



Law Foundation
NEWFOUNDLAND & LABRADOR

ANNUAL REPORT

2023



Board of Governors

Regan O'Dea (Chair)

D. Gordon Woodland K.C. (retired February 9, 2024)

M. Gerald Wetzel (retired February 9, 2024)

Sheilagh Murphy K.C.

Erin Best

Justin Mellor

Judit Lovas

Morgan Cooper and Robert Hickey joined the board in March 2024

Executive Director

Kirsten Morry (currently on parental leave)

Dr. Tom Mahoney (interim effective July 15, 2024)

Law Foundation of Newfoundland and Labrador
55 Elizabeth Avenue, Suite 202A,
St. John's, NL A1A 1W9

Telephone:(709) 754-4424

Website: www.lawfoundationnl.com

Email: lfnl@lawfoundationnl.com

Table of Contents

Law Foundation of Newfoundland and Labrador Overview.....	3
Chair’s Message.....	3
Board of Governors.....	4
Operational Activities.....	5
2023 Revenue.....	5
Legal Aid NL.....	6
Scholarships.....	6
Grants.....	7
Grantee Spotlight.....	8
PLIAN.....	8
Law Lecture.....	8
Thank You.....	9

Appendix A

Financial Statements

Law Foundation of Newfoundland and Labrador Overview

This is the 2023 Annual Report of the Law Foundation of Newfoundland and Labrador (“**Foundation**”) effective December 31, 2023. It provides an overview of the functions of the Foundation, including organizational structure, financial performance, grants and other highlights at the Foundation.

The Foundation is a not-for-profit organization existing under Part IV of the *Law Society Act, 1991*. The Foundation maintains a fund from the revenues derived from interest earned on lawyers trust Accounts (“**IOLTA**”) for the statutory objects of: (i) legal education and legal research; (ii) law reform; (iii) assistance in funding the Newfoundland and Labrador Legal Aid Commission (“**Legal Aid NL**”) as established under the *Legal Aid Act*; (iv) the establishment, operation and maintenance of a legal referral service for the residents of the Province; (v) the establishment, operation and maintenance of law libraries; and (vi) the provision of scholarships for studies in matters relevant to law.

It is the primary foundation in Newfoundland and Labrador that is focused on community law-related initiatives and legal education.

Chair’s Message

The Foundation had an exciting year in 2023 that built off the momentum of recent years in improving governance and financial management and making record grants. Financially, the Foundation continued to see increased revenues following the precarious position during the pandemic. Higher volumes of real estate, together with increased real estate prices and increasing interest rates, drove record revenues from IOLTA. We are capitalizing on this momentum to position ourselves prudently for the future, strengthen our relationships with grantees, and increase awareness of our programming among the people of Newfoundland and Labrador.

From a financial perspective, we expect to see continued high IOLTA revenues, as well as new revenue from our recent investment strategy. This expected strong revenue, combined with recent measures to reduce operating costs, has positioned the Foundation to meet its objects. In 2023, we awarded record grants, including our contribution to Legal Aid NL, and we were able to increase the value of the three Law Foundation Scholarships to \$10,000 each for first year Newfoundland

and Labrador students studying law in Canada. This was the first increase in Law Foundation Scholarships since 1992.

In 2023, there was a transition of our Executive Director. The Board hired Kirsten Morry as Executive Director in September 2023. Virginia English retired as Executive Director after four years of professional service to the Foundation, a period which saw improvement in governance, controls and cost management. Her professionalism and dedication were appreciated by the Governors and her initiatives will benefit the Foundation for years to come.

Board of Governors

The Board of Governors consists of seven members: one of whom is the Minister of Justice and Public Safety or his appointee; one who is also appointed by the Minister of Justice and Public Safety but is not a bencher; and five members in good standing that are appointed by the benchers of the Law Society of Newfoundland and Labrador (“**Law Society**”). The Governors, individually and collectively, are interested in advancing the public’s understanding of the law through fulfilling the objects of the Foundation. Absent certain circumstances, a Governor serves a four-year term and is eligible for reappointment for one additional four-year term.

The Governors in 2023 were Regan O’Dea (Chair), D. Gordon Woodland K.C., M. Gerald Wetzel, Erin Best, Sheilagh Murphy K.C., Justin Mellor, and Judit Lovas. The Board met four times in 2023.

A Scholarship Committee is responsible for reviewing and awarding the Newfoundland and Labrador Law Foundation Scholarships. The Scholarship Committee is comprised of three members. In 2023, the members were D. Gordon Woodland K.C and longtime volunteers Crystal Eagan and Barbara Barrowman.

Operational Activities

In September 2023, the Board of Governors hired Kirsten Morry as the Executive Director of the Foundation. Ms. Morry was a Law Foundation Scholarship recipient herself and holds non-practising status in the Law Society. As the sole employee of the Foundation, Ms. Morry has been working hard to guide the strategic direction of the Foundation, integrate the investment strategy and raise the organization's profile within the community in the hopes of increasing laudable applications for grants and scholarships.

The Law Foundation stays connected to the other members of the Association of Canadian Law Foundations via an online platform as well as by attending an annual conference. This has led to discussions and strategies on increasing the exposure of the Foundation, evaluating and assessing risks, and strengthening revenue models.

2023 Revenue

Traditionally, the two sources of revenue for the Foundation have been IOLTA and unclaimed trust funds. Revenue from IOLTA remains the primary revenue source. IOLTA revenues are a function of interest rates, and the balances held in pooled trust accounts. In 2023, IOLTA receipts were a record \$6,509,350. The Executive Director receives and reviews monthly reports from each applicable financial institution that shows the average balance in each lawyers' trust account.

Unclaimed trust funds are another source of revenue to the Foundation. However, this source of revenue does not provide the same guarantee of revenue and is inconsistent. Unclaimed trust funds are paid on an annual basis by the Law Society to the Foundation. The Law Society holds unclaimed trust accounts from lawyer's accounts for a period of 10 years and if the rightful owner does not come forward, the monies are paid to the Foundation. In 2023, the unclaimed trust funds amounted to \$8,566.

In 2023, the Foundation developed a statement of investment policies and procedures and engaged the services of a financial advisor to manage reserve and non-reserve excess funds. CIBC Wood Gundy was hired to manage our reserve and excess funds. It is expected that this

strategy will provide additional funding in future years. The Foundation began investing with Wood Gundy June 27, 2023 and the rate of return from June 27th to December 31st was 2.02%.

The financial statements of the Foundation, including the qualified opinion of its external auditor are at Appendix A to this Annual Report.

Legal Aid NL

Legal Aid NL operates to help people with serious criminal, or civil/family law legal problems, who cannot afford private counsel, and are in need of legal services. Per the objects of the Foundation, two-thirds of all revenue from IOLTA less expenses of the Foundation are paid from the Foundation to Legal Aid NL. On March 31, 2023, the Foundation provided a grant of \$1,465,679 to Legal Aid NL. These grants together with fundings from the federal and provincial governments, allowed Legal Aid NL to represent economically disadvantaged individuals so they will have equal access to the justice system in our society.

Legal Aid NL reports that during 2022-23, there were 2,528 representations related to criminal matters, 909 related to civil/family, 249 youth and 32 were immigration/refugee matters. Staff lawyers handled more than 99 per cent of the cases completed, with private bar representing less than one per cent.

Scholarships

The Foundation awards three scholarships annually to residents of the Province of Newfoundland and Labrador starting their first year of law school at any Canadian Law School recognized by the Scholarship Committee. The value of each Foundation Scholarship was increased to \$10,000 for the recipients starting law school in the fall of 2023.

The Foundation is pleased to continue its commitment to future members of the legal community and congratulates Alex Wells, Alyssa Laing, and Robyn Hoskins as recipients of the Foundation Scholarships in 2023.

Grants

Grants awarded by the Foundation support its objects, including legal education and research, law reform, lawyer referral services and law libraries. Each year, the Board receives and assesses applications to determine whether a proposal supports a statutory object and whether a proposal will be funded by the Foundation. The Governors are guided by a Grant Policy, which sets forth considerations such as involvement of, and potential benefits to residents of the province of Newfoundland and Labrador, innovation, and availability of alternative funding.

The Board of Governors meets annually to review and evaluate grant applications for programs or projects that advance the public's understanding of the law and access to legal services. A meeting to review the grant application is normally held in May or June of each year and completed applications must be submitted to the Foundation by April 15th. From time to time, and on an exception basis, the Board will consider applications for funding outside the normal grant cycle.

In 2023, the Foundation made grants to eight organizations totalling \$300,505. The following organizations received grants in 2023:

Law Society Law Library	\$150,000
PLIAN	\$100,000
PLIAN/People of the Dawn	\$15,500
S.S. Daisey Committee	
- 1949 & 1950 Newfoundland Law Reports	\$5,750
- Electronic Publications	\$3,450
- Court Journals, Thomas E. Wells	\$2,875
Business and Arts NL	\$6,000
MUN Mooting	\$5,000
East Coast Environmental Law	\$4,930
Bella Coola Legal Advocacy Program	\$6,000
Law Lecture	\$1,000

This was in addition to \$1,465,679 paid to Legal Aid in 2023.

Grantee Spotlight

Public Legal Information Association of NL

PLIAN is a non-profit organization exclusively dedicated to public legal education and information. Since 1984, PLIAN has educated and informed the people of Newfoundland and Labrador about the law, with the intent of increasing access to justice. They provide a number of services to the public, including operating a lawyer referral service and legal information line, developing plain language legal materials, delivering legal information presentations, facilitating free legal clinics, and operating a number of projects focusing on specific populations and areas of the law.

PLIAN makes legal information available and accessible to the public across Newfoundland and Labrador in a variety of ways, from in-person presentations to phone referrals to electronic and print publications. The Foundation's grants have supported that work for decades and they will be celebrating their 40th anniversary this fall.

Kevin O'Shea, Executive Director at PLIAN, notes that support from the Law Foundation Newfoundland and Labrador has been "critical" to ensuring PLIAN's continued services to the community. He adds, "In particular, the Law Foundation has enabled the continued operation of PLIAN's Legal Information Line and Lawyer Referral Service, which in 2023 supported a record number of individuals throughout Newfoundland and Labrador."

Continued high demand from the public for legal education services means that PLIAN is a busy place. For more information about PLIAN please visit www.publiclegalinfo.com.

Law Lecture

The Political Science Department at Memorial University arranged a public talk with Justice Malcom Rowe of the Supreme Court of Canada on "The Importance of Historical Perspective" as part of the Annual Law Lecture Series. The Foundation cost shared expenses for this lecture with Memorial University and the Law Society.

Thank You

The Foundation exists at the intersection of law and philanthropy. Without the actions and diligence of the members of the Law Society, the Foundation would not exist. The Board of Governors appreciates the efforts of the members and staff of the Law Society to ensure interest on lawyers' trust accounts is remitted timely and accurately to the Foundation. It is thanks to these efforts that the public is further served with many worthwhile causes.

Appendix A

**LAW FOUNDATION OF NEWFOUNDLAND
AND LABRADOR GENERAL FUND**

Separate Financial Statements

Year Ended December 31, 2023

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
Index to Separate Financial Statements
Year Ended December 31, 2023

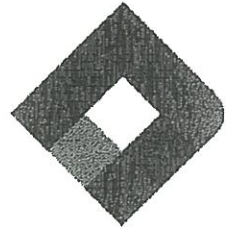
	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
SEPARATE FINANCIAL STATEMENTS	
Separate Statement of Financial Position	4
Separate Statement of Revenues and Expenditures	5
Separate Statement of Changes in Net Assets	6
Separate Statement of Cash Flows	7
Notes to Separate Financial Statements	8 - 10

NOSEWORTHY CHAPMAN

chartered professional accountants

A: Suite 201, 516 Topsail Rd / St. John's NL / A1E 2C5

T: 709.364.5600 F: 709.368.2146 W: noseworthychapman.ca



INDEPENDENT AUDITOR'S REPORT

To the Governors of Law Foundation of Newfoundland and Labrador General Fund

Qualified Opinion

We have audited the separate financial statements of Law Foundation of Newfoundland and Labrador General Fund (the organization), which comprise the separate statement of financial position as at December 31, 2023, and the separate statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the organization as at December 31, 2023, and the separate results of its operations and separate cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

The Law Foundation derives revenue from interest on lawyers' mixed trust funds on deposit at various banks, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to interest income, excess of revenues over expenses, current assets and net assets. Our audit opinion on the separate financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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 Separate Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the separate 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 qualified audit opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the basis of presentation used in these financial statements. These financial statements include only the activities of the Law Foundation of Newfoundland and Labrador General Fund. The Law Foundation of Newfoundland and Labrador - Law School Scholarship Fund is reported in a separate report. As a result, the financial statements may not be suitable for another purpose.

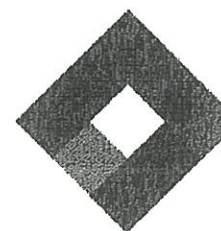
(continues)

NOSEWORTHY CHAPMAN

chartered professional accountants

A: Suite 201, 516 Topsail Rd / St. John's NL / A1E 2C5

T: 709.364.5600 F: 709.368.2146 W: noseworthychapman.ca



Independent Auditor's Report to the Governors of Law Foundation of Newfoundland and Labrador
General Fund (*continued*)

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 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 these separate 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 separate 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 for 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

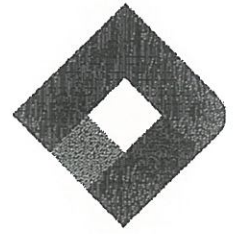
(*continues*)

NOSEWORTHY CHAPMAN

chartered professional accountants

A: Suite 201, 516 Topsall Rd / St. John's NL / A1E 2C5

T: 709.364.5600 F: 709.368.2146 W: noseworthychapman.ca



Independent Auditor's Report to the Governors of Law Foundation of Newfoundland and Labrador General Fund (*continued*)

- 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 organization'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 separate 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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.

Noseworthy Chapman

Chartered Professional Accountants
St. John's, NL
June 17, 2024

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
Separate Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,596,234	\$ 175,632
Short term investments, at market value	4,845,894	1,785,000
Interest receivable	504,425	254,550
Prepaid expenses	2,648	1,940
Specified investments (Note 3)	700,000	700,000
Due to Law Foundation of Newfoundland and Labrador - Law Foundation Scholarship Fund (Note 4)	1,000	-
	7,650,201	2,917,122
CAPITAL ASSETS (Note 5)	2,774	2,327
	\$ 7,652,975	\$ 2,919,449
LIABILITIES		
CURRENT		
Accounts payable	\$ 10,353	\$ 12,313
Government remittances payable	1,998	-
Grants payable	33,358	35,630
Legal Aid Commission payable (Note 6)	4,235,081	1,466,015
	4,280,790	1,513,958
COMMITMENTS (Note 7)		
NET ASSETS		
Unrestricted	2,669,411	703,164
Investment in capital assets	2,774	2,327
Internally restricted (Note 3)	700,000	700,000
	3,372,185	1,405,491
	\$ 7,652,975	\$ 2,919,449

ON BEHALF OF THE BOARD

_____ Governor
 _____ Governor

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
Separate Statement of Revenues and Expenditures
Year Ended December 31, 2023

	2023	2022
REVENUE		
Interest on lawyers' trust accounts	\$ 6,509,350	\$ 2,347,069
EXPENSES		
Amortization	795	697
Board meetings	16	-
Bookkeeping fees	4,830	5,727
Grants	335,855	115,230
Insurance	4,042	3,745
Interest and bank charges	23,389	26,413
Legal aid commission (Note 6)	4,234,745	1,465,679
Meetings and conventions	900	1,227
Memberships	100	100
Office	6,918	4,211
Professional fees	10,625	8,174
Rental	20,630	19,228
Salaries and wages	79,747	75,067
Travel	5,240	5,461
	4,727,832	1,730,959
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	1,781,518	616,110
OTHER INCOME (EXPENDITURES)		
Interest income	155,808	23,978
Dividend income	4,980	-
Unrealized gain on short term investments	29,734	-
Loss on sale of short term investments	(1,968)	-
Investment fees	(3,379)	-
	185,175	23,978
EXCESS OF REVENUES OVER EXPENDITURES	\$ 1,966,693	\$ 640,088

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
Separate Statement of Changes in Net Assets
Year Ended December 31, 2023

	Investment in Capital Assets	Unrestricted	Internally Restricted	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 2,327	\$ 703,164	\$ 700,000	\$ 1,405,491	\$ 765,403
Excess (deficiency) of revenues over expenditures	(795)	1,967,488	-	1,966,693	640,088
Investment in capital assets	1,242	(1,242)	-	-	-
NET ASSETS - END OF YEAR	\$ 2,774	\$ 2,669,411	\$ 700,000	\$ 3,372,185	\$ 1,405,491

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
Separate Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts	\$ 6,259,476	\$ 2,108,226
Cash paid to Legal Aid Commission, suppliers and employees	(1,943,872)	(344,561)
Interest and bank charges paid	(23,389)	(26,413)
Cash flow from operating activities	4,292,215	1,737,252
INVESTING ACTIVITIES		
Interest income	155,808	23,978
Dividend income	4,980	-
Purchase of capital assets	(1,242)	-
Purchase of short term investments	(3,031,159)	(1,685,000)
Cash flow used by investing activities	(2,871,613)	(1,661,022)
INCREASE IN CASH	1,420,602	76,230
Cash - beginning of year	175,632	99,402
CASH - END OF YEAR	\$ 1,596,234	\$ 175,632

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND

Notes to Separate Financial Statements

Year Ended December 31, 2023

1. GENERAL

The Law Foundation of Newfoundland and Labrador General Fund (the "Foundation") was established on February 1, 1980, by the proclamation of Part IV of the Law Society Act. The Foundation, from revenues derived pursuant to Section 69 of the Act, maintains a fund to be used for the purposes of legal education, legal research, law reform, legal aid, legal referral service, law libraries and law scholarships.

The Foundation derives its funding from interest on lawyers' trust accounts (IOLTA) and investment income. IOLTA varies significantly from year to year, primarily due to changes in interest rates and average loan balances in lawyers' trust accounts. The Foundation has no control over the amount of IOLTA revenue or unclaimed trust fund receipts from year to year.

The Foundation maintains reserves to ensure a consistent ability to meet its objectives and its operational expenditures.

The Foundation established and administers the Law Foundation Legal Research Awards for Students of Memorial University and the Law Foundation Law School Entrance Scholarships for residents of the Province, tenable at any Canadian Law School. In 2020, they marked their 26th and 37th anniversaries, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These separate financial statements present the financial position and operations of the Law Foundation of Newfoundland and Labrador General Fund only and do not include the activities of the Law Foundation of Newfoundland and Labrador - Law School Scholarship Fund (the "Scholarship Fund"). The activities of the Scholarship Fund are presented in separate financial statements. The Foundation's separate financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash

Cash includes cash on hand and balances with financial institutions, net of overdrafts.

Investments

Short term investments consist primarily of guaranteed investment certificates and marketable securities with original maturities at date of purchase beyond three months and less than twelve months.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Computer equipment	45% declining balance method
Office furniture and equipment	20% declining balance method

(continues)

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
Notes to Separate Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. The Foundation does not have freestanding derivative instruments or equity instruments. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events or circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets and goodwill;
- the estimated useful lives of assets;
- the recoverability of capital assets;

Management does not expect these significant estimates to change materially in the near term.

Revenue recognition

The Law Foundation of Newfoundland and Labrador General Fund follows the deferral method of accounting for contributions. Interest on lawyers' trust accounts (IOLTA) is recognized when the amount is known and collection is reasonably assured. Investment income is recognized as revenue when earned.

Interest earned on lawyers' trust accounts

The interest earned on lawyers' mixed trust accounts is calculated by financial institutions based on interest rates and terms negotiated by the Foundation with individual financial institutions. The Foundation reports interest earned separate from service fees where charged.

The lawyers' mixed trust accounts are not the property of, nor administered by, the Foundation. The Foundation is therefore unable to determine the amount of interest earned until such time as it is received from each individual financial institution, upon lawyers' instructions.

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND

Notes to Separate Financial Statements

Year Ended December 31, 2023

3. INTERNALLY RESTRICTED NET ASSETS

It is the policy of the Foundation to maintain a deposit of \$200,000 (2022 - \$200,000) for administration and \$500,000 (2022 - \$500,000) for grant applicants in the event of any revenue reduction. The \$700,000 specified investment is an allocation of short term investments held in various accounts.

4. DUE TO LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR - LAW SCHOOL SCHOLARSHIP FUND

During the current fiscal year, the amount of \$1,000 was transferred from the Law Foundation General Fund to the Law Foundation Scholarship Fund.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 2,813	\$ 1,738	\$ 1,075	\$ 202
Office furniture and equipment	4,609	2,910	1,699	2,125
	\$ 7,422	\$ 4,648	\$ 2,774	\$ 2,327

6. LEGAL AID COMMISSION

Pursuant to The Law Society Act (the "Act"), the Foundation must contribute two-thirds of the net revenues received in each calendar year directly to the Newfoundland and Labrador Legal Aid Commission. Net revenues are defined as the interest received from trust accounts, less office, salaries and employment benefits, professional fees and other administrative expenditures.

7. COMMITMENTS

During 2019, the Foundation entered into a new lease agreement for its premises. The lease agreement expires October 31, 2024. Per the agreement, the Foundation must make monthly payments of \$1,560, including HST.

**LAW FOUNDATION OF NEWFOUNDLAND
AND LABRADOR LAW SCHOOL
SCHOLARSHIP FUND**

Separate Financial Statements

Year Ended December 31, 2023

**LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP
FUND**

Index to Separate Financial Statements

Year Ended December 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
SEPARATE FINANCIAL STATEMENTS	
Separate Statement of Financial Position	3
Separate Statement of Revenues and Expenditures	4
Notes to Separate Financial Statements	5 - 7

NOSEWORTHY CHAPMAN

chartered professional accountants

A: Suite 201, 516 Topsail Rd / St. John's NL / A1E 2C5

T: 709.364.5600 F: 709.368.2146 W: noseworthychapman.ca



INDEPENDENT AUDITOR'S REPORT

To the Governors of Law Foundation of Newfoundland and Labrador Law School Scholarship Fund

Opinion

We have audited the separate financial statements of Law Foundation of Newfoundland and Labrador Law School Scholarship Fund (the "organization"), which comprise the separate statement of financial position as at December 31, 2023, and the separate statement of revenues and expenditures for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the organization as at December 31, 2023, and the separate results of its operations and separate cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Separate Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the separate 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 opinion.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

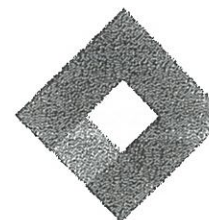
Those charged with governance are responsible for overseeing the organization's financial reporting process.

(continues)

NOSEWORTHY CHAPMAN

chartered professional accountants

A: Suite 201, 516 Topsail Rd / St. John's NL / A1E 2C5
T: 709.364.5600 F: 709.368.2146 W: noseworthychapman.ca



Independent Auditor's Report to the Governors of Law Foundation of Newfoundland and Labrador Law School Scholarship Fund *(continued)*

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 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 these separate 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 separate 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 for 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 organization'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 organization'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 separate 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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
St. John's, NL

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

Separate Statement of Financial Position

December 31, 2023

	2023	2022 <i>(Note 6)</i>
ASSETS		
CURRENT		
Cash	\$ 3,095	\$ 912
Interest receivable	-	5,473
Specified investments, at market value <i>(Note 2)</i>	361,497	366,000
	\$ 364,592	\$ 372,385
LIABILITIES		
Due to Law Foundation of Newfoundland and Labrador - Law School Scholarship Fund <i>(Note 3)</i>	\$ 1,000	\$ -
NET ASSETS		
Reserve account	300,000	300,000
Unrestricted	63,592	72,386
	363,592	372,386
	\$ 364,592	\$ 372,386

ON BEHALF OF THE BOARD

_____ Governor

_____ Governor

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

Separate Statement of Revenues and Expenditures

Year Ended December 31, 2023

	2023	2022
REVENUES		
Unclaimed trust funds <i>(Note 4)</i>	\$ 8,566	\$ 9,216
Interest income <i>(Note 5)</i>	12,661	6,763
	21,227	15,979
EXPENDITURES		
Interest and bank charges	21	9
Scholarship expense	30,000	30,000
	30,021	30,009
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (8,794)	\$ (14,030)

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

Notes to Separate Financial Statements

Year Ended December 31, 2023

1. GENERAL

Law Foundation of Newfoundland and Labrador Law School Scholarship Fund (the "Entity") was established in 1984 to award annual scholarships in honour of the 150th Anniversary of the incorporation of the Law Society of Newfoundland and Labrador in 1834, to be tenable at any Canadian Law School. The interest generated from the Reserve Account will be used to award a maximum of three \$10,000 scholarships per year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These separate financial statements present the financial position and operations of the Law Foundation of Newfoundland and Labrador Law School Scholarship Fund only and do not include the activities of the Law Foundation of Newfoundland and Labrador General Fund (the "Foundation"). The activities of the Foundation are presented in separate financial statements. The Scholarship Fund's separate financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash

Cash includes cash on hand and balances with financial institutions, net of overdrafts.

Specified investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Revenue recognition

Unclaimed trust fund revenue and interest income is recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

(continues)

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

Notes to Separate Financial Statements

Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. The Scholarship Fund does not have freestanding derivative instruments or equity instruments. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Scholarship Fund has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Scholarship Fund determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Scholarship Fund expects to realize by exercising its right to any collateral. If events or circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. DUE FROM LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR - GENERAL FUND

During the current fiscal year, the amount of \$1,000 was transferred from the Law Foundation General Fund to the Scholarship Fund.

4. UNCLAIMED TRUST FUNDS

In 2016 the Board of Governors adopted a policy to place the total unclaimed trust funds received annually from the Law Society into the Law Foundation Law School Scholarship Fund to be used for payment of the Scholarships. The unclaimed trust fund revenue is excluded from the calculation of the Foundation's contribution to Newfoundland and Labrador Legal Aid. Unclaimed trust funds received since 2018 have been summarized below:

2018	\$	9,882
2019		44,591
2020		27,355
2021		16,663
2022		9,216
2023		8,566

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

Notes to Separate Financial Statements

Year Ended December 31, 2023

5. INTEREST INCOME

The interest accruing on the Scholarship Fund is not part of the interest used in determining the Foundation's contribution to Newfoundland and Labrador Legal Aid.

6. CORRECTION OF AN ACCOUNTING ERROR

The comparative figures for the year ended December 31, 2022 have been restated as follows: cash has decreased by \$5,000 and accounts payable also decreased by \$5,000. There were no changes to the statement of revenues and expenditures, the statement of changes in net assets or the statement of cash flows.