

# Annual

2005

# Report



Heather Raven, Chair

## REPORT FROM THE CHAIR

The year 2005 was an active one for the Law Foundation. In addition to completing the second year of its Funding Strategies Review process, the foundation approved 90 grants totalling \$16.9 million dollars.

The mandate of the foundation is to fund the following:

- legal education,
- legal research,
- legal aid,
- law reform and
- law libraries.

# Report from the Chair

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The Law Foundation fulfills this mandate by funding 51 continuing programs, as well as one-time projects. The foundation has a strong commitment to funding continuing programs that advance and promote the rule of law and a just society. The groups that it funds range from the Legal Services Society and the B.C. Courthouse Library Society to the People's Law School and community-based advocacy groups.

In 2004, the foundation began a three-year process of reviewing its funding to determine if it was funding the right groups to do the right work with the right amount of money. This ongoing review of all Law Foundation-funded programs, the first cycle of which will be complete by the end of 2006, is being undertaken to ensure the continued alignment of Law Foundation funding with its mission, and to optimize its grant making. The Law Foundation wants to use its limited resources to maximise benefits to the public and the legal profession in its five mandated areas. Its aim is to enable people in British Columbia to have access to the best legal education, legal research, legal aid, law reform and law libraries that its resources can provide.

In 2005, the first phase of the Funding Strategies Review was completed. I am pleased to report that Law Foundation-funded poverty law advocacy groups have been found to be effective in providing results for their clients.

In view of the clear need for ongoing work in our five statutorily mandated areas, the board of governors continued to give priority to core funding for programs and services. Governors were pleased to be able to maintain

core funding in 2005, despite continued low interest rates.

Of the \$16.9 million dollars of grants, \$13.6 million was allocated to the 51 continuing programs. This amount included, for the first time in several years, an increase to each continuing program's budget in the form of a shared surplus grant, as well as a \$10,000 grant to each, acknowledging the extra work required by the Funding Strategies Review.

**The Law Foundation wants to use its limited resources to maximise benefits to the public and the legal profession in its five mandated areas.**

Governors continue to recognize the importance of responding to emerging legal needs in the province through project funding. In 2005, \$2.3 million was granted for 39 project grants, including significant initiatives in the areas of public and professional legal education and community-based legal aid.

Prominent among these were:

- \$600,000 to the University of British Columbia and University of Victoria law schools for additional awards to law students based on need and academic merit. These grants acknowledge and respond to the rapidly increasing costs of legal education.

- \$100,000 each to the Community Legal Assistance Society, the B.C. Public Interest Advocacy Centre, the Legal Services Society and Pro Bono Law of B.C. for poverty lawyer enhancement projects. One of the key findings in the Poverty Law Needs Assessment Gap/Overlap Analysis was the lack of lawyers doing poverty law work; these grants respond to that need. The grant to Pro Bono Law of B.C. will be used to assist with the disbursement costs of lawyers doing pro bono work.

- \$300,000 for Public Interest Articling Fellowships. This initiative was established by the Law Foundation in November 2005 to enhance access to justice in British Columbia by supporting public interest law and broadening public interest opportunities for articling students. The three organizations selected for the fellowships were the B.C. Civil Liberties Association, the Law Centre at the University of Victoria and the Community Legal Assistance Society.

In addition to the 39 new one-time grants, \$1 million was granted to extend 9 poverty law advocacy projects to the end of 2007. These projects are in regions of the province where there is no other legal help available for people with income security, residential tenancy, disability claims or other poverty law problems. Finally, seven child welfare grants totalling \$0.5 million were approved out of the Child Welfare Fund.

The foundation's major source of income is from interest earned on lawyers' pooled trust accounts. This

income is dependent upon the total balances held in lawyers' pooled trust accounts in British Columbia, the prime interest rate and the agreements negotiated with financial institutions.

In 2005, the foundation negotiated competitive agreements with Canadian Imperial Bank of Commerce, TD Canada Trust, Bank of Nova Scotia and Envision Credit Union. We commend all of these financial institutions, and Vancouver City Savings Credit Union, Royal Bank of Canada and Coast Capital Savings Credit Union, who also provide a competitive rate of return on lawyers' pooled trust accounts. The foundation thanks members of the profession who choose these institutions.

Interest rates remained generally low through 2005, but pooled trust account balances increased. Increased trust balances, along with the improved interest rate agreements, meant that the foundation was able to increase funding as well as add to the grant stabilization reserve. Based on the most recent forecasts, with the prime interest rate projected to increase marginally and trust balances continuing at a high level through 2006, the foundation will likely be able to continue with increased funding in the coming year.

The Law Foundation is proactively considering new initiatives to respond to the likelihood of increased income in the coming year.

The year 2005 saw four changes to the board of governors. Governor Jeff Scouten of Vancouver and I finished our terms, and Mary Mouat and Margaret Sasges, both of Victoria, were appointed by the Law Society

and the Canadian Bar Association, B.C. Branch, respectively.

Governor Scouten served on the following committees during his six-year term: Special Needs Fund (Chair), Finance and Administration, New Grants, Diversity, Policy and Planning, and Bursary, Scholarship and Fellowship. He also contributed greatly to board discussions. I extend my personal thanks to Governor Scouten for his many contributions to the foundation.

Ms. Mouat is a partner of the Quadra Legal Centre in Victoria, practising in the areas of family mediation and collaborative law. Ms. Sasges practises in the areas of wills and estates, elder law, environmental covenants, business, societies and real property at the firm of Clay & Company in Victoria. Both have significant professional and volunteer experience and are welcome additions to the board.

I am delighted to welcome Warren Wilson, Q.C., as chair of the board of governors of the Law Foundation. Mr. Wilson was called to the bar in 1968 and appointed Queen's Counsel in 1993. Mr. Wilson is a retired partner with the Vancouver firm of Borden Ladner Gervais, where he had a corporate commercial practice concentrated in the financial services sector. He has served on the National and Provincial Council of the Canadian Bar Association (CBA) for six years and chaired the CBA National Member Services Committee. Mr. Wilson served as a bencher of the Law Society of B.C. from 1991 to 1999,



From left to right: Legal Services Society Executive Director Mark Benton, Deputy Attorney General Allan Seckel, Q.C., and Law Foundation Executive Director Wayne Robertson

served on many committees and was president of the Law Society in 1999. Governor Wilson has served on the Finance and Administration, New Grants and Funding Strategies Committees of the foundation since joining the board of governors in 2003.

In closing, as I finish my term as chair of the foundation, I very much appreciated the opportunity to work with the governors of the foundation. They volunteered many hours, including weekends, and their considerable talents to carry out the work of the foundation. I thank the foundation staff, who administer the day-to-day work of handling the foundation's applications, grants and revenues, and provide excellent support to the board in carrying out its responsibilities. The exceptional dedication and contributions made by governors and staff made my four years as a governor and two years as chair a joy. Thank you and Migwitch!

Heather Raven  
Chair 2005

# Profile

## MISSION STATEMENT

*To use our income for the benefit of the public of the province of British Columbia by supporting programs which advance and promote the rule of law and a just society. The Law Foundation recognizes the diversity of the population of British Columbia and endeavours to be responsive to the diverse public of British Columbia in its workforce, board and grant making.*

The **Mission Statement** and **Program Objectives** have been adopted by the board of governors as policy guidelines. These are the principles upon which funding decisions will be based.

## PURPOSE

British Columbia led the way in 1969 when it established the first law foundation in North America. Since then, almost every other jurisdiction in North America has followed B.C.'s lead by establishing a law foundation.

The Law Foundation of B.C. is a non-profit foundation created by legislation to receive and distribute the interest on clients' funds held in lawyers' pooled trust accounts maintained in financial institutions. Pooled trust accounts are used to hold client funds for short periods of time, until it becomes feasible to distribute those monies to the client or others. Typically, some funds held in this way are purchase monies in real estate transactions, while others are retainers, settlement proceeds, estate funds, etc.

Because of the difficulty and cost of ascertaining how much interest in pooled trust accounts was attributable to each client's funds, and because the amount of interest related to each client was usually small, for many years financial institutions paid no interest on these accounts, although the total funds in the pooled account might be very substantial. As a result, the financial institutions profited from the use of the funds in the pooled trust accounts without charge.

British Columbia lawyers pioneered a change to this practice in 1969 when they persuaded the provincial government to enact legislation requiring financial institutions to pay interest on these pooled trust accounts to the Law Foundation, which would then use the interest to benefit the public of British Columbia.

The legislation directed the Law Foundation to distribute these funds in five areas:

- legal education,
- legal research,
- legal aid,
- law reform and
- law libraries.

The foundation recognizes that, while its objects are legal in nature, the income is to be allocated to programs that will benefit the general public of British Columbia.

From its inception through to 2005, the Law Foundation has approved grants totalling more than \$298 million to support important law-related programs in British Columbia.

## ADMINISTRATION

The Law Foundation is administered by a board of governors (the "board"), which is responsible for making all decisions concerning grants. It has 18 volunteer members:

- the Attorney General (or his/her appointee);
- 3 persons, not lawyers, appointed by the Attorney General;
- 12 members of the Law Society or the judiciary appointed by the benchers to represent geographical areas of the province; and
- 2 members of the Law Society appointed by the British Columbia Branch of the Canadian Bar Association.

The Law Foundation is independent of the government, the Law Society and the B.C. Branch of the Canadian Bar Association, although its governors are appointed by these bodies. The board has four standing committees:

- Bursary, Scholarship and Fellowship
- Finance and Administration
- New Grants
- Policy and Planning

In 2005, the board also had three other committees: Child Welfare Fund, Funding Strategies and Special Needs Fund.

The board and the committees meet regularly during the year. An administrative staff of seven assists the board.

# Profile and Program Objectives

## HOW GRANTS ARE MADE

The Law Foundation's funds are used for the purposes of legal education, legal research, legal aid, law reform and law libraries. A grant application must fall within one or more of these categories to be considered for funding support, and it must establish that it will result in a clear benefit to the people of British Columbia. Grants are normally restricted to non-profit organizations.

The foundation sets its grant budget and funding guidelines on an annual basis. Those seeking grant support are urged to discuss their proposals with foundation staff before committing time and resources to put together funding requests. If a project appears to fit within the mission statement, program objectives and funding guidelines for that year, a formal proposal with more detailed information will be requested.

Application deadline dates can be obtained by contacting the Law Foundation.

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Website: [www.lawfoundationbc.org](http://www.lawfoundationbc.org)

## PROGRAM OBJECTIVES

### 1. Legal Education

To promote legal education programs and services in British Columbia to make the law more accessible through:

- a. increasing public awareness of the law and the justice system;
- b. providing education to groups with particular legal needs; and
- c. assisting in the academic and professional development of those providing legal services to ensure those services are of the highest quality.

### 2. Legal Research

To advance the knowledge of:

- a. law,
- b. social policy, and
- c. the administration of justice

through the identification of areas and issues needing study and analysis and the encouragement and support of projects to address those needs.

### 3. Legal Aid

To assist in the provision of legal services, including:

- a. advice to and representation of economically disadvantaged persons; and
- b. support of community service and non-profit organizations that address issues that benefit groups of disadvantaged persons or the public.

To facilitate access of the public to the justice system.

### 4. Law Reform

To encourage and support projects promoting changes to the law and the administration of justice in accord with current knowledge, values and technology.

### 5. Law Libraries

To assist law libraries and resource centres to keep their materials current.

To encourage and support projects designed to improve the utility and accessibility to both the legal profession and the public of legal and law-related materials.



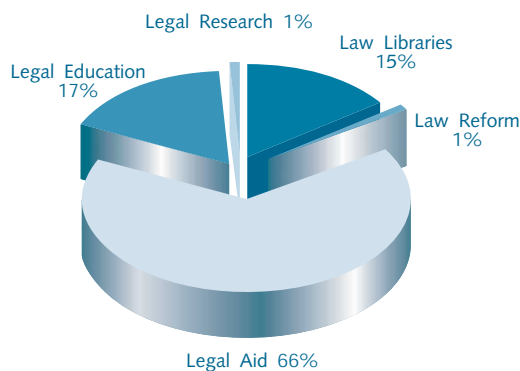
From left to right: Kathy Stuart, Law Foundation of Prince Edward Island; Doris Huffman, Nebraska State Bar Foundation; G.W. Wayne Braid, Notary Foundation of B.C.; Wayne Robertson, Law Foundation of British Columbia; Kerry Oliver, Law Foundation of Nova Scotia; Barbara Palace, Manitoba Law Foundation; Mary Shannon Brown, C.M.A., Law Foundation of Ontario; Lynn Daffe, Yukon Law Foundation; Wendy Carter, Northwest Territories Law Foundation; and David Aucoin, Alberta Law Foundation at The Association of Canadian Law Foundations meeting in Victoria in 2005

# Continuing Programs FUNDED IN 2005

The Law Foundation provides support for the law-related programs and projects described in this section.

For reporting purposes, grants are listed in the Annual Report under one of the Law Foundation's five statutorily mandated objectives (see also chart). However, many of the organizations' activities fall under more than one of the mandated areas.

Grants are divided into 2005 Continuing Programs and 2005 Projects. Within each sub-section, grants are listed from highest to lowest dollar amounts, rather than alphabetically by name.



## Grants Approved in 2005

Legal Education	\$2,904,421
Legal Research	165,500
Legal Aid	11,461,114
Law Reform	213,320
Law Libraries	2,706,240
<b>Total</b>	<b>\$17,450,595</b>

**Total continuing program grants: \$13,665,804**  
**Total project grants: \$3,259,791**

**Total child welfare grants: \$525,000**

## LEGAL EDUCATION

### Professional Legal Education

#### Law Society of B.C.

The Professional Legal Training Course, a skills-based training program for recent law school graduates, to develop competent lawyers to serve the public  
**\$233,800**

#### University of British Columbia, Faculty of Law

Graduate fellowships **\$60,000**  
 Undergraduate scholarships **\$29,000**

Entrance bursaries for disadvantaged students **\$13,500**

#### University of Victoria, Faculty of Law

Graduate Scholarship Program **\$30,000**

Entrance and renewal scholarships **\$29,000**

#### Law Foundation Graduate Fellowships

Graduate legal work by B.C. lawyers and graduate law students in the following areas: **\$55,000**

*James Hickling:* Domestic environmental legislation to protect endangered species and threatened ecosystems

*Katherine Burke:* Core concepts of justice, truth, fairness, etc., and how they shape experiences with the law

*Kimberly Eldred:* Protection of legal rights in international criminal investigations and prosecutions

*Annie Rochette:* Legal education, teaching and learning in Canadian law faculties

*Donn Short:* Human rights, cultural tensions and the intersection of law and education in relation to bullying and violence in schools

*Jennifer Francis:* Studies in restitution, conflicts, evidence and constitutional theory

**Law Foundation Lay Advocacy Training**  
 Educating and training Law Foundation-funded lay advocates and a poverty law conference **\$54,600**

#### University of Saskatchewan, Native Law Centre

A pre-law program for Aboriginal students and the centre's library and publications **\$10,300**

### Public Legal Education

**People's Law School Society**  
 Province-wide legal information and education programs **\$262,400**

**B.C. Branch, Canadian Bar Association**  
 The Lawyer Referral Service, a service to help the public obtain low-cost legal information and assistance; Law Week 2005 public legal education activities; and Dial-A-Law, a province-wide telephone service providing free legal information to the public **\$247,100**

#### Law Courts Education Society

A legal information program for First Nations youth in Prince George and surrounding communities **\$60,800**

#### Legal Services Society

PovNet, a poverty law website, e-mail groups and databases for advocates **\$55,000**

#### Debate and Speech Association of B.C.

The participation of high school students in the province-wide Law Foundation Cup Debates on legal topics **\$14,300**

## LEGAL RESEARCH

#### University of British Columbia, Faculty of Law

Block grant for research projects **\$25,000**

#### University of Victoria, Faculty of Law

Block grant for research projects **\$25,000**

## LEGAL AID

### Legal Services Society

Support for the management of the B.C. legal aid plan and the provision of legal information to low-income people \$3,272,500

### Public Service Ads

Placement of public service ads in yellow page directories, informing the public about legal aid services, free legal information and how to find a lawyer \$71,100

### Community-Based Advocacy

#### Tenants' Rights Action Coalition

A legal information service on tenancy matters \$218,600



Martha Lewis, executive director, and Jan Tse, legal advocate, Tenants' Rights Action Coalition

#### University of Victoria, Faculty of Law, Law Centre Clinical Program

A clinical program providing legal services to low-income people in the Greater Victoria area \$152,550

#### B.C. Coalition of People with Disabilities

Lay advocacy, legal information and referral services for people with disabilities \$136,900

#### West Coast Domestic Workers' Association

A specialized advocacy service and legal education program for domestic workers \$133,800

#### Greater Vancouver Law Students' Legal Advice Program

A law students' legal advice program operating free clinics in the Greater Vancouver area \$121,000

#### Nelson District Community Resources Society

A lay advocacy program providing legal information and assistance to low-income people in the West Kootenay region \$105,400

#### Downtown Eastside Residents' Association

A lay advocacy program providing legal information and assistance to residents of Vancouver's Downtown Eastside \$103,300

#### Abbotsford Community Services Society/ Progressive Intercultural Community Services Society

A lay advocacy program providing legal information and assistance to seasonal farmworkers in Surrey and the Fraser Valley \$90,000

#### B.C. Coalition to Eliminate Abuse of Seniors

A lay advocacy program providing legal information and assistance to seniors throughout B.C. \$90,000

#### North Island Advocacy Coalition Society

A lay advocacy program providing legal information and assistance to low-income people in the Campbell River area \$84,600

#### Cranbrook Women's Resource Centre Society

A lay advocacy program providing legal information and assistance to low-income people in the East Kootenay region \$81,102

#### Ki-Low-Na Friendship Society

A lay advocacy program providing legal information and assistance to urban Aboriginal people in the Central Okanagan \$75,000

#### Kettle Friendship Society

A mental health lay advocacy program providing legal information and assistance on residential tenancy and child protection matters in the Lower Mainland \$70,000

#### University of British Columbia, Faculty of Law, First Nations Clinical Program

A clinical program for law students providing legal services to First Nations people in the Lower Mainland \$65,500

#### Together Against Poverty Society

A lay advocacy program providing legal information and assistance to low-income people in the Greater Victoria area \$59,500

#### Port Alberni Friendship Center

A lay advocacy program providing legal information and assistance to people with disabilities and mental health issues in the Port Alberni region \$58,960

#### Active Support Against Poverty Society

A lay advocacy program providing legal information and assistance to low-income people in the Prince George area \$57,160

#### Battered Women's Support Services Association

A lay advocacy program providing legal information and assistance to battered women in the Lower Mainland \$50,480

# Continuing Programs FUNDED IN 2005

## Separation and Divorce Resource Centre

A lay advocacy program assisting unrepresented people in Family Court in Greater Victoria and providing basic family law information to low-income people \$45,600

## MPA — Motivation, Power and Achievement Society

A courtworkers' program to assist mentally ill people in the criminal justice system \$45,000

## MOSAIC

A lay advocacy program providing legal information and assistance to low-income immigrants and refugees in the Lower Mainland \$42,992

## Contact Women's Group Society

A lay advocacy program providing legal information and assistance to low-income people in the Williams Lake area \$40,000

## South Fraser Women's Services Society

A lay advocacy program providing legal information and assistance on family law to women in the South Surrey/White Rock area \$40,000

## Public Interest Test Case Litigation

### West Coast Environmental Law Association

Law reform, legal education and legal aid programs and a library collection to represent the public interest in environmental legal matters \$705,900

### Community Legal Assistance Society

Programs to provide legal assistance to disadvantaged individuals and the groups who represent them and to develop law that will benefit disadvantaged groups as a whole \$654,500



Johanne Blenkin, executive director, B.C. Courthouse Library Society

## B.C. Public Interest Advocacy Centre

Representation of the public interest in regulatory matters and test cases on behalf of disadvantaged people appearing before courts and administrative tribunals \$486,800

## B.C. Civil Liberties Association

Test case litigation, legal education and law reform to protect the civil liberties and human rights of British Columbians \$134,300

## West Coast Women's Legal Education and Action Fund Association

Legal education, law reform and test case litigation to advance equality for women \$111,700

## LAW REFORM

### B.C. Law Institute

Law reform activities leading to improvements in the law and the administration of justice \$140,300

### B.C. Freedom of Information and Privacy Association

A program focusing on freedom of information and privacy legislation \$20,800

## LAW LIBRARIES

### B.C. Courthouse Library Society

The society's operating costs for the province's 31 courthouse law libraries \$2,190,200

### Law Society of B.C.

Contribution to the operating costs of the CANLII Virtual Law Library \$65,000

## MISCELLANEOUS GRANTS

Support for all eligible continuing programs in recognition of their efforts under the Law Foundation's Funding Strategies Review: \$330,000

One-time shared surplus grants to all continuing programs: \$2,210,460

Support for organizations to address emergent needs as recognized throughout the year, including a grant to the Canadian Bar Association, B.C. Branch, for translation and advertising expenses for the Dial-A-Law and Lawyer Referral programs; a grant to the Continuing Legal Education Society for a video on family law mediation; a grant to the University of Victoria, Faculty of Law, to establish the Heather Raven Award; a grant to Law Courts Education Society for the Access to Justice Forums; a grant to West Coast Women's Legal Education and Action Fund for the "Women's Rights and Freedoms: 20 Years (In)Equality" Conference; a grant to the Poverty and Human Rights Centre to reprint a report on B.C. and the UN International Convention on Civil and Political Rights; and a grant to the Canadian Association of Law Teachers for its conference: \$100,000



# Projects FUNDED IN 2005

## LEGAL EDUCATION PROJECTS

### Public Legal Education

B.C. Foundation to Support Community Response to Adult Abuse and Neglect \$75,000

Women's Resource Society of the Fraser Valley \$47,966

Dogwood Initiative \$30,000

Legal Services Society on behalf of the Public Legal Education and Information Working Group \$20,000

Canadian Superior Courts Judges Association \$15,000

Justice Institute of B.C., Centre for Leadership and Community Learning \$15,000

Learning Disabilities Association of B.C. South Vancouver Island Chapter \$15,000

Society for Affordable Housing Education, Awareness and Development \$15,000

Vancouver Status of Women \$15,000

Vernon and District Women's Centre Society \$15,000

John Howard Society of the Lower Mainland of B.C. \$13,000

Tenants' Rights Action Coalition \$12,000

Law Courts Education Society \$7,400

MOSAIC \$6,000

Campbell River Area Women's Resource Society \$5,715

Eagle Valley Community Support Society \$5,575

### Professional Legal Education

University of British Columbia, Faculty of Law \$400,000

University of Victoria, Faculty of Law \$200,000

B.C. Civil Liberties Association \$150,000

University of Victoria, Faculty of Law \$100,000

International Institute for Child Rights and Development \$75,000

University of British Columbia, Faculty of Law \$65,000

University of Victoria, Faculty of Law \$65,000

Community Legal Assistance Society \$50,000

## LEGAL RESEARCH PROJECTS

B.C. Law Institute \$75,000

Grasslands Conservation Council of B.C. \$30,000

## LEGAL AID PROJECTS

### Legal Advocacy 2-Year Projects and Project Extensions

Lilloet Friendship Centre \$124,836

Upper Skeena Counselling and Legal Assistance Society \$124,836

Penticton and Area Women's Centre \$120,455

Quesnel Tillicum Society \$112,500

Kamloops and District Elizabeth Fry Society \$110,382

Mile Zero Métis Society \$109,997

Haida Gwaii Community Futures Development Corporation \$108,236

Nicola Valley Family Justice Services Society \$106,941

Atira Women's Resource Society \$83,320

Nanaimo Citizen Advocacy Association \$80,124

Prince Rupert Unemployed Centre Society \$42,357

## Other Legal Aid Projects

B.C. Public Interest Advocacy Centre \$100,000

Community Legal Assistance Society \$100,000

Legal Services Society \$100,000

Pro Bono Law of B.C. Society \$100,000

Western Canada Society to Access Justice \$62,000

Dze L K'ant Friendship Centre Society \$50,000

Native Courtworker and Counselling Association of B.C. \$49,369

CHIMO Crisis Services Society \$15,000

St. Paul's Anglican Church \$15,000

North Shore Community Resources \$14,080

Boundary Women's Coalition \$7,702

## CHILD WELFARE GRANTS

B.C. Dispute Resolution Practicum Society \$150,000

Gitxsan Child and Family Services Society \$100,000

Carrier Sekani Family Services Society \$70,000

Sto:lo Nation \$70,000

Interior Métis Child and Family Services Society \$65,000

Okanagan Nation Alliance \$50,000

Interior Métis Child and Family Services Society \$20,000

Note: Project grants are listed here with just the name of the organization. If you have questions about these smaller grants or the project application process, please contact the Law Foundation.

# Statements



December 31, 2005

**TO THE GOVERNORS  
THE LAW FOUNDATION OF BRITISH COLUMBIA**

We have audited the statement of financial position of **The Law Foundation of British Columbia** as at December 31, 2005 and 2004 and the statements of changes in net assets, income and expenses, and cash flows for the years then ended. These financial statements are the responsibility of the foundation's governors. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*Joyline Wozny, Miller & Co.*

Chartered Accountants

Vancouver, Canada

January 27, 2006

**TOMPKINS, WOZNY, MILLER & Co.**  
Chartered Accountants

## Statement of Financial Position

The Law Foundation of British Columbia

As at December 31

	2005 \$	2004 \$
<b>ASSETS</b>		
Cash	82,751	59,689
Short-term investments [note 4]	2,563,032	2,044,048
Long-term investments [note 5]	33,828,189	29,450,353
Accrued interest receivable	303,319	321,561
Prepaid expenses and other	25,885	28,316
Property and equipment [note 6]	86,567	95,808
	<b>36,889,743</b>	<b>31,999,775</b>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities</i>		
Accounts payable	104,074	156,612
Child Welfare Fund [note 7]	454,259	998,715
Grants payable within one year	12,165,567	10,249,645
Long-term grants payable [note 8]	2,097,412	991,664
<b>Total liabilities</b>	<b>14,821,312</b>	<b>12,396,636</b>
<i>Net assets</i>		
Equity in property and equipment	86,567	95,808
Grant stabilization reserve [note 9]	21,981,864	19,507,331
<b>Total net assets</b>	<b>22,068,431</b>	<b>19,603,139</b>
	<b>36,889,743</b>	<b>31,999,775</b>

Lease commitment [note 13]

See accompanying notes

Approved by:



Governor



Governor

## Statement of Changes in Net Assets

The Law Foundation of British Columbia

Year ended December 31

	EQUITY IN PROPERTY AND EQUIPMENT \$	GRANT STABILIZATION RESERVE \$	NET ASSETS \$
<b>2005</b>			
Balance, beginning of year	95,808	19,507,331	19,603,139
Increase (decrease) in net assets for the year	(26,702)	2,491,994	2,465,292
Acquisition of property and equipment	17,461	(17,461)	—
	<b>86,567</b>	<b>21,981,864</b>	<b>22,068,431</b>
<b>2004</b>			
Balance, beginning of year	58,489	19,708,607	19,767,096
Decrease in net assets for the year	(19,372)	(144,585)	(163,957)
Acquisition of property and equipment	56,691	(56,691)	—
	<b>95,808</b>	<b>19,507,331</b>	<b>19,603,139</b>

See accompanying notes

## Statement of Income and Expenses

The Law Foundation of British Columbia  
Year ended December 31

	2005 \$	2004 \$
<b>INCOME</b>		
Interest received on lawyers' trust accounts	17,394,064	10,459,310
Investment income (net) [note 10]	2,816,332	2,396,394
Unclaimed trust funds [note 11]	51,287	75,647
	20,261,683	12,931,351
Child Welfare Fund [note 7]	544,456	1,285
	20,806,139	12,932,636
<b>EXPENSES</b>		
Audit and annual report	27,027	35,700
Consulting and legal	105,457	95,675
Meetings and travel	110,738	100,408
Office	67,952	53,587
Rent and occupancy costs	77,594	63,282
Salaries and employee benefits	578,862	511,235
Amortization of property and equipment	26,702	19,372
Total expenses	994,332	879,259
Child Welfare Fund [note 7]	544,456	1,285
	1,538,788	880,544
Net income before grants approved	19,267,351	12,052,092
Program and project grants approved [note 12]	16,925,595	12,386,719
Less program and project grants refunded or unused	123,536	170,670
	16,802,059	12,216,049
Increase (decrease) in net assets for the year	2,465,292	(163,957)

See accompanying notes

## Statement of Cash Flows

The Law Foundation of British Columbia  
Year ended December 31

	2005 \$	2004 \$
<b>OPERATING ACTIVITIES</b>		
Interest received on lawyers' trust accounts	17,394,064	10,459,310
Interest received on investments (net)	1,678,877	1,648,185
Unclaimed trust funds received	51,287	75,647
Expenses paid	(1,017,737)	(789,325)
Program and project grants paid, net of refunds and returns	(14,277,889)	(13,366,572)
	3,828,602	(1,972,755)
Child Welfare Fund (payments) receipts (net)	(46,956)	998,715
Cash provided by (used in) operating activities	3,781,646	(974,040)
<b>INVESTING ACTIVITIES</b>		
Property and equipment purchased	(17,461)	(56,691)
Net (purchase) sale of long-term investments	(3,222,139)	1,627,795
Cash (used in) provided by investing activities	(3,239,600)	1,571,104
Increase in cash and cash equivalents for the year	542,046	597,064
Cash and cash equivalents, beginning of year	2,103,737	1,506,673
Cash and cash equivalents, end of year	2,645,783	2,103,737
Cash and cash equivalents are comprised of:		
Cash	82,751	59,689
Short-term investments	2,563,032	2,044,048
	2,645,783	2,103,737

See accompanying notes

# Notes to Financial Statements

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## The Law Foundation of British Columbia

December 31, 2005

### 1. NATURE OF ACTIVITIES

The Law Foundation of British Columbia (the “foundation”) was established in 1969 under the Legal Profession Act of British Columbia as a tax exempt not-for-profit organization to receive and distribute interest on clients’ trust funds held in lawyers’ pooled trust accounts. The foundation is administered by a board of governors who are responsible for distributing these funds to provide legal aid, legal research, law reform, legal education and law libraries for the benefit of the general public of British Columbia.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *Cash Basis — Interest on Lawyers’ Pooled Trust Accounts*

The foundation uses the cash basis of reporting interest earned on lawyers’ pooled trust accounts.

The foundation assumes that solicitors who hold funds in trust for or on account of clients comply strictly with Section 62 of the Legal Profession Act and Part 3 Division 7 of the Rules of The Law Society of British Columbia. These rules require that interest earned on funds held in lawyers’ pooled trust accounts be remitted to the foundation.

#### *Property and Equipment*

All expenditures on property and equipment are capitalized and amortized on a straight-line basis as follows:

- Leasehold improvements      term of lease
- Furniture and equipment      5 years
- Computers and accessories    3 years

For property and equipment, except leasehold improvements, one-half the normal amortization is recorded in the year the asset is acquired.

#### *Investment Income and Operating Expenses*

Investment income and operating expenses are accounted for on an accrual basis. Discounts and premiums on interest-bearing investments and government strip bonds are taken into income over the term of the investments, on a straight-line basis or net-yield basis.

#### *Program and Project Grants Approved*

The foundation expends grants in the current year that provide annual operating funding to organizations covering 12-month periods beginning in the current and subsequent calendar years, plus grants for special projects, which may

be payable over several years. Those grants that are not yet paid are reflected as grants payable.

#### *Investments*

Investments are recorded at the lower of cost or market value. Gains from increases in the market value of investments are recorded as realized. Losses arising from reductions in the market value of investments are recognized when their market value falls below cost. When market values recover to cost, prior write downs are reversed.

#### *Child Welfare Fund*

The Child Welfare Fund is an externally restricted contribution that is being reported as income as qualifying expenses are incurred or grants are awarded.

#### *Use of Estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 income and expenses during the reported period. Actual results could differ from the estimates.

#### *Statement of Cash Flows*

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are presented using the direct method.

### 3. FINANCIAL INSTRUMENTS

The foundation’s financial instruments consist of its cash, accrued interest receivable, short-term and long-term investments, accounts payable and grants payable. The foundation is subject to market and credit risk on its accrued interest receivable and short- and long-term investments, and interest rate risk as described in Note 5. In the opinion of management, the foundation is not otherwise exposed to any other significant risk with respect to its financial instruments, and their carrying value approximates fair value, except for investments that are carried at the lower of cost and market value.

## Notes to Financial Statements (continued)

### 4. SHORT-TERM INVESTMENTS

	DUE DATES	COST \$	MARKET VALUE \$
<b>2005</b>			
Short-term investment funds and term deposits, average yield 2.90%	2006	2,562,338	2,561,115
Other		1,917	1,917
		2,564,255	2,563,032
<b>2004</b>			
Short-term investment funds and term deposits, average yield 2.60%	2005	2,039,055	2,038,215
Other		5,833	5,833
		2,044,888	2,044,048

### 5. LONG-TERM INVESTMENTS

	DUE DATES	COST \$	MARKET VALUE \$
<b>2005</b>			
Corporate bonds and debentures	2014 to 2034	12,568,805	13,727,812
Government bonds	2013 to 2035	21,259,384	23,366,517
		33,828,189	37,094,329
<b>2004</b>			
Corporate bonds and debentures	2010 to 2030	11,691,062	12,388,705
Government bonds	2013 to 2031	17,759,291	18,851,562
		29,450,353	31,240,267

The interest rates on long-term investments, based on their par value, range from 4.5% to 10.0% with an approximate average rate of 6.0% [2004 – 6.4%].

#### Interest Rate Risk

The foundation is exposed to price risk arising from changes in interest rates with respect to its long-term investments. If specifically approved by the governors, the foundation's investment policy provides for the use of derivative financial instruments to mitigate this risk.

If short-term rates go up, the loss in market value of the long-term investments should be more than offset by increased interest earnings on lawyers' pooled trust accounts.

### 6. PROPERTY AND EQUIPMENT

	COST \$	ACCUMULATED AMORTIZATION \$	NET BOOK VALUE \$
<b>2005</b>			
Leasehold improvements	75,501	31,061	44,440
Furniture and equipment	60,837	26,334	34,503
Computers and accessories	19,661	12,037	7,624
	155,999	69,432	86,567
<b>2004</b>			
Leasehold improvements	74,755	21,605	53,150
Furniture and equipment	59,527	22,880	36,647
Computers and accessories	18,396	12,385	6,011
	152,678	56,870	95,808

### 7. CHILD WELFARE FUND

The B.C. Ministry of Children and Family Development granted \$1 million to the foundation to develop innovative proposals consistent with the guiding principles of the Child, Family and Community Service Act, to expand the use of alternative dispute resolution in child welfare — particularly for Aboriginal children and families.

The fund comprises:

	2005 \$	2004 \$
Child Welfare Fund, beginning of year	998,715	—
Grant received	—	1,000,000
Direct development expenses paid	(19,456)	(1,285)
Grants — paid	(27,500)	—
— payable	(497,500)	—
	(544,456)	(1,285)
<b>Child Welfare Fund, end of year</b>	<b>454,259</b>	<b>998,715</b>

## Notes to Financial Statements (continued)

### 8. LONG-TERM GRANTS PAYABLE

The foundation has approved grants with multi-year payment schedules that are estimated to be payable in the following years:

	2005 \$	2004 \$
2005	—	10,249,645
2006	12,165,567	991,664
2007	1,847,148	—
2008	250,264	—
	14,262,979	11,241,309
Less portion payable within one year	(12,165,567)	(10,249,645)
	2,097,412	991,664

### 9. GRANT STABILIZATION RESERVE

The foundation has established an annual grants budget with the goal of insulating continuing programs (that can account for up to 95% of the grant dollars allocated) from volatile fluctuations in the foundation's income that result from changes in the prime rate and the balances in lawyers' pooled trust accounts that generate income to the foundation. The reserve functions as a stabilization fund which declines in years in which the foundation's net income is less than the grants approved, and increases when net income is greater than the grants approved.

### 10. INVESTMENT INCOME

Investment income comprises:

	2005 \$	2004 \$
Interest earned	1,834,025	1,825,352
Gain on sale of investments	1,072,863	656,298
Less investment advisory fees	(90,556)	(85,256)
	2,816,332	2,396,394

### 11. UNCLAIMED TRUST FUNDS

Under the Law Society of British Columbia's (the "society") unclaimed trust fund procedures, lawyers submit unclaimed trust funds to the society. The society holds the funds for five years before remitting the money to the foundation.

### 12. PROGRAM AND PROJECT GRANTS APPROVED

	2005 \$	2004 \$
Legal Services Society of B.C. — continuing program	3,927,000	3,272,500
B.C. Courthouse Library Society — continuing program	2,628,240	2,190,200
Other continuing program grants	6,780,564	5,883,905
Project grants	3,589,791	1,040,114
	16,925,595	12,386,719

### 13. LEASE COMMITMENT

In addition to shared building operating costs and property taxes, the foundation is committed to annual rent payments until April 30, 2013 for its office premises. The lease can be cancelled after April 2009 by payment of a penalty of \$4 per square foot, prorated to the end of the lease term. The required payments are as follows:

	ANNUAL RENT PAYMENTS \$	TOTAL RENT COMMITMENT \$
2006 – 2007	35,293	70,585
2008 – 2012	37,752	188,760
2013 (4 months)	18,876	18,876
		278,221

### 14. COMPARATIVE FIGURES

Certain of the comparative figures for the 2004 fiscal year have been reclassified to conform with the current year's presentation.

**THE LAW FOUNDATION  
OF BRITISH COLUMBIA**

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**Staff Members**

*As of December 31, 2005*

Left to right:

**Jo-Anne Kaulius**, Controller

**Jean Leggett**, Administrative Assistant

**karima budhwani**, Program Director

**Veenu Saini**, Program Director

**Amy Tam**, Secretary

**Daphne Morrison**, Program Director

**Wayne Robertson**, Executive Director

**Ewa Chang**, Administrative Assistant  
(on leave)

**Board of Governors**

*As of December 31, 2005*

Front row, left to right:

**Nancy Merrill**

Finance and Administration Committee  
Funding Strategies Committee

**Marilyn Baker**

Funding Strategies Committee  
New Grants Committee

**Christine Elliott**

Child Welfare Fund Committee  
Policy and Planning Committee

**Bruce Strachan**

Child Welfare Fund Committee  
Policy and Planning Committee

**Heather Raven**

Chair of the Board of Governors  
Ex-officio member of all committees

**Madam Justice Pamela Kirkpatrick**

Bursary, Scholarship and Fellowship  
Committee (Chair)  
Special Needs Fund Committee

**Suzette Narbonne**

Child Welfare Fund Committee  
New Grants Committee

**Barbara Cromarty**

Child Welfare Fund Committee (Chair)  
Policy and Planning Committee

**Linda Parsons**

Funding Strategies Committee (Chair)  
Policy and Planning Committee

Back row, left to right:

**Grant Gray**

Finance and Administration Committee  
New Grants Committee

**Dev Dley, Q.C.**

Policy and Planning Committee (Chair)  
Bursary, Scholarship and Fellowship  
Committee

**M. Jerry McHale, Q.C.**

**Peter Warner, Q.C.**

Finance and Administration Committee  
(Chair)  
Funding Strategies Committee

**Warren Wilson, Q.C.**

Finance and Administration Committee  
New Grants Committee

**Jeffrey Scouten**

Special Needs Fund Committee (Chair)  
Finance and Administration Committee  
New Grants Committee

**John Waddell, Q.C.**

Funding Strategies Committee  
Policy and Planning Committee

**Master Ian Caldwell**

New Grants Committee (Chair)  
Funding Strategies Committee

**John Dustan**

Bursary, Scholarship and Fellowship  
Committee  
Finance and Administration Committee  
Special Needs Fund Committee

Photographs: Linda Coe, Jay Shaw Photography, Khalid  
Hawe, Zoom Photographics, Jean Leggett.

Coordination and editing: Winnifred Assmann and  
Ben D'Andrea, All About Writing.

Design and production: Linda Coe Graphic Design Limited.