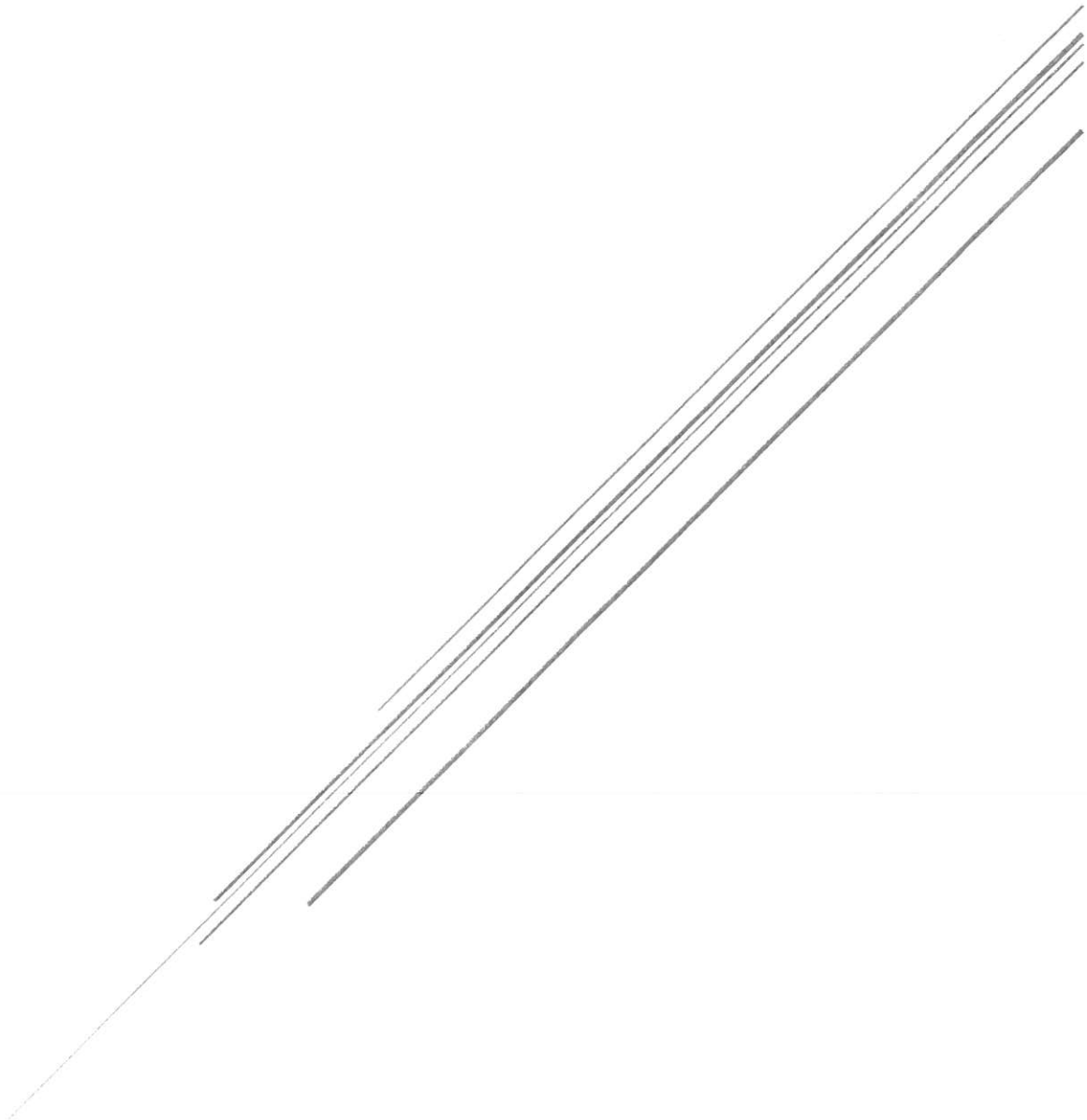
ANNUAL REPORT 2025

Law Foundation of Newfoundland and Labrador



Law Foundation of Newfoundland and Labrador

lfnl@lawfoundationnl.com

55 Elizabeth Avenue, Suite 202A

St. John's, NL

Board of Governors (as of December 31, 2025)

Erin Best (Chair)

Sheilagh Murphy, K.C.

Robert Hickey

Morgan Cooper

Paul Fitzpatrick

Staff

Kirsten Morry, Executive Director

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Message from Erin Best, Chair of the Board of Governors

As Chair of the Board of Governors of the Law Foundation of Newfoundland and Labrador, I am delighted to present this report on the Law Foundation's activities in 2025. Established under Part IV of the *Law Society Act, 1999,* the Law Foundation of Newfoundland and Labrador occupies a unique philanthropic role within the province. Our continued success in exercising that role depends on the co-operation of lawyers, the Law Society, local financial institutions, and our dedicated volunteer Board of Governors.

The Law Foundation's revenues derive primarily from interest on lawyers' trust accounts ("IOLTA"). We also receive unclaimed trust funds when the Law Society's statutory period for holding such funds elapses. In recent years we have also taken important steps toward greater organizational stability by engaging an investment advisor to manage our reserves.

The Board of Governors met four times in 2025, and we were able to advance our statutory objects by awarding a total of $631,958 in discretionary grants.

The Law Foundation also makes an annual statutory contribution to Legal Aid NL. For 2025 this contribution was $2,505,270. This figure represents two-thirds of IOLTA (after subtracting the Foundation's administrative expenses).

I would like to thank my fellow members of the Board of Governors for their dedication to the Foundation's philanthropic mission. Particular thanks are due to my predecessor as Board Chair,

Regan O'Dea, who spent seven and a half years on the Foundation's board, and ended his tenure in July 2025.

Day-to-day administration of the Foundation is carried out by an Executive Director. In 2025, Dr. Tom Mahoney fulfilled this role until September, at which point Kirsten Morry returned to her position from parental leave. I would like to thank Dr. Mahoney for his capable administration during Ms. Morry's absence, and I welcome Ms. Morry back to the Foundation.

About the Foundation

The Law Foundation of Newfoundland and Labrador, established under the *Law Society Act, 1999,* receives the interest that accumulates on lawyers' mixed trust accounts. The Foundation in turn maintains a fund derived from these revenues to support several designated statutory objects: legal education and legal research, law reform, Legal Aid, legal referral services, law libraries, and law school scholarships.

Board of Governors

The Board of Governors can have up to seven members, one of whom is the Minister of Justice and Public Safety or her designate, one who is appointed by the Minister of Justice and is not a member of the Law Society of Newfoundland and Labrador, and five members in good standing of the Law Society who are appointed by the Benchers. Governors are appointed for a four-year term and may be re-appointed for a further four-year term.

The second four-year term of Judit Lovas expired in April 2025, and in July 2025, Chair of the Board of Governors Regan O'Dea vacated his position on the board. Mr. O'Dea was succeeded in his role as Chair by Erin Best, and Paul Fitzpatrick was appointed to the Board of Governors by the Law Society of Newfoundland and Labrador.

As of Mr. Fitzpatrick's appointment on July 31, 2025, the members of the Board of Governors are Erin Best, Sheilagh Murphy K.C., Robert Hickey, Morgan Cooper, and Paul Fitzpatrick.

The Scholarship Committee of the Law Foundation assesses applications for the Law Foundation's internally administered scholarships. This committee currently comprises Governor Paul Fitzpatrick and longtime volunteers Barbara Barrowman and Crystal Eagan. Regan O'Dea served on this committee until the end of his tenure on the Board.

2025 Revenues

IOLTA revenues for the Law Foundation totalled $3,907,496. This represents a decline in revenues relative to 2024, as a consequence of a series of interest rate cuts by the Bank of Canada. 2024 IOLTA revenues were $6,695,194, a record high for LFNL.

Unclaimed trust fund revenues in 2025 were $5983.33.

The Law Foundation retains an investment advisor at CIBC Wood Gundy. By investing available funds, LFNL manages some of the uncertainty associated with IOLTA, our primary revenue source. Investment income and unrealized gains in the value of investments, net of fees, totalled $353,804 for 2025.

Audited financial statements, prepared by Noseworthy Chapman, are appended to this report with further details.

2025 Grantmaking and Scholarships

Statutory grant to Legal Aid – The amount of this grant is determined by a formula set out in the *Law Society Act, 1991*, s. 67(2), and was $2,505,270 for the 2025 calendar year.

Discretionary grantmaking – A total of $631,958 in discretionary grants were awarded in 2025. The following table names the grantees and the amount awarded:

Grantee	Grant Amount
East Coast Environmental Law	$9,100.00
Business & Arts NL	$12,000.00
Canadian Mental Health Association-NL	$24,000.00
S.S. Daisy Legal History Committee	$12,200.00
Canadian National Institute for the Blind	$15,000.00
CanLII	$63,033.03
Law Society Law Library	$200,000.00
Public Legal Information Association of Newfoundland and Labrador	$200,000.00
Access to Justice Steering Committee	$2,875.00
Francis Forbes Law Lecture	$1000.00

First Light	$92,750.00

Law Foundation Scholarships – Three Law Foundation Entrance Scholarships, valued at $10,000 each, were awarded to Serena Piercey, Jessica Ozon, and Sarah Fowler. Additionally, three Law Foundation Upper-Year Scholarships, each valued at $5000, were awarded for the first time. The inaugural recipients of these awards were Elizabeth Fleet, Andrew Mahar, and Alex Wells.

Operational activities

The Board of Governors met four times in 2025. In addition to exercising financial oversight and making grant awards as described, the Board authorized a revamping of the Foundation's website and revised its internal Grant Guidelines document.

The Executive Director undertook financial management and forecasting, handled all day-to-day matters on behalf of the Board of Governors, and managed the application and disbursement processes for grants and scholarships. Dr. Mahoney and Ms. Morry's tenure overlapped in September 2025 to enable a seamless reversion of responsibilities.

The Law Foundation of Newfoundland and Labrador is a member of the Association of Canadian Law Foundations, and participated in that organization's annual conference in September 2025 in Whitehorse, Yukon. Chair of the Board of Governors Erin Best and Executive Director Kirsten Morry represented LFNL at this event, where they benefited from presentations and discussions about the issues and opportunities currently facing Canadian law foundations.

Financial Statements

Noseworthy Chapman was engaged to complete an audit of the Law Foundation's activities in 2025 and prepare financial statements. Attached to this report are financial statements for the General Fund and the Scholarship Fund, prepared for and adopted by the Board of Governors.

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND

Separate Financial Statements

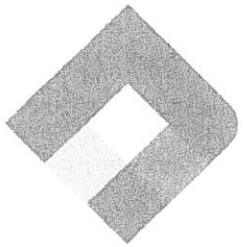
Year Ended December 31, 2025

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
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Year Ended December 31, 2025

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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, 2025, 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, 2025, 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, 2025 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.

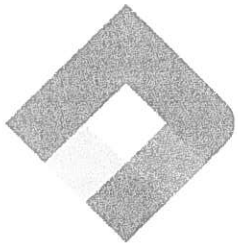
Other Information

Management is responsible for the other information. The other information comprises the information, other than the separate financial statements and our auditor's report thereon.

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Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with goverance.

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.

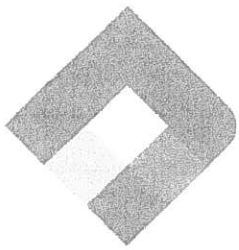
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

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- 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.

Noseworthy Chapman

Chartered Professional Accountants
St. John's, NL
June 1, 2026

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
Separate Statement of Financial Position
December 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	**$ 530,345**	$ 913,777
Short term investments, at market value	**6,535,277**	7,554,649
Interest receivable	**52,551**	53,027
Interest on lawyer's trust accounts receivable	**243,783**	423,359
Prepaid expenses	**2,673**	2,672
Specified investments *(Note 3)*	**1,400,000**	700,000
Due from Law Foundation of Newfoundland and Labrador - Law Foundation Scholarship Fund *(Note 4)*	**45,017**	1,000
	8,809,646	9,648,484
CAPITAL ASSETS *(Note 5)*	**5,726**	1,951
	$ 8,815,372	$ 9,650,435
LIABILITIES		
CURRENT		
Accounts payable	**$ 21,384**	$ 15,458
Government remittances payable	**6,573**	5,596
Grants payable	**76,496**	41,125
Legal Aid Commission payable *(Note 6)*	**2,505,270**	4,357,087
	2,609,723	4,419,266
COMMITMENTS *(Note 7)*		
NET ASSETS		
Investment in capital assets	**5,726**	1,951
Unrestricted	**4,799,923**	4,529,218
Internally restricted *(Note 3)*	**1,400,000**	700,000
	6,205,649	5,231,169
	$ 8,815,372	$ 9,650,435

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, 2025

	2025	2024
REVENUE		
Interest on lawyers' trust accounts	**$ 3,907,496**	$ 6,695,194
EXPENSES		
Amortization	**1,400**	823
Board meetings	**-**	499
Bookkeeping fees	**6,608**	5,405
Grants	**631,958**	697,270
Insurance	**3,206**	3,181
Interest and bank charges	**7,117**	20,815
Legal aid commission *(Note 6)*	**2,505,270**	4,357,087
Memberships	**1,149**	138
Office	**4,419**	3,080
Auditing and accounting expense	**17,251**	19,142
Rental	**19,814**	19,336
Salaries and wages	**85,018**	80,942
Travel	**3,610**	6,202
	3,286,820	5,213,920
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	**620,676**	1,481,274
OTHER INCOME (EXPENDITURES)		
Interest income	**219,883**	247,740
Unrealized gain on short term investments	**88,405**	92,986
Gain (loss) on sale of short term investments	**38,181**	(153)
Other investment income	**26,779**	14,936
Investment fees	**(19,444)**	(15,299)
	353,804	340,210
EXCESS OF REVENUES OVER EXPENDITURES	**$ 974,480**	$ 1,821,484

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
Separate Statement of Changes in Net Assets
Year Ended December 31, 2025

	Investment in Capital Assets	Unrestricted	Internally Restricted	**2025**	2024
NET ASSETS - BEGINNING OF YEAR	$ 1,951	$ 4,529,218	$ 700,000	**$ 5,231,169**	$ 3,409,686
Excess (deficiency) of revenues over expenditures	(1,400)	975,880	-	**974,480**	1,821,483
Purchase of capital assets	5,175	(5,175)	-	**-**	-
Interfund transfers	-	(700,000)	700,000	**-**	-
NET ASSETS - END OF YEAR	$ 5,726	$ 4,799,923	$ 1,400,000	**$ 6,205,649**	$ 5,231,169

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR GENERAL FUND
Separate Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Cash receipts	**$ 4,089,182**	$ 6,723,233
Cash paid to Legal Aid Commission, suppliers and employees	**(5,026,356)**	(5,069,282)
Interest and bank charges paid	**(7,117)**	(20,815)
Cash flow (used by) from operating activities	**(944,291)**	1,633,136
INVESTING ACTIVITIES		
Interest income	**219,883**	247,740
Other investment income	**26,779**	14,936
Purchase of capital assets	**(5,175)**	-
Sale (purchase) of short term investments	**319,372**	(2,615,769)
Cash flow from (used by) investing activities	**560,859**	(2,353,093)
DECREASE IN CASH	**(383,432)**	(719,957)
Cash - beginning of year	**913,777**	1,633,734
CASH - END OF YEAR	**$ 530,345**	$ 913,777

See notes to financial statements

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
Website	3 years	straight-line method

(continues)

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.

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.

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.

3. SPECIFIED INVESTMENTS/INTERNALLY RESTRICTED NET ASSETS

It is the policy of the Foundation to maintain a deposit of $400,000 (2024 - $200,000) for administration and 1,000,000 (2024 - $500,000) for grant applicants in the event of any revenue reduction. The $1,400,000 specified investment is an allocation of short term investments held in various accounts.

During the year ended December 31, 2025, the Board of Governors approved the above increases to the internally restricted net assets of the Foundation.

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

During the year, the amount of $44,017 (2024-$Nil) was transferred from the Law Foundation General Fund to the Law Foundation Scholarship Fund.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	**2025 Net book value**	2024 Net book value
Computer equipment	$ 2,813	$ 2,489	**$ 324**	$ 591
Office furniture and equipment	4,609	3,520	**1,089**	1,360
Website	5,175	862	**4,313**	-
	$ 12,597	$ 6,871	**$ 5,726**	$ 1,951

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. LEASE COMMITMENTS

The foundation leases premises under a long term lease that expires on October 31, 2029. Under the lease, the foundation is required to pay a base rent plus operating costs. Future minimum lease payments are as follows:

2026	$ 19,199
2027	19,199
2028	19,199
2029	15,999
	$ 73,596

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

Separate Financial Statements

Year Ended December 31, 2025

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

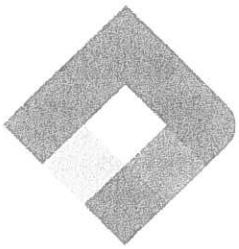
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INDEPENDENT AUDITOR'S REPORT

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, 2025, 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, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the organization as at December 31, 2025, 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.

Emphasis of Matter

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

Other Information

Management is responsible for the other information. The other information comprises the information, other than the separate financial statements and our auditor's report thereon.

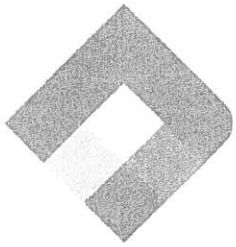
Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

(continues)

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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)

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- 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 1, 2026

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

Separate Statement of Financial Position

December 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	**$ 26,385**	$ 10,266
Specified investments, at market value *(Note 2)*	**396,298**	377,120
	$ 422,683	$ 387,386
LIABILITIES		
CURRENT		
Accounts payable	**$ 22,500**	$ 15,000
Due to Law Foundation of Newfoundland and Labrador - Law School Scholarship Fund *(Note 3)*	**45,017**	1,000
	67,517	16,000
NET ASSETS		
Reserve account	**400,000**	300,000
Unrestricted	**(44,834)**	71,386
	355,166	371,386
	$ 422,683	$ 387,386

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, 2025

	2025	2024
REVENUES		
Unclaimed trust funds *(Note 4)*	**$ 5,983**	$ 22,205
EXPENDITURES		
Interest and bank charges	**35**	34
Scholarship expense	**45,000**	30,000
	45,035	30,034
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	**(39,052)**	(7,829)
OTHER INCOME (EXPENSES)		
Unrealized gain on short term investments	**11,668**	-
Interest income *(Note 5)*	**7,979**	15,623
Gain on sale of short term investments	**2,415**	-
Other investment income	**1,213**	-
Investment fees	**(443)**	-
	22,832	15,623
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**$ (16,220)**	$ 7,794

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

Separate Statement of Changes in Net Assets

Year Ended December 31, 2025

	Reserve account	Unrestricted	**2025**	2024
NET ASSETS - BEGINNING OF YEAR	$ 300,000	$ 71,386	**$ 371,386**	$ 363,592
Excess (deficiency) of revenues over expenditures	-	(16,220)	**(16,220)**	7,794
Interfund transfers	100,000	(100,000)	-	-
NET ASSETS - END OF YEAR	$ 400,000	$ (44,834)	**$ 355,166**	$ 371,386

See notes to financial statements

LAW FOUNDATION OF NEWFOUNDLAND AND LABRADOR LAW SCHOOL SCHOLARSHIP FUND

Separate Statement of Cash Flows

Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Cash receipts	**$ 49,556**	$ 22,206
Cash paid for scholarships	**(35,084)**	(15,001)
Interest and bank charges paid	**(36)**	(34)
Cash flow (used by) from operating activities	**14,436**	7,171
INVESTING ACTIVITIES		
Specified investments	**(7,509)**	(15,623)
Interest income	**7,979**	15,623
Other investment income	**1,213**	-
Cash flow from investing activities	**1,683**	-
INCREASE IN CASH	**16,119**	7,171
Cash - beginning of year	**10,266**	3,095
CASH - END OF YEAR	**$ 26,385**	$ 10,266

See notes to financial statements

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, and three $5,000 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.

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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 $44,017 (2024-$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 2019 have been summarized below:

2019	$ 44,591
2020	27,355
2021	16,663
2022	9,216
2023	8,566
2024	22,205
2025	5,983

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.