for our services, continue to provide clinical legal education to law students, and increase our IT services.*”



CLASSIC’s office in Saskatoon’s downtown core



CLASSIC's 2022 Fall semester student lawyers during the Intensive Clinical Law Students' orientation week as a "Welcome to the Provincial Court" From L. to R.: Sam Rezazadeh, Darian Lonechild, Kelsey Leik, Kailey Macknak, Provincial Court Judge Donna Scott, Hannah Pasloski, Wendy Corden.

This is definitely a great partnership, one in which both partners' goals are being reached. Indeed, while the Foundation's support contributes to CLASSIC's initiatives, in turn we see that CLASSIC helps the Law Foundation achieve its mission to advance justice through better access, increased knowledge, and innovation

See our website for other examples of the Foundation in action.

Thanks are in order!



Merlis Belsher, K.C., FCPA, FCA, LLD.(Hon), was recognized during an appreciation event in Saskatoon on June 5th, 2022. Merlis served two terms as Board member and Treasurer between 2013 and 2022. The Law Foundation is most grateful for the generous and insightful service Merlis provided for so many years.

Changes on the Board

Over the course of the last fiscal year, the following changes have taken place on the Law Foundation Board of Directors.

Shannon Williams, K.C., appointed to the Board in July 2021, saw her appointment prematurely end in November 2022. Hers was a short but much appreciated service.

Linda Zarzeczny, K.C., Deputy Minister of Justice and Deputy Attorney General, replaces Shannon Williams in fiscal 2023.

Paul Jaspar, SVM, FCPA, FCA, has also joined the Board. Reflecting on his appointment, Paul commented, *"When I was asked to serve on the board of the Law Foundation I looked at its mission, vision and core values, and more specifically at its goal of advancing public interest through greater legal knowledge and access to justice. I strongly agree with this vision and since beginning my service on the Board it has been obvious that the staff and Board share these beliefs."*



Top to bottom:
 • Shannon Williams
 • Linda Zarzeczny
 • Paul Jaspar

IN MEMORIAM

Gordon Wicijowski, a towering figure in the history of the Law Foundation, passed away in Regina on October 13, 2022. In addition to his great professional accomplishments, Gordon was a founding governor of the Law Foundation of Saskatchewan, for which he acted as Treasurer for 37 years. Throughout his life Gordon applied principles of fairness and ethics for which he was rightfully known. Undeniably, the Foundation has been one of the fortunate beneficiaries of this invaluable man's impactful and generous service.

Management's Responsibility for Financial Statements

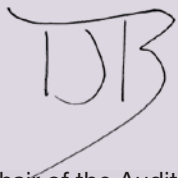
The accompanying financial statements of the Law Foundation of Saskatchewan have been prepared by the Foundation's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgment and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Foundation's Board has delegated certain responsibilities to the Audit & Investment Committee, including the responsibility for reviewing the annual financial statements and meeting with management and external auditors on matters relating to the financial reporting process and the Foundation's system of controls.

The Foundation's Board has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, KMPG LLP, and their report is presented separately.



Chair of the Audit & Investment Committee



Executive Director

December 5, 2022



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Independent Auditors' Report

To the Board of Directors of the Law Foundation of Saskatchewan

Opinion

We have audited the financial statements of the Law Foundation of Saskatchewan (the "Foundation"), which comprise:

- the statement of financial position as at June 30, 2022
- the statement of changes in net assets for the year then ended
- the statement of operations for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Other Matter – Comparative Information

The financial statements for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on December 3, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Independent Auditors' Report

(continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

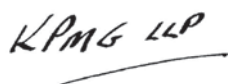
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Regina, Canada
December 5, 2022

Statement of Financial Position

As at June 30, 2022

(with comparative figures for June 30, 2021)

	2022	2021
Assets		
Current assets:		
Cash	\$ 887,165	\$ 844,188
Accounts receivable	70,000	60,008
Interest receivable from lawyers' mixed trust accounts	711,865	370,505
Accrued investment interest receivable	113,000	141,000
Investments (Note "3")	6,786,780	4,080,012
	<u>8,568,810</u>	<u>5,495,713</u>
Investments (Note "3")	7,443,053	11,230,012
	<u>\$ 16,011,863</u>	<u>\$ 16,725,725</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 20,342	\$ 10,924
Grants payable	2,188,549	2,490,931
	<u>2,208,891</u>	<u>2,501,855</u>
Grants payable	344,765	607,043
	<u>2,553,656</u>	<u>3,108,898</u>
Net Assets		
Grant stabilization reserve	8,725,000	8,875,000
Strategic initiatives reserve	4,718,640	4,718,640
Unallocated surplus	14,567	23,187
	<u>13,458,207</u>	<u>13,616,827</u>
	<u>\$ 16,011,863</u>	<u>\$ 16,725,725</u>

See accompanying notes to the financial statements

On behalf of the Foundation:



Chair



Treasurer

Statement of Changes in Net Assets

For the year ended June 30, 2022

(with comparative figures for the year ended June 30, 2021)

	2022			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	\$ 8,875,000	\$ 4,718,640	\$ 23,187	\$13,616,827
Decrease in grant stabilization reserve	(150,000)	-	150,000	-
Deficiency of revenue over expenses and grants for the year	-	-	(158,620)	(158,620)
Balance - end of year	\$ 8,725,000	\$ 4,718,640	\$ 14,567	\$13,458,207

	2021			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	\$10,300,000	\$ 4,718,640	\$ 40,817	\$15,059,457
Decrease in grant stabilization reserve	(1,425,000)	-	1,425,000	-
Deficiency of revenue over expenses and grants for the year	-	-	(1,442,630)	(1,442,630)
Balance - end of year	\$ 8,875,000	\$ 4,718,640	\$ 23,817	\$13,616,827

See accompanying notes to the financial statements

Statement of Operations

For the year ended June 30, 2022

(with comparative figures for the year ended June 30, 2021)

	2022	2021
Revenue		
Interest from lawyers' mixed trust accounts	\$ 3,073,471	\$ 1,956,255
Investment revenue	271,327	303,340
Unclaimed lawyers' mixed trust accounts	17,902	27,090
	<u>3,362,700</u>	<u>2,286,685</u>
Expenses		
Accounting and administration support	82,310	66,781
General administration	20,485	16,530
Management services and expenses	112,747	105,364
Board meetings	65,588	20,384
Professional fees	10,095	12,328
	<u>291,225</u>	<u>221,387</u>
Excess of revenue over expenses before grants authorized	3,071,475	2,065,298
Grants authorized (Schedule "1")	<u>(3,326,000)</u>	<u>(3,593,500)</u>
Deficiency of revenue over expenses before grants recovered	(254,525)	(1,528,202)
Grants recovered (Schedule "2")	<u>95,905</u>	<u>85,572</u>
Deficiency of revenue over expenses and grants for the year	<u>\$ (158,620)</u>	<u>\$ (1,442,630)</u>

See accompanying notes to the financial statements

Statement of Cash Flows

For the year ended June 30, 2022

(with comparative figures for the year ended June 30, 2021)

	2022	2021
Cash provided by (used in) operating activities:		
Deficiency of revenue over expenses and grants for the year	\$ (158,620)	\$ (1,442,630)
Change in non-cash working capital items:		
Accounts receivable	(9,992)	(60,008)
Interest receivable from lawyers' mixed trust accounts	(341,360)	(37,315)
Accrued investment interest receivable	28,000	48,452
Accounts payable	9,418	(2,249)
Grants payable	(564,660)	(408,131)
	<u>(1,037,214)</u>	<u>(1,901,881)</u>
Cash provided by (used in) investing activities:		
Purchases of investments	(3,981,188)	(2,394,837)
Proceeds on disposal and maturity of investments	5,061,379	4,759,701
	<u>1,080,191</u>	<u>2,364,864</u>
Increase in cash	42,977	462,983
Cash position - beginning of year	<u>844,188</u>	<u>381,205</u>
Cash position - end of year	<u>\$ 887,165</u>	<u>\$ 844,188</u>

See accompanying notes to the financial statements

Notes to the Financial Statements

For the year ended June 30, 2022

(with comparative figures for the year ended June 30, 2021)

1. Nature of the Foundation

The Law Foundation of Saskatchewan (the “Foundation”) is established under *The Legal Profession Act, 1990* of Saskatchewan. The purpose of the Foundation is to establish and maintain a fund to be used for the purposes of legal education, legal research, legal aid, law libraries and law reform. The Foundation is exempt from income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Interest revenue from lawyers’ mixed trust accounts and investment revenue is recorded in the period in which it is received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Unclaimed lawyers’ mixed trust funds and miscellaneous revenues are recorded in the period received.

Grants

Grants are expensed at the time they are authorized by the Foundation. Where grants are expected to be disbursed beyond a one year time frame a portion of the grant is classified as a long term payable. When sufficient evidence is obtained indicating that a portion of a grant will be returned to the Foundation the amount of the recovery is recorded in the period in which the recovery is reasonably estimated and collection is reasonably assured.

Grant stabilization reserve

The Foundation has a goal of insulating continuing programs of our grantees from fluctuation in the Foundation’s revenue that result from changes in the prime rate and the balances in lawyers’ mixed trust accounts that generate revenue to the Foundation. To accomplish this goal the Foundation maintains a reserve that functions as a stabilization fund.

Strategic initiatives reserve

The Foundation periodically makes one-time grants for significant access to justice projects carried out by our grantees. This reserve has been established by the Board to enhance its capacity to meet its mandate when such projects arise.

Financial instruments - recognition and measurement

Financial assets and financial liabilities are recorded on the statement of financial position when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions.

Financial assets and liabilities of the Foundation, except for equity instruments, are subsequently measured at amortized cost adjusted by premiums and discounts, which are amortized over the expected life of the instrument.

Measurement of equity instruments in subsequent periods is at fair value, which is the amount at which a financial instrument could be exchanged at arm’s length between willing, unrelated parties in an open market. Changes in fair values of equity instruments are recognized in excess (deficiency) of revenues over expenses. The Foundation had no equity instruments at year end.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be subsequently reversed if the value improves.

Notes to the Financial Statements

For the year ended June 30, 2022

(with comparative figures for the year ended June 30, 2021)

3. Investments

	2022		2021	
	Cost	Yield	Cost	Yield
Current:				
High interest savings account	\$ -	-	\$ 24,511	0.20%
Investments maturing within one year	6,786,780	1.83%	4,055,501	1.92%
	6,786,780		4,080,012	
Long term:				
Corporate bonds				
2-3 years	3,481,288	2.25%	3,640,438	2.47%
4-7 years	-	-	948,870	1.30%
Guaranteed investment certificates				
2-3 years	3,760,000	1.92%	5,139,076	1.95%
4-7 years	200,000	1.10%	1,500,000	1.18%
Credit Union member equity	1,765		1,628	
	7,443,053		11,230,012	
	\$ 14,229,833		\$ 15,310,024	

The Foundation's investments have a fair value at year end of \$14,081,210 (2021 - \$15,424,126). The fair value of the high interest savings account is equal to cost at year end.

4. Financial risk management

The Foundation has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Foundation is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk on accounts receivable and amounts received from financial institutions which forward interest earned from mixed trust accounts of the lawyers of Saskatchewan to the Foundation. The Foundation does not have a significant exposure to any individual customer or financial institution and has adopted policies and procedures to ensure completeness of revenues forwarded to the Foundation. There was no significant change in risk exposure during the year.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate

because of changes in market interest rates. The Foundation is exposed to interest rate risk on its investments and the interest it earns from mixed trust accounts of the lawyers in Saskatchewan. The Foundation holds investments of varying maturities to manage the interest rate risk associated with investments. There was no significant change in risk exposure during the year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation believes it has adequate resources to meet its obligations. There was no significant change in risk exposure during the year.

Grants Authorized

For the year ended June 30, 2022

(with comparative figures for the year ended June 30, 2021)

SCHEDULE 1

	2022	2021
Law Society of Saskatchewan Legal Resources	\$ 650,000	\$ 650,000
College of Law at the University of Saskatchewan		
Graduate Students	125,000	140,000
Indigenous Law Centre	-	300,000
Public Legal Education Association of Saskatchewan	660,000	660,000
Pro Bono Law Saskatchewan	575,000	500,000
Community Legal Assistance Services For Saskatoon		
Inner City Inc. (CLASSIC)	500,000	500,000
Elizabeth Fry Society of Saskatchewan	450,000	450,000
Law Reform Commission of Saskatchewan	105,000	124,000
John Howard Society of Saskatchewan	112,000	106,600
JusticeTrans	40,000	-
Parkland Restorative Justice Inc.	40,000	-
Envision Counselling and Support Centre Inc.	31,000	-
Level Inc.	20,000	15,000
Pro Bono Law Saskatchewan - National Conference	15,000	-
Pro Bono Students Canada	3,000	3,000
Can LII - Automated Classification of Case Law Project	-	87,000
Canadian National Institute for the Blind - Saskatchewan	-	47,900
Canadian Institute for Access to Justice	-	10,000
	<u>\$ 3,326,000</u>	<u>\$ 3,593,500</u>

Grants Recovered

For the year ended June 30, 2022

(with comparative figures for the year ended June 30, 2021)

SCHEDULE 2

	2022	2021
Elizabeth Fry Society of Saskatchewan	\$ 70,000	\$ 48,000
FSIN Conference	20,000	-
John Howard Society of Saskatchewan	2,600	12,008
Canadian National Institute for the Blind - Saskatchewan	1,705	-
National Action Committee Access To Justice - Saskatchewan Project	1,600	-
FASD Network	-	25,564
	<u>\$ 95,905</u>	<u>\$ 85,572</u>



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