

Financial Statements of



**NOVA SCOTIA BARRISTERS'  
SOCIETY**

Year ended April 30, 2021

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, 2021**

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 2021 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, 2020 and ending April 30, 2021 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.



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, 2021, 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, 2021, 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, handwritten-style script.

Halifax, Canada

Chartered Professional Accountants

June 16, 2021

# NOVA SCOTIA BARRISTERS' SOCIETY

Year ended April 30, 2021

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# NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Financial Position  
For the year ending April 30

	2021 Unrestricted General Fund	2021 Lawyers' Fund for Client Compensation	Total 2021	Total 2020
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 2,180,540	\$ 135,057	\$ 2,315,597	\$ 1,375,892
Accounts receivable (note 2(j))	149,018	31,926	180,944	153,258
Prepaid expenses	158,657	29,878	188,535	214,921
Interfund balances	545,356	(545,356)	-	-
	3,033,571	(348,495)	2,685,076	1,744,071
Investments (note 3)	2,174,217	1,896,468	4,070,685	3,615,139
Investment in CLIA surplus (note 7)	-	228,512	228,512	-
Loan receivable (note 8)	88,653	-	88,653	74,831
Capital assets and intangibles (note 4)	138,364	-	138,364	123,789
Artwork (note 5)	1	-	1	1
	\$ 5,434,806	\$ 1,776,485	\$ 7,211,291	\$ 5,557,831

## Liabilities and Reserves

Current liabilities:				
Payables and accruals	\$ 613,753	\$ 205,345	\$ 819,098	\$ 189,769
Employee entitlements	37,758	-	37,758	40,106
HST payable	28,413	-	28,413	10,215
Due to Lawyers' Insurance				
Association of Nova Scotia	140,297	-	140,297	159,341
Unearned miscellaneous revenue	22,754	-	22,754	32,754
Deferred membership fees	828,519	-	828,519	854,915
	1,671,494	205,345	1,876,839	1,287,100
Reserves: (note 2(e)):				
Unrestricted Reserves	3,624,948	-	3,624,948	2,750,735
Reserves to fund capital assets	138,364	-	138,364	123,789
	3,763,312	-	3,763,312	2,874,524
Lawyers' Fund for Client				
Compensation (note 2(c) and (e))	-	1,571,140	1,571,140	1,396,207
	3,763,312	1,571,140	5,334,452	4,270,731
	\$ 5,434,806	\$ 1,776,485	\$ 7,211,291	\$ 5,557,831

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

	2021 Unrestricted General Fund	2021 Lawyers' Fund for Client Compensation	Total 2021	Total 2020
Revenues:				
Fees	\$ 5,165,638	\$ 162,359	\$ 5,327,997	\$ 5,405,792
Education and credentials	212,808	-	212,808	489,375
Library	106,230	-	106,230	141,002
Other	533,683	-	533,683	250,965
Investment (loss) income (note 3)	264,635	232,473	497,108	(337)
	6,282,994	394,832	6,677,826	6,286,797
Expenditures:				
Administration salaries and benefits	1,795,217	-	1,795,217	1,411,138
Amortization	65,049	-	65,049	84,134
Audit	18,159	-	18,159	20,496
Banking and investment management fees	47,681	13,981	61,662	65,220
CLIA premium	-	199,696	199,696	132,638
Client compensation claims paid	-	-	-	484,783
Communications and publications	351,400	-	351,400	338,206
Council and committees	186,520	215	186,735	238,766
Education and credentials	876,318	-	876,318	747,938
Equity and access program	146,682	-	146,682	258,915
Legal and professional fees	1,384	5,975	7,359	42,108
Library	311,465	-	311,465	398,626
Miscellaneous	21,494	-	21,494	22,540
Professional responsibility	848,652	-	848,652	1,015,704
Programs and initiatives	412,194	-	412,194	396,804
Rent and taxes	175,874	-	175,874	144,251
Staff travel	3,465	-	3,465	22,729
Technology and consultant support	94,502	-	94,502	69,249
Telephone and office	38,150	32	38,182	44,336
	5,394,206	219,899	5,614,105	5,937,581
Excess of revenue over expenditures before other expenses	888,788	174,933	1,063,721	349,216
Other expenses:				
Impairment of investment in CLIA surplus (note 7)	-	-	-	(357,000)
Excess (deficiency) of revenues over expenditures	\$ 888,788	\$ 174,933	\$ 1,063,721	(7,784)

See accompanying notes to financial statements.

# NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Reserves – **General Fund**  
Year ended April 30, 2021

	Unrestricted Reserve	Capital Assets	Total 2021	Total 2020
Reserves, beginning of year	\$ 2,750,735	\$ 123,789	\$ 2,874,524	\$ 2,222,614
Excess of revenues over expenditures	888,788	-	888,788	901,910
Transfer to Lawyers' Fund for Client Compensation	-	-	-	(250,000)
Change in capital assets	(14,575)	14,575	-	-
Reserves, end of year	\$ 3,624,948	\$ 138,364	\$ 3,763,312	\$ 2,874,524

# NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Reserves – **Lawyers' Fund for Client Compensation**  
Year ended April 30, 2021

	Total 2021	Total 2020
Reserves, beginning of year	\$ 1,396,207	\$ 2,055,901
Excess (deficiency) of revenues over expenditures	174,933	(909,694)
Transfer from General Fund	-	250,000
Reserves, end of year	\$ 1,571,140	\$ 1,396,207

See accompanying notes to financial statements.



# NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Cash Flows  
Year ended April 30

	2021 Unrestricted General Fund	2021 Lawyers' Fund for Client Compensation	Total 2021	Total 2020
Net inflow (outflow) of cash and cash equivalents related to the following activities:				
Operations:				
Excess (deficiency) of revenues over expenditures	\$ 888,788	\$ 174,933	\$ 1,063,721	\$ (7,784)
Items not affecting cash:				
Amortization	65,049	-	65,049	84,134
Unrealized (gain) loss on investments	(177,896)	(149,599)	(327,495)	183,064
Impairment of investment in CLIA surplus	-	-	-	357,000
	775,941	25,334	801,275	616,414
Changes in non-cash operating working capital items:				
Accounts receivable	(107,486)	79,800	(27,686)	(77,340)
Prepaid expenses	34,217	(7,831)	26,386	(5,001)
Payables and accruals	423,984	205,345	629,329	(16,189)
Employee entitlements	(2,348)	-	(2,348)	7,082
HST payable	18,198	-	18,198	10,215
Unearned misc. revenue	(10,000)	-	(10,000)	(16,237)
Deferred membership fees	(26,396)	-	(26,396)	(5,767)
	1,106,110	302,648	1,408,758	513,177
Financing and investing:				
Sale and purchase of Investments, net	(67,229)	(60,822)	(128,051)	(100,295)
Loans receivable issued	(13,822)	-	(13,822)	(14,289)
Purchase of capital assets	(79,624)	-	(79,624)	(46,465)
Payment of related party balance	(19,044)	-	(19,044)	259,133
Reinvestment in CLIA Surplus	-	(228,512)	(228,512)	-
Allocation to the Lawyers' Fund for Client Compensation	8,641	(8,641)	-	-
	(171,078)	(297,975)	(469,053)	98,084
Net cash inflow	935,032	4,673	939,705	611,261
Cash, beginning of year	1,245,508	130,384	1,375,892	764,631
Cash, end of year	\$ 2,180,540	\$ 135,057	\$ 2,315,597	\$ 1,375,892

See accompanying notes to financial statements.

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2021

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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 ("LFCC") 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, 2021, there were potential claims against the Lawyers' Fund for Client Compensation in the amount of \$200,000 (2020 - \$220,000). It is anticipated that the full amount of the remaining anticipated claims will be recovered through the CLIA insurance policy and the Lawyers Fund for Client Compensation will not be responsible for any of these expenses. No provision is made for potential claims until payment is approved.

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2021

## 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 2021 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).

In 2018 Council approved the allocation of \$365,340 of the General Fund reserves to a hearing reserve. Council has approved retaining the \$365,340 in the hearing reserve at the end of the 2020/21 fiscal year. In accordance with the Financial Reserves Policy, Council has approved the retention of the balance in excess of the three month maximum in the general reserve for the purpose of funding anticipated deficits over the three year budget planning timeframe.

	Three month maximum	Two month minimum
Reserve thresholds as calculated by above policy	\$ 1,486,336	\$ 990,892
General Fund reserve balance at April 30, 2021	3,624,948	
<b>Amount in excess of three month maximum</b>	<b>\$ 2,138,612</b>	<b>\$ -</b>
Amount allocated for potential Extraordinary hearing costs	365,340	
Unallocated excess reserve balance	\$ 1,773,272	\$ -

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2021

## 2. Significant accounting policies (continued):

### (f) 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, 2021, the balance was \$138,364 (2020 - \$123,789) 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 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.

For the current year, the Lawyers' Fund for Client Compensation reserve balance is within the established range based on the fiscal 2021-22 fiscal year budget as noted below:

	Three year maximum	Two year minimum
Reserve thresholds as calculated by above policy	\$ 1,966,206	\$ 1,302,622
Lawyers' Fund for Client Compensation reserve balance at April 30, 2021		1,571,140

# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2021

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## 2. Significant accounting policies (continued):

### (g) 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, prepaid expenses, accounts payables and accruals, employee entitlements, HST payable, due to Lawyers' Insurance Association of Nova Scotia, unearned miscellaneous revenue, and deferred membership revenue.

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 \$2,315,597 in cash at the end of April 2021 (2020 - \$1,375,892) 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, 2021

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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 significantly 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 ("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 primarily 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, 2021

## 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, 2021, 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 (2020 - \$1,716,638).

	2021	2020
Gross accounts receivable	\$ 180,944	\$ 153,258
Discipline recoveries receivable	1,716,638	1,716,638
Uncollectible discipline recoveries	(1,716,638)	(1,716,638)
Net accounts receivable	\$ 180,944	\$ 153,258

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, 2021

## 3. Investments:

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

	2021	2020
	Market Value	Market Value
Canadian bonds	\$ 1,183,373	\$ 1,178,042
Canadian equities	623,724	439,985
US equities	185,934	153,007
International equities	181,186	158,058
	<b>\$ 2,174,217</b>	<b>\$ 1,929,092</b>

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

	2021	2020
	Market Value	Market Value
Canadian bonds	\$ 1,032,496	\$ 1,027,845
Canadian equities	543,613	383,648
US equities	162,336	136,305
International equities	158,023	138,249
	<b>\$ 1,896,468</b>	<b>\$ 1,686,047</b>

(c) Investment income:

	2021	2021	2021	2020
	General Fund	LFCC	Total	Total
Gain on investment sales	\$ 23,442	\$ 28,842	\$ 52,284	\$ 24,575
Unrealized gain (loss) on investments	177,896	149,599	327,495	(183,064)
Interest income	9,479	7,071	16,550	122,765
Dividend income	53,818	46,961	100,779	35,387
	<b>\$ 264,635</b>	<b>\$ 232,473</b>	<b>\$ 497,108</b>	<b>\$ (337)</b>



# NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements  
Year ended April 30, 2021

## 4. Capital assets and intangibles:

			2021	2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 250,976	\$ 216,290	\$ 34,686	\$ 32,921
Library fixtures	22,207	21,392	815	1,717
Computer equipment	184,990	150,148	34,842	27,278
Intangibles (computer software)	155,617	110,607	45,010	23,427
Leasehold improvements	166,358	143,347	23,011	38,446
	\$ 780,148	\$ 641,784	\$ 138,364	\$ 123,789

## 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 remaining three years ending:

2022	\$ 408,535
2023	2,832
2024	2,360

### (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

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## 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 was that the Nova Scotia Barristers' Society contributed \$357,000 to a surplus fund that will be held by CLIA. In 2008, the Society fully funded this required surplus.

In 2019 as a result of claims paid out by CLIA, the equity value in the CLIA surplus funds were in a deficit position. The Society considered their initial investment in the amount of \$357,000 to be permanently impaired and was written down to \$nil in the 2020 fiscal year.

During the 2021 fiscal year the Society was invoiced \$257,130 by CLIA as a retroassessment for the purpose of rebuilding the subscriber equity balance. The assessment was based on the balances at the CLIA December 31, 2019 statements, at which time the Society's subscriber equity deficit was (\$28,618). The \$28,618 required to clear the deficit was recorded as an expense in 2021, while the remaining \$228,512 was recorded as the new Investment in CLIA surplus balance.

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, 2021 (Part C) shows the amount of the Society's subscriber's equity to be \$301,289 (2019: (\$28,618)).

## 8. Loan receivable:

In 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 \$88,653 (2020 - \$74,831) 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, 2023);
- (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

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## 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:

	2021	2020
Management fees received	\$ 100,000	\$ 100,000
Rent received	83,069	79,234
Risk and practice management payment	50,000	50,000
Insurance levy collected and remitted	3,909,481	3,798,726

## 10. Impacts of COVID-19:

Over the past year the spread of COVID-19 has continued to severely impact many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The legal profession in Nova Scotia was impacted by the spread of the virus and measures taken to contain it. To support the profession, the Society provided fee relief targeted to specific groups likely to have experienced disproportionately larger impacts from the spread of COVID-19. In addition, the Society provided a waiver of certain administrative fees and implemented deferred payment options. To help mitigate the impacts of COVID-19, the Society has claimed the Canada Emergency Wage Subsidy ("CEWS"). As at the date that these financial statements were completed, other than the fee relief offered and the government contributions received, there has been limited impact on the Society's statements.

## 11. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.