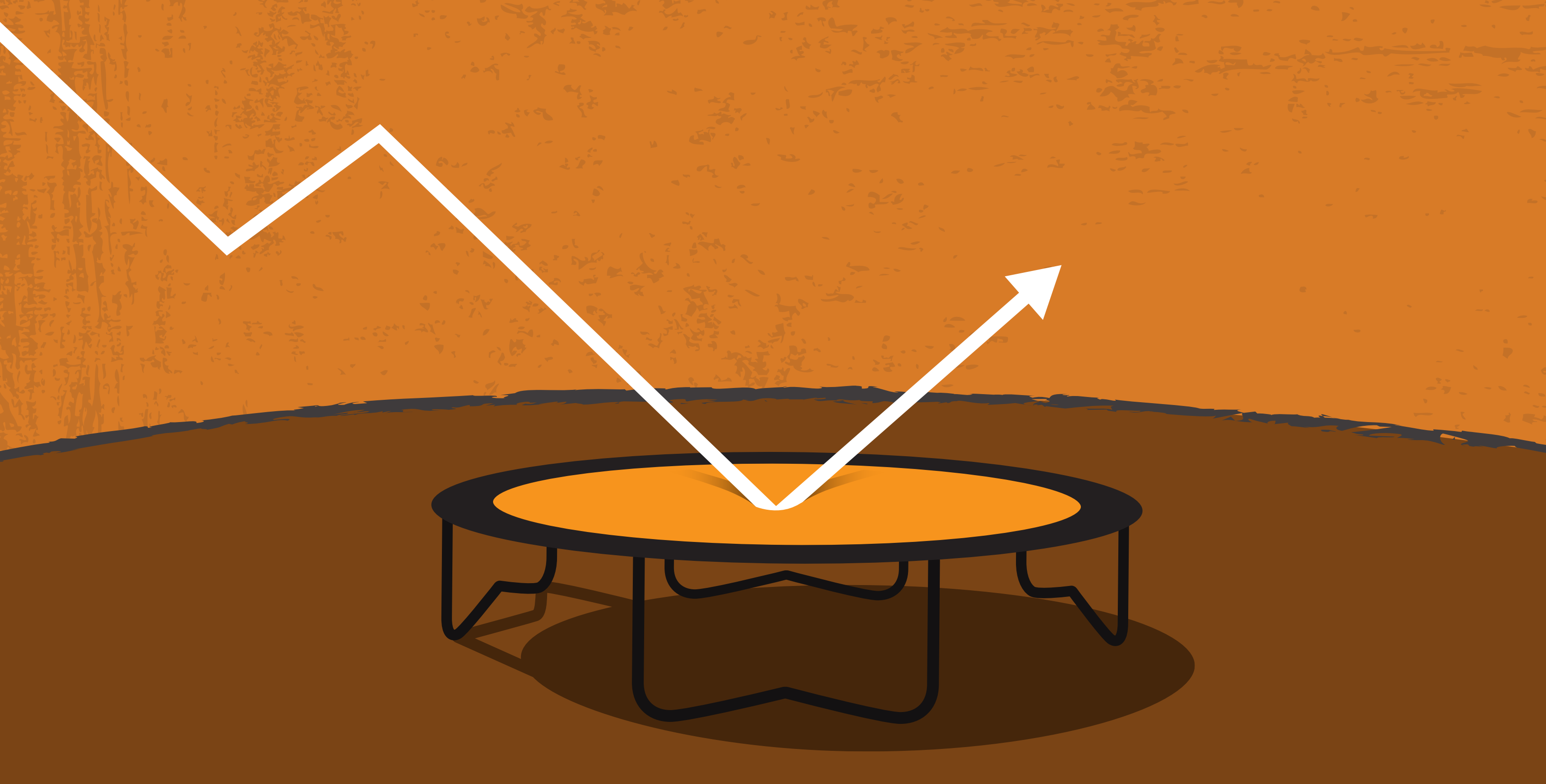
Law Foundation OF SASKATCHEWAN

A year of accomplishment and recovery

2017-2018 ANNUAL REPORT



Justice accessible to all

Strategic Plan 2016-2020

OUR VISION

Justice accessible to all.

OUR MISSION

We inspire and support innovative programs and initiatives promoting accessible justice.

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 programs and initiatives promoting accessible justice within our mandate.
- **Positive impact**: We seek evidence that our investments in projects and organizations improve the lives of those who are seeking justice.
- **Accountability**: We hold ourselves and grantees accountable by regular evaluation and assessment of performance as measured against our vision, mission and values.

STRATEGIC PRIORITIES

1. Manage Our Resources Prudently

In a dynamic funding environment, we will increase 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. 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 facilitates access to justice for our citizens in an effective manner. 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. Increase Our Involvement in Access to Justice Initiatives

We will increase the knowledge of our Foundation and its work within the legal profession. We will seek to more clearly understand how non profit agencies provide access to justice services and increase our visibility within that community. 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.

Contents

Message from the Chair

I am pleased to provide the 45th Annual Report of the Law Foundation of Saskatchewan for the fiscal year ended June 30, 2018. This report is provided to the Minister of Justice of Saskatchewan and to the Law Society of Saskatchewan pursuant to section 79 of *The Legal Profession Act, 1990*.

The latest fiscal year of the Foundation was a year of accomplishment and recovery. Our grantees carried on their valuable programs promoting access to justice in a period of uncertainty and constrained funding. They truly lived up to the values of our Foundation by being careful stewards of funding awarded to them and finding innovative ways to continue to provide the same high level of services to those requiring access to justice. We congratulate them on their important work and accomplishments, and as outlined in my report good news is on the way.

The changing landscape of interest rates has had a significant impact on the Foundation. Our funding decisions reflect the ups and downs of interest rate revenue, requiring cautious decision making. When I last reported to you in December 2017, we were hopeful that two prime interest rate increases in the summer of 2017 would see much improved funding capacity in the fiscal year ended June 30, 2018. These increases, combined with a further prime rate increase in January 2018, resulted in a dramatic recovery in our revenues from mixed trust accounts, all good news for our grantees and our capacity to fund access to justice projects going forward.

To respond, we increased our grants authorized in fiscal 2018 to $2.9 million from $2.5 million in fiscal 2017 (excluding grants from the Strategic Initiative Reserve). This allowed many of our ongoing grantees to partially restore their funding historically sourced from the Foundation.

When we were faced with unexpected declines in prime interest rates in fiscal 2015 and fiscal 2016, we worked closely with our grantees to manage and shape expectations for funding. Our grantees were able to anticipate the resulting cuts in funding in fiscal 2017 and plan for them. Thankfully none of the cuts were so dramatic that the agencies involved needed to radically alter their focus on improving access to justice for our Saskatchewan residents. The willingness to collaborate with us and the resiliency of our grantees in the face of uncertainty is recognized and appreciated.

Thankfully the declines in prime interest rates proved to be temporary and the long anticipated subsequent increases are certainly welcome news. Our decision making must still be balanced. We have been working closely with our grantees to get the message out that we have substantially improved granting capacity in the near term. At the same time, we recognize that an economic recession could result in prime interest rate cuts. Our grantee organizations are therefore being encouraged to focus on containing increases in their fixed program costs, and wherever possible to develop funding proposals that are “one time”.

> These increases, combined with a further prime rate increase in January 2018, resulted in a dramatic recovery in our revenues from mixed trust accounts, all good news for our grantees and our capacity to fund access to justice projects going forward.

For the first time, in the spirit of collaboration, in June 2018 we had an interactive session with all of our ongoing grantees. In addition to shaping the positive funding environment for fiscal 2019 we took first steps together to identify ways to improve access to justice in the Province. The meeting was well received and will help guide our funding decisions going forward.

We continue to fulfill our legislative mandate by making grants to organizations that support innovative programs and initiatives promoting accessible justice that have a positive impact and are planned and delivered in a collaborative fashion. The details of those grants are contained in the body of this report and our financial statements.

Effective September 20, 2017, we welcomed back Merlis Belsher, FCPA, FCA, LL.B. as an appointee of the Minister of Justice. Merlis resumed his role as our Treasurer. In addition, Tim Bergsma, B. Comm was appointed by the Minister of Justice effective June 28, 2018, replacing Kathryn Ford, Q.C. who resigned at the end of the prior fiscal year.

My term with the Foundation expires on December 31, 2018. It has been an honour to serve as Chair of the Foundation through a period of significant challenge. I take great pride and satisfaction from the collaborative relationships we have established with our grantees in a difficult period for funding.

On January 1, 2019, our Vice Chair, Melanie Baldwin, Q.C. will assume the Chair and Tom Schonhoffer, Q.C. will become Vice Chair, each for a two year term. I am confident that the Foundation will continue to move forward and achieve its vison under their leadership.

I would like to express my thanks to my fellow members for their diligence in governing the Foundation’s activities. Their conduct embraces our core values and, without fail, demonstrates the necessary commitment to the stewardship of the Foundation so vital to ensuring the effective discharge of our mandate.

On behalf of the members of the Law Foundation of Saskatchewan I respectfully submit this annual report. We appreciate the opportunity to serve the people of Saskatchewan by ensuring the Foundation achieves its vision and meets its legislated purposes.

Eileen Libby, Q.C.
Chair
December 10, 2018

The Law Foundation of Saskatchewan

Our Legislative Purposes

The Law Foundation of Saskatchewan was established in 1971 and was one of the first foundations of its kind in Canada. The Foundation 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 members make grants that are consistent with the legislative purposes of the Foundation. The grants are made to organizations that deliver innovative programs and initiatives promoting accessible justice and that the 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. Under our governing legislation investments can only be made "at interest" and as a result the investment policies of the Foundation reflect a relatively minimal risk profile.

LawFoundation OF SASKATCHEWAN

Our logo with its stylized scales of justice integrates the vision, mission, and values of the Foundation in its design. The progressively bolder interlocked scales of justice illustrate our mission to over time proactively inspire and support innovative initiatives, working collaboratively with our grantees and stakeholders. The levelled coloured scales represent the culmination of our work and ultimate achievement of justice accessible for all.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Members and Management

As of June 30, 2018

Appointed by the Law Society of Saskatchewan

1. Eileen Libby, Q.C. – Chair*
2. Melanie Baldwin, Q.C. – Vice Chair*
3. Evert Van Olst, Q.C.
4. Tom Schonhoffer, Q.C.
5. Brenda Walper-Bossence, Q.C.

**The Chair and Vice Chair are appointed by the Law Society of Saskatchewan*

Appointed by the Minister of Justice

6. Glen Gardner, Q.C., Deputy Minister of Justice and Deputy Attorney General – Minister's designate
7. Irene Seiferling, B.A., ICD.D, FEA
8. Merlis Belsher, FCPA, FCA, LL.B.
9. Tim Bergsma, B. Comm

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 innovative programs and initiatives promoting accessible justice. 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, 2018, interest earned on lawyers' mixed trust accounts and paid to the Foundation was $4,302,282 compared to $2,267,274 in 2017. This represented an increase of approximately 90% in our main revenue source and resulted primarily from the impact of a year with 25 basis point increases in the bank prime rate in each of July 2017, September 2017 and January 2018.

Our mixed trust revenue trend is illustrated in *Table 1*.

The bank prime interest rate at period end for the past seven years is illustrated in *Table 2*. Subsequent to our fiscal year end the bank prime rate increased in July 2018 and October 2018 by 25 basis points each time and currently stands at 3.95%.

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 the balances on a twelve month rolling average basis to reflect seasonality. The average balances in these trust accounts in Saskatchewan grew after the recession of 2008/2009 and peaked at approximately $494 million in June 2015. Over the past two years

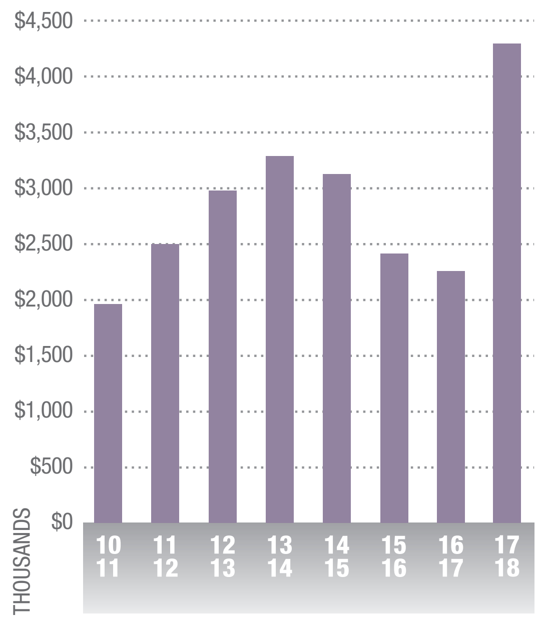


Table 1 | **Table of Revenues**

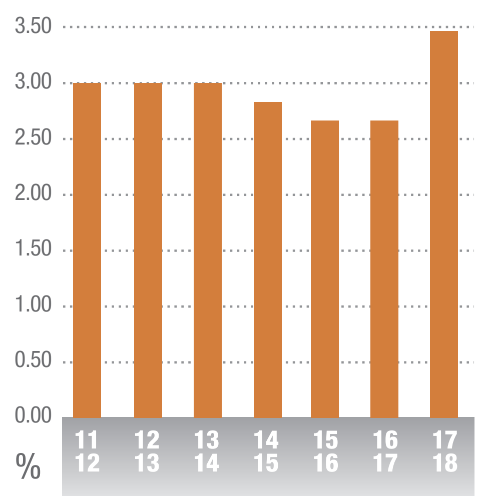


Table 2 | **Bank Prime Interest Rates**

the average balances have stabilized around $464 million and therefore the increase in revenues in fiscal 2018 largely reflects the increase in prime interest rates.

The average trailing twelve month balance in lawyers' mixed trust accounts over the past five years and the first quarter of fiscal 2019 is illustrated in *Table 3*. In fiscal 2018 the twelve month trailing average balances declined only $134,000 on $464,340,000 in total balances.

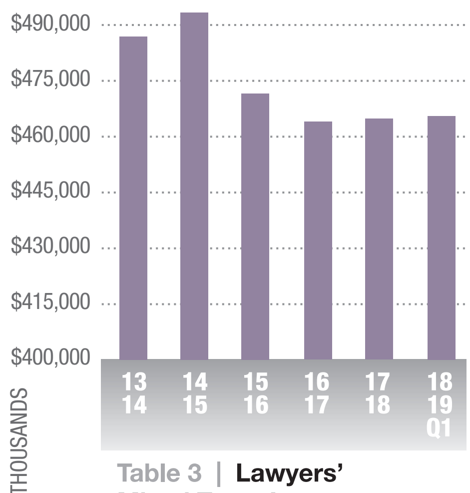


Table 3 | **Lawyers' Mixed Trust Accounts**

Even during the recent low rate environment financial institutions were able 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 are important to the Foundation in a low interest rate environment. On a composite basis across all the financial institutions we had earned approximately 50 basis points on mixed trust deposits in both fiscal 2016 and 2017. At the end of fiscal 2018 this composite rate has increased to 93 basis points exceeding the recent high of 63 basis points we earned in fiscal 2015. We appreciate the support of Canada's major banks and Saskatchewan's credit unions that beyond paying interest on deposits, see the value of the work we and our grantees do in our communities to enhance access to justice.

Revenues—Investment Income

Investment income was $220,352 in 2018 compared to $234,943 in 2017. Investment income continued to decline due to the impact of lower reinvestment interest rates as term investments mature and our investment portfolio declined to fund drawdowns of the Grant Stabilization Reserve. We expect this trend to reverse in 2019.

Grant Expenses—2012-2018

Our grant expenses from unallocated surplus (before grant recoveries) and from our Strategic Initiatives reserve are shown in *Table 4*.

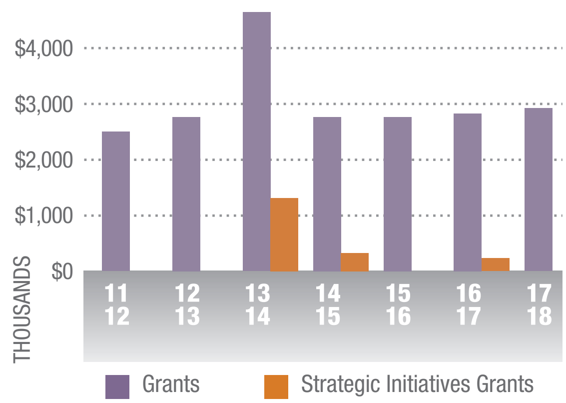


Table 4 | **Grant Expenses**

In fiscal 2018 we granted $2,915,990, compared to $2,504,700 in 2017, funded from our current revenues and our Grant Stabilization Reserve. We did not fund any grants from our Strategic Initiatives Reserve in fiscal 2018 ($217,989 in fiscal 2017).

This year the Foundation has been able to fund grants from its current revenues. This was not the case in the last two fiscal years where the Foundation experienced deficiencies.

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 a weak economic environment persist. During 2018 we were able to replenish the amounts drawn from our grant stabilization reserve over the past two years. The Foundation will continue to exercise stewardship over its financial assets and maintain a sufficient reserve position to protect the grantees and the important programs we fund.

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 grant any project funds from this reserve but recovered $141,267 of unused funds from prior year grants. Further, we have replenished and added to this reserve by $1,150,000. The balance in the reserve is $3,867,980 as of June 30, 2018. When first established, the fund had a balance of $3,695,000. The Foundation remains able to make a difference through significant one-time initiatives.

Outlook for 2018-2019

The trend of increasing Bank of Canada rates has continued through the first half of our fiscal 2019 year with two more increases. In response, Canadian banks continue to increase their prime rate by the same amount and in October 2018 that rate stood at 3.95% compared to 2.70% two years ago.

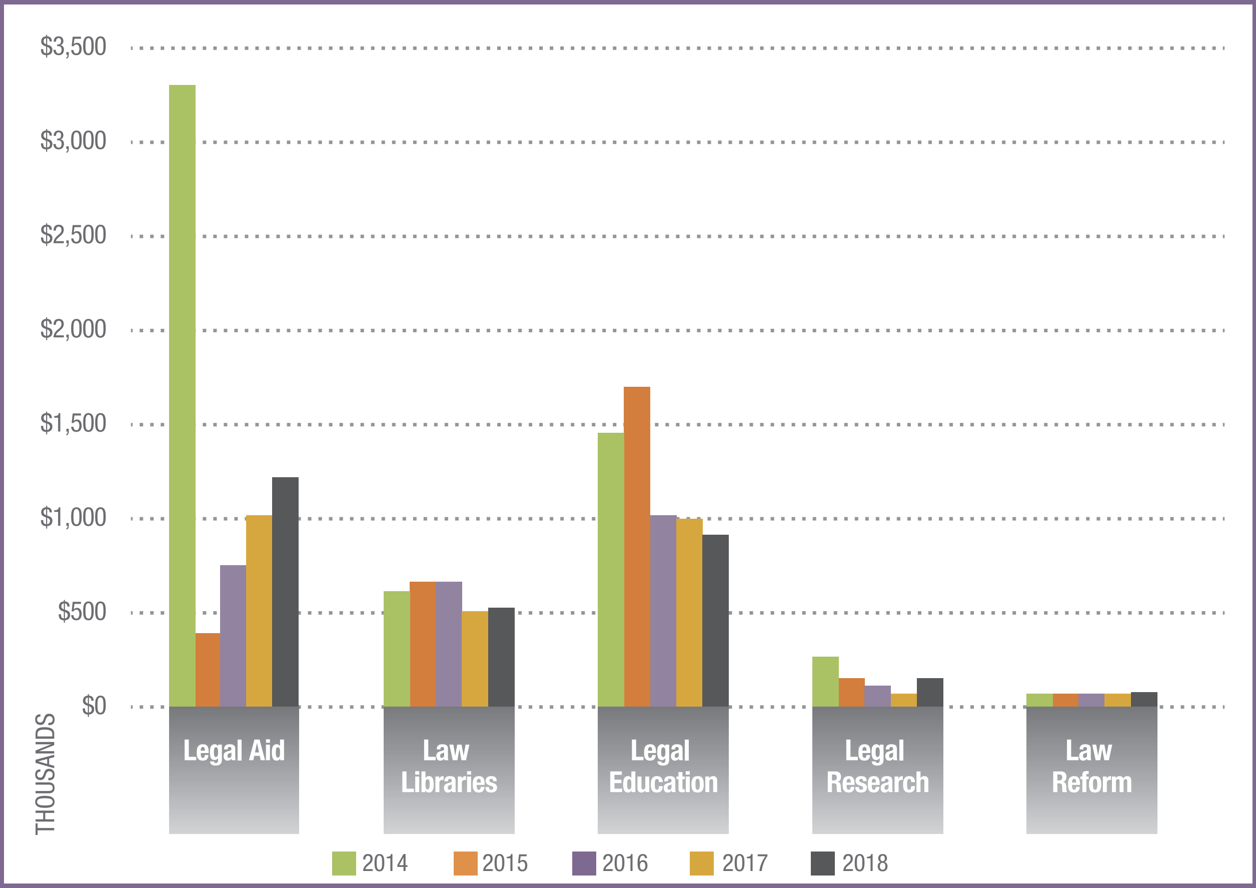
As noted, balances in mixed trust accounts appear to have halted their decline. Assuming balances do not decline significantly in the upcoming year, the increase in prime rates should result in further increases to our revenues in fiscal 2019.

The success of our grantees is crucial to achieving our vision. As responsible stewards of the monies that are entrusted to us, balancing fiscal realities with a need and desire to support our grantees is an ongoing imperative. To that end, as our revenues have climbed to levels higher than what we have seen in recent years we will continue to work in a responsible manner to make the choices that lead to grants that make a difference.

We are encouraging our grantees to apply for reasonable increases in their annual funding that restore and improve their capacity to deliver their important programs and to identify one-time projects that can be funded from the revenues we expect to generate in the upcoming year.

Funded Programs and Projects

The breakdown of the Foundation's grant expenses from 2014-2018 (in thousands) in accordance with its legislative purposes is set out below:



Funded Programs and Projects (continued)

The larger organizations that the Foundation is currently supporting are described below. Details of all amounts granted in the last two fiscal years are detailed in Schedule 1 of the financial statements in this annual report.

Grant recipient	Grant purpose	2017-2018 Grant amount
Law Society of Saskatchewan - Legal Resources	Provide print and online legal resources and services through law libraries.	$ 575,000
Public Legal Education Association of Saskatchewan	Facilitate the creation and distribution of high quality legal information to the public.	$ 648,000
Law Reform Commission of Saskatchewan	Working to simplify and modernize laws in the province.	$ 80,000
Native Law Centre at the University of Saskatchewan	Facilitates access to legal education for Aboriginal peoples, through funding of a research officer and other positions.	$ 120,000
Pro Bono Law Saskatchewan	Improves access to justice by providing high-quality pro bono legal services.	$ 400,000
Elizabeth Fry Society of Saskatchewan	Working for and with criminalized women and their families involved in the criminal justice system.	$ 375,000
Community Legal Assistance Services for Saskatoon Inner City (CLASSIC)	Providing clients with basic legal services and legal information.	$ 350,000

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 Members have 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 Members have reviewed and approved these financial statements.

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

M Belcher.

Chair of the Audit & Investment Committee

Robert Watt

Executive Director

December 10, 2018

Deloitte.

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Independent Auditor's Report

To the Members of the Law Foundation of Saskatchewan

We have audited the accompanying financial statements of the Law Foundation of Saskatchewan, which comprise the statement of financial position as at June 30, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Law Foundation of Saskatchewan as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants
Licensed Professional Accountants

December 10, 2018
Regina, Saskatchewan

Statement of Financial Position

As at June 30, 2018
(with comparative figures for June 30, 2017)

	2018	2017
Assets		
Current assets:		
Cash	$ 877,885	$ 635,086
Accounts receivable	5,502	1,546
Interest receivable from lawyers' mixed trust accounts	541,855	309,620
Accrued investment interest receivable	99,000	101,000
Investments (Note "3")	3,729,333	4,037,883
	5,253,575	5,085,135
Investments (Note "3")	7,817,317	6,588,937
	$ 13,070,892	$ 11,674,072
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 21,793	$ 8,412
Grants payable	1,711,005	1,814,293
	1,732,798	1,822,705
Grants payable - due after one year	158,000	217,989
	1,890,798	2,040,694
Grant stabilization reserve	7,300,000	7,015,000
Strategic initiatives reserve	3,867,980	2,576,713
Unallocated surplus	12,114	41,665
	11,180,094	9,633,378
	$ 13,070,892	$ 11,674,072

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, 2018
(with comparative figures for the year ended June 30, 2017)

	2018			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	$7,015,000	$2,576,713	$ 41,665	$ 9,633,378
Strategic initiative grant recovery (Schedule “2”)	-	141,267	(141,267)	-
Increase in grant stabilization reserve	285,000	-	(285,000)	-
Increase in strategic initiatives reserve	-	1,150,000	(1,150,000)	-
Excess of revenue over expenses and grants for the year	-	-	1,546,716	1,546,716
Balance - end of year	$7,300,000	$3,867,980	$ 12,114	$11,180,094

	2017			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	$7,250,000	$2,794,702	$ 41,750	$10,086,452
Strategic initiative grant (Schedule “1”)	-	(217,989)	217,989	-
Decrease in grant stabilization reserve	(235,000)	-	235,000	-
Deficiency of revenue over expenses and grants for the year	-	-	(453,074)	(453,074)
Balance - end of year	$7,015,000	$2,576,713	$ 41,665	$ 9,633,378

See accompanying notes to the financial statements

Statement of Operations

For the year ended June 30, 2018
(with comparative figures for the year ended June 30, 2017)

	2018	2017
Revenue		
Interest from lawyers' mixed trust accounts	$ 4,302,282	$ 2,267,274
Investment revenue	220,352	234,943
Unclaimed lawyers' mixed trust accounts	19,084	15,100
	4,541,718	2,517,317
Expenses		
Accounting and administration support	42,828	55,342
General administration	20,889	29,514
Management services and expenses	113,553	101,698
Members' meetings and expenses	49,629	52,252
Professional fees	10,933	13,800
	237,832	252,606
Excess of revenue over expenses before grants authorized	4,303,886	2,264,711
Grants authorized (Schedule "1")	(2,915,990)	(2,722,689)
Excess (deficiency) of revenue over expenses before grants recovered	1,387,896	(457,978)
Grants recovered (Schedule "2")	158,820	4,904
Excess (deficiency) of revenue over expenses and grants for the year	$ 1,546,716	$ (453,074)

See accompanying notes to the financial statements

Statement of Cash Flows

For the year ended June 30, 2018
(with comparative figures for the year ended June 30, 2017)

	2018	2017
Cash provided by (used in) operating activities:		
Excess (deficiency) of revenue over expenses and grants for the year	$ 1,546,716	$ (453,074)
Items not involving cash:		
Change in non-cash working capital items:		
Accounts receivable	(3,956)	99,254
Interest receivable from lawyers' mixed trust accounts	(232,235)	17,170
Accrued investment interest receivable	2,000	34,000
Accounts payable	13,381	(6,728)
Grants payable	(163,277)	(502,661)
	1,162,629	(812,039)
Cash provided by (used in) investing activities:		
Purchases of investments	(3,852,580)	(3,109,389)
Proceeds on disposal and maturity of investments	2,932,750	4,111,369
	(919,830)	1,001,980
Increase in cash	242,799	189,941
Cash position - beginning of year	635,086	445,145
Cash position - end of year	$ 877,885	$ 635,086

See accompanying notes to the financial statements

Notes to the Financial Statements

For the year ended June 30, 2018
(with comparative figures for the year ended June 30, 2017)

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 required 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 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. This reserve has been established by the Members 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. Measurement in subsequent periods of equity instruments is at fair value. All financial assets and financial liabilities of the Foundation are measured at amortized cost adjusted by premiums and discounts, which are amortized over the expected life of the instrument.

Fair value 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 financial assets and financial liabilities measured at fair value are recognized in excess 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, 2018
(with comparative figures for the year ended June 30, 2017)

3. Investments

	2018		2017	
	Cost	Yield	Cost	Yield
Current:				
High interest savings account	$ 1,874,416	1.00%	$ 1,826,748	1.00%
Investments maturing within one year	1,854,917	2.40%	2,211,135	2.62%
	3,729,333		4,037,883	
Long term:				
Provincial bonds				
2-3 years	102,896	1.85%	533,803	2.10%
Corporate bonds				
2-3 years	705,494	2.41%	1,234,810	2.38%
4-7 years	1,064,344	2.58%	316,031	2.44%
Guaranteed investment certificates				
2-3 years	4,835,000	2.20%	2,845,000	2.39%
4-7 years	1,108,808	2.10%	1,659,043	1.91%
Credit Union member equity	775		250	
	7,817,317		6,588,937	
	$ 11,546,650		$ 10,626,820	

The Foundation's investments have a fair value at year end of $11,614,968 (2017 - $10,739,790). 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 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 financial institution and has adopted policies and procedures to ensure completeness of revenues forwarded to the Foundation.

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.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation's exposure to liquidity risk is dependent on receipt of funds and are considered adequate to meet its obligations.

Grants Authorized

SCHEDULE 1

For the year ended June 30, 2018
(with comparative figures for the year ended June 30, 2017)

	2018	2017
Law Society Legal Resources (formerly Law Libraries)	$ 575,000	$ 561,000
Law Society Bar Course CPLED	56,000	64,700
College of Law External Moot Funding	50,000	50,000
College of Law Access to Justice Coordinator 2018-2020*	-	217,989
Native Law Centre	120,000	72,000
FSIN SIU Oracle Database Update Project	-	25,000
Public Legal Education Association of Saskatchewan	648,000	628,000
Public Legal Education Association of Saskatchewan - forms project	72,600	-
Pro Bono Law Saskatchewan	400,000	380,000
Pro Bono Students Canadian National Conference	6,415	4,000
Elizabeth Fry Society	375,000	285,000
Legal Aid Saskatchewan - LAIN project	-	90,000
Legal Aid Saskatchewan - Time Module project	32,000	-
Can LII	24,700	-
FASD Network	100,000	-
Law Reform Commission of Saskatchewan	80,000	60,000
Community Legal Assistance Services For Saskatoon Inner City Inc.	350,000	285,000
Provincial Court of Saskatchewan History Book	10,000	-
Saskatoon Sexual Assault and Information Centre	16,275	-
	$ 2,915,990	$ 2,722,689

* Strategic initiative grant

Grants Recovered

SCHEDULE 2

For the year ended June 30, 2018
(with comparative figures for the year ended June 30, 2017)

		2018		2017
Dispute Resolution Office / Family Justice *	$	141,267	$	-
College of Law Civilian Oversight		7,902		-
Level - Dare to Dream		5,417		-
Pro Bono Students Canada		1,283		151
Envision Counselling & Support Centre Inc. Outreach Program		2,951		2,075
Canadian Association of Drug Court Professionals		-		2,678
	$	158,820	$	4,904

* Strategic initiative grant

Contact

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