



**The Law Society  
of Manitoba**

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## **Financial Statements** **March 31, 2025**





# **THE LAW SOCIETY OF MANITOBA**

## **Financial Statements**

**For the year ended March 31, 2025**

# **THE LAW SOCIETY OF MANITOBA**

## **Financial Statements**

**For the year ended March 31, 2025**

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## Independent Auditor's Report

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**To the Benchers of The Law Society of Manitoba**

### **Opinion**

We have audited the financial statements of **The Law Society of Manitoba** (the "Society"), which comprise the statement of financial position as at March 31, 2025, and the statement of changes in fund balances, the statement of operations and the statement of 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 the Society as at March 31, 2025, and its statements of operations and 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.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
June 26, 2025


# THE LAW SOCIETY OF MANITOBA

## Statement of Financial Position

As at March 31, 2025

	General Fund	Reimbursement Fund	Professional Liability Claims Fund	Education and Competence Fund	Special Purpose Fund	2025 Total	2024 Total
<b>Assets</b>							
Cash and bank	\$ 4,922,927	\$ -	\$ -	\$ -	\$ -	\$ 4,922,927	\$ 7,152,268
Accounts and accrued interest receivable	310,840	450,175	9,290	4,602,104	-	5,372,409	434,947
Due from The Manitoba Law Library Inc. (Note 13)	267,453	-	-	-	-	267,453	303,447
Prepaid expenses	92,216	61,674	319,196	4,420	-	477,506	495,940
Investments (Note 3)	-	541,326	28,804,048	-	5,000	29,350,374	26,822,789
Accrued pension asset (Note 11)	6,096,891	-	-	-	-	6,096,891	4,933,802
Loans receivable (Note 4)	387,677	-	-	-	-	387,677	443,920
Capital and intangible assets (Note 5)	234,171	-	-	-	-	234,171	317,815
	<b>\$ 12,312,175</b>	<b>\$ 1,053,175</b>	<b>\$ 29,132,534</b>	<b>\$ 4,606,524</b>	<b>\$ 5,000</b>	<b>\$ 47,109,408</b>	<b>\$ 40,904,928</b>
<b>Liabilities and Fund Balances</b>							
Accounts payable and accrued liabilities (Note 6)	\$ 568,424	\$ 17,345	\$ 41,398	\$ 24,064	\$ -	\$ 651,231	\$ 680,219
Fees and assessments paid in advance	2,861,987	431,900	855,404	71,105	-	4,220,396	4,418,698
Reserve for outstanding professional liability claims and associated costs (Note 7)	-	-	7,402,618	-	-	7,402,618	7,244,128
Deferred lease incentives (Note 8)	291,202	-	-	-	-	291,202	378,587
Due to (from) other funds (Note 9)	(1,922,031)	(1,588,176)	6,105,509	(2,592,099)	(3,203)	-	-
	<b>1,799,582</b>	<b>(1,138,931)</b>	<b>14,404,929</b>	<b>(2,496,930)</b>	<b>(3,203)</b>	<b>12,565,447</b>	<b>12,721,632</b>
<b>Fund Balances</b>							
Unrestricted	10,512,593	-	-	-	-	10,512,593	9,051,118
Externally restricted	-	2,192,106	14,727,605	7,103,454	8,203	24,031,368	19,132,178
	<b>10,512,593</b>	<b>2,192,106</b>	<b>14,727,605</b>	<b>7,103,454</b>	<b>8,203</b>	<b>34,543,961</b>	<b>28,183,296</b>
	<b>\$ 12,312,175</b>	<b>\$ 1,053,175</b>	<b>\$ 29,132,534</b>	<b>\$ 4,606,524</b>	<b>\$ 5,000</b>	<b>\$ 47,109,408</b>	<b>\$ 40,904,928</b>

Approved on behalf of the Benchers:



The accompanying notes are an integral part of these financial statements.

## THE LAW SOCIETY OF MANITOBA

### Statement of Changes in Fund Balances

**For the year ended March 31, 2025**

	General Fund	Reimbursement Fund (Note 10)	Professional Liability Claims Fund (Note 7)	Education and Competence Fund	Special Purpose Fund	Total
Balance, March 31, 2023	\$ 5,710,817	\$ 2,540,650	\$ 11,223,292	\$ 1,379,576	\$ 8,203	\$20,862,538
Excess (deficiency) of revenue over expenses for the year	516,948	(117,019)	2,397,068	1,700,408	-	4,497,405
Pension remeasurement gain	2,823,353	-	-	-	-	2,823,353
<b>Balance, March 31, 2024</b>	<b>9,051,118</b>	<b>2,423,631</b>	<b>13,620,360</b>	<b>3,079,984</b>	<b>8,203</b>	<b>28,183,296</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>298,386</b>	<b>(231,525)</b>	<b>1,107,245</b>	<b>4,023,470</b>	<b>-</b>	<b>5,197,576</b>
<b>Pension remeasurement gain</b>	<b>1,163,089</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,163,089</b>
<b>Balance, March 31, 2025</b>	<b>\$10,512,593</b>	<b>\$ 2,192,106</b>	<b>\$14,727,605</b>	<b>\$ 7,103,454</b>	<b>\$ 8,203</b>	<b>\$34,543,961</b>

The accompanying notes are an integral part of these financial statements.

# THE LAW SOCIETY OF MANITOBA

## Statement of Operations

For the year ended March 31, 2025

	General Fund	Reimbursement Fund	Professional Liability Claims Fund	Education and Competence Fund	Special Purpose Fund	2025 Total	2024 Total
<b>Revenue</b>							
Annual practicing fees	\$ 5,210,457	\$ 812,307	\$ -	\$ 116,114	\$ -	\$ 6,138,878	\$ 6,064,006
Call fee	84,600	-	-	-	-	84,600	81,300
Costs recovered	85,050	-	-	-	-	85,050	73,459
Grants	9,610	600,000	-	4,752,104	-	5,361,714	2,883,367
Insurance premiums	-	-	3,396,211	-	-	3,396,211	3,459,874
Investment income							
Realized	125,816	24,869	1,324,308	-	-	1,474,993	1,302,232
Unrealized gain	-	22,221	1,182,358	-	-	1,204,579	918,498
Law corporation fees	88,425	-	-	-	-	88,425	90,800
Legal education programs	-	-	-	226,266	-	226,266	292,658
Membership related fees	97,818	-	-	-	-	97,818	81,775
Other	4,814	-	-	-	-	4,814	1,712
Processing fees	106,880	-	-	-	-	106,880	109,063
Section 51 income	24,570	-	-	-	-	24,570	74,909
	5,838,040	1,459,397	5,902,877	5,094,484	-	18,294,798	15,433,653
<b>Expenses (Schedule)</b>	5,539,654	1,690,922	4,637,142	1,071,014	-	12,938,732	11,775,553
<b>Excess (deficiency) of revenue over expenses for the year before undernoted</b>	298,386	(231,525)	1,265,735	4,023,470	-	5,356,066	3,658,100
<b>Decrease (increase) in reserve for outstanding professional liability claims</b>	-	-	(158,490)	-	-	(158,490)	839,305
<b>Excess (deficiency) of revenue over expenses for the year</b>	\$ 298,386	\$ (231,525)	\$ 1,107,245	\$ 4,023,470	\$ -	\$ 5,197,576	\$ 4,497,405

The accompanying notes are an integral part of these financial statements.



## THE LAW SOCIETY OF MANITOBA

### Statement of Cash Flows

<b>For the year ended March 31</b>	<b>2025</b>	<b>2024</b>
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**Cash provided by (applied to) the following:**

**Operating Activities**

Excess of revenue over expenses for the year	\$ 5,197,576	\$ 4,497,405
Items not affecting cash		
Investment income reinvested	(1,474,993)	(1,147,320)
Unrealized gain on investment income	(1,204,579)	(918,498)
Amortization of capital and intangible assets	83,644	86,220
Amortization of deferred lease incentives	(87,385)	(151,615)
Reserve for outstanding professional liability claims	158,490	(839,305)
Net change in non-cash working capital balances	(4,902,094)	(21,560)
	(2,229,341)	1,505,327

**Investing Activities**

Purchase of capital assets	-	(4,224)
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<b>Net increase (decrease) in cash and bank for the year</b>	<b>(2,229,341)</b>	<b>1,501,103</b>
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<b>Cash and bank, beginning of year</b>	<b>7,152,268</b>	<b>5,651,165</b>
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<b>Cash and bank, end of year</b>	<b>\$ 4,922,927</b>	<b>\$ 7,152,268</b>
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# THE LAW SOCIETY OF MANITOBA

## Notes to Financial Statements

**For the year ended March 31, 2025**

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### **1. Purpose of the Organization**

The Law Society of Manitoba (the "Society") is a not-for-profit organization incorporated by a special act of the Manitoba Legislature. Its purpose is to uphold and protect the public interest in the delivery of legal services with competence, integrity, and independence.

The Society is exempt from tax under the Income Tax Act, Canada.

### **2. Summary of Significant Accounting Policies**

#### **a) Basis of Presentation**

The financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

#### **b) Fund Accounting**

The Society follows fund accounting and has established a general fund and externally restricted funds for the administration of specific programs as follows:

##### *General Fund*

The purpose of the General Fund is to account for the general operations of the Society, including all property and equipment owned by the Society. Subsection 2(2) of The Legal Profession Act provides that in pursuing its purpose and carrying out its duties, the Society has all the powers and capacity of a natural person.

##### *Reimbursement Fund*

The Reimbursement Fund is continued under subsection 46(1) of The Legal Profession Act. The purpose of the Reimbursement Fund is to compensate claimants who have sustained pecuniary losses because of a member's or law corporation's misappropriation or wrongful conversion of the claimant's money or property.

##### *Professional Liability Claims Fund*

The Professional Liability Claims Fund is continued under subsection 45(2) of *The Legal Profession Act*. The purpose of the Claims Fund is to pay professional liability claims in accordance with the Act and the Law Society Rules.

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## THE LAW SOCIETY OF MANITOBA

### Notes to Financial Statements

**For the year ended March 31, 2025**

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#### **2. Summary of Significant Accounting Policies (continued)**

##### *Education and Competence Fund*

The Education and Competence Fund was established for the purpose of supporting articling students and lawyers by providing knowledge and skills for them to become competent and remain competent in the practice of law. Subsection 3(2)(a) of The Legal Profession Act states that in pursuing its purpose, the Society must establish standards for the education, professional responsibility and competence of persons practicing or seeking the right to practice law in the province of Manitoba.

##### *Special Purpose Fund*

The Special Purpose Fund includes the following funds:

##### *a) Frank Billinkoff Loan Fund*

The Frank Billinkoff Loan Fund was established in 1957 by the Late Frank Billinkoff as a revolving loan fund to be lent to deserving law students, without interest, to permit them to continue their studies in law. The Frank Billinkoff Loan Fund balance is \$2,188 at March 31, 2025 and 2024.

##### *b) Margaret Hypatia Crawford Scholarship and Prize Fund*

The Crawford Scholarship is a scholarship to the student with the highest standing in the final year at the Faculty of Law, University of Manitoba, and also awards prizes to the students with the second, third, and fourth highest standings in the final year. The Margaret Hypatia Crawford Scholarship and Prize Fund balance is \$6,015 at March 31, 2025 and 2024.

##### *c) Basis of Accounting for Controlled Entity*

The Society has not consolidated the financial statements of its controlled entity, The Manitoba Law Library Inc. The summary financial statements of the controlled entity are disclosed in Note 13.

##### *d) Revenue Recognition*

The Society follows the restricted fund method of accounting for contributions which include grants and donations.

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the General Fund in the year in which the related expenses are incurred.

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## THE LAW SOCIETY OF MANITOBA

### Notes to Financial Statements

**For the year ended March 31, 2025**

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#### **2. Summary of Significant Accounting Policies (continued)**

##### **d) Revenue Recognition (continued)**

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income earned on restricted resources is recognized as revenue of the respective restricted fund. Unrestricted net investment income is recognized as revenue of the General Fund when earned.

Members are charged an annual practicing fee based on the period from April 1 to March 31 of the following year, and these fees are recognized as revenue over the period earned. Fees paid in advance represent the members' fees paid prior to year end which will be recognized as revenue in the subsequent fiscal year.

Insurance premiums are charged based on the policy period from July 1 to July 1 of the following year and these fees are recognized as revenue over the policy period. Insurance premiums paid in advance represent the premiums paid prior to year end which will be recognized as revenue in the subsequent fiscal year.

Processing fees, membership related fees and legal education programs revenue are recognized as revenue when services are rendered.

Call fee is recognized as revenue when members are called to the Bar.

Law corporation fees are recognized as revenue when the payment is received.

Section 51 income is recognized as revenue when an application to pay unclaimed trust money to the Society has been received and the trust money has been held by the Society for a period of 10 years.

Costs recovered and other revenue are recognized as revenue when received.

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## THE LAW SOCIETY OF MANITOBA

### Notes to Financial Statements

**For the year ended March 31, 2025**

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#### **2. Summary of Significant Accounting Policies (continued)**

##### **e) Capital Assets**

Purchased capital assets are initially recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at date of contribution. Contributed capital assets are subsequently amortized. Amortization based on the estimated useful life of the asset is provided on a straight-line basis using the following rates:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	Term of the lease
Library equipment and furnishings	20 years
Lockers	20 years

##### **f) Intangible Assets**

Purchased intangible assets are initially recorded at cost. Intangible assets with finite useful lives are subsequently amortized. Amortization based on the estimated useful life of the intangible asset is provided on a straight-line basis using the following rate:

Software	3 years
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##### **g) Pension Plan**

The Society has a defined benefit pension plan for its employees. The Society recognizes the amount of the fair value of plan assets net of the accrued pension obligation that is presented as accrued net pension benefit asset on the statement of financial position. Current service and finance costs are expensed during the year. Remeasurements and other items which represent the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized directly in the statement of changes in net assets as a separately identified line item.

The cost of pensions earned by employees is determined using the most recently completed accounting valuation. The assumptions used concern a number of future conditions, including investment returns, salary changes, withdrawals and mortality rates. The fair value of assets is used for disclosure and calculation of pension cost, effective on the measurement date which is March 31 of each year. Contributions to defined benefit plans are expensed when due.



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# THE LAW SOCIETY OF MANITOBA

## Notes to Financial Statements

**For the year ended March 31, 2025**

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### **2. Summary of Significant Accounting Policies (continued)**

#### **h) Financial Instruments**

Arm's length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

#### **i) Deferred Lease Incentives**

Deferred lease incentives represent rent-free period and leasehold improvement allowances received under the signed lease agreement. The rent-free period lease incentive is recognized on a straight-line basis as a reduction of rent expense over the term of the lease. The leasehold improvement allowance represents inducements received to fund the purchase of capital assets, is amortized on the same basis as the underlying capital assets acquired and is recognized as a reduction of rent expense.

#### **j) Use of Estimates**

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of certain revenues and expenses during the year. Key components of the financial statements requiring management to make estimates include the valuation of investments, accrued net pension benefit asset and obligation, the reserve for outstanding professional liability claims and associated costs at the date of the financial statements, and the useful life of the capital and intangible assets. Actual results could differ from these estimates.

## THE LAW SOCIETY OF MANITOBA

### Notes to Financial Statements

**For the year ended March 31, 2025**

#### 3. Investments

Investments consist of certain guaranteed investments, stocks and bonds, and are recorded at fair value. Certain of these investments and related earnings have been aggregated in one pool and are allocated amongst the funds. The allocation between funds at March 31 is as follows:

	<b>2025</b>		<b>2024</b>	
Reimbursement Fund	<b>\$ 541,326</b>	<b>1.84%</b>	\$ 494,701	1.84%
Professional Liability Claims Fund	<b>28,804,048</b>	<b>98.14%</b>	26,323,088	98.14%
Endowment Funds	<b>5,000</b>	<b>0.02%</b>	5,000	0.02%
	<b>\$ 29,350,374</b>	<b>100.00%</b>	\$ 26,822,789	100.00%

The allocation of investments at March 31 is as follows:

	<b>2025</b>	<b>2024</b>
Equities		
Canadian	<b>\$ 8,804,245</b>	\$ 3,402,067
Foreign	<b>3,503,413</b>	7,651,055
Fixed income and pooled fixed income funds		
Canadian	<b>15,486,160</b>	13,965,213
Short term investments		
Canadian	<b>1,556,556</b>	1,804,454
	<b>\$ 29,350,374</b>	\$ 26,822,789

#### 4. Loans Receivable

The Society has loans receivable to the following at March 31:

	<b>2025</b>	<b>2024</b>
Canadian Centre for Professional Legal Education	<b>\$ 387,677</b>	\$ 443,920

## THE LAW SOCIETY OF MANITOBA

### Notes to Financial Statements

**For the year ended March 31, 2025**

#### 4. Loans Receivable (continued)

In 2019, the Society, the Law Society of Alberta and the Law Society of Saskatchewan together agreed to lend \$3,000,000 to the Canadian Centre for Professional Legal Education (the "Centre") to finance the Centre's operations with respect to the development of a new version of the bar admission course for articling students in Manitoba, Alberta and Saskatchewan. The loan bears interest at 4%, with annual blended payments to the Society of \$74,000, is due in June 2030 and is secured by a first priority security interest in all of the Centre's real and personal property.

#### 5. Capital and Intangible Assets

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	402,418	402,418	402,418	402,418
Furniture and equipment	236,101	236,101	236,101	236,101
Leasehold improvements	663,077	441,847	663,077	375,455
Library equipment and furnishings	1	-	1	-
Lockers	1	-	1	-
Software	58,542	45,603	58,542	28,351
	<b>\$ 1,360,140</b>	<b>\$ 1,125,969</b>	<b>\$ 1,360,140</b>	<b>\$ 1,042,325</b>
Net book value		<b>\$ 234,171</b>		<b>\$ 317,815</b>

#### 6. Government Remittances Payable

Included in accounts payable and accrued liabilities are government remittances payable in the amount of \$147,146 (\$137,492 in 2024).

# THE LAW SOCIETY OF MANITOBA

## Notes to Financial Statements

**For the year ended March 31, 2025**

### 7. Reserve for Outstanding Professional Liability Claims and Associated Costs

The Society records claims of the Professional Liability Claims Fund by accruing a liability reserve for outstanding claims and associated costs at year end. The actuarially determined reserve for outstanding claims and associated costs is the estimate to settle all claims reported as year end. At March 31, 2025, the Society has recorded a liability reserve on reported claims of \$7,402,618 (\$7,244,128 in 2024). Investments with a fair value of \$28,804,048 (\$26,323,088 in 2024) are available to fund claims and expenses.

### 8. Deferred Lease Incentives

	2025		2024	
	Allowance	Accumulated Amortization	Allowance	Accumulated Amortization
Rent-free period incentive	\$ 209,919	\$ 139,946	\$ 209,919	\$ 118,954
Leasehold improvement allowance	727,169	505,940	727,169	439,547
	<b>\$ 937,088</b>	<b>\$ 645,886</b>	<b>\$ 937,088</b>	<b>\$ 558,501</b>
Net book value		<b>\$ 291,202</b>		<b>\$ 378,587</b>

	2025	2024
Balance, beginning of year	\$ 378,587	\$ 530,202
Amount allocated to expenses	(87,385)	(151,615)
Balance, end of year	<b>\$ 291,202</b>	<b>\$ 378,587</b>

### 9. Due from (to) Other Funds

The balances due from (to) other funds are unsecured, interest-free, with no specific terms of repayment. The balances arose during the normal course of operations.

### 10. Reimbursement Fund Contingent Liability

Payment out of the Reimbursement Fund is at the discretion of the governing body, the Reimbursement Fund Committee, or Society staff, within guidelines set by the governing body. Any claim payments which may occur will be accounted for in the year payment is approved.

# THE LAW SOCIETY OF MANITOBA

## Notes to Financial Statements

**For the year ended March 31, 2025**

### 11. Pension Plan

The Society has a defined benefit pension plan (the "Plan"), which covers substantially all employees. Pension benefits are based on length of service and final average earnings, and are partially indexed for inflation after retirement.

The Society measures its accrued benefit obligation and the fair value of Plan assets for accounting purposes as at March 31 of each year. The most recent actuarial valuation of the Plan for funding purposes was as of December 31, 2021 and these financial statements reflect the extrapolation of information to March 31, 2025.

The Law Society of Manitoba entered into a group annuity buy-out transaction with Industrial Alliance Insurance and Financial Services Inc. ("Industrial Alliance"). On March 6, 2024, a total of \$10,902,000 was paid as a premium for the annuity buy-out. As a result of this transaction, the responsibility for the pension payments of 25 pensioners was transferred from the Law Society of Manitoba to Industrial Alliance. Effective July 1, 2024, Industrial Alliance assumed the responsibility of making monthly pension payments to these 25 affected pensioners, taking over the duties previously held by the Law Society of Manitoba.

Information about the Society's defined benefit plans is as follows:

	<b>2025</b>	2024
Change in fair value of plan assets		
Balance, beginning of year	<b>\$ 25,689,302</b>	\$ 32,555,921
Actual return on plan assets	<b>2,418,140</b>	3,377,601
Employer contributions	<b>873,080</b>	967,644
Employee contributions	<b>289,771</b>	316,915
Benefits paid	<b>(392,877)</b>	(626,779)
Annuity buy-out paid	<b>-</b>	(10,902,000)
Balance, end of year	<b>\$ 28,877,416</b>	\$ 25,689,302
	<b>2025</b>	2024
Change in accrued benefit obligation		
Balance, beginning of year	<b>\$ 20,755,500</b>	\$ 30,445,472
Current service cost	<b>1,223,152</b>	1,112,212
Interest cost on benefit obligation	<b>933,998</b>	1,370,046
Employee contributions	<b>289,771</b>	316,915
Benefits paid	<b>(392,877)</b>	(626,779)
Actuarial gain on accrued benefit obligation	<b>(29,019)</b>	(960,366)
Annuity buy-out paid	<b>-</b>	(10,902,000)
Benefit obligation, end of the year	<b>\$ 22,780,525</b>	\$ 20,755,500



## THE LAW SOCIETY OF MANITOBA

### Notes to Financial Statements

**For the year ended March 31, 2025**

#### 11. Pension Plan (continued)

	2025	2024
Funded status		
Fair value of plan assets, end of year	<b>\$ 28,877,416</b>	\$ 25,689,302
Defined benefit obligation, end of year	<b>(22,780,525)</b>	(20,755,500)
Accrued pension benefit asset	<b>\$ 6,096,891</b>	\$ 4,933,802

The Plan maintains a Statement of Investment Policies and Procedures which provide a framework for prudent investment and administration of Plan assets. The Plan assets were held in the following instruments as a percentage of plan assets as at March 31:

	2025	2024
Canadian equities and pooled equity funds	<b>30%</b>	21%
Foreign equities and pooled equity funds	<b>12%</b>	40%
Fixed income and pooled fixed income funds	<b>53%</b>	30%
Short term investments	<b>5%</b>	7%
Total	<b>100%</b>	100%

	2025	2024
Defined benefit costs		
Current service cost	<b>\$ 1,223,152</b>	\$ 1,112,212
Finance costs	<b>(222,021)</b>	(94,970)
Costs arising in the year	<b>\$ 1,001,131</b>	\$ 1,017,242

The significant assumptions used are as follows (weighted average):

	2025	2024
At beginning of period		
Discount rate	<b>4.50%</b>	4.50%
Rate of compensation increase	<b>4.50%</b>	4.50%
Benefit costs for the year ended March 31		
Discount rate	<b>4.50%</b>	4.50%
Rate of compensation increase	<b>4.50%</b>	4.50%

# THE LAW SOCIETY OF MANITOBA

## Notes to Financial Statements

**For the year ended March 31, 2025**

### 12. Claims Paid and Counsel Fees

The claims paid and counsel fees reported in the statement of operations for the Professional Liability Claims Fund are reported net of amounts recovered. The gross expenses and recoveries are as follows:

	<u>2025</u>	<u>2024</u>
Claims paid		
Expenses	\$ 3,395,258	\$ 1,449,245
Recoveries	(1,618,965)	(633,105)
Claims paid, net	<u>\$ 1,776,293</u>	<u>\$ 816,140</u>
	<u>2025</u>	<u>2024</u>
Counsel fees		
Expenses	\$ 799,319	\$ 623,177
Recoveries	(570,886)	(82,721)
Counsel fees, net	<u>\$ 228,433</u>	<u>\$ 540,456</u>

### 13. Controlled Entity and Related Party Transactions

The Manitoba Law Library Inc. ("the Library") operates and maintains the Great Library and is the library for the legal profession in Manitoba. The Library's role is to support the Society's mandate to protect the public, by ensuring lawyers have access to essential legal research tools.

The Society appoints the Board of Directors of the Library, and the entities have common management. As a result, the Society controls the strategic operating, investing and financing policies of the Library. The Society has a significant economic interest in the Library as the Library is economically dependant on the Society to fund operations.

The Library was incorporated under the Laws of the Province of Manitoba without share capital and is a not-for-profit organization under the Income Tax Act, Canada.

The Society's revenue includes an administration fee of \$20,000 (\$20,000 in 2024) charged to the Library and expenses include a grant to the Library of \$525,000 (\$525,000 in 2024) that are presented as costs recovered in the statement of operations and grant expense in the schedule of expenses, respectively. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the entities.

# THE LAW SOCIETY OF MANITOBA

## Notes to Financial Statements

**For the year ended March 31, 2025**

### 13. Controlled Entity and Related Party Transactions (continued)

As at March 31, 2025, the Society has a balance due from the Library of \$267,453 (2024 - \$303,447). The balance due from the Library has arisen from transactions in the normal course of operations. The amount due is unsecured, interest-free and has no specific terms of repayment.

The Society has not consolidated the Library's financial statements. Financial statements of the Library are available on request. Financial summaries of the Library for the years ended March 31, 2025 and March 31, 2024 are as follows:

#### Statement of Financial Position

	<u>2025</u>	<u>2024</u>
Total assets	<b>\$ 297,281</b>	<b>\$ 220,089</b>
Total liabilities	<b>\$ 377,662</b>	<b>\$ 399,987</b>
Net assets (deficit)	<b>(80,381)</b>	<b>(179,898)</b>
	<b>\$ 297,281</b>	<b>\$ 220,089</b>

#### Results of Operations

	<u>2025</u>	<u>2024</u>
Total revenue	<b>\$ 599,310</b>	<b>\$ 560,345</b>
Total expenses	<b>499,793</b>	<b>436,992</b>
Excess of revenue over expenses for the year	<b>\$ 99,517</b>	<b>\$ 123,353</b>

#### Statement of Cash Flows

	<u>2025</u>	<u>2024</u>
Cash provided by (applied to):		
Operating activities	<b>\$ 36,001</b>	<b>\$ 170,807</b>
Investing and financing activities	<b>(35,995)</b>	<b>(50,000)</b>
Net increase in cash and bank for the year	<b>\$ 6</b>	<b>\$ 120,807</b>

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## THE LAW SOCIETY OF MANITOBA

### Notes to Financial Statements

**For the year ended March 31, 2025**

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#### **14. Financial Instruments Risk Management**

The Society is exposed to different types of risk in the normal course of operations including credit, liquidity and market risk. The Society's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Society's activities. The Society adheres to a Statement of Investments Policies and Procedures and the Plan Administrator adheres to the Plan Statement of Investments Policies and Procedures (together the "Investment Policy") that outline the objectives, constraints, and parameters related to their investing activities. This Investment Policy prescribes limits around the quality and concentration of investments held by the Society and the Plan. Management regularly reviews the Society's investments and the Plan Administrator regularly reviews the Plan investments to ensure all activities adhere to the Investment Policy. There has been no change to the Society's exposure to credit, liquidity, market, interest rate and other price risk since the prior year.

##### Credit Risk

Credit risk is the potential for financial loss should the counterparty in a transaction fail to meet its obligations. Financial instruments which potentially subject the Society to credit risk consist of cash and bank, accounts receivable, loans receivable and investments.

The Society's credit risk related to cash and bank is considered low since cash is held with a credit union where deposits are guaranteed. The Society evaluates collectibility of accounts receivable and establishes an allowance for doubtful accounts receivable based upon factors surrounding the credit risk of specific receivable accounts, historical trends and other information. Payments on loans receivable are received based on an agreed-upon repayment scheduled with loans monitored for collectibility on a period based.

The Society's investments in fixed income and pooled fixed income funds are subject to credit risk. The maximum exposure to credit risk on these financial instruments is their carrying value. The Society monitors its credit risk management policies regularly to evaluate their effectiveness.

##### Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its obligations as they fall due. Financial instruments that potentially subject the Society to liquidity risk consist of accounts payable.

The Society manages its working capital to ensure all its obligations can be met when they fall due. Liquidity risk is managed by investing the majority of the Society's assets in investments that are traded in an active market and can be readily liquidated and aims to retain sufficient cash positions to maintain liquidity. The majority of the Society's investments are considered readily realizable and liquid, therefore the Society's liquidity risk is considered minimal.

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## THE LAW SOCIETY OF MANITOBA

### Notes to Financial Statements

**For the year ended March 31, 2025**

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#### **14. Financial Instruments Risk Management (continued)**

##### Market Risk

Market risk is the potential for financial loss to the Society from changes in the values of its financial instruments due to changes in interest rates and other price risk. The investments of the Society are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

##### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. Interest rate risk arises when the Society invests in interest-bearing financial instruments. Therefore, the Society is exposed to interest rate risk on its fixed income investments and fixed income pooled funds, including those held in the Plan. The objective of the Society's Investment Policy is to manage its interest rate exposure.

##### Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk. The Society is exposed to other price risk through its investments in equities, including those held in the Plan, for which the value underlying listed shares fluctuates with the quoted market price. The objective of the Society's investment policy is to manage other price risk by maintaining a portfolio which is diversified across geographic and industry sectors. The performance of the Society's investments is monitored by measuring against benchmark consisting of relative weightings of various stock exchanges.

#### **15. Commitments**

The Society has commitments for leased premises to July 2028 comprised of base rents plus a proportionate share of operating costs and management fees. The minimum aggregate lease payments over the next four years are as follows for the years ended March 31:

2026	\$ 650,026
2027	665,397
2028	681,383
2029	<u>232,723</u>
Total	<u>\$ 2,229,529</u>



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**THE LAW SOCIETY OF MANITOBA**  
**Notes to Financial Statements**

**For the year ended March 31, 2025**

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**16. Funds Held in Trust**

Funds held in trust by the Society are not presented on the statement of financial position given that funds do not meet the definition of an assets under ASNPO. Funds held in trust by the Society are as follows as at March 31:

	<b>2025</b>	<b>2024</b>
Section 51	<b>\$ 498,544</b>	\$ 486,514
Other	<b>18,460</b>	18,460
	<b>\$ 517,004</b>	\$ 504,974

## THE LAW SOCIETY OF MANITOBA

### Schedule of Expenses

For the year ended March 31, 2025

	General Fund	Reimbursement Fund	Professional Liability Claims Fund	Education and Competence Fund	Special Purpose Fund	2025 Total	2024 Total
Amortization	\$ 83,644	\$ -	\$ -	\$ -	\$ -	\$ 83,644	\$ 86,220
Bad debt (recovery)	-	-	-	-	-	-	(350,000)
Building operation and maintenance	56,788	-	-	-	-	56,788	\$ 51,972
Catering and functions	62,973	-	1,714	11,859	-	76,546	70,649
Claims paid (recovered)	-	17,327	-	-	-	17,327	29,049
Claims paid, net of recoveries (Note 12)	-	-	1,776,293	-	-	1,776,293	816,140
Counsel fees, net of recoveries (Note 12)	-	-	228,433	-	-	228,433	540,456
Custodial fees	25,740	-	-	-	-	25,740	138,717
Grant to The Manitoba Law Library Inc. (Note 13)	525,000	-	-	-	-	525,000	525,000
Honoraria	36,100	-	-	-	-	36,100	26,300
Initiatives	-	-	-	64,013	-	64,013	36,414
Insurance	-	589,266	1,227,134	-	-	1,816,400	1,857,680
Office and sundry	37,143	2,506	3,145	3,103	-	45,897	59,459
Other grants and prizes	348,492	150,000	-	5,000	-	503,492	435,505
Other services	25,533	-	-	-	-	25,533	13,752
PREP subsidy	320,450	-	-	-	-	320,450	311,350
Professional development	11,183	6,246	2,294	3,043	-	22,766	26,399
Professional fees	204,509	56,378	143,867	8,769	-	413,523	374,554
Prosecution and investigation	35,652	-	-	-	-	35,652	27,885
Publications	11,441	-	-	3,125	-	14,566	17,620
Rent	435,659	-	-	585	-	436,244	404,397
Salaries and benefits	3,965,480	555,904	766,235	834,885	-	6,122,504	5,995,831
Service fees	7,985	-	-	6,931	-	14,916	14,945
Technology	82,170	5,708	6,826	16,713	-	111,417	83,598
Telecommunications	6,712	-	-	-	-	6,712	6,671
Travel	132,000	7,587	6,201	12,988	-	158,776	174,990
Administration	(875,000)	300,000	475,000	100,000	-	-	-
	\$ 5,539,654	\$ 1,690,922	\$ 4,637,142	\$ 1,071,014	\$ -	\$ 12,938,732	\$ 11,775,553