Report from the Chair

The year 2006 was significant for the Law Foundation. We completed the first stage of the Funding Strategies Review process. I am pleased to report that the initial questions driving the process, namely whether the Law Foundation was funding the right groups to do the right work with the right amount of money, were all answered in the affirmative.

The foundation’s mandate is to fund legal education, legal research, legal aid, law reform and law libraries. The foundation fulfills this mandate by funding 51 continuing programs and many one-time projects that promote
Report from the Chair

the rule of law and a just society. These range from the Legal Services Society and the People’s Law School to the BC Courthouse Library Society and a number of community-based advocacy groups.

The Law Foundation uses its limited resources to enable the public and the profession to have access to the best legal education, legal research, legal aid, law reform and law libraries that its resources can provide.

The Funding Strategies Review process, described in previous annual reports, involved an intensive review of all Law Foundation-funded continuing programs to ensure the continued alignment of the Law Foundation’s funding with its mission, and to optimize its grant making. In particular, we wanted to ensure that the work funded by the foundation resulted in measurable and significant outcomes for grantees’ clients, the legal profession and the public.

The review process included interviews with over a thousand clients, together with a number of focus groups, needs assessments, file reviews and other forms of evaluation. We thank the programs who participated and congratulate them on their efforts.

The results of the review are positive, and I am pleased to report that the Law Foundation is able to increase grants to continuing programs. This is welcome news. Until recent increases, it had been a number of years since the Law Foundation was able to increase continuing program grants.

The other significant news in 2006 was a large increase in the Law Foundation’s income. Total income rose from just over $20 million to $47 million during the year. This increase, while fuelled in part by a modest increase in the prime interest rate, was generated mostly by a significant increase in the amount of money being held in lawyers’ pooled trusts accounts.

We expect that the foundation’s income will decrease somewhat in 2007, but remain at a higher level than it was in 2005 and prior years.

Grants totalling $32 million were approved in 2006. Of this amount, $12 million was allocated to the 51 continuing programs for their core operations and $20 million for one-time projects. Of that $20 million, $14 million was provided to continuing programs for 33 different projects, including the following:

- $6 million to the University of British Columbia, Faculty of Law, towards a new law school building, conditional on the Faculty of Law raising matching funds from the public and providing free space in the new building for two other grantees, the Law Students’ Legal Advice Program and the BC Law Institute.
- $3 million to the University of Victoria, Faculty of Law, to repurpose the law school library, establish a program enrichment fund and enhance its bursary and scholarship endowment fund, conditional on the Faculty of Law raising matching funds for the library and endowment components.
- $1 million to the BC Courthouse Library Society, to work with the public library system to provide a core collection of public legal education materials in public libraries in the province and to train public librarians about legal research and use of the materials.
- $1 million for innovative family law projects, one of the most significant areas of need identified during the Funding Strategies Review process. This included a grant to the Legal Services Society to enhance its family law website.
- $1 million for poverty lawyer enhancement projects to the Community Legal Assistance Society, the BC Public Interest Advocacy Centre and the Legal Services Society.
- $2 million for other projects, including public interest articling fellowships.

There were also 55 other projects approved, totalling over $6 million, including:

- More than $1 million to support pro bono programs in the province, including three-year grants to Pro Bono Law BC, Access Justice, the Salvation Army, Pro Bono Students Canada and the MS Society Volunteer Legal Advocacy program. We thank the Law Society of British Columbia, who will help the Law Foundation support legal profession pro bono activities by giving an annual grant to the Law Foundation.
- Over $1 million to fund new poverty law advocacy projects in Chilliwack, Richmond, Fort St John, Newton, the North Shore and Powell River. These community-based advocacy services, supervised by lawyers, are the front lines of access to justice in the province for many people who cannot get any other legal help for income assistance, residential tenancy, disability claims or other poverty law problems.
- Close to $4 million for other projects.

Finally, three child welfare grants totalling $337,775 were approved. The Child Welfare Fund, created in 2004, was increased in 2006 by another $2 million grant from the Ministry of
Children and Family Development. The fund’s purpose is to expand the use of alternate dispute resolution processes in the child protection law area, with a focus on Aboriginal children, and is administered by a subcommittee of the Law Foundation board of governors. The foundation thanks the ministry for its support.

In 2006, the foundation negotiated competitive interest rate agreements with the Bank of Montreal, Canadian Western Bank, Envision Credit Union and Prospera Credit Union. We commend all of these financial institutions and Vancouver City Savings Credit Union, Royal Bank of Canada, Bank of Nova Scotia, Canadian Imperial Bank of Commerce and HSBC Bank Canada, 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 throughout 2006, but pooled trust account balances increased significantly. Increased balances, along with the improved interest rate agreements and the modest rise in interest rates, meant that the foundation was able to significantly increase its funding as well as add to the grant stabilization reserve.

The year 2006 saw four changes to the board of governors. Chair Heather Raven finished her term, as did Peter Warner, QC, and Master Ian Caldwell. Sadly, in October, one of our board members, Marilyn Baker, passed away after a courageous battle with cancer.

Ms Baker was the former mayor of the District of North Vancouver and was also a former member of the Canadian Immigration and Refugee Board. Governor Baker served on the following committees during her tenure at the Law Foundation: Funding Strategies, New Grants and Finance and Administration. Marilyn’s clear voice, strong analysis and big heart will be missed.

Governor Warner served on the Finance and Administration (Chair), New Grants (Chair), Funding Strategies and Special Needs Fund committees. He provided stable stewardship of Law Foundation finances during his term, and his contribution will also be missed.

Governor Caldwell served on the New Grants (Chair), Special Needs Fund (Chair), Policy and Planning, Finance and Administration and Funding Strategies committees. He led the Law Foundation’s new grants initiatives over the last few years and provided principled leadership in that role.

Chair Raven served on the Law Foundation board for six years, the last two as chair, attending all committee meetings, as well as chairing the board meetings. This was a significant undertaking, and the Law Foundation and I thank her for her significant commitment and leadership over the past years. She continues to serve on the Child Welfare Fund Committee.

Two new board members have been appointed to the Law Foundation board by the Law Society:

- Patricia Schmit, QC, who was called to the bar in 1984, is a partner in the firm of Chudiak, Schmit & Company in Quesnel. She is a life bencher of the Law Society and has served the profession in many capacities over the years.

- Samantha Hulme is Administrative Crown Counsel in Port Coquitlam and was called to the bar in 1992. She has served as president of the New Westminster Bar Association and on the Port Coquitlam Court Users Committee.

In closing, I would like to acknowledge the work of my colleagues on the Law Foundation board. Governors volunteer many hours and their significant abilities to carry out the foundation’s work. I also want to thank foundation staff who administer the day-to-day foundation work, handling applications and grants, and providing support to the board. The profession and the public are well served by the dedication of these people.

Warren Wilson, QC
Chair 2006
**MISSION STATEMENT**

*To use our income for the benefit of the public of the province of British Columbia by supporting programs that advance and promote the rule of law and a just society. The Law Foundation recognizes the diversity of the people 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 BC’s lead by establishing a law foundation.

The Law Foundation of BC 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 2006, the Law Foundation has approved grants totalling more than $330 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 Canadian Bar Association BC Branch.

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

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

In 2006, the board also had two other committees: Child Welfare Fund and Funding Strategies.

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

The Law Foundation of British Columbia
Suite 1340 – 605 Robson Street
Vancouver, BC V6B 5J3
Tel: 604-688-2337
Fax: 604-688-4586
E-mail: lfbc@tlfbc.org
www.lawfoundationbc.org

PROGRAM OBJECTIVES

The Law Foundation seeks to ensure access to justice through its program objectives, which are:

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 public access 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: Venu Saini, program director, Law Foundation of BC; and Rupi Sabota and Ram Sidhu, legal advocates, South Fraser Women’s Services Society
Continuing Programs FUNDDED IN 2006

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 2006 Continuing Programs and 2006 Projects. Within each sub-section, grants are listed from highest to lowest dollar amounts, rather than alphabetically by name.

LEGAL EDUCATION

Professional Legal Education
Law Society of BC
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

Law Foundation Lay Advocacy Training
Educating and training Law Foundation-funded lay advocates and a poverty law conference $84,600

From left to right: Doug King, former legal advocate, Downtown Eastside Residents’ Association; Andrée Harley, project coordinator/advocate, Nicola Valley Family Justice Services Society; Fran Auckland, fieldworker, Legal Services Society; Sara Kahn, staff counsel, BC Public Interest Advocacy Centre

Law Foundation Graduate Fellowships
Graduate legal work by BC lawyers and graduate law students $67,100

Alex Cameron: The unique power of Internet service providers in digital rights management

Donn Short: The intersection of law and education in violence and bullying in schools

Adam Perry: Whether to pursue justice in a particular case or in general, and the relationship between generalized rules and case-by-case facts and reasoning

Prasanna Venkataswami Ranganathan: The intervention of the state immunity principle in recent international cases of torture

Kim Pamela Stanton: The Canadian experience of constitutional negotiations, and a proposed truth commission regarding Indian residential schools

Sean Robertson: Legal-geographic analysis of international food security policies and protocols, and suggestions for alternative models

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

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

BC Branch, Canadian Bar Association
The Lawyer Referral Service, a service to help the public obtain low-cost legal information and assistance; Law Week 2006 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 the surrounding communities $60,800

PovNet Society
A poverty law website, e-mail groups and databases for advocates $55,000

Debate and Speech Association of BC
The participation of high school students in the province-wide Law Foundation Cup Debates on legal topics $14,300

Grants Approved in 2006

Legal Education $9,173,672
Legal Research 1,058,305
Legal Aid 14,980,510
Law Reform 579,100
Law Libraries 6,331,700
Total $32,123,287

Total continuing program grants: $11,510,922
Total project grants: $20,274,590
Total child welfare grants: $337,775
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 BC 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

Tenant Resource & Advisory Centre Society
A legal information service on tenancy matters $218,600

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 $203,400

Greater Vancouver Law Students’ Legal Advice Program
A law students’ legal advice program operating free clinics in the Greater Vancouver area $166,920

BC 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

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

BC Coalition to Eliminate Abuse of Seniors
A lay advocacy program providing legal information and assistance to seniors throughout BC $90,000

Island JADE 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

MOSAIC
A lay advocacy program providing legal information and assistance to low-income immigrants and refugees in the Lower Mainland $79,700

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
Continuing Programs FUNDDED IN 2006

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

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

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

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

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

BC 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

BC 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

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

BC Freedom of Information and Privacy Association
A program focusing on freedom of information and privacy legislation $20,800

LAW LIBRARIES

BC Courthouse Library Society
The society’s operating costs for the province’s 31 courthouse law libraries $2,190,200

Law Society of BC
Contribution to the operating costs of the CanLII Virtual Law Library $65,000

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

BC Freedom of Information and Privacy Association
A program focusing on freedom of information and privacy legislation $20,800

MISCELLANEOUS GRANTS

Support for organizations to address emergent needs as recognized throughout the year, including grants to:

Vancouver Community College to add 5,000 legal context definitions to its legal contexts project and to translate the Online Glossary of Legal Terms into traditional Chinese script

North Shore Family Justice Committee to supply a legal notice board

Greater Vancouver Law Students’ Legal Advice Program to fund students for its summer student program

Pro Bono Students Canada — University of British Columbia for summer 2006 program development and conference fees

Pro Bono Students Canada — University of Victoria for a law student coordinator and program development

BC Law Institute for an articling student

Legal Services Society for the “Aboriginal Law Conference” in June 2006

Projects FUNDED IN 2006

LEGAL EDUCATION

Public Legal Education

Law Courts Education Society
A three-year project to expand services for Aboriginal youth, immigrants and the Courts Education Network $450,000

Vancouver Area Human Rights Coalition Society
A legal education project for security guards and the public on balancing safety with the right to access and equal treatment under the law $74,980

Law Courts Education Society
Thirty workshops in the Lower Mainland for separating parents on financial issues resulting from separation and parenting plans $64,200

Law Courts Education Society
An electronic educational resource on the basic structure and operation of BC courts for schools and the public $49,750

BC Civil Liberties Association
Racial profiling conference held in May 2007 $29,072

John Howard Society of the Fraser Valley
Guidebook for visitors to federal correctional institutions $15,000

Judith Marcuse Projects
AIR workshops, a series of workshops for youth on freedom of expression, access to information, censorship, private space/public space and the protection of individual rights $15,000

Nicola Valley Family Justice Services Society
A guide to legal help in rural BC $15,000
<table>
<thead>
<tr>
<th>Project</th>
<th>Funded Amount</th>
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<tbody>
<tr>
<td>Safe Harvest Coalition</td>
<td>$15,000</td>
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<td>Workshops and multilingual brochures for farmworkers in the South Okanagan</td>
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<td>Terrace Women's Resource Centre Society</td>
<td>$15,000</td>
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<tr>
<td>Up to 20 workshops on various legal topics relevant to Terrace women</td>
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<td>Union of BC Indian Chiefs</td>
<td>$15,000</td>
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<tr>
<td>Online Aboriginal law curriculum materials for Grade 10 – 12 students</td>
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<tr>
<td>West Coast Women's Legal Education and Action Fund Association</td>
<td>$15,000</td>
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<tr>
<td>Adapted curriculum of the “No Means No” program for Aboriginal youth on reserve</td>
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<tr>
<td>Northern Women's Wellness Information Centre</td>
<td>$15,000</td>
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<tr>
<td>Up to 18 two-hour legal education workshops for women in the Prince George area</td>
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<tr>
<td>Kelowna Women's Resource Centre</td>
<td>$14,540</td>
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<tr>
<td>Workshops for women and front-line community workers on employment, income assistance, residential tenancy, child protection and human rights law</td>
<td>$13,675</td>
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<tr>
<td>Ecotrust Canada</td>
<td>$12,665</td>
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<tr>
<td>Update of the Crown Land Referrals Toolkit focusing on the legal basis for consultation with First Nations</td>
<td>$10,110</td>
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<td>Pro Bono Law of BC</td>
<td>$10,000</td>
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<tr>
<td>Non-profit law seminars for community organizations</td>
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<td>North Shore Multicultural Society</td>
<td>$10,000</td>
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<tr>
<td>Legal information workshops on family law for Persian (Farsi-speaking) immigrants on the North Shore</td>
<td>$9,900</td>
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<tr>
<td>Sunshine Coast Women’s Resource Society</td>
<td>$9,900</td>
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<td>Workshops on employment law for employees in the Sunshine Coast area</td>
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<td>Professional Legal Education</td>
<td>$6,000,000</td>
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<td>University of British Columbia, Faculty of Law</td>
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<tr>
<td>Grant to the Law School Building Fund, conditional on the Faculty of Law raising matching funds and providing space in the new building for the Greater Vancouver Law Students' Legal Advice Program, the BC Law Institute and Pro Bono Students Canada — University of British Columbia chapter</td>
<td>$300,000</td>
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<tr>
<td>University of British Columbia, Faculty of Law</td>
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<tr>
<td>A three-year project providing awards to law students with unmet financial needs who demonstrate academic achievement</td>
<td>$300,000</td>
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<tr>
<td>University of British Columbia, Faculty of Law</td>
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<tr>
<td>A three-year project providing awards to law students with unmet financial needs who demonstrate academic achievement</td>
<td>$150,000</td>
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<tr>
<td>Greater Vancouver Law Students’ Legal Advice Society</td>
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<tr>
<td>Public interest articling fellowships over three years</td>
<td>$150,000</td>
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<tr>
<td>University of Victoria, Faculty of Law</td>
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<tr>
<td>A three-year project providing awards to law students with unmet financial needs who demonstrate academic achievement</td>
<td>$150,000</td>
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<td>Continuing Legal Education Society of BC and Priestly Law Library, University of Victoria, Faculty of Law</td>
<td>$75,000</td>
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<td>Redesign of the online Legal Research Centre and enhancement of the Legal Research Record tool</td>
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<td>University of British Columbia, Faculty of Law</td>
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<td>Development of strategic and fundraising plans</td>
<td>$75,000</td>
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<td>Community Legal Assistance Society</td>
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<tr>
<td>Public interest articling fellowship</td>
<td>$50,000</td>
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<td>University of British Columbia, Faculty of Law</td>
<td>$50,000</td>
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<tr>
<td>Update and implementation of the Legal Education Access Project</td>
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<td>PovNet Society on behalf of the Poverty Law Advocacy Network of Canada</td>
<td>$37,000</td>
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<tr>
<td>A national conference of anti-poverty advocates in Vancouver in November 2006</td>
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<td>Continuing Legal Education Society</td>
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<td>Update of Aboriginal Practice Points, a free online collection of papers on Aboriginal rights and issues</td>
<td>$25,500</td>
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<td>Canadian Institute for the Administration of Justice</td>
<td>$25,000</td>
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<td>“Sustainable Development and the Law: People, Environment and Culture,” a national conference held in Vancouver in October 2006</td>
<td>$10,728</td>
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<td>Association des juristes d’expression française de la Colombie-Britannique</td>
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<td>“Journée de droit — Law Day Conference,” a conference on the challenges of having a French or English trial in a region where that official language is in the minority</td>
<td>$75,000</td>
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<td>LEGAL RESEARCH</td>
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<td>Canadian Forum on Civil Justice</td>
<td>$225,000</td>
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<tr>
<td>A three-year project to develop the forum’s core research program and undertake innovative new research projects relevant to BC</td>
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<td>The Legal Historical Society of British Columbia</td>
<td>$150,000</td>
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<td>Research and write a history of the BC Court of Appeal</td>
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<td>BC Coalition to Eliminate Abuse of Seniors, on behalf of the BC Adult Abuse and Neglect Prevention Collaborative</td>
<td>$75,000</td>
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<tr>
<td>Legal research to clarify issues regarding adults vulnerable to abuse based on their level of capacity</td>
<td>$75,000</td>
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</table>
Canadian Forum on Civil Justice  
Pilot project to support research on civil justice reform  
$75,000

Scow Institute for Communicating Information on Aboriginal Issues  
Legal research and education project on select Aboriginal justice issues  
$75,000

Union of BC Indian Chiefs  
Land rights research workshops for First Nations community members  
$75,000

Victoria Native Friendship Centre  
Research into Aboriginal restorative justice programs and strategies in the Victoria area and development of a central healing house model  
$70,000

Canadian Paraplegic Association (BC)  
Research on the Continuing Care Act  
$15,000

MARU Art and Research Society  
Survey and research on communities affected by racial profiling  
$15,000

Canadian Forum on Civil Justice  
Continuing research on involving the public in civil justice reform initiatives in BC  
$14,630

**Legal Advocacy**

**Greater Vancouver Law Students’ Legal Advice Society**  
A three-year project to incorporate family law and a do-your-own divorce program into the students’ legal advice program  
$554,000

**Dze L K’ant Friendship Centre Society**  
A three-year project providing legal information and assistance on a variety of legal topics affecting low-income people in the Smithers area  
$250,000

**Chilliwack Community Services**  
A three-year lay advocacy project providing poverty law information and assistance to the Aboriginal community and the Chilliwack community at large  
$225,000

**CHIMO Crisis Services Society**  
A three-year project to continue and expand the work of the volunteer advocacy pilot project for poverty law outreach and advocacy in Richmond  
$225,000

**Fort St. John Women’s Resource Society**  
A three-year lay advocacy project providing poverty law information and assistance to the Fort St. John area  
$225,000

**Newton Advocacy Group Society**  
A three-year lay advocacy project providing poverty law information and assistance to low-income people in the Surrey area  
$225,000

**North Shore Community Resources Society**  
A three-year lay advocacy project providing poverty law information and assistance to marginalized North Shore residents  
$225,000

**Powell River Community Services**  
A three-year lay advocacy project providing poverty law information and assistance to low-income and marginalized people in the Powell River area  
$225,000

**Native Courtworker and Counselling Association of BC**  
A three-year Aboriginal family advocacy project in Vancouver’s Downtown Eastside  
$186,000

**Atira Women’s Resource Society**  
A two-year lay advocacy project providing legal information and assistance on poverty law, child protection, family law and criminal law to women in Vancouver’s Downtown Eastside  
$150,000

**Haida Gwaii Legal Project Society**  
A two-year lay advocacy project providing legal information and assistance on a variety of legal topics affecting low-income and Aboriginal people on Haida Gwaii  
$150,000

**Kamloops and District Elizabeth Fry Society**  
A two-year lay advocacy project providing poverty law information and assistance to the Kamloops region  
$150,000

**Haida Gwaii Legal Project Society**  
A two-year lay advocacy project providing legal information and assistance on a variety of legal topics affecting low-income and Aboriginal people on Haida Gwaii  
$150,000

**Quesnel Tillicum Society**  
A two-year lay advocacy project providing poverty law information and assistance to Quesnel and outlying areas  
$140,000

**Nicola Valley Family Justice Services Society**  
A two-year lay advocacy project providing legal information and assistance on welfare, disability benefits, housing, employment insurance, debt and CPP issues to the Nicola Valley  
$131,100

Legal Services Society  
A three-year project to update and enhance the LSS family law website  
$483,600

Legal Services Society  
Poverty law project funding to March 2010 to provide lay advocates with access to legal support  
$328,000

**LEGAL AID**
Projects FUNDED IN 2006

Abbotsford Community Services Society and Progressive Intercultural Community Services
Assistance to farmworkers in tax court trials, and to develop a strategy for group files in Joint Agricultural Compliance Team investigative proceedings $75,000

MPA — Motivation, Power and Achievement Society
Pilot project in Surrey of a courtworkers’ program assisting mentally ill people in the criminal justice system $75,000

University of Victoria, Faculty of Law
Refine and complete the Law Centre Family Law Diagnostic Tool, an online self-help tool for students, lay advocates and the public $75,000

Saulteau First Nations
A lay advocacy project providing legal information and assistance on family and Aboriginal law in the northeast of the province $71,000

YWCA of Vancouver
A travelling lay advocacy project providing legal information and assistance to women in the Lower Mainland $68,350

South Peace Community Resources Society
A 14-month lay advocacy project providing poverty law information and assistance to the Dawson Creek area $60,415

Prince Rupert Unemployed Centre Society
A two-year lay advocacy project providing poverty law information and assistance to the Prince Rupert area $54,000

Northern Rockies Aboriginal Women Society
A lay advocacy project providing legal information and assistance to the urban Aboriginal community in Fort Nelson $40,000

Together Against Poverty Society
A volunteer advocacy project providing disability benefits legal information and assistance to low-income people in the Greater Victoria area $40,000

Community Connections (Revelstoke) Society
Increased lay advocacy services $15,000

En’owkin Centre
Policy and resource manual of the Law Foundation-funded restorative justice project in the Okanagan region $15,000

North Shore Community Resources Society
A lay advocacy project providing legal information and assistance to marginalized North Shore residents $14,000

Saint Paul’s Anglican Church
Self-help project providing legal information and assistance, including computer access $14,000

Greater Vancouver Law Students’ Legal Advice Society
Website and IT resource update $7,295

Public Interest Test Case Litigation
Community Legal Assistance Society
Poverty law project funding to March 2010 to provide lay advocates with access to legal support and representation for poverty law clients $410,000

Pivot Legal Society
A three-year strategic advocacy project in housing and income security for Vancouver Downtown Eastside residents $360,000

BC Public Interest Advocacy Centre
Poverty law project funding to April 2010 to provide lay advocates with access to legal support and representation for poverty law clients $272,000

Other Legal Aid Projects
Pro Bono Law of BC Society
A three-year project to support pro bono legal service delivery in BC $450,000

Western Canada Society to Access Justice
Transitional grant plus a three-year project to support 58 pro bono clinics around the province providing legal advice to low-income people $315,000

Environmental Law Centre, University of Victoria
A five-year project to enhance the centre’s capacity to serve a province-wide clientele $250,000

Multiple Sclerosis Society of Canada, BC Division
Project funding to December 2009 to expand the pro bono program and produce education tools $187,500

Salvation Army Belkin House
A three-year project supporting free legal services for people without access to legal aid through 23 pro bono legal clinics throughout BC $150,000

Environmental Law Centre, University of Victoria
Mobilizing legal knowledge to enhance First Nations’ capacity to participate in decision making about coastal resources $75,000
Pro Bono Students Canada — University of British Columbia
A three-year project matching volunteer law students with community organizations to provide legal support and information $73,080

Western Canada Society to Access Justice
Increase the number of pro bono clinics serving youth $60,000

Social Planning and Research Council of BC
Community consultation on the Family Relations Act review $99,000

BC Law Institute
Society Act law reform project $75,000

Pivot Legal Society
Child protection issues and policies affecting single mothers living in poverty in Vancouver’s Downtown Eastside $71,000

Social Planning and Research Council of BC
Engagement of justice system agencies in the recommendations of the Street Crime Working Group report Beyond the Revolving Door: A New Response to Chronic Offenders $58,000

Canadian Forum on Civil Justice
“Into the Future,” a national conference on civil justice reform $50,000

Sierra Legal Defence Fund Society
BC endangered species legislation project $50,000

IMPACS — Institute for Media, Policy and Civil Society
Phase I of a major project to reform advocacy law enabling charities to participate more in public policy development $15,000

University of Victoria, Faculty of Law
Major re-purposing and renovation of the Diana M. Priestly Law Library; endowment for entrance scholarships and other initiatives promoting student excellence and enriching programs $3,000,000

BC Courthouse Library Society
Providing public libraries with legal materials appropriate for public use plus training and support for public library staff $1,000,000

Canadian Institute for the Administration of Justice
Dialogue Between Courts and Tribunals — Essays on administrative law and justice $8,500

Institute for Dispute Resolution, University of Victoria
A three-year family group conference research project $192,775

Okanagan Nation Alliance
Mobile outreach family group conferencing project $80,000

Interior Métis Child and Family Services Society
Alternate dispute resolution project $65,000
December 31, 2006

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, 2006 and 2005 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 audits 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, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Vancouver, Canada
February 12, 2007
Statement of Financial Position

The Law Foundation of British Columbia
As at December 31

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash</td>
<td>42,646</td>
<td>82,751</td>
</tr>
<tr>
<td>Investments [note 4]</td>
<td>69,238,914</td>
<td>36,391,221</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>—</td>
<td>303,319</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>17,059</td>
<td>25,885</td>
</tr>
<tr>
<td>Property and equipment [note 5]</td>
<td>187,667</td>
<td>86,567</td>
</tr>
<tr>
<td></td>
<td>69,486,286</td>
<td>36,889,743</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>198,418</td>
<td>104,074</td>
</tr>
<tr>
<td>Child Welfare Fund [note 6]</td>
<td>2,060,648</td>
<td>454,259</td>
</tr>
<tr>
<td>Grants payable [note 7]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— within one year</td>
<td>16,598,744</td>
<td>12,165,567</td>
</tr>
<tr>
<td>— long term</td>
<td>14,507,077</td>
<td>2,097,412</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>33,364,887</td>
<td>14,821,312</td>
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<tr>
<td>Net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in property and equipment</td>
<td>187,667</td>
<td>86,567</td>
</tr>
<tr>
<td>Grant stabilization reserve [note 8]</td>
<td>35,933,732</td>
<td>21,981,864</td>
</tr>
<tr>
<td>Total net assets</td>
<td>36,121,399</td>
<td>22,068,431</td>
</tr>
</tbody>
</table>

Lease commitment [note 12]

See accompanying notes

Approved by:

Warren Wilson, QC
Governor

John Dustan
Governor

Statement of Changes in Net Assets

The Law Foundation of British Columbia
Year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>EQUITY IN PROPERTY AND EQUIPMENT $</th>
<th>GRANT STABILIZATION RESERVE $</th>
<th>NET $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2006</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>86,567</td>
<td>21,981,864</td>
<td>22,068,431</td>
</tr>
<tr>
<td>Increase (decrease) in net assets for the year</td>
<td>(30,452)</td>
<td>14,083,420</td>
<td>14,052,968</td>
</tr>
<tr>
<td>Acquisition of property and equipment</td>
<td>131,552</td>
<td>(131,552)</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>187,667</td>
<td>35,933,732</td>
<td>36,121,399</td>
</tr>
<tr>
<td><strong>2005</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>95,808</td>
<td>19,507,331</td>
<td>19,603,139</td>
</tr>
<tr>
<td>Increase (decrease) in net assets for the year</td>
<td>(26,702)</td>
<td>2,491,994</td>
<td>2,465,292</td>
</tr>
<tr>
<td>Acquisition of property and equipment</td>
<td>17,461</td>
<td>(17,461)</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>86,567</td>
<td>21,981,864</td>
<td>22,068,431</td>
</tr>
</tbody>
</table>

See accompanying notes
Statement of Income and Expenses

The Law Foundation of British Columbia
Year ended December 31

<table>
<thead>
<tr>
<th>INCOME</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received on lawyers’ trust accounts</td>
<td>39,984,949</td>
<td>17,394,064</td>
</tr>
<tr>
<td>Investment income (net) [note 9]</td>
<td>6,744,505</td>
<td>2,816,332</td>
</tr>
<tr>
<td>Unclaimed trust funds [note 10]</td>
<td>120,016</td>
<td>51,287</td>
</tr>
<tr>
<td></td>
<td>46,849,470</td>
<td>20,261,683</td>
</tr>
<tr>
<td>Child Welfare Fund [note 6]</td>
<td>393,611</td>
<td>544,456</td>
</tr>
<tr>
<td></td>
<td>47,243,081</td>
<td>20,806,139</td>
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</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit and annual report</td>
<td>38,189</td>
<td>27,027</td>
</tr>
<tr>
<td>Consulting and legal</td>
<td>74,456</td>
<td>105,457</td>
</tr>
<tr>
<td>Meetings and travel</td>
<td>128,309</td>
<td>110,738</td>
</tr>
<tr>
<td>Office</td>
<td>83,374</td>
<td>67,952</td>
</tr>
<tr>
<td>Rent and occupancy costs</td>
<td>78,978</td>
<td>77,594</td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>748,013</td>
<td>578,862</td>
</tr>
<tr>
<td>Amortization of property and equipment</td>
<td>30,452</td>
<td>26,702</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,181,771</td>
<td>994,332</td>
</tr>
<tr>
<td>Child Welfare Fund [note 6]</td>
<td>393,611</td>
<td>544,456</td>
</tr>
<tr>
<td></td>
<td>1,575,382</td>
<td>1,538,788</td>
</tr>
</tbody>
</table>

| Net income before grants approved             | 45,667,699 | 19,267,351 |
| Program and project grants approved [note 11] | 31,785,512 | 16,925,595 |
| Less program and project grants refunded or unused | 170,781 | 123,536 |
|                                              | 31,614,731 | 16,802,059 |

| Increase in net assets for the year           | 14,052,968 | 2,465,292 |

See accompanying notes

Statement of Cash Flows

The Law Foundation of British Columbia
Year ended December 31

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received on lawyers’ trust accounts</td>
<td>39,984,949</td>
<td>17,394,064</td>
</tr>
<tr>
<td>Interest received on investments (net) [note 9]</td>
<td>1,140,092</td>
<td>1,678,877</td>
</tr>
<tr>
<td>Unclaimed trust funds received [note 10]</td>
<td>120,017</td>
<td>51,287</td>
</tr>
<tr>
<td>Expenses paid</td>
<td>(1,048,149)</td>
<td>(1,017,737)</td>
</tr>
<tr>
<td>Program and project grants paid, net of refunds and returns</td>
<td>(14,771,888)</td>
<td>(14,277,889)</td>
</tr>
<tr>
<td>Cash provided by operating activities</td>
<td>25,425,021</td>
<td>3,828,602</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INVESTING ACTIVITIES</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment purchased</td>
<td>(131,552)</td>
<td>(17,461)</td>
</tr>
<tr>
<td>Increase in investments (net) [note 4]</td>
<td>(29,502,995)</td>
<td>(3,222,139)</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>(29,634,547)</td>
<td>(3,239,600)</td>
</tr>
<tr>
<td>Increase (decrease) in cash and cash equivalents for the year</td>
<td>(2,603,137)</td>
<td>542,046</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>2,645,783</td>
<td>2,103,737</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>42,646</td>
<td>2,645,783</td>
</tr>
</tbody>
</table>

Cash and cash equivalents are comprised of:

| Cash                                                        | 42,646  | 82,751 |
| Short-term investments [note 4]                             | —       | 2,563,032 |
|                                                            | 42,646  | 2,645,783 |

See accompanying notes
Notes to
Financial Statements

The Law Foundation of British Columbia
December 31, 2006

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.

Program and Project Grants Approved
The foundation expenses 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 and market value. Gains and losses arising from changes in the market value of investments are recorded as they are realized.

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 cash, investments, accounts payable and grants payable. The foundation is subject to market, credit and interest rate risk on its investments. 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.
4. INVESTMENTS

<table>
<thead>
<tr>
<th>DUE DATES</th>
<th>COST ($)</th>
<th>MARKET VALUE ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CC&amp;L Canadian Q Core pooled equity fund</td>
<td>5,140,744</td>
<td>4,818,188</td>
</tr>
<tr>
<td>CC&amp;L pooled bond fund</td>
<td>66,393,100</td>
<td>64,420,726</td>
</tr>
<tr>
<td></td>
<td>71,533,844</td>
<td>69,238,914</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term investments (cost $2,564,255 — recorded at market)</td>
<td>2006 2,563,032</td>
<td>2,563,032</td>
</tr>
<tr>
<td>Corporate bonds and debentures</td>
<td>2014 to 2034 12,568,805</td>
<td>13,727,812</td>
</tr>
<tr>
<td>Government bonds</td>
<td>2013 to 2035 21,259,384</td>
<td>23,366,517</td>
</tr>
<tr>
<td></td>
<td>36,391,221</td>
<td>39,657,361</td>
</tr>
</tbody>
</table>

In July 2006, the foundation changed investment managers and retained Connor, Clark and Lunn Investment Management Ltd (CC&L). In consultation with CC&L and an independent investment consultant, a new investment policy was established and approved by the board of governors. The new investment policy, among other things, allows for equities of up to 25% of the market value of the portfolio and pooled bond funds rather than segregated long-term bonds. In December 2006, the long-term segregated bonds were sold for a sizeable gain, and the funds realized were invested in CC&L’s pooled equity and bond funds.

5. PROPERTY AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>ACCUMULATED AMORTIZATION ($)</th>
<th>NET BOOK VALUE ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>159,969</td>
<td>118,356</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>91,129</td>
<td>53,922</td>
</tr>
<tr>
<td>Computers and accessories</td>
<td>29,143</td>
<td>15,389</td>
</tr>
<tr>
<td></td>
<td>280,241</td>
<td>187,667</td>
</tr>
</tbody>
</table>

6. CHILD WELFARE FUND

The BC Ministry of Children and Family Development granted $1 million in 2004 and an additional $2 million in 2006 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:

<table>
<thead>
<tr>
<th></th>
<th>2006 ($)</th>
<th>2005 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Welfare Fund, beginning of year</td>
<td>454,259</td>
<td>998,715</td>
</tr>
<tr>
<td>Grant received</td>
<td>2,000,000</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>2,454,259</td>
<td>998,715</td>
</tr>
<tr>
<td>Direct development expenses paid</td>
<td>(55,836)</td>
<td>(19,456)</td>
</tr>
<tr>
<td>Grants — paid</td>
<td>—</td>
<td>(27,500)</td>
</tr>
<tr>
<td>— payable</td>
<td>(337,775)</td>
<td>(497,500)</td>
</tr>
<tr>
<td></td>
<td>(393,611)</td>
<td>(544,456)</td>
</tr>
<tr>
<td>Child Welfare Fund, end of year</td>
<td>2,060,648</td>
<td>454,259</td>
</tr>
</tbody>
</table>
7. LONG-TERM GRANTS PAYABLE
The foundation has approved grants with multi-year payment schedules that are estimated to be payable in the following years:

<table>
<thead>
<tr>
<th></th>
<th>2006 $</th>
<th>2005 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>—</td>
<td>12,165,567</td>
</tr>
<tr>
<td>2007</td>
<td>16,598,744</td>
<td>1,847,148</td>
</tr>
<tr>
<td>2008</td>
<td>6,419,652</td>
<td>250,264</td>
</tr>
<tr>
<td>2009</td>
<td>5,133,703</td>
<td>—</td>
</tr>
<tr>
<td>2010</td>
<td>1,553,722</td>
<td>—</td>
</tr>
<tr>
<td>2011</td>
<td>1,395,000</td>
<td>—</td>
</tr>
<tr>
<td>2012</td>
<td>5,000</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31,105,821</td>
<td>14,262,979</td>
</tr>
<tr>
<td>Less portion payable within one year</td>
<td>(16,598,744)</td>
<td>(12,165,567)</td>
</tr>
<tr>
<td><strong>Total for the year</strong></td>
<td>14,507,077</td>
<td>2,097,412</td>
</tr>
</tbody>
</table>

8. GRANT STABILIZATION RESERVE
The foundation has established an annual grants budget with the goal of insulating continuing programs (that have been 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.

9. INVESTMENT INCOME
Investment income comprises:

<table>
<thead>
<tr>
<th></th>
<th>2006 $</th>
<th>2005 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends earned</td>
<td>3,264,885</td>
<td>1,834,025</td>
</tr>
<tr>
<td>Less write-down to market</td>
<td>(2,294,929)</td>
<td>—</td>
</tr>
<tr>
<td>Gain on sale of investments</td>
<td>5,907,733</td>
<td>1,072,863</td>
</tr>
<tr>
<td>Less investment advisory fees</td>
<td>(133,184)</td>
<td>(90,556)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,744,505</td>
<td>2,816,332</td>
</tr>
</tbody>
</table>

10. 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.

11. PROGRAM AND PROJECT GRANTS APPROVED

<table>
<thead>
<tr>
<th></th>
<th>2006 $</th>
<th>2005 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Services Society of BC</td>
<td>3,272,500</td>
<td>3,272,500</td>
</tr>
<tr>
<td>— continuing program</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>— shared surplus grant</td>
<td>654,500</td>
<td>654,500</td>
</tr>
<tr>
<td>BC Courthouse Library Society</td>
<td>2,190,200</td>
<td>2,190,200</td>
</tr>
<tr>
<td>— continuing program</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>— shared surplus grant</td>
<td>438,040</td>
<td>438,040</td>
</tr>
<tr>
<td>Other continuing program grants</td>
<td>6,038,222</td>
<td>5,662,644</td>
</tr>
<tr>
<td>— shared surplus grants</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Project grants</td>
<td>20,284,590</td>
<td>3,589,791</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31,785,512</td>
<td>16,925,595</td>
</tr>
</tbody>
</table>

Project grants include grants of $8,750,000 that are conditional upon the receipt of matching funds by the grantees.

12. LEASE COMMITMENT
In addition to shared building operating costs, property taxes and GST, the foundation is committed to annual rent payments until April 30, 2013 for its office premises. Additional space was leased in January 2007 and the required payments are now as follows:

<table>
<thead>
<tr>
<th></th>
<th>ANNUAL RENT PAYMENTS $</th>
<th>TOTAL RENT COMMITMENT $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>74,729</td>
<td>74,729</td>
</tr>
<tr>
<td>2008 – 2012</td>
<td>77,088</td>
<td>385,440</td>
</tr>
<tr>
<td>2013 (4 months)</td>
<td>31,988</td>
<td>31,988</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>—</td>
<td>492,157</td>
</tr>
</tbody>
</table>

13. COMPARATIVE FIGURES
Certain of the comparative figures for the 2005 fiscal year have been reclassified to conform with the current year’s presentation.
Board of Governors
As of December 31, 2006

Front row, left to right:
Warren Wilson, QC
Chair of the Board of Governors
Ex-officio member of all committees
Christine Elliott
New Grants Committee
Policy and Planning Committee
Suzette Narbonne
Child Welfare Fund Committee
New Grants Committee
Barbara Cromarty
Child Welfare Fund Committee (Chair)
Policy and Planning Committee
Mary Mouat
Bursary, Scholarship and Fellowship Committee
New Grants Committee
Marilyn Baker (January – October 2006)
Finance and Administration Committee
Funding Strategies Committee
Margaret Sages
Finance and Administration Committee
Funding Strategies Committee

Back row, left to right:
John Waddell, QC
Funding Strategies Committee
Policy and Planning Committee
Master Ian Caldwell
New Grants Committee (Chair)
Special Needs Fund Committee

Linda Parsons
Funding Strategies Committee (Chair)
Policy and Planning Committee
Peter Warner, QC
Finance and Administration Committee (Chair)
Funding Strategies Committee
Madam Justice Pamela Kirkpatrick
Bursary, Scholarship and Fellowship Committee (Chair)
Special Needs Fund Committee
Bruce Strachan
Child Welfare Fund Committee
Policy and Planning Committee
Jerry McHale, QC
Child Welfare Fund Committee
Grant Gray
Finance and Administration Committee
New Grants Committee
Dev Dley, QC
Finance and Administration Committee
Policy and Planning Committee (Chair)
Nancy Merrill
Funding Strategies Committee
New Grants Committee

Not in photo:
John Dustan
Bursary, Scholarship and Fellowship Committee
Finance and Administration Committee
Special Needs Fund Committee (Chair)