



Our 50th Year Brings Increased Opportunities

.....
2022-2023 ANNUAL REPORT

OUR VISION

Our Foundation advances 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 50th Annual Report of the Law Foundation of Saskatchewan for the fiscal year ended June 30, 2023.

We had an extraordinary year as anticipated in the optimistic outlook in last year's Annual Report. Excellent financial results for the Foundation provide opportunities for our grantees and allow the Foundation to strengthen its base to ensure funding continues for years to come.

One of the main economic variables that determines our results is bank prime interest rates. The Foundation earns revenue from interest earned on the daily balance in lawyers' mixed trust accounts. As a result, Foundation revenue is very sensitive to interest rate fluctuations. This year clearly demonstrated that. The full impact of multiple interest rate increases on the 2022 – 2023 fiscal year led to revenue of more than \$19 million.

For the prior two years low interest rates reduced the Foundation's revenues and impaired funding capacity. The Foundation's commitment to maintaining historical funding for core grantees caused deficits that were funded by drawing down the grant stabilization reserve. This year's results allowed the Foundation to replenish that reserve which helps protect our core grantees in the future.

To recognize this extraordinary surplus, the Board created the Legacy Grant Program designed to provide one-time funding to significant projects in keeping with our vision and mandate. The Board allocated \$5 million to this program. The interest in this program has exceeded our expectations. Adjudication is expected to be completed by the end of this calendar year.

Legacy is an appropriate name for the new Program as 2023 is the 50th anniversary of the Foundation. During its first 50 years the Foundation has created an enduring legacy by granting over \$100 million for the purposes of legal education, legal research, legal aid, law libraries and law reform. A celebration of this anniversary is being planned for later this year.

We had an extraordinary year as anticipated in the optimistic outlook in last year's Annual Report. Excellent financial results for the Foundation provide opportunities for our grantees and allow the Foundation to strengthen its base to ensure funding continues for years to come.

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

The Foundation gratefully acknowledges the important work of the grantees. The personal commitment and dedication exhibited by front-line workers in these non-profits is inspiring.

The Foundation relies on a volunteer Board. My sincere appreciation to my Board colleagues whose dedication and engagement reflect the Foundation's values: David Chow, Tom Schonhoffer, Tim Bergsma, Trevor Forrest, Irene Seiferling, Sean Sinclair, and Paul Jaspar.

Special mention goes to departing Board members. Tom Schonhoffer, K.C., completed a two-year term as Chair on December 31, 2022. His leadership through a challenging period of fiscal restraint was unwavering. He remains on the Board as a valued member until the end of this calendar year. We will more formally recognize his exceptional contribution in 2024.

David Chow, K.C., became Chair on January 1, 2023. On July 31, 2023, it was announced he had been appointed to the Provincial Court. As a result, Judge

Chow stepped down as Chair. While his tenure as Chair was brief, he was a strong Board member, and we will miss his insightful advice at the Board table. I assumed the Acting Chair position and was subsequently elected Chair on September 18, 2023, at which time Irene Seiferling was elected Vice-Chair.

Linda Zarzeczny, K.C., former Deputy Minister of Justice and Deputy Attorney General, also resigned from her Board position during fiscal 2023. We acknowledge her contribution and wish her well.

The Board appreciates the benefit 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 Virtus Group and in particular, Tennille Wild, who is a valued member of the management team.

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



Lee Anne Schienbein, B.A. (Hons.), LL.B.
Chair

September 18, 2023

Law Foundation of Saskatchewan

Our Legislative Purposes

The legislation governing the Law Foundation of Saskatchewan came into effect on July 1, 1973. 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 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. Late in fiscal 2023, the Foundation invested, for the first time, in pooled funds under a revised investment policy administered by a third party investment firm.



Board and Management

As of June 30, 2023



Appointed by the Law Society of Saskatchewan

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

Appointed by the Minister of Justice

6. Tim Bergsma, B. Comm, CPA – Chair of the Audit & Investment Committee
7. Trevor Forrest, B. Comm
8. Paul S. Jaspar, SVM, FCPA, FCA

Executive Director

9. Bob Watt, FCPA, FCA



Financial Highlights

Revenues—Mixed Trust Accounts

Revenues from mixed trust accounts are the main source of funding for 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 in mixed trust accounts in Saskatchewan at any point in time and the interest rate paid by financial institutions on those balances.

During the year ended June 30, 2023, interest earned on lawyers' mixed trust accounts was \$19.4 million compared to \$3.1 million in 2022. This represented an increase of approximately 530% in our main revenue source. The increase was directly attributable to increased bank prime interest rates through the fiscal year as the economy continued to grow and show strong performance while the Bank of Canada continued to increase interest rates 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 once more, effective July 11, 2023, and currently stands at 7.20%. Interest rates at this level were last seen in the year 2000.

The other factor that impacts the revenues that we receive is the amount of monies in mixed trust

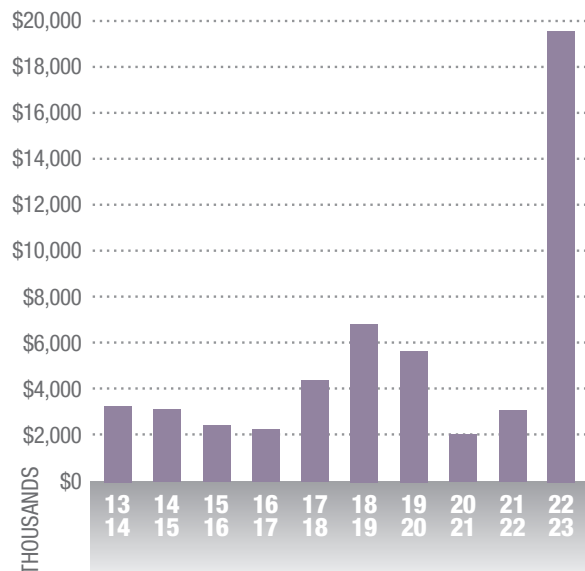


Table 1 | Table of Revenues

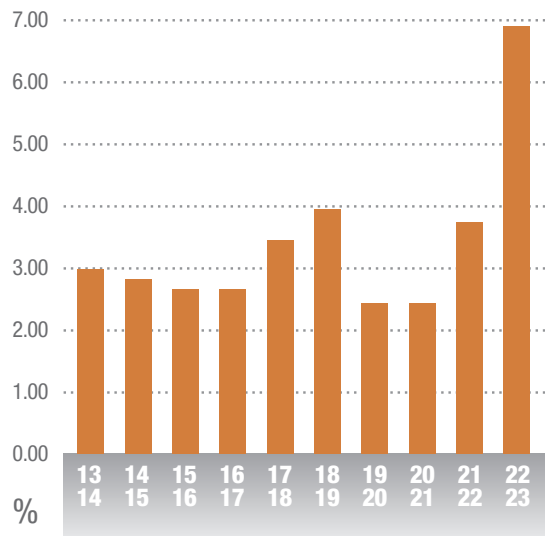


Table 2 | Bank Prime Interest Rate

accounts at any point in time. We measure the average balances on a twelve month trailing basis to reflect seasonality. The average balances in these trust accounts in Saskatchewan was approximately \$578 million at June 30, 2023 compared to \$585 million at June 30, 2022. As the prime interest rate increased through fiscal 2023, we expected to see declining balances because economic activity is expected to slow when interest rates rise. So far, the decline has been modest, the longer term impact of higher interest rates on these balances is yet to be determined.

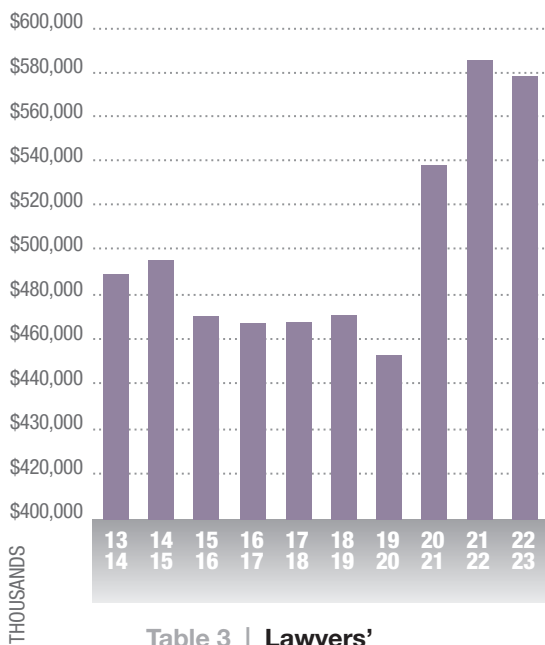


Table 3 | Lawyers' Mixed Trust Accounts

Table 3 reflects the average trailing twelve month balances over the past ten years.

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 and through the early years of the pandemic. On a composite basis across all the financial institutions we earned approximately 336 basis points on mixed trust deposits in fiscal 2023 compared to 53 basis points in fiscal 2022.

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 \$486,093 in 2023 compared to \$271,327 in 2022. The increase was primarily due to having more monies available to invest and the impact of being able to renew investments at higher interest rates.

Grant Expenses

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

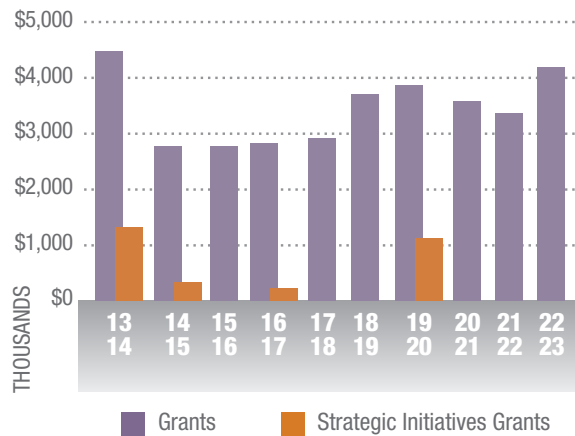


Table 4 | Grant Expenses

In fiscal 2023 we authorized grants totaling \$4.2 million compared to \$3.3 million in the prior year, a 25% increase in grant spending. All the grants were funded from current revenues.

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 and 2022, we drew down this reserve by \$1,575,000 to support our granting program and maintain it at pre-pandemic levels. The Foundation was able to replenish this reserve in fiscal 2023 by putting \$1,850,000 back into the grant stabilization reserve. We will continue to exercise stewardship over the financial assets of the Foundation to maintain a sufficient reserve position to protect our grantees and the important programs they undertake with our funding in the event of future economic downturns.



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. However, the Foundation was able to move \$13.6 million into this reserve due to the significant increase in revenues. The Foundation remains able to be effective through significant and innovative one-time initiatives.

Outlook for 2023-2024

The current high interest rate environment will continue to impact the Foundation's outlook in its 2024 fiscal year. As the economy continues to be strong it will be monitored by the Bank of Canada which is expected to continue using monetary policy to slow down economic activity and curb price inflation. The impact on balances in mixed trust accounts is not easy to predict, however, we continue to expect that balances will decline as we have already seen this begin to happen.

The future of prime interest rates in Canada is also very difficult to predict. Since year end, the bank prime rate has increased once more to 7.20%. At the last rate announcement in September 2023 the Bank of Canada was clear that economic growth has been stronger than expected with some positive indicators of lower inflation and slowing economic growth. The timing of future interest rate changes remains uncertain. Should the current rate of 7.20% and current balances in mixed trust persist, the Foundation can expect to receive in excess of \$20 million in revenues in our next fiscal year.

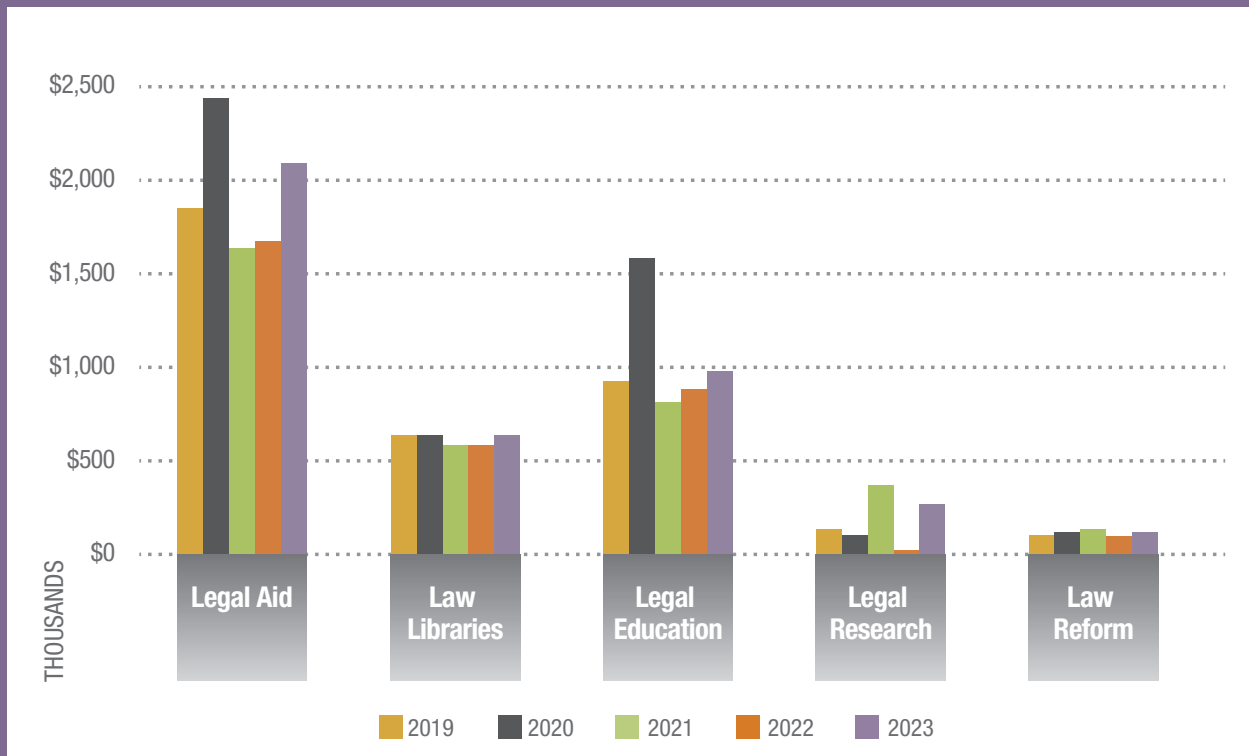
The exact timing of future rate changes, whether that be an increase or decrease, predicted for 2024 is a subject of considerable debate. As noted, balances in mixed trust accounts have started to decline providing an indication that the economy is slowing and rate decreases may be ahead.

Due to the increase in our revenues in fiscal 2023, the Board formed the Legacy Grant Committee to identify one-time projects to be funded by our surplus. The Board has allocated \$5.0 million to fund this program. In fiscal 2024 we expect to fund many new initiatives through this program that will allow the Foundation to meet its legislated mandate. Further details can be found on our website.

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 2019-2023 (in thousands) in accordance with its legislative purposes is set out below:



Funded Programs and Projects

(continued)

Grant recipient	Grant purpose	2022-2023 Grant amount
Public Legal Education Association of Saskatchewan	Facilitate the creation and distribution of high quality legal information to the public.	\$ 750,000
Law Society of Saskatchewan - Legal Resources	Provide print and online legal resources and services.	\$ 700,000
Community Legal Assistance Services for Saskatoon Inner City (CLASSIC)	Providing clients with legal services and legal information.	\$ 600,000
Pro Bono Law Saskatchewan	Improves access to justice by providing pro bono legal services.	\$ 575,000
Elizabeth Fry Society of Saskatchewan	Working for and with criminalized women and their families involved in the criminal justice system.	\$ 500,000
John Howard Society of Saskatchewan	Addition of a staff lawyer to strengthen and expand services in Prince Albert, Saskatchewan. Seventeen months of total funding.	\$ 357,000
CanLII	Summarization of Saskatchewan legal information project.	\$ 239,000
Law Reform Commission of Saskatchewan	Working to simplify and modernize laws in the province.	\$ 110,000
College of Law at the University of Saskatchewan	Various programs to support undergraduate and graduate students at the College.	\$ 100,000

Valuable Site Visits

The Foundation strives to continuously improve its granting processes; it is one of our key strategic goals and initiatives. To that end, we annually visit the premises of larger grantees we fund. The objective of the visits is to improve our knowledge of these organizations and the work they do. By discussing the programs being undertaken we can evaluate alignment with our vision, mission, and values. Getting to know the people on the front line of service delivery is an important by-product of these visits.

While each grant is awarded through a thorough evaluation of applications, on-site visits provide the Foundation with a face-to-face opportunity to see each organization's actual day-to-day operation, their working environment and personnel at work.

Grant applications, no matter how well laid-out they may be, do not fully reveal the personal commitment and energy of the individuals behind each proposal. It is often their personal ethical conviction and commitment which serve the public interest through greater legal knowledge and the much needed access to justice. And that is best observed during on-site visits.

Joel Janow, PLEA's Executive Director, echoes the same sentiment from a grantee's perspective, *"Each year, we very much look forward to the Law Foundation's visit to our office. It is an excellent opportunity in our planning process to meet with Mr. Watt, the Chair, and usually another Member, to talk in a more informal and relaxed setting and provide each other with a snapshot of our respective activities, needs, goals, and outlooks for the coming year."*

A similar feeling is heard from Nicole Obrigavitch when she says, *"The Elizabeth Fry Society of Saskatchewan believes that site*

STRATEGIC GOALS AND INITIATIVES

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.



L to R: Lee Anne Schienbein, Joel Janow, Bob Watt, Jocelyn Gagne, David Chow during a visit at PLEA's offices

visits are vital for the Law Foundation to ensure their resources make a meaningful difference, build strong relationships with supported organizations, and enhance the impact of their philanthropic efforts while furthering access to justice”.

In June 2023 we met in Saskatoon with CLASSIC, Elizabeth Fry Society, PLEA, Legal Aid, and the College of Law. In August we met with the Law Society of Saskatchewan and Pro Bono Law in Regina.



L to R: Sydney Wouters, Lee Anne Schienbein, Bob Watt, Nicole Obrigavitch, David Chow at the Elizabeth Fry Society



L to R: Ali Ahmed Jawaid, Jerome Boyko, Jayne Mallin, Lee Anne Schienbein, Bob Watt, David Chow at Legal Aid



L to R: Andrea Argue, Suzanne Jeanson, Tim Brown, Lee Anne Schienbein, Bob Watt at the Law Society



L to R: Blaine Beaven, David Chow, Bob Watt, Lee Anne Schienbein, Chantelle Johnson at CLASSIC

Rapid Successions on the Board

Over the space of only seven months, the Law Foundation unexpectedly saw its Chairperson change three times.

When Tom Schonhoffer's term as Chair came to its natural end in December 2022, David Chow, K.C, took over the reins. But his term as Chair was prematurely ended when he was appointed to the Provincial Court in Moose Jaw.

Lee Anne Schienbein, B.A. (Hons.), LL.B. was subsequently appointed Chair and Irene Seiferling, B.A., ICD.D, FEA Vice-Chair. Following her appointment, Lee Anne shared the following, *"I appreciate my predecessors' strong leadership to ensure the stability of the Foundation during a challenging economic period and look forward to working with Irene and the rest of the Board during this time of opportunity."*

Likewise, the Foundation is grateful for all the talented and dedicated individuals who have served on the Board, and looks forward to Lee Anne's and Irene's leadership in 2023-2024.



*Clockwise from the top:
Tom Schonhoffer, David Chow,
Lee Anne Schienbein*

Recognition well deserved

On September 17th, 2023, the Foundation took the opportunity to recognize the contributions of Shannon Williams, K.C., and David Chow, K.C., who served on its Board of Directors.

Both brought their unique experience and dedicated service to the Foundation.

David Chow was appointed to the Board of the Law Foundation of Saskatchewan in 2019. He was most recently serving as Chair of the Foundation when he was appointed a Judge.

Shannon Williams, K.C., served on the Board from 2021 to 2022. Hers was a short but much appreciated service.



*L to R: David Chow, Lee Anne Schienbein,
Shannon Williams.*

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, KPMG LLP, and their report is presented separately.



Chair of the Audit & Investment Committee



Executive Director

September 18, 2023





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Independent Auditor's 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, 2023
- 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, 2023, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

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.

Auditor's 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 auditor's report that includes our opinion.

Independent Auditor's Report

(continued)

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.

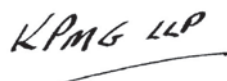
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

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 auditor's 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 auditor's 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.

The logo for KPMG LLP, featuring the letters 'KPMG' in a stylized, handwritten font, followed by 'LLP' in a smaller, simpler font, all underlined.

Chartered Professional Accountants

Regina, Canada
September 18, 2023

Statement of Financial Position

As at June 30, 2023

(with comparative figures for June 30, 2022)

	2023	2022
Assets		
Current assets:		
Cash	\$ 1,302,414	\$ 887,165
Accounts receivable	64,000	70,000
Interest receivable from lawyers' mixed trust accounts	2,028,535	711,865
Accrued investment interest receivable	78,000	113,000
Investments (Note "3")	5,805,030	6,786,780
	<u>9,277,979</u>	<u>8,568,810</u>
Investments (Note "3")	22,784,046	7,443,053
	<u>\$ 32,062,025</u>	<u>\$ 16,011,863</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 44,016	\$ 20,342
Grants payable	2,766,400	2,188,549
	<u>2,810,416</u>	<u>2,208,891</u>
Grants payable	231,392	344,765
	<u>3,041,808</u>	<u>2,553,656</u>
Net Assets		
Grant stabilization reserve	10,575,000	8,725,000
Strategic initiatives reserve	18,377,296	4,718,640
Unallocated surplus	67,921	14,567
	<u>29,020,217</u>	<u>13,458,207</u>
	<u>\$ 32,062,025</u>	<u>\$ 16,011,863</u>

See accompanying notes to the financial statements

On behalf of the Foundation:



Chair



Chair of the Audit & Investment Committee

Statement of Changes in Net Assets

For the year ended June 30, 2023

(with comparative figures for the year ended June 30, 2022)

	2023			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	\$ 8,725,000	\$ 4,718,640	\$ 14,567	\$13,458,207
Increase in grant stabilization reserve	1,850,000	-	(1,850,000)	-
Increase in strategic initiatives reserve	-	13,600,000	(13,600,000)	-
Excess of revenue over expenses and grants for the year	-	58,656	15,503,354	15,562,010
Balance - end of year	\$10,575,000	\$18,377,296	\$ 67,921	\$29,020,217

	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

See accompanying notes to the financial statements

Statement of Operations

For the year ended June 30, 2023

(with comparative figures for the year ended June 30, 2022)

	2023	2022
Revenue		
Interest from lawyers' mixed trust accounts	\$ 19,390,810	\$ 3,073,471
Investment revenue	504,343	271,327
Unrealized loss on investments carried at fair value	(18,250)	-
Unclaimed lawyers' mixed trust accounts	35,067	17,902
	<u>19,911,970</u>	<u>3,362,700</u>
Expenses		
Accounting and administration support	103,425	82,310
General administration	15,203	20,485
Management services and expenses	133,582	112,747
Investment management fees	10,667	-
Board meetings	81,854	65,588
Professional fees	48,335	10,095
	<u>393,066</u>	<u>291,225</u>
Excess of revenue over expenses before grants authorized	19,518,904	3,071,475
Grants authorized (Schedule "1")	(4,176,600)	(3,326,000)
Excess (deficiency) of revenue over expenses before grants recovered	15,342,304	(254,525)
Grants recovered (Schedule "2")	219,706	95,905
Excess (deficiency) of revenue over expenses and grants for the year	<u>\$ 15,562,010</u>	<u>\$ (158,620)</u>

See accompanying notes to the financial statements

Statement of Cash Flows

For the year ended June 30, 2023

(with comparative figures for the year ended June 30, 2022)

	2023	2022
Cash provided by (used in) operating activities:		
Excess (deficiency) of revenue over expenses and grants for the year	\$ 15,562,010	\$ (158,620)
Items not involving cash:		
Loss on market value of investments carried at fair value	18,250	-
Change in non-cash working capital items:		
Accounts receivable	6,000	(9,992)
Interest receivable from lawyers' mixed trust accounts	(1,316,670)	(341,360)
Accrued investment interest receivable	35,000	28,000
Accounts payable	23,674	9,418
Grants payable	464,478	(564,660)
	<u>14,792,742</u>	<u>(1,037,214)</u>
Cash provided by (used in) investing activities:		
Purchases of investments	(29,728,165)	(3,981,188)
Proceeds on disposal and maturity of investments	15,350,672	5,061,379
	<u>(14,377,493)</u>	<u>1,080,191</u>
Increase in cash	415,249	42,977
Cash position - beginning of year	887,165	844,188
Cash position - end of year	<u>\$ 1,302,414</u>	<u>\$ 887,165</u>

See accompanying notes to the financial statements

Notes to the Financial Statements

For the year ended June 30, 2023

(with comparative figures for the year ended June 30, 2022)

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.

Subsequently investments in corporate bonds and guaranteed investment certificates are measured at amortized cost adjusted by premiums and discounts, which are amortized over the expected life of the instrument.

Measurement of pooled bond and equity pooled funds is at fair value in subsequent periods. The fair value of pooled bond and equity funds is based on the net asset value per unit determined by the investment manager, with reference to the underlying investment’s year end prices. Unrealized changes in fair values of pooled funds are recognized in excess (deficiency) of revenues over expenses.

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, 2023

(with comparative figures for the year ended June 30, 2022)

3. Investments

	2023	2022
Investments carried at cost:		
Corporate bonds	\$ 3,477,612	\$ 4,432,200
Guaranteed investment certificates	4,963,726	9,795,868
Credit Union member equity	-	1,765
	<u>8,441,338</u>	<u>14,229,833</u>
Investments carried at market value:		
Pooled funds:		
Bond fund	17,066,747	-
Canadian equity fund	1,047,997	-
Global equity fund	1,023,653	-
Money market fund	1,009,341	-
	<u>20,147,738</u>	<u>-</u>
	<u>\$ 28,589,076</u>	<u>\$ 14,229,833</u>
Investments are classified as:		
Current	\$ 5,805,030	\$ 6,786,780
Long term	22,784,046	7,443,053
	<u>\$ 28,589,076</u>	<u>\$ 14,229,833</u>

The Foundation's guaranteed investment certificates mature between July 2023 and January 2027 (2022 - July 2022 and January 2027) and have interest rates between 0.85% and 5.04% (2022 - 0.47% and 5.04%).

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.

Price risk

Price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to price risk through its investment in pooled funds. The Foundation does not use derivatives to mitigate this risk. There was a change in risk exposure during the year.

Grants Authorized

For the year ended June 30, 2023

(with comparative figures for the year ended June 30, 2022)

SCHEDULE 1

	2023	2022
Law Society of Saskatchewan Legal Resources	\$ 700,000	\$ 650,000
College of Law at the University of Saskatchewan		
Graduate Students	100,000	125,000
Public Legal Education Association of Saskatchewan	750,000	660,000
Community Legal Assistance Services For Saskatoon		
Inner City Inc. (CLASSIC)	600,000	500,000
Pro Bono Law Saskatchewan	575,000	575,000
Elizabeth Fry Society of Saskatchewan	500,000	450,000
John Howard Society of Saskatchewan	357,000	112,000
CanLII - Leveraging AI project	239,000	-
Law Reform Commission of Saskatchewan	110,000	105,000
FASD Network	58,100	-
Legal Aid Saskatchewan - History book project	50,000	-
Legal Aid Saskatchewan - Trauma informed workshops	43,400	-
Public Legal Education Association of Saskatchewan -		
Technology upgrades	40,000	-
Ministry of Justice - French translation project	22,000	-
Pro Bono Law Saskatchewan - Intake project	15,000	-
CanLII	7,600	-
Saskatchewan Elocution and Debate	6,500	-
Pro Bono Students Canada	3,000	3,000
JusticeTrans	-	40,000
Parkland Restorative Justice Inc.	-	40,000
Envision Counselling and Support Centre Inc.	-	31,000
Level Inc.	-	20,000
Pro Bono Law Saskatchewan - National Conference	-	15,000
	<u>\$ 4,176,600</u>	<u>\$ 3,326,000</u>

Grants Recovered

For the year ended June 30, 2023

(with comparative figures for the year ended June 30, 2022)

SCHEDULE 2

	2023	2022
University of Regina Lifelong Learning	\$ 72,050	\$ -
Elizabeth Fry Society of Saskatchewan	64,000	70,000
Ministry of Justice - E-Justice project *	58,140	-
Pro Bono Law Saskatchewan - National Conference	15,000	-
Canadian Institute for Access to Justice	10,000	-
College of Law at the University of Saskatchewan		
Access to Justice Coordinator - CREATE *	516	-
FSIN Conference	-	20,000
Canadian National Institute for the Blind - Saskatchewan	-	1,705
National Action Committee Access To Justice - Saskatchewan Project	-	1,600
John Howard Society of Saskatchewan	-	2,600
	<u>\$ 219,706</u>	<u>\$ 95,905</u>

* Strategic initiative grant



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