

**Law Society of Nunavut**

**Financial Statements**

**December 31, 2022**

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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, 2022, 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, 2022, 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.

## **INDEPENDENT AUDITOR'S REPORT (CONT.)**

### **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. 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 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

**EPR Yellowknife Accounting Professional Corporation**  
Chartered Professional Accountants

# Law Society of Nunavut

## STATEMENT OF REVENUES AND EXPENSES

Year ended December 31, 2022

	General Fund	Other Programs Schedule 1	Assurance Fund	Liability Fund	2022	2021
<b>REVENUES</b>						
Application, admission and other fees	\$ 38,817	\$ -	\$ -	\$ -	\$ 38,817	\$ 36,336
Levies	-	-	54,250	88,494	142,744	101,777
Investment income (loss)	1,354	-	(49,549)	(36,086)	(84,281)	28,858
Membership fees	610,650	-	-	-	610,650	599,700
Restricted appearance fees	169,750	-	-	-	169,750	66,500
The Law Foundation of Ontario	-	-	-	-	-	69,199
Government of Canada	-	218,500	-	-	218,500	401,160
Nunavut Law Foundation	22,200	-	-	-	22,200	-
	842,771	218,500	4,701	52,408	1,118,380	1,303,530
<b>EXPENSES</b>						
Access to Justice program	-	-	-	-	-	-
Advertising	10,580	-	-	-	10,580	7,590
AGM and meetings	17,061	-	-	-	17,061	24,894
Program expenses	-	235,565	-	-	235,565	489,142
Equipment	12,137	-	-	-	12,137	8,926
CLIA assurance premium	-	-	8,155	-	8,155	22,834
CLIA insurance premium	-	-	-	65,266	65,266	68,724
Interest and bank charges	931	-	-	-	931	1,380
Memberships, dues and licenses	24,562	-	-	-	24,562	28,239
Office and postage	54,228	-	-	-	54,228	25,158
Professional fees	285,782	-	-	-	285,782	174,682
Project management	-	-	-	-	-	-
Rent	67,254	-	-	-	67,254	67,982
Salaries and benefits	511,770	-	-	-	511,770	434,763
Telecommunications	14,402	-	-	-	14,402	10,690
Travel	19,527	-	-	-	19,527	4,526
	1,018,234	235,565	8,155	65,266	1,327,220	1,369,530
<b>EXCESS REVENUES (EXPENSES)</b>	\$ (175,463)	\$ (17,065)	\$ (3,454)	\$ (12,858)	\$ (208,840)	\$ (66,000)

# Law Society of Nunavut

## STATEMENT OF CHANGES IN FUND BALANCES

*Year ended December 31, 2022*

	Unrestricted		Restricted			
	General	Assurance	Liability		2022	2021
	Fund	Fund	Fund			
BALANCE, OPENING	\$ 405,427	\$ 777,432	\$ 218,173	\$	1,401,032	\$ 1,467,032
Excess of revenues (expenses)	(192,528)	(3,454)	(12,858)		(208,840)	(66,000)
BALANCE, CLOSING	\$ 212,899	\$ 773,978	\$ 205,315	\$	1,192,192	\$ 1,401,032

# Law Society of Nunavut

## STATEMENT OF FINANCIAL POSITION

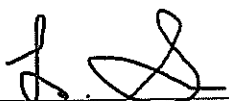
Year ended December 31, 2022

	General Fund	Assurance Fund	Liability Fund	2022	2021
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 335,111	\$ 681,814	\$ 286,037	\$1,302,962	\$1,532,394
Account receivable (note 3)	54,022	-	-	54,022	50,006
Prepaid expenses	48,979	-	-	48,979	30,852
Inter-fund receivable (payable)	(11,442)	92,164	(80,722)	-	-
	<u>\$ 426,670</u>	<u>\$ 773,978</u>	<u>\$ 205,315</u>	<u>\$1,405,963</u>	<u>\$1,613,252</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities (note 4)	\$ 139,272	\$ -	\$ -	\$ 139,272	\$ 73,390
Due to Nunavut Law Foundation	13,100	-	-	13,100	14,700
Deferred fee revenue (note 5)	61,399	-	-	61,399	124,131
Deferred grant revenue (note 6)	-	-	-	-	-
	<u>213,771</u>	<u>-</u>	<u>-</u>	<u>213,771</u>	<u>212,221</u>
<b>FUND BALANCES</b>					
Restricted	-	773,978	205,315	979,293	995,604
Unrestricted	212,899	-	-	212,899	405,427
	<u>212,899</u>	<u>773,978</u>	<u>205,315</u>	<u>1,192,192</u>	<u>1,401,031</u>
	<u>\$ 426,670</u>	<u>\$ 773,978</u>	<u>\$ 205,315</u>	<u>\$1,405,963</u>	<u>\$1,613,252</u>

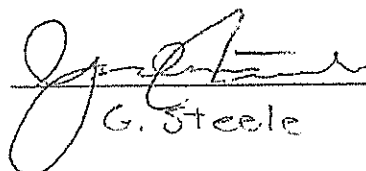
Contingent liabilities (Note 7)

Commitments (Note 8)

APPROVED BY THE BOARD:

  
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President

  
G. Steele

Secretary/Treasurer

# Law Society of Nunavut

## STATEMENT OF CASHFLOWS

Year ended December 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenue (expenses)	\$ (208,840)	\$ (66,000)
<b>CHANGE IN NON-CASH WORKING CAPITAL ITEMS</b>		
(Increase) decrease in accounts receivable	(4,015)	(36,896)
Due to (from) Nunavut Law Foundation	(1,600)	6,525
Decrease (increase) in prepaid expenses	(18,127)	12,735
Increase in accounts payable and accrued liabilities	65,882	27,789
Increase in deferred fees	(62,732)	100,742
(Decrease) increase in deferred grant revenue	-	(126,566)
<b>CHANGE IN CASH</b>	<b>(229,432)</b>	<b>(81,671)</b>
<b>CASH AND CASH EQUIVALENTS, OPENING</b>	<b>1,532,394</b>	<b>1,614,065</b>
<b>CASH AND CASH EQUIVALENTS, CLOSING</b>	<b>\$ 1,302,962</b>	<b>\$ 1,532,394</b>



# Law Society of Nunavut

## NOTES TO THE FINANCIAL STATEMENTS

*Year ended December 31, 2022*

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### 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, 2022*

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### 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, 2022

### 3. ACCOUNTS RECEIVABLE

	2022	2021
Trade receivables	\$ 36,919	\$ 39,561
GST receivable	17,103	7,871
	\$ 54,022	\$ 47,432

The allowance for doubtful accounts is \$0 (2021 - \$0)

### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payables	\$ 139,272	\$ 70,818

### 5. 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 \$61,399 (2021 - \$124,131) will be taken into income for the year ended December 31, 2022.

### 6. DEFERRED REVENUE

	Opening	Receipts	Recognized	2022	2021
Government of Canada	\$ -	\$ 218,500	\$ (218,500)	\$ -	\$ -

### 7. 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.

# Law Society of Nunavut

## NOTES TO THE FINANCIAL STATEMENTS

*Year ended December 31, 2022*

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### 8. 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:

2023	\$	66,900
2024		<u>67,323</u>
	\$	<u><u>134,223</u></u>

# Law Society of Nunavut

## SCHEDULE OF PROGRAMS

*Year ended December 31, 2022*

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	GOC - Sexual Harassment in the Workplace
<b>Revenues</b>	
Government of Canada	\$ 218,500
Transfer to deferred revenue	-
	<u>218,500</u>
<b>Expenses</b>	
Salaries and benefits	25,000
Program expenses	124,209
Professional fees	86,356
Project management	-
	<u>235,565</u>
Excess Revenue (expense)	<u><u>\$ (17,065)</u></u>