ANNUAL REPORT

2002

(Fiscal Year ended June 30th)

The Law Foundation of Saskatchewan Regina, Sask.

THE LAW FOUNDATION

The Law Foundation of Saskatchewan
29th Annual Report for the Year Ended June 30th, 2002
to the Honourable Minister of Justice of Saskatchewan
and to the Law Society of Saskatchewan,
pursuant to Section 79 of <u>The Legal Profession Act</u>,
1990, and Amendments thereto

During its 29 years of operation, the Foundation has received income exceeding \$41,800,000 from interest on funds in lawyers' mixed trust accounts and its investments. Except for administration costs and funds held in the Grant Stabilization Reserve and Unallocated Revenue, all of that money has been expended on the Foundation's statutory purposes of legal education, legal research, legal aid, law libraries, and law reform. Most of the funds were spent in Saskatchewan except for projects national in nature and usually supported by other Canadian Law Foundations. Projects of an on-going nature are: Law Society Libraries, Public Legal Education Association, Saskatchewan Legal Education Society, College of Law/Law Foundation of Saskatchewan Endowment Fund, Native Law Centre, Centre for studies in Agriculture, Law and the Environment, University of Saskatchewan, and the Law Foundation of Saskatchewan Legal Aid Endowment Fund Trust.

The interest calculation on trust accounts is based on the prime rate which was at $4\frac{1}{2}\%$ on the 30^{th} June 2002. The Foundation received income of \$1,408,000 from mixed trust accounts in 2001/2002, compared to \$3,400,000 in 2000/2001.

Grants authorized and unpaid at the end of the year totalled \$2,917,000. The Grant Stabilization Reserve remains at \$5,000,000 and the Unallocated Revenue balance at \$84,519. The day-to-day operations of the Foundation are handled by the Secretary, Mr. H. Robert Arscott, F.C.A., of Regina.

The Foundation authorized the following grants for the year ended 30th June 2002:

| | | | | | Φ (20,000 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Law Society Libraries - annual | | | | | \$ 629,000 |
| Public Legal Education Association - annual | | | | | 429,483 |
| Saskatchewan Legal Aid - Service Standards Implementation | | | | | 140,000 |
| SKLESI - annual | | | | | 90,807 |
| College of Law Endowment Fund | - annual | | | | 75,000 |
| Native Law Centre - annual | | | | | 62,170 |
| Law Reform Commission - annual | | | | | 55,000 |
| Elizabeth Fry Society - Native Court Worker - annual | | | | | 38,000 |
| Modernization of Saskatchewan Money Judgement Enforcement Law | | | | | 24,900 |
| Saskatoon Community Mediation - Training \$20,000 | | | | \$20,000 | |
| - Professional Development <u>1,800</u> | | | _1,800 | 21,800 | |
| Estey Centre - Study of the Beef Industry | | | | 20,000 | |
| Law Foundation of Saskatchewan Legal Aid Endowment Fund Trust – additional | | | | | 20,000 |
| Saskatchewan Elocution & Debate | | | | | 18,000 |
| Association of Family Law | | | | | 16,050 |
| Trial Courts of the Future - Conference | | | | | 15,000 |
| Saskatoon Sexual Assault & Info. Centre | | | | | 14,000 |
| Court of Queen's Bench - Practice Manual | | | | | 12,000 |
| CBA - Law Day 2001 and 2002 | | | | | 5,106 |
| Mediation Placement for Law Student | | | | | 900 |
| | | | | | |
| | | | | | \$1,687,216 |
| | | | | | |
| Financial Highlights | | | | | |
| | <u>2002</u> | 2001 | 2000 | <u>1999</u> | <u>1998</u> |
| Revenue from all sources | \$1,834,156 | \$3,806,498 | \$3,258,917 | \$2,571,080 | \$1,655,947 |
| Grants authorized | 1,687,216 | 3,823,050 | 1,894,452 | 1,504,436 | 1,457,203 |
| Administrative expenses | 150,915 | 156,310 | 124,186 | 125,957 | 107,083 |
| | | | | | |
| | | | | | |
| Grant stabilization reserve | <u>\$5,000,000</u> | <u>\$5,000,000</u> | <u>\$5,000,000</u> | <u>\$3,965,000</u> | <u>\$3,025,000</u> |

The Grant Stabilization Reserve allows the Foundation to continue funding its major core grants of approximately \$1,340,000 annually without major reductions. The Reserve protects core projects and allows for their orderly management during times of reduced income to the Foundation.

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Meetings of the Foundation

The Foundation members meet regularly on a quarterly basis throughout the year. Two members

attended the annual meeting of the Canadian Association of Law Foundations held in conjunction with

the Canadian Bar Association annual meeting in London, Ontario, in August 2002. At the annual

meeting, the Canadian Foundations discuss projects of a national nature and other matters of mutual

interest. Representatives of the Saskatchewan Law Foundation continually emphasize the national

importance of the Native Law Centre at the University of Saskatchewan and request the continued

support of the Canadian Foundations for this worthy project.

The Foundation hosted the annual meeting of the Canadian Association of Law Foundations held in

Saskatoon in August 2001.

The Foundation, under the direction of Alma Wiebe, Q.C., completed a comprehensive review of its

current policies and grant criteria and revised, deleted and added to its policies. In doing so, the

Foundation spent a significant amount of time considering its past, current and future direction in light of

its legislated mandate. The policy review is now completed.

The Law Foundation Web Site (www.lawfoundation.sk.ca) was operative in January 2002 with a large

number of "hits" for the six month period.

The present members of the Foundation are: Mr. Harry Dahlem, Q.C. (Chairperson), Mr. John

Stamatinos, Q.C., (Vice-Chairperson), Mr. Gordon Wicijowski, L.L.D, F.C.A. (Treasurer), Dean Dan Ish,

Mr. Rod Crook, Ms. Alma Wiebe, Q.C., Mr. Randy Baker, Q.C., and Mr. Robert Arscott, F.C.A.

(Secretary). During the year, Ms. A. Phillips, Dean Beth Bilson, and Mr. John Whyte retired from the

Foundation. Mr. Randy Baker was appointed effective the 1st January 2002.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated at Regina, Saskatchewan, this 29th day of October A.D. 2002.

Mr. Harry Dahlem, Q.C.

Chairperson

Financial Statements of

LAW FOUNDATION

30th June 2002

AUDITORS' REPORT

To the Members of the Law Foundation

We have audited the balance sheet of the Law Foundation as at June 30, 2002, and the statements of revenue, expenditures, grants and unallocated revenue for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants Regina, Saskatchewan

September 27, 2002

(Established Under the Legal Profession Act of Saskatchewan)

BALANCE SHEET 30th JUNE 2002

| | <u>2002</u> | <u>2001</u> |
|---|---|---|
| <u>ASSETS</u> | | |
| Cash Interest receivable from solicitors' trust accounts Investments - cost (Note "2") Accrued interest on investments Due from RBC Dominion Securities | \$ 5,200 112,603 7,613,199 279,927 4,656 \$8,015,585 | \$ 108,430 264,579 7,636,625 304,020 123,655 \$8,437,309 |
| LIABILITIES, RESERVE AND UNALLOCATED | D REVENUE | |
| Accounts payable Grants payable Grant stabilization reserve (Note "1") Unallocated revenue | \$ 14,000 2,917,066 5,000,000 84,519 \$8,015,585 | \$ -0- 3,375,840 5,000,000 61,469 \$8,437,309 |
| On behalf of the Foundation: | | |
| Chairperson | | |
| Treasurer | | |

STATEMENT OF REVENUE, EXPENDITURES, GRANTS AND UNALLOCATED REVENUE 30th JUNE 2002

| REVENUE: | | <u>2002</u> | | <u>2001</u> |
|---|-----------|------------------|-----------|------------------|
| | | | | |
| Interest from lawyer's mixed trust accounts | | \$1,407,731 | | \$3,392,303 |
| Interest earned on investments | | 426,425 | | 414,195 |
| interest earned on investments | | 420,423 | | 414,193 |
| | | 1,834,156 | | 3,806,498 |
| EXPENDITURES: | | | | |
| - Administrative | | | | |
| Foundation members | | | | |
| - per diem | \$ 21,600 | | \$ 37,400 | |
| - meetings | Ψ 21,000 | | Ψ 57,100 | |
| - regular | 8,720 | | 9,614 | |
| - special | 8,990 | | 6,957 | |
| Office, postage, stationery, telephone | 29,858 | | 24,105 | |
| Office of the Secretary | 77,792 | | 74,392 | |
| Professional fees | 3,955 | | 3,842 | |
| 11010001011411000 | | | | |
| | | <u>150,915</u> | | 156,310 |
| EXCESS OF REVENUE OVER EXPENDITURES | | 1,683,241 | | 3,650,188 |
| GRANTS AUTHORIZED IN THE YEAR | | | | |
| - Schedule "1" (Note "1") | | (1,687,216) | | (3,823,050) |
| GRANTS RECOVERED | | 27,025 | | 22,366 |
| OTHER TIES OF EASE | | | | |
| EXCESS OF REVENUE OVER EXPENDITURES | | | | |
| AND GRANTS FOR THE YEAR (2001 EXCESS | | | | |
| OF EXPENDITURES AND GRANTS) | | 23,050 | | (150,496) |
| | | - , | | (|
| UNALLOCATED REVENUE, BEGINNING OF | | | | |
| YEAR | | 61,469 | | 211,965 |
| | | | | |
| UNALLOCATED REVENUE, END OF YEAR | | <u>\$ 84,519</u> | | <u>\$ 61,469</u> |

(Established Under the Legal Profession Act of Saskatchewan)

Grants Authorized

| <u>30th June 2002</u> | Schedule "1" |
|--|-----------------------|
| Law Society Libraries - annual Public Legal Education Association - annual | \$ 629,000 429,483 |
| Saskatchewan Legal Aid - Service Standards Implementation | 140,000 |
| SKLESI - annual | 90,807 |
| Law Foundation Endowment Fund - College of Law - annual | 75,000 |
| Native Law Centre - annual | 62,170 |
| Law Reform Commission - annual | 55,000 |
| Elizabeth Fry Society - Native Court Worker - annual | 38,000 |
| Modernization of Saskatchewan Money Judgement Enforcement Law | 24,900 |
| Saskatoon Community Mediation - Training \$20,000 | |
| - Professional Development <u>1,800</u> | 21,800 |
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| Association of Family Law | 16,050 |
| Trial Courts of the Future - Conference | 15,000 |
| Saskatoon Sexual Assault & Info. Centre | 14,000 |
| Court of Queen's Bench - Practice Manual | 12,000 |
| CBA - Law Day 2001 and 2002 | 5,106 |
| Mediation Placement for Law Student | 900 |
| Total | <u>\$1,687,216</u> |

NOTES TO THE FINANCIAL STATEMENTS 30th JUNE 2002

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

Interest

Interest income is recorded as earned and results from client trust accounts of the members of the Law Society of Saskatchewan.

Grants

Grants are expensed at the time they are authorized by the Foundation.

Grant Stabilization Reserve

The Reserve is to provide protection for continuing grants in the event of future revenue reductions.

2. LONG TERM INVESTMENTS

| | 2002 | | 2001 | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| | Market | Cost | Market | Cost |
| Treasury bills | \$ 1,059,511 | \$ 1,059,511 | \$ 192,342 | \$ 192,342 |
| Debentures | 409,584 | 401,100 | 399,351 | 401,100 |
| Guaranteed investment certificates | 1,199,999 | 1,199,999 | 1,350,000 | 1,350,000 |
| Medium term notes | 1,718,261 | 1,642,934 | 2,122,069 | 2,091,584 |
| Bonds | 3,435,641 | 3,159,656 | 3,662,254 | 3,451,599 |
| Business Development Bank of Canada | | | | |
| NASDAQ-100 index | 143,250 | 150,000 | 150,750 | 150,000 |
| | | | | |
| | \$ 7,966,247 | \$ 7,613,199 | \$ 7,876,766 | \$ 7,636,625 |

Long term investments are recorded at cost. It is the Foundation's policy to hold all investments to maturity.