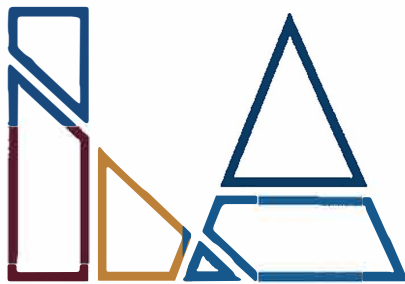


**Newfoundland
and Labrador
Legal Aid
Commission
Annual Report
2020-21**



LEGAL AID NL

REAL LAWYERS FOR REAL PEOPLE



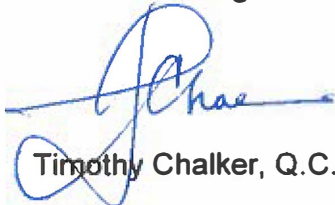
Message from the Chair

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 the fiscal year April 1, 2020 to March 31, 2021. This report was prepared under my direction and in accordance with the provisions of the **Transparency and Accountability Act**. This report includes the financial statements of the Legal Aid Commission as audited by the Office of Auditor General.

The Commission 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.

The Commission operates under the **Legal Aid Act**, which allows 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 or other civil matters. Legal counsel may be appointed for non-residents either through the Legal Aid Plan of the province in which they reside or Legal Aid NL. Duty Counsel services are provided to residents, as well as to visitors to the province.

The Board of the Legal Aid Commission is accountable for the results reported. I, as the Chair of the Legal Aid Commission, accept accountability on behalf of the entire Board.



Timothy Chalker, Q.C., Chair

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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 the Commission are an essential component of a fair and accessible justice system in the province of Newfoundland and Labrador. The Commission 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 the Commission 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.

The Commission 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 the Commission. 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 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
Greg French, Q.C.
Allison Hagerty

Donna Strong
Allison Whelan
Rodney Zdebiak

Ex-officio members:

Chantelle MacDonald Newhook, Assistant Deputy Minister (*as designate of the Deputy Minister of Justice and Public Safety)
Harman Khurana, CEO & Provincial Director

Legal Aid Offices and Staff

During the fiscal year 2020-21, Legal Aid NL employed a CEO/Provincial Director, a Deputy Provincial Director, a Director of Legal Services, a Legal Services Solicitor, 68 Solicitors, two Social Workers, four Paralegals, one Risk Assessment Officer, 52 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. The Commission 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.

¹This number does not reflect articling students

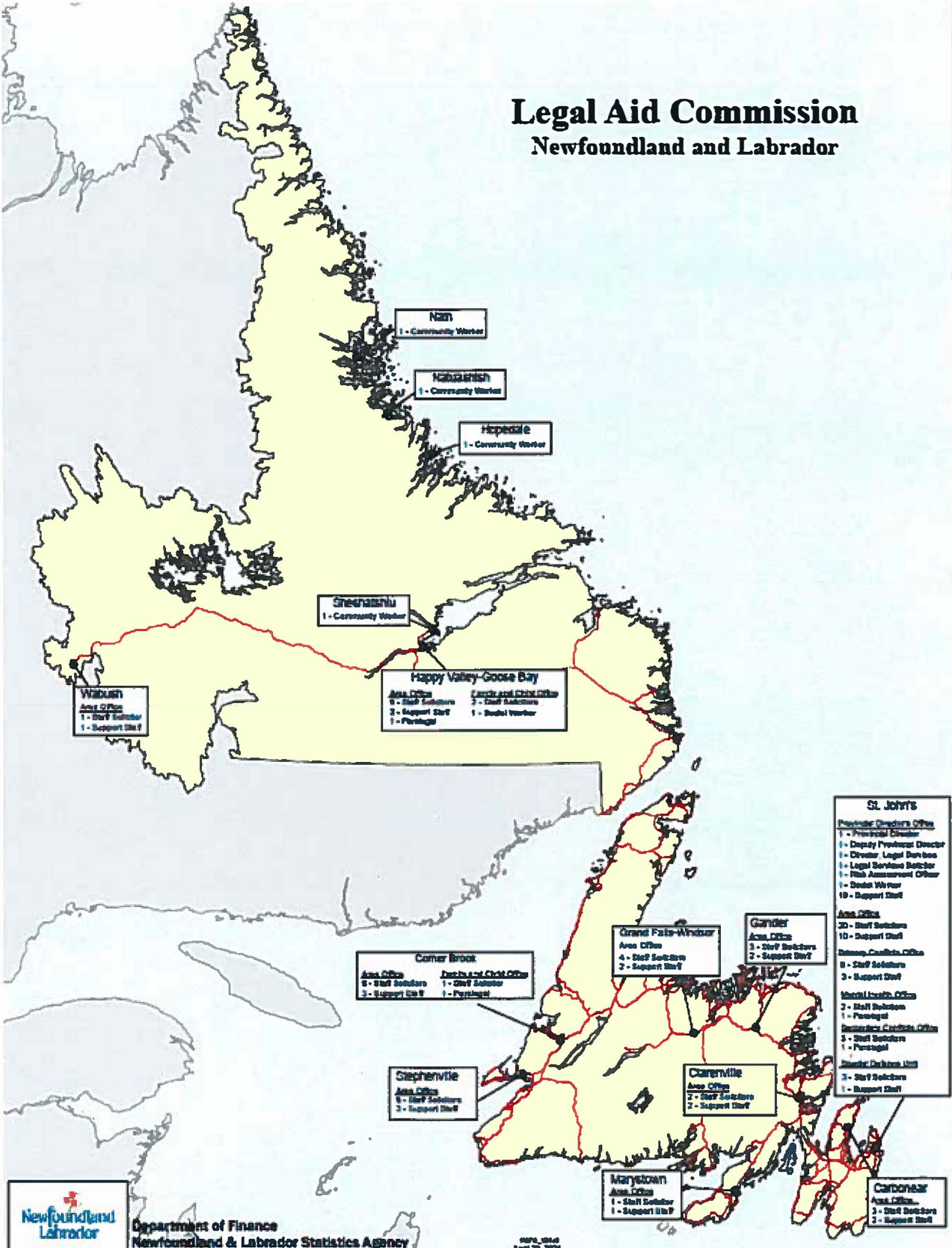
In addition to the services offered through dedicated offices, Legal Aid NL also supports special projects and initiatives; these include:

- **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. The Commission 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. The Commission 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. The Commission 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. The Commission'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

NSFL 0000
April 20, 2021

Highlights and Partnerships

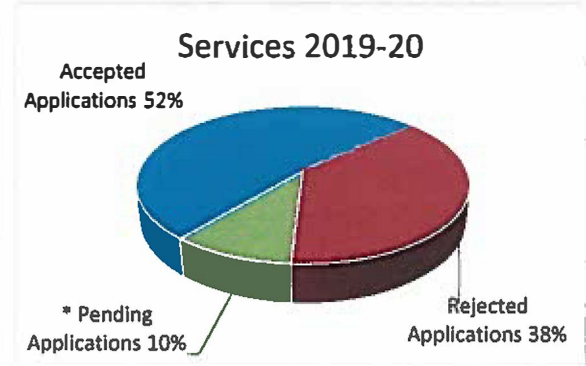
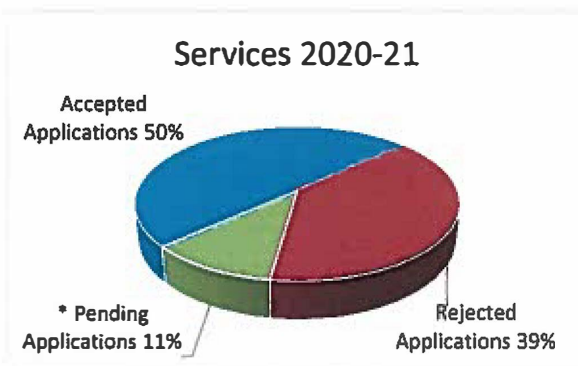
Applications for Legal Services

During the fiscal year ending March 31, 2021, the Commission received 5,334 applications for full service legal representation, representing a 26 per cent decrease over the previous year. The decrease in applications received was a result of the continued pandemic which suspended and delayed matters before the courts.

Of the applications received, 50 per cent (or 2,659 applications) were approved, 39 per cent (or 2,084 applications) were rejected as they did not meet one or both of the financial or legal eligibility criteria, and the remaining 11 per cent (or 591 applications) were pending a decision. The table and charts below show the change in the number of files handled by the Commission in the 2020-21 fiscal year as compared to the previous year.

Applications Processed				
	2020-21		2019-20	
Accepted Applications	2,659	50%	3,748	52%
Rejected Applications	2,084	39%	2,704	38%
Pending Applications *	591	11%	732	10%
Total	5,334	100%	7,184	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.



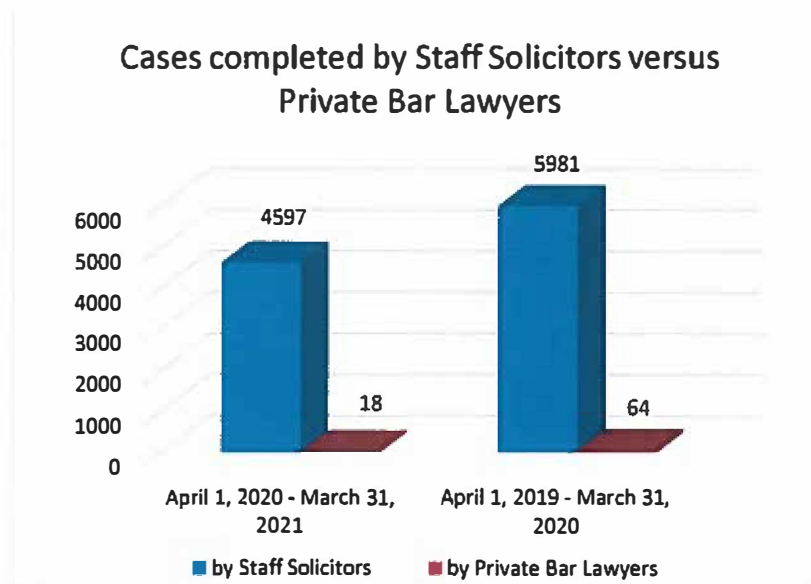
Type of Legal Representation

Legal Aid NL provides a range of legal services to low income individuals primarily in the areas of family and criminal law. During 2020-21, over 66 per cent of the 2,659 applications approved (or 1,748 applications) related to criminal matters; the remaining were made up of 25 per cent civil (676 applications), nine per cent youth (230 applications), and less than one per cent immigration/refugee matters (five applications). The table below outlines the types of applications received and approved year-over-year.

Law Type	2020-21			2019-2020		
	Applications Received	Applications Approved		Applications Received	Applications Approved	
Criminal	3,191	1,748	66%	3,713	2,271	61%
Youth	243	230	9%	464	423	11%
Civil/Family	1,887	676	25%	2,974	1,044	28%
Immigration	13	5	<1%	33	10	<1%
Total	5,334	2,659	100%	7,184	3,748	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 2020-21 fiscal year, Legal Aid NL provided representation on 4,615 cases. Consistent with previous years, staff lawyers handled approximately 99 per cent (or 4,597) of the cases completed, with private bar representing less than one percent (or 18) 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.



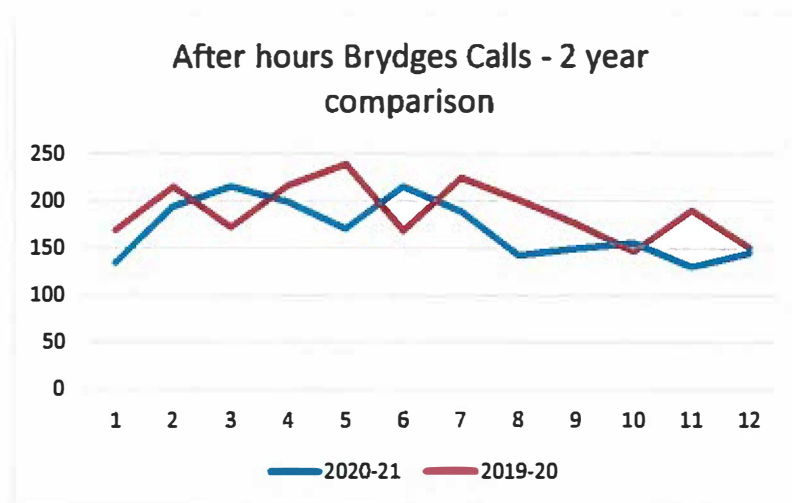
Duty Counsel Services

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 2020-21 fiscal year, Duty Counsel assisted 8,487 clients, including 8,347 adults and 140 youth. The majority of adult clients assisted through Duty Counsel involved matters relating to criminal charges (8,073 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	2020-21		2019-20	
Adult				
Criminal	8073	95%	11,138	91%
Family	274	3%	826	7%
Total Adult	8347	98%	11,964	98%
Youth				
Total	140	2%	311	2%
Total	8487	100%	12,275	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 2020-21 was 2,044 as compared to 2,266 in 2019-20, representing a 10 per cent decrease over the prior year.



Report on Performance

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

The Legal Aid Commission'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 next three years by making strategic investments towards modernizing the organization's technological platform and strengthening Information Technology (IT) competencies within the workforce.

The objective for year one was to identify the areas of improvement where technology-based solutions and skills can help enhance productivity. During 2020-21, the Commission undertook several activities to develop a better understanding of the existing IT infrastructure and competencies within the organization as well as to identify opportunities for improvement in client facing delivery processes and mechanisms. More specifically, during the year the Commission completed a comprehensive assessment of its current portfolio of IT hardware and software, and reviewed performance reports for various IT resources currently in use. These activities have helped Legal Aid map out a future course of action and isolate areas of improvement. Similarly, through a series of engagement initiatives with staff, the Commission has identified several opportunities to increase utilization of technology, including virtual platforms and programs, to efficiently and effectively meet client needs.

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 1:	By March 31, 2021, the Legal Aid Commission will have initiated activities to identify areas of improvement where technology-based solutions and skills can help further enhance productivity.
Indicators:	
Actual Results	
Reviewed current portfolio of IT hardware and software in use	During the first quarter of the 2020-21 fiscal year, Legal Aid NL's Business Analyst worked with individual Area Offices to catalog existing computer hardware on-site and completed a detailed assessment of asset age, performance, and usage. This initiative has allowed the Commission to identify the assets in need of upgrade or replacement. Legal Aid NL is working with its vendors and Office of the Chief Information Officer (OCIO) to order and

	<p>install new laptops, desktops, and replacement parts to ensure each office is equipped with appropriate and up-to-date equipment. Once the upgrades are complete, Legal Aid NL will be better positioned to cope with future remote working requirements. Similarly, in collaboration with the OCIO, the Commission examined current software solutions in use and identified those that were either out of date or not in use.</p>
<p>Developed IT usage reports in consultation with Office of the Chief Information Officer (OCIO)</p>	<p>In April/May 2020, Legal Aid NL worked with the OCIO to create a customized report to help assess usage for various IT hardware and software programs across the Commission. In particular, reports were developed for individual software programs (e.g. DivorceMate) to help assess utilization rates by staff. These reports will help inform future decisions with respect to renewals and subscription packages for individual software products. Furthermore, the reports have helped identify opportunities for future training and communication to increase utilization of certain software products. For example, each year Legal Aid NL must submit detailed reports relating to client statistics as part of the annual federal claim process for legal aid funding. For the 2020-21 federal claim, the Commission increased utilization of its Management Information System and replaced manual reports with electronic generated reports from the system. This has significantly cut down on the time required to gather information and has streamlined the federal claim and reporting process.</p>
<p>Established baseline data on IT skill sets within the workforce</p>	<p>In January 2021, an online survey was developed to assess and establish baseline data on IT skill sets within the organization. The survey allowed employees to provide feedback on specific IT skills and indicate their level of proficiency. Furthermore, the survey targeted commonly available software programs within the Commission, and requested specific feedback relating to ease and frequency of use as well as challenges/deficiencies if any (e.g. training, availability etc.). The engagement process saw a participation rate of 82 per cent, and has served as an excellent tool to help establish baseline competencies within the organization and identify areas of future training and investment.</p>
<p>Engaged employees to identify professional development needs</p>	<p>The COVID-19 pandemic has necessitated more staff work from home and service clients remotely. The pandemic itself has forced the organization and its workforce to adopt and increase its reliance on new and existing virtual and remote technological solutions. Throughout 2020-21, the Commission provided staff with extensive one-on-one support and training to help cope with the virtual work environment. This included one-on-one training sessions with individuals with respect to use of virtual meeting software (Skype), connecting to the remote network, accessing</p>

	voicemail remotely and work email from their personal computers. Furthermore, the online survey and questionnaire provided employees the opportunity to identify specific IT training and professional development needs. Based on the information gathered, over the next two years the Commission will develop targeted training programs to address gaps and build IT competencies within its workforce.
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Objective 2	By March 31, 2022, the Legal Aid Commission will have identified and piloted solutions to address select organizational IT deficiencies.
Indicators:	
Upgraded IT hardware and software	
Piloted technology-based solutions to improve client service delivery	
Implemented training programs in response to staff survey/feedback	

Opportunities and Challenges Ahead

In March 2020, the COVID-19 pandemic had a sudden and significant impact on the operations of the justice system and that of Legal Aid NL. During the first wave of the pandemic, Legal Aid NL responded swiftly to maintain delivery of core services to its clients and the members of the general public. At the same time, to safeguard the wellbeing of our workforce, Legal Aid NL transitioned most staff to work from home. Although in-person services resumed for part of 2020-21; in February 2021, the second wave of the pandemic forced most of our staff to return to working from home and temporarily halt in-person services. Legal Aid NL's 2020-23 Activity Plan takes into account the challenges caused by the pandemic and the uncertainty that comes with it. The plan is aimed at modernizing Legal Aid NL's IT infrastructure to allow the organization to transition into a more robust and nimble entity that can not only overcome, but thrive in such an unpredictable environment.

Fiscal year 2020-21 has been a phenomenal year in terms of validating Legal Aid NL's tenacity and dedication to access to justice. Legal Aid NL and its dedicated employees, stood strong together during the toughest of times, to support the justice system and the vulnerable clients we serve. The 2020-21 fiscal year was also a year of taking stock and planning for the future. Over the past year, Legal Aid NL has gained tremendous insights into the strengths and weaknesses of the organization. There is a plan in place to leverage our strengths, while making strategic investment to address identified gaps and areas of improvement.

Over the next two years, the Commission remains committed to making positive improvements in the delivery of legal services and building an adaptable and more cohesive workforce. We will continue to build competencies and adopt new technologies that will allow Legal Aid NL to cope with the long terms impacts of the pandemic.

**NEWFOUNDLAND AND LABRADOR
LEGAL AID COMMISSION**

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.

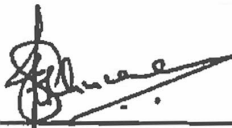
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

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

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, 2021, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2021, 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.



SANDRA RUSSELL, CPA, CA
Deputy Auditor General

July 16, 2021
St. John's, Newfoundland and Labrador

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

2021

2020

FINANCIAL ASSETS

Cash	\$2,550,628	\$ 1,891,249
Accounts receivable (Note 3)	89,897	122,286
	<u>2,640,525</u>	<u>2,013,535</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 4)	2,137,295	2,225,387
Employee future benefits (Note 5)	194,661	258,254
	<u>2,331,956</u>	<u>2,483,641</u>

Net financial assets (debt) 308,569 (470,106)

NON-FINANCIAL ASSETS

Prepaid expenses (Note 6)	134,212	126,449
Tangible capital assets (Note 7)	158,713	187,921
	<u>292,925</u>	<u>314,370</u>

Accumulated surplus (deficit) \$ 601,494 \$ (155,736)

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

	2021 Budget	2021 Actual	2020 Actual
	(Note 14)		
REVENUES			
Province of Newfoundland and Labrador			
Operating grants	\$16,612,300	\$16,612,300	\$ 16,787,500
Law Foundation of Newfoundland and Labrador grant	228,000	313,793	554,337
Legal services	75,000	100,505	104,047
Interest	21,363	21,850	30,428
	<u>16,936,663</u>	<u>17,048,448</u>	<u>17,476,312</u>
EXPENSES (Note 10)			
Administration	5,689,990	5,813,118	5,949,864
Criminal law	5,699,134	5,713,798	6,001,305
Youth law	286,090	279,864	386,173
Civil law	4,520,913	4,484,438	4,309,476
	<u>16,196,127</u>	<u>16,291,218</u>	<u>16,646,818</u>
Annual surplus	740,536	757,230	829,494
Accumulated deficit, beginning of year	(155,736)	(155,736)	(985,230)
Accumulated surplus (deficit), end of year	\$ 584,800	\$ 601,494	\$ (155,736)

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

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

	2021 Budget	2021 Actual	2020 Actual
(Note 14)			
Annual surplus	\$ 740,536	\$ 757,230	\$ 829,494
Tangible capital assets			
Acquisition of tangible capital assets	(61,114)	(57,643)	(72,496)
Net book value of tangible capital assets disposal	-	540	-
Amortization of tangible capital assets	101,000	86,311	99,143
	39,886	29,208	26,647
Prepaid expenses			
Acquisition of prepaid expenses	-	(134,212)	(126,449)
Use of prepaid expenses	-	126,449	327,237
	-	(7,763)	200,788
Increase in net financial assets/ decrease in net debt	780,422	778,675	1,056,929
Net debt, beginning of year	(470,106)	(470,106)	(1,527,035)
Net financial assets (debt), end of year	\$ 310,316	\$ 308,569	\$ (470,106)

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

	2021	2020
Operating transactions		
Annual surplus	\$ 757,230	\$ 829,494
Adjustment for non-cash items		
Amortization	86,311	99,143
Bad debt expense	46,267	5,103
Loss on disposal of tangible capital assets	540	-
	890,348	933,740
Change in non-cash operating items		
Accounts receivable	(13,878)	(15,899)
Accounts payable and accrued liabilities	(88,092)	(91,338)
Employee future benefits	(63,593)	(173,833)
Prepaid expenses	(7,763)	200,788
Cash provided from operating transactions	717,022	853,458
Capital transactions		
Purchase of tangible capital assets	(57,643)	(72,496)
Cash applied to capital transactions	(57,643)	(72,496)
Net increase in cash	659,379	780,962
Cash, beginning of year	1,891,249	1,110,287
Cash, end of year	\$ 2,550,628	\$ 1,891,249

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

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

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, 2021

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
March 31, 2021

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.

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

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>2021</u>	<u>2020</u>
Legal services	\$ 732,895	\$ 715,312
Harmonized Sales Tax	33,331	37,036
	<u>766,226</u>	<u>752,348</u>
Less: Allowance for doubtful accounts	<u>(676,329)</u>	<u>(630,062)</u>
	<u>\$ 89,897</u>	<u>\$ 122,286</u>

4. Accounts payable and accrued liabilities

	<u>2021</u>	<u>2020</u>
Trade	\$ 340,336	\$ 668,041
Legal fees and disbursements-private bar	27,886	64,989
Salaries and benefits	1,769,073	1,492,357
	<u>\$2,137,295</u>	<u>\$ 2,225,387</u>

5. Employee future benefits

Employee future benefits consist of:

	<u>2021</u>	<u>2020</u>
Severance pay	\$ 190,507	\$ 252,534
Accumulating, non-vesting sick leave benefit liability	4,154	5,720
	<u>\$ 194,661</u>	<u>\$ 258,254</u>

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

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, 2021 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, 2021, a sick leave liability was calculated for eight 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% (2020 - 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, 2021, was \$1,109,737 (2020 - \$1,090,501).

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

6. Prepaid expenses

	<u>2021</u>	<u>2020</u>
Bar fees and insurance	\$ 87,110	\$ 93,155
Computer support	8,484	8,317
Prepaid human resources expenses	9,549	3,765
Prepaid advertising	1,800	-
Prepaid travel	10,635	1,693
<u>Workplace Health, Safety and Compensation Commission</u>	<u>16,634</u>	<u>19,519</u>
	<u>\$ 134,212</u>	<u>\$ 126,449</u>

7. Tangible capital assets

Original Cost

	Balance March 31, 2020	Additions	Disposals	Balance March 31, 2021
Office furniture and equipment	\$ 1,195,450	\$ 5,736	\$ -	\$1,201,186
Computer equipment	841,452	51,907	(3,431)	889,928
Software development	197,671	-	-	197,671
Leasehold improvements	155,195	-	-	155,195
	<u>\$ 2,389,768</u>	<u>\$ 57,643</u>	<u>\$ (3,431)</u>	<u>\$2,443,980</u>

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

7. Tangible capital assets (cont.)

Accumulated Amortization

	Balance March 31, 2020	Amortization	Disposals	Balance March 31, 2021	Net book value March 31, 2021	Net book value March 31, 2020
Office furniture and equipment	\$ 1,145,932	\$21,932	\$ -	\$1,167,864	\$ 33,322	\$ 49,518
Computer equipment	735,638	48,572	(2,891)	781,319	108,609	105,814
Software development	189,184	2,164	-	191,348	6,323	8,487
Leasehold improvements	131,093	13,643	-	144,736	10,459	24,102
	<u>\$ 2,201,847</u>	<u>\$86,311</u>	<u>\$(2,891)</u>	<u>\$2,285,267</u>	<u>\$158,713</u>	<u>\$ 187,921</u>

8. Contractual obligations

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

2022	\$1,262,335
2023	1,193,028
2024	1,011,037
2025	759,806
2026	<u>347,500</u>
	<u>\$4,573,706</u>

9. Trusts under administration

Assets held in trust of \$90,544 (2020 - \$208,227) 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.

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

10. Expenses by object

	2021 Budget (Note 14)	2021 Actual	2020 Actual
Amortization	\$ 101,000	\$ 86,311	\$ 99,143
Bad debt expense	-	46,267	5,103
Bar fees and insurance	157,786	153,928	155,109
Commissioners' fees and expenses	49,000	37,357	53,627
Conference and education	30,000	15,896	91,190
Legal fees and disbursements	486,700	440,100	906,735
Library fees	34,930	36,184	39,140
Loss on disposal of tangible capital assets	-	540	-
Miscellaneous	3,674	2,740	6,006
Office and equipment rental	1,409,572	1,410,405	1,477,661
Office expense	312,783	309,396	386,951
Salaries and benefits	13,500,432	13,646,152	13,289,953
Telephone and light	98,000	97,365	83,680
Travel	12,250	8,577	52,520
	\$16,196,127	\$16,291,218	\$16,646,818

11. Related party transactions

Province of Newfoundland and Labrador:

During the year, the Commission received \$16,612,300 (2020 - \$16,787,500) 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 (2020 - \$99,804).

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
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

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.

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

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.

15. Impact of the COVID-19 pandemic on results and operations

The COVID-19 pandemic declared March 11, 2020 has significantly disrupted economic activities in Newfoundland and Labrador. This is a difficult time for the legal system. The Commission has responded by taking steps to ensure that access to legal services continue despite any interruptions to the courts because of COVID-19. The disruption from the pandemic was initially expected to be temporary. Given the nature of these circumstances and the duration of disruption to the Commission's operations, the related financial impacts cannot be reasonably estimated at this time.