

Financial Statements of



**NOVA SCOTIA BARRISTERS'
SOCIETY**

Year ended April 30, 2019

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, 2019

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 2019 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, 2018 and ending April 30, 2019 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


Kate Shewan, CPA, CGA
Director, Finance and Administration

Independent auditor's report

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To the members of the
Nova Scotia Barristers' Society

Opinion

We have audited the financial statements of Nova Scotia Barristers' Society (the "Society"), which comprise the statement of financial position as at April 30, 2019, and the statements of revenues and expenditures, reserves and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Nova Scotia Barristers' Society as at April 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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

Responsibilities of management and those charged with governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Halifax, Canada
June 7, 2019

Chartered Professional Accountants
Licensed Public Accountants

NOVA SCOTIA BARRISTERS' SOCIETY

Year ended April 30, 2019

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NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Financial Position
For the year ending April 30

	2019 Unrestricted General Fund	2019 Lawyers' Fund for Client Compensation	Total 2019	Total 2018
Assets				
Current assets:				
Cash and cash equivalents	\$ 639,899	\$ 124,732	\$ 764,631	\$ 715,063
Accounts receivable (note 2(j))	64,504	-	64,504	74,714
Accrued interest	2,679	2,382	5,061	5,119
Prepaid expenses	187,531	22,389	209,920	215,525
HST receivable	11,246	168	11,414	3,114
Due from Lawyers' Fund for Client Compensation	162,310	-	162,310	279,614
Due from Lawyers' Insurance Association of Nova Scotia	99,792	-	99,792	-
	1,167,961	149,671	1,317,632	1,293,149
Investments (note 3)	1,971,953	1,720,894	3,692,847	3,541,027
Investment in CLIA surplus (note 7)	-	357,000	357,000	357,000
Loan receivable (note 8)	60,542	-	60,542	45,786
Capital assets and intangibles (note 4)	161,458	-	161,458	153,784
Artwork (note 5)	1	-	1	1
	\$ 3,361,915	\$ 2,227,565	\$ 5,589,480	\$ 5,390,747

Liabilities and Reserves

Current liabilities:				
Payables and accruals	\$ 196,604	\$ 9,354	\$ 205,958	\$ 226,555
Employee entitlements	33,024	-	33,024	115,697
Due to General Fund	-	162,310	162,310	279,614
Due to Lawyers' Insurance Association of Nova Scotia	-	-	-	102,970
Unearned miscellaneous revenue	48,991	-	48,991	8,551
Deferred membership fees	860,682	-	860,682	854,553
	1,139,301	171,664	1,310,965	1,587,940
Reserves: (note 2(e)):				
Unrestricted Reserves	2,061,156	-	2,061,156	1,800,336
Reserves to fund capital assets	161,458	-	161,458	153,784
	2,222,614	-	2,222,614	1,954,120
Lawyers' Fund for Client Compensation (note 2(c) and (e))	-	2,055,901	2,055,901	1,848,687
	2,222,614	2,055,901	4,278,515	3,802,807
	\$ 3,361,915	\$ 2,227,565	\$ 5,589,480	\$ 5,390,747

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

	2019 Unrestricted General Fund	2019 Lawyers' Fund for Client Compensation	Total 2019	Total 2018
Revenues:				
Fees	\$ 5,178,441	\$ -	\$ 5,178,441	\$ 5,421,372
Education and Credentials	429,649	-	429,649	528,687
Library	138,107	-	138,107	160,033
Other	236,675	-	236,675	169,889
Investment income (note 3)	171,941	122,299	294,240	27,453
	6,154,813	122,299	6,277,112	6,307,434
Expenditures:				
Administration salaries and benefits	1,173,296	-	1,173,296	1,155,143
Amortization	66,852	-	66,852	65,320
Audit	17,120	-	17,120	17,526
Banking and investment management fees	47,860	218	48,078	52,249
CLIA premium	-	136,197	136,197	140,559
Client compensation claims paid	-	15,217	15,217	10,559
Communications and publications	340,946	-	340,946	233,557
Council and committees	237,532	-	237,532	256,150
Education and credentials	699,290	-	699,290	734,800
Equity and Access program	209,888	-	209,888	210,216
Legal and professional fees	19,260	13,262	32,522	28,689
Library	434,755	-	434,755	537,162
Miscellaneous	21,972	-	21,972	27,951
Professional responsibility	1,688,231	-	1,688,231	1,487,609
Programs and initiatives	397,888	-	397,888	355,079
Rent and taxes	118,567	-	118,567	106,404
Staff travel	19,212	-	19,212	27,454
Technology and consultant support	89,241	-	89,241	104,435
Telephone and office	54,409	191	54,600	45,731
	5,636,319	165,085	5,801,404	5,596,593
Excess (deficiency) of revenues over expenditures	\$ 518,494	\$ (42,786)	\$ 475,708	\$ 710,841

See accompanying notes to financial statements.

NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Reserves – **General Fund**
Year ended April 30, 2019

	Unrestricted Reserve	Capital Assets	Total 2019	Total 2018
Reserves, beginning of year	\$ 1,800,336	\$ 153,784	\$ 1,954,120	\$ 944,703
Excess of revenues over expenditures	518,494	-	518,494	872,677
Transfer (to) from the Lawyers' Fund for Client Compensation	(250,000)	-	(250,000)	136,740
Change in capital assets	(7,674)	7,674	-	-
Reserves, end of year	\$ 2,061,156	\$ 161,458	\$ 2,222,614	\$ 1,954,120

NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Reserves – **Lawyers' Fund for Client Compensation**
Year ended April 30, 2019

	Total 2019	Total 2018
Reserves, beginning of year	\$ 1,848,687	\$ 2,147,263
Deficiency of revenues over expenditures	(42,786)	(161,836)
Transfer from (to) General Fund	250,000	(136,740)
Reserves, end of year	\$ 2,055,901	\$ 1,848,687

See accompanying notes to financial statements.

NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Cash Flows
Year ended April 30

	2019 Unrestricted General Fund	2019 Lawyers' Fund for Client Compensation	Total 2019	Total 2018
Net inflow (outflow) of cash related to the following activities:				
Operations:				
Excess (deficiency) of revenues over expenditures	\$ 518,494	\$ (42,786)	\$ 475,708	\$ 710,841
Items not affecting cash:				
Amortization	66,852	-	66,852	65,320
Unrealized (gain) loss on investments	(84,169)	(62,705)	(146,874)	92,338
Interfund transfer	(250,000)	250,000	-	-
	251,177	144,509	395,686	868,499
Changes in non-cash operating working capital items:				
Accounts receivable	10,210	-	10,210	(3,170)
Accrued interest	19	39	58	(1,571)
HST receivable	(8,348)	48	(8,300)	13,249
Prepaid expenses	3,739	1,866	5,605	13,597
Payables and accruals	(29,951)	9,354	(20,597)	(72,130)
Employee entitlements	(82,674)	-	(82,674)	88,317
Deferred revenue	46,569	-	46,569	105,548
	190,741	155,816	346,557	1,012,339
Financing and investing:				
Sale and purchase of				
Investments, net	(23,083)	18,137	(4,946)	(1,180,638)
Loans receivable issued	(14,756)	-	(14,756)	(45,786)
Purchase of capital assets	(74,525)	-	(74,525)	(63,768)
Payment of related party balance	(202,762)	-	(202,762)	(89,875)
Allocation to the Lawyers' Fund for Client Compensation	117,304	(117,304)	-	-
	(197,822)	(99,167)	(296,989)	(1,380,067)
Net cash (outflow) inflow	(7,081)	56,649	49,568	(367,728)
Cash and cash equivalents, beginning of year	646,980	68,083	715,063	1,082,791
Cash and cash equivalent, end of year	\$ 639,899	\$ 124,732	\$ 764,631	\$ 715,063

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, 2019

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 ("LFCC") are at the discretion of the Council.

The LFCC was originally created as a 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 LFCC are at the discretion of Council on the recommendation of the LFCC. As at April 30, 2019, there were potential claims against the LFCC in the amount of \$1,350,000 (2018 - \$142,000). Of the \$1,350,000 potential claims, it is anticipated that the LFCC will be responsible to pay \$485,000 of the claims, with amounts in excess of this expected to be recovered through the CLIA insurance policy. No provision is made for potential claims until payment is approved.

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2019

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 revised by the Finance Committee that has been adopted by Council for fiscal years beginning May 1, 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. During the 2019 fiscal year, Council approved a transfer of \$250,000 to the LFCC reserve. In accordance with the Financial Reserves Policy, in the 2020 fiscal year Council will address the remaining amount in excess of the three month maximum. This may involve transfers to LFCC to offset further anticipated claims, and / or reserving the funds for extraordinary hearing costs.

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	\$ 1,448,921	\$ 965,946
General Fund reserve balance at April 30, 2019	2,061,156	-
Amount in excess of three month maximum	\$ 612,235	\$ -

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2019

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, 2019, the balance was \$161,458 (2018 - \$153,784) representing the net book value of the Society's capital and intangible assets.

Lawyers' Fund for Client Compensation Reserves Policy

The LFCC'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") the Society has a deductible of \$100,000 per Loss (as defined in the policy) and a group deductible for all Loss in the policy period of \$500,000. Claims (i) in excess of \$100,000 per individual claim (Loss) and (ii) in excess of the group deductible per policy period of \$500,000 are insured by CLIA. CLIA's limit of liability per individual claim (Loss) and annual aggregate for all claims in the policy period are \$10,000,000 per year.

The Society's policy is to maintain the LFCC 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.

During the 2019 fiscal year Council approved a transfer of \$250,000 from the General Fund to the LFCC in anticipation of payment of pending claims. At April 30, 2019 the reserve balance is above the three month threshold. Anticipated claims payments in the 2020 fiscal year are expected to reduce the LFCC reserve balance to an amount that will fall within the policy guidelines.

For the 2019-2020 fiscal year, Council has established the following reserve minimum and maximums:

	Three year maximum	Two year minimum
Reserve thresholds as calculated by above policy	\$ 1,870,000	\$ 1,245,000
Lawyers' Fund for Client Compensation reserve balance at April 30, 2019	2,055,901	-
Amount in excess of three year maximum	\$ 185,901	\$ -

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2019

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 \$764,631 in cash at the end of April 2019 (2018 - \$715,063), 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, 2019

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 significantly impact 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 ("LIANS") 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 LIANS. 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, 2019

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	5-10 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, 2019, the Society's library books and bindings have an insured replacement cost of approximately \$2,000,000.

(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 \$1,716,638 in discipline recoveries is uncollectible (2018 - \$1,739,538).

	2019	2018
Gross accounts receivable	\$ 64,504	\$ 74,717
Discipline recoveries receivable	1,716,638	1,739,538
Uncollectible discipline recoveries	(1,716,638)	(1,739,538)
Net accounts receivable	\$ 64,504	\$ 74,717

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, 2019

3. Investments:

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

	2019	2018
	Market Value	Market Value
Canadian bonds	\$ 1,217,778	\$ 1,284,590
Canadian equities	426,281	352,649
US equities	160,887	126,312
International equities	167,007	101,150
	\$ 1,971,953	\$ 1,864,701

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

	2019	2018
	Market Value	Market Value
Canadian bonds	\$ 1,062,191	\$ 1,156,859
Canadian equities	371,446	313,592
US equities	141,335	112,807
International equities	145,922	93,068
	\$ 1,720,894	\$ 1,676,326

(c) Investment income:

	2019	2019	2019	2018
	General Fund	LFCC	Total	Total
Gain (loss) on investment sales	\$ (4,804)	\$ 6,788	\$ 1,984	\$ 15,691
Unrealized gain (loss) on investments	84,169	62,705	146,874	(92,338)
Interest income	73,695	36,300	109,995	79,463
Dividend income	18,881	16,506	35,387	24,637
	\$ 171,941	\$ 122,299	\$ 294,240	\$ 27,453

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2019

4. Capital assets and intangibles:

			2019	2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 232,889	\$ 191,920	\$ 40,969	\$ 16,392
Library fixtures	22,207	19,587	2,620	3,522
Computer equipment	142,502	105,267	37,235	40,758
Intangibles (computer software)	90,103	64,551	25,552	21,395
Leasehold improvements	166,358	111,276	55,082	71,717
	\$ 654,059	\$ 492,601	\$ 161,458	\$ 153,784

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 five years ending:

2020	\$ 443,278
2021	446,898
2022	426,370
2023	2,832
2024	2,832

(b) Guarantee:

The Society has an unconditional guarantee to discharge all of LIANS'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, 2019

7. Investment in CLIA surplus:

The Society is a subscriber to the 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 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, 2018 (Part C) shows the amount of the Society's subscriber's equity to be \$259,363 (2018 - \$508,181).

8. Loan receivable:

During the prior year, the Society entered into an agreement with the Federation of Law Societies of Canada to loan funds to CanLII for the purpose of partially funding the acquisition of a legal technologies firm. The Society's portion of the loan agreement is \$60,542 (2018 - \$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.

9. Related party transactions:

The Society has a relationship with 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:

	2019	2018
Management fees received	\$ 100,000	\$ 66,667
Rent received	85,704	88,637
Risk and practice management payment	-	44,800
Insurance levy collected and remitted	3,773,302	3,684,214