

Financial Statements of



**NOVA SCOTIA BARRISTERS'
SOCIETY**

Year ended April 30, 2023

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, 2023

We have reviewed the internal and reporting controls and procedures for the Nova Scotia Barristers' Society for the year ended 2023 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, 2022 and ending April 30, 2023 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

Grant Thornton LLP
Nova Centre, North Tower
1000-1675 Grafton Street
Halifax, NS
B3J 0E9
T +1 902 421 1734
F +1 902 420 1068
www.GrantThornton.ca

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, 2023, 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, 2023, 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, cursive script font.

Halifax, Canada
June 9, 2023

Chartered Professional Accountants

NOVA SCOTIA BARRISTERS' SOCIETY

Year ended April 30, 2023

	Page
Statement of Financial Position	1
Statement of Revenues and Expenditures	2
Statements of Reserves	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 14

NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Financial Position
For the year ending April 30

	2023 Operating Reserve Fund	2023 Lawyers' Fund for Client Compensation	Total 2023	Total 2022
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,565,167	\$ 99,012	\$ 2,664,179	\$ 2,680,860
Accounts receivable	108,260	112	108,372	272,270
Prepaid expenses	234,615	33,991	268,606	198,251
Current portion of loan receivable	-	-	-	88,653
Interfund balances	(308,363)	308,363	-	-
	2,599,679	441,478	3,041,157	3,240,034
Investments (note 3)	4,036,403	1,323,093	5,359,496	4,188,620
Investment in CLIA surplus (note 7)	-	228,512	228,512	228,512
Capital assets and intangibles (note 4)	50,908	-	50,908	91,155
Artwork (note 5)	1	-	1	1
	\$ 6,686,991	\$ 1,993,083	\$ 8,680,074	\$ 7,748,322

Liabilities and Reserves

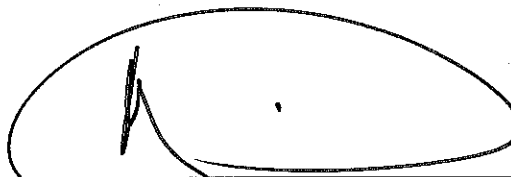
Current liabilities:				
Payables and accruals	\$ 510,622	\$ 102,497	\$ 613,119	\$ 519,963
Employee entitlements	52,008	-	52,008	47,662
HST payable	3,510	-	3,510	4,594
Due to Lawyers' Insurance				
Association of Nova Scotia	304,904	-	304,904	175,710
Unearned miscellaneous revenue	18,359	-	18,359	18,778
Deferred membership fees	955,202	-	955,202	916,216
	1,844,605	102,497	1,947,102	1,682,923
Reserves: (note 2(e)):				
Operating reserve fund	4,791,478	-	4,791,478	4,375,382
Capital asset fund	50,908	-	50,908	91,155
	4,842,386	-	4,842,386	4,466,537
Lawyers' Fund for Client				
Compensation (note 2(c) and (e))	-	1,890,586	1,890,586	1,598,862
	4,842,386	1,890,586	6,732,972	6,065,399
	\$ 6,686,991	\$ 1,993,083	\$ 8,680,074	\$ 7,748,322

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

	2023 Operating Reserve Fund	2023 Lawyers' Fund for Client Compensation	Total 2023	Total 2022
Revenues:				
Fees	\$ 5,604,341	\$ 174,932	\$ 5,779,273	\$ 5,633,226
Education and credentials	226,919	-	226,919	185,930
Library	116,075	-	116,075	129,494
Other	225,215	-	225,215	259,250
Investment income (note 3)	309,153	43,620	352,773	144,056
	6,481,703	218,552	6,700,255	6,351,956
Expenditures:				
Administration salaries and benefits	1,464,624	-	1,464,624	1,475,042
Amortization	53,328	-	53,328	68,571
Audit	18,221	-	18,221	19,978
Banking and investment management fees	64,895	9,046	73,941	75,001
CLIA premium	-	202,083	202,083	190,528
Client compensation claims paid	-	65,166	65,166	3,912
Communications and publications	386,544	-	386,544	380,147
Council and committees	372,637	72	372,709	241,859
Education and credentials	822,334	-	822,334	902,491
Equity and access program	169,141	-	169,141	221,839
Legal and professional fees	21,658	461	22,119	12,472
Library	375,769	-	375,769	326,647
Miscellaneous	28,260	-	28,260	46,801
Professional responsibility	1,123,324	-	1,123,324	918,232
Programs and initiatives	475,940	-	475,940	457,043
Rent and taxes	149,802	-	149,802	141,266
Staff travel	4,963	-	4,963	5
Technology and consultant support	193,197	-	193,197	113,357
Telephone and office	31,217	-	31,217	25,818
	5,755,854	276,828	6,032,682	5,621,009
Excess (deficiency) of revenues over expenditures	\$ 725,849	\$ (58,276)	\$ 667,573	\$ 730,947

See accompanying notes to financial statements.

NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Reserves – **General Fund**
 Year ended April 30, 2023

	Operating Reserve Fund	Capital Asset Fund	Total 2023	Total 2022
Reserves, beginning of year	\$ 4,375,382	\$ 91,155	\$ 4,466,537	\$ 3,763,312
Excess of revenues over expenditures	725,849	-	725,849	703,225
Transfer (to)/from the Lawyers' Fund for Client Compensation	(350,000)	-	(350,000)	-
Change in capital assets	40,247	(40,247)	-	-
Reserves, end of year	\$ 4,791,478	\$ 50,908	\$ 4,842,386	\$ 4,466,537

NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Reserves – **Lawyers' Fund for Client Compensation**
 Year ended April 30, 2023

	Total 2023	Total 2022
Reserves, beginning of year	\$ 1,598,862	\$ 1,571,140
(Deficiency) excess of revenues over expenditures	(58,276)	27,722
Transfer from (to) General Fund	350,000	-
Reserves, end of year	\$ 1,890,586	\$ 1,598,862

See accompanying notes to financial statements.

NOVA SCOTIA BARRISTERS' SOCIETY

Statement of Cash Flows
Year ended April 30

	2023 Operating Reserve Fund	2023 Lawyers' Fund for Client Compensation	Total 2023	Total 2022
Net inflow (outflow) of cash and cash equivalents related to the following activities:				
Operations (deficiency):				
Excess of revenues over expenditures	\$ 725,849	\$ (58,276)	\$ 667,573	\$ 730,947
Items not affecting cash:				
Amortization	53,328	-	53,328	68,571
Unrealized (gain) loss on investments	33,571	38,504	72,075	120,923
Interfund transfer	(350,000)	350,000	-	
	462,748	330,228	792,796	920,441
Changes in non-cash operating working capital items:				
Accounts receivable	(29,797)	193,695	163,898	(91,326)
Prepaid expenses	(68,494)	(1,861)	(70,355)	(9,716)
Payables and accruals	148,083	(54,927)	93,156	(299,135)
Employee entitlements	4,346	-	4,346	9,904
HST payable	(1,084)	-	(1,084)	(23,819)
Unearned misc. revenue	(419)	-	(419)	-
Deferred membership fees	38,986	-	38,986	83,721
	554,369	467,135	1,021,504	590,070
Financing and investing:				
Sale and purchase of investments, net	(1,180,169)	(62,782)	(1,242,951)	(238,858)
Loans receivable issued	88,653	-	88,653	-
Purchase of capital assets	(13,081)	-	(13,081)	(21,362)
Payment of related party balance	129,194	-	129,194	35,413
Allocation to the Lawyers' Fund for Client Compensation	392,709	(392,709)	-	-
	(582,694)	(455,491)	(1,038,185)	(224,807)
Net cash inflow (outflow)	(28,325)	11,644	(16,681)	365,263
Cash, beginning of year	2,593,492	87,368	2,680,860	2,315,597
Cash, end of year	\$ 2,565,167	\$ 99,012	\$ 2,664,179	\$ 2,680,860

See accompanying notes to financial statements.

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2023

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 LFCC 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, 2023, there were potential claims against the Lawyers' Fund for Client Compensation in the amount of \$nil (2022 - \$66,000). If potential claims are eventually paid out, they would likely fall under the deductible limit and therefore not 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, 2023

2. Significant accounting policies (continued):

(d) Revenue recognition:

The Society uses the accrual method of accounting, including accounting for all revenue.

Membership fees are invoiced annually in advance, for the period of July 1 to June 30, and are paid either in full by the beginning of the billing period, or monthly in advance through pre-authorized debit. Other fees, such as application fees are invoiced upon occurrence. 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.

Cost recoveries or penalties assessed as part of a judgement through the discipline and hearing process are likely to be collected only where the lawyer subject to the assessment wishes to continue with, or return to, the practice of law. Where a lawyer has applied to return to practice the assessment is treated as revenue and the receivable amount is recorded on the statement of financial position. Where there has been no application to return to practice, a discipline assessment is treated as a contingent asset and is not recorded as revenue.

(e) Reserves:

General Fund

Operating Reserve Fund

The Society maintains reserves in accordance with a Financial Reserves Policy revised by the Finance Committee and adopted by Council for fiscal years beginning May 1, 2016 and updated in 2023. The policy has been factored into the setting of reserves for the 2023 fiscal year. The purpose of the Operating Reserve is to fund unexpected spikes in expenses or un-budgeted declines in revenue throughout the fiscal year.

The Society's current policy is to maintain the sum of the Operating Reserve Fund at no less than three months, and no more than five months of Operating Fund budgeted expenses (excluding amortization). When reserve balances fall outside of the target range, the policy provides options to return the reserves to the target range within a three year timeframe.

In March 2023, Council approved a transfer of \$350,000 from the General Reserve to the LFCC Reserve. General reserves at April 30, 2023 are in excess of the targets outlined in the Financial Reserves Policy. In line with the options outlined in the policy, Council has approved a budget which provides for a fee rebate off the budgeted breakeven fee level for the 2023/2024 fee year, with rebates anticipated to continue for two further years. The expectation is that the rebates will result in reserves being reduced to within the target range over the next three years.

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2023

2. Significant accounting policies (continued):

(e) Reserves (continued):

	Five month maximum	Three month minimum
Reserve thresholds as calculated by above policy	\$ 2,808,000	\$ 1,685,000
Operating reserve balance at April 30, 2023	4,791,478	
Amount in excess of five month maximum	\$ 1,983,478	

Restricted Funds

Capital Asset Fund

The Capital Asset Fund reflects the portion of the Society's reserves that are currently utilized in holding capital and intangible assets. Movements in the fund reflect capital asset transactions including acquisitions, depreciation and disposals. These assets include leaseholds, furniture and equipment including computers and software. At April 30, 2023 the balance was \$50,908 (2022 - \$91,155), 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 a minimum balance in the Lawyers' Fund for Client Compensation sufficient to cover the anticipated deficits that would be incurred in the event of two successive years in which the maximum group deductible payment is incurred, and a maximum balance sufficient to cover three successive years.

For the current year, the Lawyers' Fund for Client Compensation reserve balance is within the established range based on the fiscal 2023-24 year budget as noted below:

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2023

2. Significant accounting policies (continued):

(e) Reserves (continued):

	Three year maximum	Two year minimum
Reserve thresholds as calculated by above policy	\$ 1,948,500	\$ 1,299,000
Lawyers' Fund for Client Compensation reserve balance at April 30, 2023		1,890,586

(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, prepaid expenses, accounts payables and accruals, employee entitlements, HST payable, and due to Lawyers' Insurance Association of Nova Scotia.

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.

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2023

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

Interest rate risk

The Society held \$2,664,179 in cash at the end of April 2023 (2022 - \$2,680,860) 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.

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 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. 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.

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 its accounts receivables.

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.

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2023

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

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.

(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, 2023, the Society's library books and bindings have an insured replacement cost of approximately \$2,000,000 (2022 - \$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.

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, 2023

3. Investments:

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

	2023		2022	
	Market Value		Market Value	
Canadian bonds	\$	2,572,634	\$	1,643,109
Canadian equities		763,663		795,290
US equities		326,275		198,874
International equities		373,831		252,532
	\$	4,036,403	\$	2,889,805

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

	2023		2022	
	Market Value		Market Value	
Canadian bonds	\$	842,901	\$	737,147
Canadian equities		250,146		356,794
US equities		106,977		91,762
International equities		123,069		113,112
	\$	1,323,093	\$	1,298,815

(c) Investment income:

	2023		2023		2023		2022	
	General Fund		LFCC		Total		Total	
Gain on investment sales	\$	62,107	\$	36,510	\$	98,617	\$	149,796
Unrealized gain (loss) on investments		(33,571)		(38,504)		(72,075)		(120,923)
Interest income		165,182		6,622		171,804		608
Dividend income		115,435		38,992		154,427		114,575
	\$	309,153	\$	43,620	\$	352,773	\$	144,056

NOVA SCOTIA BARRISTERS' SOCIETY

Notes to Financial Statements
Year ended April 30, 2023

4. Capital assets and intangibles:

			2023	2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 251,301	\$ 239,593	\$ 11,708	\$ 22,203
Library fixtures	22,207	22,058	149	271
Computer equipment	206,622	187,014	19,608	25,357
Intangibles (computer software)	166,903	155,133	11,770	32,578
Leasehold improvements	167,558	159,885	7,673	10,746
	\$ 814,591	\$ 763,683	\$ 50,908	\$ 91,155

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:

2024	\$ 359,555
2025	367,253
2026	377,614
2027	355,946
2028	-

(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, 2023

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 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 \$257,000 by CLIA as a retro assessment 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 subscriber equity 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, 2022 (Part C) shows the amount of the Society's subscriber's equity to be \$470,785 (2022 - \$367,574).

8. 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:

	2023	2022
Management fees received	\$ 101,750	\$ 100,000
Rent received	82,933	82,618
Risk and practice management payment	50,000	50,000
Insurance levy collected and remitted	3,985,701	3,746,632