



Government of Newfoundland and Labrador  
Department of Justice and Public Safety  
Office of the Minister

April 1, 2015

Ms. Sandra Barnes  
Clerk of the House of Assembly  
East Block, Confederation Building

Dear Ms. Barnes:

I wish to retable the *2012-13 Annual Report of the Newfoundland and Labrador Legal Aid Commission*, which was originally tabled on September 25, 2013. The only change to this report is the addition of the audited financial statement of the Legal Aid Commission, as required by the *Legal Aid Act* and the *Transparency and Accountability Act*.

I trust this is satisfactory.

Sincerely,

A handwritten signature in blue ink that reads "Darin T. King".

**Darin T. King, PhD**  
MHA, District of Grand Bank  
Minister of Justice and Public Safety

September 24, 2013

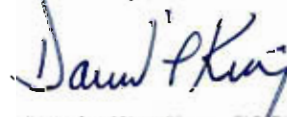
Ms. Sandra Barnes  
Clerk of the House of Assembly  
East Block, Confederation Building

Dear Ms. Barnes:

I wish to table the 2012-13 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.

Sincerely,



**Darin T. King, PhD**  
M.H.A., District of Grand Bank  
Minister of Justice



# Newfoundland and Labrador Legal Aid Commission

Annual Report 2012-13

[www.legalaid.nl.ca](http://www.legalaid.nl.ca)

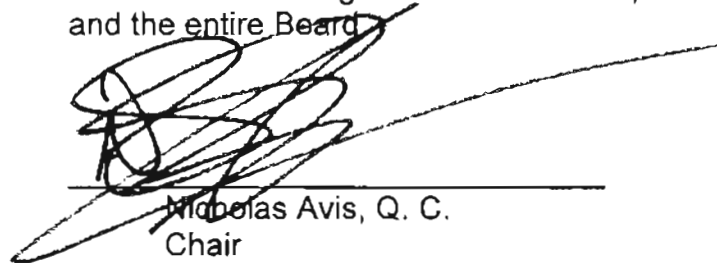
## Message from the Chair

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 for the fiscal year April 1, 2012 to March 31, 2013. 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 of Canada*, 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, accept accountability on behalf of myself and 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 was 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  
Vacant, Vice Chair/Secretary  
William Collins, Q.C.  
John Jenniex  
Katie Rich

### Ex-officio members:

Donna Ballard, ADM (delegated by the Deputy Minister)  
Newman Petten, Provincial Director

## Legal Aid Offices and Staff

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 and youth courts, and has a lawyer available 24 hours a day, seven 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.

During the fiscal year 2012-13, the Legal Aid Commission employed a Provincial Director, two Deputy Directors, two senior solicitors, 54 staff solicitors, three social workers, 12 paralegals, a risk assessment officer, an information manager, a human resources manager, an accountant, a client services officer, 44 support staff, six articling students, a family counselor, and four community workers. These positions were dispersed throughout a provincial office, 11 area offices and six project offices.

In addition to operating 11 area offices, the Legal Aid Commission also has a number of special purpose offices. They are:

### Aboriginal Project

- The Aboriginal Project 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 Sheshatshiu.

### Mental Health Office

The Mental Health Office works, in collaboration with Eastern Health, to efficiently deliver legal services to people with mental health problems. The Mental Health Office was a key partner in the establishment of the Mental Health Court as a division of the Provincial Court of Newfoundland and Labrador. The St. John's location handles the majority of cases for the Mental Health Court. Generally, a person must have a diagnosed mental illness to be referred to the court. The project strives to provide services for both the civil and criminal law needs of persons with mental illness. The Legal Aid Commission contributes two staff lawyers, two paralegals, and office space. Eastern Health contributes two social workers, and two Licensed Practical Nurses (LPNs) to the project.

### French Project

The French Speaking Project has a staff solicitor fluent in French to provide legal advice by telephone, in person and, when necessary, to conduct trials in French.

### Family and Child Office

The Family and Child Legal Aid Services have 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 the Department of Child, Youth and Family Services (CYFS), to respond to the concerns of the CYFS, and to work towards the reunification of the family, where possible. Each office works closely with parents to attain a collaborative approach to the settlement of child protection cases.

### Client Service Office

The Client Service Officer's 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. The Legal Aid Commission established the position of Client Services Officer (CSO) to improve communication between persons in institutions and the Commission. The CSO travels to each prison and institution where people are held to meet with officials, and inmates, and to collect information on how to better service this population.

### Family Justice Services

The Family Justice Services Project of the Legal Aid Commission in Central Newfoundland works in cooperation with the Family Justice Services Division of the Department of Justice to provide mediation and counseling services to parents in family separations.



### Family Duty Counsel Project

The Family Duty Counsel Project works out of the Supreme Court – Family Division to provide advice and assistance to unrepresented persons appearing in Family Division. Two lawyers and a Client Services Officer work out of offices located in the Family Division Court building.

### Family Violence Intervention Court Pilot

During 2012-13, the Legal Aid Commission provided risk assessment services and legal representation to persons who had their cases dealt with under the Family Violence Intervention Court (FVIC) pilot. A risk assessment officer, based in the Commission's Provincial Office, assessed persons whose cases were being considered for inclusion in the FVIC. Staff lawyers from the St. John's and Atlantic Place offices handled the provision of advice and representation to accused persons.

NLLA OFFICE LOCATIONS AND RELATED STAFF AS OF MARCH 31, 2013															
OFFICE	PROVINCIAL DIRECTOR	DEPUTY DIRECTOR	SENIOR STAFF SOLICITOR	STAFF SOLICITOR	ACCOUNTANT	IT MANAGER	SOCIAL WORKER	CLIENT SERVICE	HR MANAGER	FAMILY COUNSELOR	RISK ASSESSMENT	PARALEGAL	SUPPORT STAFF	COMMUNITY WORKERS	TOTAL
PROVINCIAL OFFICE	1	2	2		1	1		1	1			2	11		22
AREA OFFICE				16									9		25
CONFLICTS OFFICE				5									3		8
CARBONEAR				2									2		4
CLARENVILLE				2									2		4
CORNER BROOK				5									3		8
GANDER				2									2		4
GRAND FALLS				2									2		4
HAPPY-VALLEY				5									3	4	12
MARYSTOWN				1									1		2
STEPHENVILLE				4									3		7
LABRADOR WEST				1									1		2
FAMILY & CHILD-ST. JOHN'S				2			1								3
FAMILY & CHILD CORNER BROOK				1			1					1			3
FAMILY & CHILD HAPPY VALLEY				1			1					1			3
FAMILY JUSTICE-CENTRAL										1			1		2
FAMILY VIOLENCE											1				1
FAMILY DUTY ST. JOHN'S				2				1							3
PARALEGAL PROJECT												6			6
MENTAL HEALTH				2								2			4
TOTALS	1	4	2	54	1	1	3	2	1	1	1	12	44	4	127

1. In addition to the above positions, the Legal Aid Commission also has funding to hire six law students annually. The students may operate from various Legal Aid locations.

## Mandate

The mandate of the Legal Aid Commission is contained in Part V of the *Legal Aid 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 family cases and limited civil matters, legal aid is provided when there is case merit.

## Vision Statement

To ensure that the Legal Aid Commission provides all residents of Newfoundland and Labrador, and non-residents who are eligible for Legal Aid assistance, with competent legal advice and representation.

## Mission Statement

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

Key aspects of the current mission statement include the enhancement of the service that the Commission provides to the public. These enhancements may involve assessing the family duty counsel needs, the appropriate use of paralegals, improved human resource management, and new technologies that benefit the people served by the Commission. The Commission’s mission statement is:

By March 31, 2017 the Legal Aid Commission will have enhanced its ability to offer the highest quality legal services.

Measure: Ability to offer the highest quality legal services enhanced

Indicators:

- Innovative processes implemented;
- Service quality enhanced; and
- Implementation of technological advancements, as appropriate.

## 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 who appear in the provincial and youth courts across the province; and
- Brydges Duty Counsel, a 24-hour 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;
- Representation in appeals before the Courts; and
- Representation before administrative tribunals in areas such as: immigration and refugee claims, Canada Pension Plan, 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 or, in approximately two per cent of the cases, by lawyers in private practice. Private Counsel is paid on a fee-for-service basis in accordance with the tariff found in the *Regulations*.

## Highlights of Accomplishments and Facts of Interest

### People Assisted

#### Applications

For the fiscal year ending March 31, 2013, 8,913 people requested assistance from Legal Aid. This is a decrease of 499 over the previous year. Of these who applied, 4,724 persons were provided with full service legal representation, 37 less than the number of persons provided with full service in the 2011-12. Those who were not provided with full service would have received advice. People are refused because they do not meet the financial eligibility guidelines, or their cases were not ones for which legal aid would be granted.

## Completed

Staff lawyers completed 5,611 cases and 72 cases were completed by the private bar, amounting to 5,733 completed cases.

## Duty Counsel

Duty Counsel assisted 10,860 adults and 1,054 youths for a total of 11,914 people in provincial court. This is a decrease of 4.25 per cent over the number of adults assisted in 2011-12, and a decrease of 4.78 per cent in the number of youths assisted. Duty Counsel is a service provided to people on their first appearance before a Provincial or Youth Court Judge.

## **Activities**

### **Issue 1: Seeking Innovations and New Efficiencies**

The Legal Aid Commission identified the lack of a Duty Counsel Project at the Family Division of the Supreme Court of Newfoundland and Labrador as a serious impediment to the access to justice by unrepresented litigants. There are a number of members of the public who do not qualify for Legal Aid assistance but who cannot afford to hire private counsel. Not only does their lack of counsel disadvantage these people, but it also delays their court proceedings and the proceedings of other litigants. The Court has identified unrepresented litigants as one of the major factors in inefficient use of Court time. Cases where one or more litigants are unrepresented take considerably more time per case than those where the parties have counsel.

Additionally, to enhance efficiencies, the Legal Aid Commission assessed its paralegal needs. Based on this assessment, paralegals were hired to best meet the needs of the Legal Aid Commission.

<b>Goal 1:</b>	By March 31, 2014 the Commission will have enhanced the quality of its services for clients.
<b>Measure</b>	
Quality of services enhanced	
<b>Indicators:</b>	Duty counsel needs assessed
	Resource requirements assessed
	Resource needs addressed, as appropriate
	Human resource requirements assessed
	Human resource structure enhanced

<b>Objective 2:</b>	By March 31, 2013 the Legal Aid Commission will have continued to enhance its services.
<b>Measure</b>	
Services continued to be enhanced	
<b>Indicators:</b>	<b>Actual Results</b>
Data needs related to the Family Duty Counsel Project identified	Data needs related to the Family Duty Counsel Project have been identified. An independent study of this project was near completion at the end of the fiscal year. The independent report will be finalized in 2013.
Data collection process for the Family Duty Counsel Project implemented	The implementation of a data collection process for the Family Duty Counsel Project has been delayed. This delay was experienced because the independent study of the project took longer than originally anticipated. Once the report of the study is finalized, the Legal Aid Commission will assess the data collection needs and proceed with the implementation of a data collection process.
Data needs regarding the paralegal support identified	Data needs regarding the paralegal support were identified. A paralegal committee was formed to assess data needs and identify ways to capture duties and responsibilities. Based on the findings, a reporting sheet was developed for use by paralegals.
Data collection process for the paralegal support implemented	A data collection process for the paralegal support was implemented. Paralegals are now recording their time and activities on reporting sheets. Additionally, the Legal Aid Commission is working with the OCIO to incorporate this data into the Legal Aid Management Information System (LAMIS).

Stakeholders engaged, as appropriate	Stakeholders have been engaged, as appropriate throughout the independent review of the Family Duty Counsel Project. Discussions took place with Management, Area Directors, staff solicitors and paralegals of the Legal Aid Commission, as well as with court officials.
Data related to the Family Duty Counsel Project analyzed with a view to enhance services	Data related to the Family Duty Counsel Project has been analyzed by an independent consultant. Some of the preliminary results to enhance services include: the establishment of a more effective and efficient data collection process; enhancements to efforts to raise public awareness of the service; and implementation of ongoing monitoring and consultations with stakeholders.
Data related to the paralegal support analyzed with a view to enhance services	Data related to the paralegal support has been analyzed by the paralegal committee. The analysis was ongoing throughout the fiscal year, and as issues related to enhanced services were identified, they were addressed through the modification of paralegal duties.

**Objective and indicators for FY 2013-14:**

<b>Objective 3:</b>	By March 31, 2014 the Legal Aid Commission will have reviewed its service enhancements.
<b>Measure</b>	
Service enhancements reviewed	
<b>Indicators:</b>	Internal review committee established
	Feedback from Legal Aid management and staff solicited
	Summary report of findings prepared
	Analysis of identified issues completed
	Work plan developed to address issues, as appropriate

## Issue 2: Information Management and Technology

Rapid and continuing technological advancements have had a significant impact on how the public, courts, government and the Commission receive, process and distribute information. Moreover, technological change impacts almost every aspect of the Commission's work from document preparation and communication with clientele and the courts, to how closed files are archived. The Commission has determined that, in order to achieve true efficiencies from the adoption of new technologies, an internal process is needed to evaluate new technologies and propose which ones should be integrated into Legal Aid's workplace.

<b>Goal 2:</b>	By March 31, 2014 the Legal Aid Commission will have implemented technological enhancements.
<b>Measure</b>	
Technological enhancements implemented	
<b>Indicators:</b>	Enhancements made to the legal aid management information system (LAMIS)
	Stakeholders engaged, as appropriate
	Website content developed
	Website content finalized
	Website launched

<b>Objective 2:</b>	By March 31, 2013 the Legal Aid Commission will have begun the assessment of the functionality of the Legal Aid Management Information System (LAMIS).
<b>Measure</b>	
Assessment of the functionality of LAMIS begun	
<b>Indicators:</b>	<b>Actual Results</b>
Committee to review the current operation of LAMIS established	A Committee was established to review the current operation of LAMIS. The committee consists of a representative from OCIO and Legal Aid staff, and was also tasked with overseeing the development and launch of the Legal Aid Commission's website.
LAMIS review completed	The LAMIS review was not completed due to unanticipated delays experienced with the development and launch of the Legal Aid Commission's website. The website was planned to be completed prior to the commencement of the LAMIS review, and therefore, caused the delay. The LAMIS review has begun and will be completed in 2013-14.



Issues with LAMIS identified	<p>While the LAMIS review was not completed, issues have been identified over time. These issues were communicated to the OCIO and some have been addressed, e.g. access has been enabled for paralegals and law clerks to input and retrieve required data.</p> <p>Further issues are being discussed by the committee, and an inventory of LAMIS issues will be identified when the review is completed in 2013-14.</p>
OCIO engaged to address identified issues	The Legal Aid Commission has engaged OCIO to address issues identified to date. Further discussions will take place when the review of LAMIS is completed in 2013-14.

**Objective and indicators for FY 2013-14:**

<b>Objective 3:</b>	By March 31, 2014 the Legal Aid Commission will have developed a work plan for LAMIS enhancement implementation.
<b>Measure</b>	
<b>Indicators:</b>	LAMIS review completed
	Inventory of LAMIS issues compiled
	Feasibility assessment of system modifications completed
	Workplan developed based on feasibility assessment

## Opportunities and Challenges Ahead

- 1 Paralegals are assisting lawyers' workloads, which allows lawyers more time to devote to complex cases and has resulted in increased efficiency.
- 2 Unrepresented individuals at the Family Division of the Supreme Court continue to be a challenge for Legal Aid. The Duty Counsel Project has been assisting with these individuals and has improved the efficiency and effectiveness of the court process. Over the course of the project, there has been a need to reallocate how resources are used and to re-evaluate the most efficient resources to meet the needs of the clients and the courts. The independent review will offer recommendations to enhance service.
- 3 Professional development for lawyers and paralegals continues to be a challenge in this environment. Travel to other jurisdictions can be difficult, so Legal Aid will have to be creative and utilize online resources.
- 4 Legal Aid recognizes that the public can benefit from awareness of the family services that are available. With updates to our website, the Commission will strive to develop ways to better inform the public.

## Financial Statements ( unaudited)

Expenditure and revenue figures included in this document are based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for Fiscal Year Ended 31 March 2013.

	Actual \$	Estimates	
		Amended \$	Original \$
05. Professional Services.....	-	1,300	1,300
10. Grants and Subsidies.....	13,980,000	14,205,400	14,205,400
01. Revenue - Federal.....	(2,094,261)	(2,233,900)	(2,233,900)
Total: Legal Aid and Related Services.....	11,885,739	11,972,800	11,972,800

*Note: This financial information includes expenditures that are attributed to other related services that do not fall under the responsibility of the Legal Aid Commission. For detailed information on the expenditures of the Legal Aid Commission please see the Commission's audited financial statements, when available.*

### Contact Us

Telephone: (709) 753-7860  
Toll-free: 1-800-563-9911  
Facsimile: (709) 753-6226

**NEWFOUNDLAND AND LABRADOR  
LEGAL AID COMMISSION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013**

## Management's Report

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards 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.



Provincial Director



Deputy Director

March 19, 2015



**AUDITOR  
GENERAL**  
of Newfoundland and Labrador

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Newfoundland and Labrador Legal Aid Commission which comprise the statement of financial position as at March 31, 2013, the statements of operations, change in net (debt) financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

*Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Legal Aid Commission as at March 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read 'T. Paddon', with a long horizontal line extending to the right.

**TERRY PADDON, CPA, CA**  
**Auditor General**

March 19, 2015  
St. John's, Newfoundland and Labrador

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**

**STATEMENT OF FINANCIAL POSITION**

As at March 31

2013

2012

**FINANCIAL ASSETS**

Cash	\$ 1,981,529	\$ 3,913,368
Accounts receivable (Note 3)	860,704	612,078
	<b>2,842,233</b>	<b>4,525,446</b>

**LIABILITIES**

Accounts payable and accrued liabilities (Note 4)	1,995,812	1,988,682
Employee future benefits (Note 5)	1,751,275	1,686,989
Deferred revenue	813,080	557,931
	<b>4,560,167</b>	<b>4,233,602</b>

<b>Net (debt) financial assets</b>	<b>(1,717,934)</b>	<b>291,844</b>
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**NON-FINANCIAL ASSETS**

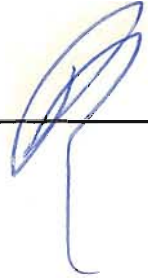
Prepaid expenses	113,068	99,256
Tangible capital assets (Note 6)	319,711	291,931
	<b>432,779</b>	<b>391,187</b>

<b>Accumulated (deficit) surplus</b>	<b>\$ (1,285,155)</b>	<b>\$ 683,031</b>
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Contingent liabilities (Note 8)  
 Contractual obligations (Note 9)  
 Trusts under administration (Note 10)

*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**

	2013 Budget	2013 Actual	2012 Actual
(Note 16)			
<b>REVENUES</b>			
Province of Newfoundland and Labrador			
Operating grants	\$ 13,980,000	\$ 13,980,000	\$ 14,213,004
Law Foundation of Newfoundland and Labrador grant	300,000	305,895	268,084
Legal Services	-	96,617	71,198
Interest	95,000	35,546	45,225
	<u>14,375,000</u>	<u>14,418,058</u>	<u>14,597,511</u>
<b>EXPENSES (Note 11)</b>			
Administration	5,704,297	7,029,753	6,988,771
Criminal law	5,088,656	5,505,570	5,414,001
Youth law	227,003	215,224	214,561
Civil law	3,355,044	3,635,697	3,729,598
	<u>14,375,000</u>	<u>16,386,244</u>	<u>16,346,931</u>
<b>Annual deficit</b>	-	(1,968,186)	(1,749,420)
<b>Accumulated surplus, beginning of year</b>	683,031	683,031	2,432,451
<b>Accumulated (deficit) surplus, end of year</b>	\$ 683,031	\$ (1,285,155)	\$ 683,031

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

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

	2013 Budget	2013 Actual	2012 Actual
	(Note 16)		
Annual deficit	\$ -	\$ (1,968,186)	\$ (1,749,420)
<b>Tangible capital assets</b>			
Acquisition of tangible capital assets	-	(153,432)	(89,564)
Amortization of tangible capital assets	-	125,652	135,616
	-	(27,780)	46,052
<b>Prepaid expenses</b>			
Acquisition of prepaid expenses	-	(113,068)	(99,256)
Use of prepaid expenses	-	99,256	91,228
	-	(13,812)	(8,028)
<b>Decrease in net financial assets/increase in net debt</b>	-	(2,009,778)	(1,711,396)
<b>Net financial assets, beginning of year</b>	291,844	291,844	2,003,240
<b>Net (debt) financial assets, end of year</b>	\$ 291,844	\$ (1,717,934)	\$ 291,844

*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**

**2013**

**2012**

**Operating transactions**

Annual deficit	\$ (1,968,186)	\$ (1,749,420)
Adjustment for non-cash items		
Amortization	125,652	135,616
Bad debt expense	6,946	4,976
	(1,835,588)	(1,608,828)
Change in non-cash operating items		
Accounts receivable	(255,572)	(164,321)
Accounts payable and accrued liabilities	7,130	611,102
Employee future benefits	64,286	142,591
Deferred revenue	255,149	194,364
Prepaid expenses	(13,812)	(8,028)
<b>Cash applied to operating transactions</b>	<b>(1,778,407)</b>	<b>(833,120)</b>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(153,432)	(89,564)
<b>Cash applied to capital transactions</b>	<b>(153,432)</b>	<b>(89,564)</b>
<b>Net decrease in cash</b>	<b>(1,931,839)</b>	<b>(922,684)</b>
<b>Cash, beginning of year</b>	<b>3,913,368</b>	<b>4,836,052</b>
<b>Cash, end of year</b>	<b>\$ 1,981,529</b>	<b>\$ 3,913,368</b>

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

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

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**1. Nature of operations**

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

The affairs of the Commission are managed by a Board of Commissioners consisting of the Assistant Deputy Minister of Justice and Public Safety (ex-officio), the Provincial Director of the Commission (ex-officio) and five 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). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). 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 which 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.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

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

**(b) Financial instruments (cont.)**

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

**(c) Cash**

Cash includes cash in bank.

**(d) Employee future benefits**

Employee future benefits include severance pay and accumulating non-vesting sick leave benefits.

- (i) Severance is accounted for on an accrual basis, based upon years of service and current salary levels.
- (ii) 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 which 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.

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, 1991*. 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 contributions from the Commission to the plan are recorded as an expense for the year.

**(e) 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.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

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

**(f) Tangible capital assets**

Tangible capital assets are recorded at cost at the time of acquisition.

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
Software development	5 years
Computer equipment	5 years
Leasehold improvements	Remaining life of the rental agreement

Tangible capital assets are written down when conditions indicate that they no longer contribute to the ability of the Commission to provide goods or 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.

**(g) Prepaid expenses**

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

**(h) 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 stipulation liabilities are settled.

Interest revenue is recognized as earned.

**(i) 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.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

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

**(j) 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 expected useful life of tangible capital assets, and estimated employee future benefits.

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>2013</u>	<u>2012</u>
Trade	\$ 1,101,264	\$ 839,804
Harmonized Sales Tax	37,907	43,795
	<u>1,139,171</u>	<u>883,599</u>
Less: Allowance for doubtful accounts	(278,467)	(271,521)
	<u>\$ 860,704</u>	<u>\$ 612,078</u>

**4. Accounts payable and accrued liabilities**

	<u>2013</u>	<u>2012</u>
Trade and other	\$ 537,008	\$ 672,451
Salaries and benefits	1,458,804	1,316,231
	<u>\$ 1,995,812</u>	<u>\$ 1,988,682</u>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**5. Employee future benefits**

Employee future benefits consist of:

	<u>2013</u>	<u>2012</u>
Severance pay (a)	\$ 1,591,914	\$ 1,538,940
Accumulating non-vesting sick leave benefit liability (b)	159,361	148,049
	<u>\$ 1,751,275</u>	<u>\$ 1,686,989</u>

**(a) Severance pay**

Severance pay consists of the liability related to the following employees:

	<u>2013</u>	<u>2012</u>
Employees with 9 or more years of service	\$ 1,434,729	\$ 1,425,515
Employees with less than 9 years of service	157,185	113,425
	<u>\$ 1,591,914</u>	<u>\$ 1,538,940</u>

**(b) Accumulating non-vesting sick leave benefit liability**

	<u>2013</u>	<u>2012</u>
Accumulating non-vesting sick leave benefit liability	\$ 159,361	\$ 148,049

**(c) Employee future benefits expense**

Portion of salaries and benefits expense related to employee future benefits:

	<u>2013</u>	<u>2012</u>
Severance pay expense	\$ 52,974	\$ 145,994
Accumulating non-vesting sick leave benefit expense	11,312	(3,403)
	<u>\$ 64,286</u>	<u>\$ 142,591</u>



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

**(d) Employee future benefits**

**(i) Severance pay**

Severance is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance vests with employees with nine years of continuous service, and accordingly a liability has been recorded by the Commission for these employees. For employees with less than nine years of continuous service, the Commission has made a provision in the accounts for the payment of severance which is based upon the Commission's best estimate of the probability of having to pay severance to the employees and current salary levels. Severance is payable when the employee ceases employment with the Commission provided no severance has been paid by Government or another Crown corporation or agency for the same period and the employee has at least nine years of continuous service. The Commission does not recognize prior service with the public service for the purpose of calculating severance entitlement.

**(ii) Accumulating non-vesting sick leave benefits**

All employees hired before September 30, 1994, were credited with 2 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 which 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, 2013, a sick leave liability was calculated for 21 employees.

**(iii) Pension contributions**

Under the *Legal Aid Act*, the Commission's staff are subject to the *Public Service Pensions Act, 1991*. 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 Plan is a multiemployer, defined benefit plan, providing a pension on retirement based on the age of its members at retirement, length of service and the average of their best five years of earnings. The maximum contribution rate for eligible employees was 8.6% (2012 - 8.6%). The Commission is not required to make contributions in respect of any actuarial deficiencies of the plan. The Commission's share of pension contributions for 2013 was \$765,985 (2012 - \$720,904). These contributions are included in salaries and benefits expense.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**6. Tangible capital assets**

**Original Cost**

	Balance March 31, 2012	Additions	Reversal of prior disposal	Balance March 31, 2013
Office furniture and equipment	\$ 980,943	\$ 143,813	\$ 11,579	\$ 1,136,335
Computer equipment	617,008	9,619	-	626,627
Software development	185,543	-	-	185,543
Leasehold improvements	73,855	-	-	73,855
	\$ 1,857,349	\$ 153,432	\$ 11,579	\$ 2,022,360

**Accumulated Amortization**

	Balance March 31, 2012	Amortization	Reversal of prior disposal	Balance March 31, 2013	Net book value March 31, 2013	Net book value March 31, 2012
Office furniture and equipment	\$ 829,651	\$ 72,667	\$ 11,579	\$ 913,897	\$ 222,438	\$ 151,292
Computer equipment	506,916	43,302	-	550,218	76,409	110,092
Software development	185,374	169	-	185,543	-	169
Leasehold improvements	43,477	9,514	-	52,991	20,864	30,378
	\$ 1,565,418	\$ 125,652	\$ 11,579	\$ 1,702,649	\$ 319,711	\$ 291,931

**7. Prepaid expenses**

	2013	2012
Bar fees and insurance	\$ 84,645	\$ 90,590
Software license	2,777	-
WHSCC	25,646	8,666
	\$ 113,068	\$ 99,256

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

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**8. Contingent liabilities**

- (a) Statements of Claim have been served on the Commission by three former employees for alleged wrongful dismissal. The Commission, through legal counsel, has filed a defence to each claim. The potential settlement amount has not been disclosed as it may have an adverse effect on the outcome of the 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. The potential settlement amount has not been disclosed as it may have an adverse effect on the outcome of the claim.
- (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.

**9. Contractual obligations**

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

2014	\$ 1,487,927
2015	1,441,134
2016	1,038,913
2017	634,173
2018	274,259
Thereafter	<u>6,532</u>
	<u>\$ 4,882,938</u>

**10. Trusts under administration**

Assets held in trust of \$638,996 (2012 - \$ 442,711) 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, 2013**

**11. Expense by object**

	<b>2013</b> <b><u>Budget</u></b> <b>(Note 16)</b>	<b>2013</b> <b><u>Actual</u></b>	<b>2012</b> <b><u>Actual</u></b>
Amortization	\$ -	\$ 125,652	\$ 135,616
Bad debt expense	-	6,946	4,976
Bar fees and insurance	103,542	148,768	138,151
Commissioners' fees and expenses	106,397	38,248	62,075
Conference and education	128,724	100,142	190,768
Family Justice Services			
Central Project (Note 12)	51,485	123,977	87,592
Legal fees and disbursements	920,695	1,536,640	1,507,669
Library fees	32,150	21,690	21,366
Miscellaneous	22,937	96,642	93,270
Office and equipment rental	1,184,270	1,392,388	1,249,042
Office expense	378,433	332,771	386,642
Salaries and benefits	11,299,113	12,298,458	12,256,803
Telephone and light	92,200	86,801	76,272
Travel	55,054	77,121	136,689
	<b>\$ 14,375,000</b>	<b>\$ 16,386,244</b>	<b>\$ 16,346,931</b>

**12. Family Justice Services Central Project**

On March 31, 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 March 31, 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 March 31, 2013, the Commission funded this project through its operating grant from the Province. Actual expenditures paid by the Commission for the project were as follows:

	<b>2013</b> <b><u>Budget</u></b> <b>(Note 16)</b>	<b>2013</b> <b><u>Actual</u></b>	<b>2012</b> <b><u>Actual</u></b>
Bar fees	\$ -	\$ 82	\$ 52
Office expense	-	445	3,283
Salaries and benefits	51,485	119,226	83,127
Travel	-	4,224	1,130
	<b>\$ 51,485</b>	<b>\$ 123,977</b>	<b>\$ 87,592</b>

**13. Related party transactions**

Province of Newfoundland and Labrador

During the year, the Commission received \$13,980,000 (2012 - \$14,213,004) 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 in the amount of \$96,898 (2012 - \$96,630).

The Province provides the Commission with the use of office space for the Family Justice Services Central Project (see Note 12) at no cost.

**14. Financial risk management**

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

Credit risk

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

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

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

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

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

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 9.

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.

**15. 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.

**16. 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.