

June 25, 2015

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

Dear Ms. Barnes:

I wish to retable the *2013-14 Annual Activity Report of the Newfoundland and Labrador Legal Aid Commission*, which was originally tabled on September 30, 2014. 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,



**FELIX COLLINS**  
Attorney General



Government of Newfoundland and Labrador  
Department of Public Safety  
Office of the Minister and Attorney General

September 30, 2014

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

Dear Ms. Barnes:

I wish to table the 2013-14 Annual Activity Report of the Newfoundland and Labrador Legal Aid Commission. This 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,

A handwritten signature in black ink, appearing to read "Judy M. Manning".

Judy M. Manning  
Minister of Public Safety  
and Attorney General

# **Legal Aid Commission**

## **Annual Report**

**2013-14**



# Contents

- Message from the Chair** ..... i
- Background and Overview** ..... 1
- Legal Aid Offices and Staff** ..... 2
- Mandate** ..... 4
- Vision Statement** ..... 4
- Mission Statement** ..... 4
- Highlights of Accomplishments** ..... 5
- Activities** ..... 6
  - Issue 1: Seeking Innovations and New Efficiencies**..... 6
  - Issue 2: Information Management and Technology** ..... 8
- Opportunities and Challenges Ahead** ..... 9
- Financial Statements (unaudited)** ..... 11

## 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, 2013 to March 31, 2014. 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 and provincial statutes, and to people who have family disputes or other civil matters. Legal counsel may be appointed for non-residents either through the Legal Aid Plan of the province in which they reside or our legal aid program. Duty Counsel services are provided to residents, as well as to visitors to the Province.

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



---

Nicholas Avis, Q. C.  
Chair

## Background and Overview

The services of the Newfoundland and Labrador Legal Aid Commission (“the Commission”) are an essential component of a fair and accessible justice system in the Province of Newfoundland and Labrador. The Commission responds to the needs of those whose means or capacity are compromised as well as the general public in certain instances, by providing high quality, innovative and collaborative legal services through a staff solicitor model. The Commission is a publicly funded independent organization established in 1976 by the *Legal Aid Act* (“the Act”) to assume responsibility for the Legal Aid Plan.

Eligibility for full service legal aid representation is dependent upon an applicant meeting the financial and legal eligibility requirements specified in the *Act* and the *Legal Aid Regulations* (“the Regulations”). Once an applicant is approved, services are provided by solicitors employed full time with the Commission in approximately 98 per cent of the cases, and by solicitors in private practice in approximately two percent of the cases. Private solicitors are paid on a fee-for-service basis in accordance with the tariff found in the Regulations.

The Commission also delivers services, without the need for financial eligibility, through staff solicitors, including:

- Duty counsel on criminal law matters before the provincial and youth courts;
- Duty counsel on family law matters in the Supreme Court of Newfoundland and Labrador-Family Division in St. John’s; and
- Brydges counsel, whereby a solicitor can be reached at a 1-800 number, 24 hours a day, seven days a week, to provide advice to people upon arrest, detention or being questioned by a peace officer.

The Commission consists of a Board of Commissioners, including the Deputy Minister of Justice and the Provincial Director as ex-officio members. 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 during fiscal year 2013-2014 were:

Nick Avis, Q.C., Chair  
William Collins, Q.C.  
John Jenniex

Ex-officio members:

Paul Noble, Deputy Minister  
Nick Summers, Provincial Director

## Legal Aid Offices and Staff

During the fiscal year 2013-2014, the Legal Aid Commission employed a Provincial Director, one Deputy Director, two senior solicitors, 52 staff solicitors, three social workers, seven paralegals, an accountant, a client services officer, 42 support staff, six articling students, and four community workers. These positions were dispersed throughout a provincial office, 11 area offices and six project offices.

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

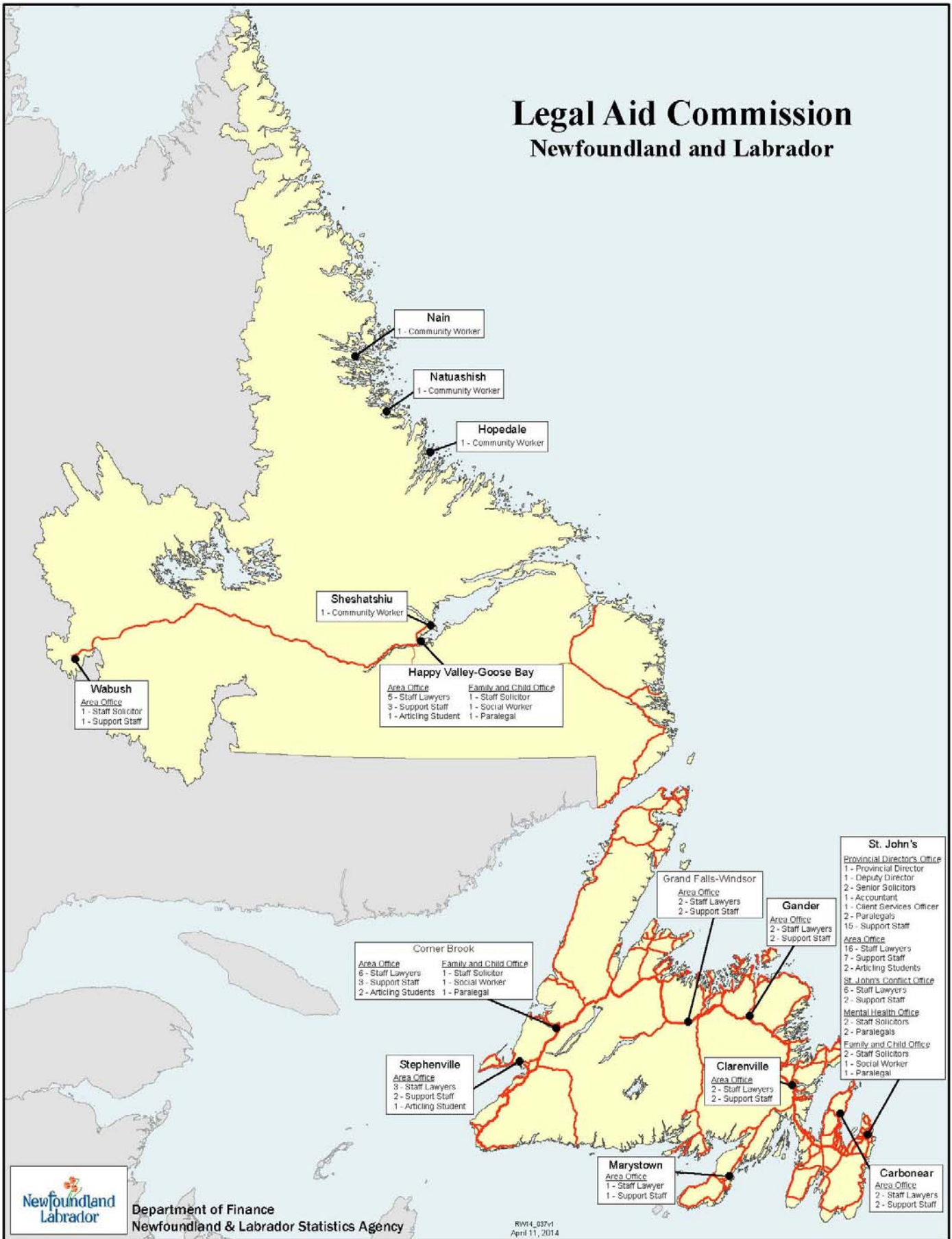
### Special Purpose Offices

- The Mental Health Office is a shared space, housing legal aid solicitors and paralegals along with Eastern Health social workers and licensed practical nurses to work collaboratively with mental health clients in resolving their legal and related issues. This office works as a team to deliver timely, comprehensive and holistic services to its clients. Through this office, clients with mental illness obtain legal representation in the Mental Health Court, before the Criminal Code Mental Disorder Review Board, before the Mental Health Care and Treatment Review Board, as well as, in the traditional court system for other matters.
- The Family and Child Offices are located in St. John's, Happy Valley – Goose Bay, and Corner Brook. Each office is staffed by a staff solicitor, a social worker, and a paralegal. Its 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 CYFS, assist parents in accessing the supports they need, and to work towards the re-unification of the family where possible.
- The Family Duty Counsel Office is located in the Family Division of the Supreme Court in St. John's. This is a free service for people who need assistance with family law matters. If someone is not represented by a lawyer, Duty Counsel can give them advice and speak on their behalf in straight-forward and uncontested court matters.

### Specialized Roles

- 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 Aboriginal Project operates out of the Happy Valley-Goose Bay office and is intended to facilitate working with Aboriginal communities to better improve the quality of legal services to Aboriginal people who encounter the law. As part of this project, we continue to support our Aboriginal community with part-time Community Liaison Workers providing service for the towns of Nain, Hopedale, Natuashish and Sheshatshiu.
- 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.

# Legal Aid Commission Newfoundland and Labrador





## Mandate

The mandate of the 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 family cases and limited civil matters, legal aid is provided when there is case merit. The Commission assists people with their legal issues and facilitates access to justice.

## Vision Statement

A province where all people, regardless of means, capacity or social situation, have access to the knowledge and services they require to protect their basic legal rights and quality of life through collaborative, holistic and long-term solutions to their legal issues.

## Mission Statement

The mission statement identifies the primary focus of the Commission over two planning cycles (2011-14 and 2014-17). It represents the key long-term results that it will be working toward. The statement also identifies the measures and indicators that will assist both the Commission and the public in monitoring and evaluating success.

During the first planning cycle of the current Mission Statement, the Commission focused on service enhancements such as family duty counsel services, use of paralegals, improved human resource management and new technologies.

During the 2014-17 planning cycle, the Commission will focus on implementing modern technologies, updating policies and procedures, assessing opportunities to improve service delivery and enhancing engagement with community partners.

### Mission Statement:

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.

## Highlights of Accomplishments

### Full Service Legal Representation

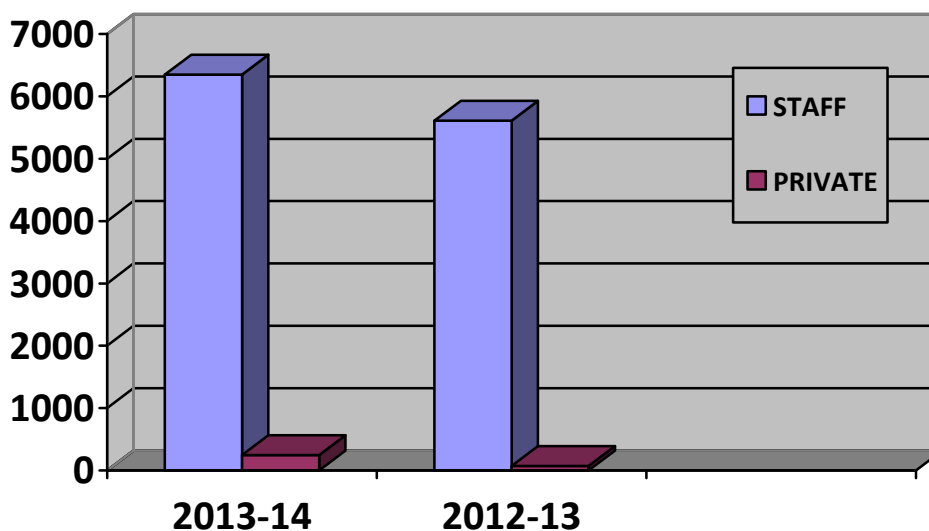
During the fiscal year ending March 31, 2014, 8,560 applications were received for full service legal representation. This is a decrease of 353 applications over the previous year. Of those received, 4,693 were approved for full service legal representation, 31 less than the previous year. Applications are rejected because they did not meet the financial or legal eligibility criteria.

Full Service Legal Representation						
Law Type	2013-14		2012-13		Percent Change - Applications Received	Percent Change - Applications Approved
	Applications Received	Applications Approved	Applications Received	Applications Approved		
Criminal	4,561	2,993	4,685	2,815	-2.6	6.3
Youth	486	330	525	380	-7.4	-13
Civil/Family	3,488	1,367	3,695	1,529	-5.6	-10
Immigration	25	3	8	0		
<b>Total</b>	<b>8,560</b>	<b>4,693</b>	<b>8,913</b>	<b>4,724</b>	<b>-4</b>	<b>-.06</b>

### Cases Completed

Staff lawyers completed 6,350 cases and 247 cases were completed by the private bar, amounting to 6,597 completed cases. This is an increase of 15 per cent over the number of completed cases in 2012-13.

### CASES COMPLETED



## Duty Counsel Services

Duty counsel in provincial court is a service provided to people on their first appearance before a Provincial or Youth Court Judge. Duty Counsel assisted 9,972 adults and 960 youth in provincial court. This is a decrease of 9.2 per cent over the number of adults assisted in 2012-13, and a decrease of 8.9 per cent in the number of youth assisted.

Duty Counsel (Solicitors Only)	2013-14	2012-13
Criminal	9,972	10,894
Family	380	336
Youth	960	1,046
<b>Total</b>	<b>11,312</b>	<b>12,276</b>

Duty Counsel at the Family Division of the Supreme Court of Newfoundland and Labrador can appear on behalf of individuals for straight-forward matters before the Judge and also explain legal rights and obligations. The Duty Counsel services at the Family Division also have a Client Services Officer who can provide basic information and assistance in applying for legal aid or in completing some court documents. The Client Services Officer assisted 883 people in 2013-14. Of these 883 people, the Duty Counsel solicitors assisted 380 people. This is an increase of 34 per cent over the number of people assisted by the client services officer in 2012-13. This is also an increase of 13 per cent in the number assisted by the Duty Counsel solicitors in 2012-13.

## Brydges Counsel Services

Brydges Counsel is a telephone service that offers free legal advice on a 24-hour basis to individuals under arrest and in custody, or under active investigation by the police and who need immediate advice on their charter rights and criminal law. The number of clients assisted by Brydges Counsel in 2013-14 was 2,253 as compared to 2,370 in 2012-13.

# Activities

## Issue 1: Seeking Innovations and New Efficiencies

Due to the high number of self-represented individuals at the Supreme Court of Newfoundland and Labrador Family Division in St. John's, the Commission recognized the need for duty counsel services and initiated the Family Duty Counsel Project. Based on a needs assessment, two staff solicitors and a Client Service Officer were hired to operate the project as of May 2011.

In January 2013, the Commission initiated an independent review of the Family Duty Counsel Project and a report of recommendations was finalized in September 2013. The findings confirmed that the project is enhancing access to justice for self-represented individuals who require assistance navigating the court process. Additionally, the review indicated that the service has improved the efficiency and effectiveness of the court process, which benefits the individuals assisted and the Court. In addition, the Commission has enhanced efforts to raise awareness of the Family Duty Counsel Project; pamphlets have been designed and distributed and an exit survey is provided to all clients of the Project to seek feedback on the service received.

<b>Goal 1:</b>	By March 31, 2014 the Commission will have enhanced the quality of its services for clients.
<b>Measure</b>	
<b>Quality of services enhanced</b>	
<b>Indicators:</b>	<b>Actual Results</b>
Duty counsel needs assessed	Duty counsel needs at the Supreme Court of Newfoundland and Labrador Family Division were assessed. An independent review commissioned in January, 2013 showed that access to the Family Duty Counsel Project allows self-represented individuals to address their matters more effectively. The report also stated all stakeholders have been positively impacted.
Resource requirements assessed	Resource requirements were assessed as part of the independent review. The review identified that enhancement was required for data collection as there were data gaps.
Resource needs addressed, as appropriate	Resource needs were addressed, as appropriate. The development of a consistent and effective data collection system was implemented. This system effectively measures the project's outcomes and includes a mechanism for accurately reporting outcomes.
Human resource requirements assessed	Human resource requirements were assessed in regard to duty counsel services at the Supreme Court Family Division and it was determined that the Family Duty Counsel Project required two experienced family law solicitors along with a Client Services Officer.
Human resource structure enhanced	Human resource structure of the Family Duty Counsel Project was enhanced. Protocols have been established which detail the roles, duties and parameters of the family duty counsel staff. To increase consultation and communication, the Commission has designated the Senior Family Solicitor as coordinator for the project.

<b>Objective 3:</b>	By March 31, 2014 the Legal Aid Commission will have reviewed its service enhancements.
<b>Measure</b>	
<b>Service Enhancements reviewed</b>	
<b>Indicators:</b>	<b>Actual Results</b>
Internal review committee established	An internal review committee, the Service Enhancement Committee, was established to assess overall service delivery. The committee met monthly to review service delivery and to discuss options for enhancements. The meetings are ongoing.

Feedback from Legal Aid management and staff solicited	The Committee sought input and received numerous suggestions from management and staff on how service delivery could be enhanced.
Summary report of findings prepared	A summary report of suggestions was prepared by the Service Enhancement Committee and presented to management. The report contained recommendations for modifications to client intake procedures and changes to the approach taken on family legal matters through the implementation of informal dispute resolution and mediation. Some additional areas noted for improvement were: increasing community outreach activities; updating public information; and enhancing employee development.
Analysis of identified issues completed	An analysis of identified issues was completed and the Committee prioritized the issues to be addressed in conjunction with management.
Work plan developed to address issues, as appropriate	A work plan was developed to address issues, as appropriate. The Committee has engaged other stakeholders, as needed, for input on identified issues. Implementation was ongoing throughout the fiscal year and will continue into 2014-15.

## Issue 2: Information Management and Technology

Rapid and continuing technological advancements have had a significant impact on how the public, courts, government and the Legal Aid 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 committee is required to evaluate new technologies and propose options for consideration of implementation. The committee, the Legal Aid Management Information Systems Committee (LAMIS Committee), is comprised of members of the management and staff, with regular interaction with the Office of the Chief Information Office (OCIO).

<b>Goal 2:</b>	By March 31, 2014 the Legal Aid Commission will have implemented technological enhancements.
<b>Measure</b>	
<b>Technological enhancements implemented</b>	
<b>Indicators:</b>	<b>Actual Results</b>
Enhancements made to LAMIS	Enhancements have been made to LAMIS. These include broader user access, more efficient report formatting, and the creation of a test database for the Family Duty Counsel Project.

Stakeholders engaged, as appropriate	Stakeholders have been engaged to provide input on the LAMIS system. Management, staff and OCIO have met to discuss user and data requirements.
Website content developed	Website content was developed through consultations with management, staff and OCIO. The overview of the services of the Commission was enhanced, the Legal Aid application form was added, Legal Aid publications and career opportunities pages were developed as well as other information the Commission felt would be beneficial to the public.
Website content finalized	All website content was finalized and approved by the Legal Aid Management and the Legal Aid Commission Board members. A demo website was developed and tested.
Website launched	The website was launched and a process for ongoing monitoring was implemented, including a process whereby staff of the Legal Aid Commission will now have user rights to update the content of the website directly.

<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>Work plan for LAMIS enhancement implementation developed</b>	
<b>Indicators:</b>	<b>Actual Results</b>
LAMIS review completed	The LAMIS review was completed by the LAMIS Committee and submitted to OCIO for review.
Inventory of LAMIS issues compiled	An inventory of LAMIS issues was compiled by the LAMIS Committee through an overall assessment of the functionality of the system. All issues were prioritized and sent to OCIO for further review.
Feasibility assessment of system modifications completed	The feasibility assessment of system modifications was completed by the LAMIS committee in conjunction with OCIO. All issues identified will be addressed and will improve the efficiency of services provided to our clients.
Work plan developed based on feasibility assessment	The work plan has been developed based on the feasibility assessment. Consultations with OCIO, management and staff are still ongoing as to the timeframe of issues being addressed.

## Opportunities and Challenges Ahead

A comprehensive, external review of the Newfoundland and Labrador Legal Aid Commission was completed in 2013-14 by John Roil, QC as commissioned by the Minister of Justice. This review resulted in a number of recommendations including:

- Improvement of information technology structure
- Maintain and consider expansion of services
- Re-instatement of certain positions
- Review of appeals process
- Improved collection of accounts receivable
- Need for stabilized funding
- Removal of choice of counsel
- Changes to the Board composition
- Increase of tariff paid to private solicitors

Over the next three years, the Commission will focus on addressing these recommendations, in collaboration with the Provincial Government, as appropriate. The Commission will use this review as an opportunity to reflect on the past, analyze the present and begin the implementation of initiatives that will enhance operations and ensure a client-focused culture.

The Commission will continuously monitor emerging trends and will seek opportunities to adopt new technologies and best practices as they become available. A specific example is the use of new technologies to access online professional development opportunities for solicitors and staff. Access to professional development opportunities is often limited due to the cost associated with travel. By utilizing online resources, the Commission will be able to fund more professional development opportunities for solicitors and staff.

Access to justice continues to be a priority for the Legal Aid Commission and is also a priority on the national agenda. The Commission is hopeful that this will provide opportunities to work collaboratively with justice stakeholders to implement positive changes, where needed.

The Commission recognizes that the work ahead will be both challenging and rewarding. The Commission looks forward to the lessons that will be learned as it aspires to provide the highest quality services for its clients.

## 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 2014.

### 2.3.01 Legal and Related Services

	Actual \$	Estimates	
		Amended \$	Original \$
05. Professional Services.....	-	1,300	1,300
10. Grants and Subsidies.....	14,077,496	14,077,500	12,714,100
01. Revenue - Federal.....	-	(2,135,600)	(2,135,600)
<b>Total: Legal Aid and Related Services.....</b>	<b>14,077,496</b>	<b>11,943,200</b>	<b>10,579,800</b>

*Note: The financial information above includes expenditures that are attributed to the Legal Aid Commission as well as those of 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.*





# **Legal Aid Commission**

**Toll Free: 1-800-563-9911**

**Website: <http://www.legalaid.nl.ca>**

**E-mail: [nlac@legalaid.nl.ca](mailto:nlac@legalaid.nl.ca)**



**NEWFOUNDLAND AND LABRADOR  
LEGAL AID COMMISSION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**

## 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.

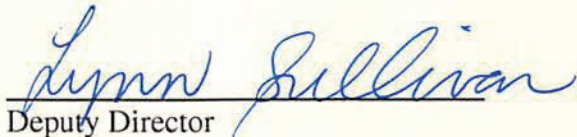
The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

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



**AUDITOR  
GENERAL**  
of Newfoundland and Labrador

---

**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, 2014, the statements of operations, change in net debt, 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.

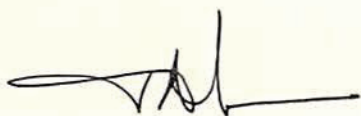
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2014, 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 'Terry Paddon', with a long horizontal line extending to the right.

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

May 8, 2015  
St. John's, Newfoundland and Labrador

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**

As at March 31

2014

2013

**FINANCIAL ASSETS**

Cash	\$ 1,112,876	\$ 1,981,529
Accounts receivable (Note 3)	1,320,676	860,704
	<b>2,433,552</b>	<b>2,842,233</b>

**LIABILITIES**

Accounts payable and accrued liabilities (Note 4)	2,605,334	1,995,812
Employee future benefits (Note 5)	1,736,039	1,751,275
Deferred revenue	978,308	813,080
	<b>5,319,681</b>	<b>4,560,167</b>

**Net debt** (2,886,129) (1,717,934)

**NON-FINANCIAL ASSETS**

Prepaid expenses (Note 7)	113,131	113,068
Tangible capital assets (Note 6)	232,118	319,711
	<b>345,249</b>	<b>432,779</b>

**Accumulated deficit** \$ (2,540,880) \$ (1,285,155)

Contingent liabilities (Note 8)  
 Contractual obligations (Note 9)  
 Trusts under administration (Note 10)  
 Subsequent events (Note 17)

*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

	2014 Budget	2014 Actual	2013 Actual
(Note 16)			
<b>REVENUES</b>			
Province of Newfoundland and Labrador			
Operating grants	\$ 12,954,100	\$ 13,221,334	\$ 13,980,000
Law Foundation of Newfoundland and Labrador grant	300,000	287,576	305,895
Legal Services	-	308,174	96,617
Interest	95,000	19,181	35,546
	<u>13,349,100</u>	<u>13,836,265</u>	<u>14,418,058</u>
<b>EXPENSES (Note 11)</b>			
Administration	5,326,743	6,774,902	7,029,753
Criminal law	4,698,890	4,688,984	5,505,570
Youth law	214,146	203,236	215,224
Civil law	3,109,321	3,424,868	3,635,697
	<u>13,349,100</u>	<u>15,091,990</u>	<u>16,386,244</u>
<b>Annual deficit</b>	-	(1,255,725)	(1,968,186)
<b>Accumulated (deficit) surplus, beginning of year</b>	(1,285,155)	(1,285,155)	683,031
<b>Accumulated deficit, end of year</b>	<u>\$ (1,285,155)</u>	<u>\$ (2,540,880)</u>	<u>\$ (1,285,155)</u>

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

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**STATEMENT OF CHANGE IN NET DEBT**

For the Year Ended March 31

2014  
Budget

2014  
Actual

2013  
Actual

(Note 16)

Annual deficit	\$ -	\$ (1,255,725)	\$ (1,968,186)
<b>Tangible capital assets</b>			
Acquisition of tangible capital assets	-	(30,212)	(153,432)
Amortization of tangible capital assets	-	117,805	125,652
	-	87,593	(27,780)
<b>Prepaid expenses</b>			
Acquisition of prepaid expenses	-	(113,131)	(113,068)
Use of prepaid expenses	-	113,068	99,256
	-	(63)	(13,812)
<b>Increase in net debt</b>	-	(1,168,195)	(2,009,778)
<b>Net (debt) financial assets, beginning of year</b>	(1,717,934)	(1,717,934)	291,844
<b>Net debt, end of year</b>	\$ (1,717,934)	\$ (2,886,129)	\$ (1,717,934)

*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

2014

2013

**Operating transactions**

Annual deficit	\$ (1,255,725)	\$ (1,968,186)
Adjustment for non-cash items		
Amortization	117,805	125,652
Bad debt expense	1,688	6,946
	(1,136,232)	(1,835,588)
Change in non-cash operating items		
Accounts receivable	(461,660)	(255,572)
Accounts payable and accrued liabilities	609,522	7,130
Employee future benefits	(15,236)	64,286
Deferred revenue	165,228	255,149
Prepaid expenses	(63)	(13,812)
<b>Cash applied to operating transactions</b>	<b>(838,441)</b>	<b>(1,778,407)</b>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(30,212)	(153,432)
<b>Cash applied to capital transactions</b>	<b>(30,212)</b>	<b>(153,432)</b>
<b>Net decrease in cash</b>	<b>(868,653)</b>	<b>(1,931,839)</b>
<b>Cash, beginning of year</b>	<b>1,981,529</b>	<b>3,913,368</b>
<b>Cash, end of year</b>	<b>\$ 1,112,876</b>	<b>\$ 1,981,529</b>

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

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**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. 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, 2014

---

**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.

**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 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, 2014**

---

**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>2014</u>	<u>2013</u>
Trade	\$ 1,542,423	\$ 1,101,264
Harmonized Sales Tax	58,408	37,907
	<u>1,600,831</u>	<u>1,139,171</u>
Less: Allowance for doubtful accounts	<u>(280,155)</u>	<u>(278,467)</u>
	<u>\$ 1,320,676</u>	<u>\$ 860,704</u>

**4. Accounts payable and accrued liabilities**

	<u>2014</u>	<u>2013</u>
Trade and other	\$ 1,195,776	\$ 537,008
Salaries and benefits	1,409,558	1,458,804
	<u>\$ 2,605,334</u>	<u>\$ 1,995,812</u>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**5. Employee future benefits**

Employee future benefits consist of:

	<u>2014</u>	<u>2013</u>
Severance pay (a)	\$ 1,629,080	\$ 1,591,914
Accumulating non-vesting sick leave benefit liability (b)	106,959	159,361
	<u>\$ 1,736,039</u>	<u>\$ 1,751,275</u>

**(a) Severance pay**

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

	<u>2014</u>	<u>2013</u>
Employees with 9 or more years of service	\$ 1,389,157	\$ 1,434,729
Employees with less than 9 years of service	239,923	157,185
	<u>\$ 1,629,080</u>	<u>\$ 1,591,914</u>

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

	<u>2014</u>	<u>2013</u>
Accumulating non-vesting sick leave benefit liability	\$ 106,959	\$ 159,361

**(c) Employee future benefits (recovery) expense**

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

	<u>2014</u>	<u>2013</u>
Severance pay expense	\$ 37,166	\$ 52,974
Accumulating non-vesting sick leave benefit (recovery) expense	(52,402)	11,312
	<u>\$ (15,236)</u>	<u>\$ 64,286</u>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**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, 2014, a sick leave liability was calculated for 19 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% (2013 - 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 2014 was \$714,700 (2013 - \$765,985). These contributions are included in salaries and benefits expense.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

**6. Tangible capital assets**

**Original Cost**

	Balance March 31, 2013	Additions	Disposals	Balance March 31, 2014
Office furniture and equipment	\$ 1,136,335	\$ 5,530	\$ -	\$ 1,141,865
Computer equipment	626,627	16,702	-	643,329
Software development	185,543	1,407	-	186,950
Leasehold improvements	73,855	6,573	-	80,428
	\$ 2,022,360	\$ 30,212	\$ -	\$ 2,052,572

**Accumulated Amortization**

	Balance March 31, 2013	Amortization	Disposals	Balance March 31, 2014	Net book value March 31, 2014	Net book value March 31, 2013
Office furniture and equipment	\$ 913,897	\$ 74,217	\$ -	\$ 988,114	\$ 153,751	\$ 222,438
Computer equipment	550,218	33,422	-	583,640	59,689	76,409
Software development	185,543	46	-	185,589	1,361	-
Leasehold improvements	52,991	10,120	-	63,111	17,317	20,864
	\$ 1,702,649	\$ 117,805	\$ -	\$ 1,820,454	\$ 232,118	\$ 319,711

**7. Prepaid expenses**

	<u>2014</u>	<u>2013</u>
Bar fees and insurance	\$ 80,190	\$ 84,645
Software license	4,400	2,777
Workplace Health, Safety and Compensation Commission	28,541	25,646
	\$ 113,131	\$ 113,068



**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**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 for the cases 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.
- (d) A Statement of Claim has been served on the Commission by a former client for alleged professional negligence in representation pertaining to the division of matrimonial property. The Commission, through legal counsel, has filed a defence. The value of the claim is unknown due to the nature of the damages sought.

**9. Contractual obligations**

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

2015	\$ 1,441,134
2016	1,321,454
2017	1,284,405
2018	924,491
2019	656,764
Thereafter	<u>968,988</u>
	<u>\$ 6,597,236</u>

**10. Trusts under administration**

Assets held in trust of \$695,454 (2013 - \$ 638,996) 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, 2014**

**11. Expense by object**

	<b>2014</b> <b><u>Budget</u></b> (Note 16)	<b>2014</b> <b><u>Actual</u></b>	<b>2013</b> <b><u>Actual</u></b>
Amortization	\$ -	\$ 117,805	\$ 125,652
Bad debt expense	-	1,688	6,946
Bar fees and insurance	103,542	146,867	148,768
Commissioners' fees and expenses	106,397	70,451	38,248
Conference and education	27,724	25,754	100,142
Family Justice Services			
Central Project (Note 12)	51,485	138,893	123,977
Legal fees and disbursements	870,695	1,082,957	1,536,640
Library fees	32,150	27,049	21,690
Miscellaneous	22,937	86,932	96,642
Office and equipment rental	1,408,815	1,496,189	1,392,388
Office expense	153,888	344,557	332,771
Salaries and benefits	10,474,213	11,404,657	12,298,458
Telephone and light	92,200	83,995	86,801
Travel	5,054	64,196	77,121
	<b>\$ 13,349,100</b>	<b>\$ 15,091,990</b>	<b>\$ 16,386,244</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, 2014, 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>2014</b> <b><u>Budget</u></b> (Note 16)	<b>2014</b> <b><u>Actual</u></b>	<b>2013</b> <b><u>Actual</u></b>
Bar fees	\$ -	\$ 1,157	\$ 82
Office expense	-	94	445
Salaries and benefits	51,485	134,902	119,226
Travel	-	2,740	4,224
	<b>\$ 51,485</b>	<b>\$ 138,893</b>	<b>\$ 123,977</b>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**13. Related party transactions**

Province of Newfoundland and Labrador

During the year, the Commission received \$13,221,334 (2013 - \$13,980,000) from the Province in Operating grant revenue.

During the year, the Commission received an additional \$856,060 from the Province for position elimination cost reimbursements.

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 \$98,304 (2013 - \$96,898).

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.

**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.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**17. Subsequent events**

Changes to the Public Service Pension Plan

On September 2, 2014, a joint trusteeship agreement on pension reform was signed between the Province and representatives of the participants of the Public Service Pension Plan (PSPP). These changes came into effect as of January 1, 2015, and include the calculation of benefits now being based on an average of the best six years' earnings instead of the average of the best five years' earnings; an increase in the maximum contribution rate from 8.6% to 10.75% for the first \$3,500 in earnings, from 6.8% to 8.95% for earnings between \$3,501 and the year's maximum pensionable earnings (YMPE), and from 8.6% to 11.85% for amounts above YMPE.

The agreement also approved the establishment of an independent organization (the Public Service Pension Plan Corporation) which would act as the administrator of the pension plan and trustee of the fund. The Corporation was formed on March 20, 2015.

Settlement of Statement of Claim

In December 2014, a judgment was passed on an outstanding statement of claim which was served on the Commission regarding the wrongful dismissal of an employee (see Note 8.(a)). As at March 31, 2014, the Commission has accrued an estimated liability of \$400,000 related to the settlement of this claim, pending the final calculation of damages, and subsequent payment of the final judgment amount.