



# FINANCIAL STATEMENTS

December 31, 2024





# Independent Auditor's Report

## To the Governors of The Law Foundation of British Columbia

### Opinion

We have audited the financial statements of The Law Foundation of British Columbia (the Foundation), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of 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.

Vancouver, Canada  
March 8, 2025

*Tompkins Wozny LLP*  
Chartered Professional Accountants





# Statement of Financial Position

As at December 31

	Note(s)	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		78,127,832	43,521,581
Short-term investments	4	30,291,174	2,221,833
Accounts receivable and prepaid expenses		241,452	142,748
		<b>108,660,458</b>	45,886,162
Investments	4	440,182,037	328,595,239
Capital assets	5	788,493	723,667
		<b>549,630,988</b>	375,205,068
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	1,423,883	1,999,958
Research Fund	2a, 7a	1,817,054	1,593,157
Cultural Competence Fund	2a, 7b	400,000	400,000
Deferred Government Funding	9	1,899,027	7,259,550
Grants payable	10	77,371,701	73,511,719
		<b>82,911,665</b>	84,764,384
Long-term grants payable	10	50,382,333	28,619,876
		<b>133,293,998</b>	113,384,260
<b>NET ASSETS</b>			
Invested in capital assets		788,493	723,667
Grant Stabilization Fund	11	415,548,497	261,097,141
		<b>416,336,990</b>	261,820,808
		<b>549,630,988</b>	375,205,068

Access to Justice Fund – Notes 2b, 8

Commitments – Note 17

Contingent Liability – Note 18

Subsequent Event – Note 19

See accompanying notes to the financial statements

Approved by:

*Signed/Mary Childs*

Governor

*Signed/Claire Hunter, KC*

Governor



# Statement of Changes in Net Assets

Year ended December 31

	Invested in Capital Assets \$	Grant Stabilization Fund \$	Net Assets \$
<b>2024</b>			
Balance, beginning of year	723,667	261,097,141	261,820,808
Excess (deficit) of revenue for the year	(114,385)	154,630,567	154,516,182
Acquisition of capital assets	179,211	(179,211)	-
	<b>788,493</b>	<b>415,548,497</b>	<b>416,336,990</b>
<b>2023</b>			
Balance, beginning of year	200,112	103,173,761	103,373,873
Excess (deficit) of revenue for the year	(72,282)	158,519,217	158,446,935
Acquisition of capital assets	595,837	(595,837)	-
	<b>723,667</b>	<b>261,097,141</b>	<b>261,820,808</b>

*See accompanying notes to the financial statements*



# Statement of Operations

Year ended December 31

	Note(s)	2024 \$	2023 \$
<b>REVENUE</b>			
Interest received on lawyers' trust accounts		198,669,132	209,979,223
Investment income	12	53,101,722	20,396,953
Other income	13	2,048,697	1,717,828
		253,819,551	232,094,004
Government Funding revenue	9	7,260,522	2,814,450
		261,080,073	234,908,454
<b>EXPENSES</b>			
Amortization of capital assets		114,385	72,282
Audit and annual report		56,652	110,978
Consulting and legal		570,493	273,035
Information technology		270,993	257,000
Office and other		390,434	223,555
Rent and occupancy costs		289,908	393,090
Salaries and employee benefits		5,146,289	4,099,752
Staff and Board meetings and travel		419,221	239,048
<b>Total operating expenses</b>		<b>7,258,375</b>	<b>5,668,740</b>
Program costs	15	503,177	316,914
Grantee training and capacity support	16	1,008,397	704,281
Government Funding expenses	9	7,260,522	2,814,450
		16,030,471	9,504,385
<b>Excess of revenue before net grants approved</b>		<b>245,049,602</b>	<b>225,404,069</b>
Net grants approved	14	90,533,420	66,957,134
<b>Excess of revenue for the year</b>		<b>154,516,182</b>	<b>158,446,935</b>

See accompanying notes to the financial statements



# Statement of Cash Flows

Year ended December 31	2024 \$	2023 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue for the year	154,516,182	158,446,935
Items not affecting cash:		
Amortization	114,385	72,282
Increase in unrealized (gain) loss on investments	(21,128,851)	(11,623,137)
Changes in non-cash working capital items:		
Accounts receivable and prepaid expenses	(98,704)	230,485
Accounts payable and accrued liabilities	(576,075)	832,056
Research Fund	223,897	(4,716)
Deferred Government Funding	(5,360,523)	7,259,550
Grants payable	25,622,439	18,749,902
<b>Cash provided by operating activities</b>	<b>153,312,750</b>	<b>173,963,357</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(179,211)	(595,837)
Net purchase of investments	(118,527,288)	(145,480,995)
<b>Cash used in investing activities</b>	<b>(118,706,499)</b>	<b>(146,076,832)</b>
<b>Increase in cash and cash equivalents for the year</b>	<b>34,606,251</b>	<b>27,886,525</b>
Cash and cash equivalents, beginning of year	43,521,581	15,635,056
<b>Cash and cash equivalents, end of year</b>	<b>78,127,832</b>	<b>43,521,581</b>

See accompanying notes to the financial statements



# Notes to Financial Statements

December 31, 2024

## 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 funds held in lawyers' pooled trust accounts in the banks and credit unions of the province. The Foundation is administered by a Board of Governors who are responsible for distributing this interest, and related investment and other income, to provide legal aid, legal research, law reform, legal education, and law libraries for the benefit of the general public of British Columbia. The Foundation also administers other funds and programs.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

### Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### Cash Basis – Interest on Lawyers' Pooled Trust Accounts

The Foundation uses the cash basis of reporting interest earned on lawyers' pooled trust accounts.

Lawyers who hold funds in trust for or on account of clients are required to comply with Section 62 of the Legal Profession Act and Part 3, Division 7 of the Rules of the Law Society of British Columbia (the "Law Society"). These rules require that interest earned on funds held in lawyers' pooled trust accounts be remitted to the Foundation. The Foundation assumes that lawyers have remitted interest in accordance with these requirements and does not estimate or accrue revenue for accounts with interest in arrears. The Law Society's Trust Assurance function periodically identifies accounts with interest in arrears and such amounts are recorded as revenue when the cash is received by the Foundation.



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## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Program and Project Grants Approved**

The Foundation recognizes grants in the Statement of Operations in the year that they are approved by the Board of Governors. Grants are reflected as an expense that reduces the Grant Stabilization Fund.

Grants that are not yet paid are reflected as grants payable in the Statement of Financial Position. Grants payable within twelve months are recorded as current, and grants payable beyond twelve months are recorded as long-term.

### **Program and Project Grants Refunded**

All approved grants contain conditions that must be met by grantee organizations. Grants may be refunded if they are no longer required or when grant conditions have not been met.

Refunded grants consist of either funds held by the Foundation that are no longer payable, or funds that have been paid by the Foundation to a grantee and are paid back to the Foundation. Funds held by the Foundation that become no longer payable are recorded when the Foundation becomes aware that the funds are no longer required by the grantee or when it becomes known that grant conditions will not be met. Funds paid back to the Foundation by grantees are reported on a cash basis.

### **Capital Assets**

Capital assets are capitalized at cost and amortized on a straight-line basis based on estimates of assets' useful lives. When the Foundation observes conditions that indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-downs of capital assets, if any, are accounted for as expenses in the statement of operations. As at December 31, 2024, the Foundation's capital assets' useful lives were estimated in the following ranges:

- Furniture and equipment 5 to 20 years
- Computer hardware 3 to 6 years
- Computer software 5 to 10 years
- Leasehold improvements 10 years

### **Restricted and Administered Funds**

#### *a) Legal Aid BC/Law Foundation Research Fund (Research Fund) and the Legal Aid BC/Law Foundation Cultural Competence Fund (Cultural Competence Fund)*

Legal Aid BC (formerly the Legal Services Society) and the Foundation established the Research Fund pursuant to a deed of trust. The purpose of the Research Fund is to support research on and evaluation of legal aid and other access to justice programs to enhance the quality of and access to justice for British Columbians. The Foundation administers the Research Fund, and an advisory committee, consisting of one nominee from Legal Aid BC, the Foundation, and the Notary Foundation of British Columbia, approves distribution of the funds.

Because the Foundation administers, but does not exclusively control, the expenditures from the Research Fund and the Cultural Competence Fund, direct expenditures and grants approved are treated as a reduction of the fund. Grants approved and not yet paid are grouped with the Foundation's grants payable.



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## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### ***Restricted and Administered Funds (continued)***

#### *b) Access to Justice Fund*

The purpose of the Foundation's Access to Justice Fund is to receive and distribute cy-près settlement funds arising from class actions where the settlement agreement or judgment restricts the use of such funds. Direct expenditures and grants approved are reported as both income and expense as qualifying expenses are incurred or grants are awarded, in accordance with the deferral method of accounting. Grants approved and not yet paid are grouped with the Foundation's grants payable.

#### *c) Government Funding*

The Foundation receives funding from the Province of British Columbia for a network of legal clinics, to fund a portion of the Foundation's legal advocacy programs, and for restorative justice programming. This funding is deferred until related grants are approved or expenditures incurred.

Direct expenditures and grants approved are reported as both income and expense as qualifying expenses are incurred or grants are awarded, in accordance with the deferral method of accounting. Grants approved and not yet paid are grouped with the Foundation's grants payable.

### **Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Significant areas requiring the use of management estimates relate to the determination of the useful lives of capital assets and the value of grants to be paid within one year. Actual results could differ from the estimates.

### **Cash and Cash Equivalents**

Cash and cash equivalents is defined as cash on hand, cash on deposit, Guaranteed Investment Certificates (GICs) and term deposits maturing in less than 12 months that are cashable with no penalty, and highly liquid instruments held in investment portfolios (such as money market funds and short-term treasury bills).

### **Short-term Investments**

Short-term investments [note 4] consist of the portion of principal and interest on GICs and term deposits that are not cashable, or result in a penalty if cashed early, which is receivable within 12 months.

### **Investments**

Investments [note 4] consist of bond and equity funds composed of publicly traded stocks and bonds; long-term real estate and infrastructure funds; and GICs and term deposits with maturity dates exceeding 12 months. Long-term real estate and infrastructure funds are revalued quarterly by the fund managers.

Investments in publicly traded securities and long-term funds are recorded at fair market value. Realized gains (losses) are reported based on their settlement date. Unrealized gains (losses) are reflected as an unrealized increase (decrease) within net investment income. Interest and dividends earned, but not received, are recorded on an accrual basis by the fund managers within the investments.



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## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### ***Investments (continued)***

Investments in GICs and term deposits are recorded at amortized cost. Accrued interest income is recorded as an increase in the value of the GICs and term deposits within net investment income. Interest payments prior to maturity are recorded as a decrease in the carrying value of the GICs and term deposits.

## **3. FINANCIAL INSTRUMENTS**

The Foundation's financial instruments consist of cash, short and long-term investments, accounts receivable, accounts payable and accrued liabilities, and grants payable.

### **Measurement of Financial Instruments**

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and liabilities at amortized cost, except for the investments that are quoted in an active market or have market value data available, which are measured at fair market value. Transaction costs related to financial instruments are expensed as incurred. Financial instruments measured at amortized cost consist of cash and cash equivalents, accounts payable and accrued liabilities, and grants payable.

### **Risk of Financial Instruments**

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure at the year-end date.

#### *Credit Risk*

Credit risk is the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's primary credit risk relates to bond fund investments, bank deposits, GICs, and term deposits.

#### *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect to the timing of its grants payable and long-term investment maturities. The Foundation sets investment policies and monitors its investments and cash to minimize liquidity risk.

#### *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation's investment policies allow its investment managers to use derivatives for the sole purpose of hedging exposure in duration, credit or foreign currency, or replicating a market index or a security within a market index, and only in ways that are consistent with funds' investment objectives.

#### *Currency Risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's exposure to currency risk is with its ownership of foreign-currency-denominated securities and cash flows within its investment funds. The Foundation's investment managers use derivative instruments to hedge exposure to foreign currencies.



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### 3. FINANCIAL INSTRUMENTS (CONTINUED)

#### *Risk of Financial Instruments (continued)*

##### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its investments in bond funds and real estate and infrastructure funds. The Foundation's investment managers use derivative instruments to hedge exposure to interest rates. The Foundation's interest income received on lawyers' trust accounts is also subject to interest rate risk. The Foundation does not engage in hedge transactions with respect to interest on lawyers' trust accounts.

##### *Other Price Risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments in equity and bond funds and real estate and infrastructure investments.

There is no change to these risk exposures compared to the prior year.

### 4. INVESTMENTS

	Cost \$	Carrying Value \$
<b>2024</b>		
<b>Current</b>		
Current portion of GICs and term deposits	25,250,000	30,291,174
	<b>25,250,000</b>	<b>30,291,174</b>
<b>Long-term</b>		
Publicly traded securities	220,548,636	237,248,563
Infrastructure and real estate funds	40,849,003	52,666,944
Long-term portion of GICs and term deposits	146,737,470	150,266,530
	<b>408,135,109</b>	<b>440,182,037</b>
<b>Total</b>	<b>433,385,109</b>	<b>470,473,211</b>
<b>2023</b>		
<b>Current</b>		
Current portion of GICs and term deposits	-	2,221,833
	-	2,221,833
<b>Long-term</b>		
Publicly traded securities	186,320,920	183,246,214
Infrastructure and real estate funds	25,860,436	29,960,679
Long-term portion of GICs and term deposits	113,987,470	115,388,346
	<b>326,168,826</b>	<b>328,595,239</b>
<b>Total</b>	<b>326,168,826</b>	<b>330,817,072</b>



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#### 4. INVESTMENTS (CONTINUED)

At December 31, 2024, the Foundation's portfolio was composed in the following proportions: 50% publicly traded stocks and bonds, 38% GICs and term deposits, and 12% in infrastructure and real estate funds.

GICs and term deposits held by the Foundation range in maturity between March 2025 and October 2029 and bear interest between 4.30% and 5.50% per year. \$80,000,000 of the principal amount of GICs and term deposits is redeemable on demand in exchange for forfeiture of accrued interest, and \$91,987,470 is non-redeemable.

#### 5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
<b>2024</b>			
Leasehold improvements	98,613	14,383	84,230
Furniture and equipment	356,232	55,871	300,361
Computer hardware	152,601	67,772	84,829
Computer software	363,282	44,209	319,073
	<b>970,728</b>	<b>182,235</b>	<b>788,493</b>
<b>2023</b>			
Leasehold improvements	98,613	4,495	94,118
Furniture and equipment	345,851	20,779	325,072
Computer hardware	150,725	82,586	68,139
Computer software	255,245	18,907	236,338
	<b>850,434</b>	<b>126,767</b>	<b>723,667</b>

#### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024 \$	2023 \$
Operating	711,950	992,089
Funds administered for others	711,933	1,007,869
	<b>1,423,883</b>	<b>1,999,958</b>



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## 7. LEGAL AID BC/LAW FOUNDATION FUNDS

### a) Legal Aid BC/Law Foundation Research Fund (Research Fund)

Activity in the Research Fund during the year was as follows:

	2024 \$	2023 \$
Research Fund, beginning of year	1,593,157	1,597,873
Grants approved	-	(125,000)
Grants returned to fund	30,937	128
Investment income allocated <i>[note 12]</i>	192,960	120,156
Research Fund, end of year	1,817,054	1,593,157

### b) Legal Aid BC/Law Foundation Cultural Competence Fund

There was no activity in the Cultural Competence Fund during the year. In 2018, the Foundation received a \$400,000 grant from Legal Aid BC, which it continues to hold.

## 8. ACCESS TO JUSTICE FUND

There was no balance or activity in the Access to Justice Fund during the year or the prior year.

## 9. GOVERNMENT FUNDING

Activity during the year related to legal clinics, advocacy programs, and restorative justice programs for which the Foundation receives funding from the Province of BC was as follows:

	2024 \$	2023 \$
Deferred government funding, beginning of year	7,259,550	-
Province of BC – Legal Clinics – Funds received	1,900,000	6,000,000
Province of BC – Legal Clinics – Net grants approved	(4,560,523)	(1,740,450)
Province of BC – Legal Advocacy Programs – Funds received	-	1,074,000
Province of BC – Legal Advocacy Programs – Net grants approved	-	(1,074,000)
Province of BC – Restorative Justice Programs – Funds received	-	3,000,000
Province of BC – Restorative Justice Programs – Net grants approved	(2,700,000)	-
Deferred government funding, end of year	1,899,027	7,259,550



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## 10. GRANTS PAYABLE

The balance of grants payable includes the full amount of multi-year grants with payments scheduled more than twelve months beyond December 31, 2024.

	2024 \$	2023 \$
Opening grants payable	102,131,595	83,381,693
Grants approved		
Law Foundation of BC <i>[note 14]</i>	91,322,701	68,979,692
Government funded portion of legal clinics <i>[note 9]</i>	4,719,933	2,548,142
Government funded portion of advocacy programs <i>[note 9]</i>	-	1,074,000
Government funded portion of restorative justice programs <i>[note 9]</i>	2,975,000	-
Access to Justice Fund	-	-
LABC/LFBC Research Fund	-	125,000
Payments		
Law Foundation of BC	(67,643,719)	(48,337,386)
Government funded portion of legal clinics	(2,506,954)	(1,929,834)
Government funded portion of advocacy programs	(358,000)	(358,000)
Government funded portion of restorative justice programs <i>[note 9]</i>	(1,286,440)	-
Access to Justice Fund	(269,343)	(265,694)
LABC/LFBC Research Fund	(9,062)	(140,000)
Grants refunded		
Law Foundation of BC <i>[note 14]</i>	(789,280)	(2,022,558)
Government funded portion of legal clinics <i>[note 9]</i>	(201,458)	(923,333)
Government funded portion of restorative justice programs <i>[note 9]</i>	(300,000)	-
LABC/LFBC Research Fund	(30,938)	(127)
Ending grants payable	127,754,034	102,131,595
Current	77,371,701	73,511,719
Long-term	50,382,333	28,619,876
	127,754,034	102,131,595



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## 11. GRANT STABILIZATION FUND & NON-GAAP MEASURE: GSF RATIO

The Foundation has a goal of insulating continuing programs from 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. To accomplish this goal, the Foundation maintains a stabilization fund that declines in years in which the Foundation's net income before grants approved is less than the grants approved and increases when net income before grants approved is greater than the grants approved.

The Foundation seeks to maintain a Grant Stabilization Fund level which is equivalent to between 3.5 and 5.0 years' grants, program, grantee support, and operating expenditures (total annual expenditures). This target GSF Ratio supports the Foundation's commitment to multi-year grantmaking, and takes into consideration the variability in and possibility for significant declines of the Foundation's revenues, as well as the broad and evolving landscape of access to justice needs in British Columbia.

	2024 \$	2023 \$
Grant Stabilization Fund	415,548,497	261,097,141
Average Total Annual Expenditures (Next 3 Years' Forecast)	99,757,000	86,019,059
GSF Ratio	4.17	3.04

## 12. NET INVESTMENT INCOME

	2024 \$	2023 \$
Interest and dividends earned	17,274,208	11,714,372
Increase in unrealized gain on investments	21,128,851	11,623,137
Gain/(Loss) on sale of investments	15,972,527	(2,273,985)
Investment advisory fees	(1,080,904)	(546,415)
	53,294,682	20,517,109
Investment income allocated to the Research Fund <i>[note 7]</i>	(192,960)	(120,156)
	53,101,722	20,396,953



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### 13. OTHER INCOME

Under the Law Society’s unclaimed trust fund procedures, lawyers submit unclaimed trust funds to the Law Society, which holds the funds for five years before remitting the money to the Foundation. Separately, the Law Society makes an annual grant to the Law Foundation to fund pro bono legal services and other access to justice initiatives. The Foundation also periodically receives unrestricted awards under the cy-près doctrine, which allows settlement funds or damages awards to be directed to charities or other public interest organizations where it is impractical to distribute the funds to class members. The Foundation received six unrestricted cy-près awards in 2024 (three in 2023).

	2024 \$	2023 \$
Unclaimed trust funds	389,705	369,372
Law Society of BC grants	355,587	329,866
Unrestricted cy-près awards	1,293,387	1,018,590
Miscellaneous other income	10,018	-
	<b>2,048,697</b>	<b>1,717,828</b>

### 14. NET GRANTS APPROVED

Net grants approved consists of the full amount of all program and project grants approved by the Board of Governors during the year, except for grants funded by other sources which are recorded as Access to Justice expenses [note 8], Government Funding expenses [note 9], or adjustments to other funds as applicable.

The Foundation issues grants of various durations, including grants with terms extending beyond one year. The full amount of multi-year grants is recognized in Grants approved at the time the grant is approved by the Board.

Net grants approved also includes amounts returned to the Foundation during the year, because they are no longer required by a grantee or when grant conditions have not been met.

	2024 \$	2023 \$
Grants approved	91,322,701	68,979,692
Less: grants refunded	(789,280)	(2,022,558)
Net grants approved	<b>90,533,420</b>	<b>66,957,134</b>

### 15. PROGRAM COSTS

Program costs consist of consulting costs to develop programming; meetings and events involving grantees and grantmaking advisory committees; program-related sponsorships and memberships; and expenses related to the publication and administration of grant calls.



## 16. GRANTEE TRAINING AND CAPACITY SUPPORT

Grantee training and capacity support costs consist primarily of education and training for legal advocates, including annual training conferences; other training resources for grantees; legal practice management software for grantees; and various capacity-building programs.

## 17. COMMITMENTS

### a) Premises Lease

On May 1, 2023, the Foundation commenced a ten-year lease for office premises. Under the lease, the Foundation is required to pay operating costs based on the actual costs incurred by the landlord, therefore the Foundation's future commitment is estimated. As at December 31, 2024, the Foundation's total remaining lease commitment to the expiry of the new lease's term on April 30, 2033 is estimated to be \$2,748,665, with an average annual commitment of \$305,407. This commitment includes rent, operating expenses, property tax, and GST.

### b) Practice Management Software

The Foundation is party to a three year software licensing agreement to provide legal practice management software to grantee organizations providing advocacy services to the public. The Foundation's remaining commitment to the end of the agreement's term on December 31, 2025 is US\$155,628.

### c) Legal Advocate Training Program Development and Pilot Delivery

On December 22, 2023, the Foundation entered into a contract with the University of Fraser Valley to co-develop and deliver new legal advocate training programs, with expected completion in mid-2025. The total cost of the contract is \$177,520. \$88,760, representing 50% of the cost, was paid in the current year upon project kick-off. Of the remaining commitment, \$71,008 is projected to be due in early 2025 and \$17,752 due in late 2025 upon completion of certain deliverables.

## 18. CONTINGENT LIABILITY

During the year, the Foundation introduced an employee health benefit program under which the Foundation reimburses employees for eligible healthcare expenditures up to a lifetime maximum amount per employee. This program is available to permanent employees after 90 days of active employment. Only expenses incurred during an employee's term of employment with the Foundation are eligible for reimbursement.

The Foundation is obligated to reimburse employees when expenses are incurred and submitted for reimbursement. Such claims are expected to continue in the future. Therefore, the program gives rise to payments which are contingent on future events. Because the amount and timing of future claims cannot be reliably estimated, no liability has been recorded in the financial statements and reimbursements are expensed as incurred.

During 2024, an expense of \$99,513 was incurred under the program.

As at December 31, 2024, 30 active employees were eligible for the program, with a total remaining maximum claimable amount of \$1,100,487.



## 19. SUBSEQUENT EVENT

On May 16, 2024, the provincial government of British Columbia passed Bill 21, the Legal Professions Act, which merges lawyers, paralegals, and notaries under a single regulatory body and implements various other changes to the governance of the legal professions in the province. As of the reporting date, a transition team is preparing for the changes necessary to meet the requirements of Bill 21, which is expected to be brought into force by the Province in 2026, subject to legal challenges.

If Bill 21 comes into force, the Foundation will assume the assets and liabilities of Notary Foundation of British Columbia (the “Notary Foundation”) and the Notary Foundation will be dissolved.

The Law Society of British Columbia has filed a Notice of Civil Claim at the Supreme Court of British Columbia challenging the constitutionality of Bill 21. If successful, this action could result in the delay or cancellation of the merging of the legal professions in British Columbia and thus the Foundation’s assumption of the Notary Foundation’s assets and liabilities. It is not possible to determine or estimate the outcome of this litigation at this time.

As of the reporting date, the transition has not yet occurred and there are no impacts on the Foundation’s financial statements. The Foundation expects that if the transition proceeds it will be accounted for, on the applicable transition date, under the provisions of section 4449 (Combinations by Not-For-Profit Organizations) of Canadian accounting standards for not-for-profit organizations.

## 20. COMPARATIVE FIGURES

Comparative figures have been adjusted to conform to changes in the current year presentation.



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The Law Foundation operates from the shared lands of the xʷməθkʷəy̓əm (Musqueam),  
Skwxwú7mesh (Squamish) and səliłwətaʔ (Tsleil-Waututh) peoples