

Financial Statements of



**NOVA SCOTIA BARRISTERS'  
SOCIETY**

Year ended April 30, 2018

These financial statements are the responsibility of the management of the Nova Scotia Barristers' Society (the "Society").

The responsibility of the Society's external auditors (Grant Thornton) is to express an independent opinion on whether the financial statements of the Nova Scotia Barristers' Society are stated fairly and in accordance with Canadian accounting standards for not for profit organizations. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Society maintains books of accounts and systems of financial and management control which provide reasonable assurance that accurate financial information is available, that assets are protected, and that resources are managed efficiently.

Council oversees audit activities through the Finance Committee. The Finance Committee reviews matters related to accounting, auditing, and internal control, and the financial statements and the report of the auditor of the Society.

**Management Certification for the year ended April 30, 2018**

We have reviewed the internal and reporting controls and procedures for the Nova Scotia Barristers' Society as of the end of the year covered by the 2018 financial statements. We conclude that the controls and procedures are effective to ensure that the information presented in these financial statements is completely and accurately accumulated and communicated to management and to the Finance Committee.

During the period beginning May 1, 2017 and ending April 30, 2018 the Society has not made any changes to its internal control over financial reporting that has materially affected, or is likely to affect, its internal control over financial reporting.

We certify that the Society is in full compliance with respect to the collection and remittance of all statutory employee deductions including deductions for Federal and Provincial Income Tax, Employment Insurance, and Canada Pension Plan. We also certify that the Society is in full compliance with respect to the collection and remittance of the Harmonized Sales Tax.



Tilly Pillay, QC  
Executive Director



Sean Walker, CPA, CGA, CIA  
Director, Finance and Administration



Grant Thornton

## Independent auditor's report

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To the Members of the  
**Nova Scotia Barristers' Society**

We have audited the accompanying financial statements of Nova Scotia Barristers' Society, which comprise the statement of financial position as at April 30, 2018, the statement of revenues and expenditures, statement of reserves and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nova Scotia Barristers' Society as at April 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Grant Thornton LLP*

Halifax, Canada  
June 8, 2018

Chartered Professional Accountants  
Licensed Public Accountants

# NOVA SCOTIA BARRISTERS' SOCIETY

Year ended April 30, 2018

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# NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Financial Position  
For the year ending April 30


	2018		2018	
	Unrestricted	Lawyers'	Total	Total
	General	Fund for Client	2018	2017
	Fund	Compensation		
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 646,980	\$ 68,083	\$ 715,063	\$ 1,082,791
Accounts receivable (note 2(k))	74,714	-	74,714	71,544
Accrued interest	2,698	2,421	5,119	3,548
Prepaid expenses	191,270	24,255	215,525	229,122
HST receivable	2,898	216	3,114	16,363
Due from Lawyers' Fund for Client Compensation	279,614	-	279,614	-
	1,198,174	94,975	1,293,149	1,403,368
Investments (note 3)	1,864,701	1,676,326	3,541,027	2,452,727
Investment in CLIA surplus (note 7)	-	357,000	357,000	357,000
Loan receivable (note 8)	45,786	-	45,786	-
Capital assets and intangibles (note 4)	153,784	-	153,784	155,336
Artwork (note 5)	1	-	1	1
	\$ 3,262,446	\$ 2,128,301	\$ 5,390,747	\$ 4,368,432

## Liabilities and Reserves

Current liabilities:				
Payables and accruals	\$ 226,555	\$ -	\$ 226,555	\$ 298,685
Employee entitlements	115,697	-	115,697	27,380
Due to General Fund	-	279,614	279,614	-
Due to Lawyers' Insurance Association of Nova Scotia	102,970	-	102,970	192,845
Unearned miscellaneous revenue	8,551	-	8,551	54,471
Deferred membership fees	854,553	-	854,553	703,085
	1,308,326	279,614	1,587,940	1,276,466
Reserves: (note 2(f))				
Unrestricted Reserves	1,800,336	-	1,800,336	789,366
Reserves to fund capital assets	153,784	-	153,784	155,337
	1,954,120	-	1,954,120	944,703
Lawyers' Fund for Client Compensation (note 2(c) and (f))	-	1,848,687	1,848,687	2,147,263
	1,954,120	1,848,687	3,802,807	3,091,966
	\$ 3,262,446	\$ 2,128,301	\$ 5,390,747	\$ 4,368,432

Commitments (note 6)

See accompanying notes to financial statements.

  
PRESIDENT

  
CHAIR OF FINANCE COMMITTEE

# NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Revenues and Expenditures  
Year ended April 30

	2018 Unrestricted General Fund	2018 Lawyers' Fund for Client Compensation	Total 2018	Total 2017
<b>Revenues:</b>				
Fees	\$ 5,421,372	\$ -	\$ 5,421,372	\$ 4,265,169
Education and Credentials	528,687	-	528,687	522,900
Library	160,033	-	160,033	142,265
Other	169,889	-	169,889	166,066
Investment income (note 3)	24,096	3,357	27,453	260,326
	<u>6,304,077</u>	<u>3,357</u>	<u>6,307,434</u>	<u>5,356,726</u>
<b>Expenditures:</b>				
Audit	17,526	-	17,526	18,751
Administration salaries and benefits	1,155,143	-	1,155,143	917,185
Amortization	65,320	-	65,320	78,135
Banking and investment management fees	51,892	357	52,249	44,563
CLIA premium	-	140,559	140,559	109,044
Client compensation claims paid	-	10,559	10,559	-
Communications and publications	233,557	-	233,557	188,027
Council and committees	256,150	-	256,150	232,656
Education and credentials	734,800	-	734,800	712,050
Equity and Access program	210,216	-	210,216	242,478
Legal and professional fees	14,971	13,718	28,689	76,396
Library	537,162	-	537,162	568,527
Miscellaneous	27,951	-	27,951	23,359
Professional responsibility	1,487,609	-	1,487,609	1,998,738
Programs and initiatives	355,079	-	355,079	418,961
Rent and taxes	106,404	-	106,404	100,441
Staff travel	27,454	-	27,454	26,088
Technology and consultant support	104,435	-	104,435	62,708
Telephone and office	45,731	-	45,731	52,254
	<u>5,431,400</u>	<u>165,193</u>	<u>5,596,593</u>	<u>5,870,361</u>
Excess (deficiency) of revenues over expenditures before other income	872,677	(161,836)	710,841	(513,635)
<b>Other income:</b>				
Discipline repayments	-	-	-	21,679
Excess (deficiency) of revenues over expenditures	\$ 872,677	\$ (161,836)	\$ 710,841	\$ (491,956)

See accompanying notes to financial statements.

## NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Reserves – **General Fund**  
Year ended April 30, 2018

	Unrestricted Reserve	Capital Assets	Total 2018	Total 2017
Reserves, beginning of year	\$ 789,366	\$ 155,337	\$ 944,703	\$ 1,240,202
Excess (deficiency) of revenues over expenditures	872,677	-	872,677	(513,527)
Transfer from the Lawyers' Fund for Client Compensation	136,740	-	136,740	218,028
Change in capital assets	1,553	(1,553)	-	-
<b>Reserves, end of year</b>	<b>\$ 1,800,336</b>	<b>\$ 153,784</b>	<b>\$ 1,954,120</b>	<b>\$ 944,703</b>

## NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Reserves – **Lawyers' Fund for Client Compensation**  
Year ended April 30, 2018

	Total 2018	Total 2017
Reserves, beginning of year	\$ 2,147,263	\$ 2,343,720
(Deficiency) excess of revenues over expenditures	(161,836)	21,571
Transfer to General Fund	(136,740)	(218,028)
<b>Reserves, end of year</b>	<b>\$ 1,848,687</b>	<b>\$ 2,147,263</b>

See accompanying notes to financial statements.

# NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Cash Flows  
Year ended April 30

	2018 Unrestricted General Fund	2018 Lawyers' Fund for Client Compensation	Total 2018	Total 2017
Net inflow (outflow) of cash related to the following activities:				
Operations:				
Excess (deficiency) of revenues over expenditures	\$ 872,677	\$ (161,836)	\$ 710,841	\$ (491,956)
Items not affecting cash:				
Amortization	65,320	-	65,320	78,135
Unrealized loss on investments	38,928	53,410	92,338	108,257
Interfund transfer	136,740	(136,740)	-	-
	1,113,665	(245,166)	868,499	(305,564)
Changes in non-cash operating working capital items:				
Accounts receivable	(3,170)	-	(3,170)	19,727
Accrued interest	(1,637)	66	(1,571)	1,326
HST receivable	13,273	(24)	13,249	(16,363)
Prepaid expenses	18,568	(4,971)	13,597	(42,339)
Payables and accruals	(72,130)	-	(72,130)	206,399
Employee entitlements	88,317	-	88,317	496
HST payable	-	-	-	(3,166)
Deferred revenue	105,548	-	105,548	71,111
	1,262,434	(250,095)	1,012,339	(68,373)
Financing and investing:				
Sale and purchase of Investments, net	(1,170,273)	(10,365)	(1,180,638)	792,621
Loans receivable issued	(45,786)	-	(45,786)	-
Purchase of capital assets	(63,768)	-	(63,768)	(49,191)
Payment of related party balance	(89,875)	-	(89,875)	-
Allocation to the Lawyers' Fund for Client Compensation	(279,614)	279,614	-	-
	(1,649,316)	269,249	(1,380,067)	743,430
Net cash (outflow) inflow	(386,882)	19,154	(367,728)	675,057
Cash and cash equivalents, beginning of year	1,033,862	48,929	1,082,791	407,734
Cash and cash equivalent, end of year	\$ 646,980	\$ 68,083	\$ 715,063	\$ 1,082,791

Cash is defined as cash held in bank accounts and within investment portfolios.

See accompanying notes to financial statements.



# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

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## 1. Statement of purpose

The Nova Scotia Barristers' Society (the "Society") is a body corporate constituted under the *Legal Profession Act*, S.N.S. 2004, c. 28 with the purpose to uphold and protect the public interest in the practice of law. The Society is a not for-profit entity and is exempt from taxation under section 149 of the *Income Tax Act*.

## 2. Significant accounting policies:

### (a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations (ASNPO) under Part III of the CPA Handbook.

### (b) Accounting for contributions:

The Society accounts for contributions via the deferral method in accordance with Section 4410 of the CPA Handbook.

### (c) Fund accounting:

The accounts of the Society are maintained in accordance with the principles of fund accounting in order that limitations and restrictions, if any, placed on the use of available resources may be observed. Separate accounts are maintained for each Fund.

The General Fund accounts for the costs of administration and other operating expenditures of the Society financed by fees and other general income and the investment in capital assets.

Transfers from the General Fund to the Lawyers' Fund for Client Compensation are at the discretion of the Council.

The Lawyers' Fund for Client Compensation was originally created as the Reimbursement Fund by the Barristers and Solicitors Act to reimburse claimants who have suffered financially due to the conversion or misappropriation of trust funds by member lawyers. With the passage of the Legal Profession Act, the name of the Fund was changed to The Lawyers' Fund for Client Compensation. The cash and reserve of the Fund is restricted from use for general operations of the Society.

Claims paid out of the Lawyers' Fund for Client Compensation are at the discretion of Council on the recommendation of the Lawyers' Fund for Client Compensation Committee. As at April 30, 2018, there were potential claims against the Lawyers' Fund for Client Compensation of \$141,997 (2017 - \$120,000). No provision is made for potential claims until payment is approved.

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

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## 2. Significant accounting policies (continued):

(d) Revenue recognition:

The Society uses the accrual method of accounting, including accounting for all revenue. Fees and other revenue are taken into income in the period in which they are earned. Revenue that is received but not yet earned is recorded as deferred revenue until it is earned.

(e) Reserves:

### General Fund

The Society maintains internally restricted reserves in accordance with a Financial Reserves Policy that has been adopted by Council for fiscal years beginning May, 2016 and has been factored into the setting of reserves for the 2019 fiscal year. The purpose of the Operating Reserve is to fund unexpected spikes in expenses or unbudgeted declines in revenue throughout the fiscal year.

The Society's policy is to maintain the sum of the Operating Reserve Fund at no less than two months, and no more than three months of Operating Fund budgeted expenses (excluding amortization). The excess above the three-month maximum has been reserved for potential future extraordinary hearing costs.

	Three month maximum	Two month minimum
Reserve thresholds as calculated by above policy	\$ 1,434,996	\$ 956,662
General Fund reserve balance at April 30, 2018	1,800,336	-
<b>Amount in excess of three month maximum</b>	<b>\$ 365,340</b>	<b>\$ -</b>

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

## 2. Significant accounting policies (continued):

(e) Reserves (continued):

### Restricted Funds

#### *Capital Asset Fund*

The Capital Asset Fund is maintained to provide a source of funds for the acquisition and maintenance of the Society's capital and intangible assets and to reflect capital asset transactions including acquisitions, depreciation and disposals. These assets include leaseholds, furniture and equipment including computers and software. At April 30, 2018, the balance was \$153,784 (2017 - \$155,337) representing the net book value of the Society's capital and intangible assets.

#### *Lawyers' Fund for Client Compensation Reserves Policy*

The Lawyers' Fund for Client Compensation's purpose is to compensate claimants who have sustained pecuniary losses because of misappropriation or wrongful conversion of the claimants' money or property by a member of the Society or by a law corporation. The Fund is protected through an agreement with the Canadian Lawyers' Insurance Association ('CLIA') whereby individual claims in excess of \$100,000 are insured by CLIA in the amount that exceeds \$100,000 to a maximum of \$500,000 and a limit of an aggregate amount of all claims of \$10M per year.

The Society's policy is to maintain the Lawyers' Fund for Client Compensation balance at an amount sufficient to provide for a minimum of two successive 99th percentile aggregate claim scenarios (one-in-one-hundred-year event) and a maximum of three. Also considered is the Fund's projected net income (loss) for the corresponding years.

For the 2018-19 fiscal year the budget has established the following reserve minimum and maximums. At April 30, 2018 the reserve balance is above the three month threshold, therefore, council has elected to transfer a portion of the surplus to the General Fund to support the Society's operations.

	Three year maximum	Two year minimum
Reserve thresholds as calculated by above policy	\$ 1,759,590	\$ 1,173,060
Lawyers' Fund for Client Compensation reserve balance at April 30, 2018	1,848,687	-
<b>Amount in excess of three year maximum</b>	<b>\$ 89,097</b>	<b>\$ -</b>

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

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## 2. Significant accounting policies (continued):

### (f) Financial instruments:

#### *Initial measurement*

The Society's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

#### *Subsequent measurement*

At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Society has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of the Society's investments in equities quoted in an active market and in bonds are recorded in the Statement of Revenues and Expenditures. The Society uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the Statement of Revenues and Expenditures. The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable, payables and accruals, and employee entitlements.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the Statement of Revenues and Expenditures. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs. The Society is exposed to market risk as a result of investments held. A summary of the Society's potential risk exposure as it relates to financial instruments would include:

#### 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. For purposes of this disclosure, the Society segregates market risk into three categories: interest rate risk, currency risk and other price risk.

#### Interest rate risk

- The Society held \$715,063 in cash at the end of April 2018 (2017 - \$1,082,791), and does not have any interest-bearing debt. The Society's cash is at fixed interest rates. Sensitivity to a plus or minus 1% change in rates would not have a significant effect on the Society's operations.

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

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## 2. Significant accounting policies (continued):

### (f) Financial instruments (continued):

#### Currency risk

- The Society does hold foreign securities as part of the investments held with TD Waterhouse. Changes in the exchange will play a role in the value of the underlying assets of the investment; however, such changes would not be expected to have a significant impact on on-going operations. The Society does not generally engage in any foreign operations.

#### Other price risk

- Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. Securities held for trading are valued at market and, as such, changes in market value affect earnings (loss) as they occur. The Society periodically assesses the quality of its investments and is satisfied with the current investments in place. The carrying amounts for accounts receivable, accrued interest, receivable from the Lawyers' Insurance Association of Nova Scotia and payables and accruals on the statement of financial position approximate fair value due to their short-term maturity. The Society is primarily exposed to other price risk as a result of the investment portfolio held with TD Waterhouse. The fair value of this investment is based on quoted market prices of the underlying investments within the investment portfolio.

#### Credit risk

Credit risk is the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's credit risk arises from the possibility that Canadian Legal Information Institute (CanLII) may not fulfil their payment obligation. Management continues to monitor the collectability of this individual loan.

#### Liquidity risk

Liquidity risk is the risk that the Society will not be able to pay financial instrument liabilities as they come due. The Society's liquidity risk from financial instruments is its need to meet operating requirements for accounts payable and accruals, employee entitlements, and due to Lawyers' Insurance Association of Nova Scotia. The majority of assets held by the Society are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise.

#### Business risk

Business risk is the risk that the Society's business is such that it is normally a party to claims both as a plaintiff and defendant. The Society's management believes that it has valid defenses and/or liability insurance against all actions currently outstanding against the Society. Accordingly, no amount has been recorded in the financial statements with respect to potential losses relating to litigation. A loss, should one occur, will be charged to operations in the year in which such loss is determined.

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

## 2. Significant accounting policies (continued):

(g) Capital assets and intangibles:

Capital assets are recorded at cost, less accumulated amortization. Amortization is calculated on a straight-line basis, as follows:

Asset	Term
Furniture and fixtures	5 years
Library fixtures	15 years
Computer equipment	3 years
Intangible assets (computer software)	3 years
Leasehold improvements	10 years

When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value.

(h) Library books and bindings:

Purchases of library books and bindings are expensed as incurred. As at April 30, 2018, the Society's library books and bindings have an insured replacement cost of approximately \$1,000,000.

(i) Loans receivable

Loans receivable are recorded at the lower of cost and estimated realizable value.

(j) Use of estimates:

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. The significant assumption included in these financial statements is that \$1,739,538 in discipline recoveries is uncollectible (2017 - \$1,589,538).

	2018	2017
Gross accounts receivable	\$ 74,714	\$ 71,544
Discipline recoveries receivable	1,739,538	1,589,538
Uncollectible discipline recoveries	(1,739,538)	(1,589,538)
Net accounts receivable	\$ 74,714	\$ 71,544

There is also an assumption around the amortization period of capital assets. The actual useful life of the assets may be greater or less than the amortization period.

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

### 3. Investments:

(a) Investments in the General Fund are comprised as follows:

	2018	2017
	Market Value	Market Value
Canadian bonds	\$ 1,284,590	\$ 510,335
Canadian equities	352,649	135,557
US equities	126,312	47,259
International equities	101,150	40,205
	<b>\$ 1,864,701</b>	<b>\$ 733,356</b>

(b) Investments in the Lawyers' Fund for Client Compensation are comprised as follows:

	2018	2017
	Market Value	Market Value
Canadian bonds	\$ 1,156,859	\$ 1,196,488
Canadian equities	313,592	318,833
US equities	112,807	108,788
International equities	93,068	95,262
	<b>\$ 1,676,326</b>	<b>\$ 1,719,371</b>

(c) Investment income:

	2018	2018	2018	2017
	General Fund	LFCC	Total	Total
Gain on investment sales	\$ 4,741	\$ 10,950	\$ 15,691	\$ 272,194
Unrealized loss on investments	(38,928)	(53,410)	(92,338)	(108,257)
Interest income	46,906	32,557	79,463	66,288
Dividend income	11,377	13,260	24,637	30,101
	<b>\$ 24,096</b>	<b>\$ 3,357</b>	<b>\$ 27,453</b>	<b>\$ 260,326</b>

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

## 4. Capital assets and intangibles:

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 199,766	\$ 183,374	\$ 16,392	\$ 19,391
Library fixtures	22,207	18,685	3,522	4,425
Computer equipment	120,189	79,431	40,758	34,864
Intangibles (computer software)	71,014	49,619	21,395	23,213
Leasehold improvements	166,358	94,641	71,717	73,443
	<b>\$ 579,534</b>	<b>\$ 425,750</b>	<b>\$ 153,784</b>	<b>\$ 155,336</b>

## 5. Artwork:

The Society owns a large collection of paintings, photographs and other works of art which have vested in the Society over a period of many years. This artwork is located in various courtrooms in the Halifax area as well as at the Society's offices. A valuation of this artwork has not been performed. Accordingly, it has been recorded in the statement of financial position at the nominal amount of \$1.

## 6. Commitments:

### (a) Leases:

The Society has the following approximate property and equipment lease obligations, including rent, for the next four years ending:

2019	\$ 440,145
2020	440,446
2021	444,066
2022	423,538

### (b) Guarantee:

The Society has an unconditional guarantee to discharge all of the Lawyers' Insurance Association of Nova Scotia's (formerly known as the Nova Scotia Barristers' Liability Claims Fund) present and future obligations to the Canadian Lawyers Insurance Association. The amount of this guarantee cannot be estimated and exists as only the Society has the legislated authority to impose a levy on its members.



# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

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## 7. Investment in CLIA surplus:

The Society is a subscriber to the Canadian Lawyers' Insurance Association (CLIA) Compensation Fund Program (Part C), a reciprocal insurance exchange through which the law societies of six provinces and three territories enter into agreements of mutual indemnification. CLIA maintains separate reserves for each participating entity with regards to risk assumed, and the Society has an interest in the surpluses of these reserves.

At the end of fiscal 2006, the Society entered into the agreement with CLIA to reinsure claims made against the Lawyer's Fund for Client Compensation, subject to certain conditions. One of these conditions is that the Nova Scotia Barristers' Society contributes \$357,000 to a surplus fund that will be held by CLIA. In 2008, the Society fully funded this required surplus.

CLIA prepares annual Subscriber Accounts as of December 31, which represents the end of their fiscal year, which are reviewed and approved by CLIA's Advisory Board. These accounts include a reserve for claims liabilities on a discounted basis. The Subscribers' Accounts of CLIA as of December 31, 2017 (Part C) shows the amount of the Society's subscriber's equity to be \$508,181 (2016 - \$424,821).

## 8. Loan receivable:

During 2018, the Society entered into an agreement with the Federation of Law Societies of Canada to loan funds to Canadian Legal Information Institute (CanLII) for the purpose of partially funding the acquisition of a legal technologies firm. The Society's portion of the loan agreement is \$45,786 and is based on a proportionate percentage of the fees paid to CanLII annually for their services.

The loan will mature in full, on the earlier of:

- (a) up to 60 months from the date of closing (i.e. February 23, 2018);
- (b) acceleration of the loan upon the occurrence of an event of default under the Loan; or
- (c) change of control of the borrower.

The interest rate is 4.74 % per annum with interest payments payable once per year upon receipt of audited financial statements.

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2018

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## 9. Related party transactions:

The Society has a relationship with the Lawyers' Insurance Association of Nova Scotia (LIANS) which provides the mandatory liability insurance for practicing lawyers. The Society collects the insurance levy from members as part of its annual billings and remits them to LIANS. There are various transactions between the two organizations which are recorded at actual costs.

The following transactions occurred between the Society and LIANS:

	2018	2017
Management fees received	\$ 66,667	\$ 50,000
Rent received	88,637	80,186
Risk and practice management payment	44,800	67,200
Insurance levy collected and remitted	3,684,214	3,630,822

## 10. Organizational restructure

During the year, the Society underwent an organizational restructuring. As a result, termination benefits in the form of severance payments were made to impacted employees. The total amount recorded as an expenditure in the fiscal year is \$301,000, of which, \$83,000 remains to be paid at year end.