



# ANNUAL REPORT

**November 1, 2010 to October 31, 2011**

# *INTRODUCTION*

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The Yukon Law Foundation was initially authorized in the Legal Profession Ordinance by amendments made in 1975, but was not actually established by the Government of Yukon until 1979. The Foundation now carries on its mandate under the Yukon *Legal Profession Act* proclaimed into force on April 1, 1985.

The Foundation receives all its revenue from interest on the trust accounts of the lawyers practicing law in the Yukon and from interest on the Foundation's investments. The money available to the Foundation to pursue its objectives will therefore vary from year to year depending on the amount of client money held in trust in a lawyer's trust account. For the year ending October 31, 2011 the interest received by the Foundation was \$52,512.89. For the year ending October 31, 2010, the interest received by the Foundation was \$21,820.00.

The Law Foundation depends entirely on the interest on lawyers' trust accounts to provide funding for grants and scholarships to Yukoners and Yukon organizations.

Individuals or organizations wishing to apply for a grant from the Yukon Law 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](mailto:execdir@yukonlawfoundation.com)  
Web Site: [www.yukonlawfoundation.com](http://www.yukonlawfoundation.com)

The Board meets a minimum of twice a year for general grant applications (April and September) and once per year in September to review scholarship applications.

# ***OBJECTIVES***

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As noted in the Introduction, the Yukon Law Foundation is the recipient of the interest, which banks must pay on the trust accounts of lawyers practicing law in the Yukon. The objectives of the Foundation are to use these funds, as the Board of Directors see fit, 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 the Yukon and providing programs and facilities therefore;**
- **legal aid programs and programs of like nature for the benefit of persons unable to afford the legal services they require;**
- **contributing to the Assurance Fund;**
- **contributing to the cost incurred by the Law Society in relation to proceedings under Part 3 of the *Legal Profession Act*; and,**
- **doing all other things that are incidental or conducive to the attaining of the objects enumerated in the preceding paragraphs.**

# ***BOARD MEMBERSHIP***

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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 a period of two years at a time.

The members of the Yukon Law Foundation Board during the 2010- 2011 fiscal year were:

## ***Appointed by the Law Society of Yukon***

Board Members:      Lesley McCullough  
                                 Rick Smith  
                                 Norah Mooney

## ***Appointed by Government of Yukon***

Board Members:      Mike Reynolds  
                                 Thomas Ullyett  
                                 Jody Woodland

The Board selects its own Chair from its membership.

Chair:                      Mike Reynolds

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

Executive Director:    Deana Lemke

The Board of Directors meets to consider applications and issues. Decisions of the Foundation are made in accordance with the wishes of the majority of the members present at a meeting. The Foundation presents a record of its financial position at each meeting and grants are considered in light of the revenues of the Foundation and the merits of each application. Applicants who receive grants are required to acknowledge in their grant activities the funding involvement of the Foundation.

# ***GRANTS***

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Grant funding was approved during the fiscal year ending October 31, 2011 for the following projects:

## Associations and Organizations

- Yukon Legal Services Society \$10,000.00
- Yukon Human Rights Commission – French Website \$ 2,091.50

## Law Library

- Law Library Society of Yukon
  - Textbooks and Subscriptions \$22,886.00

**Grants Approved Total: \$34,977.50**

# ***SCHOLARSHIPS***

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- A total of five scholarships were awarded to Yukon students totalling \$4,500.

# ***ACCOUNTING***

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The accounting firm of MacKay LLP was retained to provide audited Financial Statements for the Yukon Law Foundation for the fiscal year ending October 31, 2011. Those statements are included in this report.



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***Mike Reynolds***  
***Chair***  
***Yukon Law Foundation***

# YUKON LAW FOUNDATION

## FINANCIAL STATEMENTS October 31, 2011

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## MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying financial statements are the responsibility of management. The financial statements were prepared by management in accordance with Canadian generally accepted accounting principles and are considered by management to present fairly the financial position and results of operations.

Management is responsible for implementing and maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that financial records are properly maintained to provide reliable information for the preparation of financial statements.

Management is responsible for ensuring that it fulfills its responsibilities for financial reporting and internal control. The financial statements were reviewed and approved by management.

M.McKay & Associates Ltd., an independent firm of Certified General Accountants, was engaged to examine the financial statements in accordance with Canadian auditing standards. Their report, stating the scope of their examination and opinion on the financial statements, follows.

  
\_\_\_\_\_  
Board Member  
\_\_\_\_\_  
Executive Director

December 20, 2011



## INDEPENDENT AUDITORS' REPORT

To the Board of Yukon Law Foundation

We have audited the accompanying financial statements of Yukon Law Foundation which include the statement of financial position as at October 31, 2011, and the statement of operations, statement of changes in net assets and statement of 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 generally accepted accounting principles, 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 auditors' 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 auditors consider 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 Yukon Law Foundation as at October 31, 2011, and its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**M. McKay & Associates Ltd.**  
Certified General Accountants

Whitehorse, Yukon  
December 20, 2011

**YUKON LAW FOUNDATION**  
**STATEMENT OF OPERATIONS**  
**For the year ended October 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>REVENUE</b>		
Contributions	\$ 52,513	\$ 21,820
Investment income	<u>4,121</u>	<u>4,289</u>
	<u>56,634</u>	<u>26,109</u>
<b>EXPENSES</b>		
Advertising and promotion	971	2,408
Contracted services	12,915	15,750
Grants	34,978	90,832
Meetings	153	432
Office	312	1,483
Professional fees	4,290	5,811
Scholarships	4,500	14,750
Travel - net of reimbursements	2,561	3,663
Website	<u>254</u>	<u>2,075</u>
	<u>60,934</u>	<u>137,204</u>
<b>CURRENT YEAR DEFICIT</b>	<u>\$ (4,300)</u>	<u>\$ (111,095)</u>

**YUKON LAW FOUNDATION**

**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended October 31, 2011**

	Invested in capital assets	Unrestricted	Total 2011	Total 2010
<b>NET ASSETS</b>				
Balance, beginning of year	\$ 1,363	\$ 314,991	\$ 316,354	\$ 427,449
Current year deficit	<u>          </u>	<u>(4,300)</u>	<u>(4,300)</u>	<u>(111,095)</u>
<b>Balance, end of year</b>	<u><u>\$ 1,363</u></u>	<u><u>\$ 310,691</u></u>	<u><u>\$ 312,054</u></u>	<u><u>\$ 316,354</u></u>

See accompanying Notes to Financial Statements

**YUKON LAW FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**October 31, 2011**

<b>ASSETS</b>		<u>2011</u>	<u>2010</u>
<b>CURRENT</b>			
Cash	\$	64,452	\$ 40,720
Short term investments (Note 4)		257,637	303,516
Contributions receivable		4,467	6,136
Accounts receivable		<u>3,380</u>	<u>-</u>
		<b>329,936</b>	350,372
<b>EQUIPMENT AND FURNITURE</b>			
		<u>1,363</u>	<u>1,363</u>
	<b>\$</b>	<b><u>331,299</u></b>	<b>\$ <u>351,735</u></b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$	9,245	\$ 6,920
Grants payable		<u>10,000</u>	<u>28,461</u>
		<b><u>19,245</u></b>	<b><u>35,381</u></b>
<b>NET ASSETS</b>			
Net assets invested in capital assets		1,363	1,363
Unrestricted net assets		<u>310,691</u>	<u>314,991</u>
		<b><u>312,054</u></b>	<b><u>316,354</u></b>
	<b>\$</b>	<b><u>331,299</u></b>	<b>\$ <u>351,735</u></b>

Approved by the Foundation:


, Director

, Director

**YUKON LAW FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**For the year ended October 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>OPERATING ACTIVITIES</b>		
Cash from contributions and investments	\$ 52,463	\$ 19,894
Interest received	3,345	1,111
Paid to suppliers	(20,016)	(48,882)
Paid for grants and scholarships	<u>(57,939)</u>	<u>(67,121)</u>
Cash flow from operating activities	<u>(22,147)</u>	<u>(94,998)</u>
Increase in cash and equivalents	(22,147)	(94,998)
Cash and equivalents, beginning of year	<u>344,236</u>	<u>439,234</u>
<b>Cash and equivalents, end of year</b>	<u><u>\$ 322,089</u></u>	<u><u>\$ 344,236</u></u>
Represented by:		
Cash	\$ 64,452	\$ 40,720
Short term investments	<u>257,637</u>	<u>303,516</u>
	<u><u>\$ 322,089</u></u>	<u><u>\$ 344,236</u></u>

## YUKON LAW FOUNDATION

### NOTES TO FINANCIAL STATEMENTS October 31, 2011

#### 1. NATURE OF OPERATIONS

Yukon Law Foundation was established pursuant to Part 5 of the Yukon Legal Profession Act. It maintains and manages a fund accumulated primarily from interest paid on lawyers' trust accounts. The fund is used for maintaining law libraries, contributing to the legal education of members and the people of Yukon, legal aid programs, contributing to the special fund, and other things incidental or conducive to the attainment of its main objects.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, using the following accounting policies.

a) Revenue recognition

Contribution revenue is recognized when interest on Yukon lawyers' trust accounts is payable to the Foundation from the financial institutions.

b) Equipment and Furnishings

Equipment and furnishings are recorded as expenses when purchased, and are recorded at cost with a corresponding increase in net assets invested in capital assets. Amortization is not recorded.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the fair values of investments. Actual results could differ from those reported.

d) Short Term Investments

Short term investments are reported at fair value.

e) Financial Instruments

Financial instruments are initially recognized at fair value. Financial instruments are classified into the categories of: held for trading, available for sale, receivables, and other. Unrealized gains and losses on held for trading financial instruments are recognized. The Foundation elected to classify its cash and investments as held for trading.

f) Grants and Scholarships

Grants and scholarships are recorded as expenditures when approved by the Board. Approved, but unpaid, grants and scholarships are recorded as liabilities. Approved grants or scholarships which are subsequently cancelled by the Board reduce the grant and scholarship expenses in the years in which they are cancelled.

**YUKON LAW FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 2011**

**3. FINANCIAL INSTRUMENTS**

Financial instruments consist of cash, short term investments, accounts receivable, and accounts payable. Unless otherwise noted, there are no significant currency, credit or interest risks arising from these financial instruments. The fair value of the instruments approximates their carrying values. Note 4 provides additional disclosure concerning short term investments.

**4. SHORT TERM INVESTMENTS**

Interest rate risk arises from holding fixed interest rate investments, where the value of the investments may fluctuate due to changes in prevailing market interest rates. Credit risk arises from the possible failure of an investee. The Board manages these risks in accordance with its investment policy.

	<u>2011</u>	<u>2010</u>
Guaranteed investment certificate, 1.85%, matures February 2012	\$ 151,992	\$ 303,516
Money market mutual fund	<u>105,645</u>	<u>-</u>
	<u>\$ 257,637</u>	<u>\$ 303,516</u>

**5. CAPITAL MANAGEMENT**

The Foundation's capital is its unrestricted net assets. Capital is managed through investment policies intended to achieve a conservative balance of capital preservation and long term capital growth, in order that there will be adequate capital to meet current and future grant and scholarship needs within the Foundation's objectives. The Foundation is not subject to externally imposed capital requirements.