

Presentation of Audited Financial Statements

Law Society of Nunavut

Annual General Meeting

June 15, 2023

Graham Steele, LSN Treasurer

Audited financial statements

- Financial statements were audited by EPR Yellowknife Accounting Professional Corporation
- Auditor's opinion is unqualified
 - "In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2022..."
- Auditor's management letter is positive
 - Only one minor deficiency noted; not in LSN's control
 - "...the bookkeeping was well done and requests for documents were furnished quickly and completely."

Highlights

- LSN ended the year with a deficit in all four accounting categories
 - General Fund – (\$175,463)
 - Other Programs – (\$17,065)
 - Assurance Fund – (\$3,454)
 - Liability Fund – (\$12,858)
- Total deficit was \$208,840

General Fund

- Main reasons for the deficit
 - Increase in professional fees
 - 2022 – \$285,782
 - 2021 – \$174,682
 - Increase of \$111,100
 - Increase in salary and benefits
 - 2022 – \$511,770
 - 2021 – \$434,763
 - Increase of \$77,007

Professional fees

- Increase in number of discipline files
- Two complex, long-term discipline files concluded
- Federal Indian Day Schools “Bridging the Gap” initiative
- Nunavut statutes exam – implementation (final payment to consultant) and review
- Risk management related to members’ files
- Casual staff member

Salaries and benefits

- Staffing was reduced during COVID and picked up again in 2022
- Two Projects and Policy Coordinators were employed at different times in 2022
- Reduction in reallocation of staff costs to Government of Canada “Prevention of Harassment in the Workplace” agreement
- Modest annual increase in overall staff salaries

General Fund – summary

- Because of its reserves, LSN is able to absorb the General Fund deficit for 2022
- Of course similar deficits are not sustainable
- LSN budget for 2023 is balanced
 - Increase in LSN membership fees for 2023
 - Careful management of professional fees is required – but not entirely within LSN's control

Assurance and Liability Funds

- Assurance Fund

- “...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.”

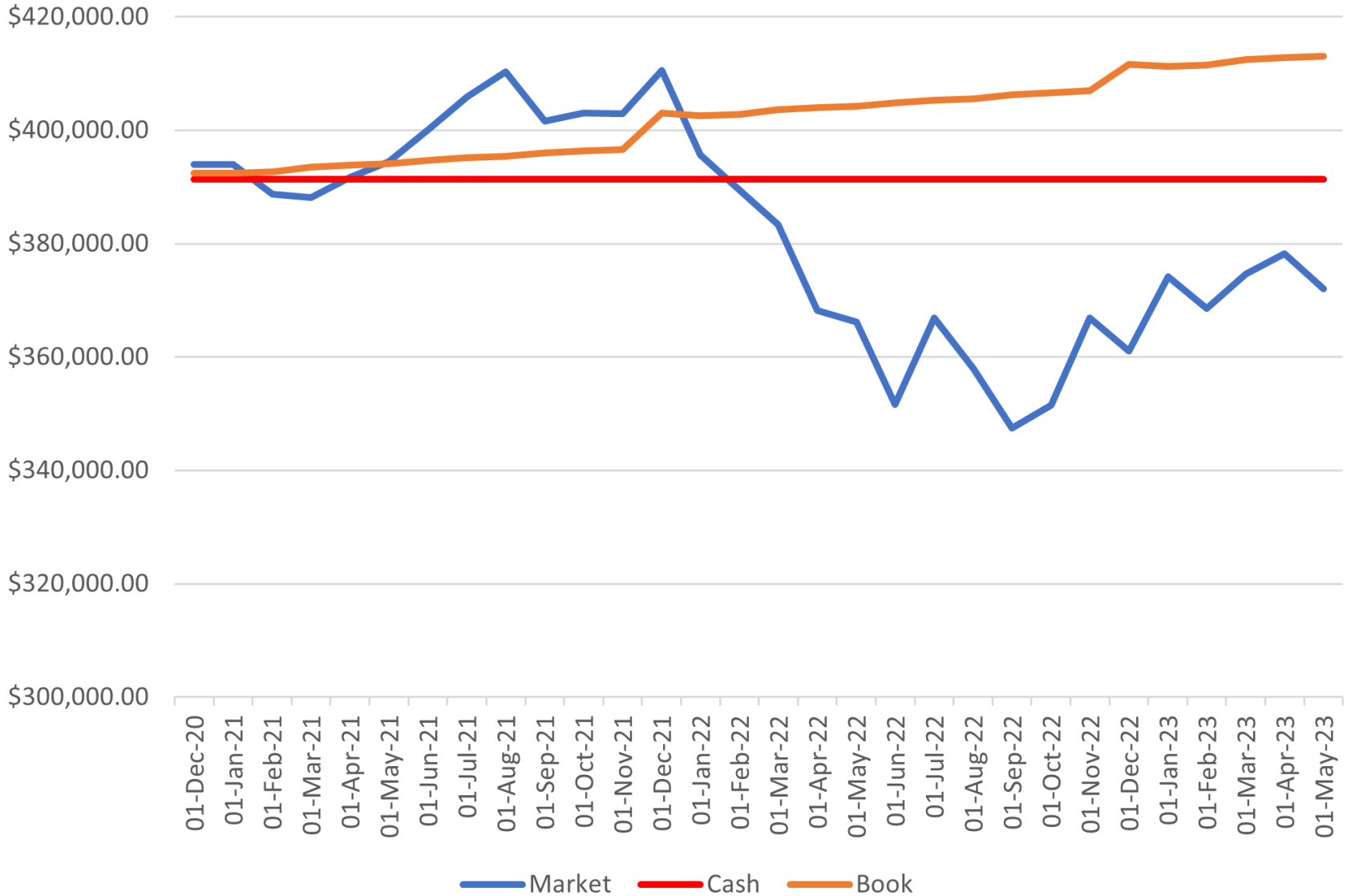
- Liability Fund

- “...restricted funds to be used in conjunction with member liability insurance in relation to error and omission liability.”

Assurance and Liability Funds

- Assurance Fund
 - In December 2020, the LSN invested \$391,000 from the Assurance Fund through RBC Dominion Securities
- Liability Fund
 - In January 2021, the LSN invested \$286,000 from the Liability Fund through RBC Dominion Securities
- These accounts are active. They do not earn interest. They receive distributions, and are subject to capital gains and losses. The two accounts are currently in a loss position.

LSN Assurance Fund investment performance, 2021-23



Assurance and Liability Funds

- The losses recorded in the financial statements are
 - Assurance Fund – (\$49,549)
 - Liability Fund – (\$36,086)
- These are unrealized losses. They represent market value if the investments had been sold on December 31, 2023. The LSN has not actually lost these amounts.
- The prudent course is to continue to hold the investments in the expectation that the markets will (eventually) rise.

Positive steps forward in 2023

- In March 2023, the LSN made further investments in RBC Cashable GICs
 - Can be cashed at any time without penalty
 - Carry essentially zero risk of capital loss
 - Producing new revenue of over \$2,000 per month
- Finance Committee has been reinvigorated
- LSN's 2023 operating budget is balanced