

June 2, 2011

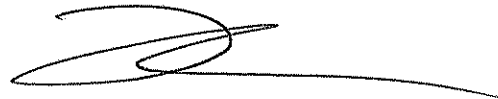
Mr. William Mackenzie
Clerk of the House of Assembly

Dear Mr. MacKenzie:

I wish to retable the *2008-09 Annual Activity Report of the Newfoundland and Labrador Legal Aid Commission*, which was originally tabled on September 30, 2009. 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, 2009

Mr. William MacKenzie
Clerk of the House of Assembly

Dear Mr. MacKenzie:

I wish to table the 2008-09 Newfoundland and Labrador Legal Aid Commission Annual Activity Report. 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, the report, inclusive of the statements, will be forwarded to you for tabling.

I trust this is satisfactory.

Yours sincerely,



Thomas W. Marshall, Q.C.
Minister of Justice
and Attorney General

Newfoundland and Labrador Legal Aid Commission

Annual Activity Report 2008-09


Message 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 2008-09 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.

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



Nicholas Avis, Q. C.
Chair

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Overview

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 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:

Don Burrage, Q.C., Deputy Minister
Newman Petten, Provincial Director

Legal Aid Offices and Staff

The Legal Aid Commission employs a Provincial Director, two Deputy Directors, two senior lawyers, fifty-one staff solicitors, three social workers, five paralegals, a risk assessment officer, forty-five support staff and five articling students. They work out of a provincial office, eleven area offices and five projects.

The Legal Aid Commission provides legal representation for persons that meet specified eligibility criteria, Duty Counsel service for first appearances on criminal

matters before the Provincial Courts, and 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. This service is referred to as Brydges Duty Counsel.

In addition to operating eleven area offices the Legal Aid Commission also has a number of special purpose offices. They are:

- The Aboriginal Project which operates out of the Happy Valley-Goose Bay office. It is intended to facilitate working with aboriginal communities to better improve the quality of legal services to aboriginal people who encounter the law. As part of this project the Commission has hired Community Liaison Workers for the towns of Nain, Hopedale, Natuashish and Sheshashiu.
- The Mental Health Office, in collaboration with the Health Care Corporation, works to improve and more efficiently deliver legal services to people with mental health problems. Through this office persons with mental health problems can obtain legal representation in the Mental Health Court and at the Mental Health Review Board.
- The French Speaking Project which has a staff solicitor fluent in French to provide legal advice by telephone, in person and when necessary to conduct trials in French.
- The Family and Child Legal Aid Services. There are offices in St. John's, Happy Valley – Goose Bay, and Corner Brook. Each office is staffed by a Director/staff solicitor, a social worker, and a paralegal. Their 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.
- The Client Service Officer whose role is to coordinate and facilitate all Legal Aid Commission communication with persons incarcerated anywhere in the provincial or federal prison systems or held in an institution.
- Family Justice Services in Central Newfoundland provides for a mediation and counseling service to parents in family separations.
- The Family Violence Court Project works with Provincial Court in St. John's to provide risk assessment services and legal representation to persons accepted into the new Family Violence Court process.

Office locations and related staff are:

1.	Provincial Office – 2 Steers Cove, St. John's	1 Provincial Director, 2 Deputy Directors, 2 senior lawyers, 14 support staff
2.	St. John's – 2 Steers Cove	16 staff lawyers, 7 support staff, 4 articling student
3.	St. John's – Atlantic Place	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	6 staff lawyers, 3 support staff, 4 community workers
10.	Stephenville	4 staff lawyers, 3 support staff
11.	Carbonear	2 staff lawyers, 2 support staff
12.	Labrador West – Wabush	1 staff solicitor, 1 support staff
13.	Family and Child Legal Aid Services – St. John's	1 staff solicitor, 1 social worker, 1 paralegal
14.	Family and Child Legal Aid Services – Happy Valley	1 staff solicitor, 1 social worker, 1 paralegal
15.	Family and Child Legal Aid Services – Corner Brook	1 staff solicitor, 1 social worker, 1 paralegal
16.	Mental Health Court Project – St. John's	2 staff solicitors, 2 paralegals
17.	Family Justice Services – Central NL	1 staff solicitor, 1 support staff, 1 family counsellor
18.	Family Violence Court Project	1 risk assessment officer

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 thereof." 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.

Vision Statement

The vision of the Legal Aid Commission is to ensure all eligible residents of Newfoundland and Labrador and non-residents receive competent legal advice and representation.

Mission Statement

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

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 appear 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 solicitors or, in approximately 2% of the cases, by lawyers in private. 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 ending March 31, 2009 – 8,115 people requested assistance from Legal Aid. This is a 6.9% increase in the number of applications the previous year. Of these who applied, 4,430 persons were provided with full service legal representation, a 10.8% increase in the number of persons provided with full service in the 2007-08 fiscal year. Those who were not provided with full service would have received advice. Persons are 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 5,495 cases and 63 cases were completed by the private bar, amounting to 5,558 completed case. These cases represented approximately 11,980 charges and problems.

Labrador West

The Commission has hired a staff solicitor and a legal secretary to work in Labrador West to better serve the people of that region. Up to this year the Legal Aid needs of Labrador West were being met by staff solicitors in the Commission's Happy Valley – Goose Bay Office. An area office for Labrador West has been acquired and is presently undergoing renovations. It is anticipated that it will be open early in the 2009-10 fiscal year.

Duty Counsel

Duty Counsel assisted 9,022 adults and 1,381 youths were assisted for a total of 10,403 people. This is an increase of 25.2% in the number of adults assisted in 2007-08 and no change in the number of youths. Duty Counsel is a service provided to people on their first appearance before a Provincial Court Judge or Youth Court Judge.

Projects

Mental Health Project

This year the Commission added another staff solicitor and another paralegal to the office's staff to ensure there were sufficient resources to meet both the civil and criminal law needs of persons with mental illness.

Family Violence Court Project

In March 2009 the Family Violence Court at Provincial Court in St. John's started up. The Legal Aid Commission has been an active participant in the planning for this Court and will be playing a significant role by providing risk assessment services and legal representation to persons to have their cases dealt with under the new Court process. A risk assessment officer has been hired and a staff solicitor from the Steers Cove office will be handling the provision of advice and representation to accused persons.

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. In 2008 – 09 the Legal Aid Commission added new office in Corner Brook to work with the existing two offices in St. John's and Happy Valley – Goose Bay to handle such cases.

Client Services Officer

In the 2007/08 fiscal year the Legal Aid Commission 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 whose role is to coordinate and facilitate all Legal Aid Commission communication with persons incarcerated anywhere in the provincial or federal prison systems or held in another institution. The 2008 - 09 fiscal year was the first full year of activity for this project and during this year the CSO travelled extensively visiting each prison and institution where persons are held to meet with officials at each institution, meet inmates, and collect information on how to better service this population.

Activities

Issue 1: New Administrative Structure

The administrative structure of the Legal Aid Commission had not changed since its inception over thirty years ago and was failing to reflect the increased supervision necessary to manage and monitor the quality and level of service. To ensure sound management for the future in 2007 – 08 the Legal Aid Commission implemented a large-scale reorganization to meet those needs and 2008 – 09 was the first full year of operation under that new structure.

Goal:	By 2011 the Legal Aid Commission will have completed the restructuring changes.
Measure	
Administrative restructuring completed	
Indicators	
Position responsibilities are approved by the Commission	
Position reporting requirements and reports are developed and approved	

Objective 1:	By 2009 the Legal Aid Commission will have developed and approved the new position responsibilities and training.	
Measure		
Position responsibilities approved		
Indicators	Actual Results	
Administrative policies and procedures developed	2008-09 was the first full year of operation for the Commission's new administrative structure. In that year administrative policies and procedures developed. There were considerable improvements in administrative efficiency which has permitted the Commission to respond in a more timely fashion to the needs of the public and Commission employees.	
Administrative policies and procedures approved	During 2008-09 numerous policies were drafted, reviewed, revised, and approved; such as policies on conflict of interest, computer security, performance development, and financial eligibility standards.	

Management personnel trained and performing their new roles	Throughout the 2008-09 year the Commission's management personnel handled all the duties assigned to them. Training on management skills and issues was ongoing for senior and middle management.
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Objective and Indicators for Fiscal Year 2009-10

Objective 2:	By 2010 the Legal Aid Commission will have completed the preparation of documentation and staff training on the new positions, policies, and practices
Measure	
Documentation prepared and staff training completed	
Indicators	
Documentation prepared	
Staff training completed	

Issue 2: Access Improvements

The Lamer Inquiry Report highlighted concerns that the Legal Aid Commission had not always communicated effectively with persons who were incarcerated and who needed their services. Similarly, concern has been identified by community groups, individual clients and the courts that people are having difficulty accessing legal aid.

Goal:	By 2011 the Legal Aid Commission will have enhanced access to its services.
Measure	
Access to Legal Aid services enhanced	
Indicators	
Review of current application process completed	
Plan to improve application process developed	
Plan to improve application process implemented	
Time to process applications reduced	
Time taken to assign counsel reduced	
Time from the assignment of counsel to first meeting reduced	

Objective 1:	By 2009, the Legal Aid Commission will have completed an internal review of impediments to access to its service.
Measure	
Internal review of service completed	

Indicators
Staff survey completed
Client survey completed
Research on application process in other jurisdictions completed
Final Report of Recommendations completed
Actual Results
<p>Due to lack of time and resources it was not possible to conduct staff and client surveys or to do research and a report of recommendations as had been planned. The Commission, however, recognizes the need to move forward with the planned study and with a further study of the impact of changes already made. To this end, studies have been undertaken, with the aid of external experts, to conduct surveys, to quantify the benefits of new programs and procedures, and to suggest possible enhancements to the service. This work should be completed in the next fiscal year.</p> <p>Throughout 2008-09 the Commission's management were able to engage in less structured dialogue with staff, clients and other stakeholders on how Legal Aid service can be improved. As a result a number of improvements have been made, such as the opening of an Intake Office at the Provincial Court in St. John's, streamlined financial eligibility criteria for recipients of Income Support, reduced waiting times for the processing of appeals, better co-ordination of lawyers in circuit courts, and strict timelines put in place for the processing of applications from people held in institutions.</p>

Objective and Indicators for Fiscal Year 2009-10

Objective 2:	By 2010 the Legal Aid Commission will study means to improve access to its service.
Measure	
Study completed	
Indicators	
Working groups established	
Service timelines established	

Issue 3: Aboriginal Justice

Since the release of the Aboriginal Justice Project Report the Legal Aid Commission has implemented several 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.

Goal:	By 2011 the Legal Aid Commission will have further analyzed the requirements to implement the recommendations of the Aboriginal Project Report and implemented them to the extent funding allows.
Measure	
The recommendations of the Aboriginal Justice Project report are implemented	
Indicators	
Stakeholders' comments and suggestions are solicited and considered	
Existing programs are revised and improved	
Legal Aid Commission service to Aboriginal communities is enhanced	

Objective 1:	By 2009 the Legal Aid Commission will have consulted with Aboriginal communities and leaders	
Measure		
A report is prepared on the consultation with aboriginal communities and leaders		
Actual Results		
Before this report could be written it was decided that there was a need for extensive consultation. As well, the senior solicitor tasked with preparing the report was, due to a pressing demand for legal resources in Labrador, not able to devote as much time to this task as it required. The Commission has, in the 2009-10 fiscal year, ensured the necessary resources are in place so that the report can be completed. It is anticipated the report will be completed by early 2010.		
Indicators	Actual Results	
Consultation with Legal Aid staff working with Aboriginal communities is done	Over the 2008-09 year several meetings were held with Legal Aid staff in Labrador to discuss the service provided to the aboriginal community. In particular attention was given to the Commission's community workers in the communities of Nain, Hopedale, Natuashish and Sheshashiu. In the latter community the demand for community liaison was felt to be so strong that the Commission made the community worker position there a full time position.	

Aboriginal communities and leaders are consulted	Senior management of the Commission attended numerous meetings with aboriginal leaders and elders to discuss the issues of aboriginal justice and the role of the Legal Aid Commission.
Other parties in the justice system are consulted	Frequent consultations occurred throughout 2008-09 between senior Commission staff and the judiciary, law enforcement personnel, child protection officials, and corrections staff.

Objective and Indicators for Fiscal Year 2009-10

Objective 2:	By 2010 the Legal Aid Commission will have studied the recommendations for change and will have identified those that may be implemented within its existing budget and which will require additional funds.
Measure	
A report on which recommendations can be implemented will be prepared	
Indicators	
Recommendations that can be implemented have been identified	
Recommendations that require additional funding have been identified	
Proposals for budget process have been prepared	

Issue 4: Professional Development

The Legal Aid Commission provides legal services of the highest professional quality. To ensure that the Legal Aid Commission does not lose the trust and confidence of the public it is necessary that the Legal Aid Commission take steps to ensure that the legal services provided to the Newfoundland and Labrador public continue to be of the highest standard and that the workload of the legal staff is properly managed so that every client's case receives proper attention.

Goal:	By 2011 the Legal Aid Commission will have policies and practices in place to ensure that its professional staff have the tools and training to consistently provide the highest possible quality of legal service.
Measure	
All needed professional training and resources are provided to Commission staff.	
Indicators	
The Commission's Senior Solicitors provide a report on the training and resource materials needed to raise Legal Aid Commission's professional standards	

Regular professional training is implemented
Standards of practice in specific areas of law are developed
Review Processes are implemented to ensure consistently high standards are applied by all legal staff

Objective 1:	By 2009 the Legal Aid Commission will have developed a program for ongoing professional development.
Measure	
A professional development program is developed	
Actual Result	
A professional development program has been developed.	
Indicators	Actual Results
The Senior Solicitors have prepared reports on training and resource needs	In 2008-09 the Senior Solicitors responsible for Criminal Law and Family & Civil Law prepared reports on training needs and drafted training manuals on several different aspects of the law for use by staff solicitors in the provision of legal service to the public. Training seminars and conferences were held and resources materials distributed. The Senior Solicitors worked closely with the Management Committee to ensure that the resources needed to continue their work are available.
A plan is formulated for the provision of the identified training and resources	A plan was formulated. An Education Committee was formed to assist in the co-ordination of training and various ad hoc committees also arose to assist with the provision of training opportunities to staff solicitors and support staff. As well, an organized orientation program was put in place to ensure that new solicitors and support staff joining the Commission acquire the knowledge they need to do their work.
Staff consultation on plan is conducted	There was ongoing consultation with staff on the plan for their training needs and many staff participated in the various committees which worked to facilitate training programs.

Objective and Indicators for Fiscal Year 2009-10

Objective 2:	By 2010 the Legal Aid Commission will implement its program of professional training and resource development.
Measure	
Professional training and resource development program is implemented	
Indicators	
Training materials and programs prepared	

Opportunities and Challenges Ahead

During the coming fiscal year: the Steers Cove area office; the Mental Health Office; the Labrador West area office; the Corner Brook Family and Child office; the St. John's Family and Child office; and the Provincial Director's office, will all be moving into new office spaces. This will pose many problems as Commission staff strive to make sure that the moves do not negatively impact on client service. However it is also an opportunity to improve service as each office is moving to space with better facilities. The offices in St. John's, in particular, have been coping with inadequate space for some time. Moving into offices where all staff have sufficient space to do their work will certainly improve their work environment and positively affect client service.

The Legal Aid Commission has been operating for over thirty years and, over that time, the number of files that have accumulated has become a major problem. The Commission has started a project to review the stored files, to identify files which can be destroyed, and to put in place an up to date file organization and retention system.

In this fiscal year the number of applications received for Legal Aid service increased by 6.9% over the previous year. The number of matters accepted for full service increased by over 10%, and the demand for duty counsel assistance in the Provincial Court increased by 25%. The Commission has been able to cope with this increase due to a significant growth in the resources provided by the Provincial Government in the last few years. However, if the demand for Legal Aid assistance continues to rise at the same rate as this year those resources may no longer be adequate to provide the same level of quality service.

Financial Statements

Unaudited Financial Statements are attached.

Newfoundland Legal Aid Comm.

Balance Sheet

For The Year Ending March 31, 2009

Unaudited

ASSETS

Current

Cash \$4,253,874

Accounts receivable \$491,393

Less: allowance for doubtful accounts -\$237,931

\$253,462

Prepaid expenses \$68,756

\$4,576,092

Funds deposited in trust

\$179,036

Capital assets

Furniture & fixtures \$832,660

Less: accumulated depreciation -\$662,861

\$169,799

Leasehold improvements \$26,351

Less: amortization, leasehold improvements -\$26,149

\$202

Information Technology \$494,775

Less: amortization, information technology -\$401,047

\$93,727

Software \$185,543

Less: amortization, software -\$182,537

\$3,006

\$5,021,862

LIABILITIES & EQUITY

Current

Accounts payable and accrued liabilities \$1,406,380

Deferred revenue \$252,192

\$1,658,572

Accrued severance pay

\$1,145,232

Funds deposited in trust

\$165,798

\$2,969,601

Equity

\$2,052,261

\$5,021,862

Newfoundland Legal Aid Comm.

Statement of Revenue, Expenditure and Equity

For The Year Ending March 31, 2009

Unaudited

	Current YTD	Budget YTD
Revenue:		
Province of Newfoundland operating grant	\$12,486,000	\$12,485,999
Law Foundation of Newfoundland grant	\$729,954	\$300,000
Recovered fees	\$105,415	\$0
Interest	\$70,990	\$95,000
	\$13,392,359	\$12,880,999
Expenditure:		
Bar fees and insurance	\$109,192	\$88,440
Capital expenditure	--	\$224,546
Commissioners' fees and expenses	\$79,053	\$87,402
Conference and education	\$76,703	\$100,800
Depreciation and amortization	\$95,708	\$0
Legal fees and disbursements	\$923,990	\$1,063,205
Library	\$14,796	\$32,150
Miscellaneous	\$50,143	\$22,601
Office and equipment rental	\$746,293	\$662,620
Office expense	\$275,382	\$111,605
Salaries and benefits	\$7,459,105	\$8,495,430
Telephone and light	\$61,328	\$87,700
Travel	\$79,555	\$22,754
Other Projects	\$1,720,899	\$1,881,747
	\$11,692,146	\$12,881,000
Excess of (expenditure over revenue) income over expenditures	\$1,700,212	-\$1
Equity, beginning of year	\$352,049	\$352,049
Equity, end of year	\$2,052,261	\$352,048

Contact Us

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**NEWFOUNDLAND AND LABRADOR
LEGAL AID COMMISSION**

FINANCIAL STATEMENTS

31 MARCH 2009



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 2009 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 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
2 November 2010

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

2009

2008

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Province of Newfoundland and Labrador operating grant	\$ 12,486,000	\$ 12,486,000	\$ 9,562,700
Law Foundation of Newfoundland and Labrador grant	729,954	300,000	1,125,949
Legal services	76,505	95,000	48,918
Interest	70,990	-	67,150
	<u>13,363,449</u>	<u>12,881,000</u>	<u>10,804,717</u>
EXPENSES			
Amortization	105,263	-	88,466
Bad debt expense (recovery)	398	-	(4,855)
Bar fees and insurance	109,192	88,440	94,351
Commissioners' fees and expenses	79,053	87,402	104,936
Conference and education	76,703	100,800	53,196
Family Justice Services Central Project (Note 8)	204,136	165,000	214,321
Innovation projects (Note 9)	539,099	443,000	524,227
Legal fees and disbursements	862,289	1,063,205	810,110
Library	14,796	32,150	10,615
Miscellaneous	50,143	22,601	43,620
Office and equipment rental	746,293	662,620	517,006
Office expense	275,382	111,605	235,774
Other projects (Note 10)	969,075	1,273,747	284,523
Salaries and benefits	7,468,666	8,495,430	6,042,778
Telephone and light	61,328	87,700	60,077
Travel	79,555	22,754	60,967
	<u>11,641,371</u>	<u>12,656,454</u>	<u>9,140,112</u>
Excess of revenues over expenses	1,722,078	224,546	1,664,605
Surplus (Deficit), beginning of year	254,320	254,320	(1,410,285)
Surplus, end of year	\$ 1,976,398	\$ 478,866	\$ 254,320

See accompanying notes

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March

2009

2008

Cash flows from operating activities

Excess of revenues over expenses	\$ 1,722,078	\$ 1,664,605
Adjustment for non-cash items		
Amortization	105,263	88,466
Bad debt expense (recovery)	398	(4,855)
	1,827,739	1,748,216
Changes in non-cash working capital		
Accounts receivable	(98,548)	(66,344)
Prepaid expenses	(67,781)	(975)
Accounts payable and accrued liabilities	(20,521)	308,515
Deferred revenue	106,840	25,185
	(80,010)	266,381
Increase in accrued severance pay	80,705	6,173
	1,828,434	2,020,770
Cash flows from investing activities		
Purchase of capital assets	(102,085)	(193,752)
	(102,085)	(193,752)
Net increase in cash	1,726,349	1,827,018
Cash, beginning of year	2,540,763	713,745
Cash, end of year	\$ 4,267,112	\$ 2,540,763

See accompanying notes

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2009

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 \$224,546 (2008 - \$138,500). Actual purchases totalled \$102,085 (2008- \$193,752).

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 2009

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. When a contract for legal services is entered into the estimated cost of the legal services is recorded as an account receivable and deferred revenue. Any payments received by the Commission related to these contracts prior to the legal services being completed is recorded as assets held in trust. The deferred revenue will be recognized in the period during which the legal services have been completed. When the deferred revenue has been recognized any payments received at that time will be combined with the general funds of the Commission.

2. Accounts receivable

	<u>2009</u>	<u>2008</u>
Trade	\$ 491,393	\$ 389,395
Harmonized Sales Tax	<u>45,205</u>	<u>48,655</u>
	536,598	438,050
Less: allowance for doubtful accounts	<u>(237,922)</u>	<u>(237,524)</u>
<u>Net accounts receivable</u>	<u>\$ 298,676</u>	<u>\$ 200,526</u>

3. Prepaid expenses

Prepaid expenses of \$68,756 (2008 - \$975) consist of prepaid annual membership fees for the Commission's employees who are members of the Law Society of Newfoundland and Labrador.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
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4. Assets held in trust

Assets held in trust of \$165,798 (2008 - \$133,496) 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.

5. Capital assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	\$ 832,660	\$ 662,861	\$ 169,799	\$ 167,783
Software development	185,543	182,537	3,006	11,547
Computer equipment	494,774	401,047	93,727	88,779
Leasehold improvements	26,351	26,149	202	1,803
	\$ 1,539,328	\$ 1,272,594	\$ 266,734	\$ 269,912

6. Accounts payable and accrued liabilities

	2009	2008
Trade	\$ 172,736	\$ 263,707
Salaries and benefits	1,354,720	1,284,270
	\$ 1,527,456	\$ 1,547,977

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NOTES TO FINANCIAL STATEMENTS
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7. 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.

8. 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 2009, 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>2009</u>	<u>2008</u>
Bar fees	\$ 1,782	\$ 1,777
Office expense	5,039	4,866
Office rental	600	3,600
Salaries and benefits	191,051	182,435
Telephone	102	5,256
Travel	5,562	16,387
	<u>\$ 204,136</u>	<u>\$ 214,321</u>

Included in capital assets are purchases of \$607 (2008 - \$0) that were made for the Central Project.

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9. 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 provided 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:

Project	2009				2008	
	Fees and Disbursements	Office Expenses	Salaries and Benefits	Travel	Total	Total
Mental Health	\$ 14,182	\$ 19,502	\$ 212,635	\$ 1,938	\$ 248,257	\$ 205,765
Aboriginal	-	34,307	82,553	9,282	126,142	122,148
Bilingual	1,782	6,192	72,059	-	80,033	74,625
Brydges Duty Counsel	-	51	69,495	-	69,546	69,495
Intake Financial Eligibility	-	-	-	-	-	37,424
Northern Incentive	-	351	14,770	-	15,121	14,770
	\$ 15,964	\$ 60,403	\$ 451,512	\$ 11,220	\$ 539,099	\$ 524,227

Included in capital assets are purchases of \$6,753 (2008 - \$4,776) that were made from the Innovation projects funding.

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10. Other projects

During 2009, 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	2009				2008	
	Fees and Disbursements	Office Expenses	Salaries and Benefits	Travel	Total	Total
Civil Family Law	\$ 2,346	\$ 8,094	\$ 239,105	\$ 9,131	\$ 258,676	\$ 82,764
Family and Child Legal Aid Services	13,617	98,323	571,696	26,763	710,399	201,759
	\$ 15,963	\$106,417	\$ 810,801	\$ 35,894	\$ 969,075	\$ 284,523

Included in capital assets are purchases of \$24,274 (2008 - \$0) that were made for these other projects.

11. 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 2009 was \$537,234 (2008 - \$423,565) and is included in salaries and benefits.

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12. Related party transactions

- (a) During the year, the Commission received \$12,486,000 (2008 - \$9,562,700) from the Province in operating grant revenue.
- (b) Office expense includes an amount of \$95,354 (2008 - \$90,647) 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 \$56,720 (2008 - \$56,497).
- (d) The Province provides the Commission with the use of office space for the Mental Health Project (see Note 9) at no cost.

13. Lease commitments

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

2010	\$689,853
2011	\$371,720
2012	\$280,871
2013	\$ 33,594

14. 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.

15. 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.

16. 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.