

NUNAVUT LAW FOUNDATION

ANNUAL REPORT 2007

MAY 15, 2008

A) INTRODUCTION

Inception The Nunavut Law Foundation (the “Foundation”) came into being on or about January 12, 2001 upon the transfer of the Nunavut share of capital assets of the Law Foundation of the Northwest Territories.

Authority The Foundation derives its legal authority from Part VII of the Legal Professions Act, RSNWT 1988, c. L-2, as amended by Statutes enacted under section 76.05 of the Nunavut Act, SNWT 1998, c.34 (the “Act”).

Directors Pursuant to section 52 of the Act the affairs of the Foundation are governed by a Board of Directors to be composed of four persons appointed by the Law Society of Nunavut (the “Society”) from among its members and one person who is not a member to be appointed by the Commissioner of Nunavut. Under the Act the Directors have the authority to decide all aspects of its governance and are required annually to report on their activities to the Society.

The Directors of the Foundation at May 15, 2008 are:

Appointed by the Society: **Barth G. Curley, Iqaluit - Chair**
 Thomas Z. Druyan, Iqaluit
 Christopher D. Debicki, Iqaluit

Appointed by the Commissioner: **Elisapi Davidee-Aningmiuq, Iqaluit**

Auditors The auditors of the Foundation are MacKay, Landau, Chartered Accountants, Iqaluit. The auditor’s statements for Foundation operations to December 31, 2007 form a part of this report.

Contact Persons interested in information about the affairs of the Foundation or about applying for a grant from the Foundation may direct enquiries as follows:

Nunavut Law Foundation
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Iqaluit, NU, X0A 0H0
Attention: Barth G. Curley – Chair
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Administration In keeping with the modest size of the Foundation's budget at this time the Foundation operates without an Executive officer. Accordingly the administrative affairs are being managed by the Board of Directors. The Board meets regularly throughout the year and applications for grants are reviewed on an ongoing basis.

Mandate As in other jurisdictions the Foundation exists to receive interest accruing on monies held in trust by lawyers carrying on the practice of law in the Territory and thereby to establish and maintain a fund to be used to make grants for the purpose of encouraging and supporting projects and initiatives that generally will serve to advance greater awareness of the law and promote greater access to justice in Nunavut.

Pursuant to section 57(2) of the Act all members of the Society are legally required to maintain an interest-bearing trust account in a bank which is to hold monies held in trust for clients related to legal transactions in this Territory and to instruct the bank to remit interest earned on such trust monies to the Foundation. Currently this is not being done. As a necessary alternative at this time the Society collects from all of its members a special levy which represents the major source of the Foundations revenues at the present time.

The Foundation's legislated mandate is to use the interest and capital from its fund to:

- i) conduct research into and recommend reform of law and the administration of justice,
- ii) establish, maintain and operate law libraries,
- iii) contribute to the legal education and knowledge of members and of the people of the Territory and provide programs and facilities for that purpose,
- iv) provide assistance to legal aid programs and programs of a similar nature, and
- v) assist all other endeavours that, in the opinion of the Board, are incidental or conducive to the attainment of the foregoing objects.

B) REPORT FROM THE CHAIR

In my report last year I chronicled in some detail the difficulties challenging the efforts to bring the Foundation into full and effective operation in line with its legislated mandate. We have been successful in overcoming a good many of those difficulties and I am very pleased to be in a position to be able to make an encouraging report of the Foundation's activities and performance for the 2007 year and of its hopes for the future.

Effective administrative processes are now in place and our records and reporting are in order. The Foundation's investment policy was developed and assets are appropriately placed. The Foundation secured a measure of financial security and was then able to direct its attention to its core purpose of funding worthy causes. As befits a modest budget the Board has not engaged the services of an executive director or manager and Board members undertake all administrative duties. The Board met seven times in the year to attend to operational matters and consider grant requests.

The Board's work was greatly assisted by our newest member Elisapi Davidee-Aningmiuq our lay member who joined us on February 17, 2007. We welcome her warmly. Elisapi is a long standing member of the Iqaluit community and her wise counsel especially in cultural matters has been very helpful. We are very grateful to have her with us.

A key initiative for us in the year was communicating with the community in order to raise the Foundation's profile and reach worthy causes with financial assistance. We arranged for radio and print advertising. We made contact with the schools. We are particularly proud to have created a monetary award of up to \$10,000 to be given to one or more deserving students wishing to pursue law school or law related social-justice studies. It was officially launched during Canada Law Week in April 2008. The Board adopted a strategy to actively seek out and provide financial assistance to community organizations doing commendable work that fits within its grant mandate. The securing of the Foundation's financial position allowed the Board early in the year to authorize grants to a maximum of \$25,000.00 for the year. The Board considered seven requests for assistance in the year and accepted four of them for grants totalling \$24,500.00. This is a modest beginning in keeping with our resources at this time. Details of those grants appear below.

The reality in Nunavut still is that most of the legal work done in Nunavut is still being done by non-resident lawyers who do not maintain mixed trust accounts in Nunavut. The Territory is fortunate to have the service of these non-resident lawyers. However the issue of how to recognize and honour, in an effective and fair way, the legislative requirement of section 57(2) of the Nunavut Legal Professions Act represents a remaining challenge. That provision requires that every member, whether resident or not, maintain an interest-bearing trust account into which must be deposited all monies received in trust from Nunavut clients and arrange for interest to be paid on those

monies to this Foundation. This is a familiar scheme but at present interest from all Nunavut generated client trust funds is being credited contrary to the legislation. A resolution of this issue is relevant to the Foundation's ability to maintain the fund needed to effectively fulfil its mandate. This issue is a priority for the Board.

The Foundation's audited financial statements form part of this annual report. The Board had made a decision in 2006 to convert to a calendar year reporting basis and this is the first calendar-year financial report.

We are pleased to have officially taken our place as a member of the Association of Canadian Law Foundations and look forward to interacting with our sister organizations at the Annual General Meeting of the Association in Yellowknife in September 2008.

It is a privilege for me to serve as Chair to this Foundation. I am ably assisted by my other Board members. We feel that we have now reached a critical mass and can afford to be cautiously optimistic about the Foundation's future. We have ambitious plans for 2008 and look forward to being a more active partner in helping to make justice more accessible to Nunavummiut.

Respectfully

Barth G. Curley
Chair

C) *GRANTS MADE*

Grants made during the calendar year are as follows:

1) <i>Ms. Aaju Peter</i> - to pursue post-graduate law-related studies	\$ 1,000.00
2) <i>Amaat Katimajjit</i> (Iqaluit Restorative Justice Society) - to produce literature to inform of its work with offenders of minor crimes in trying to come up with sentencing alternatives	\$ 3,500.00
3) <i>Artcirq</i> – an organization with a program to engage youth in the community in positive activities that serve to discourage criminal activity and promote respect for the rule of law in society	\$10,000.00
4) <i>Arviat Aninganaagiiit Organization</i> – an organization with a program similar to <i>Artcirq</i> that serves to engage youth in activities that assist the community and provide an alternative to criminal activity	\$10,000.00
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	\$ 24,500.00

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(6 pages)

**NUNAVUT LAW FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u> (12 months)	<u>2006</u> (9 months)
REVENUES		
Member levies	\$ 27,100	\$ 19,800
Interest earned on investments	5,107	4,827
Dividends earned on investments	1,532	0
Gain (loss) on investments	(2,987)	0
Foreign currency gain (loss)	<u>(476)</u>	<u>0</u>
	<u>30,276</u>	<u>24,627</u>
EXPENSES		
Advertising and promotion	1,147	0
Grants	24,500	0
Interest and bank charges	101	45
Office	282	0
Professional fees	<u>6,151</u>	<u>3,000</u>
	<u>32,181</u>	<u>3,045</u>
EXCESS REVENUES (EXPENSES)	<u>\$ (1,905)</u>	<u>\$ 21,582</u>

**NUNAVUT LAW FOUNDATION
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u> (12 months)	<u>2006</u> (9 months)
BALANCE, OPENING	\$ 241,747	\$ 220,165
Excess revenues (expenses)	<u>(1,905)</u>	<u>21,582</u>
BALANCE, CLOSING	<u>\$ 239,842</u>	<u>\$ 241,747</u>

**NUNAVUT LAW FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. NATURE OF THE ORGANIZATION

The Nunavut Law Foundation is incorporated under the *Legal Profession Act* of Nunavut. The purpose of the Foundation is to conduct research, establish law libraries and contribute to the legal education of members and the people of Nunavut.

The Foundation is a not-for-profit organization and is exempt from income tax under Sec. 149(1)(l) of the *Income Tax Act* (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for the year involves the use of estimates and approximations that have been made using careful judgement. Actual results could differ from those estimates and approximations. The financial statements have, in the Foundation's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Fund Accounting

The Unrestricted Fund accounts for the Foundation's general operating and administrative activities.

(b) Revenue Recognition

Interest and investment income and member levies are recognized as revenue in the period in which they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

(c) Temporary Investments

Temporary investments are recorded at cost. Market value is \$227,603 (2006 - \$181,409).

(d) Financial Instruments

The Foundation's financial instruments consist of cash, temporary investments, accounts receivable, accounts payable and accrued liabilities, and due to/from Law Society of Nunavut. It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

**NUNAVUT LAW FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

3. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented as it would not provide any additional meaningful information.