



2019-2020
ANNUAL REPORT | RAPPORT ANNUEL





LETTERS OF TRANSMITTAL

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

Dear Minister:

As Chair of the Manitoba Law Foundation, I am pleased to provide to you the thirty-fourth Annual Report of The Manitoba Law Foundation in accordance with s. 101(1) of the *Legal Profession Act* for the year ended March 31, 2020.

Financial Statements were examined by the Foundation's auditors, PricewaterhouseCoopers LLP, Chartered Accountants, as set out in their report of June 16, 2020, attached and were approved by the Foundation's Directors at a meeting of the Board held on June 16, 2020.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'G Smorang', written over a horizontal line.

Garth Smorang,
Chair of the Manitoba Law Foundation

PURPOSE

In accordance with s. 88 of the Act, the purpose of the Foundation is to encourage and promote:

- a) legal education;
- b) legal research;
- c) law reform;
- d) legal aid services; and
- e) the development and maintenance of law libraries.

To help in guiding its granting and policy decision-making, the Foundation’s board has 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 Foundation funds programs and initiatives that promote and enhance these commitments.

BOARD OF DIRECTORS

<i>Appointed by the Minister of Justice</i>	
Garth Smorang, Q.C., Chair	Dec. 2012 to Dec. 2019 - continuing
Lori Ferguson- Sain, Q.C., Vice-Chair	Sept. 2012 to Sept. 2018 – resigned June 2019
Monica Adeler	Dec. 2013 to Dec. 2016 - continuing
Terumi Kuwada	Sept. 2012 to Sept. 2018 - continuing
Janna Cumming	Sept. 2015 to Sept. 2017 - continuing

<i>Appointed by the Law Society of Manitoba</i>	
Barry Effler	Aug. 2016 to Aug. 2019
Jack Cram	Aug. 2014 to Aug. 2020
Patricia Kloepfer	Aug. 2019 to Aug. 2022
Ted Bock	Aug. 2018 to Aug. 2021 – resigned Feb. 2020 as a result of appointment to the Bench

<i>Appointed by the President of the Manitoba Branch, Canadian Bar Association</i>	
Karlee Blatz	Sept. 2015 to Aug. 2019
Kevin Antonyshyn	Sept. 2019 to Sept. 2023

<i>Dean of the Faculty of Law, University of Manitoba (ex officio)</i>	
Jonathan Black-Branch	



CHAIR MESSAGE

Fiscal 2019/2020 has been a year of change for the Manitoba Law Foundation, including a complete changeover in the Foundation's small staff, the departure and arrival of board members, and a dramatically different financial outlook from start to end of year.

After many years of drawing from its Reserve for Future Grants for discretionary granting, the Foundation had begun to replenish its Reserve adding \$1.3 million this fiscal year. With 2018 interest rate increases holding steady into 2019, and healthy actual and projected IOLTAs, the Board determined in September 2019 that it was in a position to significantly increase its discretionary granting for 2019/2020. A Special Granting Initiative (SGI) was developed as a result with a budget of up to \$1.5 million.

The Foundation's SGI Call for Applications resulted in twenty-two applications totaling just under \$6 Million in requests. The applications were eye opening, speaking to the legal needs of Manitoba's vulnerable populations and the many ways in which to improve access to justice in the province. Adjudication of the initiative was scheduled to be completed by fiscal year end, but was ultimately postponed indefinitely following interest rate decreases starting in early March 2020 due to economic uncertainty surrounding COVID-19.

The Board did however approve over \$2 Million in discretionary Operating, Project and Small Grants in 2019/20. It is the hope of the Board that it will be able to move forward with the SGI in fiscal 2020/2021, albeit with a reduced granting budget to ensure the Foundation has resources to further its mission and vision in future years.

The Board met six times this year. In April 2019, it met to determine strategic granting priorities for 2020/2021 (which were used to develop the SGI), including:

- Innovative and/or collaborative projects that further access to justice; and,
- Projects and small grants that address recently identified needs including:
 - o Legal services for rural and remote areas of Manitoba;
 - o Legal services that specifically support Indigenous issues and communities;
 - o Supporting delivery of legal support services by intermediaries and advocates; and,
 - o French language legal services and supports.

In May 2019, the board met to authorize the hiring of a new Executive Director. At its regular board meetings (held in June, September and December 2019 and March 2020), the board's activities included:

- Development of terms of reference for, and forming, an Audit and Risk Committee;
- Amendment of the Conflict of Interest Policy to provide for an annual review and sign off by board members and employees, as well as a formal mechanism to declare a conflict of interest;
- Development of the SGI; and,
- Approval and monitoring of the Foundation's operational budget.

Erin Wilcott, who was hired as the new Executive Director in June 2019, has now completed her first full year as Executive Director. Donna Frame, the Foundation's new half-time Accounting Services Manager, has similarly completed a full year with the Foundation. This is a new staff position, with the accounting services previously provided under contract.

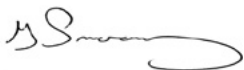
Erin and Donna have rapidly adapted to their new roles and have demonstrated both personal commitment to the objectives and mandate of the Foundation, as well as the ability to work effectively and efficiently as a team.

We welcomed two new board members in September 2019. Law Society of Manitoba appointee Patricia Kloepfer, FCPA, FCA, is Chief Compliance Officer at KAI Asset Management Inc. and she replaces Barry Effler. Canadian Bar Association (Manitoba Branch) appointee, Kevin Antonyshyn, B.Comm. (Honours), MBA, CPA, CGA, LL.B. practices independently as both a lawyer and a CPA and replaces Karlee Blatz. The financial acumen that Patricia and Kevin bring has been a most welcome addition to the Board, as well as to the newly formed Audit & Risk Committee.

Minister appointee Lori Ferguson-Sain, Q.C. who has served as Vice-Chair since September 2012, resigned in June 2019. Ted Bock, appointed by the Law Society of Manitoba in August 2018, resigned in February 2020 following his appointment to the Court of Queen’s Bench.

While the full impact of the COVID-19 pandemic to the Foundation revenues and granting capacity remains uncertain, I am confident that the commitment of the Foundation’s Board and Staff to access to justice will ensure that our granting funds are put to highest and best use to continue to advance justice for Manitobans through access, knowledge and understanding.

I would like to thank both the Foundation’s board members and staff for their hard work, engagement and commitment over the past year. I am deeply grateful to all of them for their service. In particular, I would like to express our gratitude to Lori Ferguson-Sain, outgoing Vice-Chair, as we have greatly benefitted from her intellect, insight and humour over the past seven years.



Garth Smorang
Chair of the Board

GENERAL

In 1986, the legislature established the Manitoba Law Foundation as a body corporate pursuant to the *Law Society Act*. The Foundation was continued under the provisions of the *Legal Profession Act* (the Act), enacted in 2002. In accordance with the Act, financial institutions must pay to the Foundation interest on pooled trust accounts maintained by lawyers practising in Manitoba. From that revenue, the Foundation must pay statutory grants to Legal Aid Manitoba and the Law Society of Manitoba (s. 90(1) of the Act). When there are sufficient funds after payment of administrative expenses and statutory grants, the Foundation may make discretionary grants consistent with the Foundation's purpose (s. 90(4)). Additional details about the Foundation and information about its grant application process are set out on its website at www.manitobalawfoundation.org.

COMPOSITION OF THE BOARD OF DIRECTORS

The Foundation is governed by a Board of Directors appointed under the Act. There are 10 members of the Board of Directors appointed pursuant to s. 91 of the Act. Appointments may range from 2 to 4 years and directors may be reappointed. Section 93(2) of the Act provides that directors whose terms have expired continue to serve until a successor is appointed.

BOARD OF DIRECTORS MEETINGS & GOVERNANCE

Section 98 of the Act requires that the Board meet at least four times annually. In the fiscal year ending March 31st, 2020 the Board met six times in Winnipeg, including two special meetings in April 2019 (to set strategic granting priorities) and May 2019 (to consider and approve the Board's ad hoc Executive Director Recruitment

Committee's hiring recommendation), and at its regularly scheduled meetings in June, September, and December 2019 and in March 2020.

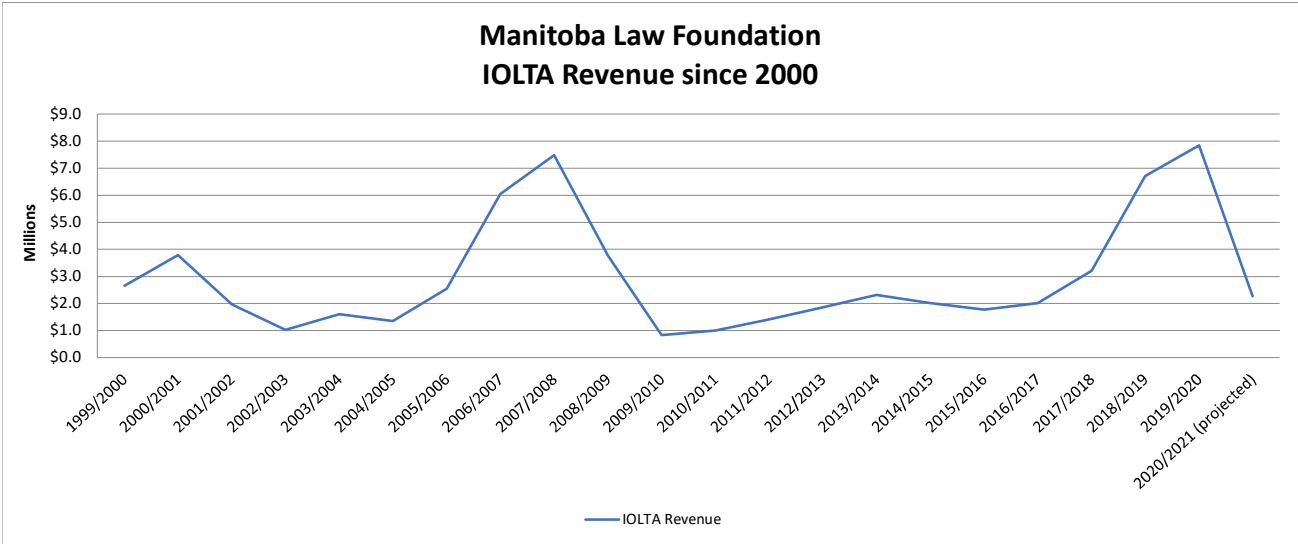
At its September Meeting, the Board approved terms of reference for, and formed, an Audit & Risk Committee to assist the Board in fulfilling its oversight and monitoring responsibilities with regard to financial reporting, the external audit process, risk management and compliance. Additionally, the Board approved changes to its Conflict of Interest Policy to provide for an annual review and sign off of the policy by board members and employees, as well as a form to be used to declare and record a conflict of interest.

IOLTA REVENUE

The Foundation receives the majority of its revenues from interest on lawyers' pooled trust accounts (IOLTA). Revenues received by the Foundation are based on interest rate agreements entered into with financial institutions in Manitoba holding lawyers' trust accounts. These agreements are typically tied to the prime rate and therefore IOLTA revenues are extremely sensitive to changes in the prime rate and external economic factors making them highly volatile.

In this fiscal year, the Foundation saw a 16.9% increase in IOLTA revenues to \$7.8 million from just over \$6.7 million in the previous fiscal year. The increase was largely due to the full-year impact of rate increases in 2018 that were in effect until March 2020. While the interest rate decreases implemented in March 2020 in response to the economic effects of COVID-19 had a small impact on revenues for 2019/20, they have resulted in a significant decrease in projected revenues for the 2020/21 fiscal year. The Foundation reached a settlement in 2019 with a financial institution for unremitted interest in prior years. This also contributed to the year over year increase.

The chart below illustrates the volatility of the Foundation’s revenues over the past 20 years:



INVESTMENTS

In fiscal year 2000/01, the Foundation entered into a formal relationship with The Winnipeg Foundation for the management of the long-term investments of the Foundation and this relationship continues to date. As a participant in the Consolidated Trust Fund of The Winnipeg Foundation through the Manitoba Law Foundation Managed Fund, the Foundation receives an annual cash disbursement 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 for Future Grants and amounts not required for the short-term cash flow needs of the Foundation are held in the Fund. The Foundation’s Investment Policy permits short-term investments may be maintained by the Foundation for its more immediate cash flow needs.

For the 2019/20 fiscal year the Foundation recorded a net loss on investments of \$441,654 compared to net income of \$206,408 in the previous fiscal year. The current year loss is attributable to unrealized losses as a result of the economic instability experienced due to the COVID-19 pandemic. Investment income consists of realized and unrealized gains and losses and interest and dividends net of administrative and investment fees.

In fiscal year 2019/20 the Foundation changed the manner in which it recognizes investment income and the fair value of the Managed Fund held with the Winnipeg Foundation as the previous treatment resulted in an understatement of the Foundation’s cash assets. Please see notes 4 & 8 in the attached audited Financial Statements for more detail.

FINANCIAL HIGHLIGHTS

	2019/20	2018/19	Change
<i>IOLTA</i>	\$7,845,915	\$6,713,335	+16.9 %
<i>Total Grants Allocated</i>	\$7,382,500	\$5,713,226	+29.2 %
<i>Expenses</i>	\$265,558	\$242,101	+9.7 %

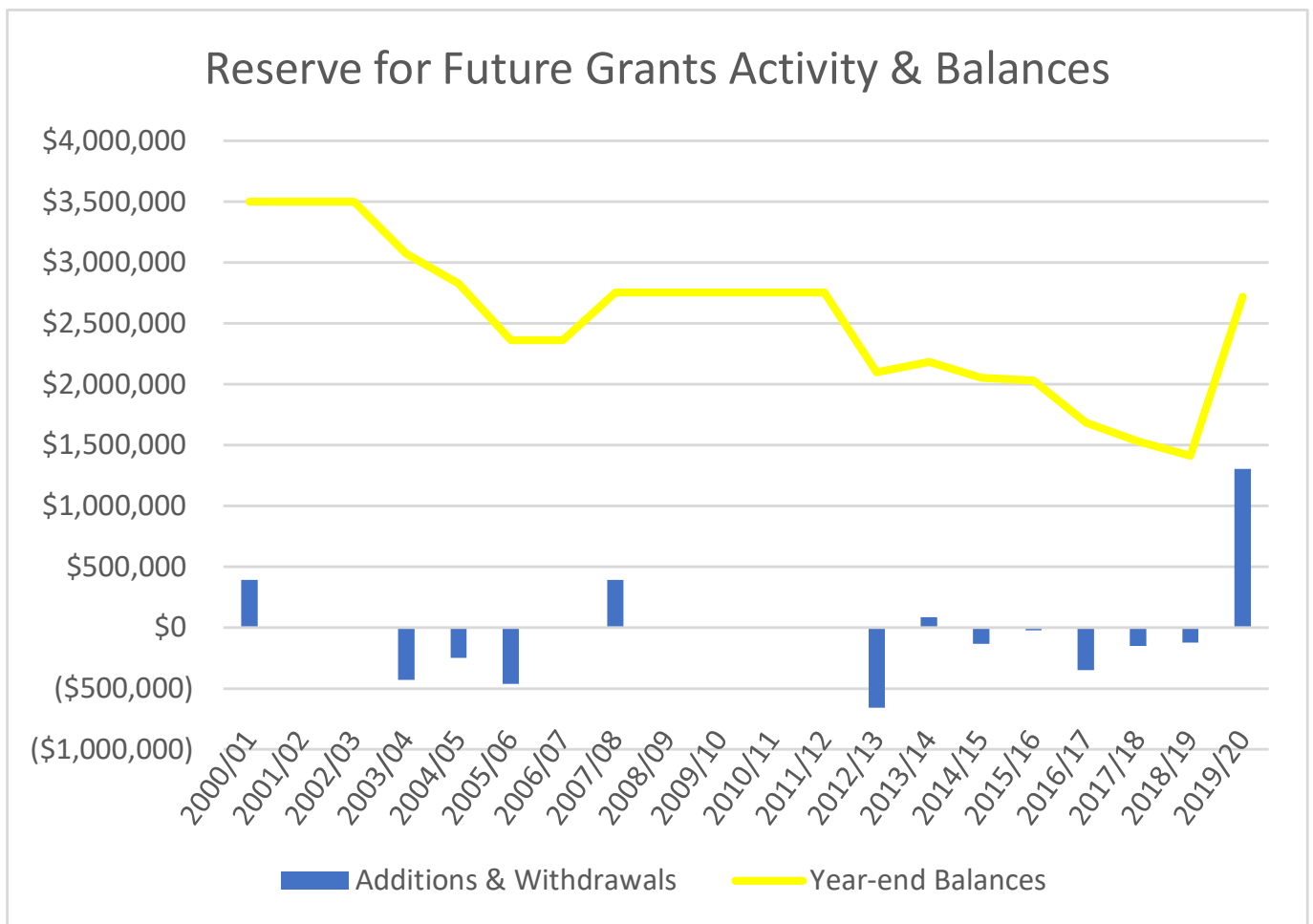
FOUNDATION OPERATIONS

The Foundation continues to control operating expenses with 2019/20 expenses totaling \$266 thousand compared to \$242 thousand in the previous year. The year over year increase is largely due to staffing changes implemented during the year. During the fiscal year the Foundation hired a new Executive Director, Erin Wilcott, upon the resignation of the previous Executive Director. In addition, the Foundation hired a half-time Accounting Services Manager, Donna Frame, upon the retirement of their previous contracted service provider.

The Foundation continues to maintain office space at 701-177 Lombard Avenue.

RESERVE FOR FUTURE GRANTS

The Foundation maintains a Reserve for Future Grants to provide stability for discretionary granting during periods of revenue reductions. The Foundations Reserve Policy requires the reserve be maintained at a minimum of one-year to a maximum of three-years rolling average discretionary grants. As at year end the reserve was sitting at 62% of the maximum. During the fiscal year the amount of \$1.3 million was added to the reserve.



GRANTS

I. Allocations under of s. 90(1) of the Act (Statutory Grants)

The Act requires that the Foundation provide statutory grants to Legal Aid Manitoba and the Law Society of Manitoba equivalent to 50% and 16.67%, respectively, of IOLTA received in the fiscal year. In the event IOLTA revenues are insufficient to distribute the minimums required by the Act (\$1,007,629 and \$335,383 respectively) IOLTA will be distributed proportionately after allowing for the operating expenses of the Foundation.

Accordingly, the following grants were paid and accrued in the 2019/20 fiscal year:

Legal Aid Manitoba
 Disbursed \$3,356,668
 Accrued \$3,922,957

The Law Society of Manitoba
 Disbursed \$1,119,113
 Accrued \$1,307,914

II. Discretionary Grants under 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. The Foundation approved \$2,151,629 in discretionary Operating, Project and Small Grants in 2019/20. This includes twelve discretionary operating grants totaling \$987,600 that were approved and allocated for 2019/2020, which were also approved and allocated for the same amounts for the 2020/21 fiscal year. Details of discretionary granting are listed below, in accordance with the objects provided in s. 88 of the Act.

a. Legal Education

<i>Community Legal Education Association</i>	
General operating grant 2019/20	\$57,500
General operating grant 2020/21	\$57,500

<i>Faculty of Law, University of Manitoba</i>	
General operating grant 2019/20	\$109,000
General operating grant 2020/21	\$109,000
Kawaskimhon Moot Court	\$20,000
Pro Bono Students Canada (Manitoba)	
General operating grant 2019/20	\$16,100
General operating grant 2020/21	\$16,100

<i>Indigenous Law Centre, University of Saskatchewan</i>	
General operating grant 2019/20	\$13,800
General operating grant 2020/21	\$13,800

<i>Manitoba Association for Rights & Liberties</i>	
Human Rights Education Workshops	\$48,254

<i>Public Interest Law Centre</i>	
Access to Environmental Justice	\$20,000

<i>Association de juristes d’expression française du Manitoba</i>	
Workshop on New Developments in Language Rights	\$10,050

b. Legal Research

<i>Legal Research Institute – University of Manitoba</i>	
General operating grant 2019/20	\$92,000
General operating grant 2020/21	\$92,000

<i>Ending Violence Across Manitoba Inc.</i>	
Review of the Lavoie Inquiry	\$19,626
<i>University of Manitoba - Dr. Michael Weinrath</i>	
Winnipeg Police Diversion Project – Supplementary	\$3,000

c. Legal Aid Services

<i>Legal Aid Manitoba</i>	
Public Interest Law Centre 2019/20	\$207,000
Public Interest Law Centre 2020/21	\$207,000
University of Manitoba, Law Clinic 2019/20	\$98,900
University of Manitoba, Law Clinic 2020/21	\$98,900

<i>Community Legal Education Association</i>	
Law Phone-in, Lawyer Referral 2019/20	\$69,000
Law Phone-in, Lawyer Referral 2020/21	\$69,000

<i>Community Unemployed Help Centre</i>	
General operating grant 2019/20	\$23,000
General operating grant 2020/21	\$23,000

<i>Legal Help Centre of Winnipeg Inc.</i>	
General operating grant 2019/20	\$92,000
General operating grant 2020/21	\$92,000

<i>Manitoba Interfaith Immigration Council</i>	
Printing of Refugee Guide	\$1,693

<i>Kinbrace & Manitoba Interfaith Immigration Council</i>	
Manitoba Accessing Refugee Protection Program	\$17,778

d. Law Reform

<i>Manitoba Law Reform Commission</i>	
General operating grant 2019/20	\$115,000
General operating grant 2020/21	\$115,000

e. Development & Maintenance of Law Libraries

<i>E. K. Williams Law Library</i>	
Acquisitions & Maintenance 2019/20	\$94,300
Acquisitions & Maintenance 2020/21	\$94,300

<i>Canadian Legal Information Institute</i>	
Adding Manitoba annual and revised statutes, 1987 to present	\$38,028



LETTRES D'ENVOI

L'Honorable ministre de la Justice et procureur général
Ministère de la Justice
Palais Législatif
Winnipeg, Manitoba

Monsieur le Ministre,

En tant que président de la Fondation Manitoabaine du droit, J'ai l'honneur de vous présenter, conformément au paragraphe 101(1) de la Loi sur la profession d'avocat (la « Loi »), le trente-quatrième rapport annuel de la Fondation Manitoabaine du droit pour l'exercice se terminant le 31 mars 2020.

Les états financiers ont été examinés par les vérificateurs de la Fondation, PricewaterhouseCoopers LLP, comptables agréés, dont le rapport du 16 juin 2020 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 16 juin 2020.

Respectueusement vôtre,

A handwritten signature in black ink, appearing to read "G. Smorang".

Garth Smorang,
Président de la Fondation Manitoabaine du droit

OBJECTIFS

En accord avec l'article 88 de la Loi, l'objectif de la Fondation est d'encourager et de promouvoir:

- a) l'éducation juridique;
- b) la recherche juridique;
- c) la réforme du droit;
- d) les services d'aide juridique; et
- e) 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 Fondation finance des programmes et des initiatives qui favorisent et renforcent ces engagements.

CONSEIL D'ADMINISTRATION

Nommé par le ministre de la Justice	
Garth Smorang, Q.C., Chair	Déc. 2012 à déc. 2019 – reconduit
Lori Ferguson- Sain, Q.C., Vice-Chair	Sept. 2012 à sept. 2018 – démission en juin 2019
Monica Adeler	Déc. 2013 à déc. 2016 - reconduite
Terumi Kuwada	Sept. 2012 à sept. 2018 - reconduite
Janna Cumming	Sept. 2015 à sept. 2017 - reconduite

Nommé par le président de la division du Manitoba, Association du Barreau canadien	
Karlee Blatz	Sept. 2019 à sept. 2023
Kevin Antonyshyn	Sept. 2019 à sept. 2023

Doyen de la faculté de Droit, Université du Manitoba (d'office)	
Jonathan Black- Branch	

Nommé par l'Association du Barreau du Manitoba	
Barry Effler	Août 2016 à août 2019
Jack Cram	Août 2014 à août 2020
Patricia Kloepfer	Août 2019 à août 2022
Ted Bock	Août 2018 à août 2021 – a démissionné en février 2020 pour nomination à la magistrature

MOT DU PRÉSIDENT

L'année financière 2019/2020 en a été une de changements pour la Fondation Manitoabaine du droit, incluant un changement complet de sa petite équipe, le départ et l'arrivée de membres du conseil d'administration, et une réalité financière drastiquement différente en début et fin d'année.

Après plusieurs années à puiser dans sa réserve discrétionnaire, la Fondation a bonifié sa réserve en y ajoutant 1.3 million \$ pour l'année fiscale en cours. Avec des taux d'intérêts stables de 2018 à 2019, et de bons revenus pour l'ICFA, la Fondation a déterminé, en septembre 2019, qu'elle était en mesure d'augmenter leurs montants de subventions discrétionnaires de manière significative pour 2019/2020. Un programme spécial pour l'attribution de subventions (PSS) a donc été développé, avec un budget de 1.5 million \$.

L'appel de candidatures PSS de la Fondation a résulté en 22 demandes pour un total de presque 6 millions \$ en demandes de subventions. Les demandes étaient révélatrices, soulignant les besoins des populations les plus vulnérables du Manitoba et toutes les manières d'améliorer l'accès à la justice dans la province. Le processus de sélection devant se terminer à la fin de l'année financière a été reportée indéfiniment en raison de l'augmentation des taux d'intérêts au début du mois de mars 2020 due à l'incertitude entourant la situation de la COVID-19.


Le conseil a toutefois approuvé pour plus de 2 millions \$ en subventions discrétionnaires pour fonctionnement général, projets et petites subventions en 2019/20. Le conseil souhaite pouvoir reprendre le processus de subventions PSS au cours de l'année financière 2020/2021, avec un budget revu à la baisse afin d'assurer que la Fondation dispose des ressources nécessaires pour poursuivre sa mission et sa vision au cours des années à venir.

Le conseil s'est réuni six fois au cours de l'année. En avril 2019, il s'est réuni pour fixer la stratégie de subventions prioritaires pour 2020/2021 (dont on s'est servi pour développer le PSS), incluant :

- Des projets novateurs et/ou collaboratifs facilitant l'accès à la justice;
- Des projets et petites subventions visant les besoins récemment ciblés incluant:
 - o des services juridiques pour les régions rurales et éloignées au Manitoba;
 - o des services juridiques spécifiques aux enjeux et communautés autochtones;
 - o soutien aux services de soutien juridique via des intermédiaires et représentants; et,
 - o des services juridiques et du soutien en français.

Le conseil s'est réuni en mai 2019 pour autoriser l'engagement d'un nouveau directeur exécutif. Lors des rencontres régulières (en juin, septembre et décembre 2019 ainsi qu'en mars 2020) les activités du conseil incluent :

- développement de termes de référence pour, et créant, un comité de vérification et de gestion du risque;
- amendement de la politique de conflit d'intérêt à fournir pour vérification annuelle et approbation des membres du conseil et des employés, ainsi qu'une procédure officielle de déclaration de conflit d'intérêt;
- développement du PSS; et,
- approbation et suivi du budget d'opérations de la Fondation.



Erin Wilcott, engagée en tant que nouvelle Directrice Exécutive en juin 2019, a maintenant complété sa première année à ce poste. Donna Frame, la nouvelle Directrice des services comptables à mi-temps, a également complété une année complète avec la Fondation. Il s'agit d'un nouveau poste au sein de l'équipe, les services comptables étant antérieurement donnés à contrat.

Erin et Donna se sont rapidement adaptées à leurs nouvelles fonctions en démontrant à la fois leur engagement personnel envers les objectifs et la mission de la Fondation, ainsi que leur capacité à travailler de manière efficace et efficiente en équipe.

Nous avons accueilli deux nouveaux membres du conseil en septembre 2019. Nommée par la Law Society of Manitoba, Patricia Kloepfer, FCPA, FCA, est l'agent principal en charge de la conformité chez KAI Asset Management Inc. Elle remplace Barry Effler. Nommé par l'Association du Barreau canadien (section Manitoba), Kevin Antonyshyn, B.Comm. (Honours), MBA, CPA, CGA, LL.B. pratique de manière indépendante en tant que juriste et expert-comptable agréé (CPA) et remplace Karlee Blatz. Les compétences financières de Patricia et Kevin sont un atout très apprécié par le conseil, ainsi que pour le nouveau comité de vérification et d'évaluation du risque.

Nommée par le ministre, Lori Ferguson-Sain, Q.C. qui a servi en tant que vice-présidente depuis septembre 2012, a remis sa démission en juin 2019. Ted Bock, nommé par l'Association du barreau du Manitoba en août 2018, a remis sa démission en février 2020 à la suite de sa nomination à Cour du Banc de la Reine.

Bien que le plein effet de la COVID-19 sur les revenus de la Fondation demeure incertain, je sais que le dévouement du conseil et du personnel de la Fondation envers l'accès à la justice assurera que nos fonds de subvention servent le mieux possible pour faire avancer la justice pour les Manitobains par l'accès, les connaissances et la compréhension.

J'aimerais remercier les membres du conseil d'administration et employés de la Fondation pour leur travail, leur engagement et leur dévouement au cours de la dernière année. Je suis très reconnaissant envers eux pour leur service. J'aimerais remercier tout particulièrement Lori Ferguson-Sain, Vice-Présidente sortante, puisque nous avons largement bénéficié de son intellect, de sa vision et de son humour au cours des sept dernières années.



Garth Smorang,
Président de la Fondation Manitobaine du droit

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. La Fondation doit payer certaines subventions à même ces revenus en vertu des dispositions de l'article 90(1) de la Loi. De plus, lorsqu'il reste suffisamment de fonds après avoir réglé les frais d'administration et les subventions statutaires, la Fondation pourra offrir des subventions discrétionnaires 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.

COMPOSITION DU CONSEIL D'ADMINISTRATION

Les affaires de la Fondation sont gérées par un conseil d'administration nommé en vertu de la Loi. Conformément aux dispositions du paragraphe 91 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 en vertu des dispositions de l'article 93(2) de la Loi.

RÉUNIONS DU CONSEIL D'ADMINISTRATION & GOUVERNANCE

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 2020, le conseil s'est réuni six fois à Winnipeg, comprenant deux rencontres spéciales en avril 2019 (afin de déterminer les priorités spéciales

en matière de subventions) et en mai 2019 (pour étudier et approuver la recommandation de nomination d'un directeur exécutif du comité de recrutement ad hoc), en plus de ses rencontres régulières en juin, septembre, décembre 2019 et en mars 2020.

Lors de la réunion de septembre, le conseil a approuvé les termes de référence pour, et formé un comité de vérification et de gestion du risque pour assister le conseil dans ses fonctions de surveillance et de contrôle en ce qui concerne la production d'états financiers, du processus de vérification externe, de gestion du risque et de conformité. De plus, le conseil a approuvé des amendements à sa politique de conflit d'intérêt pour inclure une révision annuelle et approbation des membres du conseil et employés sur la politique, ainsi que l'ajout d'un formulaire à remplir pour déclarer et documenter tout conflit d'intérêt.

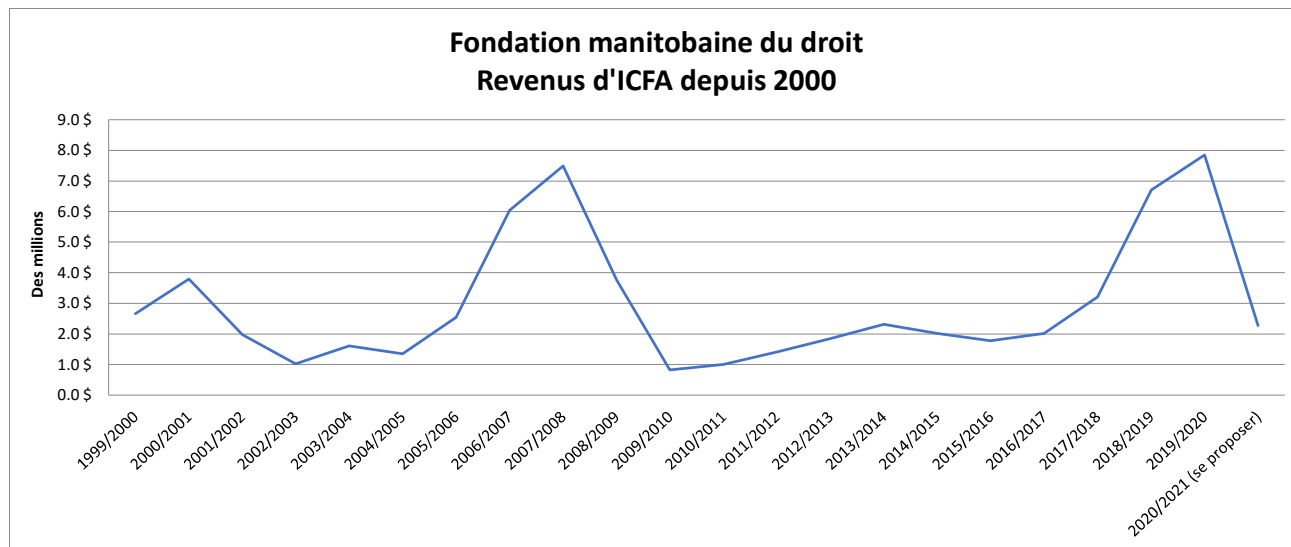
REVENUS ICFA

Les revenus de la Fondation proviennent, en grande partie, des intérêts sur les comptes en fiducie communs des avocats (ICFA). 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 de 16.9 % des revenus d'ICFA de 7.8 millions \$ pour un peu plus de 6.7 millions \$ pour l'année précédente. Cette augmentation est survenue due à l'effet d'une année entière d'augmentations du taux préférentiel en 2018 toujours en vigueur en mars 2020, ainsi que des améliorations dans nos

ententes conclues avec les institutions financières. Bien que les baisses de taux d'intérêt encourues en mars 2020 en réponse aux impacts financiers de la COVID-19 ont eu un faible effet sur les revenus de 2019/20, elles ont fait baisser les revenus projetés pour l'exercice financier 2020/21 de manière significative. La Fondation a conclu une entente en 2019 avec une institution financière pour non-versement d'intérêts au cours des années précédentes. Ceci a également contribué à la hausse d'une année à l'autre.

Le tableau ci-dessous démontre la volatilité des revenus de la Fondation au cours des 20 dernières années :



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 qui est encore en vigueur à ce jour. 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 les fonds. La politique de placement de la Fondation permet que des placements à court terme soient maintenus pour les besoins plus immédiats de trésorerie.

La Fondation a enregistré une perte nette de 441 654\$ sur ses placements, comparée à une perte nette de 206 408\$ pour l'année précédente. La perte de l'année en cours est due à des pertes non-réalisées résultant de l'instabilité financière attribuable à la pandémie de la COVID-19. Les revenus de placements sont constitués de gains et pertes réalisés et non-réalisés et dividendes nets de frais administratifs et de placement.

Au cours de l'exercice financier 2019/20, la Fondation a modifié son processus par lequel elle reconnaît les revenus de placements et la juste valeur du fonds géré avec la Winnipeg Foundation puisque le fonctionnement antérieur a eu comme résultat une sous-évaluation des liquidités de la Fondation. Pour plus de détails, voyez les notes 4 et 8 des états financiers vérifiés.

POINTS SAILLANTS FINANCIERS

	2019/20	2018/19	Change
ICFA	7 845 915\$	6 713 335\$	+16.9 %
Total des subventions attribuées	7 382 500\$	5 713 226\$	+29.2 %
Dépenses d'exploitation	265 558\$	242 101\$	+9.7 %

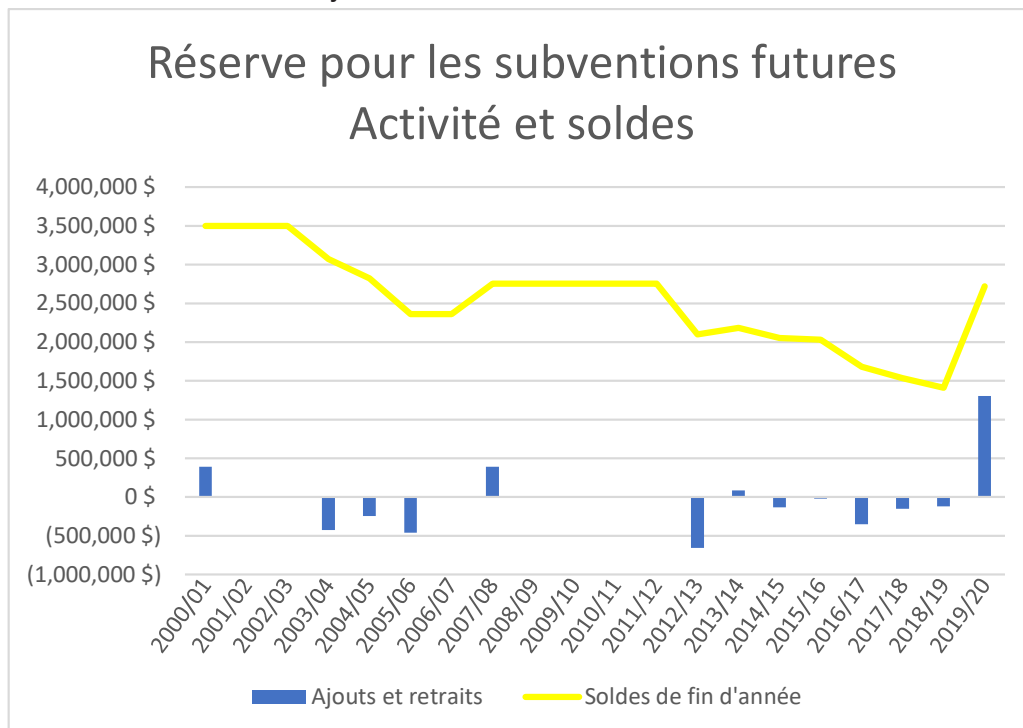
EXPLOITATION DE LA FONDATION

La Fondation vise à maintenir une exploitation rationalisée, ses dépenses d'exploitation de 2019/20 se chiffrant à 266 000\$ au total, comparé à 242 000\$ pour l'année précédente. L'augmentation d'une année à l'autre est largement due aux changements dans l'équipe qui ont eu lieu en cours d'année. Pendant cette dernière année, la Fondation a engagé une nouvelle directrice exécutive, Erin Wilcott, à la suite de la démission du directeur en poste. La Fondation a aussi engagé une gestionnaire de services comptables à mi-temps, Donna Frame, à la suite de la démission du sous-traitant avec qui elle faisait affaires.

La Fondation continue d'exercer ses opérations au 177, avenue Lombard, bureau 701.

RÉSERVE POUR SUBVENTIONS FUTURES

La Fondation maintient une réserve pour les subventions discrétionnaires futures pendant les périodes de baisse de revenu. La politique de la Fondation concernant la réserve indique que son niveau devrait être maintenu pour une période minimale d'un an jusqu'à une période maximale de trois ans, évalué selon un cycle de trois ans. À la fin de l'année, la réserve était à 62 % du maximum. Un montant de 1.3 million \$ a été ajouté à la réserve au cours de l'année financière.



SUBVENTIONS

I. Allocations versées en vertu des dispositions de l'article 90(1) 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 2019/20 :

La Société d'aide juridique du Manitoba
Versé 3 356 668\$
Accumulé 3 922 957\$

La Société du Barreau du Manitoba
Versé 1 119 113\$
Accumulé 1 307 914\$

II. 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. La Fondation a approuvé la somme de 2 151 629\$ en subventions discrétionnaires de base ainsi qu'en subventions de projet pour 2019/20.

Ceci inclut douze (12) subventions discrétionnaires de base pour un total de 987 600\$ octroyés pour 2019/2020, qui ont aussi été approuvées et attribuées pour les mêmes montants pour l'année financière 2020/21. Le détail des subventions discrétionnaires accordées est inscrit ci-dessous, conformément à l'objet stipulé à l'article 88 de la Loi.

a. Éducation juridique

<i>Association d'éducation juridique communautaire</i>	
Fonctionnement général 2019/20	57,500\$
Fonctionnement général 2020/21	57,500\$

<i>École de droit, University of Manitoba</i>	
Fonctionnement général 2019/20	109,000\$
Fonctionnement général 2020/21	109,000\$
Tribunal-école Kawaskimhon	20,000\$
Réseau national des étudiants pro bono (Manitoba)	
Fonctionnement général 2019/20	16,100\$
Fonctionnement général 2020/21	16,100\$

<i>Centre de loi autochtone, University of Saskatchewan</i>	
Fonctionnement général 2019/20	13,800\$
Fonctionnement général 2020/21	13,800\$

<i>Association des droits et libertés du Manitoba</i>	
Ateliers d'éducation sur les droits de l'homme	48,254\$

<i>Centre juridique d'intérêt public</i>	
Accès à la justice environnementale	20,000\$

<i>Association de juristes d'expression française du Manitoba</i>	
Atelier sur les nouveaux développements en termes de droits linguistiques	10,050\$

b. Recherche juridique

<i>Legal Research Institute – University of Manitoba</i>	
Fonctionnement général 2019/20	92,000\$
Fonctionnement général 2020/21	92,000\$

<i>Ending Violence Across Manitoba Inc.</i>	
Examen de l'Enquête Lavoie	19,626\$
<i>University of Manitoba - Dr. Michael Weinrath</i>	
Winnipeg Police Diversion Project – Supplémentaire	3,000\$

c. Services d'aide juridique

<i>Legal Aid Manitoba</i>	
Centre juridique d'intérêt public 2019/20	207,000\$
Centre juridique d'intérêt public 2020/21	207,000\$
University of Manitoba, Clinique juridique 2019/20	98,900\$
University of Manitoba, Clinique juridique 2020/21	98,900\$

<i>Association d'éducation juridique communautaire</i>	
Ligne juridique, Service de renvoi à un avocat 2019/20	69,000\$
Ligne juridique, Service de renvoi à un avocat 2020/21	69,000\$

<i>Centre communautaire d'aide aux personnes sans emploi</i>	
Fonctionnement général 2019/20	23,000\$
Fonctionnement général 2020/21	23,000\$

<i>Legal Help Centre of Winnipeg Inc.</i>	
Fonctionnement général 2019/20	92,000\$
Fonctionnement général 2020/21	92,000\$

<i>Manitoba Interfaith Immigration Council</i>	
Impression d'un guide pour les réfugiés	1,693\$

<i>Kinbrace & Manitoba Interfaith Immigration Council</i>	
Manitoba Accessing Refugee Protection Program	17,778\$

d. Réforme du droit

<i>Commission de la réforme du droit du Manitoba</i>	
Fonctionnement général 2019/20	115,000\$
Fonctionnement général 2020/21	115,000\$

e. Développement et maintien des bibliothèques de droit

<i>E. K. Williams Law Library</i>	
Acquisitions et entretien 2019/20	94,300\$
Acquisitions et entretien 2020/21	94,300\$

<i>Institut canadien d'information juridique</i>	
Ajout des décisions annuelles et révisées, 1987 à jour	38,028\$

The Manitoba Law Foundation

Financial Statements
March 31, 2020



Independent auditor's report

To the Board of Directors of The Manitoba Law Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Manitoba Law Foundation (the Foundation) as at March 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting as described in note 2 to the financial statements.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at March 31, 2020;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting

We draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Foundation to comply with the financial reporting provisions of The Legal Profession Act. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020

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



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 the basis of accounting as described in note 2 to the financial statements, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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 Foundation'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 Foundation'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 Foundation 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 16, 2020

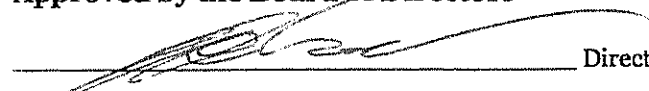
The Manitoba Law Foundation

Statement of Financial Position

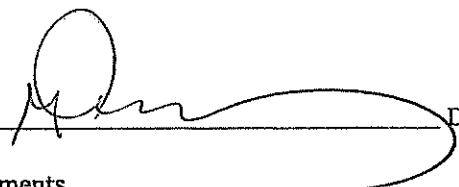
As at March 31, 2020

	2020 \$	2019 \$ (Restated note 4)
Assets		
Cash	3,054,986	2,256,885
Investments (note 5)	8,345,910	7,561,974
Capital assets (note 6)	2,214	3,304
	<u>11,403,110</u>	<u>9,822,163</u>
Liabilities		
Accounts payable and accrued liabilities	4,723	-
Grants allocated and undisbursed (schedule)	6,577,555	4,841,309
	<u>6,582,278</u>	<u>4,841,309</u>
Net Assets		
Unrestricted	2,100,569	3,566,384
Invested in capital assets	2,214	3,304
Internally restricted (note 7) Reserve for Future Grants	2,718,049	1,411,166
	<u>4,820,832</u>	<u>4,980,854</u>
	<u>11,403,110</u>	<u>9,822,163</u>

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, 2020

	2020 \$	2019 \$ (Restated note 4)
Revenue		
Interest received on lawyers' trust accounts	7,845,915	6,713,335
Investment (loss) income (note 8)	(441,654)	206,408
Interest income	83,775	66,393
	<hr/>	<hr/>
	7,488,036	6,986,136
Administrative expenses		
Audit and legal	9,375	22,444
Board fees	16,449	12,100
Courier	184	305
Insurance	902	1,608
Meeting expenses	9,482	11,414
Memberships and dues	3,872	3,868
Miscellaneous expense	3,564	7,467
Office, postage and telephone	23,587	19,307
Personnel	160,064	132,504
Rent	25,366	24,524
Travel	10,675	4,825
	<hr/>	<hr/>
	263,520	240,366
Excess of revenue over expenses for the year	7,224,516	6,745,770
Grants allocated during the year (schedule)	<hr/>	<hr/>
	(7,382,500)	(5,713,226)
	<hr/>	<hr/>
	(157,984)	1,032,544
Amortization expense	<hr/>	<hr/>
	(2,038)	(1,735)
Excess (deficiency) of revenue over expenses after allocation of grants	<hr/>	<hr/>
	(160,022)	1,030,809

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, 2020

	2020			
	Unrestricted \$	Invested in capital assets \$	Internally restricted – Reserve for Future Grants (note 7) \$	Total \$
Balance – Beginning of year	3,566,384	3,304	1,411,166	4,980,854
Excess (deficiency) of revenue over expenses after allocation of grants	(160,022)	-	-	(160,022)
Purchase of capital assets	(948)	948	-	-
Amortization of capital assets	2,038	(2,038)	-	-
Interfund transfer (note 7)	(1,306,883)	-	1,306,883	-
Balance – End of year	<u>2,100,569</u>	<u>2,214</u>	<u>2,718,049</u>	<u>4,820,832</u>
	2019			
	Unrestricted \$	Invested in capital assets \$	Internally restricted – Reserve for Future Grants (note 7) \$	Total \$
Balance – Beginning of year (as previously reported)	2,300,068	1,330	1,531,920	3,833,318
Prior period adjustment (note 4)	116,727	-	-	116,727
Restated balance – Beginning of year	2,416,795	1,330	1,531,920	3,950,045
Excess (deficiency) of revenue over expenses after allocation of grants (restated – note 4)	1,416,588	-	(385,779)	1,030,809
Purchase of capital assets	(3,709)	3,709	-	-
Amortization of capital assets	1,735	(1,735)	-	-
Interfund transfer (note 7)	(265,025)	-	265,025	-
Restated balance – End of year (note 4)	<u>3,566,384</u>	<u>3,304</u>	<u>1,411,166</u>	<u>4,980,854</u>

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, 2020

	2020 \$	2019 \$ (Restated – note 4)
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses after allocation of grants	(160,022)	1,030,809
Items not affecting cash		
Amortization	2,038	1,735
Investment income	441,654	(246,136)
	<hr/>	<hr/>
	283,670	786,408
Changes in non-cash working capital items	1,740,969	2,664,246
	<hr/>	<hr/>
	2,024,639	3,450,654
Investing activities		
Purchase of investments	(1,500,000)	(3,000,000)
Disposal of investments	274,410	233,455
Purchase of capital assets	(948)	(3,709)
	<hr/>	<hr/>
	(1,226,538)	(2,770,254)
Increase in cash during the year	798,101	680,400
Cash – Beginning of year	2,256,885	1,576,485
	<hr/>	<hr/>
Cash – End of year	3,054,986	2,256,885
	<hr/>	<hr/>

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

The Manitoba Law Foundation

Notes to Financial Statements

March 31, 2020

1 Nature of the Foundation

The Manitoba Law Foundation (the Foundation) was established by the Act of the Legislative Assembly of Manitoba (the Act) 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 Legal Aid Manitoba 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

Investments consist 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.

The Manitoba Law Foundation

Notes to Financial Statements

March 31, 2020

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
--------------------------------	---------

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 Legal Aid 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.

The Manitoba Law Foundation

Notes to Financial Statements

March 31, 2020

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 Prior period restatement

The Foundation has determined the cash account held with the Winnipeg Foundation was excluded from the Foundation's cash balance in prior periods. As a result, the opening Unrestricted net assets as at April 1, 2018 has been restated to reflect the cash balance at that time of \$116,727. In addition, the Foundation has determined that Accrued interest receivable in the amount of \$38,909 from the Winnipeg Foundation was incorrectly accrued in fiscal 2019. The statement of cash flows has been adjusted accordingly as a result of these changes, and in addition the disposal of investments of \$233,455 have been reflected as an investing activity, with an offset recorded to investment income.

	2019 \$ (As previously reported)	Adjustment \$	2019 \$ (Restated)
Cash	2,140,158	116,727	2,256,885
Accrued interest receivable	38,909	(38,909)	-
Unrestricted net assets – beginning of year	2,300,068	116,727	2,416,795
Investment (loss) income	245,317	(38,909)	206,408
Excess of revenue over expenses for the year	6,784,679	(38,909)	6,745,770

5 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 7).

6 Capital assets

	2020		2019	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware and software	6,428	(4,215)	2,214	3,304

The Manitoba Law Foundation

Notes to Financial Statements

March 31, 2020

7 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 5.

8 Investment income

The following reflects the various transactions within investments held at the Winnipeg Foundation.

	2020 \$	2019 \$
Realized gains (losses)	133,448	110,752
Unrealized gains (losses)	(880,851)	23,323
Interest and dividends	385,008	151,849
Administration and investment fees	(79,259)	(39,788)
	<u>(441,654)</u>	<u>246,136</u>

9 Related party transactions

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

	2020 \$	2019 \$
Discretionary grants payable to entities related to Board members (included in grants allocated and undisbursed)	321,400	-
Discretionary grants allocated during the year to entities related to Board members	642,800	518,400

The Manitoba Law Foundation

Notes to Financial Statements

March 31, 2020

The discretionary grants allocated as at March 31, 2020 referred to above were made to the following entities:

	2020	2019
	\$	\$
Faculty of Law, University of Manitoba	218,000	109,000
Legal Research Institute	184,000	92,000
E.K. Williams Law Library	188,600	94,300
Pro Bono Students Canada (Manitoba)	32,200	16,100
Faculty of Law, University of Manitoba – Kawaskimhon Moot Court	20,000	-
Public Interest Law Centre*	-	207,000
	<hr/>	<hr/>
	642,800	518,400

*The Public Interest Law Centre received discretionary grants in 2020 but is not a related party.

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.

During March 2020 and subsequently, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The Foundation anticipates that these events may impact its investment income in the future.

The Manitoba Law Foundation

Notes to Financial Statements

March 31, 2020

At March 31, 2020, the Foundation recognized an unrealized loss on its investments of \$880,851 due to the related decline of investments. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Foundation for future periods.

11 Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

The Manitoba Law Foundation
Schedule of Grants Allocated and Undisbursed
For the year ended March 31, 2020

	Allocated during fiscal 2020 \$	Undisbursed as at March 31, 2020 \$
Per subsection 90(1) The Legal Profession Act		
Legal Aid Services Society of Manitoba	3,922,957	3,922,957
Law Society of Manitoba	1,307,914	1,307,914
	5,230,871	5,230,871
Per subsection 90(4) The Legal Profession Act (discretionary)		
(a) Legal education		
Community Legal Education Association		
General Operating 2019/2020	57,500	-
General Operating 2020/2021	57,500	57,500
Faculty of Law, University of Manitoba		
General Funding Grant 2019/2020	109,000	-
General Funding Grant 2020/2021	109,000	109,000
Pro-Bono Students Canada (Manitoba) 2019/2020	16,100	-
Pro-Bono Students Canada (Manitoba) 2020/2021	16,100	16,100
Kawaskimhon Moot Court	20,000	10,000
Indigenous Law Centre, University of Saskatchewan		
General Operating 2019/2020	13,800	-
General Operating 2020/2021	13,800	13,800
Manitoba Association for Rights and Liberties		
Human Rights Education Workshops	48,254	48,254
Public Interest Law Centre		
Access to Environmental Justice	20,000	20,000
Association de juristes d'expression française du Manitoba		
Workshop on New Developments in Language Rights	10,050	10,050
(b) Legal research		
Legal Research Institute – University of Manitoba		
General Operating 2019/2020	92,000	-
General Operating 2020/2021	92,000	92,000
Ending Violence Across Manitoba Inc.		
Review of the Lavoie Inquiry	19,626	9,626
University of Winnipeg – Dr. Michael Weinrath		
Winnipeg Police Diversion Project – Supplementary	3,000	3,000
Carried Forward	5,928,601	5,620,201

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, 2020

Brought forward	5,928,601	5,620,201
(c) Legal aid services		
Legal Aid of Manitoba		
Public Interest Law Centre 2019/2020	207,000	-
Public Interest Law Centre 2020/2021	207,000	207,000
University of Manitoba Law Clinic 2019/2020	98,900	-
University of Manitoba Law Clinic 2020/2021	98,900	98,900
Community Legal Education Association		
Law Phone-In, Lawyer Referral Service 2019/2020	69,000	-
Law Phone-In, Lawyer Referral Service 2020/2021	69,000	69,000
Community Unemployed Help Centre		
General Operating 2019/2020	23,000	-
General Operating 2020/2021	23,000	23,000
Legal Help Centre of Winnipeg, Inc.		
General Operating 2019/2020	92,000	-
General Operating 2020/2021	92,000	92,000
Manitoba Interfaith Immigration Council Inc.		
Printing of Refugee Guide	2,205	-
Kinbrace & Manitoba Interfaith Immigration Council Inc.		
Manitoba Accessing Refugee Protection Program	17,778	9,778
(d) Law reform		
Manitoba Law Reform Commission		
General Operating 2019/2020	115,000	-
General Operating 2020/2021	115,000	115,000
(e) Law libraries		
E.K. Williams Law Library		
Acquisitions and Maintenance 2019/2020	94,300	-
Acquisitions and Maintenance 2020/2021	94,300	94,300
Canadian Legal Information Institute		
Adding Manitoba annual and revised statutes, 1987 to present	38,028	38,028
Grants previously approved and still undisbursed at March 31, 2020		
(a) Legal Education		
Manitoba Association for Rights and Liberties		
Human Rights Education Workshops	-	14,950
(b) Legal Research		
Manitoba Law Foundation		
Access to Justice Internal Project	-	102,440
University of Winnipeg – Dr. Michael Weinrath		
Winnipeg Police Services Diversion Project	-	1,486
(c) Law Reform		
Manitoba Law Reform Commission		
Electronic Witnessing of Evidence Project	-	3,500
Carried forward	7,385,012	6,489,583

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, 2020

Brought forward	7,385,012	6,489,583
(d) Law Libraries		
Manitoba Law Library Inc.		
Law Library Hub	-	87,972
Grants approved and not required		
Manitoba Interfaith Immigration Canada		
Printing of Refugee Guide	(512)	-
Community Legal Education Association		
Rural Manitoba Program Enhancement	(2,000)	-
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	7,382,500	6,577,555

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



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