

A return to stability and an optimistic outlook

.....
2018-2019 ANNUAL REPORT



JUSTICE ACCESSIBLE TO ALL

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.

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Message from the Chair



I am pleased to provide the 46th Annual Report of the Law Foundation of Saskatchewan for the fiscal year ended June 30, 2019. This report is for the citizens of Saskatchewan and 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 marked with a return to financial stability, and an optimistic outlook. For the first time in several years we were able to offer our grantees a less constrained funding environment. For the foreseeable future, we expect to be able to fund a variety of projects that meet our mandate and values. All of this is good news for the organizations and programs that we fund currently and in the future.

Changes in interest rates continue to have a significant impact on the Foundation's capacity to fund. During fiscal 2019 rate increases of 25 basis points in both July 2018 and October 2018 resulted in significant revenue increases for the second year in a row. Our revenues are now at levels last seen at the time of the financial crisis of 2007-2008.

To respond, we increased our grants authorized in fiscal 2019 to \$3.7 million from \$2.9 million in fiscal 2018. This allowed many of our ongoing grantees to return to, and surpass, funding levels historically sourced from the Foundation. It also allowed us to fund new initiatives for the John Howard Society of Saskatchewan and welcome back grantees such as Level, Envision Counselling and STR8 Up.

We continue to dialogue closely with our grantees to keep them abreast of our funding capacity and to anticipate their needs. We respect and acknowledge the work they do to make justice more accessible to all Saskatchewan residents.

While we have substantial funding capacity at this time, our experiences over the past decade have made us cognizant of how quickly things can change. The ups and downs of economic activity and government interest rate policy are not within our control. The threat of a recession and the threat

of a reversal of the upward trend in interest rates are both top of mind as we prudently manage the monies we receive. As good stewards, we work closely with our grantees to fund value-added, well managed, mandate relevant ongoing and special new projects.

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.

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My two year term as Chair and Tom Schonhoffer Q.C.'s appointment as Vice Chair commenced on January 1, 2019, following the conclusion of Eileen Libby, Q.C.'s term with the Foundation.

I want to recognize Eileen's extraordinary contribution to the Foundation as a member for six years, including two as our Chair. Eileen worked tirelessly on behalf of the Foundation while carrying on a busy legal practice. Her dedication and commitment to collaborating with our members and grantees to

further access to justice in Saskatchewan deserves recognition. Thank-you to Eileen on behalf of all of the members, for your outstanding contribution to the Foundation.

On January 1, 2019 we welcomed David Chow as a member appointed by the Law Society of Saskatchewan. David carries on practice in Moose Jaw.

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.



Melanie Baldwin, Q.C.
Chair
December 9, 2019

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.



Our logo with its stylized scales of justice integrates the vision, mission, and values of the Foundation in its design. The progressively bolder interlocking 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, 2019

Appointed by the Law Society of Saskatchewan

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

**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, 2019, interest earned on lawyers' mixed trust accounts and paid to the Foundation was \$6,738,539 compared to \$4,302,282 in 2018. This represented an increase of approximately 36% in our main revenue source and resulted primarily from the impact of two rate increases of 25 basis points in both July 2018 and October 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 has remained unchanged 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 average balances on a twelve month rolling basis to reflect seasonality. The average balances in these trust accounts in Saskatchewan peaked at approximately \$494 million in June 2015. Over the

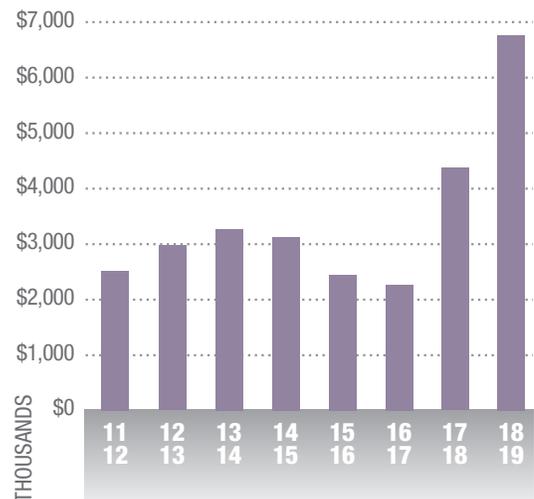


Table 1 | Table of Revenues

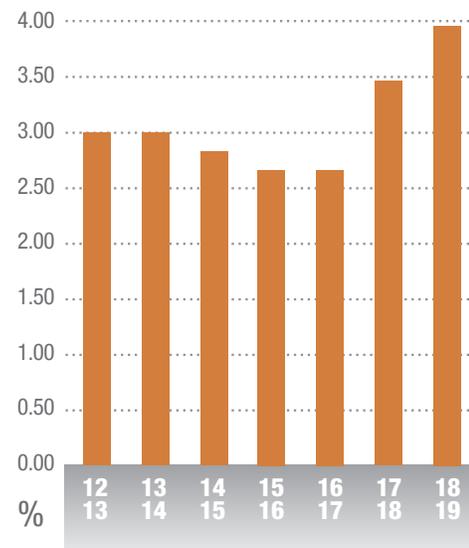
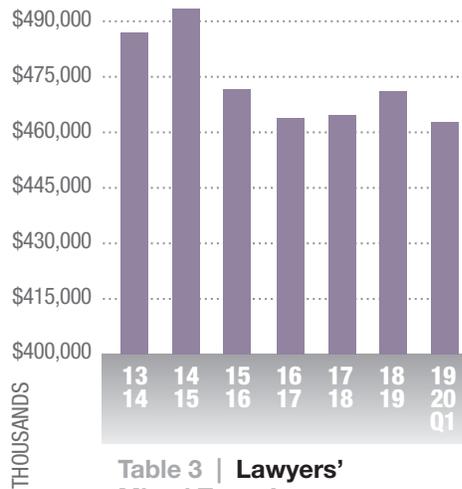


Table 2 | Bank Prime Interest Rates

past three years the average balances have stabilized around \$464 million and slightly increased to \$470 million at the end of June 30, 2019. The increase in revenues in fiscal 2019 have also been positively impacted by this increase in mixed trust account balances.

Table 3 reflects the average trailing twelve month balances over the past six years and the first quarter of fiscal 2020.



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 are important to the Foundation in a low interest rate environment. On a composite basis across all the financial institutions we earned approximately 143 basis points on mixed trust deposits which has increased from 93 basis points in fiscal 2018 and 50 basis points in both fiscal 2016 and 2017. 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 \$314,460 in 2019 compared to \$220,352 in 2018. As we expected at the end of

last year, investment income has improved due to higher rates and increased revenues providing the opportunity to invest excess cash on hand to earn interest.

Grant Expenses—2012-2019

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 2019 we granted \$3,704,800, compared to \$2,915,990 in 2018. We did not fund any grants from our Strategic Initiatives Reserve in the last two years. For the last two years the Foundation has been able to fund grants from its current revenues, which was not the case in the immediately preceding two years when revenues were lower than annual grants paid and the use of funds from our Grant Stabilization Reserve was necessary.

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 persist. During 2019 we were able to increase our grant stabilization reserve. 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 \$11,960 of unused funds from prior year grants. Further, we have replenished and added to this reserve by

\$1,900,000. The balance in the reserve is \$5,779,940 as of June 30, 2019. 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 2019-2020

The trend of increasing Bank of Canada rates has halted through the first half of our fiscal 2020 year. We will continue to watch the projections as any change in prime rate significantly impacts the revenues of the Foundation. Economists at the big five banks are divided on the outlook for Canadian interest rates, with more and more the consensus view being that interest rates will not decline within our fiscal period. For planning purposes we have assumed a 25 basis reduction in interest rates through the 2019-2020 fiscal year. Even if that reduction comes to fruition we will have significant funding capacity in the upcoming year.

As noted, balances in mixed trust accounts appear to have stabilized. Assuming balances remain stable in the upcoming year, our revenues will remain stable in fiscal 2020 on account of this factor.

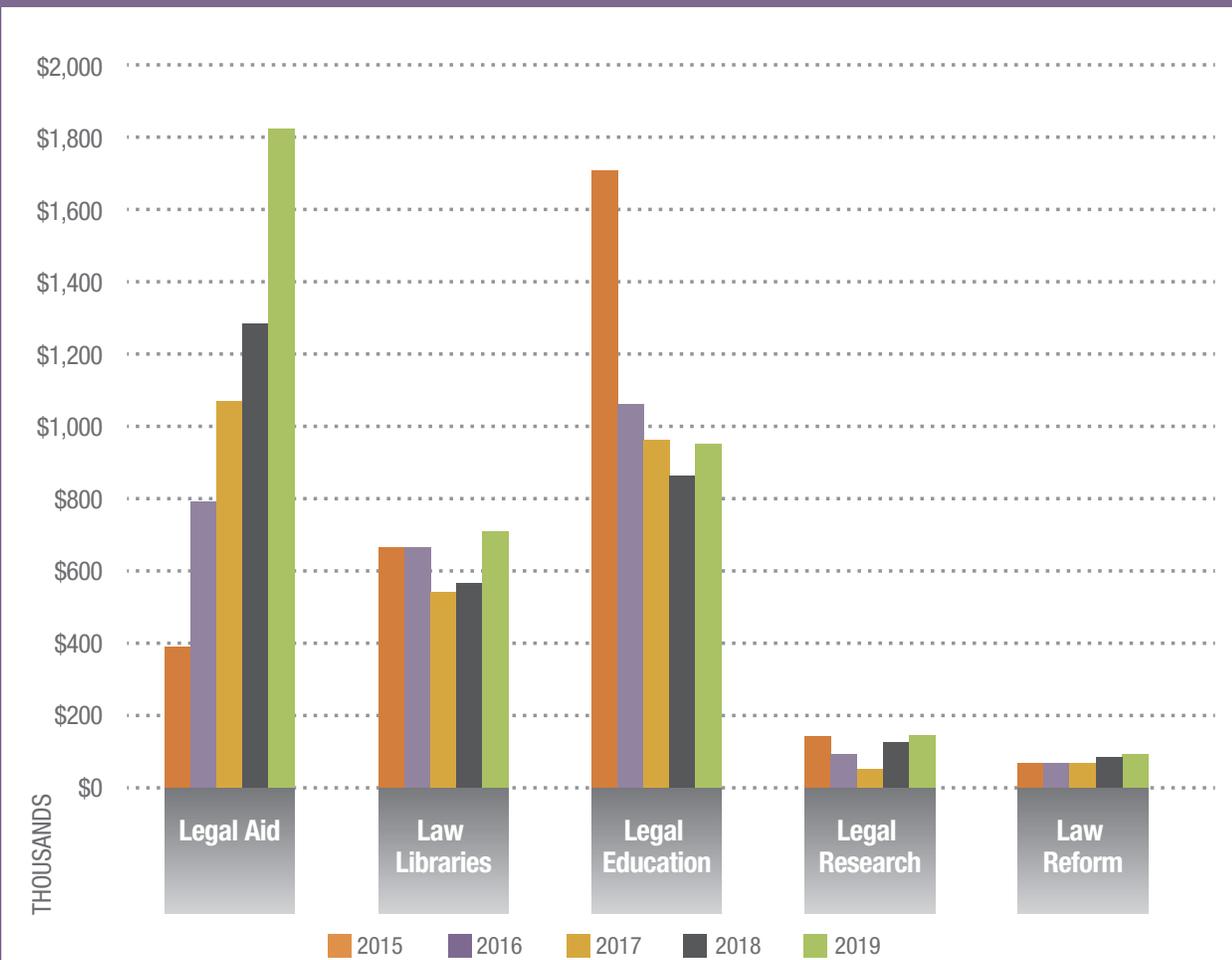
The success of our grantees is crucial to achieving our vision. As responsible stewards of the monies that are entrusted to us, balancing fiscal realities with a need and desire to support our grantees is an ongoing imperative. To that end, as our revenues have climbed to levels higher than what we have seen in the last decade, 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 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 2015-2019 (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	2018-2019 Grant amount
Law Society of Saskatchewan - Legal Resources	Provide print and online legal resources and services.	\$ 700,000
Public Legal Education Association of Saskatchewan	Facilitate the creation and distribution of high quality legal information to the public.	\$ 663,000
Community Legal Assistance Services for Saskatoon Inner City (CLASSIC)	Providing clients with basic legal services and legal information.	\$ 450,000
Elizabeth Fry Society of Saskatchewan	Working for and with criminalized women and their families involved in the criminal justice system.	\$ 450,000
Pro Bono Law Saskatchewan	Improves access to justice by providing high-quality pro bono legal services.	\$ 450,000
College of Law at the University of Saskatchewan	Various programs to support undergraduate and graduate students at the College.	\$ 220,000
The Indigenous Law Centre at the University of Saskatchewan	Facilitates access to legal education for Aboriginal peoples, through funding of a research officer and other positions.	\$ 150,000
Provincial Association of Transition Houses	Project Funding (two years) to address (working with Justice) identified barriers to justice for victims of intimate partner violence in Saskatchewan.	\$ 150,000
John Howard Society of Saskatchewan	Addition of staff lawyer to strengthen and expand services in Saskatchewan	\$ 100,000
Law Reform Commission of Saskatchewan	Working to simplify and modernize laws in the province.	\$ 92,000
Envision Counselling	Education Program in Southern Saskatchewan	\$ 89,400
STR8 Up Inc.	Project Funding to Maintain Operations	\$ 82,000

The Foundation in Action

Helping Those Who Help Others

In this case, the “others” are not just anyone. They are the women involved in the justice system at the very heart of the Elizabeth Fry Society’s mandate.

What few of us consider are the unexpected challenges women and men face when they must maneuver through complex court and prison systems, face a parole hearing or even return to freedom.

Each stage can be a surprising challenge and, if left on their own, women may see their parole denied or a return to freedom followed immediately by a new offense and re-incarceration.

The Elizabeth Fry Society (EFS) understands this dilemma better than anyone else. EFS fills a gap in the justice system. Individual women going through the justice system are often ill-equipped to find their way through it, to benefit from all the options available to them, or to successfully navigate their way back into society. EFS works directly with incarcerated women and women in court, providing essential services such as legal education and advice, parole preparation, record suspension, supportive court workers and helps put Gladue factors before the court.

Let’s look at Marylee and April (fictitious names to protect their privacy), two women whom EFS helped with their respective struggles.

Court worker program

Marylee was charged with first-degree murder in the spring of 2019 and was remanded to Pine Grove Correctional Center. She first met an Elizabeth Fry court worker in May of 2019. The EFS women’s court worker program provides prisoners with legal information, referrals, and support. The court workers also appear on the inmate’s behalf and attend court on a regular basis for outreach work.



L to R: Bonny Braden, Jocelyn Trochie, Patti Tate, Sandra Stack, Beverly Fullerton, Jonna Reaume

Marylee was frantic because she’d never been in prison before. Furthermore, her two young children were immediately apprehended by the Ministry of Social Services since she was their sole caregiver, and were sent to a foster home in Regina. Marylee didn’t see them until several months after she got out in June.

To make things worse, she was suddenly not allowed to speak to or be around her sister who is also her best friend due to a no-contact order because her sister was a witness in her legal matter.

With this much isolation, the EFS court worker was a most valuable support. “You guys were there for me when I was overwhelmed in Pine Grove and once I got out. For you to come and support me meant so much. You helped me do things like get to my appointments with my probation officer, my child and family service workers and the doctor, but you also helped me emotionally,” says Marylee.

Record suspension

April faces a different challenge. She is working with the Elizabeth Fry Society to get her record suspended. This will clear the way for job-hunting now that she has graduated from Indigenous Social Work.

“A record suspension means doors are opening for me that would not have been open without it. I will be able to work for agencies that wouldn’t accept me before because I have a criminal record.”

With a record suspension, April will have a chance at a better financial security for herself and her children. It can be the difference between living from paycheck to paycheck and really escaping the cycle of poverty.

Receiving help from the Elizabeth Fry Society via the Law Foundation of Saskatchewan to pay for her record suspension makes it possible to think about a new future. She says she couldn’t afford to pay for it herself as a single mother.

“If this goes through, I won’t have to live with the stigma of being a criminal anymore. I’ll be able to move on with my life without harsh judgment coming at me from agencies I apply for jobs with. I won’t have this hanging over my head when I go for a job interview knowing it could be a deal breaker that stops me from getting the job.”

A long relationship

The Law Foundation of Saskatchewan has played a key role in the ongoing operation of the Elizabeth Fry Society for the last eight years.

This partnership started when the Society was under the leadership of Sue Delanoy. Sandra Stack, its Executive Director since March 2019, expresses her appreciation in no uncertain terms:

“We are extremely grateful for the LFS’s ongoing support. There was even a time nine years ago when EFS had to take a hiatus. Without the Law Foundation, we wouldn’t have gotten up off the ground again. It was a key turning point when its support saved the society. And when you consider the work we do, it didn’t just put us back on our feet, it also let us help a lot of women get their life back.”

Stack is now aiming to expand the Society’s reach. Operating mainly out of its Saskatoon office has been fine, but she is hoping to turn a part-time position in Prince Albert into full-time, and to also strengthen the Regina office. Again, in this expansion the Law Foundation will be a great support. And when such a reputable endorsement is seen, Stack adds “it gives the Society a legitimacy other organizations are

looking for before lending their support, it gives them confidence in who we are.”

The Foundation 25th Anniversary Scholarship

1998 marked the foundation’s 25th anniversary, and ever since a yearly scholarship has been awarded to a deserving student at the University of Saskatchewan College of Law.



Taylor Noble receiving her scholarship from Merlis Belsher, FCPA, FCA, LL.B., representing the Law Foundation.

This year Taylor Noble was the recipient who is grateful for the difference this will make to her studies. “When I found out that I was the recipient of this scholarship, I was ecstatic. It makes the financial burden of law school considerably lighter and it allows me to focus more on school and less on how I am going to pay for school. Indeed, it is also a great motivator to remind me that hard work and dedication to my studies pays off - and I thank you very much for that reminder.”

All our best wishes go to Taylor for her continued studies and future career!

2019 Dr. Gordon Wicijowski Law Foundation of Saskatchewan Lecture

In 2011, in honour of his 37 years of service as the first Treasurer of the Foundation, a lecture series at the University of Regina was named after Dr. Gordon Wicijowski, FCPA, FCA. Ever since then, great speakers shared their insights on a variety of law-related subjects.

On September 24th, 2019, Harold Johnson spoke to an enthusiastic audience at the U of R Research and Innovation Center. A Montreal Lake Cree Nation Band member, accomplished author, trapper, and former Crown Prosecutor with the Ministry of Justice, Johnson used his unique storytelling talent to share his intimate observations of the impact of alcohol on crime and incarceration among Aboriginal people.

In his lecture titled *“Changing the Story We Tell Ourselves About Alcohol”*, Johnson persuasively examined the regrettable ineffectiveness of four corrective models (enforcement, medical, victim and trauma) used to address alcoholism. None of them fully solve the issue, they at best offer temporary relief, but fail to really solve things.

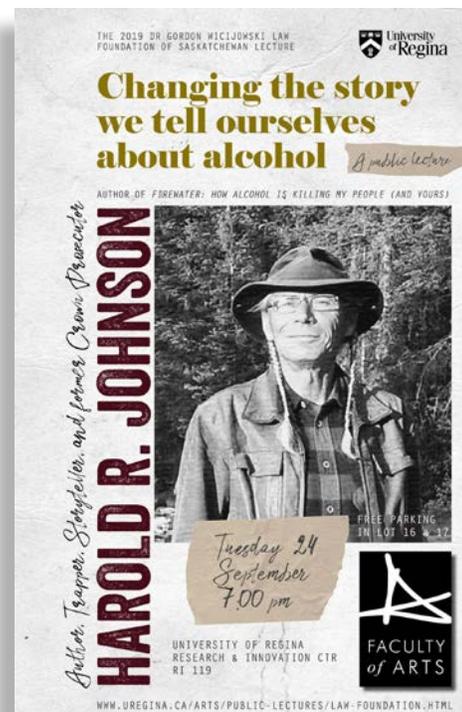
Having served as a prosecutor and consequently having sent many Aboriginal men to jail (the enforcement model), Johnson saw first-hand the effects of alcohol in their lives. Yet he attested, “Twenty years as a lawyer, defense counsel and as a prosecutor, dealing primarily with criminal law, and I never saw a criminal. I saw people who got drunk and did something stupid, up to and including committing an atrocity, I’ve only ever prosecuted one man who was sober when he committed murder. I have never prosecuted a single sex assault that did not involve alcohol.”

Persuaded that the presence and effects of alcohol can and need to be combated, Harold Johnson has initiated a courageous national conversation, challenging us all to “change the story we tell ourselves about alcohol.” He was formally seconded to the alcohol strategy project in 2016, and has since retired from Justice but remains on contract

to support the Northern Alcohol Strategy.

That strategy, Johnson concluded, is the most promising he has seen. Why does it work he asked, “because we got everybody involved”. *Everybody* means the hospital doctors, the police officers and local government in La Ronge. Over the last 3 years, trends have started to go down. Emergency room visits are down 19% and police calls have also decreased. There is still much work to be done, but Johnson remains optimistic, saying “it’s starting to work!”

The Law Foundation of Saskatchewan is proud to support this lecture series, and of the awareness each lecture brings to important legal and societal issues facing us today.



IN MEMORIAM

H. Robert (Bob) Arscott, a great contributor to the Law Foundation of Saskatchewan, passed away peacefully on Friday, February 15, 2019. The foundation is most grateful for Bob’s generous and valuable contribution spanning many years.

Bob served as the Executive Director when the Law Foundation was formed in 1973 and continued in this role until 2013. Upon retirement, an Endowment Chair was named in his honour at the University of Saskatchewan College of Law, known as “The H. Robert Arscott Law Foundation of Saskatchewan Chair” to recognize his long service to the foundation.

Bob obtained his Bachelor of Commerce degree from the U of S in 1949 and received his Chartered Accountant designation in 1956. He founded his own CA practice in Regina in 1962. The firm became Arscott and Partners, with offices in Regina and Saskatoon. In 2000, the company amalgamated with two local firms to form Virtus Group.

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.

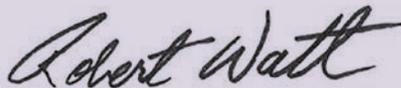
The Foundation's Members have delegated certain responsibilities to the Audit & Investment Committee, including the responsibility for reviewing the annual financial statements and meeting with management and external auditors on matters relating to the financial reporting process and the Foundation's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



Chair of the Audit & Investment Committee



Executive Director

December 9, 2019





Independent Auditor's Report

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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, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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 ethical 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 audit 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 these financial statements.

Independent Auditor's Report

(continued)

As part of an audit in accordance with Canadian GAAS, 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 audit 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 to 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.

We 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

December 9, 2019
Regina, Saskatchewan

Statement of Financial Position

As at June 30, 2019

(with comparative figures for June 30, 2018)

	2019	2018
Assets		
Current assets:		
Cash	\$ 371,480	\$ 877,885
Accounts receivable	-	5,502
Interest receivable from lawyers' mixed trust accounts	722,480	541,855
Accrued investment interest receivable	147,000	99,000
Investments (Note "3")	4,996,080	3,729,333
	<u>6,237,040</u>	<u>5,253,575</u>
Investments (Note "3")	10,348,052	7,817,317
	<u>\$ 16,585,092</u>	<u>\$ 13,070,892</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 20,860	\$ 21,793
Grants payable	2,032,940	1,711,005
	<u>2,053,800</u>	<u>1,732,798</u>
Grants payable - due after one year	177,100	158,000
	<u>2,230,900</u>	<u>1,890,798</u>
Grant stabilization reserve	8,500,000	7,300,000
Strategic initiatives reserve	5,779,940	3,867,980
Unallocated surplus	74,252	12,114
	<u>14,354,192</u>	<u>11,180,094</u>
	<u>\$ 16,585,092</u>	<u>\$ 13,070,892</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, 2019

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

	2019			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	\$7,300,000	\$3,867,980	\$ 12,114	\$11,180,094
Strategic initiative grant recovery (Schedule "2")	-	11,960	(11,960)	-
Increase in grant stabilization reserve	1,200,000	-	(1,200,000)	-
Increase in strategic initiatives reserve	-	1,900,000	(1,900,000)	-
Excess of revenue over expenses and grants for the year	-	-	3,174,098	3,174,098
Balance - end of year	\$8,500,000	\$5,779,940	\$ 74,252	\$14,354,192

	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

See accompanying notes to the financial statements

Statement of Operations

For the year ended June 30, 2019

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

	2019	2018
Revenue		
Interest from lawyers' mixed trust accounts	\$ 6,738,539	\$ 4,302,282
Investment revenue	314,460	220,352
Unclaimed lawyers' mixed trust accounts	41,943	19,084
	<u>7,094,942</u>	<u>4,541,718</u>
Expenses		
Accounting and administration support	54,513	42,828
General administration	15,444	20,889
Management services and expenses	123,216	113,553
Members' meetings and expenses	43,021	49,629
Professional fees	11,847	10,933
	<u>248,041</u>	<u>237,832</u>
Excess of revenue over expenses before grants authorized	6,846,901	4,303,886
Grants authorized (Schedule "1")	<u>(3,704,800)</u>	<u>(2,915,990)</u>
Excess of revenue over expenses before grants recovered	3,142,101	1,387,896
Grants recovered (Schedule "2")	<u>31,997</u>	<u>158,820</u>
Excess of revenue over expenses and grants for the year	<u>\$ 3,174,098</u>	<u>\$ 1,546,716</u>

See accompanying notes to the financial statements

Statement of Cash Flows

For the year ended June 30, 2019

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

	2019	2018
Cash provided by (used in) operating activities:		
Excess of revenue over expenses and grants for the year	\$ 3,174,098	\$ 1,546,716
Items not involving cash:		
Change in non-cash working capital items:		
Accounts receivable	5,502	(3,956)
Interest receivable from lawyers' mixed trust accounts	(180,625)	(232,235)
Accrued investment interest receivable	(48,000)	2,000
Accounts payable	(933)	13,381
Grants payable	341,035	(163,277)
	<u>3,291,077</u>	<u>1,162,629</u>
Cash provided by (used in) investing activities:		
Purchases of investments	(7,941,660)	(3,852,580)
Proceeds on disposal and maturity of investments	4,144,178	2,932,750
	<u>(3,797,482)</u>	<u>(919,830)</u>
(Decrease) increase in cash	(506,405)	242,799
Cash position - beginning of year	877,885	635,086
Cash position - end of year	<u>\$ 371,480</u>	<u>\$ 877,885</u>

See accompanying notes to the financial statements

Notes to the Financial Statements

For the year ended June 30, 2019

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

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, 2019

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

3. Investments

	2019		2018	
	Cost	Yield	Cost	Yield
Current:				
High interest savings account	\$ 1,133,343	1.58%	\$ 1,874,416	1.00%
Investments maturing within one year	3,862,737	2.38%	1,854,917	2.40%
	4,996,080		3,729,333	
Long term:				
Provincial bonds				
2-3 years	-	0.00%	102,896	1.85%
Corporate bonds				
2-3 years	1,008,620	3.14%	705,494	2.41%
4-7 years	2,849,148	2.69%	1,064,344	2.58%
Guaranteed investment certificates				
2-3 years	4,971,983	2.27%	4,835,000	2.20%
4-7 years	1,517,190	2.86%	1,108,808	2.10%
Credit Union member equity	1,111		775	
	10,348,052		7,817,317	
	\$ 15,344,132		\$ 11,546,650	

The Foundation's investments have a fair value at year end of \$15,560,107 (2018 - \$11,614,968). 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

For the year ended June 30, 2019

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

SCHEDULE 1

	2019	2018
Law Society Legal Resources	\$ 700,000	\$ 575,000
Law Society Bar Course CPLED	69,600	56,000
College of Law Fellowship	50,000	-
College of Law External Moot Funding	-	50,000
College of Law Graduate Student	160,000	-
College of Law & Community Legal Assistance Services for Saskatoon Inner City Inc. - MOU project	10,000	-
The Indigenous Law Centre	150,000	120,000
Public Legal Education Association of Saskatchewan	663,000	648,000
Public Legal Education Association of Saskatchewan - forms project	-	72,600
Pro Bono Law Saskatchewan	450,000	400,000
Pro Bono Students Canadian National Conference	6,400	6,415
Elizabeth Fry Society	450,000	375,000
Can LII	-	24,700
Community Legal Assistance Services For Saskatoon Inner City Inc.	450,000	350,000
Community Legal Assistance Services For Saskatoon Inner City Inc. - Handbook	17,400	-
Envision Counselling and Support Centre Inc.	89,400	-
FASD Network	-	100,000
John Howard Society of Saskatchewan	100,000	-
Law Reform Commission of Saskatchewan	92,000	80,000
Legal Aid Saskatchewan - Time Module project	-	32,000
Level Inc.	10,000	-
Provincial Association of Transition Houses and Services of Saskatchewan	150,000	-
Provincial Court of Saskatchewan History Book	-	10,000
Saskatchewan Elocution & Debate Association	5,000	-
Saskatoon Sexual Assault and Information Centre	-	16,275
STR8 Up Inc.	82,000	-
	<u>\$ 3,704,800</u>	<u>\$ 2,915,990</u>

Grants Recovered

SCHEDULE 2

For the year ended June 30, 2019

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

	2019	2018
Court of Appeal Centenary History	\$ 20,000	\$ -
College of Law - Innovation Coordinator *	11,960	-
Law Society Limitations Manual	37	-
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
Envision Counselling & Support Centre Inc. Outreach Program	-	2,951
	<u>\$ 31,997</u>	<u>\$ 158,820</u>

* Strategic initiative grant



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