

**LAW SOCIETY OF NUNAVUT
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**LAW SOCIETY OF NUNAVUT
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DECEMBER 31, 2019**

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Independent Auditors' 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, 2019, and the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and 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, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 *Auditors' 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 Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free of 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.

Auditors' 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 auditors' 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. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 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
June 12, 2020


Chartered Professional Accountants

LAW SOCIETY OF NUNAVUT
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u> <u>Fund</u>	<u>Other Programs</u> <u>(Schedule 1)</u>	<u>Assurance</u> <u>Fund</u>	<u>Liability</u> <u>Fund</u>	<u>2019</u>	<u>2018</u>
REVENUES						
Application, admission and other fees	\$ 121,122	\$ 0	\$ 0	\$ 0	\$ 121,122	\$ 21,207
Levies	0	0	43,407	101,803	145,210	120,769
Investment income	3,624	0	3,624	531	7,779	6,024
Membership fees	537,573	0	0	0	537,573	504,139
Restricted appearance fees	60,850	0	0	0	60,850	32,900
The Law Foundation of Ontario	0	91,603	0	0	91,603	40,000
Government of Canada	<u>0</u>	<u>122,424</u>	<u>0</u>	<u>0</u>	<u>122,424</u>	<u>0</u>
	<u>723,169</u>	<u>214,027</u>	<u>47,031</u>	<u>102,334</u>	<u>1,086,561</u>	<u>725,039</u>
EXPENSES						
Access to Justice program expenses	9,920	0	0	0	9,920	9,720
Advertising	34	0	0	0	34	10,233
AGM and meetings	66,730	0	0	0	66,730	29,480
Program expenses	0	100,999	0	0	100,999	0
Equipment	12,148	0	0	0	12,148	4,498
CLIA assurance premium	0	0	3,710	0	3,710	4,998
CLIA insurance premium	0	0	0	78,211	78,211	82,323
Interest and bank charges	1,067	0	73	85	1,225	986
Memberships, dues and licences	37,824	0	0	0	37,824	37,933
Office and postage	27,010	0	0	0	27,010	22,914
Professional fees	102,592	3,000	0	0	105,592	86,282
Project management	(12,982)	12,982	0	0	0	0
Rent	57,699	0	0	0	57,699	56,113
Salaries and benefits	355,607	97,046	0	0	452,653	354,477
Telecommunications	13,675	0	0	0	13,675	12,992
Travel	<u>24,600</u>	<u>0</u>	<u>488</u>	<u>2,506</u>	<u>27,594</u>	<u>21,449</u>
	<u>695,924</u>	<u>214,027</u>	<u>4,271</u>	<u>80,802</u>	<u>995,024</u>	<u>734,398</u>
EXCESS REVENUES (EXPENSES)	<u>\$ 27,245</u>	<u>\$ 0</u>	<u>\$ 42,760</u>	<u>\$ 21,532</u>	<u>\$ 91,537</u>	<u>\$ (9,359)</u>

**LAW SOCIETY OF NUNAVUT
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Unrestricted</u>	<u>Restricted</u>			
	<u>General Fund</u>	<u>Assurance Fund</u>	<u>Liability Fund</u>	<u>2019</u>	<u>2018</u>
BALANCE, OPENING	\$ 496,232	\$ 657,184	\$ 192,597	\$ 1,346,013	\$ 1,355,372
Excess revenues (expenses)	<u>27,245</u>	<u>42,760</u>	<u>21,532</u>	<u>91,537</u>	<u>(9,359)</u>
BALANCE, CLOSING	<u><u>\$ 523,477</u></u>	<u><u>\$ 699,944</u></u>	<u><u>\$ 214,129</u></u>	<u><u>\$ 1,437,550</u></u>	<u><u>\$ 1,346,013</u></u>


**LAW SOCIETY OF NUNAVUT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Assurance Fund</u>	<u>Liability Fund</u>	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>					
CURRENT					
Cash and cash equivalents	\$ 850,993	\$ 560,708	\$ 80,239	\$1,491,940	\$1,305,580
Accounts receivable	22,591	0	0	22,591	46,365
Prepaid expenses	4,959	1,329	855	7,143	52,892
Inter-fund receivable (payable)	<u>(270,942)</u>	<u>137,907</u>	<u>133,035</u>	<u>0</u>	<u>0</u>
	<u>\$ 607,601</u>	<u>\$ 699,944</u>	<u>\$ 214,129</u>	<u>\$1,521,674</u>	<u>\$1,404,837</u>
<u>LIABILITIES</u>					
CURRENT					
Accounts payable and accrued liabilities (Note 3)	\$ 40,069	\$ 0	\$ 0	\$ 40,069	\$ 53,854
Due to Nunavut Law Foundation	5,408	0	0	5,408	4,970
Deferred grant revenue (Note 4)	<u>38,647</u>	<u>0</u>	<u>0</u>	<u>38,647</u>	<u>0</u>
	<u>84,124</u>	<u>0</u>	<u>0</u>	<u>84,124</u>	<u>58,824</u>
<u>FUND BALANCES</u>					
RESTRICTED	0	699,944	214,129	914,073	849,781
UNRESTRICTED	<u>523,477</u>	<u>0</u>	<u>0</u>	<u>523,477</u>	<u>496,232</u>
	<u>523,477</u>	<u>699,944</u>	<u>214,129</u>	<u>1,437,550</u>	<u>1,346,013</u>
	<u>\$ 607,601</u>	<u>\$ 699,944</u>	<u>\$ 214,129</u>	<u>\$1,521,674</u>	<u>\$1,404,837</u>

Contingent liabilities (Note 5)

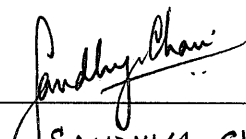
Commitments (Note 6)

APPROVED BY THE BOARD:



JOHN L. MACLEAN
PRESIDENT

President



SANDHYA CHARI
TREASURER

Secretary/Treasurer

**LAW SOCIETY OF NUNAVUT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Excess (Deficiency) of Revenues over Expenditures	\$ 91,537	\$ (9,359)
Cash provided by (used for) changes in non-cash working capital:		
Accounts receivable	23,774	(38,651)
Due to (from) Nunavut Law Foundation	438	1,687
Prepaid expenses	45,749	(217)
Accounts payable and accrued liabilities	(13,785)	12,766
Deferred grant revenue	<u>38,647</u>	<u>0</u>
	<u>186,360</u>	<u>(33,774)</u>
INCREASE (DECREASE) IN CASH	186,360	(33,774)
CASH AND CASH EQUIVALENTS, OPENING	<u>1,305,580</u>	<u>1,339,354</u>
CASH AND CASH EQUIVALENTS, CLOSING	<u><u>\$ 1,491,940</u></u>	<u><u>\$ 1,305,580</u></u>

LAW SOCIETY OF NUNAVUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019**

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, 2019**

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. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in the accounts payable and accrued liabilities balance is \$355 (2018 - \$585) relating to government remittances.

4. DEFERRED GRANT REVENUE

	<u>2019</u>	<u>2018</u>
Government of Canada	\$ 17,012	\$ 0
Law Foundation of Ontario	<u>21,635</u>	<u>0</u>
	<u>\$ 38,647</u>	<u>\$ 0</u>

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.

**LAW SOCIETY OF NUNAVUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

6. COMMITMENTS

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

2020	\$ 57,252
2021	61,104
2022	65,003
2023	66,900
2024	<u>67,323</u>
	<u>\$ 317,582</u>

7. SUBSEQUENT EVENT

Subsequent to year end, the COVID-19 virus is affecting businesses in Nunavut and throughout the world. A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Society's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Society's operations, assets, liabilities, fund balances, revenues, and expenses is not yet known.

LAW SOCIETY OF NUNAVUT
SCHEDULE OF PROGRAMS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	LFO Access to Justice	GOC - Sexual Harassment in the Workplace	GOC - Prevention Family Violence	Total 2019
Revenues				
The Law Foundation of Ontario	\$ 91,603	\$ 0	\$ 0	\$ 91,603
Government of Canada	<u>0</u>	<u>74,488</u>	<u>47,936</u>	<u>122,424</u>
	<u>91,603</u>	<u>74,488</u>	<u>47,936</u>	<u>214,027</u>
Expenses				
Salaries and benefits	53,475	28,571	15,000	97,046
Program expenses	38,128	40,060	22,811	100,999
Professional fees	0	3,000	0	3,000
Project management	<u>0</u>	<u>2,857</u>	<u>10,125</u>	<u>12,982</u>
	<u>91,603</u>	<u>74,488</u>	<u>47,936</u>	<u>214,027</u>
Excess Revenue	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>