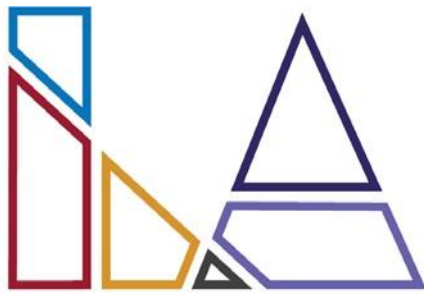


**Newfoundland
and Labrador
Legal Aid
Commission
Annual Report
2021-22**



LEGAL AID NL

REAL LAWYERS FOR REAL PEOPLE



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Background and Overview

Legal Aid NL is a publicly funded, independent organization established in 1976 by the **Legal Aid Act** (the Act) to assume responsibility for the Legal Aid Plan. Prior to this, a committee of the Law Society of Newfoundland and Labrador administered the Legal Aid Plan.

The services of Legal Aid NL are an essential component of a fair and accessible justice system in the province of Newfoundland and Labrador. Legal Aid NL responds to the needs of those whose means are compromised, as well as the general public in certain instances, by providing high quality, innovative and collaborative legal services through a staff solicitor model.

Eligibility for full service Legal Aid representation is dependent upon an applicant meeting the financial and legal eligibility requirements specified in the Act and the **Legal Aid Regulations** (the Regulations). Once an applicant is approved, services are provided by solicitors employed full time with Legal Aid NL in approximately 99 per cent of the cases, and by solicitors in private practice in those remaining. Private solicitors are paid on a fee-for-service basis in accordance with the tariff (hours and rates) found in the Regulations.

Legal Aid NL also delivers services, without the need for financial eligibility, through solicitors, by way of:

- Duty Counsel on criminal law matters before the Provincial and Youth courts;
- Duty Counsel on family law matters in the Supreme Court of Newfoundland and Labrador-Family Division in St. John's; and
- Brydges Counsel, whereby a solicitor can be reached toll-free, 24/7, to provide advice to people upon arrest, detention, or questioning by a peace officer.

A Board of Commissioners made up of nine members manages the affairs of Legal Aid NL. The Deputy Minister of Justice and Public Safety and the CEO/Provincial Director of Legal Aid, or their designate, serve as *ex-officio* members of the Board. The remaining seven Commissioners are appointed by the Lieutenant-Governor in Council, three of whom are appointed from a list of nominees by the Law Society. The Lieutenant-Governor in Council designates one of the Board of Commissioners as Chair. Members of the Board of Commissioners were appointed on March 18, 2020 for a two-year term to March, 2022. Members of the Board are as follows:

Timothy J. Chalker, Q.C., Chair
Mark Duggan
Allison Hagerty

Donna Strong
Allison Whelan
Rodney Zdebiak

Ex-officio members:

Denise Woodrow, Assistant Deputy Minister (designate of the Deputy Minister of Justice and Public Safety)

Harman Khurana, CEO & Provincial Director

Legal Aid Offices and Staff

During the fiscal year 2021-22, Legal Aid NL employed a CEO/Provincial Director, a Deputy Provincial Director, two Directors, 66 Solicitors, two Social Workers, four Paralegals, one Risk Assessment Officer, 49 support staff, and four Community Workers.¹ Positions were allocated across a network of 18 offices, including the provincial head office, 12 area offices, and five project offices.

Through the five project offices, Legal Aid NL delivers the following services:

- The **Mental Health Office** works collaboratively with Eastern Health providing clients legal representation in the Mental Health Court, appearing before the Criminal Code Mental Disorder Review Board, the Mental Health Care and Treatment Review Board, as well as in the traditional court system. Legal Aid NL and Eastern Health take a multidisciplinary approach to client service in resolving legal and related issues which allows for the delivery of timely, comprehensive and holistic services to individuals who struggle with mental illness. By providing legal assistance through this office, clients with mental health issues, who often face significant barriers to justice, have access to the legal rights to which they are entitled.
- Two **Family and Child Offices** are located in each of Happy Valley-Goose Bay and Corner Brook. Their role is to assist parents of children taken into care by the Department of Children, Seniors and Social Development (CSSD), to respond to the concerns of CSSD, to assist parents in accessing the supports they need, and where possible, to work towards the reunification of the family. Each office has a combination of lawyers, social workers, and/or paralegals.
- The **Family Duty Counsel Office** is located in St. John's at the Family Division of the Supreme Court of Newfoundland and Labrador. This is a no-fee service for people with family law matters, who do not already have a lawyer. Duty Counsel provides basic advice and speaks on their behalf in straightforward and uncontested court matters.
- The **Special Defence Unit** was established in June 2018 and provides legal services to clients with serious criminal charges. In early 2018, the Act was amended to remove the Choice of Counsel provision, which provided clients with the right to choose a private lawyer on serious charges such as murder and manslaughter. Going forward, clients facing such charges will be represented by lawyers from the Special Defence Unit. The office is staffed with a team of three senior lawyers experienced in dealing with major criminal matters.

¹ This number does not reflect articling students

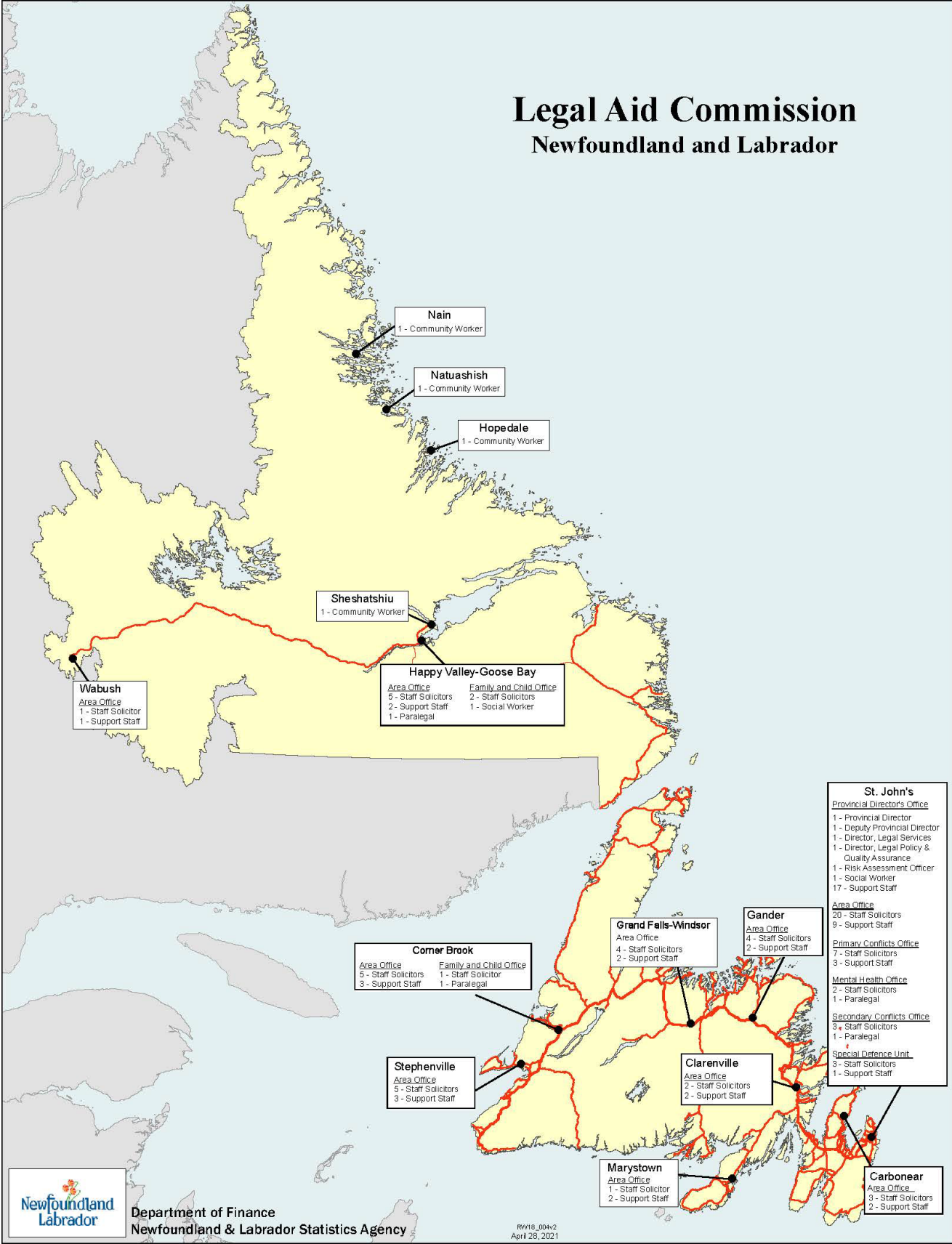
In addition to the services offered through dedicated offices, Legal Aid NL also supports special projects and initiatives; these include:

- The **Family Violence Intervention Court**, a specialized court established in 2015 by the Department of Justice and Public Safety and supported by Legal Aid, with locations in St. John's and Stephenville. This court serves victims of domestic and intimate partner violence and helps enhance victim safety and offender accountability. Legal Aid NL provides a Risk Assessment Officer, based in the Provincial Head Office, to assess persons whose cases are being considered for inclusion in the Family Violence Intervention Court. Solicitors from the St. John's Primary Conflict Area Office and the Stephenville Area Office handle the provision of advice and representation to accused persons.
- The **Aboriginal Project**, focuses on working with Aboriginal communities to improve access to justice and the quality of legal services for Aboriginal peoples. Legal Aid NL provides three part-time and one full-time Community Liaison Worker positions in the towns of Nain, Hopedale, Natuashish, Sheshatshiu and Happy Valley-Goose Bay.
- The **French Speaking Project**, ensures access to French-speaking services. Legal Aid NL maintains a roster of solicitors fluent in French to provide legal advice by telephone, in person and, when necessary, conduct trials in French.
- The **Drug Treatment Court**, established in 2019, is intended for offenders with serious drug addictions, who commit non-violent, drug-motivated offences. Legal Aid NL's Mental Health Office is supporting this initiative by actively processing referrals and transfers at the Court's weekly file meetings and providing advice and representation to accused persons.

Vision

A province where all people, regardless of means, capacity or social situation, have access to the knowledge and services they require to protect their basic legal rights and quality of life through collaborative, holistic and long-term solutions to their legal issues.

Legal Aid Commission Newfoundland and Labrador



Department of Finance
Newfoundland & Labrador Statistics Agency

RW18_004V2
April 28, 2021

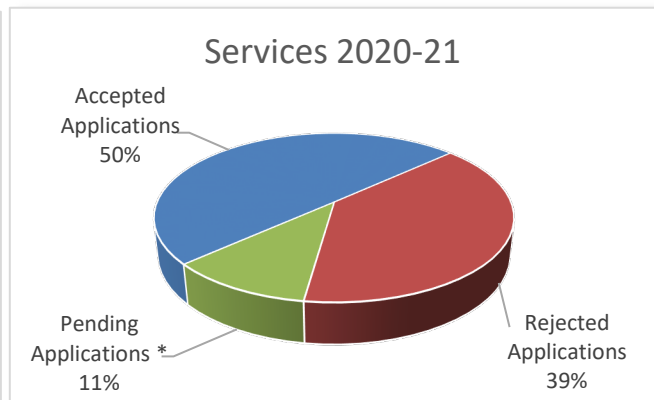
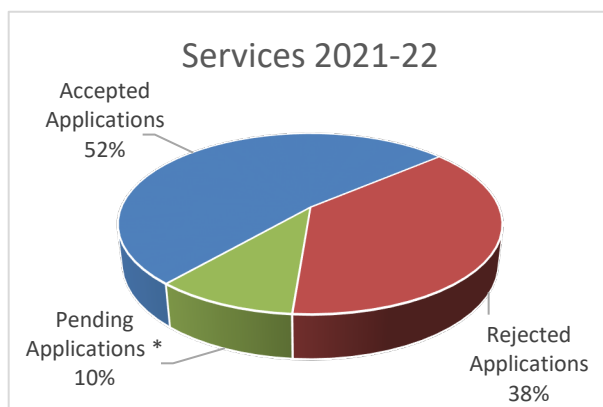
Highlights and Partnerships

Applications for Legal Services

During the fiscal year ending March 31, 2022, Legal Aid NL received 6,445 applications for full service legal representation, representing a 21 per cent increase over the previous year. The increase in new applications is primarily a result of the gradual loosening of pandemic restrictions and resumption of regular court operations. Legal Aid NL anticipates this trend to continue and expects the number of new applications to return to pre-COVID levels (approximately 8,000 new applications per year).

Of the applications received, 53 per cent (or 3,378 applications) were approved, 37 per cent (or 2,414 applications) were rejected as they did not meet one or both of the financial or legal eligibility criteria, and the remaining 10 per cent (or 653 applications) were pending a decision. The table and charts below show the change in the number of files handled by Legal Aid NL in the 2021-22 fiscal year as compared to the previous year.

Applications Processed				
	2021-22		2020-21	
Accepted Applications	3,378	53%	2,659	50%
Rejected Applications	2,414	37%	2,084	39%
Pending Applications *	6,53	10%	591	11%
Total	6,445	100%	5,334	100%
* Pending Applications have not yet been approved as additional information is required before a decision can be made as to an applicant's eligibility.				



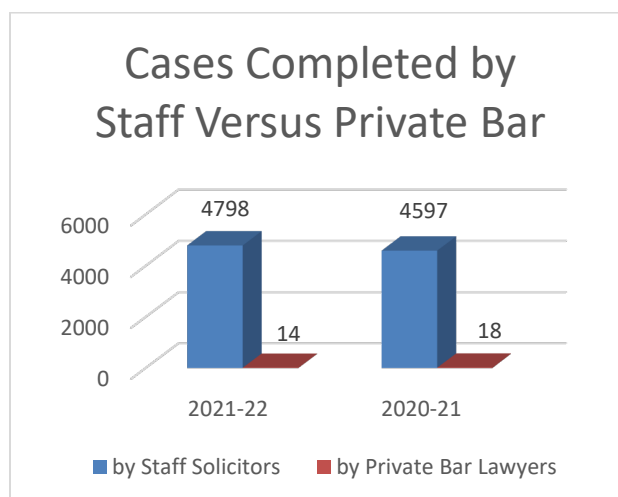
Type of Legal Representation

Legal Aid NL provides a range of legal services to low income individuals primarily in the areas of family and criminal law. During 2021-22, 66 per cent of the 3,378 applications approved (or 2,222 applications) related to criminal matters; the remaining were made up of 27 per cent civil (901 applications), seven per cent youth (248 applications), and less than one per cent immigration/refugee matters (seven applications). The table below outlines the types of applications received and approved year-over-year.

Law Type	2021-22			2020-21		
	Applications Received	Applications Approved		Applications Received	Applications Approved	
Criminal	3,854	2,222	66%	3,191	1,748	66%
Youth	271	248	7%	243	230	9%
Civil/Family	2,290	901	27%	1,887	676	25%
Immigration	30	7	<1%	13	5	<1%
Total	6,445	3,378	100%	5,334	2,659	100%

Cases Completed

Legal Aid NL primarily uses a staff solicitor model to deliver legal services as opposed to relying on the private bar for service delivery. During the 2021-22 fiscal year, Legal Aid NL provided representation on 4,812 cases. Consistent with previous years, staff lawyers handled more than 99 per cent (or 4,798) of the cases completed, with private bar representing less than one percent (or 14) of the cases completed. The chart below shows the year-over-year comparison of the number of cases completed by staff solicitors versus private lawyers.



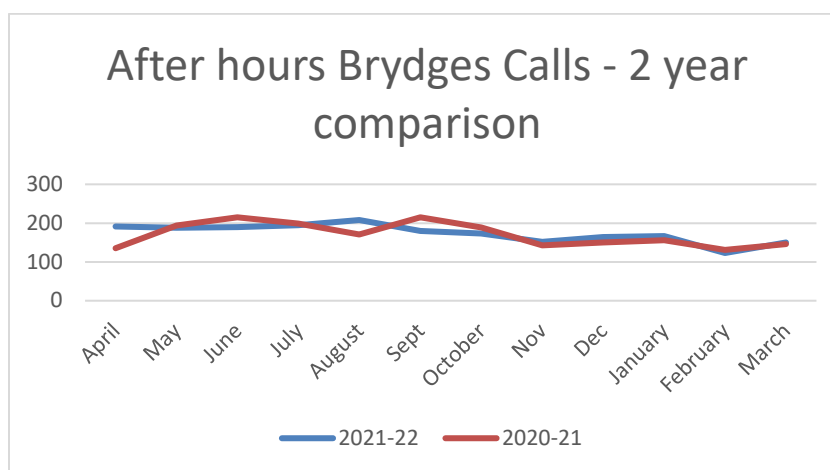
Duty Counsel Services

Duty Counsel at Provincial Court is a no-charge service provided to people on their first appearance before a Provincial or Youth Court Judge. During the 2021-22 fiscal year, Duty Counsel assisted 9,647 clients, including 9,499 adults and 148 youth. The majority of adult clients assisted through Duty Counsel involved matters relating to criminal charges (9,185 clients or 95 per cent of adults). The remaining adult client assists pertained to family law issues and were assisted by Duty Counsel Solicitors from the Family Division project office.

Duty Counsel				
Client	2021-22		2020-21	
Adult				
Criminal	9,185	95%	8,073	95%
Family	314	3%	274	3%
Total Adult	9,499	98%	8,347	98%
Youth	148	2%	140	2%
Total	9,647	100%	8,487	100%

Brydges Counsel Services

Brydges Counsel is a telephone service offering free legal advice on a 24-hour basis to individuals under arrest and in custody, under active investigation by the police, and who need immediate advice on their Charter rights and criminal law matters. The number of clients assisted by Brydges Counsel in 2021-22 was 2,081 as compared to 2,044 in 2020-22, representing a two per cent increase over the prior year.



Report on Performance

Strategic Issue: Improved Productivity and Client Service Delivery through focus on Technology

Legal Aid NL’s 2020-23 Activity Plan focuses on developing its workforce and improving client service delivery by leveraging technology and training. The overall goal is to improve productivity and response timeframes over the three-year period by making strategic investments towards modernizing the organization’s technological platform and strengthening Information Technology (IT) competencies within the workforce.

The objective for year two was to identify and pilot solutions to address organizational deficiencies. During 2021-22, Legal Aid NL undertook several initiatives to address areas of improvement identified in the previous year and streamline client facing services. As a follow up to the IT portfolio assessment completed in 2020-21, Legal Aid NL made several upgrades to its IT assets including purchasing new laptops, desktops and smartphones to replace ageing equipment. During 2021-22, Legal Aid NL also piloted two new client-facing solutions. The first project involved enhancements to Legal Aid NL’s website to allow Legal Aid NL to receive applications online. The second project encompassed testing various technological platforms to facilitate virtual risk assessments for Family Violence Intervention Court (FVIC) clients. During the 2021-22 fiscal year, virtual risk assessments were piloted via Skype for FVIC clients in Western Newfoundland. Legal Aid NL plans to continue to build on these initiatives in the third and final year of its Activity Plan.

Goal:	By March 31, 2023, the Legal Aid Commission will have implemented measures to improve productivity for enhanced client service delivery.
Indicators:	
Activities to identify areas of improvement and technological/skills gaps	
Activities to identify, evaluate, and pilot solutions to improve productivity	
Implementation of initiatives to enhance productivity and service delivery	

Objective 2:	By March 31, 2022, the Legal Aid Commission will have identified and piloted solutions to address select organizational IT deficiencies.
Indicators:	Actual Results
Upgraded IT hardware and software	During 2021-22, Legal Aid NL made significant investments to upgrade and replace ageing computer hardware. As part of this initiative, upgraded laptops were deployed to approximately 50 per cent of the lawyers to improve remote working capabilities. Legal Aid NL also purchased several new desktops and multifunction printers to replace ageing equipment in offices across the province. Finally, any employees still using Blackberry phones were issued upgraded smartphones to ensure ongoing service/support and alleviate risk of service disruptions.

	<p>Significant improvements were also made to Legal Aid NL's website, including upgrading the background software platform. During Q3, Legal Aid's website was migrated to a WordPress platform that now provides Commission staff the ability to update website content in real time as opposed to relying on OCIO assistance and resources.</p> <p>In Q4, Legal Aid acquired video editing software to create training videos which will be available via a secure YouTube channel for Legal Aid Lawyers and support staff province-wide.</p>
<p>Piloted technology-based solutions to improve client service delivery</p>	<p>In October 2021, Legal Aid NL piloted an online website portal that provided prospective clients the ability to apply for legal aid online. During Q3 and Q4, Legal Aid NL received several online applications from clients and the uptake and demand for this service continues to grow. Legal Aid NL will continue to make enhancements to the online application portal and encourage more clients to use this feature.</p> <p>During the 2021-22 fiscal year, Legal Aid NL tested various technological solutions to facilitate virtual risk assessments for FVIC clients in Stephenville. After some testing, Skype guest accounts were created and several risk assessments were completed virtually in 2021-22. The project has resulted in considerable savings in travel cost and time for Legal Aid's Risk Assessment Officer situated in St. John's. It has also led to significant improvements in client service for both FVIC clients and court staff.</p>
<p>Implemented training programs in response to staff survey/feedback</p>	<p>During 2021-22, Legal Aid NL held a series of lunch-and-learns via Skype to provide ongoing training and development Commission-wide. In particular, dedicated training sessions were delivered to help enhance utilization and functional knowledge of the Legal Aid Management Information System (LAMIS). Furthermore, in response to the feedback received through an employee survey which was conducted in 2020-21, Legal Aid NL also developed and updated Standard Operating Procedures (SOPs) for various commonly used software programs and made them available to staff in 2021-22. These SOPs provide Legal Aid employees with an easy to access guide to help improve skills relevant to Microsoft Word and Excel, Skype, Zoom, VPN access, Skype meetings on mobile devices, and accessing email via personal computers.</p>

Objective	By March 31, 2023, the Legal Aid Commission will have implemented initiatives to improve productivity for enhanced client service delivery.
Indicators:	
Continued to upgrade remaining IT hardware and software	
Finalized implementation of initiatives aimed at improving client service delivery	
Reinforced learning and development using technology-based training framework	

Opportunities and Challenges Ahead

The past two years have been a period of uncertainty. The pandemic resulted in dramatic shifts in service delivery and workforce management. Over the past two years of the pandemic, Legal Aid NL has had to adapt its operating plan from one that focused on maintaining core services during the first wave of COVID-19, to gradually resuming in-person services and transitioning our workforce back to the office as part of the second wave. Throughout this period, Legal Aid NL remained focused on its core mandate and long-term strategy. Despite numerous challenges, Legal Aid NL remained unfettered in its resolve to ensure access to justice and continued to deliver programs and services to the vulnerable residents of the province. Through strategic and well-planned investments in our workforce and technological infrastructure, Legal Aid NL has successfully continued to deliver best in class programs and services to clients and stakeholders.

Legal Aid NL remains cautiously optimistic that the challenges associated with the pandemic are behind us. As the external environment returns to normal, Legal Aid NL expects a continued growing demand for its programs and services. The pandemic has significantly compromised the emotional and financial wellbeing of the already vulnerable population of our province. The after-effects of the pandemic, combined with the ongoing inflationary pressures will have a long lasting impact on residents of this province. Legal Aid NL must make investments in its people and its physical assets to ensure the organization can cope with the anticipated increase in demand for services.

Legal Aid NL's 2020-23 Activity Plan will continue to guide our decision-making and planning for the year ahead. During 2022-23, Legal Aid NL will make investments in its IT infrastructure to ensure the organization is ready to meet and exceed service demands and client expectations.

**LEGAL AID NL
FINANCIAL STATEMENTS**

MARCH 31, 2022

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2021**

**NEWFOUNDLAND AND LABRADOR
LEGAL AID COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2022**

Newfoundland and Labrador Legal Aid Commission

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

Management's Report

Management's Responsibility for the Newfoundland and Labrador Legal Aid Commission Financial Statements

Management, in accordance with Canadian public sector accounting standards, has prepared the financial statements and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

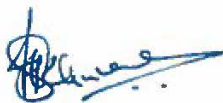
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Commission in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Legal Aid Commission.

On behalf of the Newfoundland and Labrador Legal Aid Commission.



Harman Khurana, CPA, CMA
CEO & Provincial Director



Kim Russell
Finance Manager



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Legal Aid Commission
St. John's, Newfoundland and Labrador

Opinion

We have audited the financial statements of the Newfoundland and Labrador Legal Aid Commission (the Commission), which comprise the statement of financial position as at March 31, 2022, and the statement of operations, statement of change in net financial assets (debt), and 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 Commission as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Commission 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

Independent Auditor's Report (cont.)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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 scepticism throughout the audit. We also:

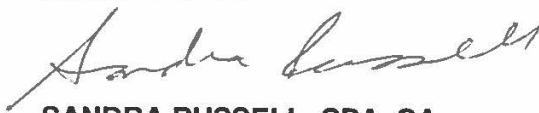
Independent Auditor's Report (cont.)

- 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 Commission'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 Commission'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 Commission 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.



DENISE HANRAHAN, CPA, CMA, MBA, ICD.D
Auditor General



SANDRA RUSSELL, CPA, CA
Deputy Auditor General

August 1, 2022
St. John's, Newfoundland and Labrador

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2021


NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF FINANCIAL POSITION
As at March 31

	2022	2021
FINANCIAL ASSETS		
Cash	\$2,648,261	\$2,550,628
Accounts receivable (Note 3)	74,165	89,897
	<u>2,722,426</u>	<u>2,640,525</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	1,842,950	2,137,295
Employee future benefits (Note 5)	155,867	194,661
	<u>1,998,817</u>	<u>2,331,956</u>
Net financial assets	<u>723,609</u>	<u>308,569</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (Note 6)	164,955	134,212
Tangible capital assets (Note 7)	134,571	158,713
	<u>299,526</u>	<u>292,925</u>
Accumulated surplus	<u>\$1,023,135</u>	<u>\$ 601,494</u>
Contractual obligations (Note 8)		
Trusts under administration (Note 9)		

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

Signed on behalf of the Board:


 Chairperson


 Member

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2021

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF OPERATIONS
 For the Year Ended March 31

	2022 Budget	2022 Actual	2021 Actual
	(Note 14)		
REVENUES			
Province of Newfoundland and Labrador			
Operating grants	\$16,796,200	\$16,796,200	\$16,612,300
Law Foundation of Newfoundland and Labrador grant	75,000	115,710	313,793
Legal services	75,000	84,883	100,505
Interest	12,000	15,938	21,850
	<u>16,958,200</u>	<u>17,012,731</u>	<u>17,048,448</u>
EXPENSES (Note 10)			
Administration	5,881,185	5,720,897	5,813,118
Criminal law	6,517,150	6,442,952	5,713,798
Youth law	342,384	329,414	279,864
Civil law	4,217,481	4,097,827	4,484,438
	<u>16,958,200</u>	<u>16,591,090</u>	<u>16,291,218</u>
Annual surplus	-	421,641	757,230
Accumulated surplus (deficit), beginning of year	601,494	601,494	(155,736)
Accumulated surplus, end of year	\$ 601,494	\$ 1,023,135	\$ 601,494

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

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2021

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
 For the Year Ended March 31

	2022 Budget	2022 Actual	2021 Actual
(Note 14)			
Annual surplus	\$ -	\$ 421,641	\$ 757,230
Tangible capital assets			
Acquisition of tangible capital assets	(60,953)	(39,384)	(57,643)
Net book value of tangible capital assets disposal	-	-	540
Amortization of tangible capital assets	85,000	63,526	86,311
	<u>24,047</u>	<u>24,142</u>	<u>29,208</u>
Prepaid expenses			
Acquisition of prepaid expenses	-	(164,955)	(134,212)
Use of prepaid expenses	-	134,212	126,449
	<u>-</u>	<u>(30,743)</u>	<u>(7,763)</u>
Increase in net financial assets/ decrease in net debt	24,047	415,040	778,675
Net financial assets (debt), beginning of year	308,569	308,569	(470,106)
Net financial assets, end of year	\$ 332,616	\$ 723,609	\$ 308,569

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

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2021

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2022	2021
Operating transactions		
Annual surplus	\$ 421,641	\$ 757,230
Adjustment for non-cash items		
Amortization	63,526	86,311
Bad debt expense	15,645	46,267
Loss on disposal of tangible capital assets	-	540
	<u>500,812</u>	<u>890,348</u>
Change in non-cash operating items		
Accounts receivable	87	(13,878)
Accounts payable and accrued liabilities	(294,345)	(88,092)
Employee future benefits	(38,794)	(63,593)
Prepaid expenses	(30,743)	(7,763)
	<u>137,017</u>	<u>717,022</u>
Cash provided from operating transactions	137,017	717,022
Capital transactions		
Purchase of tangible capital assets	(39,384)	(57,643)
Cash applied to capital transactions	(39,384)	(57,643)
Net increase in cash	97,633	659,379
Cash, beginning of year	2,550,628	1,891,249
Cash, end of year	\$ 2,648,261	\$ 2,550,628

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

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
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1. Nature of operations

The Newfoundland and Labrador Legal Aid Commission (the Commission) operates under the authority of the Legal Aid Act. The purpose of the Commission is to establish and administer a plan for the provision of legal aid for the residents of the Province of Newfoundland and Labrador.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Assistant Deputy Minister of Justice and Public Safety (ex-officio), the Provincial Director of the Commission (ex-officio) and 7 members appointed by the Lieutenant-Governor in Council.

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Commission is classified as an Other Government Organization as defined by Canadian public sector accounting standards (CPSAS). Management, in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board (PSAB), prepares these financial statements. The Commission does not prepare a statement of remeasurement gains and losses, as the Commission does not enter into relevant transactions or circumstances that are being addressed by this statement. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Commission's financial instruments recognized in the statement of financial position consist of cash, accounts receivable, and accounts payable and accrued liabilities. The Commission generally recognizes a financial instrument when it enters into a contract that creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Commission subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying value of cash, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their nature and/or the short-term maturity associated with these instruments.

Interest attributable to financial instruments is reported in the statement of operations.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
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2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in bank.

(d) Employee future benefits

(i) The cost of accumulating, non-vesting sick leave benefits is calculated based upon management's best estimate of its employees' sick leave utilization rates, sick leave balances, annual sick leave entitlements and current salary levels. Under the former annual leave policy, all employees hired before September 30, 1994 were credited with 2 days sick leave per month. After this date, the Commission moved to the new paid leave policy that did not include a sick leave entitlement. Accumulated benefits under the former policy may be used in future years and, if not used, the benefits cease upon termination of employment.

(ii) Under the Legal Aid Act, Commission employees shall be considered to be employed in the public service for the purpose of the Public Service Pensions Act, 2019. Employee contributions are matched by the Commission and then remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. The Public Service Pension Plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

The contributions from the Commission to the plan are recorded as an expense for the year.

(e) Tangible capital assets

Tangible capital assets are recorded at cost at the time of acquisition, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Office furniture and equipment	5 years
Computer equipment	5 years
Software development	5 years
Leasehold improvements	Lesser of 5 years or remaining life of the rental agreement.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
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2. Summary of significant accounting policies (cont.)

(e) Tangible capital assets (cont.)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the ability of the Commission to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

(f) Prepaid expenses

Prepaid expenses are charged to expense over the periods expected to benefit from it.

(g) Revenues

Revenues are recognized in the period in which the transactions or events occurred that give rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers (Province of Newfoundland and Labrador operating grants) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations related to the liabilities are settled.

Interest revenue is recognized as earned.

(h) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are recorded as an expense in that year.

(i) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the collectability of accounts receivable, expected useful life of tangible capital assets and the accrual for legal fees and disbursements-private bar.

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 March 31, 2022

2. Summary of significant accounting policies (cont.)

(i) Measurement uncertainty (cont.)

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Accounts receivable

	<u>2022</u>	<u>2021</u>
Legal services	\$ 92,916	\$ 732,895
Harmonized Sales Tax	26,600	33,331
	<u>119,516</u>	<u>766,226</u>
*Less: Allowance for doubtful accounts	(45,351)	(676,329)
	<u>\$ 74,165</u>	<u>\$ 89,897</u>

*During 2021-22, the Commission received approval from the Minister of Justice and Public Safety to write off \$635,832 of accounts receivable related to legal services. These accounts receivable were previously included in the allowance for doubtful accounts, resulting in a corresponding decrease in the allowance for doubtful accounts of \$635,832.

4. Accounts payable and accrued liabilities

	<u>2022</u>	<u>2021</u>
Trade	\$ 123,180	\$ 340,336
Legal fees and disbursements-private bar	14,750	27,886
Salaries and benefits	1,705,020	1,769,073
	<u>\$ 1,842,950</u>	<u>\$ 2,137,295</u>

5. Employee future benefits

Employee future benefits consist of:

	<u>2022</u>	<u>2021</u>
Severance pay	\$ 151,429	\$ 190,507
Accumulating, non-vesting sick leave benefit liability	4,438	4,154
	<u>\$ 155,867</u>	<u>\$ 194,661</u>

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
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5. Employee future benefits (cont.)

(a) Severance pay

Executive, management, and non-management/non-union employees of the Commission as at May 31, 2018 were entitled to severance pay. No further severance will accrue for these employees after May 31, 2018. All employees had the option of receiving their severance entitlement prior to March 31, 2019 or deferring it to a later date.

The severance liability as at March 31, 2022 represents severance owing to employees who deferred receiving their severance entitlement.

(b) Accumulating, non-vesting sick leave benefits

All employees hired before September 30, 1994, were credited with two sick days per month for use as paid absences during the year due to illness. Subsequent to September 30, 1994, the Commission moved to the new paid leave policy that did not include a sick leave entitlement. Sick leave benefits accumulated prior to September 30, 1994, may be used in future years and, if not used, the benefits cease upon termination of employment. For the year ended March 31, 2022, a sick leave liability was calculated for five employees.

(c) Pension contributions

Under the Legal Aid Act, the Commission's employees are subject to the Public Service Pensions Act, 2019. The Public Service Pension Plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the Act applies. The Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on their age at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was – 11.85% (2021 - 11.85%). The Commission's contributions equal the employee contributions to the plan. Total pension expense for the Commission for the year ended March 31, 2022, was \$1,140,349 (2021 - \$1,109,737).

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NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
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6. Prepaid expenses

	<u>2022</u>	<u>2021</u>
Bar fees and insurance	\$ 94,860	\$ 87,110
Computer support	13,654	8,484
Prepaid human resources expenses	25,953	9,549
Prepaid advertising/subscriptions	2,175	1,800
Prepaid travel	6,685	10,635
Workplace Health, Safety and Compensation Commission	21,628	16,634
	<u>\$ 164,955</u>	<u>\$ 134,212</u>

7. Tangible capital assets

Original Cost

	Balance March 31, 2021	Additions	Disposals	Balance March 31, 2022
Office furniture and equipment	\$ 1,201,186	\$ 7,374	\$ (2,173)	\$ 1,206,387
Computer equipment	889,928	28,513	-	918,441
Software development	197,671	-	-	197,671
Leasehold improvements	155,195	3,497	-	158,692
	<u>\$ 2,443,980</u>	<u>\$ 39,384</u>	<u>\$ (2,173)</u>	<u>\$ 2,481,191</u>

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7. Tangible capital assets (cont.)

Accumulated Amortization

	Balance March 31, 2021	Amortization	Disposals	Balance March 31, 2022	Net book value March 31, 2022	Net book value March 31, 2021
Office furniture and equipment	\$ 1,167,864	\$15,341	\$(2,173)	\$1,181,032	\$ 25,355	\$ 33,322
Computer equipment	781,319	41,572	-	822,891	95,550	108,609
Software development	191,348	2,080	-	193,428	4,243	6,323
Leasehold improvements	144,736	4,533	-	149,269	9,423	10,459
	<u>\$ 2,285,267</u>	<u>\$63,526</u>	<u>\$(2,173)</u>	<u>\$2,346,620</u>	<u>\$ 134,571</u>	<u>\$ 158,713</u>

8. Contractual obligations

The Commission has entered into agreements requiring lease payments for office and equipment rental as follows:

2023	\$ 1,193,526
2024	1,011,536
2025	759,522
2026	<u>347,500</u>
	<u>\$ 3,312,084</u>

9. Trusts under administration

Assets held in trust of \$85,249 (2021 - \$90,544) include amounts received by the Commission for legal services which have yet to be completed. When a contract for legal services is entered into with a client, provision may be made in the contract for periodic payments to be made to the Commission while the legal services are being provided. Once the legal services have been completed, any payments received at that time will be combined with the general funds of the Commission. Any payments received under these contracts subsequent to the completion of legal services will be recorded with the general funds of the Commission immediately. Assets held in trust also include amounts received by the Commission, such as settlements, which will be disbursed once the related services have been completed.

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10. Expenses by object

	2022 <u>Budget</u> (Note 14)	2022 <u>Actual</u>	2021 <u>Actual</u>
Amortization	\$ 85,000	\$ 63,526	\$ 86,311
Bad debt expense	-	15,645	46,267
Bar fees and insurance	158,724	149,722	153,928
Commissioners' fees and expenses	67,160	49,583	37,357
Conference and education	55,000	35,711	15,896
Legal fees and disbursements	596,750	495,261	440,100
Library fees	36,217	35,142	36,184
Loss on disposal of tangible capital assets	-	-	540
Miscellaneous	3,674	2,898	2,740
Office and equipment rental	1,359,572	1,357,250	1,410,405
Office expense	350,134	314,740	309,396
Salaries and benefits	14,135,719	13,960,466	13,646,152
Telephone and light	100,000	96,897	97,365
Travel	10,250	14,249	8,577
	<u>\$16,958,200</u>	<u>\$16,591,090</u>	<u>\$16,291,218</u>

11. Related party transactions

Province of Newfoundland and Labrador:

During the year, the Commission received \$16,796,200 (2021 - \$16,612,300) from the Province in Operating grant revenue.

The Office of the Chief Information Officer (OCIO), an entity within the Executive Council of the Province, provides Information Technology (IT) support services to the Commission. These IT costs are reflected in these financial statements for \$99,804 (2021 - \$99,804). These transactions are recorded at their carrying amount.

12. Financial risk management

The Commission recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Commission is exposed to through its financial instruments are credit risk, liquidity risk and market risk.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
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12. Financial risk management (cont.)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission's main credit risk relates to cash and accounts receivable. The Commission's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Commission is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank.

The Commission is exposed to significant credit risk related to its accounts receivable relating to amounts owed from clients. Legal aid clients enter into a payment program based on a contract for the provision of legal services, and the accounts receivable balance is comprised primarily of small amounts held by a large client base. Any estimated impairment of these accounts receivable has been provided for through a provision for doubtful accounts as disclosed in Note 3.

There have been no significant changes from the previous year in the exposure to credit risk or policies, procedures and methods used to manage credit risk.

Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its contractual obligations and financial liabilities. The Commission's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, and its contractual obligations. The Commission manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its contractual obligations and financial liabilities. The future minimum payments required from the Commission in relation to its contractual obligations are outlined in Note 8.

There have been no significant changes from the previous year in the exposure to liquidity risk or policies, procedures and methods used to manage liquidity risk.

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. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Commission is not exposed to significant foreign exchange risk or other price risk. The Commission is not exposed to significant interest rate risk related to cash because of its nature.

There have been no significant changes from the previous year in the exposure to market risk or policies, procedures and methods used to manage market risk.

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13. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Commission. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Commission's objectives.

14. Budget

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been approved by the Commission's Board.