

January 8, 2010

Mr. William MacKenzie
Clerk of the House of Assembly

Dear Mr. MacKenzie:

I wish to retable the *2007-08 Annual Activity Report of the Newfoundland and Labrador Legal Aid Commission*, which was originally tabled on September 30, 2008. The only change to this report is the addition of the audited financial statements of the Legal Aid Commission, as required by the *Legal Aid Act* and the *Transparency and Accountability Act*.

I trust this is satisfactory.

Sincerely,



Felix Collins
Minister of Justice
and Attorney General

September 30, 2008

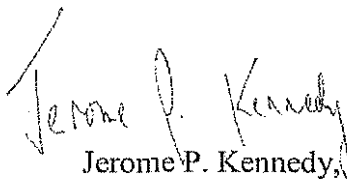
Mr. Bill MacKenzie
Clerk of the House of Assembly

Dear Mr. MacKenzie:

I wish to table the 2007-08 Annual Activity Report of the Newfoundland and Labrador Legal Aid Commission. The Report is being tabled in accordance with the *Transparency and Accountability Act*. You should note, however, that the report does not include the audited financial statements of the Legal Aid Commission as required by the *Legal Aid Act* and the *Transparency and Accountability Act* as they are not yet finalized. Once the statements are finalized, they will be forwarded to you for tabling.

I trust this is satisfactory.

Yours sincerely,


Jerome P. Kennedy, Q. C.
Minister of Justice
and Attorney General



NEWFOUNDLAND & LABRADOR LEGAL AID COMMISSION



Annual Report 2007-08

Newfoundland and Labrador Legal Aid Commission
Annual Report
2007-2008

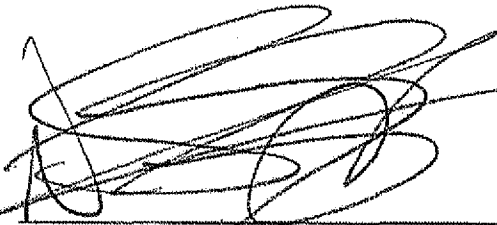
Statement from the Chair

As Chair of the Newfoundland and Labrador Legal Aid Commission I am pleased to present the Legal Aid Commission's Annual Report which outlines the Commission's activities in the 2007-2008 fiscal year. This report was prepared under my direction and in accordance with the provisions of the *Transparency and Accountability Act*. This report does not include the audited financial statements of the Legal Aid Commission as required by the *Legal Aid Act* and the *Transparency and Accountability Act* as they are not yet finalized. Once the statements are finalized, this document will be submitted for re-tabling with the audited financial statements included.

The Legal Aid 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 Legal Aid Commission 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 charged with offences under the Criminal Code, other federal statutes and provincial statutes, and to people who have family disputes or other civil matters. Duty Counsel services are provided to visitors of our Province and legal counsel may be appointed for non-residents either through the legal aid plan of the province in which they reside or our legal aid program.

I, as Chair of the Legal Aid Commission, and the Board of the Commission are accountable for the results reported. My signature below is on behalf of the entire Board of the Commission.



Nicholas Avis, Q. C.
Chair

30 September 2008

Newfoundland and Labrador Legal Aid Commission

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Newfoundland and Labrador Legal Aid Commission

LEGAL AID MANDATE

The mandate of the Legal Aid Commission is contained in Part V of the Act entitled "The Legal Aid Plan." The Act states: "The Commission may, upon receipt of an application, and where the applicant is found eligible, provide legal aid in criminal and civil matters without charge to an individual who is unable to pay and with partial charge to an individual who is able to pay a portion there of." Coverage is identified under Part VI of the Act. In criminal law, legal aid is provided for indictable offences and for summary conviction offences when certain conditions are met. In civil and family cases, legal aid is provided when there is case merit.

THE LEGAL AID COMMISSION

The Legal Aid Plan was established by the Law Society of Newfoundland and Labrador in 1968. Legal Aid was managed by a committee of the Law Society and the Legal Aid Plan is responsible for providing legal counsel to represent eligible accused persons and to assist others who were involved in family disputes.

In 1976 the Legal Aid Commission was established by the Legal Aid Act (*the Act*) to assume responsibility for the Legal Aid Plan.

The Commission consists of a seven person board of commissioners, two of whom are ex-officio, the Deputy Minister of Justice and the Provincial Director. The Lieutenant Governor in Council appoints five commissioners, three of whom are appointed from a list of nominees by the Law Society. The Lieutenant Governor in Council designates one of the Commission Members as Chair and the members select another member as Vice-Chair/Secretary.

Appointed Members: Nick Avis, Q.C., Chair
Krista Gillam, Vice Chair/Secretary
William Collins, Q.C.
John Jenniex
Katie Rich

Ex-officio members: Chris Curran, Q.C., Deputy Minister (in 2007-08)
Don Burrage, Q.C., Deputy Minister (current)
Newman Petten, Provincial Director

Newfoundland and Labrador Legal Aid Commission

MISSION

The mission statement identifies the primary focus of the Legal Aid Commission over the next two planning cycles. It represents the key long-term results that it will be working towards as it moves forward on the strategic directions of Government. The statement also identifies the measures and indicators that will assist both the Commission and the public in monitoring and evaluating success.

Key aspects of the current mission statement include improvements in the administrative structure of the Legal Aid Commission so it is more responsive to stated programs, implementation of the Lamer recommendations as they relate to Legal Aid, analysis of the legal aid services provided to family law applicants and implementation of the Child, Youth and Family Service project as a partial response to the Turner recommendations. The Commission's mission statement is:

By 2011 the Legal Aid Commission will have enhanced its administrative structure and services to the people of Newfoundland and Labrador.

Measure

- The administrative structure and services of the Legal Aid Commission are enhanced.

Indicators

- A new administrative structure is in place.
- Measures are in place to minimize barriers and increase efficiency.
- Recommendations in the Lamer Inquiry Report have been implemented.
- A Child Youth and Family Services project has been established.

LINES OF BUSINESS

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.
- Brydges Duty Counsel, a 24 hours telephone service to people arrested or detained by the police.

Newfoundland and Labrador Legal Aid Commission

For residents of Newfoundland and Labrador who meet financial and case eligibility criteria, and for non-residents through the legal aid plan of the province in which they reside or our legal aid program, the following services are provided:

- Representation in criminal and family cases.
- Represent in appeals before the Courts.
- Representation before administrative tribunals in areas such as: immigration & refugee claims, Canada pension, employment insurance, and social assistance.

LEGAL AID OFFICES AND STAFF

The Legal Aid Commission presently operates a provincial office, ten (10) area offices and four projects with a staff consisting of the provincial Director, four (4) senior lawyers, forty-eight (48) staff lawyers, three (3) articling students, and fifty-three (53) support staff.

Office locations and related staff are:

1.	Provincial Office – St. John’s	1 Provincial Director, 4 senior lawyers, 15 support staff
2.	St. John’s	16 staff lawyers, 6 support staff, 1 articling student
3.	St. John’s (2)	5 staff lawyers, 3 support staff, 1 articling student
4.	Marystown	1 staff lawyer, 1 support staff
5.	Clareville	2 staff lawyers, 2 support staff
6.	Gander	2 staff lawyers, 2 support staff
7.	Grand Falls	2 staff lawyers, 2 support staff
8.	Corner Brook	5 staff lawyers, 3 support staff, 1 articling student
9.	Happy Valley	5 staff lawyers, 3 support staff, 4 community workers
10.	Stephenville	4 staff lawyers, 3 support staff
11.	Carbonear	2 staff lawyers, 3 support staff
12.	Family and Child Legal Aid Services – St. John’s	1 staff solicitor, 2 support staff
13.	Family and Child Legal Aid Services – Happy Valley	1 staff solicitor, 2 support staff
14.	Mental Health Court Project – St. John’s	1 staff solicitor, 1 support staff
15.	Family Justice Services – Central NL	1 staff solicitor, 2 support staff

Newfoundland and Labrador Legal Aid Commission

LEGAL PROBLEMS COVERED

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.
- Brydges Duty Counsel, a 24 hours telephone service to people arrested or detained by the police.

For residents of Newfoundland and Labrador who meet financial and case eligibility criteria, and for non-residents, who qualify under the legal aid plan of the province or territory in which they reside, the following services are provided:

- Representation in criminal, family and civil cases.
- Represent in appeals before the Courts.
- Representation before administrative tribunals in areas such as: immigration and refugee claims, Canada Pension, employment insurance, and social assistance.

Eligibility for legal aid is dependent upon an applicant meeting the financial and case eligibility requirements specified in the Act and Regulations. Once an applicant is approved services are provided by staff lawyers 98% of the time and lawyers in private practice in approximately 2% of the cases. Private counsel are paid on a fee for service basis in accordance with the tariff found in the Regulations.

HIGHLIGHTS AND ACCOMPLISHMENTS

PEOPLE ASSISTED

Applications

For the fiscal period March 31, 2008 – 7,585 people requested assistance from Legal Aid. Of these, 3,998 were provided with full service legal representation. Those who were not provided with full service would have received advice. They were refused because they did not meet the financial eligibility guidelines or their cases were not ones for which legal aid would be granted.

Cases Completed

Staff lawyers completed 5,254 cases and 75 cases were completed by the private bar, amounting to 5,329 completed case. These cases represent approximately 11,073 charges and problems.

Newfoundland and Labrador Legal Aid Commission

Duty Counsel

Duty Counsel assisted 7,204 adults and 1,382 youths were assisted for a total of 8,586 people. Duty Counsel is a service provided to people on their first appearance before a Provincial Court Judge or Youth Court Judge.

24 Hour Duty Counsel

The Legal Aid Commission has a lawyer available 24 hours a day, 7 days a week, who may be reached at a 1-800 number to provide advice to people upon arrest, detention or being questioned by a peace officer.

PROJECTS

Aboriginal Project – This project operates out of the Happy Valley-Goose Bay office and is intended to facilitate working with aboriginal communities to better improve the quality of legal services to aboriginal people who encounter the law. Community workers were hired for the towns of Nain, Hopedale, Natuashish and Sheshashiu. Since the release of the Aboriginal Justice Project Report the Legal Aid Commission has managed the implementation of some of the recommendations contained in it. It has also continued to study, consult and assess resources needed to ensure proper representation and presentation of aboriginal persons' cases before the courts.

Mental Health Project – This project is working, in collaboration with the Health Care Corporation, to develop a protocol to improve and more efficiently deliver legal services to people with mental health problems. It was a key partner in the establishment of the Mental Health Court.

French Speaking Project – This project has hired one staff solicitor fluent in French to provide legal advice by telephone, in person and when necessary to conduct trials in French.

Family and Child Legal Aid Services – It has been recognized that cases involving the removal of children from their parents by Child Youth and Family Services need to be handled differently than matters in other areas of law. Specialized knowledge, timely response, and innovative procedures are needed to ensure that the best interests of a child and its parents are met. The Legal Aid Commission has created two new offices, one in St. John's and one in Happy Valley – Goose Bay, to handle such cases. Each office is staffed by a Director/staff lawyer, a social worker, and a paralegal whose role is to assist parents of children taken into care by CYFS, to respond to the concerns of the CYFS, and to work towards the re-unification of the family where possible.

Client Services Officer – In the 2007/08 fiscal year the Legal Aid Commission studied the situation of incarcerated persons and implemented a program to improve communication between such person and the Commission. As part of this program a Client Service Officer (CSO) position was created. This officer's role is to coordinate and facilitate all Legal Aid

Newfoundland and Labrador Legal Aid Commission

Commission communication with incarcerated persons anywhere in the provincial or federal prison systems.

Family Justice Services – Additionally, in Central Newfoundland separate funds were provided for a mediation and counseling service to parents in family separations.

Activities

Issue 1: The administrative structure of the Legal Aid Commission has not changed since its inception and failed to reflect the increased supervision necessary to manage and monitor the quality and level of service. To ensure sound management for the future the Legal Aid Commission must determine its administrative needs and implement any necessary reorganization to meet those needs.

Objective: By 31 March 2008 the Legal Aid Commission will have a new administrative structure in place.

Measure: A new administrative structure has been put in place.

Indicators	Results
A new administrative structure has been put in place.	The administrative structure has been analyzed and in the 2007/08 fiscal year the Legal Aid Commission undertook the process of changing its management structure. Two new positions were created; Deputy Director – Legal Service and Deputy Director – Administrative Service. Together with the Provincial Director these two positions make up the Management Committee which is responsible for the day to day running of the Legal Aid Commission.
Planning has and is being done to maximize the potential of the new structure	In the 2007/08 fiscal year the Legal Aid Commission also created and staffed two new positions, Senior Solicitor – Criminal Law and Senior Solicitor – Family and Civil Law. The holders of these positions are tasked with the responsibility of identifying the training and resource needs of the Legal Aid Commission’s legal staff and with the delivery of that training and the needed resources.

Newfoundland and Labrador Legal Aid Commission

Issue 2: The Lamer Inquiry Report highlighted concerns which had previously been recognized by the Legal Aid Commission that it has not always communicated effectively with persons who are incarcerated and who need its services.

Objective: By 31 March 2008 the Legal Aid Commission will enhance communications with residents of Newfoundland and Labrador who are in penal institutions.

Measure: Resources to minimize those barriers and increase the efficiency of the Legal Aid Commission's communication are in place.

Indicators	Results
Analysis of barriers to effective communication has been completed	In 2007/08 fiscal year the Legal Aid Commission studied the situation of incarcerated persons. A program has been implemented to improve communication between such person and the Commission.
Additional staff resources are in place.	As part of this program a Client Service Officer (CSO) position was created. This officer's role is to coordinate and facilitate all Legal Aid Commission communication with incarcerated persons anywhere in the province or federal prison systems.

Issue 3: Since the release of the Aboriginal Justice Project Report the Legal Aid Commission has managed the implementation of some of the recommendations contained in it. It has also continued to study, consult and assess resources needed to ensure proper representation and presentation of aboriginal persons' cases before the courts.

Objective: By 31 March 2008 the Legal Aid Commission will have analyzed what is needed to implement recommendations in the Aboriginal Justice Project Report.

Measure: An analysis of the Aboriginal Justice Project Report is completed.

Indicators	Results
A study of the need for increased service from community workers and for local office space has been done.	Four community workers have been hired to assist in the delivery of Legal Aid service in significant aboriginal centres.

Newfoundland and Labrador Legal Aid Commission

	The need for office space in these locales has been identified and work is being done on acquiring the resources to implement this.
Enhancements to improve lawyer-client meetings and the application process have been identified.	The community workers who have been hired have been instrumental in improving communication between the Commission's lawyers and aboriginal clients. The workers are able to more easily arrange meetings between the lawyers and the clients and are also able to assist with bridging language and cultural differences.

Opportunities and Challenges Ahead

In the coming year the Legal Aid Commission will be undertaking or participating in a number of new initiatives which will enhance the provision of services to the public of Newfoundland and Labrador.

- The Family and Child Legal Aid Services will be expanding and opening an office in Corner Brook to serve Western Newfoundland. The specialized services which this office can provide to the public in that area will ensure that those people involved with the Child Youth and Family Services process will get the best possible representation in a timely fashion. There are challenges to this project with which the new office will have to be deal. Experience has shown that for such a project to succeed there needs to be education of the public, CYFS staff, and the Courts. This, along with a continuing dialogue with stakeholders, will eventually establish the trust and respect which is an essential part of the process.
- The Commission has for some time recognized the need to establish a permanent area office in the Wabush / Labrador City area. This will finally be taking place during the coming year. Once office space is located and staff hired the office will be open to provide the full range of Legal Aid services to the people of Western Labrador.
- Within the justice community of this province there has been a growing awareness of the need for specialized criminal courts to deal with offenders who have special needs. This resulted, two years ago, in the establishment of the Mental Health Court. The clear success of that project has been a prime motivator in plans to set up a Family Violence Court. These courts have the dual purpose of getting offenders the specialized help they need and of protecting the public by reducing the rate of repeat offences. The Legal Aid Commission has been involved in the ongoing planning and it stands ready to play its part in making these projects work. For these new Courts to enjoy the success of the Mental Health Court there will need to be an adjustment in the way the legal community, the courts, and the public see the delivery of justice. This will take education and considerable co-operation by all parties.

Newfoundland Legal Aid Comm.

Statement of Revenue, Expenditure and Equity

For The Year Ending March 31, 2008

Financial Statements (Unaudited)

Unaudited

	<u>Current YTD</u>	<u>Budget YTD</u>
Revenue:		
Province of Newfoundland operating grant	\$ 9,562,700	\$ 9,562,300
Law Foundation of Newfoundland grant	1,125,949	300,000
Recovered fees	41,816	0
Interest	67,150	95,000
	<u>10,797,615</u>	<u>9,957,300</u>
Expenditure:		
Bad debt expense	29,567	0
Bar fees and insurance	96,119	86,040
Capital expenditure	--	138,500
Commissioners' fees and expenses	104,936	87,402
Conference and education	53,196	41,000
Depreciation and amortization	83,415	0
Legal fees and disbursements	804,622	623,200
Library	10,615	32,150
Miscellaneous	39,161	22,601
Office and equipment rental	536,670	521,464
Office expense	154,107	96,485
Salaries and benefits	6,302,184	6,485,858
Telephone and light	60,077	87,700
Travel	60,547	14,600
Other Projects	652,392	1,720,300
	<u>8,987,607</u>	<u>9,957,300</u>
Excess of (expenditure over revenue) income over expenditures	1,810,008	0
Equity, beginning of year	<u>-1,326,610</u>	<u>-1,326,610</u>
Equity, end of year	<u>\$ 483,398</u>	<u>\$ -1,326,610</u>

Newfoundland Legal Aid Comm.
Balance Sheet
For The Year Ending March 31, 2008

Unaudited

ASSETS

Current

Cash		\$ 2,540,763
Accounts receivable	401,059	
Less: allowance for doubtful accounts	<u>-236,520</u>	
		164,538
Prepaid expenses		<u>975</u>
		2,706,277
Funds deposited in trust		133,496

Capital assets

Furniture & fixtures	782,293	
Less: accumulated depreciation	<u>-614,510</u>	
		167,783
Leasehold improvements	26,351	
Less: amortization, leasehold improvements	<u>-24,548</u>	
		1,803
Information Technology	450,727	
Less: amortization, information technology	<u>-361,948</u>	
		88,778
Software	185,543	
Less: amortization, software	<u>-173,996</u>	
		11,547
		<u><u>\$ 3,109,684</u></u>

LIABILITIES & EQUITY

Current

Accounts payable and accrued liabilities		\$ 1,264,045
Deferred revenue		<u>157,740</u>
		1,421,785
Accrued severance pay		1,064,528
Funds deposited in trust		<u>139,973</u>
		2,626,286
Equity		<u>483,398</u>
		<u><u>\$ 3,109,684</u></u>

**NEWFOUNDLAND AND LABRADOR
LEGAL AID COMMISSION**

FINANCIAL STATEMENTS

31 MARCH 2008



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

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

I have audited the balance sheet of the Newfoundland and Labrador Legal Aid Commission as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
10 June 2009

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

BALANCE SHEET

31 March

2008

2007

ASSETS

Current

Cash	\$ 2,540,763	\$ 713,745
Accounts receivable (Note 2)	200,526	129,327
Prepaid expenses	975	-

2,742,264 843,072

Assets held in trust (Note 3)	133,496	93,443
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Capital assets (Note 4)	269,912	164,626
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\$ 3,145,672 \$ 1,101,141

LIABILITIES AND SURPLUS

Current

Accounts payable and accrued liabilities (Note 5)	\$ 1,547,977	\$ 1,239,462
Deferred revenue	145,352	120,167

1,693,329 1,359,629

Accrued severance pay	1,064,527	1,058,354
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Trust liability (Note 3)	133,496	93,443
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2,891,352 2,511,426

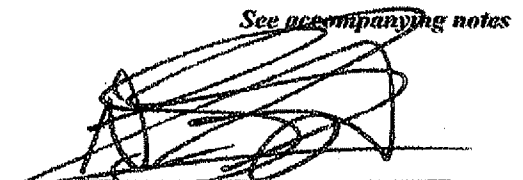
Surplus (Deficit)	254,320	(1,410,285)
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\$ 3,145,672 \$ 1,101,141

Contingent liabilities (Note 6)

See accompanying notes

Signed on behalf of the Board:



Chairperson



Provincial Director

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

2008

2007

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Province of Newfoundland and Labrador operating grant	\$ 9,562,700	\$ 9,562,300	\$ 8,254,800
Law Foundation of Newfoundland and Labrador grant	1,125,949	300,000	787,737
Interest	67,150	95,000	28,536
Legal services	48,918	-	54,675
	10,804,717	9,957,300	9,125,748
EXPENSES			
Amortization	88,466	-	80,850
Bad debt expense (recovery)	(4,855)	-	36,319
Bar fees and insurance	94,351	86,040	86,572
Commissioners' fees and expenses	104,936	87,402	70,758
Conference and education	53,196	41,000	30,604
Family Justice Services Central Project (Note 7)	214,321	165,000	168,352
Innovation projects (Note 8)	524,227	443,000	498,986
Legal fees and disbursements	810,110	623,200	833,086
Library	10,615	32,150	10,212
Miscellaneous	43,620	22,601	53,400
Office and equipment rental	517,006	521,464	453,651
Office expense	235,774	96,485	249,873
Other projects (Note 9)	284,523	1,112,300	-
Salaries and benefits	6,042,778	6,485,858	5,775,446
Telephone and light	60,077	87,700	73,484
Travel	60,967	14,600	38,553
	9,140,112	9,818,800	8,460,146
Excess of revenues over expenses	1,664,605	138,500	665,602
Deficit, beginning of year	(1,410,285)	(1,410,285)	(2,075,887)
Surplus (Deficit), end of year	\$ 254,320	\$ (1,271,785)	\$ (1,410,285)

See accompanying notes

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**STATEMENT OF CASH FLOWS**

For the Year Ended 31 March

2008

2007

Cash flows from operating activities

Excess of revenues over expenses	\$ 1,664,605	\$ 665,602
Adjustment for non-cash items		
Amortization	88,466	80,850
Bad debt expense (recovery)	(4,855)	36,319
	<u>1,748,216</u>	<u>782,771</u>
Changes in non-cash working capital		
Accounts receivable	(66,344)	11,502
Prepaid expenses	(975)	1,035
Accounts payable and accrued liabilities	308,515	(236,276)
Deferred revenue	25,185	4,936
	<u>266,381</u>	<u>(218,803)</u>
Increase in accrued severance pay	<u>6,173</u>	<u>78,548</u>
	<u>2,020,770</u>	<u>642,516</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(193,752)</u>	<u>(51,349)</u>
	<u>(193,752)</u>	<u>(51,349)</u>
Net increase in cash	1,827,018	591,167
Cash, beginning of year	713,745	122,578
Cash, end of year	\$ 2,540,763	\$ 713,745

See accompanying notes

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2008

Authority

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 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 Deputy Minister of Justice and the Provincial Director of the Commission, and five members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Revenue recognition

Revenue for legal services is recognized on completion of services provided for legal action.

(b) Capital assets

Capital assets are recorded at cost at the time of acquisition. The budget for the purchase of capital assets was \$138,500 (2007 - \$0). Actual purchases totalled \$193,752 (2007 - \$51,349).

Amortization is recorded as follows:

Office furniture and equipment - Straight line basis over a period of five years from the date of purchase.

Software development - Straight line basis over a period of five years from the date of purchase.

Computer equipment - Straight line basis over a period of five years from the date of purchase.

Leasehold improvements - Straight line basis over the remaining life of the rental agreement.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2008

1. Significant accounting policies (cont.)

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service with the Commission, and accordingly no provision has been made in these accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Commission. The Commission does not recognize prior service with the public service for the purpose of calculating severance entitlement.

(d) Deferred revenue

Deferred revenue represents amounts relating to contracts for legal services which have been entered into with clients for which the legal services have yet to be completed. The deferred revenue will be recognized in the period during which the legal services have been completed.

2. Accounts receivable

	<u>2008</u>	<u>2007</u>
Trade	\$ 389,395	\$ 362,059
Harmonized Sales Tax	48,655	9,647
	<u>438,050</u>	<u>371,706</u>
Less: allowance for doubtful accounts	<u>(237,524)</u>	<u>(242,379)</u>
Net accounts receivable	<u>\$ 200,526</u>	<u>\$ 129,327</u>

3. Assets held in trust

Assets held in trust of \$133,496 (2007 - \$93,443) includes amounts received by the Commission for legal services which have yet to be completed. Once legal services have been completed, these deposits will be combined with the general funds of the Commission. Assets held in trust also includes amounts received by the Commission, such as settlements, which will be disbursed once legal services have been completed.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2008

4. Capital assets

	2008		2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	\$ 782,293	\$ 614,510	\$ 167,783	\$ 51,197
Software development	185,543	173,996	11,547	16,564
Computer equipment	450,727	361,948	88,779	93,788
Leasehold improvements	26,351	24,548	1,803	3,077
	\$ 1,444,914	\$ 1,175,002	\$ 269,912	\$ 164,626

5. Accounts payable and accrued liabilities

	2008	2007
Trade	\$ 263,707	\$ 108,540
Salaries and benefits	1,284,270	1,130,922
	\$ 1,547,977	\$ 1,239,462

6. Contingent liabilities

- (a) Statements of Claim have been served on the Commission by two former employees for alleged wrongful dismissal. The Commission through legal counsel has filed a defence to each Claim.
- (b) A Statement of Claim has been served on the Commission, as represented by the Department of Transportation and Works, by a company in connection with a tender for office space. The Commission through legal counsel has filed a defence.
- (c) A Statement of Claim in the amount of \$8,900 has been served on the Commission by a former employee in connection with severance pay. The Commission through legal counsel has filed a defence.

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7. Family Justice Services Central Project

On 31 March 2004, an Agreement was signed between the Government of Canada and the Province to provide funding to the Province for a Family Justice Services Central Project. The Agreement, which expired on 31 March 2007, covered a portion of the costs of a project designed to provide enhanced access to family law justice services in Central Newfoundland. During the year ended 31 March 2008, the Commission funded this project through its operating grant from the Province. Actual expenditures paid by the Commission for the project were as follows:

	<u>2008</u>	<u>2007</u>
Bar fees	\$ 1,777	\$ 1,183
Office expense	4,866	7,503
Office rental	3,600	3,600
Salaries and benefits	182,435	143,245
Telephone	5,256	8,340
Travel	16,387	4,481
	<u>\$ 214,321</u>	<u>\$ 168,352</u>

8. Innovation projects

On 19 February 2004, an Agreement respecting Legal Aid in Criminal Law, *Youth Criminal Justice Act* and Immigration and Refugee Matters was signed between the Federal Government and the Province of Newfoundland and Labrador. The Agreement provided investment funding for the three year period ending 31 March 2006 to address unmet needs in criminal legal aid through innovative projects. The objectives of these projects are to develop and implement innovative approaches to the delivery of criminal legal aid services that improve access to legal aid, address the legal aid needs of federal priority groups and clients with special needs, and address other priorities. On 29 November 2006, the Agreement was extended to provide funding to the Province for the year ended 31 March 2007. On 31 March 2008, the Agreement was extended to cover the period from 1 April 2007 to 31 March 2009 and will provide funding to the Province of \$442,964 for the years ended 31 March 2008 and 31 March 2009. This funding was included in the grant provided to the Commission by the Province. Actual expenditures paid by the Commission in connection with innovation projects were as follows:

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8. Innovation projects (cont.)

Project	2008					2007
	Fees and Disbursements	Office Expenses	Salary and Benefits	Travel	Total	Total
Mental Health	\$ 11,452	\$ 4,032	\$ 179,281	\$ 11,000	\$ 205,765	\$ 200,178
Aboriginal	-	30,764	75,583	15,801	122,148	100,476
Bilingual	1,775	6,019	66,831	-	74,625	73,040
Brydges Duty Counsel	-	-	69,495	-	69,495	69,495
Intake Financial Eligibility	-	-	37,424	-	37,424	41,027
Northern Incentive	-	-	14,770	-	14,770	14,770
	\$ 13,227	\$ 40,815	\$ 443,384	\$ 26,801	\$ 524,227	\$ 498,986

Included in capital assets are purchases of \$4,776 (2007 - \$2,433) that were made from the Innovation projects funding.

9. Other projects

During 2008, the Commission received additional funding from the Province, through its operating grant, for a Family and Child Legal Aid Services Project and a Civil Family Law Project. The purpose of the Family and Child Legal Aid Services Project is to provide assistance to families that have become involved with child protection issues and Child, Youth and Family Services. The Project is delivered by a specialized team and the services provided include advice, attendance at Court, and negotiations to resolve issues. The purpose of Civil Family Law Project is to review Family Law and Civil Legal Aid cases to determine appropriate case coverage and to advise the Commission's management on policies and resources needed to ensure high quality service to Family and Civil law clients. Actual expenditures paid by the Commission for the Projects were as follows:

Project	2008					2007
	Fees and Disbursements	Office Expenses	Salary and Benefits	Travel	Total	Total
Civil Family Law Project	\$ 593	\$ 162	\$ 82,009	\$ -	\$ 82,764	\$ -
Family and Child Legal Aid Services	1,479	20,540	177,037	2,703	201,759	-
	\$ 2,072	\$ 20,702	\$ 259,046	\$ 2,703	\$ 284,523	\$ -

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10. Pensions

Under the *Legal Aid Act*, Commission staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2008 was \$423,565 (2007 - \$385,436).

11. Related party transactions

- (a) During the year, the Commission received \$9,562,700 (2007 - \$8,254,800) from the Province in operating grant revenue.
- (b) Office expense includes an amount of \$90,647 (2007 - \$83,315) which was paid to the Province for Information Technology support services.
- (c) Included in accounts payable and accrued liabilities is an amount owing to the Province of Newfoundland and Labrador Pooled Pension Fund of \$56,497 (2007 - \$52,045).
- (d) The Province provides the Commission with the use of office space for the Mental Health Project (see Note 8) at no cost.

12. Lease commitments

The Commission has entered into agreements requiring lease payments for office rental for the next five years as follows:

2009	\$623,930
2010	\$394,727
2011	\$394,727
2012	\$328,470
2013	\$ 50,480

13. Economic dependence

As a result of the Commission's reliance on Provincial funding to meet its cost of operations, the Commission's ability to continue viable operations is dependent upon continued funding from the Province.

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14. Financial instruments

The Commission's financial instruments recognized in the balance sheet consist of cash, accounts receivable, assets held in trust, accounts payable and accrued liabilities, and trust liability, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

15. Income taxes

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.