

Law Society of Nunavut

Financial Statements

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Law Society of Nunavut

Opinion

We have audited the financial statements of the Law Society of Nunavut (the Society), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and its results of operations and its 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 Society 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 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.

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INDEPENDENT AUDITOR'S REPORT (CONT.)

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society'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 Society'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 Society 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.

Yellowknife, NT
June 14, 2024

EPR Yellowknife Accounting Professional Corporation
Chartered Professional Accountants

Law Society of Nunavut
Statement of Revenues and Expenses
Year ended December 31, 2023

	General Fund	Other Programs Schedule 1	Assurance Fund	Liability Fund	2023	2022
REVENUES						
Application, admission and other fees	\$ 51,937	\$ -	\$ -	\$ -	\$ 51,937	\$ 38,817
Levies	-	-	55,375	77,261	132,636	142,744
Investment income (loss)	-	-	30,161	21,949	52,110	(84,281)
Interest income	12,398	-	10,687	-	23,085	-
Membership fees	756,000	-	-	-	756,000	610,650
Restricted appearance fees	193,550	-	-	-	193,550	169,750
Government of Nunavut	-	102,292	-	-	102,292	-
Government of Canada	-	90,250	-	-	90,250	218,500
Intensive trial advocacy	-	98,462	-	-	98,462	-
Nunavut Law Foundation	-	-	-	-	-	22,200
	1,013,885	291,004	96,223	99,210	1,500,322	1,118,380
EXPENSES						
Advertising	4,256	3,616	-	-	7,872	22,566
AGM and meetings	11,586	27,588	-	-	39,174	37,040
Equipment-office	7,099	2,077	-	-	9,176	12,137
CLIA assurance premium	-	-	8,259	-	8,259	8,155
CLIA insurance premium	-	-	-	73,888	73,888	65,266
Interest and bank charges	508	-	104	69	681	931
Memberships, dues and licenses	32,353	-	-	-	32,353	24,562
Office and postage	47,636	11,694	-	-	59,330	73,346
Professional fees	204,129	84,186	14,632	-	302,947	383,144
Rent	71,386	1,627	-	-	73,013	72,227
Salaries and benefits	575,626	40,000	-	-	615,626	536,770
Telecommunications	8,027	4,724	-	-	12,751	15,512
Travel	14,480	88,468	-	-	102,948	75,564
	977,086	263,980	22,995	73,957	1,338,018	1,327,220
EXCESS REVENUES (EXPENSES)	\$ 36,799	\$ 27,024	\$ 73,228	\$ 25,253	\$ 162,304	\$ (208,840)

Law Society of Nunavut
Statement of Changes in Fund Balances
Year ended December 31, 2023

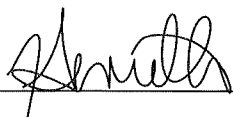
	Unrestricted			Restricted	
	General Fund	Assurance Fund	Liability Fund	2023	2022
Balance, Opening	\$ 212,899	\$ 773,978	\$ 205,315	\$ 1,192,192	\$ 1,401,032
Excess of revenues (expenses)	63,823	73,228	25,253	162,304	(208,840)
Balance, Closing	\$ 276,722	\$ 847,206	\$ 230,568	\$ 1,354,496	\$ 1,192,192

Law Society of Nunavut
Statement of Financial Position
Year ended December 31, 2023

	General Fund	Assurance Fund	Liability Fund	2023	2022
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents (note 3)	\$ 526,177	\$ 706,571	\$ 287,108	\$ 1,519,856	\$1,302,962
Account receivable (note 4)	29,983	42,408	-	72,391	54,022
Prepaid expenses	51,758	-	-	51,758	48,979
Inter-fund receivable (payable)	(41,687)	98,227	(56,540)		
	<u>\$ 566,231</u>	<u>\$ 847,206</u>	<u>\$ 230,568</u>	<u>\$ 1,644,005</u>	<u>\$1,405,963</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (note 5)	\$ 74,867	\$ -	\$ -	\$ 74,867	\$ 139,272
Due to Nunavut Law Foundation	18,000	-	-	18,000	13,100
Deferred fee revenue (note 6)	59,404	-	-	59,404	61,399
Deferred grant revenue (note 7)	137,238	-	-	137,238	-
	<u>289,509</u>	<u>-</u>	<u>-</u>	<u>289,509</u>	<u>213,771</u>
FUND BALANCES					
Restricted	-	847,206	230,568	1,077,774	979,293
Unrestricted	276,722	-	-	276,722	212,899
	<u>276,722</u>	<u>847,206</u>	<u>230,568</u>	<u>1,354,496</u>	<u>1,192,192</u>
	<u>\$ 566,231</u>	<u>\$ 847,206</u>	<u>\$ 230,568</u>	<u>\$ 1,644,005</u>	<u>\$1,405,963</u>

Contingent liabilities (Note 8)
 Commitments (Note 9)

APPROVED BY THE BOARD:



President



Secretary/Treasurer

Law Society of Nunavut
Statement of Cash Flows
Year ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue (expenses)	\$ 162,304	\$ (208,840)
CHANGE IN NON-CASH WORKING CAPITAL ITEMS		
(Increase) in accounts receivable	(18,369)	(4,015)
Due to (from) Nunavut Law Foundation	4,900	(1,600)
(Increase) in prepaid expenses	(2,779)	(18,127)
Increase (Decrease) in accounts payable and accrued liabilities	(64,405)	65,882
(Decrease) in deferred fees	(1,995)	(62,732)
Increase in deferred grant revenue	137,238	-
CHANGE IN CASH	216,894	(229,432)
CASH AND CASH EQUIVALENTS, OPENING	1,302,962	1,532,394
CASH AND CASH EQUIVALENTS, CLOSING	\$ 1,519,856	\$ 1,302,962

Law Society of Nunavut
Notes to the Financial Statements
Year ended December 31, 2023

1 - Nature of Activities and Basis of Accounting

The Law Society of Nunavut is incorporated under the Legal Profession Act of Nunavut. The purpose of the Society is to provide services to the legal profession in Nunavut. The main services are admission, discipline and education.

The Society 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 accounting policies followed by the Society are in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a. Use of Estimates

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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

b. Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are measured at fair value. Financial assets measured at amortized cost include cash and cash equivalents, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to Nunavut Law Foundation. It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments unless otherwise noted.

c. Fund Accounting

The Society follows the restricted fund method of accounting for contributions. The General Fund accounts for the Society's program delivery and administrative activities. The Assurance Fund reports only restricted funds to be used in conjunction with any defalcation claims that may be made against a member and expenses related to the assurance of compliance. The Liability Fund reports only restricted funds to be used in conjunction with member liability insurance in relation to error and omission liability.

Law Society of Nunavut
Notes to the Financial Statements
Year ended December 31, 2023

2 - Significant Accounting Policies(Cont.)

d. Revenue Recognition

Fees and 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. Restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions related to the Assurance Fund are recognized as revenue in the Assurance Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to the Liability Fund are recognized as revenue in the Liability Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized in the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

e. Contributed Services

Volunteers contribute a significant number of hours to the Society in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

f. Equipment

Equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives. The threshold for capitalization has been set at \$5,000, accordingly all purchases less than the threshold have been expensed.

g. Allocation of Expenditures

Direct expenditures which are wholly attributable to a specific program are charged directly to the appropriate program. In circumstances where expenditures are not wholly attributable to a specific program these expenditures are allocated amongst the programs based on management's estimates of the time, effort and resources required to support these activities.

h. Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short term highly liquid investments that are readily convertible to cash. Short term investments are recorded at the lower of cost or market value.

Law Society of Nunavut
Notes to the Financial Statements
Year ended December 31, 2023

3. Cash and Cash Equivalents

	2023		2022
Petty Cash	\$ 500	\$	160
Royal Bank General Fund Account	174,600		334,951
Royal Bank Assurance Fund Account	4,678		320,769
Royal Bank Liability Fund Account	2,272		23,150
RBC Wealth Management- Mutual Funds	676,042		623,932
GIC's	661,764		-
	\$ 1,519,856	\$	1,302,962

4. Accounts Receivable

	2023		2022
Trade receivables	\$ 42,408	\$	36,919
GST receivable	29,983		17,103
	\$ 72,391	\$	54,022

The allowance for doubtful accounts is \$0 (2022 - \$0)

5. Accounts Payable and Accrued Liabilities

	2023		2022
Trades Payable	\$ 15,247	\$	115,148
Government remittances	59,621		24,127
	\$ 74,868		139,275

6. Deferred Fee Revenue

Deferred fee revenue represents annual fees and levies received in advance of the fiscal year in which they are due. The balance of deferred fees and levies of \$59,404 (2022 - \$61,399) will be taken into income for the year ended December 31, 2024.

7. Deferred Grant Revenue

	Opening	Receipts	Recognized	2023	2022
Government of Nunavut	\$ -	\$ 200,000	\$ 62,762	\$ 137,238	\$ -

Law Society of Nunavut
Notes to the Financial Statements
Year ended December 31, 2023

8. Contingencies

Insurance

The Canadian Lawyers Insurance Association ("CLIA") is a reciprocal insurance exchange established to provide professional liability insurance for the legal profession. The likelihood of a retroassessment call is not determinable at this time. If a retroassessment is called, it will be recorded as an expense in the year in which it occurs.

9. Commitments

The Society signed an agreement for a five year lease of office space, which commenced January 1, 2020 and ends on December 31, 2024 with annual payments as follows:

2024

\$ 67,323

	GOC - Sexual Harassment in the Workplace	GON - FAIA Training Tool Kit	GON - Gender Based Violence	Special Project-ITA	Total 2023
Revenues					
Government of Nunavut	\$ -	\$ 39,530	\$ 200,000	\$ -	\$ 239,530
Government of Canada	90,250	-	-	-	90,250
Government of NWT	-	-	-	-	-
Nunavut Law Foundation	-	-	-	-	-
Other fees	-	-	-	98,462	98,462
Transfer to deferred revenue	-	-	(137,238)	-	(137,238)
Total Revenues	90,250	39,530	62,762	98,462	291,004
Expenses					
Advertising	2,614	-	-	1,001	3,615
AGM and meetings	8,912	-	-	17,427	26,339
Equipment	-	2,077	-	-	2,077
Office and postage	3,350	-	2,658	5,687	11,695
Professional fees	26,712	10,733	37,179	9,563	84,187
Rent	1,627	-	-	-	1,627
Salaries and benefit	-	20,000	20,000	-	40,000
Telecommunications	1,172	3,550	-	-	4,722
Travel	46,797	3,170	2,925	35,576	88,468
Honoraria	-	-	-	1,250	1,250
Total Expenses	91,184	39,530	62,762	70,504	263,980
Excess Revenue (expense)	\$ (934)	\$ -	\$ -	\$ 27,958	\$ 27,024