

**LAW SOCIETY OF NUNAVUT
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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**LAW SOCIETY OF NUNAVUT
INDEX
DECEMBER 31, 2018**

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenses	3
Statement of Changes in Fund Balances	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 9

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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 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 auditors' 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 auditors' 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Iqaluit, Nunavut
Pending Approval

Pending Approval
Chartered Professional Accountants

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**LAW SOCIETY OF NUNAVUT
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General Fund</u>	<u>Assurance Fund</u>	<u>Liability Fund</u>	<u>2018</u>	<u>2017</u>
REVENUES					
Application, admission and other fees	\$ 21,207	\$ 0	\$ 0	\$ 21,207	\$ 32,810
Levies	0	41,042	79,727	120,769	116,632
Investment income	2,795	2,795	434	6,024	3,679
Membership fees	504,139	0	0	504,139	474,150
Restricted appearance fees	32,900	0	0	32,900	42,250
Access to Justice program grant (Note 3)	40,000	0	0	40,000	38,167
Nunavut Law Foundation grant	0	0	0	0	3,000
	<u>601,041</u>	<u>43,837</u>	<u>80,161</u>	<u>725,039</u>	<u>710,688</u>
EXPENSES					
Access to Justice program expenses	9,720	0	0	9,720	38,341
Advertising	10,233	0	0	10,233	0
AGM and meetings	29,480	0	0	29,480	25,274
Equipment	4,498	0	0	4,498	3,044
CLIA assurance premium	0	4,998	0	4,998	5,398
CLIA insurance premium	0	0	82,323	82,323	80,900
Interest and bank charges	841	73	72	986	1,378
Memberships, dues and licences	37,933	0	0	37,933	21,371
Office and postage	22,914	0	0	22,914	23,787
Professional fees	84,382	1,900	0	86,282	53,245
Rent	56,113	0	0	56,113	58,079
Salaries and benefits	354,477	0	0	354,477	302,587
Telecommunications	12,992	0	0	12,992	12,447
Travel	17,783	0	3,666	21,449	22,349
	<u>641,366</u>	<u>6,971</u>	<u>86,061</u>	<u>734,398</u>	<u>648,200</u>
EXCESS REVENUES (EXPENSES)	<u>\$ (40,325)</u>	<u>\$ 36,866</u>	<u>\$ (5,900)</u>	<u>\$ (9,359)</u>	<u>\$ 62,488</u>

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**LAW SOCIETY OF NUNAVUT
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Unrestricted</u>	<u>Restricted</u>		<u>2018</u>	<u>2017</u>
	<u>General Fund</u>	<u>Assurance Fund</u>	<u>Liability Fund</u>		
BALANCE, OPENING	\$ 536,557	\$ 620,318	\$ 198,497	\$ 1,355,372	\$ 1,292,884
Excess revenues (expenses)	<u>(40,325)</u>	<u>36,866</u>	<u>(5,900)</u>	<u>(9,359)</u>	<u>62,488</u>
BALANCE, CLOSING	<u>\$ 496,232</u>	<u>\$ 657,184</u>	<u>\$ 192,597</u>	<u>\$ 1,346,013</u>	<u>\$ 1,355,372</u>

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**LAW SOCIETY OF NUNAVUT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

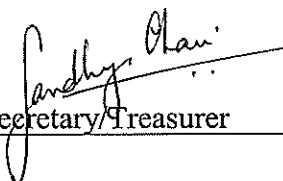
	<u>General Fund</u>	<u>Assurance Fund</u>	<u>Liability Fund</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>					
CURRENT					
Cash and cash equivalents	\$ 685,392	\$ 558,659	\$ 61,529	\$1,305,580	\$1,339,354
Accounts receivable	46,365	0	0	46,365	7,714
Prepaid expenses	9,389	2,380	41,123	52,892	52,675
Inter-fund receivable (payable)	<u>(186,090)</u>	<u>96,145</u>	<u>89,945</u>	<u>0</u>	<u>0</u>
	<u>\$ 555,056</u>	<u>\$ 657,184</u>	<u>\$ 192,597</u>	<u>\$1,404,837</u>	<u>\$1,399,743</u>
<u>LIABILITIES</u>					
CURRENT					
Accounts payable and accrued liabilities (Note 4)	\$ 53,854	\$ 0	\$ 0	\$ 53,854	\$ 41,088
Due to Nunavut Law Foundation	<u>4,970</u>	<u>0</u>	<u>0</u>	<u>4,970</u>	<u>3,283</u>
	<u>58,824</u>	<u>0</u>	<u>0</u>	<u>58,824</u>	<u>44,371</u>
<u>FUND BALANCES</u>					
RESTRICTED	0	657,184	192,597	849,781	818,815
UNRESTRICTED	<u>496,232</u>	<u>0</u>	<u>0</u>	<u>496,232</u>	<u>536,557</u>
	<u>496,232</u>	<u>657,184</u>	<u>192,597</u>	<u>1,346,013</u>	<u>1,355,372</u>
	<u>\$ 555,056</u>	<u>\$ 657,184</u>	<u>\$ 192,597</u>	<u>\$1,404,837</u>	<u>\$1,399,743</u>

Contingent liabilities (Note 4)

Commitments (Note 5)

APPROVED BY THE BOARD:

 /President


Secretary/Treasurer

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**LAW SOCIETY OF NUNAVUT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Excess (Deficiency) of Revenues over Expenditures	\$ (9,359)	\$ 62,488
Cash provided by (used for) changes in non-cash working capital:		
Accounts receivable	(38,651)	(7,714)
Due to (from) Nunavut Law Foundation	1,687	1,926
Prepaid expenses	(217)	(1,619)
Accounts payable and accrued liabilities	12,766	(887)
Deferred grant revenue	<u>0</u>	<u>(38,167)</u>
INCREASE (DECREASE) IN CASH	(33,774)	16,027
CASH AND CASH EQUIVALENTS, OPENING	<u>1,339,354</u>	<u>1,323,327</u>
CASH AND CASH EQUIVALENTS, CLOSING	<u>\$ 1,305,580</u>	<u>\$ 1,339,354</u>
Represented by:		
Cash	\$ 599,085	\$ 638,883
Cash equivalents	<u>706,495</u>	<u>700,471</u>
	<u>\$ 1,305,580</u>	<u>\$ 1,339,354</u>

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**LAW SOCIETY OF NUNAVUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. NATURE OF THE ORGANIZATION

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.

**LAW SOCIETY OF NUNAVUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

**LAW SOCIETY OF NUNAVUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

3. ACCESS TO JUSTICE PROGRAM GRANT

During the year, the Society procured a grant from the Law Foundation of Ontario to fund a research project and awareness campaign for access to justice for family violence in Nunavut . This provided under the mandate of the Access to Justice program.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in the accounts payable and accrued liabilities balance is \$8,558 receivable (2017 - \$1,474 payable) relating to government remittances.

5. CONTINGENT LIABILITIES

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.

6. COMMITMENTS

The Society has an agreement to lease office space at a base rent of \$4,410 per month. The lease expires January 1, 2020.

7. COMPARATIVE AMOUNTS

Certain 2017 financial statement amounts have been reclassified to conform to the financial statement presentation adopted in the current year.

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