

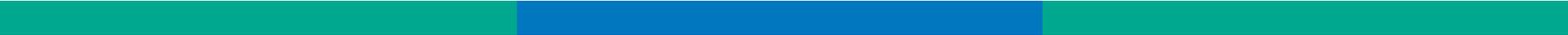


**THE**  
**MANITOBA**  
**LAW**  
**F O U N D A T I O N**





THE  
  
MANITOBA  
LAW  
FOUNDATION  
THE MANITOBA LAW FOUNDATION  
LA FONDATION MANITOBAINE DU DROIT



The Honourable Minister of Justice and Attorney General  
Department of Justice  
Legislative Building  
Winnipeg, Manitoba

Dear Minister:

I have the honour to submit to you, in accordance with Subsection 101(1) of The Legal Profession Act (the “Act”), the thirty-second Annual Report of **The Manitoba Law Foundation**.

Financial Statements for the year ended March 31, 2018 were examined by the Foundation’s auditors, PricewaterhouseCoopers LLP, Chartered Accountants, as set out in their report of June 13, 2018, attached. The Financial Statements were approved by the Foundation’s Directors at a meeting of the Board held on June 13, 2018.

I am pleased to set out below some comments on the financial results, transactions and other information regarding the fiscal year just completed.

## COMPOSITION OF THE BOARD OF DIRECTORS

The affairs of the Foundation are administered by a Board of Directors appointed pursuant to the provisions of s. 91 of the Act. Under the provisions of s. 93(1) of the Act, there are 10 members of the Board of Directors, whose appointments may range from 2 to 4 years and Directors may be reappointed. Directors whose terms expire continue until replaced. Members of the Board during the fiscal period included:

### A. Appointed or reappointed by the Minister of Justice

Garth Smorang, Q.C., Chairperson	(to December 2019)
Lori Ferguson-Sain, Vice-Chairperson	(to September 2018)
Monica Adeler	(to December 2016 - continuing)
Terumi Kuwada	(to September 2018)
Janna Cumming	(to September 2017 - continuing)

### B. Appointed by The Law Society of Manitoba

Jack Cram	(to August 2020)
William Gange	(to August 2018)
Barry Effler	(to August 2019)

### C. Appointed by the President of the Manitoba Branch, Canadian Bar Association

Karlee Blatz	(to August 2018)
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### D. Dean of the Faculty of Law, University of Manitoba (ex officio)

Jonathan Black-Branch

## MEETINGS OF THE BOARD OF DIRECTORS

Section 98 of the Act requires that the Board meet at least four times annually. In the fiscal year ending March 31st, 2018 the Board met four times in Winnipeg in June, September, and December 2017 and in March 2018.

## FINANCIAL HIGHLIGHTS

	2017/2018	2016/17	Change
Interest on Lawyers' Trust Accounts	\$3,214,302	\$2,015,402	+59.5%
Income from investment (realized)	\$244,658	\$232,005	+5.4%
<b>Total Revenues</b>	<b>\$3,458,960</b>	<b>\$2,247,407</b>	<b>+53.9%</b>

## GENERAL

In 1986, the Legislature established the Manitoba Law Foundation as a body corporate pursuant to The Law Society Act, and the Foundation was continued under the provisions of The Legal Profession Act, enacted in 2002. Under that legislation, financial institutions must pay to the Foundation interest on mixed trust accounts maintained by lawyers practicing in Manitoba. Organizations may apply to the Foundation for project or program grants relating to the Foundation's objectives and to assist it in reaching its mission and vision. Details about the Foundation and information about the Foundation's grant application process are set out on its website at [www.manitobalawfoundation.org](http://www.manitobalawfoundation.org). The program and project grant recipients for fiscal year 2017/18 are listed later in this report.

## OBJECTIVES

The legislation establishing the Foundation spells out the purposes for which its money can be used. The objects of the Foundation are to encourage and promote:

- Legal education;
- Legal research;
- Law reform;
- Legal aid services; and
- The development and maintenance of law libraries.

To help in guiding its granting and policy decision-making, the Foundation's board has also adopted the following vision and mission statements:

**VISION:** Advancing justice through access, knowledge and understanding

**MISSION:** The Manitoba Law Foundation commits to advancing legal knowledge, fostering excellence within the legal profession and facilitating community understanding of the justice system. The MLF funds programs and initiatives that promote and enhance these commitments.



## IOLTA REVENUE

The Foundation receives the vast majority of revenues from interest on lawyers pooled trust accounts (IOLTA), and a smaller revenue stream from its long-term investments held with the Winnipeg Foundation in a Managed Fund. IOLTA revenues received by the Foundation are based on interest rate formulas negotiated with each financial institution in Manitoba holding lawyers' trust accounts and are tied to the Prime Rate. As a result of these formulas, IOLTA revenues are extremely sensitive to changes in the Prime Rate and external economic factors, and highly volatile.

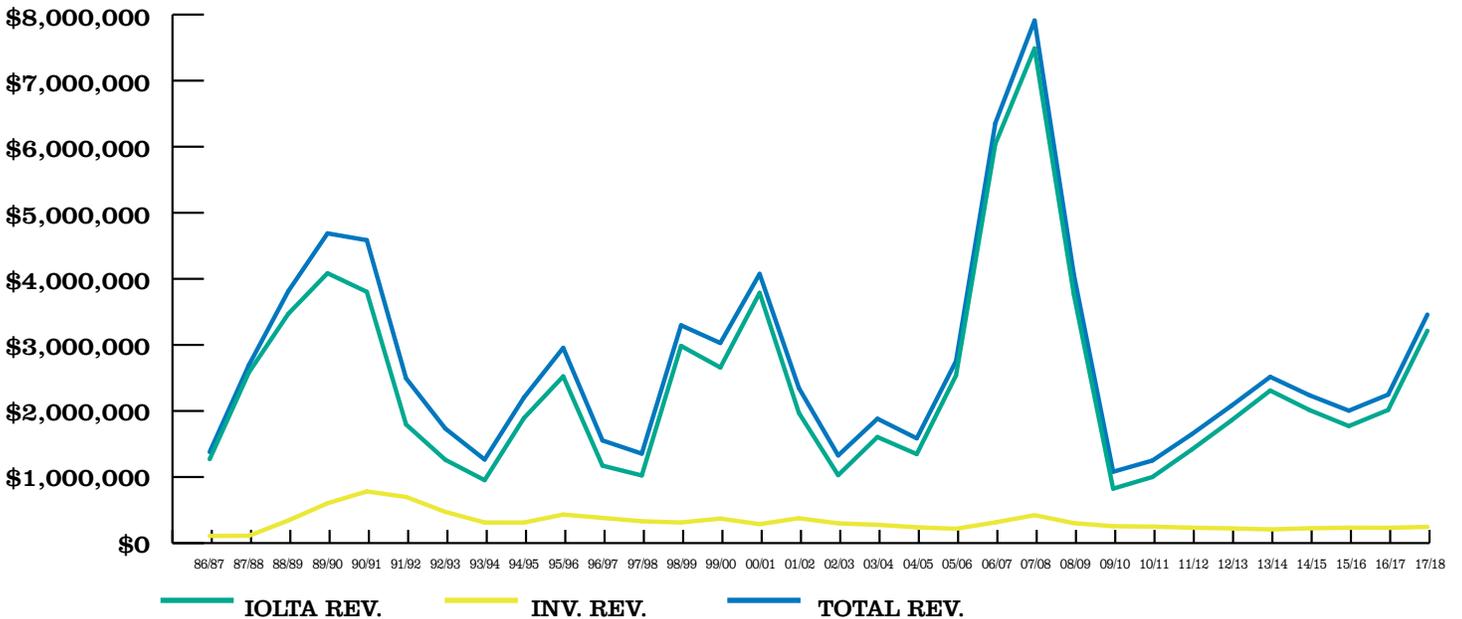
In this fiscal year, the Foundation saw an increase in IOLTA revenues to in excess of \$3 million from just over \$2 million in the previous fiscal year. This increase in revenue

primarily resulted from multiple increases in the prime rate during the year, as well as some improvements in our negotiated agreements with financial institutions.

During the same period, income from investments and cash assets remained relatively stable. While rates of return on the Foundation's investment income increased in this period, the impact of past draws on capital in order to maintain stable granting levels continues to be felt.

The volatility of the Foundation's revenues is illustrated in the chart below, showing both IOLTA and investment revenue on an annual basis since the Foundation was established in 1986.

### Manitoba Law Foundation IOLTA and Investment Revenue since 1986



Interest rates impact not only the interest received on lawyers' trust accounts, but also the interest income the Foundation receives on its cash assets. As indicated in our last report, the Foundation's Board anticipated ongoing low interest rates in 2017/18 and therefore determined to maintain its focus on maximizing revenue wherever possible.

## INVESTMENTS

Since fiscal year 2000/01, the Foundation has had a formal relationship with The Winnipeg Foundation for the management of the long-term investments of the Foundation. As a participant in the Consolidated Trust Fund of the Winnipeg Foundation through the Manitoba Law Foundation Managed Fund, the Law Foundation receives an annual income from The Winnipeg Foundation, determined on the basis of the average market value (calculated over a three-year period) of the Managed Fund.

The Foundation's Reserve and amounts not required for the short-term cash flow needs of the Foundation are held in the Fund. Short-term investments can be maintained by the Foundation for its more immediate cash flow needs. These investments can be invested according to the Foundation's investment policy in fixed return investments through trust investment certificates through the Provincial Treasury or in the Foundation's operating account where it receives interest.

For 2017/18, the Foundation's statements indicate total investment revenue received and accrued of \$251,347. This figure includes a gain of \$6,689, representing the result of the fair value adjustment on the market value of the Winnipeg Foundation Managed Fund, whose market value increased during the course of the fiscal year. Accounting standards for not for profit organizations

(ASNPO) require that this unrealized gain must flow through the Statement of Operations in the audited financial statements for the year and is noted as part of the investment income for the fiscal year. This increase in market value is an unrealized amount as of the fiscal year-end.

The investment income figure shown on the Foundation's financial statements is composed of three distinct components: \$230,784 in actual income payments received from the Winnipeg Foundation (up from \$227,410 the prior year); \$13,874 in bank interest (up from \$4,595 the prior year); and the fair value adjustment gain of \$6,689 on the Winnipeg Foundation Managed Fund.

As noted, the fair value adjustment is unrealized revenue, illustrating a snapshot of the change in the fair market value of the Winnipeg Foundation Managed Fund between April 1st, 2017 and March 31st, 2018. Although the market value of the Managed Fund is shown to increase by this amount during the fiscal year, this amount was not actually received on a cash basis. The actual cash gain from this increase would only be received if the Fund was dissolved as of March 31st. Similarly, where there is a decrease in the market value of the Managed Fund, any unrealized loss would also flow through the Statement of Operations but would not represent an actual cash loss.

## FOUNDATION OPERATIONS

The Foundation endeavours to maintain a streamlined operation, with its 2017/18 operational expenses totaling well below 10% of total realized revenue. It employs an Executive Director, Karen Dyck, and contracts with its Accounting Services Manager, Helen O'Connor, on a fee-for-service basis.

The Foundation continues to operate out of 701-177 Lombard Avenue at the Commerce Executive Centre. The operational expenditures for the year were \$198,851, representing an increase from the prior year due primarily to the reduction in human resource expenditures in 2016/2017 resulting from a change in staff leadership.



## RESERVE FOR FUTURE GRANTS

The Foundation maintains a Reserve for future discretionary grants. The major purpose of the Reserve is to provide some stability for discretionary granting during periods of revenue reductions since IOLTA revenues are highly volatile, as noted above.

The Foundation's Reserve Policy indicates that the Reserve level should be based upon a multiple of the Foundation's discretionary granting budget, with a range of one year minimum up to a three-year maximum, assessed on a rolling three-year basis. In 2017/18, the maximum Reserve level, based on this formula, was calculated at approximately \$2.7 million.

Over the history of the Foundation, significant draws on the Reserve have been taken to maintain discretionary granting levels in periods of low revenue. During the years of 2003/04 to 2005/06, draws were necessary to maintain stability for organizations receiving core discretionary grants. When interest rates and IOLTA revenues rose, the Foundation was able to replenish its Reserve to its maximum level.

Since 2011, as a result of economic conditions and a continuing low interest rate environment, further draws on the Reserve of varying levels each year have been required to maintain granting levels. During very low IOLTA revenue years, the formula set out in the

legislation requires that most, if not all, of the current year's IOLTA funds be used for the listed statutory grants (see explanation of formula under Grants below). In fiscal year 2017/18, the Board approved use of the Reserve in the amount of \$119,997.51 for the purposes of discretionary grants. Judicious use of the Reserve during low-revenue years allowed the Board to maintain most of its discretionary granting budget in those years; however, some reductions were necessary.

Several years ago, when the Foundation last undertook a strategic review of its core discretionary granting with a view to determining a sustainable level to maximize the utility of granting, an emphasis on collaboration was conveyed to all grantees and new applicants. At that time a new application review process was developed, and implemented in 2014/15, which continues to assist the Foundation in making granting decisions.

The level of the Reserve at the end of fiscal 2017/18 was \$1,531,920. Given increases in the prime rate since mid-2017, the Foundation does not anticipate further draws on the Reserve will be necessary in the coming fiscal year. The Board monitors the Reserve level on an annual basis and continues to review of the Foundation's internal policies with a view to planning for the future.

## REVENUE PROJECTIONS

Based on increases in the prime rate over the past year and taking into account current economic forecasts, the Foundation anticipates revenues from interest on lawyers' trust accounts in the 2018/19 fiscal year will exceed 2017/18. Further, there is potential for even greater increases if further improvements can be made to interest rate and fee arrangements with financial institutions, as well as through the Foundation's ongoing efforts to ensure compliance and that it is receiving interest revenues from all active trust accounts held in Manitoba. The Board continues to view revenue enhancement as a priority for the coming year.

## GRANTS

### A. Allocations under the provisions of s. 90 of the Act (Mandatory Grants)

The Act provides that the Foundation allocate a portion of interest on lawyers' trust accounts received in the previous fiscal year to The Legal Aid Society of Manitoba (50% or a minimum of \$1,007,629) and The Law Society of Manitoba (16.67% or a minimum of \$335,383) for its educational purposes and to offset the cost of monitoring trust accounts. In the event that interest on lawyers' trust accounts, after deduction of the Foundation's operating expenses, is not sufficient to pay the statutory minimum, the Act provides for pro rata sharing of net revenues between the two statutory grant recipients.

Accordingly, the following grants were paid and accrued in the 2017/2018 fiscal year:

- |   |             |
|---|-------------|
| 1. The Legal Aid Services Society of Manitoba |             |
| Disbursed                                     | \$1,607,151 |
| Accrued                                       | \$1,607,151 |
| 2. The Law Society of Manitoba                |             |
| Disbursed                                     | \$535,824   |
| Accrued                                       | \$535,824   |

### B. Discretionary Grants under the provisions of s. 90(4) of the Act

Monies available for discretionary grants consist of the surplus at the end of the previous fiscal year after the deduction of operating expenses, mandatory grants, and, in years when revenues are sufficient and where the Reserve requires it, a contribution to the Foundation's Reserve for future grants. To this may be added grants or portions of grants previously approved and subsequently canceled or returned unused. The Foundation approved \$869,567 in discretionary core and project grants for 2017/18.

A Small Grants Program was created in 2003/04 as part of the Foundation's discretionary granting. The program is intended to support distinct, time-limited projects (not on-going programs) of up to one year in duration that meet one or more of the Foundation's objectives. Small Grants do not exceed \$20,000. Applicants may be non-profits or individuals and either new applicants or existing recipients of Foundation funding. There are two application cycles for the Small Grants Program in each year, with application deadlines on March 31st and October 31st. The budget amount allocated to the Program by the Board is reviewed annually as part of the general discretionary granting budget review. For time-limited projects whose duration is over one

year, and where the request exceeds \$20,000, an application may be made for a project grant. Project grant applications must be submitted by September 30th of each year.

In 2017/18, twelve core discretionary grants totaling \$839,000 were approved and allocated, as listed here, in accordance with the objects provided in s. 88 of the Act.

#### LEGAL EDUCATION

Community Legal Education Association (Manitoba)	
General Operating Grant	\$53,000
Faculty of Law, University of Manitoba	
General Funding Grant	\$85,000
Pro Bono Students Canada (Manitoba)	\$14,000
Native Law Centre, University of Saskatchewan	
General Operating	\$12,000

#### LEGAL RESEARCH

Legal Research Institute – University of Manitoba	
General Operating	\$80,000

#### LEGAL AID SERVICES

Community Legal Education Association (Manitoba)	
Law Phone-In, Lawyer Referral Service	\$60,000
Community Unemployed Help Centre	
General Operating	\$20,000
Legal Aid Manitoba	
Public Interest Law Centre	\$180,000
University Law Centre	\$86,000
Legal Help Centre of Winnipeg	
General Operating	\$80,000

#### LAW REFORM

Manitoba Law Reform Commission	
General Operations	\$87,000

#### LAW LIBRARIES

E. K. Williams Law Library, University of Manitoba	
Acquisitions and Maintenance	\$82,000

As well, in December 2017, the Foundation approved a project grant to Manitoba Law Library in the sum of \$28,967 and a Small Grant to the University of Winnipeg Centre for Interdisciplinary Justice Studies in the sum of \$1,600. At that time, the Foundation also conditionally approved discretionary grants totaling \$851,666 for fiscal year 2018/19 for payment from monies that will be available in that year.



**REPORT FROM THE CHAIR**

As Chair of the Manitoba Law Foundation, I am pleased to provide my annual report for the fiscal year ending March 31, 2018.

This year our IOLTA revenue increased significantly from last year, by over 50%. This is primarily due to recent increases in interest rates. The prime rate has significantly increased from 2.7% in July 2017 to 3.45% as of January 2018, and based on our arrangements with financial institutions, this represents a huge increase.

Although the increased revenue is welcomed, our long experience with low interest rates has significantly depleted the Foundation’s Reserve and has left us, over the last number of years, unable to increase or even maintain a number of annual discretionary grants. We have also been required to significantly utilize the reserve fund in order to award discretionary grants.

The discretionary grants approved this year were in the aggregate amount of \$839,000, up from \$836,000 last year. This year we approved a project grant of just under \$30,000, and a small grant in the amount of \$1,600.

Investment income this year reflects a gain overall of just over \$251,000, including bank interest and distributions from the Winnipeg Foundation on our investments.

The Board met four times this year. Our activities included reviewing and updating our general bylaw, developing and approving new policies on expense reimbursement, conflict of interest, and document retention and disposal, and ongoing review of our Granting Policy.

We just completed the first full year with our new Executive Director, Karen Dyck who has exhibited exceptional performance in her role over the last 14 months. As well, our Accounting Services Manager, Helen O’Connor continues to provide us with excellent support in all things financial.

As I do every year, I would like to thank all of the Directors of the Foundation for their time, effort, and dedication. The success of the Board, in large measure, is due to the active and enthusiastic participation by its members in the work that we do both during and between formal Board meetings.

For current information concerning the Foundation, please access our website, at [www.manitobalawfoundation.org](http://www.manitobalawfoundation.org)

Garth H. Smorang, Q.C.  
Chair  
The Manitoba Law Foundation



**Monsieur le ministre de la Justice et procureur général**  
**Ministère de la Justice**  
**Palais législatif**  
**Winnipeg, Manitoba**

**Monsieur le Ministre,**

**J'ai l'honneur de vous présenter, conformément au paragraphe 101(1) de la Loi sur la profession d'avocat (la « Loi »), le trente-deuxième rapport annuel de la Fondation Manitoquine du droit.**

**Les états financiers pour l'exercice se terminant le 31 mars 2018 ont été examinés par les vérificateurs de la Fondation, PricewaterhouseCoopers LLP, comptables agréés, dont le rapport du 13 juin 2018 se trouve ci-joint. Les états financiers ont été approuvés par les administrateurs de la Fondation au cours d'une réunion du conseil qui a eu lieu le 13 juin 2018.**

**J'ai le plaisir de vous faire part ci-après de certains commentaires sur les résultats financiers, les opérations, et d'autres informations portant sur l'exercice qui vient de se terminer.**

## COMPOSITION DU CONSEIL D'ADMINISTRATION

Les affaires de la Fondation sont gérées par un conseil d'administration nommé en vertu des dispositions de l'article 91 de la Loi. Conformément aux dispositions du paragraphe 93(1) de la Loi, le conseil compte 10 membres dont le mandat peut durer de 2 à 4 ans, et peut être reconduit. L'administrateur dont le mandat prend fin continue d'exercer ses fonctions jusqu'à la nomination de son successeur. Au cours de la période comptable, le conseil était composé des membres suivants :

### A. Nommé ou reconduit dans ses fonctions par le ministre de la Justice

Lori Ferguson-Sain,  
Vice-Présidente (jusqu'en septembre 2018)  
Monica Adeler (jusqu'en décembre 2016 - reconduite)  
Terumi Kuwada (jusqu'en septembre 2018)  
Janna Cumming (jusqu'en septembre 2017 - reconduite)

### B. Nommé par la Société du Barreau du Manitoba

Jack Cram (jusqu'en août 2020)  
William Gange (jusqu'en août 2018)  
Barry Effler (jusqu'en août 2019)

### C. Nommé par le président de la division du Manitoba, Association du Barreau canadien

Karlee Blatz (jusqu'en août 2018)

### D. Doyenne de la faculté de droit, Université du Manitoba (d'office)

Jonathan Black-Branch

## RÉUNIONS DU CONSEIL D'ADMINISTRATION

L'article 98 de la Loi stipule que le conseil doit se réunir au moins quatre fois par année. Au cours de l'exercice se terminant le 31 mars 2018, le conseil s'est réuni quatre fois à Winnipeg en juin, septembre, et décembre 2017, ainsi qu'en mars 2018.

## POINTS SAILLANTS FINANCIERS

	2017/2018	2016/17	Changement
Intérêts sur les comptes en fiducie des avocats	3 214 302 \$	2 015 402 \$	+59,6 %
Revenus de placement (réalisés)	244 658 \$	232 005 \$	+5,4 %
<b>Total des revenus</b>	<b>3 458 960 \$</b>	<b>2 247 407 \$</b>	<b>+53,9 %</b>

## RENSEIGNEMENTS GÉNÉRAUX

En 1986, la législature a constitué la Fondation manitobaine du droit en modifiant la Loi sur la profession d'avocat adoptée en 2002. Sous cette législation, les institutions financières doivent verser à la Fondation l'intérêt sur les comptes mixtes en fiducie tenus par les avocats qui exercent leur profession au Manitoba. Des organismes peuvent présenter à la Fondation des demandes de subvention pour des projets ou programmes liés aux objectifs de la Fondation et visant à l'aider à atteindre sa mission et sa vision. Pour plus de renseignements sur la Fondation et le processus de demande, visitez le [www.manitobalawfoundation.org](http://www.manitobalawfoundation.org). Les bénéficiaires de subventions pour des programmes et des projets pour l'exercice financier 2017/2018 sont indiqués plus loin dans le présent rapport.

## OBJECTIFS

La loi qui a donné naissance à la Fondation précise les fins auxquelles peuvent servir les sommes d'argent. La Fondation a pour objet d'encourager et de promouvoir :

- L'éducation juridique;
- La recherche juridique;
- La réforme du droit;
- Les services d'aide juridique; et
- La mise sur pied et le maintien des bibliothèques de droit.

Afin d'orienter la prise de décisions en matière de subventions et de politiques, le conseil de la Fondation a aussi adopté les énoncés de vision et de mission suivants :

**VISION:** Promouvoir la justice grâce à l'accès, aux connaissances et à la compréhension.

**MISSION:** La Fondation manitobaine du droit s'engage à promouvoir les connaissances juridiques, à favoriser l'excellence au sein de la profession juridique, et à faciliter la compréhension communautaire du système juridique. La FMD finance des programmes et des initiatives qui favorisent et renforcent ces engagements.

## REVENUS D'ICFA

Les revenus de la Fondation proviennent, en grande partie, des intérêts sur les comptes en fiducie communs des avocats (ICFA), et d'une source de revenus plus faible issue de ses placements à long terme dans un fonds de gestion de la Winnipeg Foundation. Les revenus d'ICFA perçus par la Fondation sont calculés à partir des formules de taux d'intérêt négociés avec chacune des institutions financières au Manitoba détenant des comptes en fiducie des avocats, et sont liés au taux préférentiel. De ce fait, les revenus d'ICFA sont extrêmement sensibles aux fluctuations du taux préférentiel et aux facteurs économiques externes, et sont donc très instables.

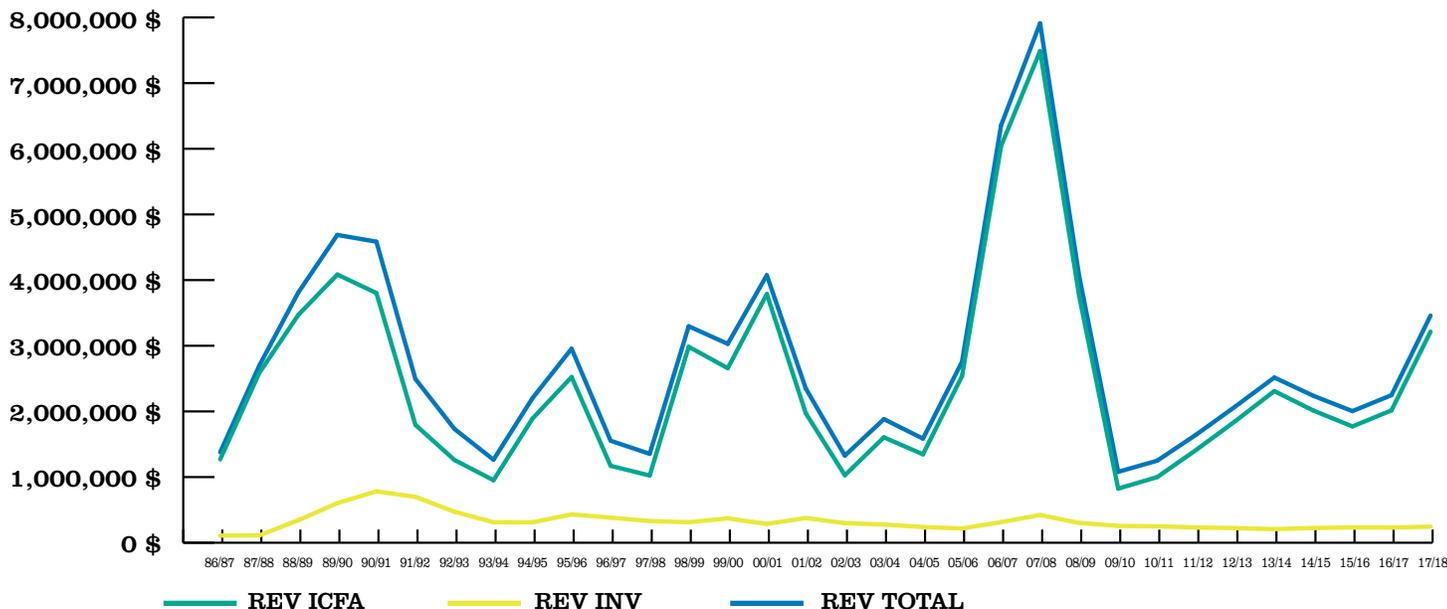
Au cours de cette année financière, la Fondation a constaté une augmentation des revenus d'ICFA de plus de 3 millions de dollars pour un peu plus de 2 millions de dollars pour l'année précédente. Cette augmentation est survenue due à

des multiples augmentations du taux préférentiel en cours d'exercice, ainsi que des améliorations dans nos ententes conclues avec les institutions financières.

Au cours de cette même période, les revenus générés par les investissements et les avoirs de trésorerie sont demeurés relativement stables. Bien que les taux de rendement sur les investissements aient augmenté au cours de cette période, le recours continu au capital afin de maintenir un niveau de financement stable continue de faire son effet.

La volatilité des revenus de la Fondation est illustrée dans la table ci-dessous, montrant le revenu d'ICFA et le revenu sur les investissements sur une base annuelle depuis la mise sur pied de la Fondation en 1986.

### Fondation manitobaine du droit Revenus d'ICFA et d'investissements depuis 1986



Le faible taux d'intérêt a des répercussions, non seulement sur les intérêts générés aux comptes en fiducie des avocats, mais aussi sur les intérêts bancaires que la Fondation reçoit sur ses liquidités. Tel que mentionné dans notre rapport précédent, ce faible taux d'intérêt s'est maintenu pour l'exercice 2017/18, la Fondation vise donc à maximiser ses revenus le plus possible.



## PLACEMENTS

Durant l'exercice financier 2000-2001, la Fondation a établi une relation formelle avec la Winnipeg Foundation pour la gestion de ses placements à long terme. En sa qualité de participant aux fonds en fiducie consolidés de la Winnipeg Foundation par l'intermédiaire du fonds de gestion de la Fondation manitobaine du droit, la Fondation reçoit un revenu annuel de la Winnipeg Foundation qui est déterminé en fonction de la valeur marchande moyenne (calculée sur une période de trois ans) du fonds de gestion.

La réserve et les montants de la Fondation qui ne sont pas nécessaires pour les besoins de trésorerie à court terme sont conservés dans le fonds. Les placements à court terme peuvent être gardés par la Fondation pour les besoins de trésorerie courants. Ces placements peuvent être faits en vertu de la politique de placements de la Fondation dans des placements à rendement fixe par l'achat de certificats de placement par l'entremise du Trésor provincial ou dans le compte de gestion de la Fondation, qui rapporte de l'intérêt.

Pour l'exercice financier 2017/2018, les relevés de la Fondation indiquent des revenus de placements versés et accumulés totalisant (251,347\$). Ce montant indique un gain de 6 689\$, découlant d'un ajustement à la juste valeur selon la valeur marchande du fonds de gestion de la Winnipeg Foundation, dont la valeur marchande a augmenté au cours de l'exercice. Les normes comptables pour les organismes sans but lucratif (NCOSBL) appliquées

aux cours des dernières années, exigent que ce gain non réalisé transite par l'état des résultats d'exploitation dans les états financiers audités pour l'exercice, et il en est fait mention dans les revenus de placement. Il est important de préciser que ce gain de valeur marchande est un montant non réalisé en date du 31 mars de l'exercice.

Le montant des revenus de placement indiqué dans l'état de la Fondation se compose de trois éléments distincts : 230 784\$ de revenus effectifs provenant de la Winnipeg Foundation (en hausse par rapport à 227 410\$ à l'exercice précédent); 13 874\$ en intérêt bancaire (une hausse par rapport à 4 595\$ à l'exercice précédent); et le rajustement à la juste valeur correspond à un gain de 6 689\$ sur le fonds de gestion de la Winnipeg Foundation.

Tel que stipulé, le rajustement à la juste valeur correspond à des revenus non réalisés, reflétant la modification de la juste valeur marchande du fonds de gestion de la Winnipeg Foundation entre le 1er avril 2017 et le 31 mars 2018. Bien que la valeur marchande du fonds de gestion affiche une augmentation au cours de l'exercice, cette somme ne constitue pas un gain réel au comptant. Le gain réel au comptant découlant de cette augmentation serait reçu seulement si le fonds était dissous au 31 mars. De manière semblable, lorsqu'il y a une baisse de valeur marchande dans le fonds de gestion, toute perte non réalisée doit également transiter par l'état des résultats d'exploitation, mais il ne constitue pas une perte réelle au comptant.

## EXPLOITATION DE LA FONDATION

La Fondation vise à maintenir une exploitation rationalisée, ses dépenses d'exploitation de 2017/18 étant inférieures à 10 % de son revenu total réalisé. Elle emploie une directrice générale, Karen Dyck, et a conclu un contrat avec la directrice des services de comptabilité, Helen O'Connor, qui est rémunérée selon les services offerts.

La Fondation continue d'exercer ses opérations au 177, avenue Lombard, bureau 701, dans le Commerce Executive Centre. Les dépenses d'exploitation pour l'exercice étaient de 198 851\$, ce qui constitue augmentation par rapport à l'exercice précédent, principalement attribuable à une réduction des dépenses reliées aux ressources humaines en 2017/18, découlant des changements au niveau de la direction.

## RÉSERVE POUR LES SUBVENTIONS FUTURES

La Fondation maintient une réserve pour les subventions discrétionnaires futures. Le but principal de la réserve consiste à assurer une certaine stabilité afin de permettre l'octroi de subventions discrétionnaires pendant les périodes de baisse de revenus, car, tel qu'il a été indiqué précédemment, les revenus d'ICFA sont très instables.

La politique de la Fondation concernant la réserve indique que son niveau devrait être établi en fonction d'un multiple du budget de subventions discrétionnaires de la Fondation, comportant une période minimale d'un an jusqu'à une période maximale de trois ans, évalué selon un cycle de trois ans. En se fondant sur cette formule, le niveau maximum de la réserve a été calculé à environ 2,7 millions de dollars.

Depuis la création de la Fondation, d'importants prélèvements ont été effectués sur la réserve afin de maintenir les niveaux de subventions discrétionnaires pendant les périodes de faibles revenus. Pendant les exercices de 2003/04 à 2005/06, des prélèvements ont été nécessaires pour assurer la stabilité des organismes bénéficiant de subventions discrétionnaires de base. Lorsque les taux d'intérêt et les revenus d'ICFA ont augmenté, la Fondation a été en mesure de reconstituer sa réserve au niveau maximal.

Depuis 2011, en raison de la conjoncture économique et du contexte de faibles taux d'intérêt, d'autres prélèvements sur la réserve, dont les niveaux ont varié à chaque exercice, ont été nécessaires pour maintenir les niveaux de subventions. Pendant les périodes à très faibles revenus d'ICFA, la formule prévue par la Loi exige que la plupart, sinon

tous les fonds d'ICFA de l'exercice courant, soient utilisés pour les subventions obligatoires indiquées (consultez l'explication de la formule sous la rubrique Subventions ci-dessous). À des fins de subventions discrétionnaires, au cours de l'exercice 2017/18, le conseil a approuvé l'utilisation de la somme de 1 199 977,51\$ en provenance de la réserve. Grâce à une utilisation judicieuse de la réserve, le conseil a été en mesure de maintenir la plus grande partie de son budget de subventions discrétionnaires pendant ces exercices à faibles revenus d'ICFA; toutefois, certaines réductions ont été requises.

Au cours des derniers exercices, la Fondation a entrepris un examen stratégique de ses subventions discrétionnaires de base afin de déterminer un niveau durable qui permettrait de maximiser l'utilité des subventions. Ce processus a fait qu'on a insisté sur la collaboration auprès de tous les titulaires et nouveaux demandeurs de subventions, et on a élaboré et mis en œuvre un nouveau processus d'évaluation. Ce processus a été mis en application pour la première fois en 2014/15 et s'avère encore très utile pour le conseil dans le cadre de prises de décisions difficiles concernant les subventions.

À la fin de l'exercice 2017/18, la valeur de la réserve se chiffrait à 1 531 920\$. Compte tenu d'un taux préférentiel statique depuis le milieu de 2017, la Fondation ne s'attend pas effectuer d'autres prélèvements sur la réserve au cours de l'exercice à venir. Le conseil examine le niveau de la réserve et les règlements administratifs et politiques internes de la Fondation annuellement, en vue de planifier pour l'avenir.

## PROJECTIONS DU REVENU

En se fondant sur l'augmentation du taux préférentiel lors du dernier exercice, et sur les tendances économiques actuelles, la Fondation prévoit que pour l'exercice 2018/19, les revenus d'intérêts sur les comptes en fiducie des avocats excéderont ceux de 2017/18. Il serait possible d'accroître les revenus en améliorant les modalités et taux d'intérêt des institutions financières, et en faisant en sorte que la Fondation reçoive des revenus de la part de tous les comptes en fiducie au Manitoba. Le conseil de la Fondation continue de faire de l'amélioration des revenus une priorité pour le prochain exercice.

Les revenus d'ICFA ont remonté lentement au cours des dernières années, mais en raison des très étroites marges de taux d'intérêts négociés auprès des institutions financières, et de leur faiblesse actuelle, même les plus petites diminutions du taux préférentiel peuvent avoir un effet significatif sur les revenus d'ICFA.

## SUBVENTIONS

### A. Allocations versées en vertu des dispositions de l'article 90 de la Loi (Subventions obligatoires)

La Loi prévoit que la Fondation accorde une partie des intérêts reçus sur les comptes en fiducie des avocats au cours de l'exercice précédent à la Société d'aide juridique du Manitoba (50 % ou un minimum de 1 007 629\$) et à la Société du Barreau du Manitoba (16.67 % ou un minimum de 335 383\$) à des fins éducatives et pour compenser le coût de suivi des comptes en fiducie. La Loi prévoit que les subventions seront versées au prorata du revenu net entre les deux bénéficiaires de subventions obligatoires, si les intérêts provenant des comptes en fiducie des avocats ne permettent pas le versement du minimum établi, après la déduction de dépenses d'exploitation de la Fondation.

Les subventions ci-dessous ont donc été versées et accumulées au cours de l'exercice 2017/18 :

1. La Société d'aide juridique du Manitoba	
Versé	1 607 151\$
Accumulé	1 607 151\$
2. La Société du Barreau du Manitoba	
Versé	535 824\$
Accumulé	535 824\$

### B. Subventions versées de manière discrétionnaire en vertu des dispositions du paragraphe 90(4) de la Loi

Les sommes disponibles pour le versement des subventions discrétionnaires proviennent de l'excédent affiché à la fin de l'exercice précédent, après déduction des dépenses d'exploitation, des subventions obligatoires et, pendant les années au cours desquelles les revenus sont suffisants, et si la réserve l'exige, d'une contribution à la réserve de la Fondation pour le versement de subventions futures. À ces sommes, on peut ajouter les subventions ou des parties de subventions déjà approuvées et annulées par la suite, ou retournées inutilisées. La Fondation a approuvé la somme de 869 567\$ en subventions discrétionnaires de base ainsi qu'en subventions de projet pour 2017/18.

Le programme de microfinancement a été créé en 2003/04 et intégré au programme de subventions discrétionnaires de la Fondation. Le programme a pour objet d'appuyer des projets distincts à délais déterminés (et non des programmes continus) d'une durée maximale d'un an qui répondent à un ou plusieurs objectifs de la Fondation et qui ont un budget global d'un maximum de 20 000\$. Les demandeurs de subventions peuvent être des organismes sans but lucratif, ou des particuliers, et peuvent être de nouveaux demandeurs ou des bénéficiaires actuels des subventions de la Fondation. Deux dates sont fixées chaque année pour les demandes

de subventions discrétionnaires, soit le 31 mars et le 31 octobre. Le montant alloué au programme par le conseil à chaque exercice est examiné dans le cadre de l'examen général du budget des subventions discrétionnaires. Dans le cas des projets à délais déterminés dont la durée dépasse un an et/ou dont le budget est supérieur à 20 000\$, les demandeurs peuvent présenter une demande à la Fondation afin d'obtenir une subvention de projet. La date limite de présentation des demandes de subvention de projets est le 30 septembre de chaque année.

En 2017/18, douze (12) subventions discrétionnaires de base ont été approuvées et attribués, totalisant 839 000\$, conformément à l'objet stipulé à l'article 88 de la Loi.

### ÉDUCATION JURIDIQUE

Association d'éducation juridique communautaire (Manitoba) Inc.

Subvention de fonctionnement général 53 000\$

Faculté de droit, Université du Manitoba

Subvention de financement générale 85 000\$

Réseau national d'étudiant(e)s pro bono

(Manitoba) 14 000\$

Native Law Centre, Université de Saskatchewan

Fonctionnement général 12 000\$

### RECHERCHE JURIDIQUE

Legal Research Institute – Université du Manitoba

Fonctionnement général 80 000\$

### SERVICES D'AIDE JURIDIQUE

Association d'éducation juridique communautaire (Manitoba)

Service téléphonique,

service de référence aux avocats 60 000\$

Community Unemployed Help Centre

Fonctionnement général 20 000\$

Société d'aide juridique du Manitoba

Public Interest Law Centre 180 000\$

University Law Centre 86 000\$

Centre d'aide juridique de Winnipeg

Fonctionnement général 80 000\$

### RÉFORME DU DROIT

Commission de la réforme du droit du Manitoba

Fonctionnement général 100 000\$

### BIBLIOTHÈQUES DE DROIT

E. K. Williams Law Library, Université du Manitoba

Acquisitions et entretien 82 000\$

De plus, en décembre 2017, la Fondation a approuvé une subvention de projet au Manitoba Law Library pour un montant de 28 967\$ et une petite subvention au University of Winnipeg Centre for Interdisciplinary Justice Studies au montant de 1 600\$. Des subventions discrétionnaires au montant de 851 666\$ pour 2018/2019 ont été approuvées à la condition que leur paiement soit fait à partir des sommes disponibles pendant cet exercice.

## **MOT DU PRÉSIDENT**

À titre de président de la Fondation manitobaine du droit, je suis heureux de présenter mon rapport annuel pour l'exercice financier qui s'est terminé le 31 mars 2018.

Cette année, nos revenus d'ICFA ont augmenté de façon significative par rapport au dernier exercice, soit de plus de 50 %. Ceci est principalement dû aux récentes augmentations des taux d'intérêt. Le taux préférentiel a augmenté de façon significative, passant de 2.7 % en juillet 2017 à 3.45 % en janvier 2018, et selon nos ententes conclues avec les institutions financières, il s'agit d'une augmentation considérable.

Bien que nous accueillions positivement l'augmentation de nos revenus, notre longue expérience avec des taux d'intérêts à la baisse a réduit les réserves de la Fondation de manière significative, nous rendant au cours des dernières années, incapables d'augmenter ou même de maintenir un nombre annuel de subventions spécifiques. Il nous a donc fallu puiser dans notre fonds de réserve pour attribuer ces subventions.

Les subventions discrétionnaires approuvées pendant cet exercice se chiffraient en tout à 839 000\$, en hausse de 836 000\$ pour le dernier exercice. Cette année, nous avons approuvé une subvention de projet de près de 30 000\$ et une petite subvention au montant de 1 600\$.

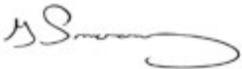
Les revenus d'investissements de cet exercice reflètent un gain global d'un peu plus de 251 000\$, incluant l'intérêt des institutions bancaires, et la répartition de nos revenus d'investissements par la Fondation.

Le conseil s'est réuni quatre fois au cours de cet exercice. Nos activités incluent la vérification et la mise à jour de règlements généraux, le développement et l'approbation de nos nouvelles politiques sur le remboursement des dépenses, les conflits d'intérêt, et la conservation et la destruction des documents, ainsi que la vérification continue de notre politique de subvention.

Nous venons de terminer notre première année complète avec notre nouvelle directrice, Karen Dyck, qui a livré une performance exceptionnelle dans son rôle au cours des 14 derniers mois. De plus, notre directrice des services comptables, Helen O'Connor, continue de nous fournir un excellent soutien en ce qui touche tout le volet financier.

Comme je le fais chaque année, j'aimerais remercier toutes les directrices et tous les directeurs de la Fondation pour leur temps, leurs efforts et dévouement. La réussite du conseil d'administration est due en grande partie à la participation enthousiaste et active des membres au travail que nous accomplissons pendant et entre les rencontres officielles.

Pour obtenir des renseignements sur la Fondation, n'hésitez pas à consulter notre site web, au [www.manitobalawfoundation.org](http://www.manitobalawfoundation.org)



Garth H. Smorang, c.r.  
Président  
La Fondation manitobaine du droit



**The Manitoba Law  
Foundation**

Financial Statements  
**March 31, 2018**



June 13, 2018

## **Independent Auditor's Report**

### **To the Board of Directors of The Manitoba Law Foundation**

We have audited the accompanying financial statements of The Manitoba Law Foundation, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

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T: +1 204 926 2400, F: +1 204 944 1020*

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**Basis for qualified opinion**

Note 3 describes the Foundation's revenue recognition policy for interest income on lawyers' trust accounts, which is not in accordance with Canadian accounting standards for not-for-profit organizations. The note indicates that interest income on lawyers' trust accounts is not accrued as earned but rather recorded on a cash basis. Had Canadian accounting standards for not-for-profit organizations been used, interest received on lawyers' trust accounts would be reported on an accrual basis and excess (deficiency) of revenue over expenses for the year after allocation of grants would increase by \$258,242 (2017 - increase by \$36,543) and both accrued interest receivable and total assets would increase by \$403,003. The effect on opening unrestricted net assets as at April 1, 2017 would be an increase of \$144,761. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the effect of this departure from Canadian accounting standards for not-for-profit organizations.

**Qualified opinion**

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

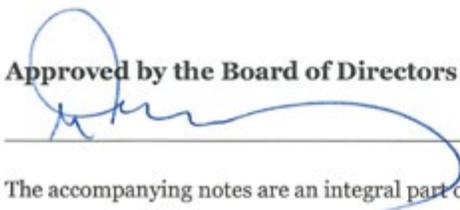
*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**

**The Manitoba Law Foundation**  
**Statement of Financial Position**  
**As at March 31, 2018**

	2018 \$	2017 \$
<b>Assets</b>		
Cash	1,459,758	398,845
Investments (note 4)	4,549,293	4,542,604
Accrued interest receivable	38,500	38,393
Capital assets (note 5)	1,330	-
	<u>6,048,881</u>	<u>4,979,842</u>
<b>Liabilities</b>		
Grants allocated and undisbursed (schedule)	<u>2,215,563</u>	<u>1,400,338</u>
<b>Net Assets</b>		
Unrestricted	2,300,068	1,897,020
Invested in capital assets	1,330	-
Internally restricted (note 6) Reserve for Future Grants	<u>1,531,920</u>	<u>1,682,484</u>
	<u>3,833,318</u>	<u>3,579,504</u>
	<u>6,048,881</u>	<u>4,979,842</u>
<b>Commitments (note 8)</b>		

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

## The Manitoba Law Foundation

### Statement of Operations

For the year ended March 31, 2018

	2018 \$	2017 \$
<b>Revenue</b>		
Interest received on lawyers' trust accounts	3,214,302	2,015,402
Investment income (note 7)	251,347	540,904
	<u>3,465,649</u>	<u>2,556,306</u>
<b>Administrative expenses</b>		
Audit and legal	8,443	8,278
Board fees	11,050	13,750
Consulting	-	16,485
Courier	284	211
Insurance	190	1,061
Meeting expenses	9,168	5,337
Memberships and dues	1,771	1,310
Miscellaneous expense	2,303	2,356
Office, postage and telephone	21,374	10,987
Personnel	113,567	96,642
Rent	21,998	21,998
Travel	8,703	6,439
	<u>198,851</u>	<u>184,854</u>
<b>Excess of revenue over expenses for the year</b>	3,266,798	2,371,452
<b>Grants allocated during the year (schedule)</b>	<u>(3,012,542)</u>	<u>(2,179,467)</u>
	254,256	191,985
<b>Amortization expense</b>	<u>(442)</u>	<u>(85)</u>
<b>Excess of revenue over expenses after allocation of grants</b>	<u>253,814</u>	<u>191,900</u>

The accompanying notes are an integral part of these financial statements.

## The Manitoba Law Foundation

### Statement of Changes in Net Assets

For the year ended March 31, 2018

				2018	2017
	Unrestricted \$	Invested in capital assets \$	Internally restricted - Reserve for Future Grants \$ (note 6)	Total \$	Total \$
<b>Balance - Beginning of year</b>	1,897,020	-	1,682,484	3,579,504	3,371,503
<b>Excess of revenue over expenses after allocation of grants</b>	253,814	-	-	253,814	191,900
<b>Purchase of capital assets</b>	(1,772)	1,772	-	-	-
<b>Amortization of capital assets</b>	442	(442)	-	-	-
<b>Reallocation of small grants program</b>	-	-	-	-	16,101
<b>Interfund transfer (note 6)</b>	150,564		(150,564)	-	-
<b>Balance - End of year</b>	2,300,068	1,330	1,531,920	3,833,318	3,579,504

The accompanying notes are an integral part of these financial statements.

## The Manitoba Law Foundation

### Statement of Cash Flows

For the year ended March 31, 2018

	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses after allocation of grants	253,814	191,900
Items not affecting cash		
Amortization	442	85
Fair value adjustment on investments	(6,689)	(308,899)
	247,567	(116,914)
Changes in non-cash working capital items	815,118	(16,585)
	1,062,685	(133,499)
<b>Investing activities</b>		
Purchase of capital assets	(1,772)	-
Redemption of investments	-	350,000
	(1,772)	350,000
<b>Increase in cash during the year</b>	1,060,913	216,501
<b>Cash - Beginning of year</b>	398,845	182,344
<b>Cash - End of year</b>	1,459,758	398,845

The accompanying notes are an integral part of these financial statements.

## The Manitoba Law Foundation

### Notes to Financial Statements

March 31, 2018

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#### 1 Nature of the Foundation

The Manitoba Law Foundation (the Foundation) was established by the Act of the Legislative Assembly of Manitoba and was assented to October 23, 1986. The Foundation receives interest earned on lawyers' trust accounts and disburses grants to organizations specified in the Act and to other organizations at the discretion of the Board of Directors (the Board).

The objectives of the Foundation, as set out in the Act, are to encourage and promote the following: (a) legal education, (b) legal research, (c) legal aid services, (d) law reform, and (e) the development and maintenance of law libraries.

The Foundation is considered a not-for-profit organization under the provisions of the Income Tax Act of Canada and is exempt from income tax.

#### 2 Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), except for the interest on lawyers' trust accounts as described in note 3.

#### 3 Summary of significant accounting policies

##### Interest on lawyers' trust accounts

Under Section 90 of *The Legal Profession Act*, statutory grants to the Legal Aid Services Society and the Law Society of Manitoba are to be calculated each year based upon "the total trust account interest received by the Foundation". Due to the statutory provision, interest on lawyers' trust accounts is recognized in revenue on a cash basis as the financial institutions advise the Foundation of the amounts. The Foundation assumes that solicitors who hold funds in trust for or on account of clients comply strictly with Section 50 of *The Legal Profession Act*. This method of recording interest on lawyers' trust accounts on a cash basis is not in accordance with ASNPO, which requires income to be reported on an accrual basis.

##### Investment

The investment consists of funds invested in The Winnipeg Foundation Consolidated Trust Fund. This investment is recorded at fair value with the unrealized and realized gains or losses, interest and dividends net of administration and investment fees recognized in investment income. Purchases and sales of the investment are recognized using settlement date accounting with realized gains or losses recorded in the investment income at that time.

Investment income is recorded on an accrual basis.

(1)



## The Manitoba Law Foundation

### Notes to Financial Statements

March 31, 2018

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#### Capital assets

Capital assets are recorded at cost. Amortization is recorded on a straight-line basis at rates intended to amortize the assets over their useful lives as follows:

Computer hardware and software	3 years
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#### Grants

Pursuant to subsection 90(1) of *The Legal Profession Act*, grants equal to 50% and 16.67% of the interest received on lawyers' trust accounts annually or \$1,007,629 and \$335,383, respectively, whichever is greater, are to be paid to the Legal Aid Services Society of Manitoba and the Law Society of Manitoba, respectively. Provision for such grants is recorded annually in the Foundation's accounts. In the event there is insufficient interest earned on lawyers' trust accounts to meet these commitments, subsection 90(2) of the Act indicates that the grants are to be calculated on a pro rata basis.

Grants other than as described above are recorded in the Foundation's accounts in the year of authorization.

#### Financial instruments

##### *Measurement of financial instruments*

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets and financial liabilities measured at amortized cost include cash, accrued interest receivable, and grants allocated and undisbursed.

##### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statements of operations and changes in net assets. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations.

(2)

## The Manitoba Law Foundation

### Notes to Financial Statements

March 31, 2018

#### Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

#### 4 Investments

The funds invested in The Winnipeg Foundation Consolidated Trust Fund are comprised of both unrestricted funds and internally restricted funds - reserve for future grants (note 6).

Total distributions received for the year on The Winnipeg Foundation Consolidated Trust Fund were \$230,784 (2017 - \$227,410).

#### 5 Capital assets

	2018		2017	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware and software	1,772	442	1,330	-

#### 6 Internally restricted funds

##### Reserve for Future Grants

The purpose of the Reserve for Future Grants (the Reserve) is to provide stability during periods of revenue reductions. The Board's policy is to base the Reserve's level upon a multiple of the discretionary granting budget set by the Board, with a range of a one year minimum up to a three year maximum, assessed on a rolling three year basis. In addition the Board may, at its discretion, transfer additional amounts from unallocated revenue to the Reserve. Reserves are invested in The Winnipeg Foundation Consolidated Trust Fund, as disclosed in note 4.

(3)

## The Manitoba Law Foundation

### Notes to Financial Statements

March 31, 2018

During the year, an interfund transfer of \$150,564 was made from the reserve fund to the operating fund. The transfer was comprised of the following:

	\$
Core Project funding	119,997
Small grants program - Manitoba Law Library Project	28,967
Small grants program - University of Winnipeg Centre for Interdisciplinary Justice Studies (Kevin Walby) Accessing Justice Conference	<u>1,600</u>
	<u>150,564</u>

#### 7 Investment income

	2018 \$	2017 \$
Sundry interest	13,874	4,595
Distributions received on investments (note 4)	230,784	227,410
Fair value adjustment on investments	<u>6,689</u>	<u>308,899</u>
	<u>251,347</u>	<u>540,904</u>

#### 8 Commitments

The Foundation's Board has conditionally approved 2018/2019 discretionary grants in an amount of \$851,666. Should there be insufficient revenue remaining in 2018/2019 after payment of non-discretionary grants and administrative expenditures, these conditionally approved 2018/2019 discretionary grants will be paid firstly from unallocated revenue and secondly from the Reserve.

#### 9 Related party transactions

The following are related party transactions and balances with entities related to Board members:

	2018 \$	2017 \$
Discretionary grants payable to entities related to Board members (included in grants allocated and undisbursed)	42,021	42,021
Discretionary grants allocated during the year to entities related to Board members	537,166	514,000

(4)

## The Manitoba Law Foundation

### Notes to Financial Statements

March 31, 2018

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The discretionary grants allocated as at March 31, 2018 referred to above were made to the following entities:

	\$
Faculty of Law, University of Manitoba	95,166
Legal Research Institute	80,000
E.K. Williams Law Library	82,000
Pro Bono Students Canada (Manitoba)	14,000
Public Interest Law Centre	180,000
University of Manitoba Law Clinic	86,000
	<hr/>
	537,166
	<hr/>

Under Section 91 of *The Legal Profession Act*, the Foundation's Board must consist of the following: five appointees of the Minister of Justice, three appointees of the Law Society of Manitoba, one appointee of the Canadian Bar Association, Manitoba Branch, and the Dean of the Faculty of Law or his/her designate. The Act also states at Section 100 that "a director who is associated with a recipient or proposed recipient of a grant from the foundation, and discloses that association to the board, may vote on any question relating to the grant, unless the director has a direct pecuniary interest in the grant."

## 10 Financial instruments

### Interest rate risk

The Foundation is exposed to interest rate risk with respect to interest earned on investments and interest received on lawyers' trust accounts. Accordingly, changes in the prime interest rate will have a positive or negative impact on the Foundation's revenue.

### Liquidity risk

Liquidity risk is the risk that the Foundation may have difficulty meeting its financial obligations associated with financial liabilities in full. The Foundation expects to be able to meet its financial obligations in the foreseeable future.

**The Manitoba Law Foundation**  
 Schedule of Grants Allocated and Undisbursed  
 For the year ended March 31, 2018

	Allocated during fiscal 2018 \$	Undisbursed as at March 31, 2018 \$
<b>Per subsection 90(1) The Legal Profession Act</b>		
Legal Aid Services Society of Manitoba	1,607,151	1,607,151
Law Society of Manitoba	535,824	535,824
	2,142,975	2,142,975
<b>Per subsection 90(4) The Legal Profession Act (discretionary)</b>		
<b>(a) Legal education</b>		
Community Legal Education Association General Operating 2016/2017	53,000	-
Faculty of Law, University of Manitoba General Funding Grant 2016/2017	85,000	-
Native Law Centre, University of Saskatchewan General operating 2016/2017	12,000	-
Faculty of Law, University of Manitoba Pro Bono Students Canada (Manitoba) 2016/2017	14,000	-
<b>(b) Legal research</b>		
Legal Research Institute - University of Manitoba General Operating 2016/2017	80,000	-
<b>(c) Legal aid services</b>		
Legal Aid of Manitoba Public Interest Law Centre 2016/2017	180,000	-
University of Manitoba Law Clinic 2016/2017	86,000	-
Community Legal Education Association Law Phone-In, Lawyer Referral Service 2016/2017	60,000	-
Community Unemployed Help Centre General Operating 2016/2017	20,000	-
Legal Help Centre General Operating 2016/2017	80,000	-
<b>(d) Law reform</b>		
Manitoba Law Reform Commission General Operating 2016/2017	87,000	-
<b>(e) Law libraries</b>		
E.K. Williams Law Library* Acquisitions and Maintenance	82,000	42,021
<b>Carried forward</b>	2,981,975	2,184,996

The accompanying notes are an integral part of these financial statements.

**The Manitoba Law Foundation**  
 Schedule of Grants Allocated and Undisbursed ...continued  
 For the year ended March 31, 2018

	Allocated during fiscal 2018 \$	Undisbursed as at March 31, 2018 \$
<b>Brought forward</b>	2,981,975	2,184,996
<b>(f) Small grants program</b>		
Manitoba Law Library Project	28,967	28,967
University of Winnipeg Centre for Interdisciplinary Justice Studies (Kevin Walby) Accessing Justice Conference	1,600	1,600
	<u>3,012,542</u>	<u>2,215,563</u>

- \* E.K. Williams Law Library - Acquisitions and maintenance

The balance of \$42,021 which was undisbursed as at March 31, 2018 consists of the following amounts which were held back from previously allocated grants for technology replacement at E.K. Williams' request:

	\$
2013	16,200
2012	18,900
2011	6,921
	<u>42,021</u>

The accompanying notes are an integral part of these financial statements.





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