



Financial Statements

Law Reform Commission of Nova Scotia

March 31, 2016

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Independent auditor's report

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To the Commissioners of
Law Reform Commission of Nova Scotia

We have audited the accompanying financial statements of Law Reform Commission of Nova Scotia (the "Commission"), which comprise the statement of financial position as at March 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of matter

Without modifying our opinion, we draw attention to note 1 to the financial statements which indicates that the Commission will not be receiving a significant portion of their annual funding. This condition indicates the existence of material uncertainty that casts considerable doubt on the Commission's ability to continue as a going concern. Management's plans in regard to these matters are also described in note 1. The financial statements do not include any adjustments that might become necessary should the Commission be unable to continue as a going concern.

Halifax, Canada
June 20, 2016



Chartered Accountants

Law Reform Commission of Nova Scotia

Statement of operations and changes in net assets

Year ended March 31

2016

2015

Revenue

Department of Justice	\$ 184,824	\$ 184,824
Law Foundation of Nova Scotia	96,070	106,744
Sponsorship income	7,000	-
Investment income	1,064	1,274
	<u>288,958</u>	<u>292,842</u>

Expenditures

Bank fees	161	310
Commissioner's fees and expenses	3,360	8,131
Conference	12,488	-
Employee theft	10,217	-
Insurance	1,245	1,203
Library	2,237	2,293
Meetings	646	843
Membership dues	1,249	-
Miscellaneous	675	2,056
Office	6,527	7,879
Professional fees	2,859	4,350
Rent	6,153	18,628
Salaries and wages	227,595	249,191
Taxes	2,571	3,049
Utilities	2,143	4,311
	<u>280,126</u>	<u>302,244</u>

Excess (deficiency) of revenue over expenditures	\$ <u>8,832</u>	\$ <u>(9,402)</u>
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Net assets, beginning of year	\$ 57,959	\$ 67,361
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Excess (deficiency) of revenues over expenditures	<u>8,832</u>	<u>(9,402)</u>
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Net assets, end of year	\$ <u>66,791</u>	\$ <u>57,959</u>
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Law Reform Commission of Nova Scotia
Statement of financial position

March 31

2016

2015

Assets

Current

Cash and cash equivalents	\$	72,565	\$	60,647
Accounts receivable		1,773		-
Prepaid expenses		538		538
HST receivable		<u>2,536</u>		<u>3,020</u>
	\$	<u>77,412</u>	\$	<u>64,205</u>

Liabilities

Current

Payables and accruals (Note 3)	\$	10,621	\$	6,246
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Net assets

Accumulated surplus		<u>66,791</u>		<u>57,959</u>
	\$	<u>77,412</u>	\$	<u>64,205</u>

On behalf of the Board



Commissioner



Commissioner

Law Reform Commission of Nova Scotia

Statement of cash flows

Year ended March 31	2016	2015
Increase (decrease) in cash and cash equivalents		
Operating		
Excess (deficiency) of revenue over expenditures	\$ 8,832	\$ (9,402)
Changes in non-cash working capital		
HST receivable	484	204
Accounts receivable	(1,773)	-
Prepaid expenses	-	(538)
Payables and accruals	<u>4,375</u>	<u>6,246</u>
Net increase (decrease) in cash and cash equivalents	<u>11,918</u>	<u>(3,490)</u>
Cash and cash equivalents		
Beginning of year	<u>60,647</u>	<u>64,137</u>
End of year	\$ <u>72,565</u>	\$ <u>60,647</u>

Law Reform Commission of Nova Scotia

Notes to the financial statements

March 31, 2016

1. Nature of operations and going concern

The Law Reform Commission of Nova Scotia (the "Commission") was created in 1991 by the Government of Nova Scotia. The law which created the Commission is the Law Reform Commission Act, S.N.S. 1990, c. 17. The Commission is an independent advisor to the Government and is not a government department. The independence of the Commission enables it to make recommendations for law reform in a non-partisan manner. The Commission is a registered not-for-profit organization and is therefore exempt from income tax per the Income Tax Act.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates that the Commission will continue in operation for the foreseeable future and will realize its assets and settle its liabilities in the normal course of business.

However, the Commission's funding from the Department of Justice has been discontinued and as a result casts doubt on this assumption. Without the funding, the Commission will have to seek additional sources of funding as well as draw down their surplus and reduce expenditures in order to continue to provide the services they offer and achieve their mission,

As the outcome of management's actions is dependent on future events, there is no ability to determine whether management will be able to successfully resolve the shortage in funding. Should the Commission be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

These financial statements do not reflect adjustments relating to the recoverability and carrying values of assets and to the reclassification of asset and liability amounts that might be necessary should the Commission be unable to continue its operations.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Revenue recognition

The Commission follows the deferral method of accounting for contributions. Grants from the Provincial Department of Justice and the Law Foundation of Nova Scotia are recognized as revenue in the year in which related expenditures are incurred. Revenue for interest and sponsorships is recorded when received or receivable and collectability is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of cash flows include cash on hand, balances with banks and short term investments consisting of a guaranteed investment certificate.

Law Reform Commission of Nova Scotia

Notes to the financial statements

March 31, 2016

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of the financial statements in conformity with ASNPO requires the Commission's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective judgments by management that may be uncertain. Actual results could differ from those reported.

Financial instruments

Initial measurement

The Commission's financial instruments are measured at fair value when issued or acquired.

Subsequent measurement

At each reporting date, the Commission 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. All changes in fair value of the Commission's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable, HST receivable and payables and accruals.

3. Accounts payable	<u>2016</u>	<u>2015</u>
Trade payables	\$ 334	\$ -
Payroll accrual	4,421	-
Government remittances	<u>5,866</u>	<u>6,246</u>
	<u>\$ 10,621</u>	<u>\$ 6,246</u>

4. Economic dependence

The Commission derives nearly all of its revenue through grants from the Department of Justice and the Law Foundation of Nova Scotia.