

Strategic reserves fulfill their purpose

.....
2020-2021 ANNUAL REPORT

OUR VISION

Our Foundation has advanced the public interest through greater legal knowledge and access to justice.

OUR MISSION

We are a law foundation that inspires and supports initiatives that advance justice through better access, increased knowledge, and innovation.

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 initiatives within our mandate.
- **Positive impact:** We seek evidence that our investments in projects and organizations achieve our vision.
- **Accountability:** We hold ourselves and grantees accountable by regular evaluation and

assessment of performance as measured against our vision, mission, and values.

STRATEGIC GOALS AND INITIATIVES

1. Manage Our Resources Prudently

In a dynamic funding environment, we will maintain 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. Continuously 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 achieves our vision. 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. Continue Our Involvement in Access to Justice Initiatives

We will increase the awareness of our Foundation and its work within the legal profession. 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.

4. Enhance Management of the Organization

We will continue to seek improvements in our governance and operations.

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Message from the Chair



I am pleased to provide the 48th Annual Report of the Law Foundation of Saskatchewan for the fiscal year from July 1, 2020 to June 30, 2021.

Law Foundation revenue is derived from interest earned on the daily balance in lawyers' mixed trust accounts. Foundation revenue is very sensitive to even small interest rates fluctuations. Interest rate reductions in March 2020 substantially reduced our ongoing revenues and impaired funding capacity.

At the same time our grantees adapted to delivering services in a pandemic. Fortunately, because of wise Board policy before my time, there was a contingency fund to support grantees during these difficult times. The Foundation committed to keeping core grantees at historical funding levels until we understood the pandemic's impact on funding capacity. Fiscal year 2021 ended with a shortfall in revenues over expenses of approximately \$1.4 million. This shortfall was funded by a draw down on the grant stabilization reserve. The details of grants approved this year are in the body of this report with the Foundation's financial statements.

As we enter fiscal 2022, we are again optimistic about the outlook for the Foundation's revenue stream. The Bank of Canada and the financial industry are signaling interest rate increases in 2022.

This, hopefully, is good news for our grantees.

The Foundation understands the needs for grantees to plan forward and has been open and transparent about funding capacity. The Foundation also meets regularly with grantees to understand their needs. For the fiscal 2022 granting cycle the Foundation is again committed to maintaining the current funding level for core programs, to the extent possible.

Strategic planning occurred after the 2021 year end and there are small changes to the mission and vision. Because this is the go forward plan, the Foundation has reported these changes in the Annual Report.

As we enter fiscal 2022, we are again optimistic about the outlook for the Foundation's revenue stream. The Bank of Canada and the financial industry are signaling interest rate increases in 2022.

Now, the acknowledgments to those who make the good work possible.

The Foundation acknowledges the important work our grantees do to achieve our vision of advancing the public interest through greater legal knowledge and access to justice. It is also important to recognize their success in continuing service to the people of Saskatchewan during the COVID-19 pandemic.

The Foundation acknowledges former Board members. Madam Justice Baldwin, formerly Melanie Baldwin, Q.C. was our past Chair and left the Board in November 2020. Imitation is the sincerest form of flattery. I must admit I tried to imitate Madam Justice Baldwin's management of the Board meetings. Evert Van Olst and Brenda Walper-Bossence also retired last year. Both had the rare talent of being independent and outspoken while remaining collaborative and collegial.

The Foundation welcomes new Board members. The Foundation acknowledges the support of Tim Brown, Q.C. and the Law Society of Saskatchewan in improving the recruitment process to comply with contemporary best practices. A joint Committee of the Foundation and the Law Society vetted applicants and recommended appointments based on a skills matrix.

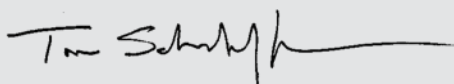
The positive result of this effort is that Sean Sinclair, Lee Anne Schienbein and Irene Seiferling joined the board on January 1, 2021.

For those keeping track, Irene Seiferling was not exactly a new appointment in that she served on the Board as a Ministerial appointment until 2019. Her expertise in governance and strategic matters was valued by the Foundation. The Law Society listened and agreed. Irene has made history as the first non-lawyer to be appointed by the Law Society.

The Board also acknowledges the privilege of professional management. The Board confidently relies on the technical skills and good judgment of our Executive Director, Bob Watt. The Board also acknowledges the support of Tennille Wild and Virtus Group LLP.

Last, but by no means least, I would like to personally express thanks to my fellow Board members. You all provide thoughtful comments that lead to consensus. Your character and conduct embrace the Foundation's core values.

On behalf of the Board of the Law Foundation of Saskatchewan I respectfully submit this Annual Report to the citizens of Saskatchewan, the Minister of Justice, and the Law Society of Saskatchewan.



Tom Schonhoffer, Q.C.
Chair
December 3, 2021

Law Foundation of Saskatchewan

Our Legislative Purposes

The Law Foundation of Saskatchewan was established in 1971 and the year ended June 30, 1974, marked the first year of operation. It was one of the first foundations of its kind in Canada and 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's board members make grants that are consistent with the legislative purposes of the Foundation. The grants are made to organizations that deliver innovative initiatives promoting better access, increased knowledge, and innovation, and that the board 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. Until January 1, 2020, under our governing legislation investments could only be made "at interest". On January 1, 2020, the legislation was changed to remove that restriction, thereby permitting investment in a wider range of investment products, such as bond funds and equities. While these new investment powers are now available to the Foundation, the historically conservative investment policies of the Foundation have continued in place. The Foundation's board will continue to be prudent in its investment decisions. The Audit & Investment Committee is working on future strategies to appropriately broaden our investment profile to enhance yield.





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Board and Management

As of June 30, 2021

Appointed by the Law Society of Saskatchewan

1. Tom Schonhoffer, Q.C. – Chair
2. David Chow, Q.C. – Vice-Chair
3. Irene Seiferling, B.A., ICD.D, FEA
4. Lee Anne Schienbein, B.A. (Hons.), LL.B.
5. Sean Sinclair, LL.B.

Appointed by the Minister of Justice

6. Merlis Belsher, Q.C., FCPA, FCA, LLD. (Hon) – Treasurer
7. Tim Bergsma, B. Comm
8. Trevor Forrest, B. Comm
9. Shannon Williams, Q.C.

Executive Director

10. Bob Watt, FCPA, FCA

Financial Highlights

Revenues—Mixed Trust Accounts

Revenues from mixed trust accounts are the main source of funding of grants for ongoing programs and projects undertaken by our grantees. We use the monies we receive by statute to inspire and support initiatives that advance justice through better access, increased knowledge and innovation. 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, 2021, interest earned on lawyers' mixed trust accounts was \$1,956,255 compared to \$5,457,597 in 2020. This represented a decrease of approximately 64% in our main revenue source and resulted directly from declaration of the global pandemic and the consequential impact of a 150 basis points decrease in the prime bank interest rate in March 2020.

Our mixed trust revenue trend for the past ten years is illustrated in *Table 1*.

The bank prime interest rate at period end for the past ten years is illustrated in *Table 2*.

Subsequent to our fiscal year end the bank prime rate has remained unchanged and currently stands at 2.45%.

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

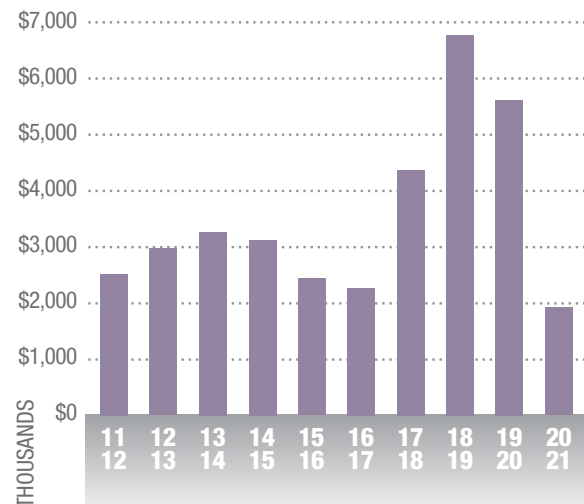


Table 1 | Table of Revenues

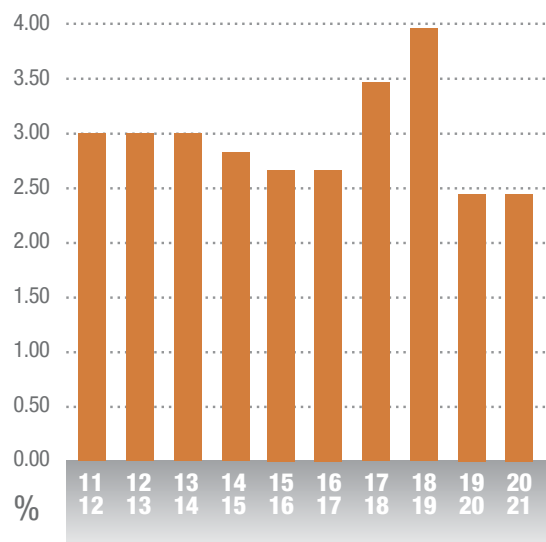
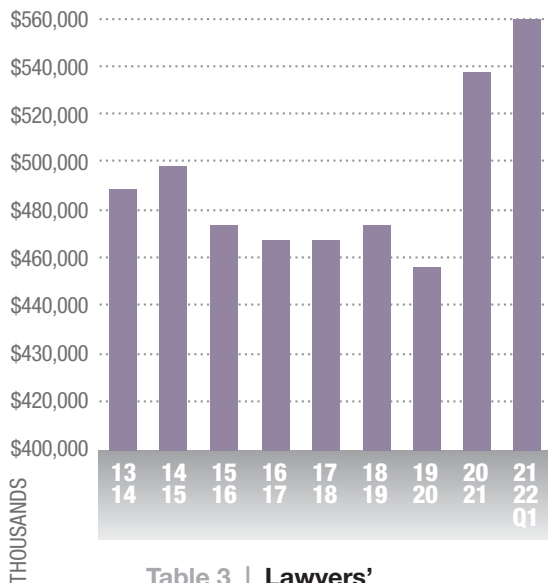


Table 2 | Bank Prime Interest Rate

at approximately \$494 million in June 2015. Since then, the average balances had stabilized in a range between \$460 and \$470 million. At June 30, 2021, the balances have increased to approximately \$534 million. This most recent increase was almost certainly accelerated by a rebound in economic activity after the initial decreases experienced immediately after the pandemic was declared near the end of our previous fiscal year.

Table 3 reflects the average trailing twelve month balances over the past eight years and the first quarter of fiscal 2022.



Financial institutions continue to offer competitive interest rates on mixed trust accounts. These rates are generally priced off the prime rate of the financial institution and subject to a floor rate, usually 25 basis points. These floor rates are crucially important to the Foundation in a low interest rate environment like this. On a composite basis across all the financial institutions we earned approximately 37 basis points on mixed trust deposits, which has decreased from 120 basis points in fiscal 2020. Previously we earned 143 basis points in 2019 and 93 basis points in 2018. Our previous low point was fiscal 2016 and 2017 when we only earned 50 basis points. We appreciate the support of Canada's major banks and Saskatchewan's credit unions that beyond paying

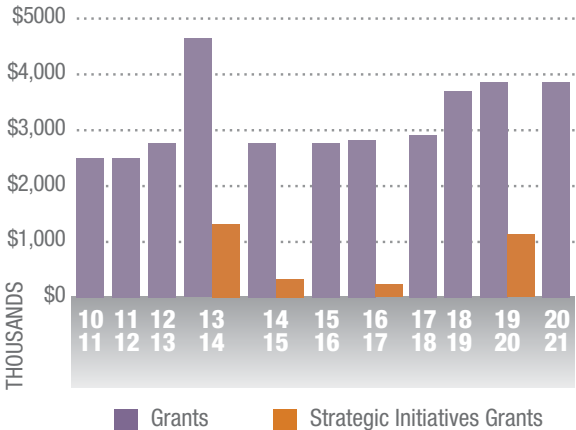
interest on deposits, see the value of the work we and our grantees do in our communities to advance the public interest through greater legal knowledge and access to justice.

Revenues—Investment Income

Investment income was \$303,340 in 2021 compared to \$409,290 in 2020, primarily due to having less monies available to invest as we draw down our reserves and investments renewing at lower interest rates.

Grant Expenses—2011-2021

Our ongoing grant expenses and grants from our Strategic Initiatives reserve are shown in Table 4.



In fiscal 2021 we granted \$3,593,500 compared to \$4,917,200 in the prior year. In 2020, \$1,061,300 in grants were funded from our Strategic Initiatives Reserve.

The Foundation maintains two reserve accounts, a Grant Stabilization Reserve, and a Strategic Initiatives Reserve.

Grant Stabilization Reserve: This reserve protects our ongoing grantees, those who rely on the Foundation for their primary funding, from sustained declines in interest revenues and therefore our funding capacity.

Our goal is to maintain 3.0 times the current level of funding to such organizations to reflect the time it can take to adjust their operations to new levels of activity if a period of low interest rates and/or a weak economic environment persist. In recent years we were able to increase our grant stabilization reserve. In 2021, however, we drew down this reserve by \$1,425,000 to support our granting program and maintain it at close to pre-pandemic levels. The Foundation will continue to exercise stewardship over its financial assets and maintain a sufficient reserve position to protect the grantees and the important programs we fund.



Strategic Initiatives Reserve: This reserve allows the Foundation to respond to significant new one-time initiatives which are deemed to be strategic.

During the year, the Foundation did not fund any grants from the strategic initiatives reserve. In 2020, \$1,061,300 in project funds were granted from this reserve. The balance in the reserve remains at \$4,718,640 as of June 30, 2021. The Foundation remains able to make a difference through significant and innovative one-time initiatives.

Outlook for 2021-2022

The global pandemic due to the COVID-19 virus continues to impact the Foundation's outlook.

For planning purposes, we have assumed a floor rate interest environment through the 2021-2022 fiscal year. This will result in a second year of significantly reduced annual revenues. We estimate we will receive \$1.85 million in revenue in our next fiscal year.

There are predictions within the broader banking community that interest rates will start to return to more normal levels in the 2022 calendar year. The exact timing and the number of rate increases predicted for 2022 is a subject of considerable debate.

As noted, balances in mixed trust accounts have increased providing some optimism for the future revenues to the Foundation despite the ongoing global pandemic and its impact on our Saskatchewan economy. Without interest rate increases, however, the impact to our revenues from increased balances in mixed trust accounts remains low.

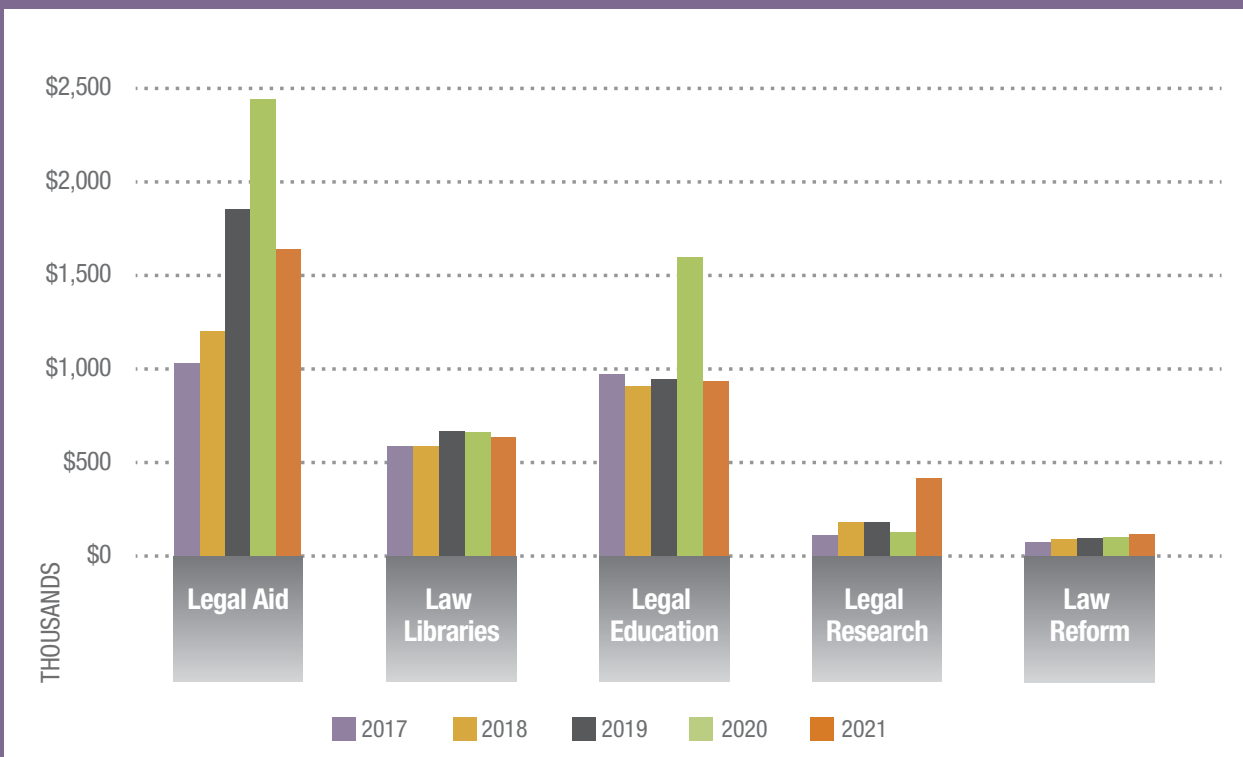
Due to the expected continued reduction in our revenues in our upcoming year, the Foundation will again plan to draw down on its Grant Stabilization Reserve. We have communicated to our core grantees that we intend to keep, to the extent possible, grant levels at historical levels in the coming year. They have also been advised that if revenue declines persist beyond 2022 cuts to grant levels can be expected.

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.

We are working with our grantees to ensure short term stability in their annual funding so that they may continue to deliver their important programs and to identify one-time projects that can be funded from our Strategic Initiatives Reserve.

Funded Programs and Projects

The breakdown of the Foundation's grant expenses from 2017-2021 (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	2020-2021 Grant amount	
Public Legal Education Association of Saskatchewan	Facilitate the creation and distribution of high quality legal information to the public.	\$	660,000
Law Society of Saskatchewan - Legal Resources	Provide print and online legal resources and services.	\$	650,000
Community Legal Assistance Services for Saskatoon Inner City (CLASSIC)	Providing clients with basic legal services and legal information.	\$	500,000
Pro Bono Law Saskatchewan	Improves access to justice by providing high-quality pro bono legal services.	\$	500,000
Elizabeth Fry Society of Saskatchewan	Working for and with criminalized women and their families involved in the criminal justice system.	\$	450,000
Indigenous Law Centre at the University of Saskatchewan (ILC)	Facilitates access to legal education for Indigenous peoples, through funding of a research officer and other positions.	\$	300,000*
College of Law at the University of Saskatchewan	Various programs to support undergraduate and graduate students at the College.	\$	140,000
Law Reform Commission of Saskatchewan	Working to simplify and modernize laws in the province.	\$	124,000
John Howard Society of Saskatchewan	Addition of staff lawyer to strengthen and expand services in Saskatchewan.	\$	106,600

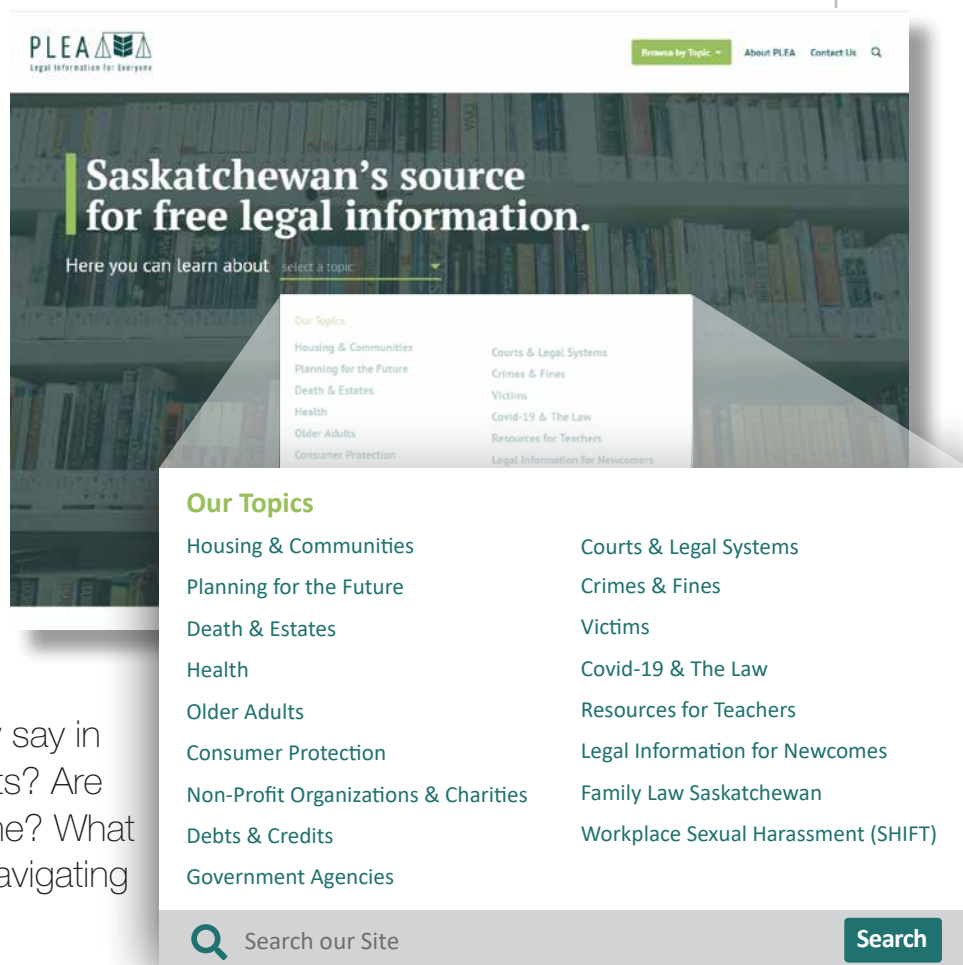
*Funding for 2020-21 and 2021-22 fiscal years of ILC.

The Foundation in Action

Where legal questions meet legal information

Most people hope they will never need a lawyer to deal with difficult legal issues, be they in a courtroom or to solve family matters in a lawyer's office. Yet, time and time again, many find themselves in such a situation. In those circumstances, we usually begin with challenging questions: What does the law say in this matter? What are my rights? Are there resources available to me? What should I be aware of before navigating through my legal challenge?

Fortunately, there is a great source of free legal information available to all in Saskatchewan. The [Public Legal Education Association of Saskatchewan \(PLEA\)](#) was incorporated in 1980 as a non-profit, non-government organization to educate, inform and empower Saskatchewan residents through law-related education. From its very inception PLEA has received support from the Law Foundation of Saskatchewan (LFS). While not its only funder, LFS has provided the type of core financial support that has allowed PLEA to carry on and provide excellent legal information. As expressed by Executive Director Joel Janow, *"If not for this core support, little would happen at PLEA, if it existed at all. It supports our cornerstone, core services and fuels our abilities."*



PLEA's home page provides easy access to a wide selection of legal information.

PLEA is not intended to act as a replacement for legal counsel, but it does provide reliable information for those trying to better understand various matters of law. And over the years, PLEA has grown to cover a comprehensive list of legal topics as one will see prominently displayed on the organization's home page.

From family law to consumer protection, from general courtroom information to financial matters such as estates, debt and credit, a wealth of information awaits the website visitors.



But PLEA hasn't stopped there. In recent years, thanks to ongoing support from LFS and others, it has expanded its activities to develop additional law-related online resources for specific audiences:

- [Teachers and Schools](#)
- [Families](#) facing divorce or other family-related issues
- [Newcomers](#) to Saskatchewan



A visit to these satellite websites will quickly demonstrate the depth, relevance and creativity of PLEA's work. For example, the teachers' portal offers dozens of teaching modules applicable to K-12 students. Extremely relevant to our day is [the module about Albert Camus' novel The Plague](#). While that plague affected the Algerian city of Oran, the subtext was meant as an allegory of the rise of fascism in Europe. Yet, Camus also explores the role of the state and that of the citizen in a public health crisis. The story weaves through such topics as the functions of elected authorities and public officials, the impacts of restricted movement and more; what a creative way to draw today's students into a study of the nature of government responses to the COVID pandemic!

Another recently released teachers' module dealt with elections and was much appreciated in various high schools as exemplified by the comment PLEA was sent, "*I received the print copies of [Our Government, Our Election](#) resource, and wish to commend you and PLEA for yet another excellent publication for our youth. The sections which address Traditional Media and Social Media are particularly timely and important in our current societal context, and are very well structured for ease of use by teachers and students.*"

For newcomers to Canada and our province, navigating legal matters comes with even more challenges. Laws and justice systems vary from nation to nation; hence it is easy to imagine how valuable PLEA's [resources for newcomers](#) can be, especially considering a potential language barrier that might further complicate things. In this satellite website, newcomers learn in easy-to-understand language how governments work, the components of our justice system, and are introduced to various laws that apply to family life, work, renting and driving.

PLEA serves a wide range of individuals and needs, including newcomers, victims of family violence or workplace sexual harassment, as well as the visually impaired, who can all find legal information to help them face their own unique challenges.

Reaching a growing variety of Saskatchewan residents makes PLEA an outstanding resource; and it perfectly fits the Law Foundation's mandate to advance the public interest through greater legal knowledge and improve access to justice for all.

On the flip side of that coin, the long-lasting support by LFS further helps PLEA envision future developments that would not otherwise be possible. As Joel Janow concludes, thanks to LFS, PLEA can “continue providing



Joel Janow, PLEA's Executive Director

the high-quality legal information and educational resources we have provided for over 40 years, and which the people of Saskatchewan have come to expect. More precisely, long-term goals for PLEA can include increasing our technological capacity, wider outreach for diverse or marginalized communities such as Indigenous and newcomer populations, and provision of further, practical resources on legal processes.”

Welcoming new members “On Board”

After the departures of Madam Justice Baldwin, Evert Van Olst, Q.C. and Brenda Walper-Bossence, Q.C., the Law Foundation faced the challenge of finding equally valuable replacements for its Board of Directors.

Thanks to the support of Tim Brown, Q.C. and the Law Society of Saskatchewan, the recruitment process was brought up to contemporary best practices. A joint committee of the Foundation and the Law Society vetted applicants and recommended appointments based on a relevant skills matrix.

This thorough process resulted in the addition of Irene Seiferling, Sean Sinclair, and Lee Anne Schienbein to the Board effective January 1, 2021.

Irene Seiferling had previously served on the Board as a Ministerial appointment. Her expertise in governance and strategic matters was greatly valued by the Foundation, a point well understood by the Law Society. Her appointment is a historic first as the first non-lawyer to be appointed by the Law Society.

When asked how she felt about her appointment, Irene responded, “I am honoured to be the first non-lawyer to be appointed by the Law Society of Saskatchewan to the Law Foundation of Saskatchewan. Always forward-thinking, the Law Society understands the need for diversity and different perspectives around the boardroom table. What a privilege it is to sit at this board table”.

Our three new board members’ contributions will be much appreciated in the challenging years ahead.



Top to bottom:
Irene Seiferling,
Sean Sinclair,
Lee Anne Schienbein



Management's Responsibility for Financial Statements

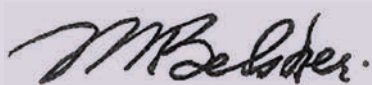
The accompanying financial statements of the Law Foundation of Saskatchewan have been prepared by the Foundation's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgment and management estimates.

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 Board has 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 Board has 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 3, 2021





Independent Auditor's Report

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To the Board of Directors of the Law Foundation of Saskatchewan

Opinion

We have audited the financial statements of the Law Foundation of Saskatchewan (the "Foundation"), which comprise the statement of financial position as at June 30, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

(continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

December 3, 2021
Regina, Saskatchewan

Statement of Financial Position

As at June 30, 2021

(with comparative figures for June 30, 2020)

	2021	2020
Assets		
Current assets:		
Cash	\$ 844,188	\$ 381,205
Accounts receivable	60,008	-
Interest receivable from lawyers' mixed trust accounts	370,505	333,190
Accrued investment interest receivable	141,000	189,452
Investments (Note "3")	4,080,012	6,013,714
		6,917,561
Investments (Note "3")	11,230,012	11,661,174
	<u>\$ 16,725,725</u>	<u>\$ 18,578,735</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 10,924	\$ 13,173
Grants payable	2,490,931	2,646,155
	<u>2,501,855</u>	<u>2,659,328</u>
Grants payable - due after one year	607,043	859,950
	<u>3,108,898</u>	<u>3,519,278</u>
Grant stabilization reserve	8,875,000	10,300,000
Strategic initiatives reserve	4,718,640	4,718,640
Unallocated surplus	23,187	40,817
	<u>13,616,827</u>	<u>15,059,457</u>
	<u>\$ 16,725,725</u>	<u>\$ 18,578,735</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, 2021

(with comparative figures for the year ended June 30, 2020)

	2021			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	\$10,300,000	\$4,718,640	\$ 40,817	\$15,059,457
Decrease in grant stabilization reserve	(1,425,000)	-	1,425,000	-
Deficiency of revenue over expenses and grants for the year	-	-	(1,442,630)	(1,442,630)
Balance - end of year	<u>\$ 8,875,000</u>	<u>\$4,718,640</u>	<u>\$ 23,817</u>	<u>\$13,616,827</u>

	2020			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	\$ 8,500,000	\$5,779,940	\$ 74,252	\$14,354,192
Strategic initiative grant expense (Schedule "1")	-	(1,061,300)	1,061,300	-
Increase in grant stabilization reserve	1,800,000	-	(1,800,000)	-
Excess of revenue over expenses and grants for the year	-	-	705,265	705,265
Balance - end of year	<u>\$10,300,000</u>	<u>\$4,718,640</u>	<u>\$ 40,817</u>	<u>\$15,059,457</u>

See accompanying notes to the financial statements

Statement of Operations

For the year ended June 30, 2021

(with comparative figures for the year ended June 30, 2020)

	2021	2020
Revenue		
Interest from lawyers' mixed trust accounts	\$ 1,956,255	\$ 5,457,597
Investment revenue	303,340	409,290
Unclaimed lawyers' mixed trust accounts	27,090	19,020
	<u>2,286,685</u>	<u>5,885,907</u>
Expenses		
Accounting and administration support	66,781	65,213
General administration	16,530	18,884
Management services and expenses	105,364	129,908
Board meetings	20,384	38,620
Professional fees	12,328	12,085
	<u>221,387</u>	<u>264,710</u>
Excess of revenue over expenses before grants authorized	2,065,298	5,621,197
Grants authorized (Schedule "1")	<u>(3,593,500)</u>	<u>(4,917,200)</u>
(Deficiency) excess of revenue over expenses before grants recovered	(1,528,202)	703,997
Grants recovered (Schedule "2")	<u>85,572</u>	<u>1,268</u>
(Deficiency) excess of revenue over expenses and grants for the year	<u>\$ (1,442,630)</u>	<u>\$ 705,265</u>

See accompanying notes to the financial statements

Statement of Cash Flows

For the year ended June 30, 2021

(with comparative figures for the year ended June 30, 2020)

	2021	2020
Cash provided by (used in) operating activities:		
(Deficiency) excess of revenue over expenses and grants for the year	\$ (1,442,630)	\$ 705,265
Items not involving cash:		
Change in non-cash working capital items:		
Accounts receivable	(60,008)	-
Interest receivable from lawyers' mixed trust accounts	(37,315)	389,290
Accrued investment interest receivable	48,452	(42,452)
Accounts payable	(2,249)	(7,687)
Grants payable	(408,131)	1,296,065
	(1,901,881)	2,340,481
Cash provided by (used in) investing activities:		
Purchases of investments	(2,394,837)	(9,502,704)
Proceeds on disposal and maturity of investments	4,759,701	7,171,948
	2,364,864	(2,330,756)
Increase in cash	462,983	9,725
Cash position - beginning of year	381,205	371,480
Cash position - end of year	<u>\$ 844,188</u>	<u>\$ 381,205</u>

See accompanying notes to the financial statements

Notes to the Financial Statements

For the year ended June 30, 2021

(with comparative figures for the year ended June 30, 2020)

1. Nature of the Foundation

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

2. Significant accounting policies

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

Use of estimates

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

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Interest revenue from lawyers' mixed trust accounts and investment revenue is recorded in the period in which it is received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Unclaimed lawyers' mixed trust funds and miscellaneous revenues are recorded in the period received.

Grants

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

Grant stabilization reserve

The Foundation has a goal of insulating continuing programs from fluctuation in the Foundation's revenue that result from changes in the prime rate and the balances in lawyers' mixed trust accounts that generate revenue to the Foundation. To accomplish this goal the Foundation maintains a reserve that functions as a stabilization fund.

Strategic initiatives reserve

The Foundation periodically makes one time grants for significant access to justice projects. This reserve has been established by the Board 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.

Financial assets and liabilities of the Foundation, except for equity instruments, are subsequently measured at amortized cost adjusted by premiums and discounts, which are amortized over the expected life of the instrument.

Measurement of equity instruments in subsequent periods is at fair value, which 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 equity instruments are recognized in excess of revenues over expenses. The Foundation had no equity instruments at year end.

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, 2021

(with comparative figures for the year ended June 30, 2020)

3. Investments

	2021		2020	
	Cost	Yield	Cost	Yield
Current:				
High interest savings account	\$ 24,511	0.20%	\$ 895,994	0.25%
Investments maturing within one year	4,055,501	1.92%	5,117,720	2.22%
	4,080,012		6,013,714	
Long term:				
Corporate bonds				
2-3 years	3,640,438	2.47%	1,817,619	2.32%
4-7 years	948,870	1.30%	2,533,402	2.60%
Guaranteed investment certificates				
2-3 years	5,139,076	1.95%	4,149,030	2.21%
4-7 years	1,500,000	1.18%	3,160,000	2.09%
Credit Union member equity	1,628		1,123	
	11,230,012		11,661,174	
	\$ 15,310,024		\$ 17,674,888	

The Foundation's investments have a fair value at year end of \$15,424,126 (2020 - \$17,823,900). The fair value of the high interest savings account is equal to cost at year end.

4. Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk on amounts received from financial institutions which forward interest earned from mixed trust accounts of the lawyers of Saskatchewan to the Foundation. The Foundation does not have a significant exposure to any individual customer or 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 believes it has adequate resources to meet its obligations.

5. Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 virus. The Foundation continues to follow health advisories and mandatory requirements from local, provincial and national health and government organizations. Since the pandemic was declared interest rates have declined, negatively impacting the revenue the Foundation earns on lawyers' mixed trust accounts as well as the revenue the Foundation can earn on its investments.

Grants Authorized

For the year ended June 30, 2021

(with comparative figures for the year ended June 30, 2020)

SCHEDULE 1

	2021	2020
Law Society of Saskatchewan		
Legal Resources	\$ 650,000	\$ 700,000
Bar Course CPLED	-	47,300
College of Law at the University of Saskatchewan		
Graduate Students	140,000	160,000
Indigenous Law Centre	300,000	-
Access to Justice Coordinator - CREATE *	-	611,300
Exchange Program	-	50,000
CREATE Justice - Legal Data Scan	-	42,900
Public Legal Education Association of Saskatchewan	660,000	706,000
Pro Bono Law Saskatchewan	500,000	500,000
Community Legal Assistance Services For Saskatoon		
Inner City Inc. (CLASSIC)	500,000	500,000
Elizabeth Fry Society Saskatchewan	450,000	450,000
Law Reform Commission of Saskatchewan	124,000	112,000
John Howard Society of Saskatchewan	106,600	113,200
Level Inc.	15,000	15,000
Pro Bono Students Canada	3,000	3,850
Can LII - Automated Classification of Case Law Project	87,000	-
Canadian National Institute for the Blind - Saskatchewan	47,900	-
Canadian Institute for Access to Justice	10,000	-
Ministry of Justice E-Justice *	-	450,000
Legal Aid - LAIN 2.1	-	250,150
Can LII - Digitization Program	-	89,700
AJEFS Association des juristes d'expression française		
de la Saskatchewan	-	55,800
Micah Mission	-	25,000
Federation of Saskatchewan Indian Nations - Conference	-	20,000
National Action Committee Access To Justice - Saskatchewan Project	-	15,000
	<u>\$ 3,593,500</u>	<u>\$ 4,917,200</u>

* Strategic initiative grant

Grants Recovered

For the year ended June 30, 2021

(with comparative figures for the year ended June 30, 2020)

SCHEDULE 2

	2021	2020
Elizabeth Fry Society Saskatchewan	\$ 48,000	\$ -
FASD Network	25,564	-
John Howard Society of Saskatchewan	12,008	-
Pro Bono Students Canada	-	1,268
	<u>\$ 85,572</u>	<u>\$ 1,268</u>



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