



ANNUAL REPORT

November 1, 2021 to October 31, 2022

OVERVIEW

The Yukon Law Foundation (Foundation) was established in 1979. The Foundation carries out its mandate under the Yukon *Legal Profession Act* proclaimed into force on April 1, 1985. A new *Legal Profession Act* was finalized by the Government of Yukon in 2017 and it was proclaimed into force on February 16, 2020.

The Law Foundation depends almost entirely on the interest collected from the trust accounts of lawyers practicing law in the Yukon and from interest on the Foundation's investments to provide funding for grants and scholarships to Yukoners and Yukon organizations. The funding available to the Foundation to pursue its objectives therefore varies from year to year depending on the interest rates and the amount of client money held in trust in lawyers' trust accounts.

Since the fall of 2018, the Foundation has also received an annual levy of \$50 per Law Society of Yukon member. The total received for 2021-22 was \$22,100.

For the year ending October 31, 2022, the total amount of monthly interest on lawyers' trust accounts received by the Foundation was \$188,105.59. The Foundation also received \$2,801.72 in interest from long-term investments in GICs.

Individuals or organizations wishing to apply for a grant funding from the Foundation should communicate with:

Yukon Law Foundation
Box 31789
Whitehorse, Yukon Y1A 6L3
Phone: (867) 667-7500
Fax: (867) 393-3904
E-mail: execdir@yukonlawfoundation.com
Web Site: www.yukonlawfoundation.com

The Board has typically met twice per year to review grant applications (generally in April and September) and once per year in September to review scholarship applications. For this fiscal year, the Board again decided to meet once, combining the grant funding and scholarship application reviews in the fall of 2022. The Board also meets as necessary to discuss matters within its mandate.

OBJECTIVES

As noted in the Introduction, the Yukon Law Foundation is the recipient of the interest that banks must pay on the trust accounts of lawyers who practise law in the Yukon. The objects of the Foundation are to use these funds for:

- (a) To contribute to the legal education and knowledge of members and the people of Yukon;
- (b) To establish, maintain, and operate law libraries for public use;
- (c) To support research into and recommendations for the reform of law and the administration of justice; and
- (d) To do other things that are incidental or conducive to the objects described in paragraphs (a) to (c).

BOARD MEMBERSHIP

The affairs of the Yukon Law Foundation are conducted by a Board of Directors composed of six members, three being appointed by the Commissioner in Executive Council and three being appointed by the Law Society of Yukon. The Board members serve for three-year terms.

The members of the Yukon Law Foundation Board of Directors during the 2021-22 fiscal year were:

Appointed by the Law Society of Yukon

Board Members: Kelly McGill
Alex Benitah
Carmen Gustafson

Appointed by Government of Yukon

Board Members: Mike Reynolds
Jody Woodland

The Board selects its own **Chair** from among its membership. The Board has been very appreciative of Mike Reynolds' dedication and commitment to the Foundation by serving in the capacity of Chair for many years. Kelly McGill accepted the Board's appointment at Chair on April 29, 2022. Mr. Reynolds, however, has continued serving as a member.

The Board contracts an Executive Director for the Yukon Law Foundation.

Executive Director: Deana Lemke

The Board of Directors meets to consider applications, management of the Board's funds, and related matters. Decisions are made in accordance with the direction of the majority of the members present at a meeting. The Foundation presents a record of its financial position at each meeting and grants and scholarships are considered in light of the current revenues of the Foundation and the merits of each application. Applicants who receive grants are required to acknowledge in their grant activities the funding contributed by the Foundation.

GRANTS

Grant funding was approved during the fiscal year ending October 31, 2022 for the following projects:

Associations and Organizations

- Yukon Public Legal Education Association
Wills & Estates resource update \$ 9,200

- Yukon Legal Services Society
Legal Clinic project coordinator \$ 50,000

Law Library

- Law Library Society of the Yukon
Maintenance and enhancement of library and
publicly-accessible resources \$ 29,875

- Law Library Society of the Yukon
Enhancement of library legal research collection \$ 10,000

Total Grants Approved: \$ 99,075

SCHOLARSHIPS

No scholarship applications were received during this fiscal year.

NATIONAL LAW FOUNDATION MEETING

The Association of Canadian Law Foundations (ACLF) is comprised of representatives from each provincial and territorial law foundation and the BC Notaries Society. Under the umbrella of the ACLF, there are opportunities to exchange information about issues of common concern, discuss best practices, and collaborate on national funding initiatives. The exchange of information assists in many ways – for example, when negotiating bank rates for interest on lawyers’ trust accounts (IOLTA), it can offer smaller foundations greater leverage knowing the rates that larger foundations have negotiated. Since our Foundation’s funding is derived primarily from IOLTA, every percentage point makes a difference when it comes to interest rates. Our Foundation benefits greatly from being a member of this national organization and appreciates this collaborative network.

Every year, a meeting of Chairs, Executive Directors, and Trustees is held for ACLF member foundations. Each province and territory take a turn hosting the annual meeting. This year, the ACLF meeting was held in Calgary, Alberta Sept. 15 to 17, 2022 and was attended by Executive Director Deana Lemke. In addition to dealing with routine business and discussing matters of common concern, a key topic on the agenda related to the challenges that law foundations experienced when dealing with financial institutions to negotiate fair interest rates and ensure consistent and comprehensive reporting from the banks. Some jurisdictions have taken a legislative approach to address these issues and shared their experience and advice regarding the benefits and challenges of taking such an approach.

FINANCIALS

The accounting firm of Estrada & Tan was retained to provide audited Financial Statements for the Yukon Law Foundation for the fiscal year ending October 31, 2022.

The audited financial statements are included in this report.



***Kelly McGill
Chair
Yukon Law Foundation***

YUKON LAW FOUNDATION

Financial Statements

Year Ended October 31, 2022

YUKON LAW FOUNDATION
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Year Ended October 31, 2022

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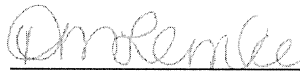
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Yukon Law Foundation have been prepared in accordance with Canadian accounting standards for non-for-profit organizations (ASNPO). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Yukon Law Foundation's reporting systems are achieved through the use of formal policies and procedures and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors (the "Board") is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements, the Board approves the financial statements. The Board also considers the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Estrada & Tan, Chartered Professional Accountants, in accordance with Canadian auditing standards.



Executive Director

Whitehorse, YT
July 27, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members of Yukon Law Foundation

Opinion

We have audited the financial statements of Yukon Law Foundation (the Foundation), which comprise the statement of financial position as at October 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at October 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with 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 opinion.

Other Matter

The financial statements of the Foundation for the year ended October 31, 2021, were neither audited nor reviewed.

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 ASNPO, 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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent Auditor's Report to the Members of Yukon Law Foundation (*continued*)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Whitehorse, Yukon Territory
July 27, 2023

Estrada & Tan

CHARTERED PROFESSIONAL ACCOUNTANTS

YUKON LAW FOUNDATION
Statement of Operations
Year Ended October 31, 2022

	2022	2021
REVENUES		
Trust funds income	\$ 210,206	\$ 54,368
Interest income	2,802	-
Expense recovery	1,855	-
Other income	783	-
	<u>215,646</u>	<u>54,368</u>
EXPENSES		
Grants	99,075	10,000
Contract services	12,600	15,750
Professional fees	4,000	175
Travel	1,855	-
Advertising	1,050	971
Office	632	182
Others	426	24
Scholarship	-	2,000
	<u>119,638</u>	<u>29,102</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 96,008</u>	<u>\$ 25,266</u>

See notes to financial statements

YUKON LAW FOUNDATION
Statement of Changes in Net Assets
Year Ended October 31, 2022

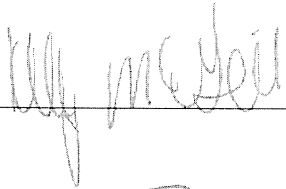
	2022	2021
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 515,983	\$ 490,717
EXCESS OF REVENUES OVER EXPENSES	<u>96,008</u>	<u>25,266</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 611,991</u>	<u>\$ 515,983</u>

See notes to financial statements

YUKON LAW FOUNDATION
Statement of Financial Position
October 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 157,277	\$ 288,531
Restricted cash	1,860	223,335
Cash equivalents (<i>Note 3</i>)	400,000	-
Accounts receivable	56,853	4,117
	\$ 615,990	\$ 515,983
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,999	\$ -
 UNRESTRICTED NET ASSETS	611,991	515,983
	\$ 615,990	\$ 515,983

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

YUKON LAW FOUNDATION
Statement of Cash Flows
Year Ended October 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from trust funds	\$ 160,091	\$ 64,046
Cash paid to suppliers	(16,407)	(20,578)
Cash paid for grants and scholarships	(99,075)	(12,000)
Interest received (paid)	2,662	(24)
	<u>47,271</u>	<u>31,444</u>
INVESTING ACTIVITIES		
Purchase of investments	(423,413)	-
Proceeds from sale of cash equivalents	423,413	-
	<u>-</u>	<u>-</u>
INCREASE IN CASH FLOW		
	47,271	31,444
Cash and cash equivalents - beginning of year	<u>511,866</u>	<u>480,422</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 559,137</u>	<u>\$ 511,866</u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 157,277	\$ 288,531
Restricted cash	1,860	223,335
Cash equivalents	<u>400,000</u>	<u>-</u>
	<u>\$ 559,137</u>	<u>\$ 511,866</u>

See notes to financial statements

YUKON LAW FOUNDATION
Notes to Financial Statements
For the Year Ended October 31, 2022

1. PURPOSE OF THE FOUNDATION

Yukon Law Foundation (the "Foundation") was established pursuant to Part 5 of the Yukon Legal Profession Act. The Foundation is exempt from income taxes under Section 149 (1) of the Income Tax Act.

The Foundation maintains and manages a fund which accumulates bank interest received on lawyers' trust accounts and interests from investments. The fund is used for conducting research into and recommending reform of law and the administration of justice, establishing, maintaining and operating law libraries for public use, contributing to the legal education and knowledge of members and the people of Yukon, providing legal aid programs, contributing to the special fund, and performing other things incidental or conducive to the attainment of its main objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and restricted cash

Cash includes deposits held with the financial institutions.

Restricted cash includes high interest savings account used for re-investment to cash equivalents.

Cash equivalents

Cash equivalents are comprised of securities with maturity of one year which are valued at amortized cost plus accrued interest. The carrying amounts approximate fair value because of its short-term maturity.

Revenue recognition

Yukon Law Foundation follows the deferral method of accounting to account for contributions for not-for-profit organizations.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted trust funds income and other income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized when earned.

Grants and scholarships

Grants and scholarships are recorded as expenses when approved by the board of directors.

Net assets

Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Foundation each year, net of transfers, and are available for general purposes.

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YUKON LAW FOUNDATION
Notes to Financial Statements
For the Year Ended October 31, 2022

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

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs related to financial instruments subsequently measured at amortized cost are added to the carrying value of the financial instruments.

Financial assets subsequently measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in the statement of operations in the period in which they become known. Actual results could differ from these estimates.

3. CASH EQUIVALENTS

This account consists of the following:

	2022	2021
Guaranteed investment certificate, interest-bearing at 3.3% maturing on May 17, 2023	\$ 100,000	\$ -
Guaranteed investment certificate, interest-bearing at 3.4% maturing on May 18, 2023	100,000	-
Guaranteed investment certificate, interest-bearing at 4.0% maturing on October 27, 2023	100,000	-
Guaranteed investment certificate, interest-bearing at 4.0% maturing on October 30, 2023	100,000	-
	\$ 400,000	\$ -

4. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of October 31, 2022.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from cash, restricted cash, cash equivalents and accounts receivable. In order to reduce its credit risk, cash, restricted cash and cash equivalents are deposited and invested with highly reputable financial institution. Accounts receivable are mainly interest owing from financial institutions.

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YUKON LAW FOUNDATION
Notes to Financial Statements
For the Year Ended October 31, 2022

4. FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Foundation reduces its exposure to liquidity risk by ensuring it has adequate cash flow to cover its debts.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Foundation is exposed to interest rate risk primarily from varying market interest rates received on lawyers' trust accounts. In seeking to minimize the risks from interest rate fluctuations, the Foundation sets an agreed-upon lowest acceptable interest rate limit with the financial institutions.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant other price risks arising from these financial instruments.
