

Achieving stability amid change

.....
2016-2017 ANNUAL REPORT



Justice accessible to all

OUR VISION

Justice accessible to all.

OUR MISSION

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

LEGISLATIVE MANDATE

We grant funds for the purposes of legal education, legal research, legal aid, law libraries and law reform in accordance with our governing legislation.

OUR CORE VALUES

The Law Foundation of Saskatchewan has chosen the following core values that will guide how we fulfill our legislative mandate.

- **Stewardship:** We manage, invest, and distribute monies entrusted to the Law Foundation prudently and responsibly.
- **Collaboration:** We seek and encourage partnerships and co-operative actions with and among grantees, stakeholders and others in achieving our mission. We encourage collaboration with and among those who work together to promote the achievement of our vision and mission. We support networks for sharing ideas to create and advance this purpose.
- **Innovation:** We are open to and seek new ways to fulfill the mission of inspiring and supporting innovative programs and initiatives promoting accessible justice within our mandate.
- **Positive impact:** We seek evidence that our investments in projects and organizations improve the lives of those who are seeking justice.
- **Accountability:** We hold ourselves and grantees accountable by regular evaluation and assessment of performance as measured against our vision, mission and values.

STRATEGIC PRIORITIES

1. Manage Our Resources Prudently

In a dynamic funding environment, we will increase our focus on adhering to an ethic of responsible planning and management of our resources. We will maintain and follow an appropriate investment and reserve policy. We will exercise due diligence in managing our resources and in our granting processes.

2. Improve Our Granting Processes

We will improve our knowledge of the grantee organizations we fund. We will work with grantees to evaluate how their work facilitates access to justice for our citizens in an effective manner. We will use our evaluation processes to determine our grant allocations and to ensure we fund initiatives that are in line with our vision, mission and values.

3. Increase Our Involvement in Access to Justice Initiatives

We will increase the knowledge of our Foundation and its work within the legal profession. We will seek to more clearly understand how non profit agencies provide access to justice services and increase our visibility within that community. We will seek to inspire new and innovative approaches to access to justice working with our grantee organizations and institutions that promote access to justice.

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Message from the Chair



I am pleased to provide the 44th Annual Report of the Law Foundation of Saskatchewan for the fiscal year ended June 30, 2017. This report is provided to the Minister of Justice of Saskatchewan and to the Law Society of Saskatchewan pursuant to section 79 of *The Legal Profession Act, 1990*.

The fiscal year ended June 30, 2017 was a challenging one for our Foundation and its grantees. Our revenues declined significantly in fiscal 2016 and, as anticipated, did not recover to prior levels in the fiscal year which ended June 30, 2017.

To respond to the revenue declines we have been working collaboratively with our grantees. All of the grantees who rely on us for ongoing funding have been kept informed of the trends. Unfortunately, in 2016-2017, and as forewarned in our last annual report, we saw reductions in grants to important programs that we fund.

To ameliorate the reductions that would have otherwise been necessary to balance our grant funding against current revenues we drew down our Grant Stabilization Reserve in fiscal 2017. We also examined our own administrative expenses and remain committed to maintain cost levels consistent with effective delivery in a challenging interest rate environment. We did this while maintaining a sufficient financial position which is critical to sustain our ongoing granting programs.

As the fiscal 2017 year ended we looked forward with little prospect of change in our revenue streams. Similar to the surprise reductions in prime interest rates in 2015, two unexpected increases in the bank prime rate totaling 50 basis points occurred in July and September 2017. Given the increase in interest rates, and assuming the level of funds in mixed trust accounts do not materially decline, we are optimistic that levels of program grants in fiscal 2018 will stabilize.

We continue to fulfill our legislative mandate by making grants to organizations that support innovative programs and initiatives promoting

accessible justice that have a positive impact and are planned and delivered in a collaborative fashion. The details of those grants are contained in the body of this report and our financial statements.

My two year term as Chair and Melanie Baldwin, Q.C.'s appointment as Vice Chair commenced on January 1, 2017, following the conclusion of Rob Gibbings, Q.C.'s term with the Foundation.

I want to recognize Rob's extraordinary contribution to the Foundation as a member for eight years, including two as our Chair. Rob's leadership of the Foundation is reflected in our robust strategic initiatives and in the many accomplishments of recent years. He worked tirelessly with our grantees to keep them apprised of changing financial conditions and worked with them through challenging times in a collaborative manner. Thank you Rob for being an outstanding leader of our Foundation.

Given the increase in interest rates, and assuming the level of funds in mixed trust accounts do not materially decline, we are optimistic that levels of program grants in fiscal 2018 will stabilize.

In mid January 2017 Glen Gardner, Q.C. replaced Kevin Fenwick, Q.C. as the Minister's designate following Kevin's retirement from the Department of Justice. In March 2017 Donna Taylor, LL.B. resigned after she was appointed a judge of the provincial court. Effective June 30, 2017 Kathryn Ford, Q.C. resigned from the Foundation after serving for six years. Kevin, Donna and Kathryn each made important contributions to the Foundation and we will miss their wisdom.

On January 1, 2017, the Foundation welcomed Tom Schonhoffer, Q.C. and Brenda Walper-Bossence, Q.C., both appointed by the Law Society of Saskatchewan. I am also pleased to welcome back Merlis Belsher, FCPA, FCA, LL.B. as an appointee of the Minister of Justice effective September 20, 2017. Merlis will resume his role as our Treasurer.

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

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



Eileen Libby, Q.C.
Chair
December 11, 2017

The Law Foundation of Saskatchewan

Our Legislative Purposes

The Law Foundation of Saskatchewan was established in 1971 and was one of the first foundations of its kind in Canada. The Foundation is governed by *The Legal Profession Act, 1990* of Saskatchewan.

The Foundation has established a fund to accumulate and distribute interest earned on lawyers' mixed trust accounts to the benefit of the public in Saskatchewan. The purposes for which the funds are to be distributed are described in our legislation and are:

- legal education
- legal research
- legal aid
- law libraries
- law reform

From its fund the Foundation members make grants that are consistent with the legislative purposes of the Foundation. The grants are made to organizations that deliver innovative programs and initiatives promoting accessible justice and that the members believe will succeed in improving the lives of the public in Saskatchewan.

Our Funding Sources

The Foundation is a non-profit organization which is required by legislation to set up a fund to receive and distribute the interest on clients' funds held in lawyers' mixed trust accounts maintained in financial institutions. Mixed trust accounts are those specifically not designated to a client of a lawyer because the funds are normally held for a brief period (for example in a real estate transaction) and the costs of administering the account do not make specific designation feasible.

Across the province the amounts held by lawyers in mixed trust accounts, while generally small individually, are collectively significant. Saskatchewan's financial institutions pay interest on these mixed trust accounts directly to the Foundation. All lawyers' mixed trust accounts earn interest at rates negotiated between the Foundation and the various financial institutions.

The fund also accumulates investment income from investments held by the Foundation pending distribution to grantees. Under our governing legislation investments can only be made "at interest" and as a result the investment policies of the Foundation reflect a relatively minimal risk profile.



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



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Members and Management

As of June 30, 2017



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Appointed by the Law Society of Saskatchewan

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

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

Appointed by the Minister of Justice

6. Glen Gardner, Q.C., Deputy Minister of Justice and Deputy Attorney General – Minister's designate
7. Kathryn Ford, Q.C.
8. Irene Seiferling, B.A., ICD.D, FEA

Executive Director

9. Bob Watt, FCPA, FCA

Financial Highlights

Revenues—Mixed Trust Accounts

Revenues from mixed trust accounts are the main source of funding of grants to fund ongoing programs and projects undertaken by our grantees. We use the monies we receive by statute to inspire and support innovative programs and initiatives promoting accessible justice. However, we do not control the interest revenues we receive from mixed trust accounts. They are dependent on the amount at any point in time in mixed trust accounts in Saskatchewan and the interest rate paid by financial institutions on those balances.

During the year ended June 30, 2017, interest earned on lawyers' mixed trust accounts and paid to the Foundation was \$2,267,274 compared to \$2,369,735 in 2016. This represented an approximately 4% reduction in our main revenue source and resulted primarily from the reduction in bank prime lending rates totaling 30 basis points in 2015.

As we began fiscal 2017 we believed that bank prime lending rates would remain flat in the year and they did. However, balances in mixed trust accounts softened during the year but not to the extent we anticipated and as a result our revenues from mixed trust accounts declined by only 4%.

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

The bank prime interest rate over the past six years and the first quarter of fiscal 2018 is illustrated in *Table 2*.

The other factor that impacts the revenues that we receive is the amount of monies in mixed trust accounts at any point in time. We measure the balances on a twelve-month rolling average basis to reflect seasonality. The average balances in these

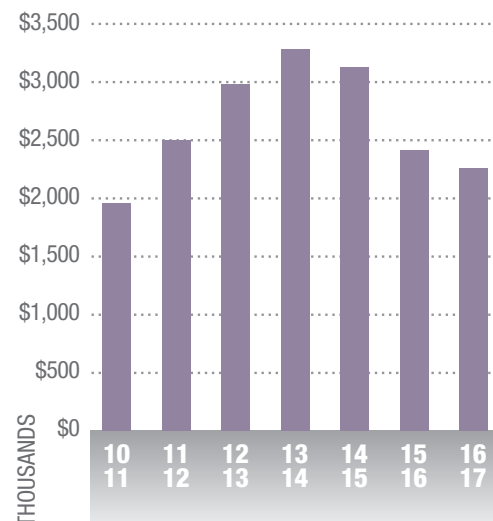


Table 1 | Table of Revenues

trust accounts in Saskatchewan grew after the recession of 2008/2009 and peaked at approximately \$494 million in June 2015. Over the past two years the average balances have declined to approximately \$464 million and are now consistently in a narrow range around that level. These declines have further reduced our current granting capacity although not to the extent experienced by the impact of the interest rate declines in 2015.

The average trailing 12 month balances in lawyers' mixed trust accounts over the past four years and the first quarter of fiscal 2018 is illustrated in *Table 3*.

Notwithstanding the continuing low rate environment, financial institutions have generally been able to offer competitive interest rates on mixed trust accounts. These rates generally are priced off the prime rate of the financial institution and subject to a floor

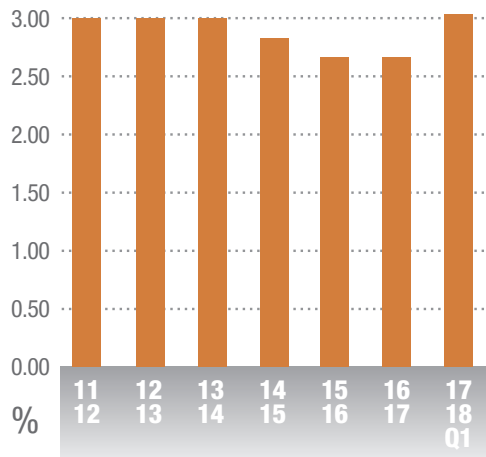


Table 2 | Bank Prime Interest Rates

rate, usually 25 basis points. These floor rates are important to the Foundation in a low interest rate environment. On a composite basis across all the financial institutions we earned approximately 50 basis points on mixed trust deposits in both fiscal 2016 and 2017 which is down significantly from the 63 basis points we earned in fiscal 2015. We appreciate the support of Canada's major banks and Saskatchewan's credit unions that beyond paying interest on deposits, see the value of the work we and our grantees do in our communities to enhance access to justice.

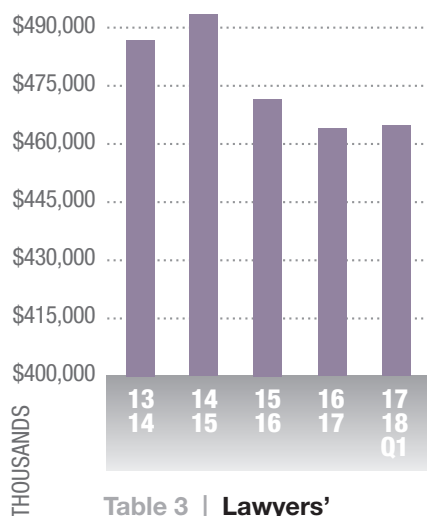


Table 3 | Lawyers' Mixed Trust Accounts

Revenues—Investment Income

Investment income was \$234,943 in 2017 compared to \$285,526 in 2016. Investment income continues to decline due to the impact of lower re-investment interest rates as term investments mature and our investment portfolio declines to fund drawdowns of the Grant Stabilization Reserve.

Grant Expenditures—2013-2017

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

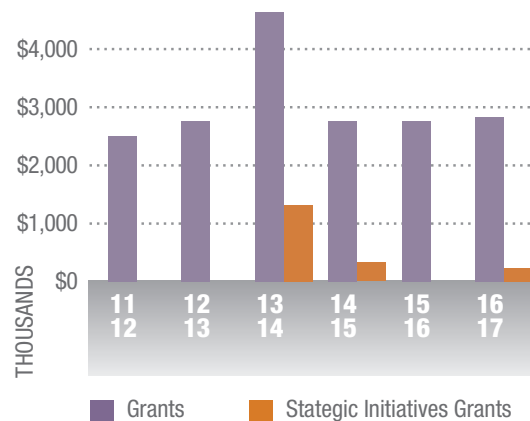


Table 4 | Grant Expenditures

In fiscal 2017, we granted \$2,504,700 compared to \$2,666,683 in 2016 funded from our current revenues and our Grant Stabilization Reserve. We also granted and funded \$217,989 from our Strategic Initiatives Reserve in fiscal 2017 (nil in fiscal 2016).

In most years the Foundation has been able to fund grants from its current revenues. In fiscal 2016, before grant recoveries, the Foundation experienced a deficiency of \$232,130. In 2017 (excluding grants from the Strategic Initiative Reserve and grant recoveries) the Foundation experienced a deficiency of \$239,989.

The Foundation maintains a Grant Stabilization Reserve to protect its ongoing grantees, those who rely on the Foundation for their primary funding, from declines in interest revenues and therefore our funding capacity.

Our goal is to maintain 3.0 times the current level of funding to such organizations to reflect the time it can take to adjust their operations to new levels of activity if a period of low interest rates and a weak economic environment persist. During 2016 we modestly drew down on the reserve by \$50,000 and in 2017 we drew down that reserve by \$235,000. The Foundation will continue to exercise stewardship over its financial assets and maintain a sufficient reserve position to protect the grantees and the important programs we fund.

The Foundation also maintains a Strategic Initiatives Reserve to allow it to respond to significant new one-time initiatives which are deemed to be strategic. During the year the Foundation granted \$217,989 to the College of Law to extend our funding of the Access to Justice Coordinator position through 2020. The balance in the reserve is \$2,576,713 as of June 30, 2017. When first established, the fund had a balance of \$3,695,000. The Foundation remains able to make a difference through significant one-time initiatives.

Outlook for 2017-2018

After year end the Bank of Canada surprised capital markets by increasing its overnight rate in July and September 2017 by a total of 50 basis points. In response, Canadian banks increased their prime rate for by the same amount and in September 2017 that rate stood at 3.2%.

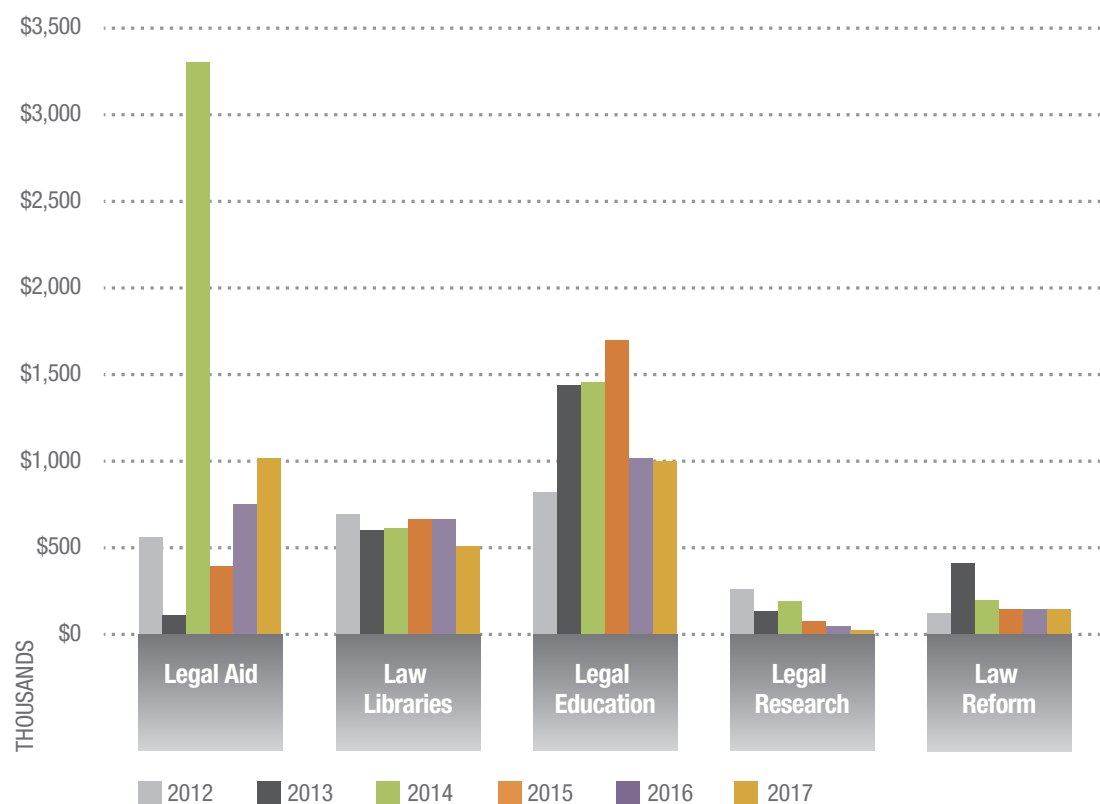
As noted, balances in mixed trust accounts appear to have halted their decline. Assuming balances do not decline significantly in the upcoming year, the increase in prime rates should result in our revenues increasing in fiscal 2018.

The success of our grantees is crucial to achieving our vision. As responsible stewards of the monies that are entrusted to us, balancing fiscal realities with a need and desire to support our grantees is an ongoing imperative. To that end, even if revenues rebound significantly towards prior levels we will continue to work in a responsible manner to make the choices that lead to grants that make a difference.



Funded Programs and Projects

The breakdown of the Foundation's grant expenses from 2012 – 2017 (in thousands) in accordance with its legislative purposes is set out below.



Funded Programs and Projects (continued)

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

Grant recipient	Grant purpose	2016-2017 Grant amount
Law Society - Legal Resources of Saskatchewan	Provide print and online legal resources and services.	\$ 561,000
Public Legal Education Association of Saskatchewan	Facilitate the creation and distribution of high quality legal information to the public.	\$ 628,000
College of Law at the University of Saskatchewan	Funding of Access to Justice co-ordinator 2018-2020.	\$ 217,989
College of Law at the University of Saskatchewan	Student Support - Moot funding.	\$ 50,000
Native Law Centre at the University of Saskatchewan	Facilitates access to legal education for Aboriginal peoples, through funding of a research officer and other positions.	\$ 72,000
Pro Bono Law Saskatchewan	Improves access to justice by providing high-quality pro bono legal services.	\$ 380,000
Elizabeth Fry Society of Saskatchewan	Working for and with criminalized women and their families involved in the criminal justice system.	\$ 285,000
Community Legal Assistance Services for Saskatoon Inner City (CLASSIC)	Providing clients with basic legal services and legal information.	\$ 285,000

Management's Responsibility for Financial Statements

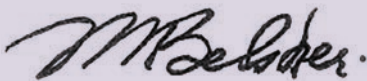
The accompanying financial statements of the Law Foundation of Saskatchewan have been prepared by the Foundation's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgment and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

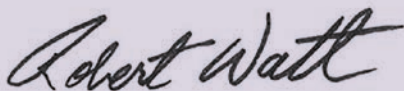
The Foundation's Members have delegated certain responsibilities to the Audit & Investment Committee, including the responsibility for reviewing the annual financial statements and meeting with management and external auditors on matters relating to the financial reporting process and the Foundation's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

The Foundation's Members have reviewed and approved these financial statements.

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



Chair of the Audit & Investment Committee



Executive Director

December 11, 2017



Independent Auditor's Report

Deloitte LLP
2103 - 11th Avenue
Mezzanine Level
Bank of Montreal Building
Regina, SK S4P 3Z8
Tel: 306-565-5200
Fax: 306-757-4753
www.deloitte.ca

To the Members of the Law Foundation of Saskatchewan

We have audited the accompanying financial statements of the Law Foundation of Saskatchewan, which comprise the statement of financial position as at June 30, 2017, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Law Foundation of Saskatchewan as at June 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Deloitte LLP".

Chartered Professional Accountants
Licensed Professional Accountants

December 11, 2017
Regina, Saskatchewan

Statement of Financial Position

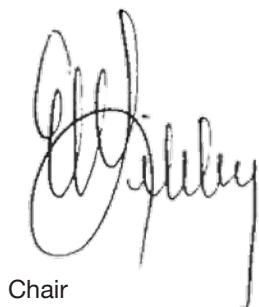
As at June 30, 2017

(with comparative figures for June 30, 2016)

	2017	2016
Assets		
Current assets:		
Cash	\$ 635,086	\$ 445,145
Accounts receivable	1,546	100,800
Interest receivable from lawyers' mixed trust accounts	309,620	326,790
Accrued investment interest receivable	101,000	135,000
Investments (Note "3")	4,037,883	5,119,243
	<u>5,085,135</u>	<u>6,126,978</u>
Investments (Note "3")	<u>6,588,937</u>	<u>6,509,557</u>
	<u>\$ 11,674,072</u>	<u>\$ 12,636,535</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 8,412	\$ 15,140
Grants payable	1,814,293	2,087,787
	<u>1,822,705</u>	<u>2,102,927</u>
Grants payable - due after one year	<u>217,989</u>	<u>447,156</u>
	<u>2,040,694</u>	<u>2,550,083</u>
Grant stabilization reserve	7,015,000	7,250,000
Strategic initiatives reserve	2,576,713	2,794,702
Unallocated surplus	41,665	41,750
	<u>9,633,378</u>	<u>10,086,452</u>
	<u>\$ 11,674,072</u>	<u>\$ 12,636,535</u>

See accompanying notes to the financial statements

On behalf of the Foundation:



Chair



Treasurer

Statement of Changes in Net Assets

For the year ended June 30, 2017

(with comparative figures for the year ended June 30, 2016)

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

	2016			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	\$7,300,000	\$2,091,702	\$ 31,790	\$ 9,423,492
Strategic initiative grant recovery (Schedule "2")	-	703,000	(703,000)	-
Decrease in grant stabilization reserve	(50,000)	-	50,000	-
Excess of revenue over expenses and grants for the year	-	-	662,960	662,960
Balance - end of year	<u>\$7,250,000</u>	<u>\$2,794,702</u>	<u>\$ 41,750</u>	<u>\$10,086,452</u>

See accompanying notes to the financial statements

Statement of Operations

For the year ended June 30, 2017

(with comparative figures for the year ended June 30, 2016)

	2017	2016
Revenue		
Interest from lawyers' mixed trust accounts	\$ 2,267,274	\$ 2,369,735
Investment revenue	234,943	285,526
Unclaimed lawyers' mixed trust accounts	15,100	34,189
	<u>2,517,317</u>	<u>2,689,450</u>
Expenses		
Accounting and administration support	55,342	53,138
General administration	29,514	16,709
Management services and expenses	101,698	96,732
Members' meetings and expenses	52,252	73,376
Professional fees	13,800	14,942
	<u>252,606</u>	<u>254,897</u>
Excess of revenue over expenses before grants authorized	2,264,711	2,434,553
Grants authorized (Schedule "1")	<u>(2,722,689)</u>	<u>(2,666,683)</u>
Deficiency of revenue over expenses before grants recovered	(457,978)	(232,130)
Grants recovered (Schedule "2")	<u>4,904</u>	<u>895,090</u>
(Deficiency) excess of revenue over expenses and grants for the year	<u>\$ (453,074)</u>	<u>\$ 662,960</u>

See accompanying notes to the financial statements

Statement of Cash Flows

For the year ended June 30, 2017

(with comparative figures for the year ended June 30, 2016)

	2017	2016
Cash provided by (used in) operating activities:		
(Deficiency) excess of revenue over expenses and grants for the year	\$ (453,074)	\$ 662,960
Items not involving cash:		
Change in non-cash working capital items:		
Accounts receivable	99,254	(100,800)
Interest receivable from lawyers' mixed trust accounts	17,170	59,568
Accrued investment interest receivable	34,000	8,835
Accounts payable	(6,728)	(121)
Grants payable	(502,661)	(1,564,478)
	<u>(812,039)</u>	<u>(934,036)</u>
Cash provided by (used in) investing activities:		
Purchases of investments	(3,109,389)	(809,956)
Proceeds on disposal and maturity of investments	4,111,369	1,435,288
	<u>1,001,980</u>	<u>625,332</u>
Increase (decrease) in cash	189,941	(308,704)
Cash position - beginning of year	445,145	753,849
Cash position - end of year	\$ 635,086	\$ 445,145

See accompanying notes to the financial statements

Notes to the Financial Statements

For the year ended June 30, 2017

(with comparative figures for the year ended June 30, 2016)

1. Nature of the Foundation

The Law Foundation of Saskatchewan (the "Foundation") is established under *The Legal Profession Act, 1990* of Saskatchewan. The purpose of the Foundation is to establish and maintain a fund to be used for the purposes of legal education, legal research, legal aid, law libraries and law reform. The Foundation is exempt from income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations required management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates.

Revenue recognition

Interest revenue from lawyers' mixed trust accounts and investment revenue is recorded in the period in which it is received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Unclaimed lawyers' mixed trust funds and miscellaneous revenues are recorded in the period received.

Grants

Grants are expensed at the time they are authorized by the Foundation. Where grants are expected to be disbursed beyond a one year time frame a portion of the grant is classified as a long term payable. When sufficient evidence is obtained indicating that a portion of a grant will be returned to the Foundation the amount of the recovery is recorded in the period in which the recovery is reasonably estimated and collection is reasonably assured.

Grant stabilization reserve

The Foundation has a goal of insulating continuing programs from fluctuation in the Foundation's

revenue that result from changes in the prime rate and the balances in lawyers' mixed trust accounts that generate revenue to the Foundation. To accomplish this goal the Foundation maintains a reserve that functions as a stabilization fund.

Strategic initiatives reserve

The Foundation periodically makes one time grants for significant access to justice projects. This reserve has been established by the members to enhance its capacity to meet its mandate when such projects arise.

Financial instruments - recognition and measurement

Financial assets and financial liabilities are recorded on the statement of financial position when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All financial assets and financial liabilities of the Foundation are measured at amortized cost adjusted by premiums and discounts, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenues over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be subsequently reversed if the value improves.

Notes to the Financial Statements

For the year ended June 30, 2017

(with comparative figures for the year ended June 30, 2016)

3. Investments

	2017		2016	
	Cost	Yield	Cost	Yield
Current:				
High interest savings account	\$ 1,826,748	1.00%	\$ 1,383,865	1.00%
Investments maturing within one year	2,211,135	2.62%	3,735,378	2.68%
	4,037,883		5,119,243	
Long term:				
Provincial bonds				
2-3 years	533,803	2.10%	321,235	2.28%
4-7 years	-	-	106,968	1.85%
Corporate bonds				
2-3 years	1,234,810	2.38%	1,462,515	3.41%
4-7 years	316,031	2.44%	417,699	2.39%
Guaranteed investment certificates				
2-3 years	2,845,000	2.39%	2,120,890	2.45%
4-7 years	1,659,043	1.91%	2,080,000	2.34%
Credit Union member equity	250		250	
	6,588,937		6,509,557	
	\$ 10,626,820		\$ 11,628,800	

The Foundation's investments have a fair value at year end of \$10,739,790 (2016 - \$11,797,365).

4. Financial risk management

The Foundation has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Foundation is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk on amounts received from financial institutions which forward interest earned from mixed trust accounts of the lawyers of Saskatchewan to the Foundation. The Foundation does not have a significant exposure to any individual financial institution and has adopted policies and procedures to ensure completeness of revenues forwarded to the Foundation.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate

because of changes in market interest rates. The Foundation is exposed to interest rate risk on its investments and the interest it earns from mixed trust accounts of the lawyers in Saskatchewan. The Foundation holds investments of varying maturities to manage the interest rate risk associated with investments.

Liquidity risk

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

Grants Authorized

For the year ended June 30, 2017

(with comparative figures for the year ended June 30, 2016)

SCHEDULE 1

	2017	2016
Law Society Law Libraries	\$ 561,000	\$ 661,000
Law Society Bar Course CPLED	64,700	77,693
College of Law External Moot Funding	50,000	93,000
College of Law Ted Hughes Biography	-	25,000
College of Law Access to Justice Coordinator 2018-2020*	217,989	-
College of Law Support for Graduate Student Research Travel	-	10,000
Native Law Centre	72,000	80,000
FSIN SIU Oracle Database Update Project	25,000	-
Public Legal Education Association of Saskatchewan ("PLEA")	628,000	698,590
Pro Bono Law Saskatchewan	380,000	400,000
Pro Bono Students Canadian National Conference	4,000	5,000
Elizabeth Fry Society Quarter 1 - 2016	-	75,000
Elizabeth Fry Society	285,000	300,000
Legal Aid Saskatchewan - LAIN project	90,000	-
Legal Aid Saskatchewan - Gladue history	-	30,000
Saskatchewan Elocution and Debate	-	9,500
Law Reform Commission of Saskatchewan	60,000	60,000
Level - Dare to Dream Project	-	20,000
Envision Counselling & Support Centre Inc. Outreach Program	-	19,000
STR8 Up Inc.	-	65,000
Community Legal Assistance Services For Saskatoon Inner City Inc.	285,000	-
Canadian Institute for the Administration of Justice	-	10,000
Canadian Association of Drug Court Professionals	-	17,500
Saskatoon Sexual Assault and Information Centre	-	10,400
	<u>\$ 2,722,689</u>	<u>\$ 2,666,683</u>

* Strategic initiative grant

Grants Recovered

For the year ended June 30, 2017

(with comparative figures for the year ended June 30, 2016)

SCHEDULE 2

	2017	2016
Dispute Resolution Office / Family Justice *	\$ -	\$ 703,000
College of Law Renewal of Law Foundation Aboriginal Law LLM Stipends	-	160,000
College of Law External Moot Funding	-	19,064
Canadian Institute for the Administration of Justice	-	5,000
College of Law Graduate Student Travel	-	4,239
Law Reform Commission	-	3,330
College of Law / Johnson-Shoyama Graduate School Blakeney Conference	-	457
Envision Counselling & Support Centre Inc. Outreach Program	2,075	-
Canadian Association of Drug Court Professionals	2,678	-
Pro Bono Students Canada	151	-
	<u>\$ 4,904</u>	<u>\$ 895,090</u>

* Strategic initiative grant



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