

# Legal Aid NL Annual Report 2023-24



LEGAL AID NL

REAL LAWYERS FOR REAL PEOPLE



## Message from the Chair

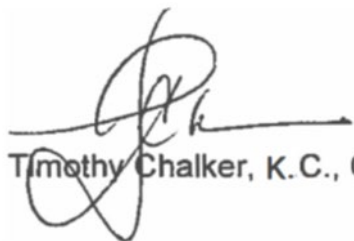
As chair of the Newfoundland and Labrador Legal Aid Commission (the Commission or Legal Aid NL), I am pleased to present the Commission's annual report which outlines the activities completed during fiscal year April 1, 2023, to March 31, 2024. This report was prepared under my direction and in accordance with the provisions of the **Transparency and Accountability Act**. This report includes the audited financial statements of the Legal Aid Commission as prepared by the Office of the Auditor General.

The Legal Aid Commission, also known as Legal Aid NL, is classified as a Category 3 Government Entity and, as such, must prepare an annual report which presents information on the activities of the entity carried out during the preceding fiscal year in compliance with its mandate.

Legal Aid NL operates under the **Legal Aid Act**, which provides for the provision of legal counsel to represent eligible residents of the province of Newfoundland and Labrador who are charged with offences under the **Criminal Code of Canada**, other federal and provincial statutes, and people who have family disputes.

Residents of Newfoundland and Labrador avail of duty counsel services when appearing on criminal matters in Provincial and Youth Court or on family matters in the Supreme Court Family Division. These services also extend to visitors to Newfoundland and Labrador. Legal counsel may be appointed for non-residents either through the Legal Aid Plan of the province in which they reside, or through Legal Aid NL.

Legal Aid NL is accountable for the preparation of this report and for the results reported. I, as chair of the Newfoundland and Labrador Legal Aid Commission, accept accountability on behalf of myself and the entire board.



Timothy Chalker, K.C., Chair

# Table of Contents

**Message from the Chair**..... i

**Background and Overview** ..... 3

**Legal Aid Offices and Staff** ..... 4

**Highlights and Partnerships** ..... 8

**Report on Performance** ..... 11

**Strategic Issue: Improved Productivity and Client Service Delivery through focus on New Technology and Training** ..... 11

**Opportunities and Challenges Ahead** ..... 13

**Financial Statements** ..... 14

## 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's mandate is to respond 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 requires that financial and legal eligibility requirements specified in the Act and the **Legal Aid Regulations** (the Regulations) are met. Once 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) of 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 hours a day, seven days a week, to provide advice to people upon arrest, detention, or questioning by a peace officer.

A board of commissioners, comprised 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 Lieutenant-Governor in Council appoints seven commissioners, three of whom are appointed from a list of nominees submitted by the Law Society of Newfoundland and Labrador. The Lieutenant-Governor in Council designates one of the board of commissioners as chair. Members of the board of commissioners as of March 31, 2024, were:

- Timothy J. Chalker, K.C., Chair
- Allison Hagerty
- Beth McGrath, K.C.
- Rebecca Redmond Maclean, K.C.
- Donna Strong
- Rodney Zdebiak, K.C.

### Ex-officio members:

- Denise Woodrow, Assistant Deputy Minister (as designate of the Deputy Minister of Justice and Public Safety)
- Harman Khurana, CEO and Provincial Director

## Legal Aid Offices and Staff

As of March 31, 2024, Legal Aid NL employed a CEO and provincial director, one deputy provincial director, one director of legal services, one director of legal policy and quality assurance, 63 solicitors, including 14 Area Directors/Project Leads, two social workers, three paralegals, one Risk Assessment Officer, 56 support staff, three community workers and five articling clerks. Positions were allocated across a network of 18 offices, including the provincial head office, 12 area offices, and five project offices.

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

- The **mental health office** works collaboratively with the provincial health authority providing legal representation at 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 NL Health Services 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.
- The **family and child offices** are located in Happy Valley-Goose Bay and Corner Brook. Its 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, to work towards the reunification of the family, where possible. Each office has a combination of lawyers, social workers, and 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 to provide legal services to clients with serious criminal charges. In early 2018, the Act was amended to remove the choice of counsel provision, so clients no longer choose a private lawyer on serious charges such as murder and manslaughter. Clients facing such charges are now represented by senior lawyers experienced in dealing with major criminal matters. The office is staffed with a team of three senior lawyers experienced in dealing with major criminal matters.

Legal Aid NL also supports specialized projects and initiatives, including:

- The **Intimate Partner Violence Intervention Court**, a specialized court established in 2015 by the Department of Justice and Public Safety and supported by Legal Aid NL, with locations in St. John's, Stephenville and Grand Falls-Windsor. 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 Intimate Partner Violence Intervention Court. Solicitors from the St. John's area office, the Stephenville area office and the Grand Falls-Windsor area office handle the provision of advice and representation to accused persons.
- **The Indigenous project** focuses on working with Indigenous communities to improve access to justice and the quality of legal services for Indigenous peoples. Legal Aid NL provides three part-time and one full-time community liaison worker positions in the towns of Nain, Hopedale, Natuashish and Sheshatshiu.
- **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, by the Department of Justice and Public Safety 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.

## Lines of Business

For residents of Newfoundland and Labrador who meet financial and case eligibility criteria, and for certain non-residents charged with a criminal offence or who otherwise qualify, the following services are provided:

- Representation in criminal, family and civil cases,
- Representation in appeals before the Courts,
- Representation before administrative tribunals in areas such as immigration and refugee claims, Canada Pension Plan, employment insurance and social assistance, and,
- Representation in specialized courts including Mental Health Court, Intimate Partner Violence Intervention Court, and Drug Treatment Court.

For all residents of Newfoundland and Labrador, and visitors to the province, the following services are provided:

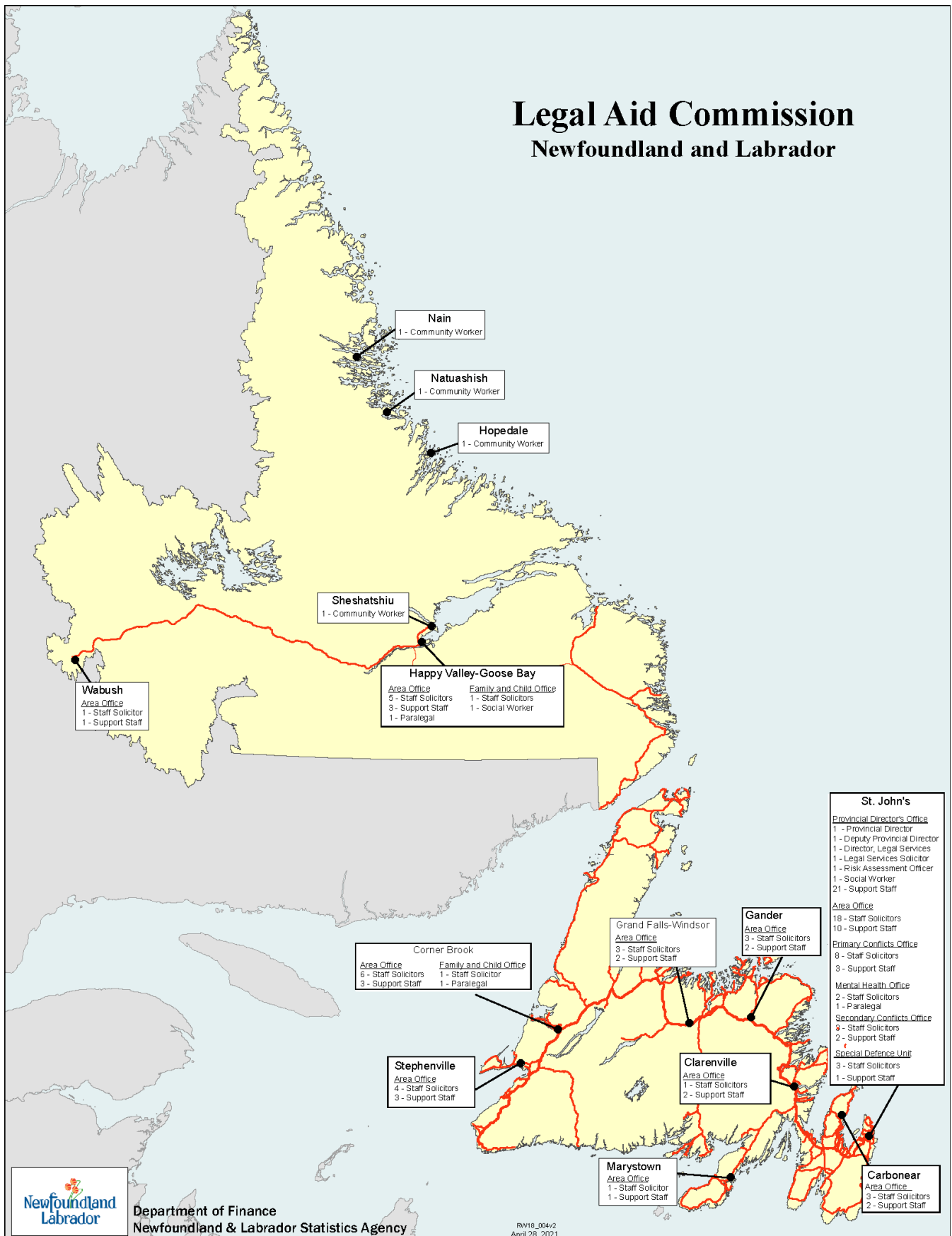
- Duty counsel to accused persons appearing in the provincial and youth courts across the province, and family division - trial division of the Supreme Court in St. John's.

- Brydges duty counsel, a 24-hour telephone service to people arrested or detained by a peace officer.

## **Vision**

A province where all people, regardless of means, capacity, social situation, or gender based analysis plus (GBA+) identity factors, 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

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April 26, 2021



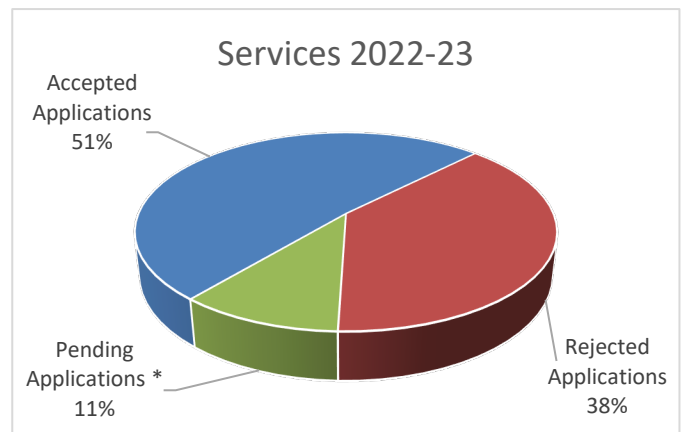
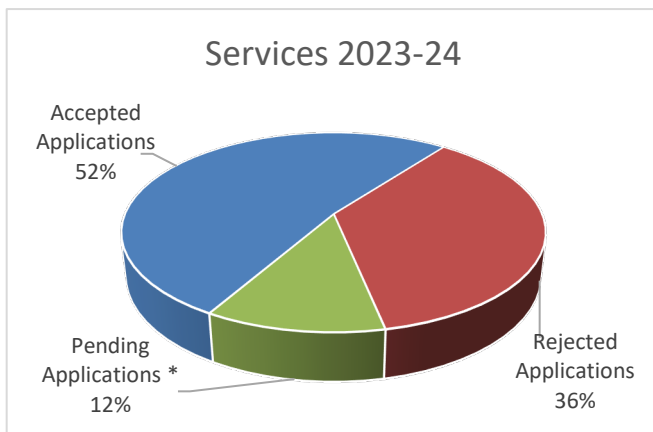
# Highlights and Partnerships

## Applications for Legal Services

During the fiscal year ending March 31, 2024, Legal Aid NL received 7,455 applications for full service legal representation, representing a 3 per cent increase over the previous year. The increase in applications aligns with the expected trend of demand for legal services returning to pre-COVID level.

Of the applications received, 52 per cent (or 3,877 applications) were approved, 36 per cent (or 2,714 applications) were rejected as they did not meet one or both of the financial or legal eligibility criteria, and the remaining 12 per cent (or 864 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 2023-24 fiscal year as compared to the previous year. The increase in applications approved aligns with the expected trend of demand for legal services due to increases in the cost of living.

Applications Processed				
	2023-24		2022-23	
<b>Accepted Applications</b>	3,877	52%	3,718	51%
<b>Rejected Applications</b>	2,714	36%	2,758	38%
<b>Pending Applications *</b>	864	12%	768	11%
<b>Total</b>	7,455	100%	7,244	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.				



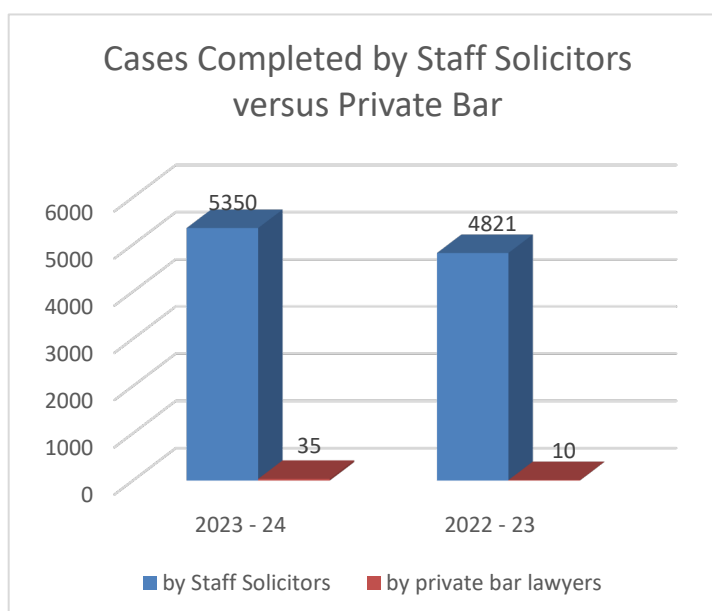
## Type of Legal Representation

Legal Aid NL provides a range of legal services to low-income individuals primarily in the areas of family and criminal law. During 2023-24, 66 per cent of 3,877 applications approved (or 2,562 applications) related to criminal matters; the remaining were made up of 23 per cent civil (877 applications), nine per cent youth (355 applications), and two per cent immigration/refugee matters (83 applications). The table below outlines the types of applications received and approved year-over-year. The 259 per cent increase in immigration matters are due to asylum seekers, who entered Canada through the Roxham Road crossing in Quebec, being redirected to the province.

Law Type	2023-24			2022-23		
	Applications Received	Applications Approved		Applications Received	Applications Approved	
Criminal	4,122	2,562	66%	4,204	2,528	68%
Youth	398	355	9%	277	249	7%
Civil/Family	2,793	877	23%	2,696	909	24%
Immigration	142	83	2%	67	32	1%
<b>Total</b>	<b>7,455</b>	<b>3,877</b>	<b>100%</b>	<b>7,244</b>	<b>3,718</b>	<b>100%</b>

## 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 2023-24 fiscal year, Legal Aid NL provided representation on 5,385 cases. Consistent with previous years, staff lawyers handled more than 99 per cent (or 5,350) of the cases completed, with private bar representing less than one per cent (or 35) 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.



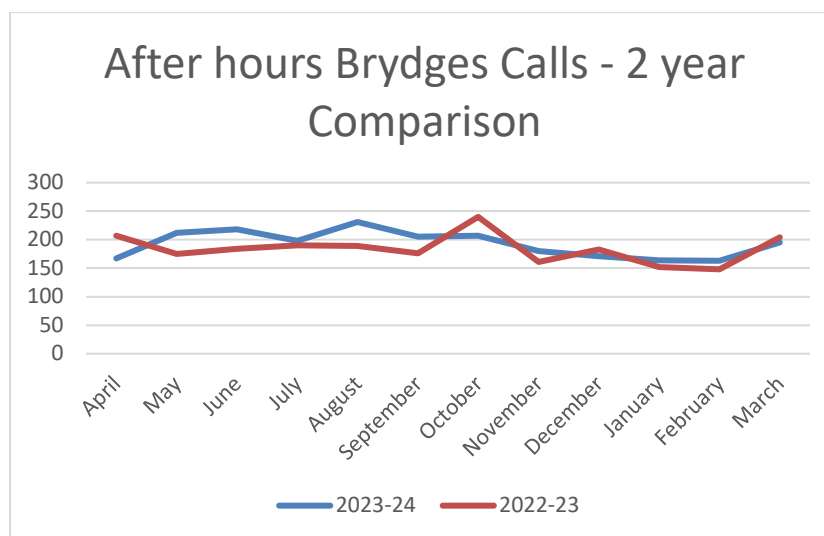
## Duty Counsel Services

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 2023-24 fiscal year, duty counsel assisted 8,864 clients, including 8,516 adults and 348 youth. The majority of adult clients assisted through duty counsel involved matters relating to criminal charges (7,815 clients or 92 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	2023-24		2022-23	
<b>Adult</b>				
Criminal	7,815	92%	9,158	92%
Family	701	8%	560	5%
<b>Total Adult</b>	8,516	96%	9,718	97%
<b>Youth</b>	348	4%	256	3%
<b>Total</b>	8,864	100%	9,974	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 rights under the **Canadian Charter of Rights and Freedoms** and criminal law matters. The number of clients assisted by Brydges Counsel in 2023-24 was 2,311 as compared to 2,209 in 2022-23, representing a five per cent increase over the prior year.



# Report on Performance

## Strategic Issue: Improved Productivity and Client Service Delivery Through Focus on New Technology and Training

Legal Aid NL's 2023-26 activity plan focuses on leveraging new and updated technology and training to build an adaptable and more cohesive workforce capable of responding to client needs effectively and efficiently. The overall goal is to improve productivity, response timeframes, and client service and move towards electronic filing for all client data by replacing an outdated information management system and customizing the technology to improve workflow and document management.

The objective for year one was to procure and deploy a new practice management system (PMS) and conduct training organization wide. During 2023-24, Legal Aid NL undertook several activities to identify the needs of the organization. This enabled Legal Aid NL to identify and procure a new PMS capable of being customized to meet Legal Aid NL's unique needs. Due to delays with the procurement of the PMS, the deployment of the PMS was delayed to the next fiscal year. This enabled Legal Aid NL to focus on recruitment efforts and ensure Microsoft 365 (M365) was rolled out and training completed before the new PMS was deployed.

<b>Goal:</b>	By March 31, 2026, Legal Aid NL will have procured, tested, deployed and customized new PMS to improve productivity for enhanced client service delivery and move towards electronic filing of all client data.
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<b>Objective 1:</b>	By March 31, 2024, Legal Aid NL will have procured, tested and deployed new PMS capable of integrating with current or upgraded IT technology and delivered training to enhance productivity within the organization.
<b>Indicators:</b>	<b>Actual Results:</b>
<b>Purchased and configured the new PMS.</b>	The new PMS system, known as LAIN, was procured in March 2024 from a Saskatchewan-based vendor. During the spring of 2023-24, Legal Aid NL engaged an Office of the Chief Information Officer (OCIO) project manager to assist with the project and reached an agreement with OCIO to host the LAIN application (production and test) and database on dedicated servers. Two full-time Legal Aid NL staff were assigned to manage the project. Once OCIO servers were ready for use, test software was deployed to allow Legal Aid NL to view and assess the application. Necessary configurations and customizations to deploy LAIN were developed during the summer and fall of 2023 and provided to the vendor. Immediately following the procurement of LAIN in March of 2024, work commenced on the configurations and customizations of the application. Most configurations have been completed and the customizations are expected to be

	completed in the spring/summer of 2024.
<b>Implemented organization-wide training on the use of the new PMS.</b>	In 2023-24, training was completed for the administrators working on the project. While organization-wide training on the use of the new PMS was not implemented in 2023-24, it is expected to be implemented in the summer of 2024.
<b>Completed successful migration of data from the old PMS to the new PMS</b>	The vendor completed the data mapping portion of the project in 2023-24, which is an essential component of completing data migration from the old PMS to the new PMS. While data migration from the old PMS to LAIN was not fully completed in 2023-24, it is anticipated to be completed by the summer of 2024.
<b>Deployed the new PMS.</b>	Due to delays in the procurement of LAIN and other contributing factors, the new system was not deployed in 2023-24. Important contributing factors related to staffing shortages and a continued increase in applications over the past year. This created a strain on Legal Aid NL resources. Adding a significant change, such as the deployment of a new PMS, risked the possibility of adding more pressure on the staff. The delayed deployment of the project will allow Legal Aid NL the time needed to fill the vacant positions and better manage the increasing case load. The new projected deployment date is summer of 2024. The delay created an unexpected advantage, allowing M365 to be installed at Legal Aid NL prior to the deployment of LAIN, saving additional training and projected costs to transition LAIN from an earlier version of Microsoft to M365 following the originally anticipated deployment date.

<b>Objective 2:</b>	By March 31, 2025, Legal Aid NL will have identified, tested and implemented customizations required to address selected deficiencies in workflow between intake, staff solicitors and support staff.
<b>Indicators:</b>	
Completed successful migration of data from the old PMS to the new PMS.	
Deployed the new PMS and implemented organization-wide training.	
Identified, tested and implemented customizations necessary to address workflow deficiencies.	

## Opportunities and Challenges Ahead

During the past year, Legal Aid NL has made tremendous strides in seeking out and procuring a new PMS to meet the ever-evolving demands of the legal system and its clients and stakeholders. This investment in technology is a major step in creating a solid foundation for Legal Aid NL to build on and continue to deliver programs and services in an effective and efficient manner.

As the statistics shared in this annual report demonstrate, the demand for Legal Aid's programs and services continues to increase. Increased attrition and a challenging recruitment environment due to an aging workforce emphasizes the need to continue to improve productivity levels so that our programs and services can meet the anticipated surge in demand.

Technology and workforce development continue to offer the greatest opportunity for productivity improvements and service delivery enhancements. Over the next two years, Legal Aid NL will leverage the new PMS to improve productivity. Legal Aid NL will implement customizations identified through consultation with staff to address deficiencies in workflow and document management needs.

**LEGAL AID NL**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**



**NEWFOUNDLAND AND LABRADOR  
LEGAL AID COMMISSION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2024**

## 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.



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Harman Khurana, CPA, CMA  
CEO & Provincial Director



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Laura Critch, CPA  
Manager of Finance



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

I 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, 2024, and the statement of operations, statement of change in net financial assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2024, 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

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

## **Independent Auditor's Report (cont.)**

In connection with my audit of the financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am 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**

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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.



## **Independent Auditor's Report (cont.)**

- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



**DENISE HANRAHAN, CPA, CMA, MBA, ICD.D**

**Auditor General**

July 10, 2024

St. John's, Newfoundland and Labrador

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

**2024**

**2023**

**FINANCIAL ASSETS**

Cash	\$ 8,062,134	\$ 3,617,938
Accounts receivable (Note 3)	115,076	93,541
	<u>8,177,210</u>	<u>3,711,479</u>

**LIABILITIES**

Accounts payable and accrued liabilities (Note 4)	2,375,068	1,855,695
Employee future benefits (Note 5)	35,279	84,870
	<u>2,410,347</u>	<u>1,940,565</u>

<b>Net financial assets</b>	<b>5,766,863</b>	<b>1,770,914</b>
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**NON-FINANCIAL ASSETS**

Prepaid expenses (Note 6)	214,537	187,568
Tangible capital assets (Note 7)	359,454	163,935
	<u>573,991</u>	<u>351,503</u>

<b>Accumulated surplus</b>	<b>\$ 6,340,854</b>	<b>\$ 2,122,417</b>
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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**  
**STATEMENT OF OPERATIONS**  
For the Year Ended March 31

	2024 Budget	2024 Actual	2023 Actual
	Unaudited (Note 14)		
<b>REVENUES</b>			
Province of Newfoundland and Labrador			
Operating grants	\$19,817,900	\$19,817,900	\$17,036,900
Law Foundation of Newfoundland and			
Labrador grant	3,300,000	4,234,745	1,465,679
Legal services	50,000	80,030	49,641
Interest	200,000	234,687	96,424
	<b>23,367,900</b>	<b>24,367,362</b>	<b>18,648,644</b>
<b>EXPENSES (Note 10)</b>			
Administration	6,498,390	6,545,446	6,140,819
Criminal law	7,959,140	8,325,004	7,037,214
Youth law	458,530	467,748	369,633
Civil law	4,669,362	4,810,727	4,001,696
	<b>19,585,422</b>	<b>20,148,925</b>	<b>17,549,362</b>
<b>Annual surplus</b>	<b>3,782,478</b>	<b>4,218,437</b>	<b>1,099,282</b>
<b>Accumulated surplus, beginning of year</b>	<b>2,122,417</b>	<b>2,122,417</b>	<b>1,023,135</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 5,904,895</b>	<b>\$ 6,340,854</b>	<b>\$ 2,122,417</b>

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

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

	2024 Budget	2024 Actual	2023 Actual
	Unaudited (Note 14)		
Annual surplus	\$ 3,782,478	\$ 4,218,437	\$ 1,099,282
<b>Tangible capital assets</b>			
Acquisition of tangible capital assets	(310,953)	(268,872)	(93,104)
Net book value of tangible capital assets disposal	-	927	-
Amortization of tangible capital assets	85,000	72,426	63,740
	(225,953)	(195,519)	(29,364)
<b>Prepaid expenses</b>			
Acquisition of prepaid expenses	-	(214,537)	(187,568)
Use of prepaid expenses	-	187,568	164,955
	-	(26,969)	(22,613)
<b>Increase in net financial assets</b>	<b>3,556,525</b>	<b>3,995,949</b>	<b>1,047,305</b>
<b>Net financial assets, beginning of year</b>	<b>1,770,914</b>	<b>1,770,914</b>	<b>723,609</b>
<b>Net financial assets, end of year</b>	<b>\$ 5,327,439</b>	<b>\$ 5,766,863</b>	<b>\$ 1,770,914</b>

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



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

	2024	2023
<b>Operating transactions</b>		
Annual surplus	\$ 4,218,437	\$ 1,099,282
Adjustment for non-cash items		
Amortization	72,426	63,740
Bad debt expense	11,443	7,802
Loss on disposal of tangible capital assets	927	-
	<b>4,303,233</b>	<b>1,170,824</b>
Change in non-cash operating items		
Accounts receivable	(32,978)	(27,178)
Accounts payable and accrued liabilities	519,373	12,745
Employee future benefits	(49,591)	(70,997)
Prepaid expenses	(26,969)	(22,613)
<b>Cash provided from operating transactions</b>	<b>4,713,068</b>	<b>1,062,781</b>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(268,872)	(93,104)
<b>Cash applied to capital transactions</b>	<b>(268,872)</b>	<b>(93,104)</b>
<b>Net increase in cash</b>	<b>4,444,196</b>	<b>969,677</b>
<b>Cash, beginning of year</b>	<b>3,617,938</b>	<b>2,648,261</b>
<b>Cash, end of year</b>	<b>\$ 8,062,134</b>	<b>\$ 3,617,938</b>

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

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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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**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**2. Summary of significant accounting policies (cont.)**

**(c) Cash**

Cash includes cash in bank and petty cash funds.

**(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 Provident<sup>10</sup> 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**  
**March 31, 2024**

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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.

The Law Foundation of Newfoundland and Labrador Grant revenue has no performance obligations as the Law Foundation must transfer two-thirds of the net revenue received in each calendar year directly to the Commission as per Part IV of the *Law Society Act, 1999*.

Revenue from Legal Services has no performance obligations as the Commission's authority to recover costs, disbursements and fees for professional services comes from the *Legal Aid Act and Regulations*. These revenues are recognized when the Commission has the authority to claim or retain an inflow of economic resources and can identify the past event that gives rise to the revenue.

Interest revenue is recognized as earned.

There is no revenue from non-recurring activities with performance obligations presented in these financial statements.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**2. Summary of significant accounting policies (cont.)**

**(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.

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.

**(j) Accounting Pronouncements**

The Commission adopted PS 3400 Revenue, effective April 1, 2023, which establishes standards on how to account for and report on revenue. PS 3400 sets out general guidance for how entities recognize, measure, present and disclose revenue arising from transactions that include performance obligations (exchange transactions) and transactions that do not have performance obligations (non-exchange transactions). There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. This determination is made based on when a performance obligation is satisfied.

PS 3400 has been applied prospectively to these financial statements and, as permitted by the transitional provisions, prior periods were not restated.

The implementation of this new Standard did not have a material impact on the financial statements.



**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

**3. Accounts receivable**

	<u>2024</u>	<u>2023</u>
Legal services	\$ 84,659	\$ 109,116
Harmonized Sales Tax	46,932	37,578
	131,591	146,694
Less: Allowance for doubtful accounts	(16,515)	(53,153)
	\$ 115,076	\$ 93,541

During 2023-24, the Commission wrote-off \$48,081 of accounts receivable related to the equity program. These accounts were previously included in the allowance for doubtful accounts, resulting in a corresponding decrease in the allowance for doubtful accounts of \$48,081.

**4. Accounts payable and accrued liabilities**

	<u>2024</u>	<u>2023</u>
Trade	\$ 288,555	\$ 201,564
Legal fees and disbursements-private bar	97,862	23,865
Salaries and benefits	1,988,651	1,630,266
	\$ 2,375,068	\$ 1,855,695

**5. Employee future benefits**

Employee future benefits consist of:

	<u>2024</u>	<u>2023</u>
Severance pay	\$ 33,305	\$ 82,927
Accumulating, non-vesting sick leave benefit liability	1,974	1,943
	\$ 35,279	\$ 84,870

**(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, 2024 represents severance owing to an employee who deferred receiving their severance entitlement.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**5. Employee future benefits (cont.)**

**(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, 2024, a sick leave liability was calculated for two 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 Provident<sup>10</sup>, 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% (2023 - 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, 2024, was \$1,284,641 (2023 - \$1,162,063).

**6. Prepaid expenses**

	<u>2024</u>	<u>2023</u>
Bar fees and insurance	\$ 108,748	\$ 91,824
Computer support	8,016	12,874
Prepaid human resources expenses	4,563	20,367
Prepaid advertising/subscriptions	-	4,350
Prepaid travel	54,935	30,193
Workplace Health, Safety and Compensation Commission	38,275	27,960
	<u>\$ 214,537</u>	<u>\$ 187,568</u>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

**7. Tangible capital assets**

**Original Cost**

	<b>Balance March 31, 2023</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance March 31, 2024</b>
Office furniture and equipment	\$ 1,214,827	\$ 50,714	\$ -	\$ 1,265,541
Computer equipment	970,037	88,928	(4,814)	1,054,151
Software development	198,320	126,233	(59,345)	265,208
Leasehold improvements	158,692	2,997	-	161,689
	<b>\$ 2,541,876</b>	<b>\$ 268,872</b>	<b>\$ (64,159)</b>	<b>\$ 2,746,589</b>

**Accumulated Amortization**

	<b>Balance March 31, 2023</b>	<b>Amortization</b>	<b>Disposals</b>	<b>Balance March 31, 2024</b>	<b>Net book value March 31, 2024</b>	<b>Net book value March 31, 2023</b>
Office furniture and equipment	\$ 1,183,147	\$ 15,959	\$ -	\$ 1,199,106	\$ 66,435	\$ 31,680
Computer equipment	845,739	51,870	(4,814)	892,795	161,356	124,298
Software development	195,482	1,347	(58,418)	138,411	126,797	2,838
Leasehold improvements	153,573	3,250	-	156,823	4,866	5,119
	<b>\$ 2,377,941</b>	<b>\$ 72,426</b>	<b>\$ (63,232)</b>	<b>\$ 2,387,135</b>	<b>\$ 359,454</b>	<b>\$ 163,935</b>

**8. Contractual obligations**

The Commission has entered into agreements requiring lease payments for office and equipment rental and Lain 2.0 Software development as follows:

2025	\$ 847,729
2026	<u>347,500</u>
	<b><u>\$1,195,229</u></b>



**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**9. Trusts under administration**

Assets held in trust of \$92,629 (2023 - \$116,709) 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.

**10. Expenses by object**

	<b>2024 <u>Budget</u> Unaudited (Note 14)</b>	<b>2024 <u>Actual</u></b>	<b>2023 <u>Actual</u></b>
Amortization	\$ 85,000	\$ 72,426	\$ 63,740
Bad debt expense	-	11,443	7,802
Bar fees and insurance	168,801	161,230	166,414
Commissioners' fees and expenses	69,877	50,473	35,093
Conference and education	161,000	156,562	158,170
Legal fees and disbursements	841,700	1,014,082	662,434
Library fees	43,500	44,253	36,969
Loss on disposal of tangible capital assets	-	927	-
Miscellaneous	3,674	5,476	23,907
Office and equipment rental	1,360,886	1,367,009	1,359,864
Office expense	404,833	406,205	375,235
Salaries and benefits	16,318,401	16,721,067	14,535,381
Telephone and light	96,000	98,398	98,354
Travel	31,750	39,374	25,999
	<b><u>\$19,585,422</u></b>	<b><u>\$20,148,925</u></b>	<b><u>\$17,549,362</u></b>

**11. Related party transactions**

Province of Newfoundland and Labrador:

During the year, the Commission received \$19,817,900 (2023 - \$17,036,900) from the Province in Operating grant revenue.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**11. Related party transactions (cont.)**

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 \$99,839 (2023 - \$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.

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.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**12. Financial risk management (cont.)**

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.

**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 are unaudited and have been prepared on a cash basis. They are provided for comparison purposes and have been approved by the Commission's Board.