



LEGAL AID ONTARIO
AIDE JURIDIQUE ONTARIO

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ANNUAL REPORT 2013/14



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LETTER TO THE MINISTER

July 2, 2014

The Honourable Madeleine Meilleur
Attorney General of Ontario
720 Bay Street, 11th floor
Toronto, ON M5G 2K1

Dear Minister,

Please accept, in accordance with Section 72 of the *Legal Aid Services Act*, 1998, the annual report for Legal Aid Ontario for the year ended March 31, 2014.

On behalf of the people of Ontario, we thank you, your ministry and the Government of Ontario for your ongoing support of Legal Aid Ontario and its mission to provide fair and equal access to justice for low-income Ontarians.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John D. McCamus". The signature is fluid and cursive, with a period at the end.

John D. McCamus
Chair, Legal Aid Ontario

MESSAGE FROM THE CHAIR

Much in the justice system and in society has changed since the inception of Legal Aid Ontario in 1998, but one factor remains the same – we continue to strive to deal with the realities of the day.

Over the past fiscal year, this has meant ongoing innovation and modernization of our administrative and service provision models.

It has meant increasing the range and volume of our services while maintaining a high level of quality.

And it has meant adding our voice to others in speaking out against those who would assume that access to justice — including the ability of a citizen to have proper representation at a fair hearing when serious legal issues are at stake — is the same for everyone.

How can this be the case when the financial eligibility levels for legal aid have remained unchanged for almost two decades? Virtually everyone under the low-income cut-off or “poverty line” was eligible for legal aid 16 years ago, and today only half of our citizens under the poverty line meet the threshold for support.

Imagine the stress if you are separating from your partner, fighting to gain access to a child, fighting deportation from Canada to a country where your life is at risk, disagreeing with a landlord or being charged with a crime.

Now imagine that you are destitute too. Now you have to figure out which doors to knock on in the justice system while still facing the multitude of day-to-day issues endemic to the poor. These include, but are not limited to, hunger, unemployment, lack of shelter, mental illness, needy dependents and vastly overworked social assistance programs.

A recent needs survey suggests that poverty comes hand in hand with multiple legal needs. You are likely facing two or more of these many challenges at the same time.

It’s small wonder, then, that the August 2013 *Reaching Equal Justice* report calls for more than “quick fix” solutions, and that the October 2013 report of the Action Committee on Access to Justice

in Civil and Family Matters, chaired by Mr. Justice Cromwell of the Supreme Court of Canada, *Access to Civil & Family Justice: a Roadmap for Change*, calls for “an access to justice roadmap for real improvement.”

I fully endorse the positions taken in these two thoughtful reports. I suspect that many of us in the justice sector have a long wish list of what’s needed to prevent everyone who enters the system from falling through the cracks. And while more resources are always desirable, we also need to take a practical approach and try and improve what we can do right now with what we have.

It’s why we provide assistance with family matters, custody and access, immigration and refugee matters and poverty law services, areas of law where client needs are especially pressing.

It’s why we provide everything from basic information over the telephone and on our websites to referrals, to brief legal advice from a lawyer, and to representation at most courts and tribunals in Ontario.

It’s why our impact is felt in every courtroom. Unrepresented low-income individuals who walk into more than 70 courthouses across the province (or into courthouses in 30 northern and remote locations which require fly-in services) can count on a legal aid lawyer to provide them with advice and support there and then.

It’s why we support 56 legal aid courthouse offices, where more than 80 per cent of clients, many of whom apply before their first court appearance, receive a decision on their legal aid application the same day. In some courthouses, clients can also access mediation and advice lawyer services and/or family law information centres. These services meet the growing need for legal assistance in family and child matters.

It’s why we enable clients to access services in person through nine legal aid district offices, seven family law service centres, six student legal aid services societies and 76 community and specialty clinics.

We don’t have all the answers, but I am convinced that, through collaboration and partnership, we can come much closer to the ultimate goal of ensuring access to justice for all.

I'd like to thank the board with which I work so closely, the many people on staff at LAO, and our many service providers in the private bar and the community legal clinics, to whom access to justice is a daily concern. Together we look forward to collaborating with our partners in the justice and other sectors as we pursue the objective of making sure that every Ontarian can benefit fully from all the rights and protections offered to them by law.

John McCamus
Chair of Legal Aid Ontario



A recent needs survey suggests that poverty comes hand in hand with multiple legal needs. You are likely facing two or more of these many challenges at the same time.

MESSAGE FROM THE CEO

In 2013, a number of events pushed the access to justice crisis to the forefront of broader public consciousness.

First, Supreme Court Justice Thomas Cromwell released a report that said, “The civil and family justice system is too complex, too slow and too expensive.”

The Canadian Bar Association’s *Reaching Equal Justice* report followed, asserting that, “Inaccessible justice costs us all, but visits its harshest consequences on the poorest people in our communities.”

Then, Supreme Court of Canada Chief Justice Beverley McLachlin entered the discussion, publicly commenting that peoples’ lives can be ruined if they cannot access justice.

In light of this growing public discourse, we at Legal Aid Ontario (LAO) are grateful that the provincial government has continued to help us take action on promoting access to justice.

Its May 2013 budget included an investment of \$30 million in LAO over three years to “help improve access to justice and enhance outcomes for low-income families, victims of domestic violence and other vulnerable groups” — particularly in family law initiatives and in community and legal clinics.

To this end, LAO created two new funds that will strengthen the capacity of community and legal clinics to respond to the evolving needs of low-income Ontarians.

LAO has long been proud to support Ontario’s legal clinics because of the important work they do on the ground, in low-income communities. We are pleased to support 15 innovative projects at these clinics. This additional funding promises to make an important difference in their clients’ ability to access justice.

The extra funding also helped LAO begin developing a slate of programs and services to address the unmet legal needs of unrepresented family litigants. These include avenues for consensual dispute resolution, expanding the early resolution service sector and providing holistic and integrated services.

Nowhere else is the access to justice crisis more evident than

in the area of family law. According to many reports, over 50 per cent of people in the family justice system try to solve their problems on their own because they can’t access early assistance, legal services or dispute resolution services. Tens of thousands of Ontarians represent themselves each year in family courts, at some point, or even throughout their proceeding.

All of LAO’s initiatives are part of our larger, ongoing, long-term strategy to improve access to justice, particularly for vulnerable people such as those who seek refuge in Canada, those who are over-represented in the justice system, or those who have experienced domestic violence.

During 2013/14, our Refugee Law Office continued its transformation into a centre of excellence. In addition to delivering outstanding services to vulnerable clients, driving LAO’s test case strategy for refugee law, and supporting all refugee service deliverers, it continued to influence policy and legislation development at the provincial, national and international levels.

In December, we began consulting on a mental health strategy. It will help us more effectively meet the often integrated legal needs of clients with mental health issues. We spoke to experts from the mental health and justice sectors about developing community and outreach-based services and enhancing the capacity of lawyers through inter-professional service partnerships. The response and feedback so far has been outstanding. We are drawing from it to enhance LAO’s current client services while improving access and increasing capacity for clients with mental illness.

In March, we were pleased to announce that we were renewing our Aboriginal Justice Strategy for another five years, to enhance legal aid services aimed at addressing the overrepresentation of Aboriginal people in the justice system. With increased dedicated funding and through partnerships with the Aboriginal community, we gain greater understanding of culturally appropriate services while also acknowledging the reality of apprehension that exists.

I would be remiss if I did not say that all of this good work was only possible thanks to the hard work and dedication of LAO’s staff, clinics, private bar lawyers, students and volunteers. They all share LAO’s commitment to access to justice for low-income

Ontarians — and this is evident in the stories they share throughout this annual report.

On behalf of LAO, I applaud their continued commitment to our clients.

Robert Ward
President & CEO, Legal Aid Ontario



In light of this growing public discourse, we at Legal Aid Ontario (LAO) are grateful that the provincial government has continued to help us take action on promoting access to justice.

BOARD

LAO's Board governs and manages the organization's affairs and is composed of people appointed by the Lieutenant Governor in Council.

NAME	NOMINATION	LAWYER	EFFECTIVE DATE	END DATE
JOHN MCCAMUS, CHAIR	Ministry of the Attorney General of Ontario	Yes	July 5, 2007	July 4, 2016
ALY ALIBHAI	Law Society of Upper Canada	Yes	May 25, 2004	July 18, 2015
JAMES MCNEE	Ministry of the Attorney General of Ontario	No	June 25, 2008	Sept. 12, 2015
JAMES N. YAKIMOVICH	Ministry of the Attorney General of Ontario	No	June 25, 2008	Aug. 14, 2015
JOHN LISTON	Law Society of Upper Canada/Ministry of the Attorney General of Ontario	No	Mar. 19, 2008	June 5, 2015
MICHELLE HAIGH	Law Society of Upper Canada	No	Apr. 18, 2011	Apr. 17, 2016
NANCY COOPER	Law Society of Upper Canada	Yes	Feb. 18, 2009	Feb. 17, 2017
TIMOTHY JOHN MURPHY*	Law Society of Upper Canada	Yes	Mar. 25, 2009	Mar. 24, 2014
W.A. DERRY MILLAR	Ministry of the Attorney General of Ontario	Yes	Apr. 18, 2011	July 17, 2016
ROBERT WARD, PRESIDENT/CEO/ EX OFFICIO BOARD MEMBER	LAO Board of Directors		Sept. 5, 2006	N/A



From Left to Right: Nancy Cooper, John Liston, Aly N. Alibhai, Michelle Haigh, John D. McCamus, Timothy J. Murphy*, W.A. Derry Millar, James McNee, James N. Yakimovich, Robert Ward.

* Currently serving at the pleasure of the Lieutenant Governor

THE COMMITTEES

ADVISORY COMMITTEES

LAO's advisory committee members provide input and advice to LAO's Board and support LAO's annual strategic and business planning processes.

"The advisory committees are an invaluable window for LAO's Board to gain insight and advice in specific areas of law," says James McNee, who is LAO's board liaison to the Immigration and Refugee Law Advisory Committee. "I can honestly say that at every advisory committee meeting, I learn new things, am challenged in new ways and I deepen my understanding — and that knowledge and perspective certainly informs the board discussion."

2013 marked the beginning of a new two-year membership term for LAO's advisory committees, which are made up of community representatives and LAO panel members to advise in areas such as criminal law, family law and poverty law.

"As a criminal lawyer practicing in Ontario, I am acutely aware of the essential role that Legal Aid Ontario and legal aid certificates play in the proper administration of our justice system," says Scott Bergman, a member of the Criminal Law Advisory Committee. "I have become acutely aware of the tremendous challenges LAO faces each and every day in discharging its mandate."

He describes the advisory committee meetings as an important forum for stakeholders to share their various perspectives and opinions about what they see happening on the ground.

Family law advisory committee member, Leighann Burns, is a lawyer and executive director of Harmony House Women's Shelter in Ottawa. She says, "Access to independent legal advice is critical for many women to be able to escape violent situations. The Family Law Committee provides a means by which I can ensure that the realities of the women and children we work with on the frontlines are at the forefront as we think about and plan for accessible family law service delivery in Ontario."

Christina Ninham, a First Nation lawyer with a practice focused on family law and child protection matters, is a member of the Aboriginal Issues Advisory Committee. She applauds LAO for

being a forerunner in addressing the needs of the First Nation population within Ontario and comprehending the differences in cultural understandings and societal views of the First Nations. "The LAO Aboriginal Advisory Committee provides a fantastic outlet for the exchange of issues, ideas and concerns relating to Aboriginal matters within the province," she says. "Although there is a significant regional difference within Ontario, upon discussing the issues within our group, it is remarkable how similar the societal problems are within the Aboriginal populations, on-reserve and off-reserve."

Committee members serve two-year terms. The recent membership renewal process has resulted in 50 previous members renewing their membership and 40 new members joining the committees. There are no fewer than three new members on any of the committees, and some committees have as many as six new members.

Amongst the 40 new members that have been added to the committees, there are:

- 20 new appointees from outside of Toronto
- 24 new appointees who are either non-lawyers or academics
- 3 new appointees who are paralegals
- 3 new bilingual appointees added to committees other than the French Language Services Committee
- 2 new Aboriginal appointees added to committees other than the Aboriginal Issues Committee

AREA COMMITTEES

Area committees hear appeals from decisions of area directors who have refused or cancelled a legal aid certificate. The area committees also decide whether to issue certificates in appeal cases.

There are nine area committees as well as special committees to deal with immigration and serious criminal matters.

POLICY

Changing government policies, shifting demographics, new legislation and the current economic climate are among the many factors that can affect how LAO provides services. LAO's Policy and Research Department investigates how these changes impact legal aid services, in order to provide advice and recommendations to LAO's Executive Management Committee and Board of Directors on strategic issues and directions.

ABORIGINAL JUSTICE STRATEGY

As the policy counsel leading the Aboriginal Justice Strategy, Fallon Melander is continually speaking to the Aboriginal community, LAO staff and service providers about how LAO can enhance the services in a meaningful way for our First Nation, Métis, and Inuit clients.

"I love that I get to educate LAO staff about the First Nation, Métis and Inuit peoples and communities in Ontario and the systemic issues in the justice system that we are trying to overcome," she says. "I feel that education is a huge key to ensuring change and the fact that I get to work in an organization that is dedicated to access to justice is very rewarding."

In March 2014, LAO announced it was funding another five years of its Aboriginal Justice Strategy, which aims to improve legal aid services to Aboriginal people.

MENTAL HEALTH STRATEGY

Too often, clients with mental health illness or addictions have legal needs that spread across the entire legal aid system. In December 2013, LAO started to develop a Mental Health Strategy to find ways to strengthen its capacity to better serve clients with mental illness.

"Leading the development of LAO's Mental Health Strategy has been an incredible experience," says Ryan Fritsch. "There is a spirit of innovation and transformation that has taken hold. Everyone supports the idea that there are better ways to serve, support and advocate for the rights of our clients with mental health and addiction issues."

He loves his job because it's so community-driven.

"Hundreds of people have participated in LAO's provincial consultations, and the discussion paper has been downloaded thousands of times," he says. "I've been privileged to hear such a diversity of ideas and perspectives, and inspired by the passion and advocacy I've found."

By the end of the fiscal year, LAO had moved from the stakeholder consultation phase to the development of a mental health strategy.



LAO's Policy and Research Department investigates how these changes impact legal aid services, in order to provide advice and recommendations to LAO's Executive Management Committee and Board of Directors on strategic issues and directions.

YEAR IN REVIEW

APRIL 2013

- LAO joins forces with the Support Team for Abuse Response Today (START) to ensure that these clients move to the top of the queue when they call LAO's toll-free line for immediate support and services.

MAY 2013

- LAO starts offering support from on-site family lawyers and LAO's toll-free telephone service at many Superior Court courthouses, to help more low-income Ontarians across the province.
- The provincial government invests \$30 million in LAO to strengthen the capacity of family law service centres and other community and legal clinics throughout the province, to respond to the needs of the people we serve.
- A paper setting out the future direction for the modernization of clinic law service delivery within Ontario's legal aid system was released. The paper outlines the key objectives and principles that will underpin how the future of clinic law will be further developed to ensure the best possible client service in the most cost-effective ways.
- LAO adds four family and refugee claimant/immigration professionals to the two criminal lawyers who already serve the community at Rexdale Community Legal Clinic.

JUNE 2013

- LAO launches a pilot to reduce the costs and the number of change of solicitor requests that occur when conflicts arise in the relationship between a client and lawyer, and the client decides to switch lawyers.
- To help meet a growing need for family law services, LAO opens a new family law service centre in Welland. The centre offers low-income Niagara region residents a one-stop source for legal advice, document preparation assistance and duty counsel assistance.

JULY 2013

- LAO begins a one-year pilot at Toronto's Centre Francophone de Toronto and Rexdale Community Legal Clinic to provide legal aid services to refugees who do not have their own lawyers.

AUGUST 2013

- LAO extends its contract with Multilingual Community Interpreter Services so that clients can communicate in the language of their choice via LAO's toll-free service, community legal clinics or Student Legal Aid Services Societies (SLASS). Multilingual services are available to clients in person, as well as over the phone, at no cost.
- Under a pilot, LAO begins paying legal aid refugee lawyers up to \$500 to cover the cost of Refugee Appeal Division transcripts.

SEPTEMBER 2013

- LAO announces it is investing additional provincial funding of \$3 million in 2013/14 to create two new funds that support Ontario's community and legal clinics.
- LAO starts issuing certificates for 16 hours, plus attendance, to eligible refugee claimants at risk of losing their status as Convention refugees or people who are in need of protection.

OCTOBER 2013

- A French legal services clinic, located in Ottawa East's Vanier Community Services Centre and LAO's Hamilton-Kitchener District office begin providing legal aid services to refugees.
- LAO announces it will invest an additional provincial funding of \$7 million in 2013/14 to support family law initiatives. This \$7 million is 70 per cent of the \$10 million in additional funding LAO is receiving from the government for 2013/14, as announced in the May 2013 budget.
- LAO begins reimbursing legal aid panel lawyers for the cost of digital recordings of their proceedings in the Ontario Court of Justice and Superior Court of Justice.
- New changes to LAO's block fee billing rules allow lawyers to bill a block fee if an articling student attends at a Crown withdrawal or stay of all criminal charges. This change applies where the lawyer has negotiated a withdrawal or stay, and where the Crown has agreed in writing beforehand to withdraw or stay the charges.

NOVEMBER 2013

- LAO invites legal clinics and community partners to apply for new funding from LAO's \$1 million Clinic Transformation Fund and \$2 million Fund to Strengthen the Capacity of Community and Legal Clinics.
- LAO begins consulting with LAO-funded refugee and immigration service providers on two proposed new standards to better distinguish between appropriate levels of expertise and experience required for different kinds of cases.

DECEMBER 2013

- LAO releases a paper setting out a set of first principles and key issues that LAO believes are important to developing its Mental Health Strategy.

JANUARY 2014

- LAO joins the local bar and Aboriginal stakeholders to celebrate the opening of an Aboriginal persons court in Brantford, home to the largest First Nation in Canada.
- An LAO staff lawyer begins attending Brampton's Superior Court of Justice every second Friday and Toronto's Superior Court of Justice Practice Court every Wednesday. The LAO lawyer's participation in these courts is part of a pilot project to enhance access to justice for LAO's clients and to assist the administration of justice.
- LAO's Clinic Committee accepts a joint submission from LAO and West Toronto Community Legal Services to reverse its 2012 funding decision. The committee previously decided not to approve the clinic's funding application due to financial, governance and human resources management concerns. Due to significant progress in addressing those issues, LAO continues to support the clinic's progress and monitor the sustainability of its improvements.

FEBRUARY 2014

- As part of its province-wide transformation of refugee services, LAO's Hamilton District office welcomes full-time refugee lawyer Lily Tekle.
- Under a new pilot aimed at reducing unrepresented family litigants and improving outcomes, LAO covers the cost of a family lawyer to support clients who choose mediation and to transform those agreements into legally-binding documents.
- LAO and Davenport-Perth Neighbourhood and Community Health Centre are taking an integrated, holistic approach to meeting the legal needs of clients in the West Toronto area by offering family law services and immigration services at the non-profit, multi-service community hub centre.
- LAO released Portrait of the Legal Needs of Francophone Women in Ontario, a study it commissioned and supported, to examine how LAO can improve its services for French-speaking women in Ontario.

MARCH 2014

- LAO announces it is funding another five years of its Aboriginal Justice Strategy, which enhances legal aid services aimed at addressing the overrepresentation of Aboriginal people in the justice system.
- LAO begins studying how inter-professional teams of staff lawyers, paralegals and legal aid workers can work together to provide high quality services in duty counsel offices.
- LAO announces it is developing a slate of programs and services to address the unmet legal needs of unrepresented family litigants as part of a larger, long-term strategy to improve access to justice for low-income Ontarians.
- LAO begins phasing in significant interim changes to the judicial review and Refugee Appeal Division merit assessment process for refugee claimants in response to feedback from the Refugee Lawyers' Association and other stakeholders.

CLIENT SERVICE SUMMARY

INTEGRATED SERVICES

Often, our clients have intersecting legal needs. This is why LAO has begun offering integrated services in various locations.

LAO's Integrated Legal Services Office in Ottawa, for instance, provides low-income Ontarians with a single access point to more legal aid services.

“Our plan is to become a one-stop shop for this district, with a network of staff lawyers and other legal workers who can support clients who face multiple legal issues,” says Nathalie Champagne, Ottawa District Director General.

In the GTA, LAO offers integrated services at both Rexdale Community Clinic and Davenport-Perth Neighbourhood Community Health Centre.

Alex de Melo, a family lawyer who works at both sites, says, “We’re now seeing an emergence of clients with disabilities, severe medical conditions and lack of support resources, all of which make it difficult for them to access centralized legal services close to the courts.”

He notes a sense of “profound fulfilment” in being able to foster trust and confidence within the communities he serves because, too often, people feel—and continue to feel—disenfranchised with the legal process.

Immanuel Lanzaderas, a criminal lawyer who rotates hours at the Rexdale Community Clinic, says, “Being at the clinic means that we are able to help the person, not just assist with a criminal charge. Many people who come in with a criminal charge are also dealing with other issues, such as family matters, housing problems and so on. We can provide them with support for their criminal matter and refer them to the other supports they need.”

SPECIAL DOMESTIC VIOLENCE SERVICES

Domestic violence victims in need of immediate help can get a two-hour consultation with a private lawyer through the Family Violence Authorization Program, which is offered through some shelters and community legal clinics.

In 2013/14, there were 10,255 legal aid applications that reported domestic violence in the case. Of these applications, 8,621 certificates were issued.

LAO also partners with three domestic violence centres by offering walk-in clients priority telephone access to lawyers:

- START program in Peterborough: LAO has established a relationship with a local lawyer, who is supplementing our priority phone service with walk-in assistance
- Maggie's Resource Centre in Bancroft: prioritizes domestic violence clients in remote areas
- Oshawa's DRIVEN program: they have created a Twitter account, and are receiving support from LAO to develop an effective social media campaign.

TOLL-FREE TELEPHONE SERVICES

A call to LAO's toll-free number helps you to access a wide-range of general information, summary legal advice and applications for legal aid in over 200 languages.

In 2013/14, LAO's toll-free number received 370,606 calls, down slightly from 394,567* calls in 2012/13.

* Note: as a result of improvements to data reporting, the number of calls received in 2012/13 is different from what was reported in last year's annual report. The number indicated in this year's annual report is the correct amount of calls received.

CALLS ARE STREAMED INTO TWO TIERS

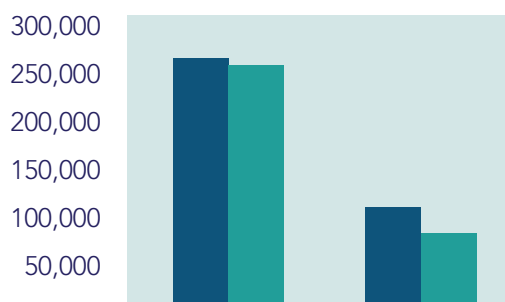
TIER 1

Clients are matched to the appropriate service and referred to other programs.

TIER 2

Clients are assessed for financial eligibility, provided with legal information, or referred to staff lawyers for legal advice in family law, criminal law or immigration law. Clients can also apply for a legal aid certificate at this tier.

CALLS ANSWERED



	TIER 1	TIER 2
2012/13	257,778	100,489
2013/14	251,176	74,902

AVERAGE WAIT TIME



	TIER 1	TIER 2
2012/13	0:01:21	0:06:32
2013/14	0:01:34	0:04:56

SUMMARY LEGAL ADVICE

If you're financially eligible, you can talk to a lawyer for up to 20 minutes through LAO's toll-free number and get advice on criminal, family or immigration issues and help to prepare you for an in-person duty counsel visit.

"I truly love my job," says Cynthia Burrell, staff lawyer for the Summary Legal Advice Unit. "I have assisted close to 2,000 clients in the past year and I feel like I have made a difference to those clients."

She says that, whether it's reviewing the client's options, assisting with forms, preparing a client for court or encouraging the consideration of mediation, she feels her assistance gives them perspective on the stressful situation they find themselves in.

Her colleague, Nardine Roufaiel, agrees and adds, "Advice lawyers on the phone have an added advantage they can offer to clients:

comfort! Simply put, there are no physical barriers for the client."

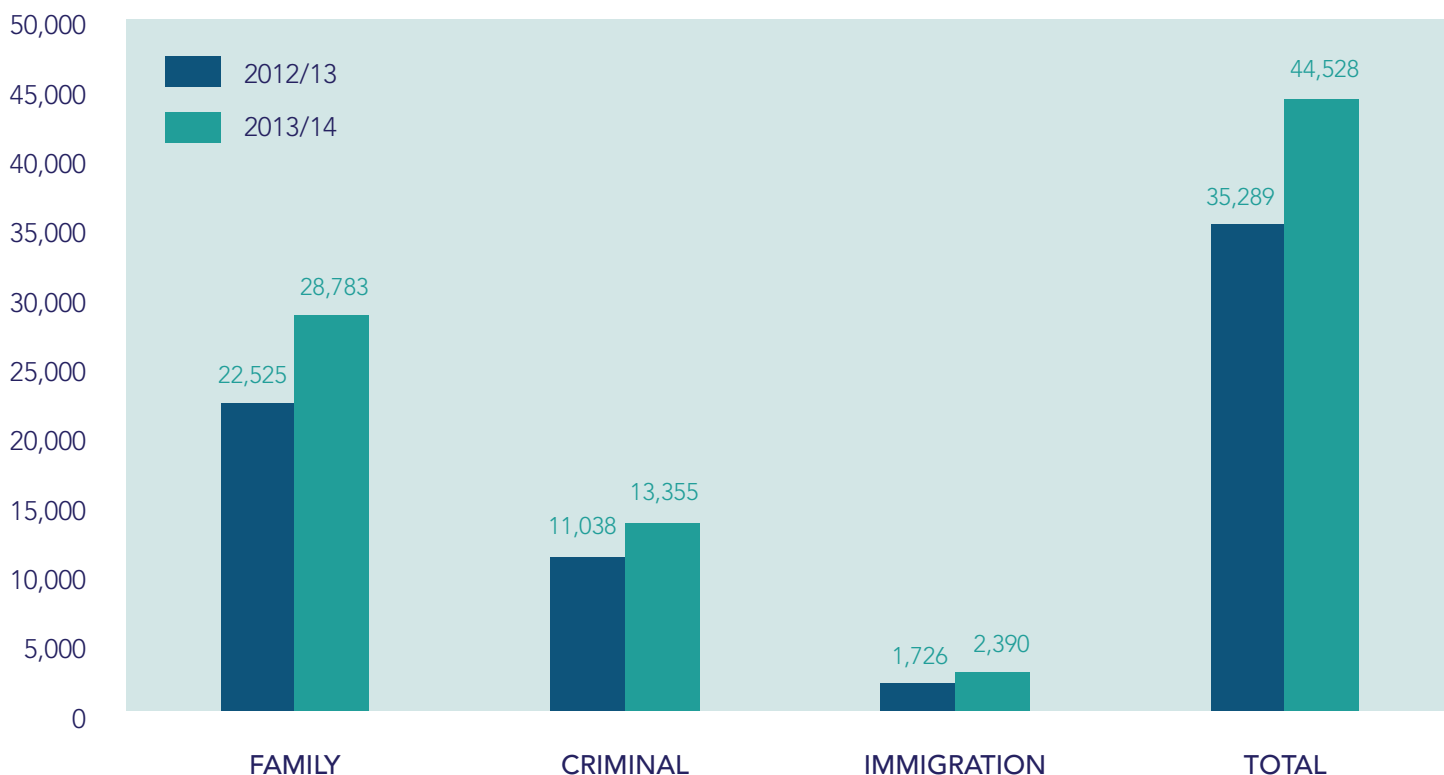
Nardine says that sending clients in the right direction makes her feel like the many years of law school and annual training are "indescribably rewarding."

During the fiscal year, the Summary Legal Advice Unit continued its partnership with three domestic violence centres and also collaborated with the clinic, Community Legal Education Ontario (CLEO), to reach out and support clients and community workers.

A webinar was produced to help community legal workers minimize stress while supporting people when they are arrested and potentially facing criminal charges. CLEO plans to provide clients with criminal or family law issues with the tools to help them learn and understand how to move forward in the court system.

CLIENT SERVICE SUMMARY

NUMBER OF SUMMARY LEGAL ADVICE ASSISTS



TOLL-FREE HOTLINES FOR THE NEWLY INCARCERATED

LAO funds telephone services for people who have been arrested or detained.

Through the Brydges Duty Counsel Service, available 24/7, any adult aged 18 or over who has been detained or arrested by a law enforcement agency can obtain timely legal advice — whether or not they qualify for legal aid.

More than 60,000 people use the Brydges service in Ontario annually.

Its genesis goes back to 1990, when the Supreme Court of Canada held in *R. v. Brydges* that it was the duty of the police, in accordance with s.10(b) of the Charter of Rights and Freedoms, to advise anyone who is arrested or detained of the existence and availability of duty counsel services and legal aid plans. In accordance with this requirement, the Brydges Duty Counsel Service was established.

LAO also supports a toll-free young person's diversion program hotline for young persons (aged 17 or younger) accused of a non-violent crime and their parents, to inform them about what to expect in the criminal justice system, including their chances of avoiding jail through alternative programs. Services in French were recently added to this hotline.

PARALEGALS

During the fiscal year, LAO began studying how inter-professional teams of staff lawyers, paralegals and legal aid workers can work together to provide high quality services. As part of this study, LAO will be identifying promising practices that enable teams to better provide services that reflect the needs of local clients.

Licensed paralegal Amanda Bitton works full-time at Rexdale Community Legal Centre, supporting refugee claimants. She is part of a pilot that demonstrates LAO's commitment to the appropriate use of paralegals.

She says that, as a regulated professional who must meet licensing requirements with the Law Society of Upper Canada, this is an important opportunity to demonstrate her experience, training and ethics, resulting in high quality services.

"The stakes are high for me because everybody is watching," she says. "But my main concern is that they are even higher for my clients."

She notes, "Sometimes, only a lawyer can do the job. But we are a more affordable alternative in situations where a paralegal is qualified to do the same job. Here at Rexdale, I can provide quality legal services within my scope of practice for refugees whose very lives could depend on their ability to access resources and justice in a meaningful way."

IN-COURT SERVICES

If you need help at a courthouse, there are several resources available that can direct you to the correct service before contacting duty counsel. These non-lawyer resources free up duty counsel so they can spend more time with clients and move cases to resolution.

LEGAL AID WORKERS

Indigenous legal aid worker Sondra Gilbert has seen firsthand the barriers that people encounter as they move through the court process.

In her role, she assists Indigenous lawyers who provide advice clinics for both family and criminal matters to Indigenous people from the three First Nations in Lambton County.

Legal aid workers can assist clients with:

- in-person certificate applications
- contacting sureties
- adjourning matters in first-appearance court.

"As a legal aid worker, I am able to provide concrete, hands-on support to people completing forms, and help them to manoeuvre through the system," Sondra says.

In 2013/14, legal aid workers provided 105,239 services to clients, up from 101,713 in the previous year.

NUMBER OF PEOPLE
WHO USE BRYDGES
SERVICE

60,000

SERVICES LEGAL
AID WORKERS
PROVIDED

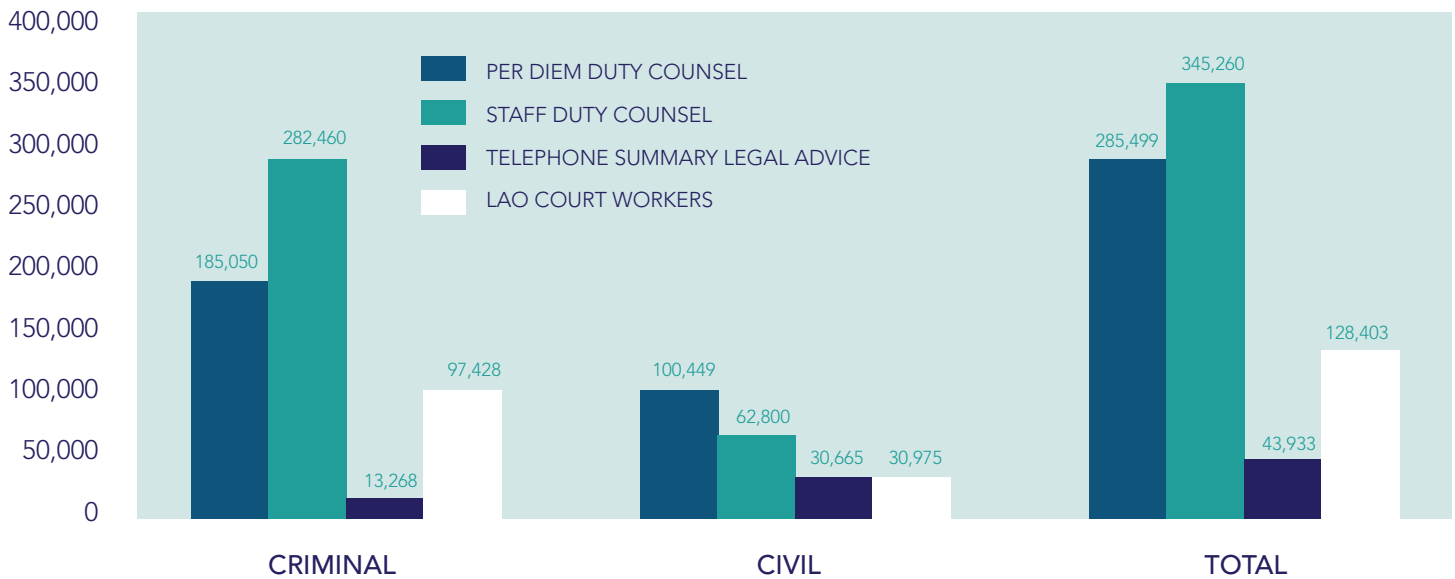
105,239

CLIENT SERVICE SUMMARY

DUTY COUNSEL SERVICES

Duty counsel are lawyers who can quickly assess a client’s legal problems and provide advice, information and representation to someone who would otherwise be unrepresented and unassisted in the courtroom. LAO provides duty counsel services in most Ontario courthouses, including more than 30 remote and fly-in locations.

DUTY COUNSEL TOTAL PERSONS ASSISTED BY AREA OF LAW 2013/14



DUTY COUNSEL PROGRAM COST COMPARISONS BY AREA OF LAW 2013/14 AND 2012/13



The decrease in duty counsel assists is due to fewer events being heard at courts and the continued progress of the Justice on Target initiative, which is seeing further reductions in the number of adjournments required. Additionally, LAO's legal aid workers at the courthouse are able to support duty counsel by providing certain duty counsel services under appropriate supervision, so that LAO makes the most effective use of its per diem and staff lawyers.

DISPOSITIVE ASSISTS

Dispositive assists help a case move towards resolution.

Civil/family dispositive services include:

- arguing motions, applications and adjournments
- obtaining consent orders
- supporting enforcement proceedings
- supporting inter-jurisdictional hearings
- conducting Child and Family Services Act temporary care and custody, status reviews
- conducting parole or disciplinary hearings

During 2013/14, family duty counsel provided 29,380 dispositive assists.

Some criminal dispositive services include:

- trials
- withdrawal of all charges
- guilty pleas/speaking to sentence
- judicial interim release proceedings
- diversion/extra-judicial sanctions
- peace bond/recognition
- order hearings
- sentence reviews
- appeals de novo

Criminal duty counsel provided 90,506 dispositive assists during 2013/14.

FAMILY DUTY
COUNSEL
PROVIDED

29,380
DISPOSITIVE
ASSISTS

CRIMINAL
DUTY COUNSEL
PROVIDED

90,506
DISPOSITIVE
ASSISTS

CLIENT SERVICE SUMMARY

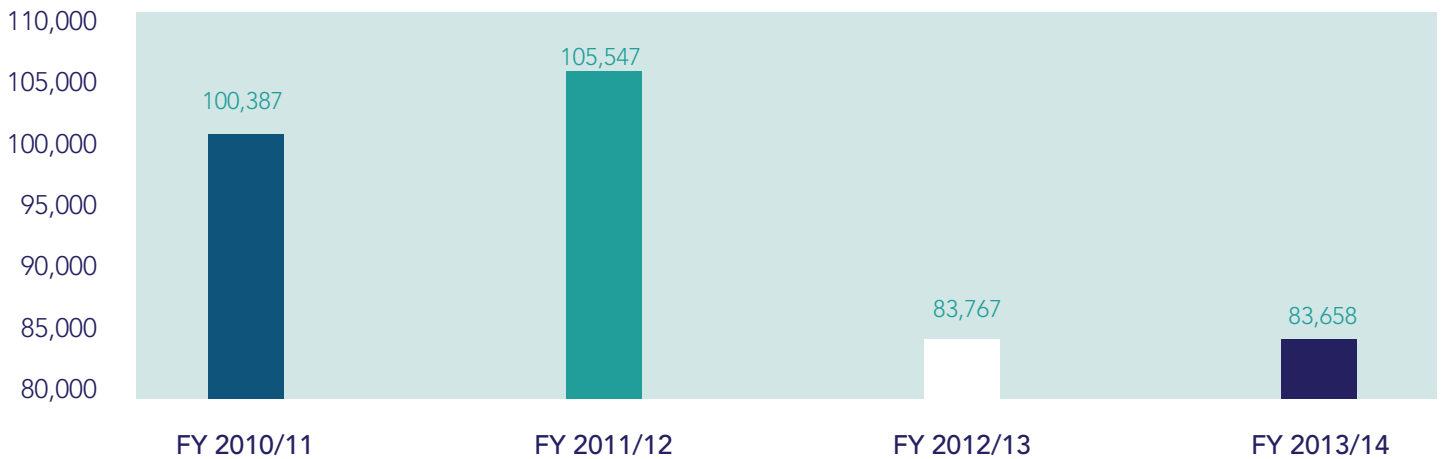
CERTIFICATES: REPRESENTATION BY A PRIVATE PRACTICE LAWYER

Financially eligible clients with legal matters covered by LAO may be able to apply for a certificate, which covers the cost of a lawyer for a certain number of hours.

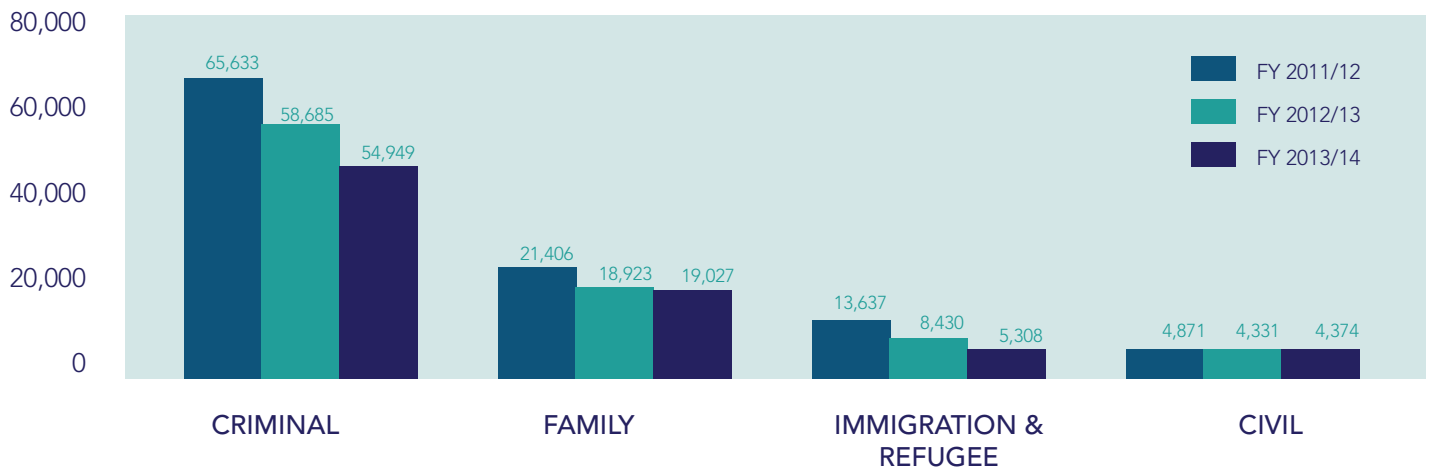
LAO is proud to partner with more than 3,600 private practice lawyers across the province who accept legal aid certificates and help to provide access to justice for low-income Ontarians.

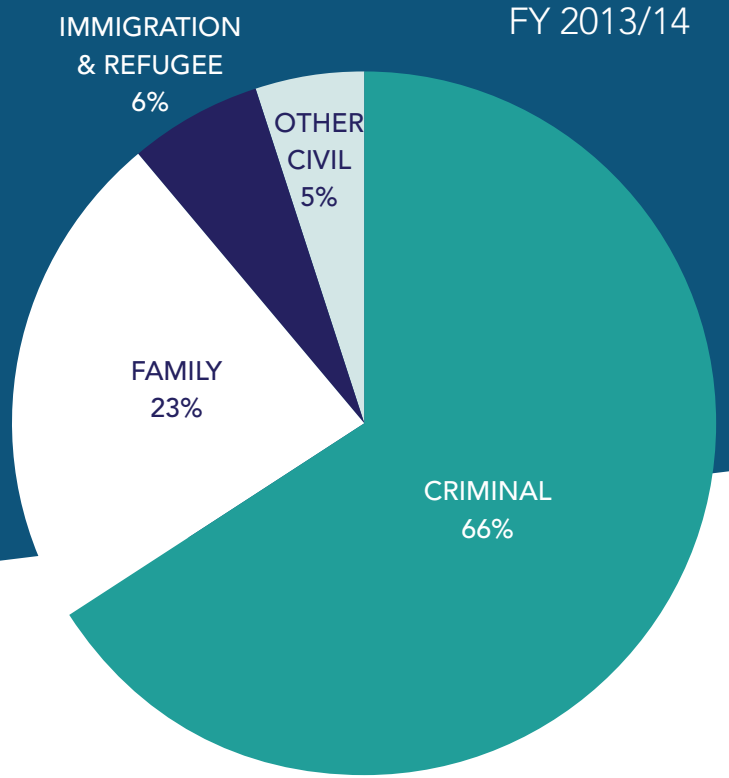
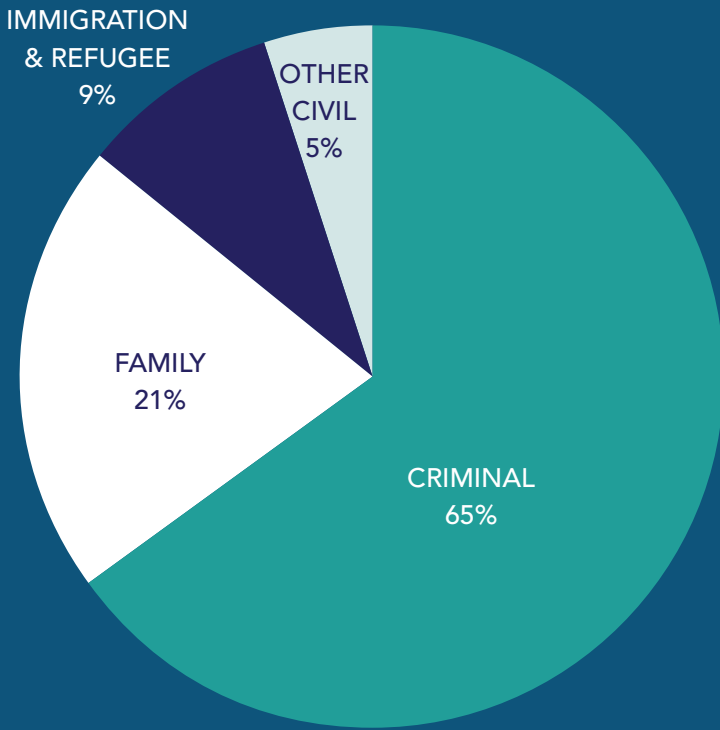
NUMBER OF CERTIFICATES ISSUED

The decrease in the number of certificates is a result of changes in the demand for legal services and the greater availability of alternative legal aid services that LAO provides.

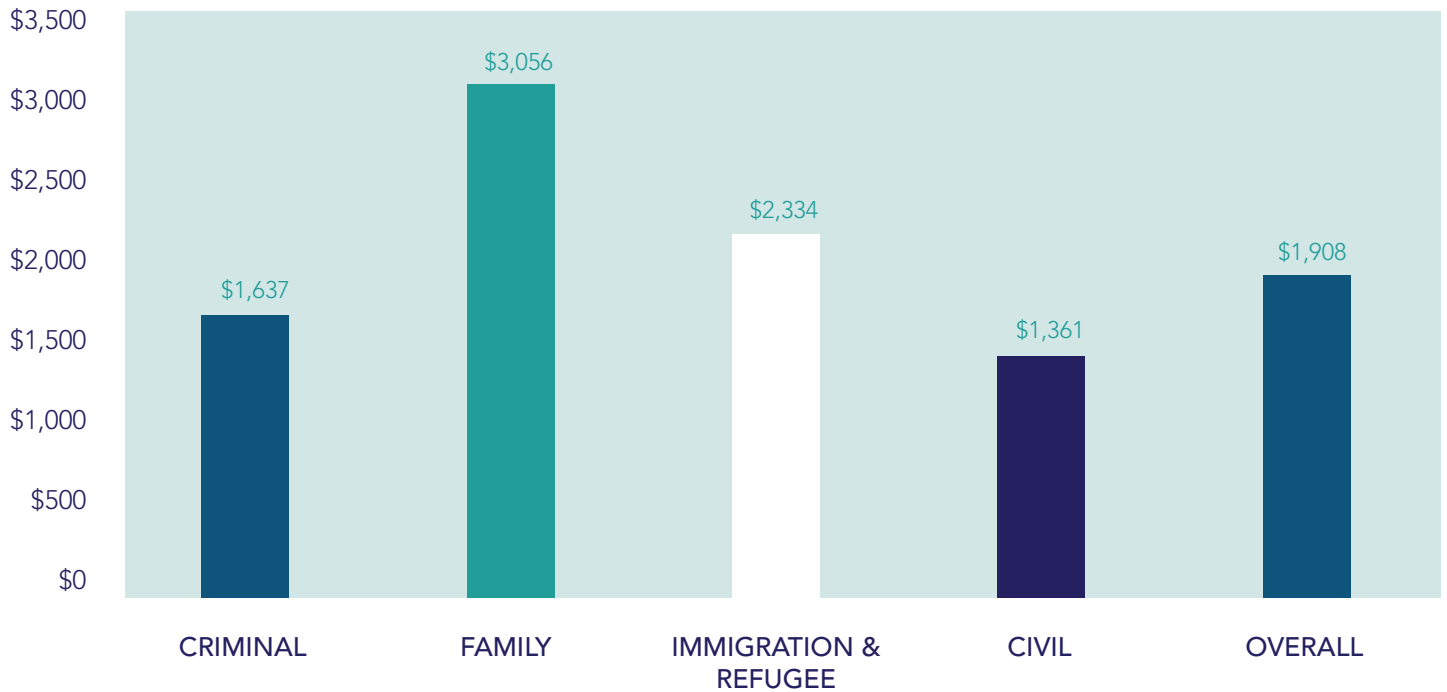


CERTIFICATES ISSUED BY AREA OF LAW





AVERAGE CERTIFICATE COST BY AREA OF LAW 2013/14



FAMILY LAW SERVICES

FAMILY LAW SERVICE CENTRES

At the North York Family Law Service Centre, staff lawyer Paula McGirr specializes in representing survivors of domestic violence in family law disputes in both child protection and domestic cases.

Though she carries a large file load, she finds the work tremendously gratifying.

“My clients walk into my office as victims but, very often, they leave as survivors, having hope restored in their lives as they move forward,” Paula says.

In addition to the family law service centre in North York, LAO also has centres in Toronto, Newmarket, Brampton, Chatham, Sarnia and Windsor.

At these centres, eligible clients can get a range of help that includes:

- help with documents
- referrals to advice lawyers
- full representation in family law cases by a staff lawyer
- if eligible, referral to a private lawyer who does legal aid work
- mediation and settlement conferences
- referrals to other social service agencies
- certificate applications for serious domestic violence, child protection or complex family law cases

During the fiscal year, approximately 35,111 clients received help at these centres.

DURING THE
FISCAL YEAR
35,111
CLIENTS
RECEIVED HELP

MEDIATION SERVICES

Mediation and settlement conference services are free for financially eligible clients who are open to settling matters such as child support, custody and parental access outside the courtroom. “The true benefit is improved communication,” says family mediator Trish Thomas. “Mediation helps to skim off some of the emotion as people calm down.”

Trish stresses that mediators don’t decide for people. Instead, they help parents focus on the best interests of their children and renegotiate their past relationship as a couple into a current relationship as co-parents.

Mediation services are effective for families who are willing to work together with the help of a neutral outsider to create a tailor-made parenting plan that can then be drafted into a legally-binding agreement with the help of duty counsel.

During 2013/14, there were 574 mediation cases opened. In February, LAO started a pilot project, covering the cost of a family lawyer to support mediation clients by transforming their mediation agreements into legally-binding documents. As of the fiscal year end, 100 referrals had already been made to the independent legal advice program.

This project was aimed at reducing unrepresented family litigants and was one of a number of projects LAO undertook, thanks to \$30 million over three years in additional funding from the provincial government.

FAMILY LAW INFORMATION CENTRES

Clients can speak with lawyers at family law information centres or FLICs—located in most family courts—to get free general legal advice on family law issues and get help with reviewing legal documents. During 2013/14, 71,505 assists were provided by duty counsel at FLICs.



Mediators don't decide for people. Instead, they help parents focus on the best interests of their children and renegotiate their past relationship as a couple into a current relationship as co-parents.

COMMUNITY AND SPECIALTY CLINICS

There are 76 community legal clinics across the province that provide services to low-income clients who may experience one or multiple legal problems such as:

- eviction
- housing disrepair
- violation of tenant rights
- issues with entitlement to income supports
- human rights violations
- criminal injuries
- consumer protection issues
- immigration
- issues in the workplace as a result of precarious employment, breaches of employment standards legislation, employment insurance, workplace safety and wrongful terminations

While clinics have provided these services since the early 1970's, the Association of Community Legal Clinics of Ontario (ACLCO) in their 2009 report, said, "Ontario has changed dramatically since the early years of the clinic system. The volume, diversity and complexity of cases have grown as Ontario society has evolved. Clients today often arrive at clinics with not just one, but a cluster of legal problems that could be related to housing, social assistance, the workplace, or immigration. Compounding this reality is the ever-widening gap between the well-off and the poor, and persistent inequality. In short, the demands placed on community legal clinics are greater than ever before. The clinic system helps to ensure that those Ontarians in need are not relegated to the margins of society. Today, more than ever, there is an urgent need for the work community clinics undertake."

In order to continue to provide this essential service to low-income clients, in this increasingly complex and high demand environment, LAO is working in collaboration with clinics to ensure these services continue in a way that is cost effective, efficient, sustainable, and high quality.

In 2013/14 the clinic program received \$75.5 million in funding from LAO — an increase of \$3.2 million from 2012/13. The additional money is being invested in new initiatives that will assist clinics in enhancing services and modernizing their operations. With this funding, clinics have started to assess client needs on a regional basis and are looking at ways of integrating services more effectively, including reviewing options of coordinating intake, co-location of clinics, integrating back-office operations and merging clinics. The goal of these initiatives is to achieve savings that can be reinvested in client services.

STRATEGIC DIRECTIONS

In May 2013, LAO released its Clinic Law Services Strategic Direction to outline our objectives for how the future of clinic law will be further developed.

The paper outlines four overriding objectives:

- expand access to justice and provide fair and equal access to clinic law services across the province
- provide a continuum of client-focussed, high-quality, cost-effective services, and promote innovation
- meet the highest standards of public administration in Ontario, including the highest standards of transparency and accountability
- provide more or better services in a more cost-effective way

Clinics, through the ACLCO's strategic paper, also agreed that change is necessary.

"Community legal clinics have come together to develop a plan that ensures the highest quality and most effective services possible at a time when public resources are shrinking" says Trudy McCormick, Co-Chair of the ACLCO. "Innovation in service delivery is imperative, and our (ACLCO) strategic plan harmonizes innovation with an expansion of holistic, cost-effective, community-driven legal services that serve vulnerable community members."

Clinics have taken a regional approach to transformation and are being supported by LAO in these initiatives through funding made available by the Ministry of the Attorney General.

GTA

Seventeen community legal clinics from across the Greater Toronto Area (GTA) are working together. They are determining what the GTA would look like today if they were designing a client service delivery model for low-income clients.

LAO has committed to a framework agreement to provide stable funding for the next two years while the clinics develop new models of service delivery.

SPECIALTY CLINICS

Specialty clinics provide special legal expertise to clients, community clinics, and the broader social justice sector in areas such as worker’s rights, disability, housing, the environment, justice for children and youth, and income security. These clinics are exploring co-locating, to allow the clinics to identify synergistic opportunities and find administrative savings that can be reinvested back into direct client service.

THE REST OF THE PROVINCE

Elsewhere in the province, there are three major projects being undertaken by clinics in LAO’s Northern, Central and Eastern regions as well as clinics in its Southwest Region. These projects involve conducting comprehensive needs assessments so the regions can make evidence-based decisions on service delivery models.

Consolidating back-office expenditures such as information technology, human resource management, and facilities

management could significantly reduce administrative cost structures, freeing up resources to go to direct client service.

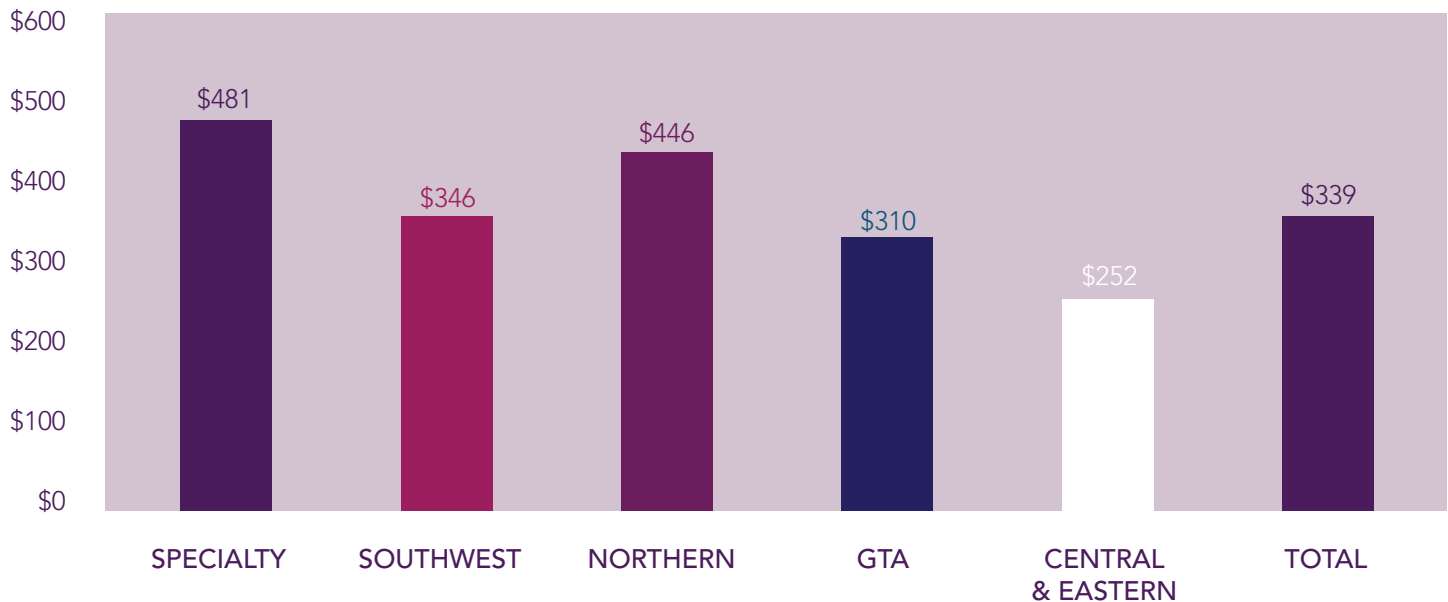
The three regional projects will also benefit from three initiatives: innovative service delivery models for rural and remote communities, holistic wraparound services, and a triage model using technology, service partners and peer supports.

Clinic active files

CLINIC TYPE	Number of active files	
	2012/13	2013/14
SPECIALTY	25,992	29,969
SOUTHWEST	42,460	41,103
NORTHERN	18,929	18,171
GTA	60,977	66,072
CENTRAL & EASTERN	54,032	52,704
TOTAL	202,390	208,019
TOTAL COST	\$66,664	\$70,494
COST/ACTIVE FILE	\$329	\$339

CLINIC COST/ACTIVE FILE

A variety of factors, including length and complexity of case and client needs, can affect the cost per file.



CLINICS IN DISPUTE RESOLUTION

Stormont, Dundas & Glengarry Clinic

It was determined that the clinic had met all the conditions it needed to comply with, to be removed from the dispute resolution process. A notice was sent to the clinic board informing them of their removal from the process as of March 4, 2014.

African-Canadian Legal Clinic

The clinic was engaged in Level 2 of LAO's dispute resolution process as a result of concerns regarding the clinic's financial management and board governance.

The Clinic Committee of LAO's Board of Directors will be considering whether to invoke a remedial response, pursuant to Level 3 of the dispute resolution process.

West Toronto Community Legal Services

On January 20, 2014, the Clinic Committee accepted the proposal jointly submitted by LAO and West Toronto Community Legal Service (WTCLS), and decided to reverse its decision of October 12, 2012, with respect to the denial of the funding application for the WTCLS. Pursuant to the committee's decision, LAO is to continue with its oversight of WTCLS for six months ending June 30, 2014. The committee also approved the terms of the LAO-WTCLS dispute resolution Framework Agreement, which sets out the terms and conditions to be met in order for WTCLS to be released from the dispute resolution process.

The framework agreement provides for an evaluation to be conducted by the LAO Quality Assurance Office and Internal Audit Unit. The evaluation provision is set out below:

Further to the recommendation of the LAO Quality Assurance Office and Internal Audit Unit report of January 2014, LAO will review the Clinic's progress and the sustainability of the improvements seen at the time of the audit on or before June 30, 2014. This will include self-reporting by the Clinic and may include any audit deemed necessary by LAO.

STUDENT LEGAL AID SERVICES SOCIETIES (SLASS)

At six of Ontario's law schools, teams of volunteer law students provide public legal education, legal advice and representation to low-income Ontarians who cannot afford a lawyer.

Supervised by review counsel and funded by LAO, these SLASSs are based out of:

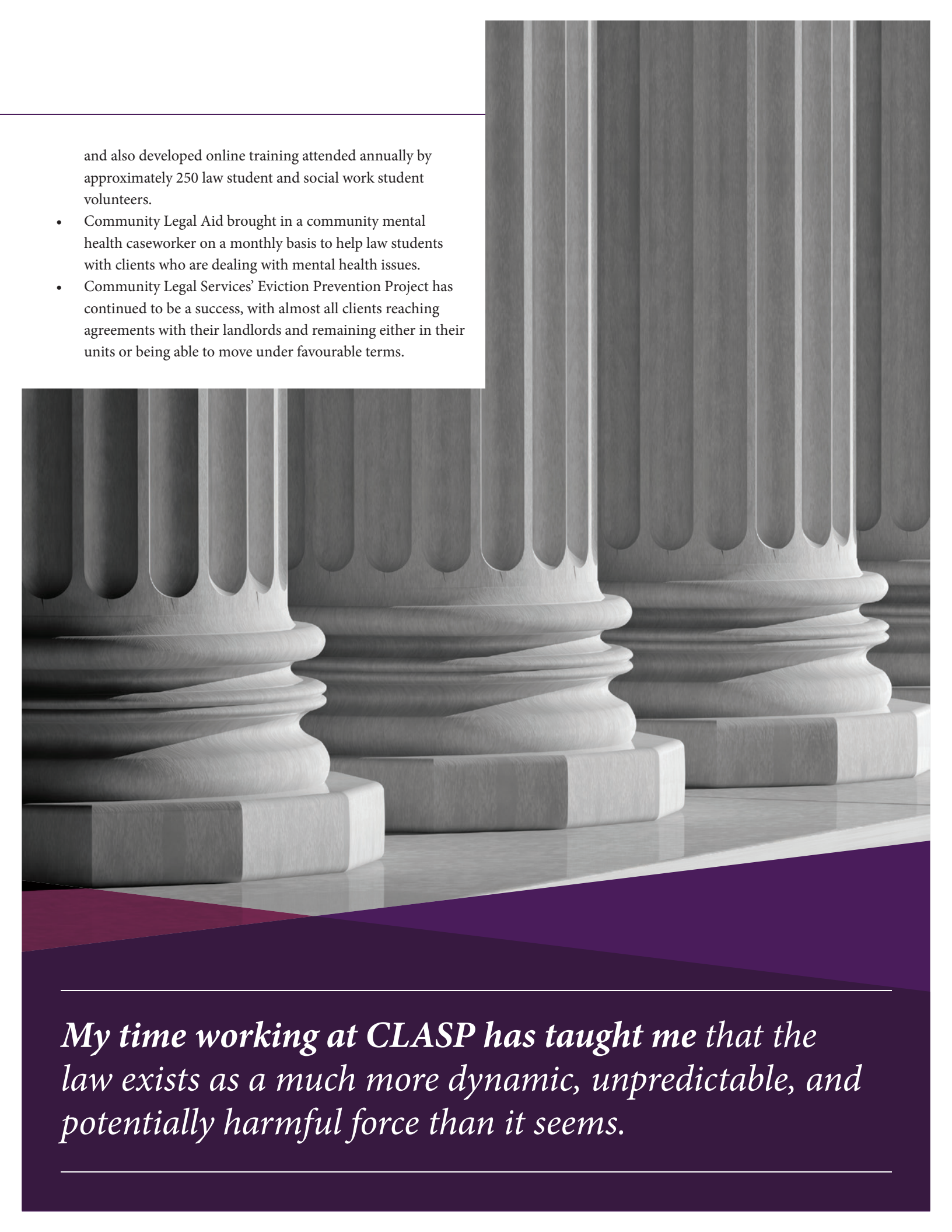
- Queen's University – Queen's Legal Aid
- University of Ottawa – Community Legal Clinic
- University of Toronto – Downtown Legal Services
- Osgoode Hall Law School, York University – Community and Legal Aid Services Program (CLASP)
- Western University – Community Legal Services
- University of Windsor – Community Legal Aid

At Community and Legal Aid Services Program (CLASP), senior division leader, Juan De Villa, says, "By the time I graduate from law school, I will have been involved with CLASP in some capacity in every year I have been at Osgoode. Aside from providing a valuable service to the community, CLASP and its clients have taught me a great deal about the practical realities of how the law affects communities and has deeply informed the way I want to practice in the future."

His fellow senior division leader, Toby Samson, agrees. "My time working at CLASP has taught me that the law exists as a much more dynamic, unpredictable, and potentially harmful force than it seems through academic study," he says. "CLASP's clients have motivated me to develop the advocacy skills I will need to be a strong lawyer and taught me the value of working in an environment that is as passionate about community and access to justice as I am."

In 2013/14, SLASSs received \$3.4 million in funding from LAO. Some of the initiatives spearheaded by SLASSs include:

- Downtown Legal Services welcomed its first social work students in 2013, with the aim of bringing an integrated approach to client service. Also, as the only student legal aid clinic in Ontario to deliver family law services, Downtown Legal Services was mentioned in a 2013 Law Commission of Ontario report on family justice and was also featured on CBC Radio and Radio-Canada.
- CLASP hosted a well-attended, day-long workshop called *Civil Actions Against the Police* in October 2013



and also developed online training attended annually by approximately 250 law student and social work student volunteers.

- Community Legal Aid brought in a community mental health caseworker on a monthly basis to help law students with clients who are dealing with mental health issues.
- Community Legal Services' Eviction Prevention Project has continued to be a success, with almost all clients reaching agreements with their landlords and remaining either in their units or being able to move under favourable terms.

My time working at CLASP has taught me that the law exists as a much more dynamic, unpredictable, and potentially harmful force than it seems.

REFUGEE LAW SERVICES

REFUGEE LAW OFFICE

Community legal worker Virginia Wilson is continually inspired each day by the perseverance, resilience and strength of the refugee claimants who turn to LAO's Refugee Law Office for help.

"I work directly with exceptionally vulnerable clients, including women in detention, survivors of violence and trauma, and people with major mental illness or addiction problems," she explains.

Virginia is part of an interdisciplinary team that includes lawyers, paralegals, community legal workers, legal aid workers and legal assistants who help eligible applicants with their refugee claims, detention reviews, risk assessment applications, humanitarian applications and federal court applications, including stays of removal.

During 2013/14, the Refugee Law Office:

- intervened on behalf of the Canadian Association of Refugee Lawyers at the Supreme Court of Canada in Hernandez Febles, addressing the definition and scope of the exclusion of individuals from refugee protection on allegations of having committed "serious non-political crimes"
- intervened on behalf of the Canadian Council of Refugees

at the Supreme Court of Canada in Harkat, addressing the constitutionality of national security certificates related to allegations of terrorism, threats to national security and deportation of non-citizens

- helped with stays of deportation for many individuals who faced risks or irreparable harm, many of whom had not yet received fair risk assessments in Canada, by winning Stay Motions at Federal Court or provisional measures through the United Nations
- received positive decisions on refugee claims, Federal Court judicial reviews, humanitarian applications and risk assessments for clients who are survivors of gender violence, torture and other forms of severe trauma
- represented clients living with mental illness or addictions in many areas, including the reopening of claims/ appeals declared abandoned at the Refugee Protection Division and the Immigration Appeal Division.

In 2013/14, the Refugee Law Office also began implementing recommendations from a 2012/13 evaluation report. The office's facilities have been improved, management structure enhanced, strategic and business plans completed, operations reporting and performance measures on cases and activities developed, and policies and processes documented.

In 2013/14, the Refugee Law Office worked on 735 files.

I work directly with exceptionally vulnerable clients, including women in detention, survivors of violence and trauma, and people with major mental illness or addiction problems.



SERVICE PROVIDER SUMMARY

PROVINCIAL CASE MANAGEMENT OFFICE

LAO's Provincial Case Management Office manages high-cost and high-risk major criminal cases. Its responsibilities include case management services, including all homicide trial and homicide appeal cases regardless of cost level, and cases for mid-level criminal charges likely to fall above \$8,000 and below the Big Case Management threshold (\$20,000 for non-homicide, \$30,000 for homicide).

“Both these programs,” explains Charles Lafortune, Director General of the Provincial Case Management Office, “enable criminal lawyers, in collaboration with LAO case managers, to develop an up-front budget, comprised of tariff authorizations and blocks of hours. This budget provides cost certainty and eliminates the need to apply for discretion payments after the case wraps up.”

In addition, this office:

- manages the protocol case program, on behalf of the Ministry of the Attorney General and Department of Justice Canada
- develops and implements business process improvements

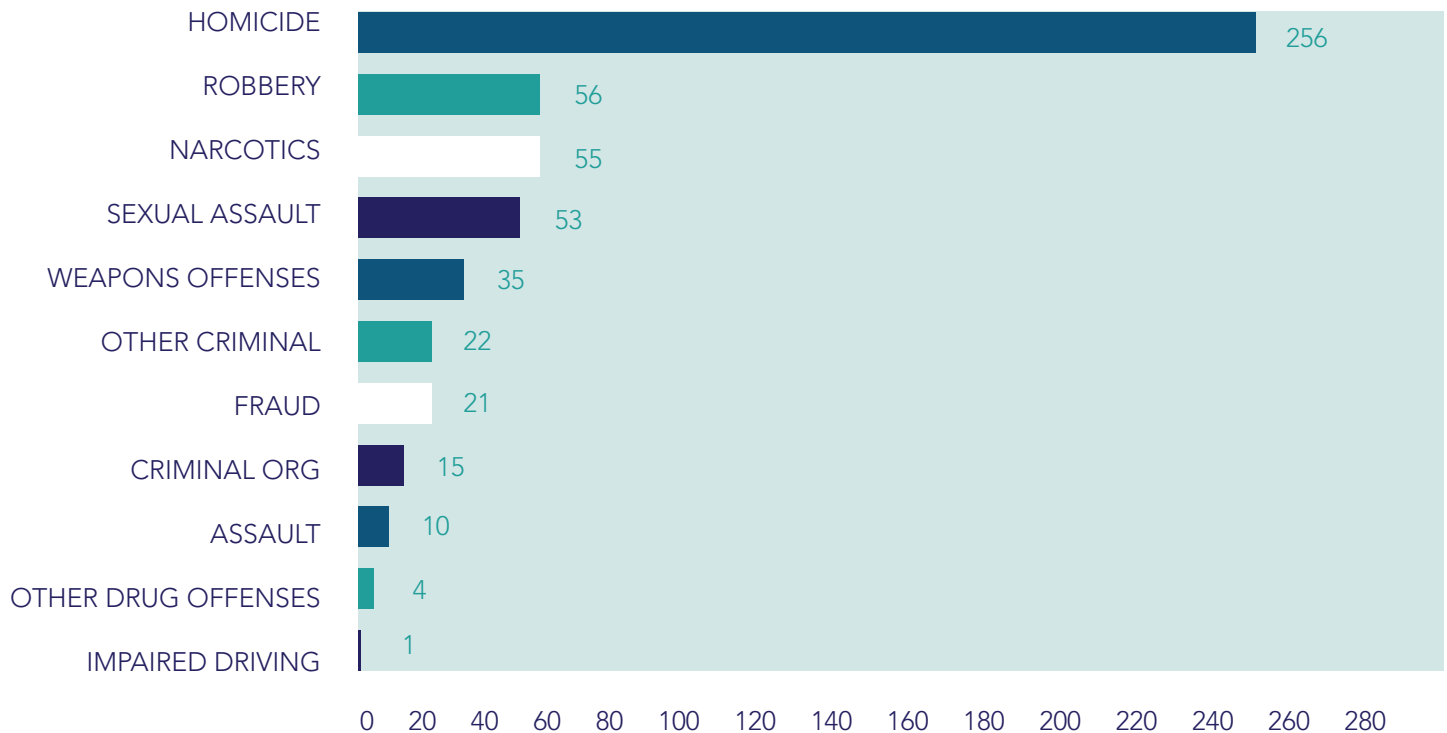
- and supports the division's projects and initiatives
- provides senior criminal staff lawyers to address service gaps in serious criminal cases throughout Ontario. These staff lawyers provide support where finding counsel is difficult, such as in remote areas, or for hard-to-serve clients.

During this past fiscal year the office launched a number of important initiatives.

“A new 90-day pilot process to resolve conflicts between lawyers and clients is not only reducing the number of requests to change solicitors, it is helping maintain the continuity of client-solicitor relationships, so these cases can be resolved faster,” Charles says.

“We also created more user-friendly Big Case Management preliminary hearing and trial opinion guideline forms so lawyers can more easily provide required information for all case-managed programs. The new forms capture more information at the initial stages of budget approvals, creating a faster and more streamlined process.”

NUMBER OF BCM CERTIFICATES BY CATEGORY





LAWYER SERVICES & PAYMENTS

Paying bills faster

In 2013/14, Lawyer Services & Payments responded to feedback from LAO's service providers to more effectively manage LAO's account inventory. The department developed system improvements to process accounts more efficiently and effectively and reduce the delays in account payments, including strategies to:

- improve the system to match and pay lawyers' fees billed within tariff, when there is a billing issue related to disbursements only
- modify the system rules to match and pay disbursements that do not require pre-approval
- simplify entry of travel hours to support accurate account entry and increased matching for payment
- help lawyers bill within the billing deadline through a new online report indicating which accounts are due within the next 90 days
- improve the system for block fee accounts to support final resolution accounts meeting the billing deadlines
- modify other system rules to support an increase in matched accounts
- host billing information sessions with the district offices, with "billing tips" to support speedier payment of accounts.



A new 90-day pilot process to resolve conflicts between lawyers and clients is not only reducing the number of requests to change solicitors, it is helping maintain the continuity of client-solicitor relationships.

SERVICE PROVIDER SUMMARY

LAO LAW

LAO LAW provides high-quality legal research to lawyers who represent legal aid clients.

Its activities include posting and sharing up-to-date information on its website, including, during this past fiscal year:

- 1,478 general and specific issue memoranda
- 477 precedent facta in criminal, family, and immigration and refugee law
- practice manuals such as the Bail Book, the Humanitarian and Compassionate Application Manual, and the Pre-removal Risk Assessment Manual
- other research supports such as flowcharts outlining the consequences of criminal convictions on immigration, links to research sources and other helpful materials
- the Forensic Science Database, which links to resources on forensic topics.

LAO LAW also tweets, in English and French, from its own Twitter account, about legal and research topics. In addition, its staff creates and emails The Bottom Line weekly e-newsletter to inform a growing number of subscribers (up to 6,019 in 2013/14 from 2,785 in 2012/13) about significant cases in criminal, family, and immigration and refugee law.

“At LAO LAW, we regularly receive concrete feedback from lawyers about the impact of our research work and the results they are able to achieve for clients,” says Amy Shoemaker, Director of LAO LAW. “Here are examples of the comments that we have received:

‘In his submissions, the Crown Attorney reduced his position from four years in the penitentiary to three years.....I have no doubt that this is a result of the case law that I was able to provide the Crown Attorney.....I wanted to write and thank you for your assistance, which was instrumental in me being able to make my sentencing submissions to the court.’

‘...It is a wonderful resource having you at the other end of a computer connection. It is like a secret pocket lawyer I can whip out when I am in over my head.’

‘I want to thank you again for your quick and able assistance in this last minute request by yours truly. As always, you have done an outstanding job standing in for my legal research staff (which but for you and your co-workers at LAO LAW is non-existent).’”

During this fiscal year, LAO LAW staff lawyers provided research services to many internal LAO departments, taught law and articling students research skills and participated in training sessions for duty counsel, articling students and staff lawyers within LAO.

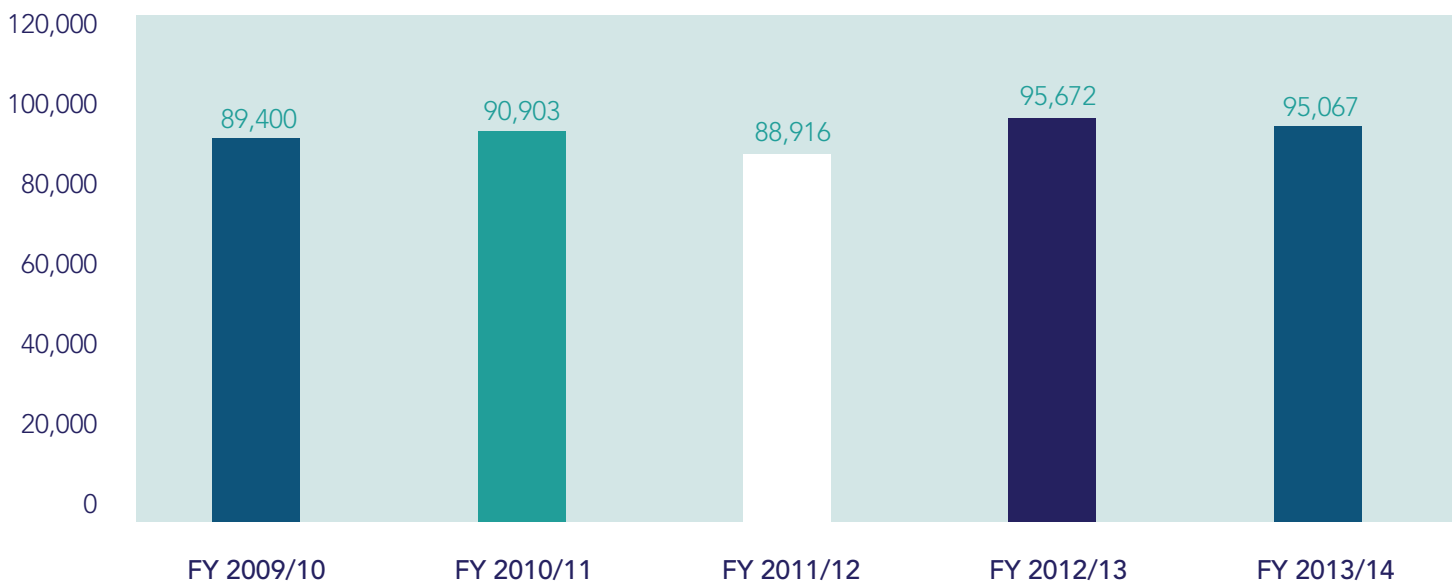
WEBSITE STATISTICS

The charts below show that during this fiscal year:

- Lawyers accessed 95,067 documents on the LAO LAW website. There were 53,682 logins, representing a seven per cent increase from the previous year. In addition, 3,101 panel lawyers accessed the LAO LAW website — a 10 per cent increase over the previous year, and a 10 per cent increase in new content, for a total of 1,478 new memorandums.
- One per cent fewer documents were accessed.
- 10 per cent more lawyers accessed the website.
- LAO’s staff lawyers completed 808 specialized research requests, with an average turnaround time of 10 days.
- There was a 10 per cent increase in standard as well as in specific issue memoranda created or updated.

	2012/13	2013/14
DOCUMENTS ACCESSED	95,672	95,067
LOGINS TO WEBSITE	50,297	53,682
LAWYERS ACCESSING WEBSITE	2,814	3,101
MEMOS ON WEBSITE	1,347	1,478

LAO LAW DOCUMENTS ACCESSED BY FISCAL YEAR



CLINIC RESOURCE OFFICE

The Clinic Resource Office (CRO) helps Ontario's 76 LAO-funded community legal clinics and six student legal aid service societies increase the efficiency and effectiveness of their legal actions on behalf of their clients in a variety of ways.

Its staff lawyers have significant expertise in the complex, constantly changing areas of clinic law, including social assistance, housing, pensions, employment insurance, criminal injuries compensation and human rights. They provide advice, research and litigation support, which is tailored to the needs of the clinic client.

CRO staff lawyer Yvonne Skof says, "Supporting clinic caseworkers through our work at the CRO is vital and gratifying because these caseworkers serve, on the front lines, Ontarians who are marginalized and lacking in basic needs such as income and housing."

She recalls how a clinic lawyer recently based his submissions for a Social Benefits Tribunal hearing on a research memo that she had written.

"In response, the Ministry reversed its decision," she says. "The client was put back on disability benefits without a huge overpayment, and without the need for a hearing."

The office is both a central repository of clinic law resources and a specialized legal publishing house – producing general reference materials, decision digests and a range of practice tools unavailable elsewhere. By the end of 2013/14, its database housed approximately 78,000 documents.

The office also provides a Court Litigation Support Service (CLSS). Up until this fiscal year, it had focused intensively on a single file with broad impact — the Special Diet Allowance — which helps eligible social assistance recipients with the extra costs of a special diet for a medical condition listed on the government's Special Diets Schedule. In 2013/14, it began to focus on a number of individual cases, with the goal of increasing the capacity in the clinic system to conduct appellate and systemic litigation. Further to this end, the CLSS developed new clinic trainings: advanced advocacy for lawyers; and training in appellate litigation processes and procedures for support staff.

Bilingual CRO staff lawyer Barbara Casson says, "En tant qu'avocate bilingue auprès du Bureau de ressources des cliniques, je suis fière de contribuer à l'amélioration de l'accès à la justice en

SERVICE PROVIDER SUMMARY

français pour les clients des cliniques. À cette fin, nous offrons une multitude de ressources et d'outils en français, et du soutien dans la rédaction de documents. ”*

Highlights of 2013/14

- development of a new practice guide on human rights at clinic law tribunals, which strengthened human rights capacity and resources.
- expansion of services in the area of federal benefits, which includes the new Social Security Tribunal. The federal government significantly altered the methods and timelines for appealing eligibility decisions in Canadian Pension Plan (CPP), Old Age Security and Employment Insurance (EI) in 2013, with potentially very serious impacts on clients who may be unprepared for the changes.
- ongoing provision of unique and effective resources to clinic and Student Legal Aid Services Societies (SLASS)

- caseworkers including training sessions and materials, webcasts, in-depth legal analysis, and model submissions.
- development of a unique database of Social Benefits Tribunal (SBT) decisions.
- work with new provincial CPP and EI working groups – devising test case litigation challenges and other creative law reform strategies.
- increase in social media engagement through the launching and maintenance of an active presence on Twitter in English and French; accumulated more than 200 followers by the end of the fiscal year.

*As a bilingual lawyer at the CRO, I am proud to contribute to the improvement of access to justice in French for clinic clients. To this end, we offer a multitude of resources and tools in French, and support in drafting of documents.



ORGANIZATIONAL SUPPORT

GENERAL COUNSEL

The General Counsel Office includes Legal Aid Ontario's most senior lawyer and her staff. "In general," explains Lee David, Director of Legal Services for the office, "our lawyers provide fair, timely, legally sound advice to help LAO make decisions that serve our clients, support our service providers, protect the interests of taxpayers, and ensure appropriate use of public funding."

"The camaraderie among the staff in this office is wonderful, in no small measure due to the positive attitude and the respect we all have for each other. In addition, I especially enjoy the enormous variety of challenges inherent in the requests for assistance we receive."

Among its activities this fiscal year:

Legal advice to the corporation

This office advises and represents LAO on legal issues that include contracts and leasing, liens, contribution agreements, legal account assessments, human rights claims, human resource matters, civil litigation suits, choice of counsel proceedings (such as Rowbotham, J.(G.) and Fisher applications), Freedom of Information requests, *Public Service of Ontario Act* issues, collections and Law Society of Upper Canada complaints.

Updating our Memorandum of Understanding (MOU) with the Ministry of the Attorney General

LAO notified the Ministry of the Attorney General in 2012 that the 2010 MOU expired in December 2013 and that a new MOU would be required. The office, along with Policy staff, negotiated on behalf of LAO. The result: a significantly revised MOU that recognizes and protects LAO's unique and independent role in the justice system.

Making decisions on certificate appeals

When an applicant appeals a certificate, it is up to designated staff in this office to make the ultimate final decision. Lee explains, "The process helps us make sure we are properly and uniformly applying financial eligibility and merit tests, so people who are eligible for a certificate receive one."

Panel management

This office provides advice for enhancements to the certificate and duty counsel panels, should they occur. It also advises the president and the president's designate through the process, when necessary, of removing a panel member.

Advising on technology initiatives

The office provided legal advice and strategic support to all aspects of the Clinic Information Management Systems (CIMS) project. This support extended from reviewing and, in conjunction with the IT department, drafting and issuing the RFP all the way to drafting the formal contract for signature. It performed the same role for LAO's corporate-wide PeopleSoft software upgrade.

Alternate Fee Arrangements

The office provided legal and strategic advice to the project team, LAO executives and external counsel. The goal: to minimize risk and facilitate the development of agreements for this innovative new type of relationship with service providers.

The camaraderie among the staff in this office is wonderful, in no small measure due to the positive attitude and the respect we all have for each other.

ORGANIZATIONAL SUPPORT

CENTRAL PROGRAMMING AND INNOVATION

Comprised of several departments, Central Programming and Innovation is responsible for programs that have a province-wide mandate. Here are some of the projects the various areas of the department moved forward during this fiscal year.

INNOVATION, SPECIAL PROJECTS AND PROGRAM SUPPORT

Rod Smith, Manager of Innovation and Special Projects, says, “My role is unique in that it affords the opportunity to engage with various departments across the organization to collaboratively advance the strategic initiatives of LAO.”

The successes achieved by the ISPPS department this year are a reflection of the work and dedication of a skilled team of 16 that includes business analysts, project managers, knowledge management specialists and regional liaisons. In support of the ISPPS mandate, all members strive to enhance business processes and overall service delivery across the organization. The team takes great pride in the work accomplished to ensure LAO clients are served in the most efficient and cost effective way possible.

Here are some of the projects the ISPPS department moved forward during this fiscal year.

Consent and declaration extension project

Clients who apply for legal aid are asked to sign a consent and declaration document. Through this project, clients can sign the document once (rather than every time they apply for legal aid), and it remains valid for six years.

Finding a lawyer online

The department helped LAO launch a new panel lawyer directory on its website. This online directory is a fast and convenient tool for clients, making it easier to find a lawyer in their area who accepts legal aid certificates. Since its launch, the new directory has received about 160 visits per day.

Web-based version of case management system

The department helped launch a new web-based version of LAO’s case management system for all Legal Files users. This new system

helps users report cases more efficiently. It is in compliance with the Law Society of Upper Canada’s File Management Standards. The department is now streamlining and standardizing the use of this system.

LEGAL SERVICES DEVELOPMENT

Wifi connectivity for duty counsel in courts

Department members, working closely with LAO’s duty counsel offices in Brampton and Oshawa, developed a mobile worker strategy to support duty counsel with electronic tools that can help them keep track of client interactions and communications. They plan to develop and then allocate mobile devices to duty counsel and legal aid workers.

Conflict management pilot for family law

Through this pilot, LAO is determining the best way for family law staff to inform their clients of potential conflict issues in cases in which another LAO lawyer could have substantial knowledge of a client’s case. Staff need to provide this information to meet their ethical obligations under the Rules of Professional Conduct, and to help LAO continue meeting its mandate to serve low income Ontarians.

Providing court-based support for parents who are minors

In consultation with the Office of the Children’s Lawyer, LAO developed materials to help court-based workers determine how best to assist minor parents with family law issues.

Information exchange with delegation from China

Management met with delegates from the Chinese government to share the department’s knowledge on how to provide legal services over the telephone.

FRENCH LANGUAGE SERVICES

Legal Aid Ontario operates under the principles of the *French Language Services Act*. It strives to build its service models in keeping with the principle of active offer. This means LAO does not wait until a client requests service in French. It proactively works to make sure all of its services are readily available in French in designated areas across the province, including over the counter, on the telephone, in person at courthouse and staff offices, through technology and in writing.

“I very much enjoy my work in French Language Services at LAO. It is rewarding and strengthens my feeling of belonging to this vibrant community,” says Chantal Gagnon, Program Manager, French Language Services. “I am very happy to help make a difference for our French-speaking clients.”

Here are some of her group’s accomplishments during this year:

- Increased bilingual recruitment for staff, law and articling student programs and, where possible, in community legal clinics; 12 new designated bilingual positions were added last year, and about half of LAO’s summer and articling student hires were bilingual (10 out of 18 summer, 20 out of 46 articling).
- Held regular consultations and advisory meetings with LAO’s francophone stakeholders to help LAO more effectively meet the needs of Francophone communities across the province. During this past fiscal year, met with the Association des juristes d’expression française de l’Ontario (AJEFO), the MAG FLS steering committee, and provincial associations representing Francophone women, youth, elderly and other interest and work groups.

Response to these meetings has been positive. As Danielle Manton, director of AJEFO says, “I appreciate working with an organization that is truly concerned with the needs

of the community and works so closely with community stakeholders to understand their needs and better serve the population of Ontario in all its diversity.”

- Created an “Are you Francophone?” section for the LAO website to help clients and service providers find out where and how to access legal services in French.
- Funded the development of resources and public legal education materials for LAO’s community legal clinics that provide French language services. These materials included legal information videos for youth posted on www.cliquezjustice.ca and a bilingual rebuild of the West End Legal Services of Ottawa clinic’s website.
- Published the well-received study, *Portrait of the Legal Needs of Francophone Women in Ontario*, conducted by Action ontarienne contre la violence faite aux femmes on behalf of the Centre francophone de Toronto for Legal Aid Ontario.
- Provided funding to send 16 staff lawyers and four private bar lawyers to an Ottawa-based, AJEFO-run three-day family law mediation training program in French.

In addition, to help ensure greater availability of and accessibility to services in French for our clients, this group works within LAO to:

- provide staff with legal training in French as well as opportunities to improve and maintain French language skills.
- educate all new staff on Ontario’s francophone community and French language service requirements.
- integrate French language service considerations into all organizational planning and implementation of initiatives and projects.

ORGANIZATIONAL SUPPORT

KEY PERFORMANCE INDICATORS

LAO has developed a series of key performance indicators as part of the business planning process. LAO reports to its Board and the Ministry of the Attorney General on a number of measures including: financial health, employee health and client health.

MEASURE	PROPOSED MEASURE	CURRENT ASSESSMENT
INCOME	Balanced budget	LAO had a surplus of \$14.2 million in 2013/14
DEBT POSITION	Elimination of accumulated deficit	LAO had an accumulated surplus of \$4.4 million
CASH FLOW	\$15 million cash balance	Cash balance of \$49 million at year-end
PRODUCTIVITY	Cost per assist	Cost per assist fell by 28% March 2010 to December 2013 but has increased by 5% from March 2012 to December 2013
ADMINISTRATIVE EFFICIENCY	Administration costs	Target is 11%. Results for 2013/14 was 11.1%

MEASURE	PROPOSED MEASURE	HOW DOES MEASURE ASSIST IN ORGANIZATIONAL HEALTH	CURRENT ASSESSMENT
TURNOVER	Maintain turnover rate below Ontario Public Service (OPS)	A stable workforce is one indicator of an engaged workforce, and allows the organization to reliably make workforce plans	Measure is trending higher (4.91 in 2012/13 and 5.66 2013/14)
STAFF MANAGEMENT	1:10	Important to have an appropriate span of control to ensure efficient operations and appropriate oversight and coaching of staff.	Current level 1:9.8
SICK DAYS	Maintain average sick days below OPS.	Sick days are another way of measuring staff engagement.	Average sick days/employee has increased, but is still below OPS levels (8.5 days vs. 10.4)

MEASURE	PROPOSED MEASURE	CURRENT LEVEL	CURRENT ASSESSMENT
TIMELINESS OF SERVICE	Client Service Centre (CSC) call wait times targets: <ul style="list-style-type: none"> • Tier 1: 1:30 minutes • Tier 2: 6:30 minutes • Summary legal advice: 10:00 minutes 	Wait times are as follows: <ul style="list-style-type: none"> • Tier 1: 1:12 • Tier 2: 3:35 • Summary legal advice - Criminal: 3:53 • Summary legal advice - Family: 6:54 • Summary legal advice - Immigration / Refugee: 2:49 	Call wait times within target.
	Eligibility same day decisions	80% same day decision	Up from 72% in 2012/13
	Area office appeals	Target is to hear Section 30 certificate appeals within 3 days.	Section 30 appeals on AC agendas within 3 days 49% of the time in third quarter. Further analysis underway.
	Application Acceptance Rates for Certificates	Remains at 86%	86% for the past three years
CLIENT SATISFACTION	Overall client satisfaction direct LAO services	<ul style="list-style-type: none"> • 98% for family law service centre/district • 90% client service centre • 97% duty counsel 	Exceeds other Broader Public Sector organizations that measure 82%
	Overall client satisfaction certificate lawyers	87% certificate lawyers	Exceeds other Broader Public Sector organizations that measure 82%
ACCESS TO JUSTICE	Percentage of clients who would self-represent if not for LAO	<ul style="list-style-type: none"> • Duty counsel 52% • Family law service centre 33% • In custody 45% • District and court new clients 25% • Repeat clients 45% 	LAO's services have a significant impact on the self-representation issue and enhance access to justice.

FINANCIAL STATEMENTS

LEGAL AID ONTARIO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014



Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To Legal Aid Ontario
and to the Attorney General of Ontario

I have audited the accompanying financial statements of Legal Aid Ontario, which comprise the balance sheet as at March 31, 2014 and the statements of operations and changes in net assets/(deficit) 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.

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, these financial statements present fairly, in all material respects, the financial position of Legal Aid Ontario as at March 31, 2014, and the results of its operations, changes in its net assets/(deficit), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
May 28, 2014

Bonnie Lysyk, MBA, CPA, CA, LPA
Auditor General

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Legal Aid Ontario

Balance Sheet

	March 31, 2014 (\$000's)	March 31, 2013 (\$000's)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 24,648	\$ 19,509
Investments, Short-term (Note 4)	24,758	12,133
Prepaid expenses and other assets	1,714	1,347
Client accounts receivable (Note 3(a))	16,762	18,092
Other receivables (Note 3(b))	18,795	19,506
	<hr/>	<hr/>
	\$ 86,677	\$ 70,587
Investments, Long-term (Note 4)	\$ 3,900	-
Long-term client accounts receivable (Note 3(a))	21,886	22,637
Capital assets (Note 5)	5,190	4,883
	<hr/>	<hr/>
TOTAL ASSETS	\$ 117,653	\$ 98,107
LIABILITIES AND NET ASSETS (DEFICIT)		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 92,726	\$ 91,404
Deferred contribution (Note 7)	5,600	1,750
Deferred grants (Note 8)	2,388	2,418
Accrued pension liability (Note 12)	918	666
	<hr/>	<hr/>
	\$ 101,632	\$ 96,238
Contingency reserve (Note 13)	6,400	6,400
	<hr/>	<hr/>
Net Assets (Deficit)		
Net accumulated surplus (deficit)	\$ 4,431	\$ (9,414)
Invested in capital assets (Note 9)	5,190	4,883
	<hr/>	<hr/>
	9,621	(4,531)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 117,653	\$ 98,107

On behalf of the Board:

Chair

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario

Statement of Operations

For the year ended March 31

	2014 (\$000's)	2013 (\$000's)
REVENUE		
Total government funding (Note 1(a))	\$ 350,235	\$ 347,549
The Law Foundation of Ontario (Note 8)	25,618	22,295
Client contributions	10,002	12,069
Client and other recoveries	1,123	675
Investment income (Note 4)	409	253
Miscellaneous income	<u>660</u>	<u>585</u>
TOTAL REVENUE	\$ <u>388,047</u>	\$ <u>383,426</u>
EXPENSES		
Client Programs		
Certificate Program		
Criminal - Big cases	\$ 25,560	\$ 22,733
Criminal - others	<u>78,764</u>	<u>84,089</u>
Sub-total	104,324	106,822
Family	45,245	49,166
Immigration and refugee	15,167	19,590
Other civil	<u>5,422</u>	<u>5,606</u>
Sub-total	170,158	181,184
Settlement conferences	85	101
Family law offices	6,444	5,602
Criminal law offices	755	839
Refugee law office	2,431	1,686
Articling students	2,190	2,060
Nishnawbe-Aski legal services corporation	<u>1,791</u>	<u>1,767</u>
Sub-total	<u>183,854</u>	<u>193,239</u>
Duty Counsel Program		
Duty counsel fees and disbursements	45,173	45,260
Expanded duty counsel	<u>1,511</u>	<u>1,232</u>
Sub-total	<u>46,684</u>	<u>46,492</u>
Clinic Program and Special Services		
Clinic law services (Note 10)	72,093	68,567
Student legal aid services societies	3,390	3,200
Clinic information management project	<u>34</u>	<u>568</u>
Sub-total	<u>75,517</u>	<u>72,335</u>
Service Innovation Projects		
Other	<u>745</u>	<u>571</u>
Sub-total	<u>745</u>	<u>571</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario

Statement of Operations (Continued)

For the year ended March 31	2014 (\$000's)	2013 (\$000's)
EXPENSES (continued)		
Program Support		
Regional operations	1,887	1,599
District/Area office services	13,766	13,149
Client service centre	<u>5,607</u>	<u>5,474</u>
Sub-total	<u>21,260</u>	<u>20,222</u>
TOTAL CLIENT PROGRAMS	<u>328,060</u>	<u>332,859</u>
Service Provider Support		
Research facilities	3,365	3,293
Lawyers services and payments	<u>1,948</u>	<u>1,874</u>
Sub-total	<u>5,313</u>	<u>5,167</u>
Administrative and Other Costs		
Provincial office	32,301	30,203
Amortization expense	1,915	1,630
Bad debt expense	<u>6,306</u>	<u>4,386</u>
Sub-total	<u>40,522</u>	<u>36,219</u>
TOTAL EXPENSES	<u>\$ 373,895</u>	<u>\$ 374,245</u>
Surplus of revenue over expenses for the year	<u>\$ 14,152</u>	<u>\$ 9,181</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario

Statement of Changes in Net Assets/(Deficit)

For the year ended March 31,

(\$000's)	Invested in capital assets (Note 9)	Accumulated surplus (deficit) (Note 1(c))	2014 Total	2013 Total
Net accumulated surplus/(deficit), beginning of year	\$ 4,883	\$ (9,414)	\$ (4,531)	\$(13,712)
Surplus of revenue over expenses for the year	-	14,152	14,152	9,181
Net change in investment in capital assets	307	(307)	-	-
Net accumulated surplus/(deficit), end of year	\$ 5,190	\$ 4,431	\$ 9,621	\$ (4,531)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario

Statement of Cash Flows

For the year ended March 31

2014
(\$000's)

2013
(\$000's)

Cash provided by (used in)

OPERATING ACTIVITIES

Surplus of revenue over expenses for the year	\$ 14,152	\$ 9,181
Adjustments to reconcile surplus of revenue over expenses to net cash provided by operating activities:		
Amortization of capital assets	1,915	1,630
Employer pension contributions	(2,918)	(2,544)
Pension expense	3,170	2,684
Changes in non-cash balances:		
Client accounts receivable	1,330	(4,634)
Other receivable	711	(7,781)
Prepaid expenses	(367)	35
Accounts payable and accrued liabilities	1,322	3,689
Accrued interest on investments	(125)	(2)
Deferred contribution	3,850	-
Deferred grants	(30)	(568)
Long-term client accounts receivable	751	3,281
Contingency Reserve	-	6,400

\$ 23,761 \$ 11,371

INVESTING ACTIVITIES

Purchase of investments	<u>\$ (16,400)</u>	<u>\$ -</u>
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CAPITAL ACTIVITIES

Purchase of capital assets	<u>\$ (2,222)</u>	<u>\$ (1,728)</u>
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Net increase in cash and cash equivalents during the year

5,139 9,643

Cash and cash equivalents, beginning of year

19,509 9,866

Cash and cash equivalents, end of year

\$ 24,648 \$ 19,509

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Summary of Significant Accounting Policies

March 31, 2014

NATURE OF OPERATIONS

On December 18, 1998, the Ontario Legislative Assembly enacted the *Legal Aid Services Act, 1998* whereby Legal Aid Ontario (the "Corporation") was incorporated without share capital under the laws of Ontario. The Corporation began operations on April 1, 1999 and is tax exempt under the Income Tax Act (Canada).

The *Legal Aid Services Act, 1998* establishes the following mandate for the Corporation:

- To promote access to justice throughout Ontario for low-income individuals by providing high quality legal aid services
- To encourage and facilitate flexibility and innovation in the provision of legal aid services
- To recognize the diverse legal needs of low-income individuals and disadvantaged communities
- To operate within a framework of accountability for the expenditure of public funds

The affairs of the Corporation are governed and managed by a Board of eleven Directors appointed by the Lieutenant Governor in Council. While the Corporation operates independently from the Province of Ontario and the Law Society of Upper Canada, it is accountable for the expenditure of public funds and for the provision of legal aid services in a manner that both meets the needs of low-income individuals and is cost-effective and efficient.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Public Sector Handbook ["PS"] of the Chartered Professional Accountants of Canada ["CPA Canada"] Handbook supplemented by the standards for government not-for-profit organizations included in PS 4200 to PS 4270, which constitutes generally accepted accounting principles for government not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

**Summary of Significant Accounting Policies
(Continued)**

March 31, 2014

FINANCIAL INSTRUMENTS

Financial instruments are classified in one of the following categories (i) fair value or (ii) cost or amortized cost. The entity determines the classification of its financial instruments at initial recognition.

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds and any investments in fixed income securities that the Corporation designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations in the period during which they are incurred. Investments at fair value are remeasured at their fair value at the end of each reporting period. Any revaluation gains and losses are recognized in the statement of remeasurement gains and losses and are cumulatively reclassified to the statement of operations upon disposal or settlement.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

All investment transactions are recorded on a trade date basis.

Other financial instruments, including accounts receivable and accounts payable, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

REVENUE RECOGNITION

The Corporation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured. Due to uncertainty surrounding the amounts to be billed, client contributions are recognized as revenue when the Corporation accrues a lawyer's invoice on behalf of a client. Judgments, costs and settlements are recognized as revenue when awarded.

Investment income, which consists of interest, is recorded in the statement of operations as earned.

EXPENSE RECOGNITION

Expenses are recognized on an accrual basis. Certificate program costs include amounts billed to the Corporation by lawyers and an estimate of amounts for work performed by lawyers but not yet billed to the Corporation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks plus highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities typically 1 year or less.

**Summary of Significant Accounting Policies
(Continued)**

March 31, 2014

CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Furniture and office equipment	- 5 years
Computer hardware and software	- 3 years
Custom-designed software	- 3 years
Enterprise-wide software	- 7 years
Leasehold improvements	- over the term of lease

EMPLOYEE BENEFIT PLANS

The Corporation accrues its obligations under a defined benefit employee plan and the related costs. The cost of post-employment benefits earned by employees is actuarially determined using the projected unit credit actuarial cost method prorated on service and management's best estimate assumptions. The cost of non-vesting sick leave benefits are also actuarially determined using management's best estimate assumptions. Actuarial gains (losses) are amortized on a straight-line basis over the estimated average remaining service period of the active employees. Past service costs are expensed when incurred. Liabilities are measured using a discount rate determined by reference to the Corporation's cost of borrowing.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in the financial statements include the allowance for client accounts receivable, accruals related to legal work performed but not yet billed and accrued pension benefits.

Notes to Financial Statements

March 31, 2014

1. Government Funding

Section 71 of the *Legal Aid Services Act, 1998* requires the Corporation and the Attorney General of Ontario to enter into a Memorandum of Understanding ("MOU") every five years. The purpose of the MOU is to clarify the operational, administrative, financial, and other relationships between The Ministry of the Attorney General ("MAG") and the Corporation.

The most recent Memorandum of Understanding was signed on December 10, 2008. The agreement expired on December 10, 2013. A new agreement is in draft and is expected to be signed in fiscal year 2015.

- (a) The Corporation is economically dependent on the Province of Ontario, and contributions recognized from the Province were as follows:

	2014 (\$000's)	2013 (\$000's)
Contributions	\$ 350,235	\$ 347,549

As part of the 2013 budget announcement in August 2013, the Province of Ontario is providing the Corporation with new funding of \$30 million over a three-year period starting in 2013/14. This amount is to be used to enhance family law services and capacity in more communities and legal clinics. In 2013/14 \$10 million was provided, however the Corporation was not able to fully implement this initiative and utilize the entire amount earmarked for the year. The Corporation therefore requested MAG to approve the deferral of \$5.6 million and the approval was received (Note 7). Included in the \$350.2 million received from the Province of Ontario is \$4.4 million for this new initiative.

- (b) Included in contributions from the Province of Ontario for the year ended March 31, 2014 is an amount of \$51.1 million (2013 - \$51.1 million) representing an allocation of funds from a lump sum transfer by the Federal Government to the Province in connection with criminal law, the Youth Criminal Justice Act, Immigration and Refugee expenditures for unique pressures through a cost-sharing arrangement.
- (c) Subsection 66(3) of the *Legal Aid Services Act, 1998* allows the Corporation to allocate any surplus or deficit in a fiscal year to either or both of the two subsequent fiscal years with the approval of the Attorney General, unless under Subsection 69(2) it is ordered by the Minister of Finance to pay its surplus into the Consolidated Revenue Fund.

2. Line of Credit

The Corporation has a interest bearing (prime rate) operating line of credit in the amount of \$5.0 million to cover temporary bank overdrafts. This facility remained unused at March 31, 2014. On April 28, 2014, the line of credit was cancelled.

Notes to Financial Statements
(Continued)

March 31, 2014

3. Accounts Receivable

(a) Client accounts receivable

The Corporation has a client contribution program for legal aid applicants who do not meet the Corporation's financial eligibility requirements for a non-contributory certificate. These applicants receive the assistance they need by entering into a contribution agreement, by which they undertake to repay the Corporation over time for the services provided to them. Contribution agreements may include monthly payments and/or liens on property.

March 31, 2014 (\$000's)	Total \$	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
Client accounts receivables	\$ 70,761	\$ 131	\$ 308	\$ 406	\$ 69,916
Less: impairment allowance	(32,113)	(54)	(130)	(181)	(31,748)
Net receivables	\$ 38,648	\$ 77	\$ 178	\$ 225	\$ 38,168

March 31, 2013 (\$000's)	Total \$	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
Client accounts receivables	\$ 75,866	\$ 785	\$ 524	\$ 218	\$ 74,339
Less: impairment allowance	(35,137)	(426)	(210)	(98)	(34,403)
Net receivables	\$ 40,729	\$ 359	\$ 314	\$ 120	\$ 39,936

Represented by	March 31, 2014 (\$000's)	March 31, 2013 (\$000's)
Current (non-lien) client accounts receivable	16,762	18,092
Long-term (lien) client accounts receivable	21,886	22,637
	\$ 38,648	\$ 40,729

Notes to Financial Statements
(Continued)

March 31, 2014

(b) Other receivables

Other receivables are mainly comprised of amounts due from the Law Foundation of Ontario, Canada Revenue Agency (CRA) and both the Federal Department of Justice (DOJ) and MAG for protocol cases.

March 31, 2014 (\$000's)	Total \$	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
MAG protocol cases	\$ 4,752	\$ 1,798	\$ -	\$ -	\$ 2,954
DOJ protocol cases	479	276	-	203	-
HST receivable	9,991	4,840	2,507	101	2,543
The Law Foundation of Ontario	3,240	3,240	-	-	-
Other receivables	333	259	-	-	74
Total other receivables	\$ 18,795	\$ 10,413	\$ 2,507	\$ 304	\$ 5,571

March 31, 2013 (\$000's)	Total \$	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
MAG protocol cases	\$ 8,482	\$ 7,158	\$ -	\$ -	\$ 1,324
DOJ protocol cases	1,817	1,817	-	-	-
HST receivable	6,661	4,452	2,209	-	-
The Law Foundation of Ontario	1,811	1,811	-	-	-
Other receivables	735	735	-	-	-
Total other receivables	\$ 19,506	\$ 15,973	\$ 2,209	\$ -	\$ 1,324

Notes to Financial Statements
(Continued)

March 31, 2014

4. Investments

	March 31, 2014 (\$000's)	March 31, 2013 (\$000's)
Guaranteed investment certificates	\$ 28,400	\$ 12,000
Accrued interest	\$ 258	\$ 133
	\$ 28,658	\$ 12,133
Investments, Short-term	24,758	12,133
	\$ 3,900	-
Investments, Long-term maturing June 1, 2015		

The Corporation has developed an investment policy in accordance with the statutory requirements outlined in Sections 7(1), 7(2), 7(3) and 7(4) of Ontario Regulation 107/99 made under the *Legal Aid Services Act, 1998*. The Corporation's short-term and long-term investment policy is to invest in highly liquid investments in Canadian federal government securities, Canadian provincial government securities or other guaranteed investment certificates issued or guaranteed by Canadian financial institutions with a rating of A or above. The investments held by the Corporation as at March 31, 2014 are in compliance with the statutory requirements. The long-term investment of \$3.9M (2013 - \$0), is at a fixed rate. There is \$24.5M (2013 - \$12M) in short term investments, of which \$2.5M (2013 - \$0) is at a fixed rate and the remaining \$22M, (2013 - \$12M) is invested at variable interest rates.

The Corporation earned total investment income of \$0.409 million in 2014 (2013 - \$0.253 million).

Notes to Financial Statements
(Continued)

March 31, 2014

5. Capital Assets

	March 31, 2014 (\$000's)		March 31, 2013 (\$000's)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and office equipment	\$ 908	\$ 808	\$ 880	\$ 722
Computer hardware and software	5,197	2,775	3,766	1,410
Enterprise-wide software	15,628	15,628	15,628	15,628
Leasehold improvements	5,086	2,418	4,323	1,954
	\$ 26,819	\$ 21,629	\$ 24,597	\$ 19,714
Net book value		\$ 5,190		\$ 4,883

6. Accounts Payable and Accrued Liabilities

	March 31, 2014 (\$000's)	March 31, 2013 (\$000's)
Legal accounts		
- accruals for billings received but not paid	\$ 17,997	\$ 21,185
- estimate of work performed but not yet billed	61,376	60,840
Rent inducements	1,002	1,143
Trade and other payables	11,357	7,286
Vacation pay	994	950
	\$ 92,726	\$ 91,404

Notes to Financial Statements
(Continued)

March 31, 2014

7. Deferred Contribution

The Corporation has received the following funds which have been deferred to future periods:

	March 31, 2014 (\$000's)	March 31, 2013 (\$000's)
Balance, beginning of year	\$ 1,750	\$ 1,750
Provincial Funding received (Note 1(a))	10,000	
Amounts recognized as revenue	(6,150)	-
Balance, end of year	<u>\$ 5,600</u>	<u>\$ 1,750</u>

8. Deferred Grants

The Corporation has received the following funds from The Law Foundation of Canada for future projects:

	March 31, 2014 (\$000's)	March 31, 2013 (\$000's)
Balance, beginning of year	2,418	2,986
Amounts recognized as revenue	(30)	(568)
Balance, end of year	<u>2,388</u>	<u>2,418</u>
	-	-

9. Changes in Net Assets Invested in Capital Assets

	March 31, 2014 (\$000's)	March 31, 2013 (\$000's)
Balance, beginning of year	4,883	\$ 4,785
Amortization	(1,915)	(1,630)
Purchase of capital assets	2,222	1,728
Balance, end of year	<u>\$ 5,190</u>	<u>\$ 4,883</u>
Represented by		
Capital assets (Note 5)	<u>\$ 5,190</u>	<u>\$ 4,883</u>

Notes to Financial Statements
(Continued)

March 31, 2014

10. Clinic Law Services

The Corporation provides funding to community clinics enabling them to provide poverty law services to the community they serve on a basis other than fee for service. The community clinics are organizations structured as corporations without share capital and are governed and managed by a board of directors. Community Clinics are independent from, but accountable to, the Corporation under Sections 33 to 39 of the *Legal Aid Services Act, 1998*. Each community clinic is independently audited and is required to provide audited financial statements to the Corporation for the funding period.

The total funding to community clinics consists of direct funding transfers and the cost of centrally provided support services.

	2014 (\$000's)	2013 (\$000's)
Payments to and on behalf of clinics	<u>\$ 72,093</u>	<u>\$ 68,567</u>

11. Commitments and Contingencies

- (a) The Corporation issues certificates to individuals seeking legal aid assistance. Each certificate issued authorizes legal services to be performed within the tariff guidelines. At March 31, 2014, management estimates that a potential \$59.4 million (2013 - \$53.6 million) could still be incurred on certificates issued on or before March 31, 2014 over and above the billings received to date and management's estimate of work performed but not yet billed.
- (b) The Corporation leases various office premises and equipment throughout the Province. The rent and estimated operating costs are based on prior period information for leases held over the next five years and thereafter as follows:

	Base Rent (\$000's)	Operating Cost (\$000's)	Total (\$000's)
2015	\$ 2,011	\$ 2,382	\$ 4,393
2016	1,880	2,316	4,196
2017	1,650	2,126	3,776
2018	1,502	1,998	3,500
2019	731	1,006	1,737
Thereafter	<u>194</u>	<u>212</u>	<u>406</u>
	<u>\$ 7,968</u>	<u>\$ 10,040</u>	<u>\$ 18,008</u>

Notes to Financial Statements
(Continued)

March 31, 2014

11. Commitments and Contingencies (continued)

- (c) The Corporation is the defendant in a number of lawsuits arising in the ordinary course and conduct of business. The outcome and ultimate disposition of these actions are not likely to be significant. Losses, if any, will be accounted for in the period of settlement.

Some of the above lawsuits are covered by insurance after the application of a deductible of up to \$50 thousand; depending on when the event of the claim occurred and the nature of the claim.

12. Pensions

The Corporation has two pension plans providing retirement benefits for its employees. There are two components to the regular plan: a defined contribution and a defined benefit component. In addition there is also a non-registered supplementary (executive) plan.

Defined Contribution Component

The defined contribution component of the plan covers 822 (2013 - 744) employees. The Corporation makes pension contributions to the defined contribution component of the plan which is limited to making regular payments to match the amount contributed by the employees for current service. The Corporation's pension expense for the year relating to this component of the plan was \$2.821 million (2013 - \$2.402 million).

Defined Benefit Component

The defined benefit component of the plan covers a total of 17 employees; there are 4 active (2013 - 4) participants and 13 retirees (2013 - 11). Under this benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. The plan is subject to actuarial valuations for funding purposes at intervals of not more than three years. The actuarial valuation for the new three year period starting January 1, 2014 has not been completed. The Corporation makes pension contributions to this component of the plan in amounts recommended by the actuary.

The Corporation measures its accrued benefit obligation for accounting purposes as at March 31 of each year.

	2014 (\$000's)	2013 (\$000's)
Accrued benefit obligation	\$ 3,597	\$ 3,328
Fund assets at market value	3,954	3,512
Funded status - plan surplus	357	184
Unamortized net actuarial loss	239	398
Accrued pension asset	\$ 596	\$ 582

Notes to Financial Statements
(Continued)

March 31, 2014

12. Pensions (continued)

The expense related to the Corporation's defined benefit component of the plan consists of the following:

	2014 (\$000's)	2013 (\$000's)
Current period benefit cost	26	30
Amortization of actuarial losses	67	87
Interest (revenue) expense	(10)	1
	83	118

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligation and benefit expense are as follows:

	2014 %	2013 %
Accrued benefit obligation		
Discount rate	5.25%	5.00%
Rate of compensation increase	3.00%	3.00%

	2014	2013
Benefit expense		
Discount rate	5.00%	5.00%
Expected long-term rate of return on plan assets	5.00%	6.50%
Rate of compensation increase	3.00%	3.00%

Other information about the defined benefit plan is as follows:

	2014 (\$000's)	2013 (\$000's)
Employer contributions	96	142
Employee contributions	11	12
Benefits paid	186	160

Legal Aid Ontario Notes to Financial Statements (Continued)

March 31, 2014

12. Pensions (continued)

Supplementary Executive Benefit Plan

The Board of the Corporation has also approved the establishment of a supplementary pension benefit plan for a designated executive member. Under the supplementary pension benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. The plan is unfunded and the benefits will be paid by the Corporation as they become due. The accounting valuation for the unfunded retirement plan has been performed as at March 31, 2014.

The significant actuarial assumptions adopted in measuring the accrued benefit obligation and expense for the period are as follows:

	2014	2013
Discount rate	4.00%	4.00%
Inflation	1.50%	1.50%

The Corporation's pension expense for the year was \$0.266 million (2013 - \$0.164 million). The accrued benefit obligation and the accrued benefit liability as at March 31, 2014 was \$1.514 million (2013 - \$1.248 million). During the year, the Corporation made no payments to the plan.

	2014 (\$000's)	2013 (\$000's)
Accrued Pension Asset (Liability)		
Defined Benefit Plan	596	582
Supplementary Executive Benefit Plan	(1,514)	(1,248)
	(918)	(666)

Legal Aid Ontario

Notes to Financial Statements

(Continued)

March 31, 2014

13. Contingency Reserve

Section 66(4) of the Legal Aid Services Act, 1998, requires the Corporation to maintain a contingency reserve fund as prescribed by section 6 of Ontario Regulation 107/99. This fund was established on April 1, 1999 with a balance of \$20 million which was funded by the Corporation. The Regulation also requires the Corporation to obtain advance approval from the Attorney General for any withdrawal beyond \$5 million of this capital amount and for the Corporation to provide of why the withdrawal is needed, a schedule for repayment, and a statement of the Corporation's plans for preventing a similar need from arising in the future.

	2014	2013
	(\$000's)	(\$000's)
Balance, beginning and end of year	\$ 6,400	\$ 6,400

14. Financial Instruments

The Corporation is exposed to various financial risks through transactions in financial instruments.

Credit risk

The Corporation is exposed to credit risk in connection with its accounts and other receivables and its fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk

The Corporation is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation derives a significant portion of its operating revenue from the Ontario government and other funders with no firm commitment of funding in future years. To manage liquidity risk, the Corporation keeps sufficient resources readily available to meet its obligations.

Accounts payable mature within 21 days on certificates. The maturities of other financial liabilities are provided in notes to the financial statements related to these liabilities.

Interest rate risk

The Corporation is exposed to interest rate risks with respect to its investments held at variable interest rate.

Investments of \$22.0M (\$12M – 2013) have interest rates ranging from 1.20% to 1.35% with multiple maturity dates between April 3, 2014 and Jan 22, 2015. These interest rates vary with the Canadian prime rate, however, the risk is low as the prime rate has been stable over the past few years.

**Legal Aid Ontario
Notes to Financial Statements
(Continued)**

March 31, 2014

15. Comparative Figures

Certain comparative figures have been reclassified in order to conform with current year presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis is intended to assist readers in understanding the operating results and financial position of Legal Aid Ontario as well as its strategic direction regarding the provision of services in the future.

This report should be read in conjunction with LAO's audited financial statements for the year ended March 31, 2014, prepared in accordance with Canadian generally accepted accounting principles, and the accompanying notes, which form a part of those statements.

EXECUTIVE SUMMARY

- At the end of March 2014, LAO has an annual operating surplus of \$14.2 million, compared to \$9.2 million in March 2013.
- LAO has fully eliminated its net accumulated deficit of \$9.4 million and now carries an accumulated surplus of \$4.4 million.
- LAO's cash position at March 2014 was over \$49 million (2013 - \$31.6 million), which would be sufficient to meet minimum cash requirements.

FUTURE FINANCIAL CHALLENGES

LAO faces two significant long-term risks. The first is the impending gap between the funding provided to LAO and the tariff increases that were agreed to by the province and the private bar. LAO has received funding to address the majority of the increase but there remains an unfunded gap that, at maturity in 2016/17, will be approximately \$16.8 million annually.

The second major risk is that LAO has identified related to financial eligibility. Legal aid financial eligibility has not been adjusted since 1996 and the research that LAO has conducted estimates that more than 1 million Ontarians who are below Statistics Canada low income threshold are no longer eligible for legal aid. This represents a significant erosion in access to justice.

FINANCIAL FRAMEWORK

LAO's board approved a financial framework in 2007 that laid out LAO's fiscal objectives. This framework focused on goals that would improve the financial sustainability of LAO and strengthen capacity to serve its clients. The objectives were as follows:

- balancing annual operating budgets.
- ensuring stable, adequate and predictable revenue sources.
- sustaining an appropriate contingency reserve fund balance.
- ensuring cash position is sufficient to cover current liabilities.
- establishing accumulated surplus or deficit targets – eliminating LAO's corporate debt.

LAO has continued to focus on the achievement of these objectives, and in 2013-14 LAO's financial performance met or exceeded the financial framework objectives.

FINANCIAL FRAMEWORK ACHIEVEMENTS

- Balancing LAO operating budget: LAO has recorded a surplus in 2013/14.
- Establishing stable, adequate and predictable revenue sources: LAO is following its Law Foundation of Ontario (LFO) Revenue Reliance Reduction Policy principles: this policy sought to limit the use of variable funding from the LFO to \$15 million that would be used to fund permanent or ongoing expenditures.
- Sustaining an appropriate Contingency Reserve Fund (CRF) balance: started the elimination of the debt will allow LAO to start funding the CRF in the future.
- Ensuring cash position is sufficient to cover current liabilities: LAO's cash position is robust and will facilitate the funding of strategic infrastructure projects.
- Eliminating LAO's debt: LAO has achieved this in 2013/14.

MODERNIZATION STRATEGY

During the 2009/10 fiscal year, LAO embarked on a modernization strategy that sought to ensure the long-term viability of the organization and cope with the volatility of the Law Foundation Revenue. The strategy called for the reduction of expenditure levels and the improvement of services to LAO's clients. The strategy focused on ways to streamline the way services were delivered and essentially changed the traditional model of service delivery.

The emphasis on certificates and direct legal support from lawyers transitioned to include a mix of alternative service models and providers to better serve the needs of our clients while focusing on the efficient delivery of these services.

The success of the modernization strategy can be demonstrated by the improvement in LAO's financial results since the implementation of this strategy. LAO's balance sheet has improved from a debt to surplus position, and the operating deficit once at over \$27 million is now in an operating surplus position.

\$000s	2008/09	2009/10	2013/14
OPERATING SURPLUS/DEFICIT	(6,714)	(27,646)	14,152
NET ACCUMULATED SURPLUS/DEFICIT	(19,154)	(21,905)	4,431



MANAGEMENT DISCUSSION AND ANALYSIS

NEW INVESTMENT FUNDING

As part of the 2013 budget announcement, the Province of Ontario provided LAO with new funding of \$30 million over a three-year period starting in September 2014. This funding is to be used to enhance family law services and capacity in community and legal clinics.

LAO and the Ministry of the Attorney General of Ontario have agreed that the annual allocation of the \$10 million will be:

- \$7 million to strengthen the capacity of LAO's family law services
- \$2 million to strengthen the capacity of community and other legal clinics
- \$1 million to create a Clinic Transformation Fund

SIGNIFICANT CHANGES TO THE STATEMENT OF OPERATIONS 2014 AND 2013 FISCAL YEARS

Revenue (Page 4 of the Financial Statements)

\$000s	2013	2014	INCREASE/ (DECREASE)
GOVERNMENT OF ONTARIO	347,549	350,235	2,686
LAW FOUNDATION	22,295	25,618	3,323
CLIENT CONTRIBUTIONS	12,069	10,002	(2,067)
CLIENT & OTHER RECOVERIES	675	1,123	448
INVESTMENT INCOME	253	409	156
MISCELLANEOUS	585	660	75
TOTAL REVENUES	383,426	388,047	4,621

Government funding (\$2.8 million increase)

- LAO base funding was reduced by \$3 million for the 2013/14 year, during the year \$1 million was restored

\$000s	2013	2014	INCREASE/ (DECREASE)
GOVERNMENT OF ONTARIO	347,549	347,549	
GOVERNMENT OF ONTARIO - NEW 2013 FUNDING		4,400	4,400
GOVERNMENT OF ONTARIO - TRANSFER REDUCTION		(3,000)	(3,000)
GOVERNMENT OF ONTARIO - TRANSFER RESTORATION		1,000	1,000
GOVERNMENT OF ONTARIO		286	286
TOTAL REVENUES FROM THE MINISTRY OF THE ATTORNEY GENERAL	347,549	350,235	2,686

- New 2013 funding of \$10 million was received this year from MAG; \$5.6 million of these funds were deferred to the following fiscal year
- LAO also received additional funding for Cessations and Vacation Refugee cases in the amount of \$286,000 from the Federal Government
- The transfer reduction of \$3 million has been restored in 2014/15

Law Foundation of Ontario (\$3.3 million increase)

- Law Foundation revenues increased \$3.3 million, to \$25.6 million for the year. This increase is as a result of a strong real estate market. LFO trust balances have increased on average over the year by about 8 per cent.

Client contributions (\$2.1 million decrease)

- A reduced number of contribution agreements (average 3.6 per cent 2011 to 2014 versus 6.9 per cent 2007 to 2010) are being entered into with clients and this was anticipated after the introduction of the Simplified Financial Eligibility Test (SFET)
- A study by LAO predicted a reduction in revenue after the introduction of SFET, but an overall increase in net revenue due to the decrease in the number of bad debt write offs
- SFET also ensured that the ability to repay was considered when issuing client contribution agreements, in turn leading to better write off rates
- The reduction in client contribution revenue and the decrease in bad debts were never expected to be concurrent, so it will take a few years to see the full effect of these changes.

EXPENDITURES

\$000s	2013	2014	INCREASE/ (DECREASE)
CERTIFICATE PROGRAM	193,239	183,854	(9,385)
DUTY COUNSEL	46,492	46,684	192
CLINIC PROGRAM	72,335	75,517	3,182
SERVICE INNOVATION PROJECTS	571	745	174
PROGRAM SUPPORT	20,222	21,260	1,038
SERVICE PROVIDER SUPPORT	5,167	5,313	146
ADMINISTRATIVE AND OTHER COSTS	36,219	40,522	4,303
TOTAL EXPENDITURES	374,245	373,895	(350)

MANAGEMENT DISCUSSION AND ANALYSIS

The changes in expenditures between the fiscal years 2014 and 2013 are explained below:

Certificate program (\$9.4 million decrease)

- The decrease in the certificate program is composed of two main changes:
 - A decrease in the cost of regular certificates of \$11.1 million.
 - An increase in other certificate program costs of \$1.7 million.
- Each of these changes are explained below
- Regular certificate program – The \$11.1 million decrease breaks down by area of law as follows :

\$000s	2013	2014	INCREASE/ (DECREASE)	INCREASE/ (DECREASE)
CRIMINAL - BCM	22,733	25,560	(2,827)	12.4%
CRIMINAL - NON BCM	84,089	78,765	5,324	(6.3%)
FAMILY	49,166	45,245	3,921	(8.0%)
IMMIGRATION/REFUGEE	19,590	15,167	4,423	(22.6%)
CIVIL	5,606	5,421	185	(3.3%)
TOTAL	181,184	170,158	11,026	(6.1%)

- The 6 per cent decrease in the regular certificate program is driven by a similar decrease in the number of certificates issued; these have fallen from 90,369 in 2012/13 to 83,658 in 2013/14, a 7.4 per cent reduction. These reductions have occurred in two main areas:

MINISTRY OF THE ATTORNEY GENERAL OF ONTARIO CRIMINAL CASES RECEIVED AND LAO CRIMINAL CERTIFICATES ISSUED



- Criminal certificates - 6.4 per cent decrease: the reduction in criminal certificates follows an establishing trend that shows a reduction in overall criminal charges

- Immigration/refugee certificates - 37 per cent decrease: the reduction in refugee is driven mainly by the effect of the change in legislation in the refugee major aid category

Clinic program (\$3.2 million increase)

- The clinic program has increased from \$72.3 million to \$75.5 million as a result of \$3 million in new Family Law funding to support the strengthening of capacity in the Community and Legal Clinics, and Clinic Transformation:
 - \$2 million to strengthen the capacity of the community and legal clinics, and
 - \$1 million to create a Clinic Transformation Fund

Administration and other costs (\$4.3 million increase)

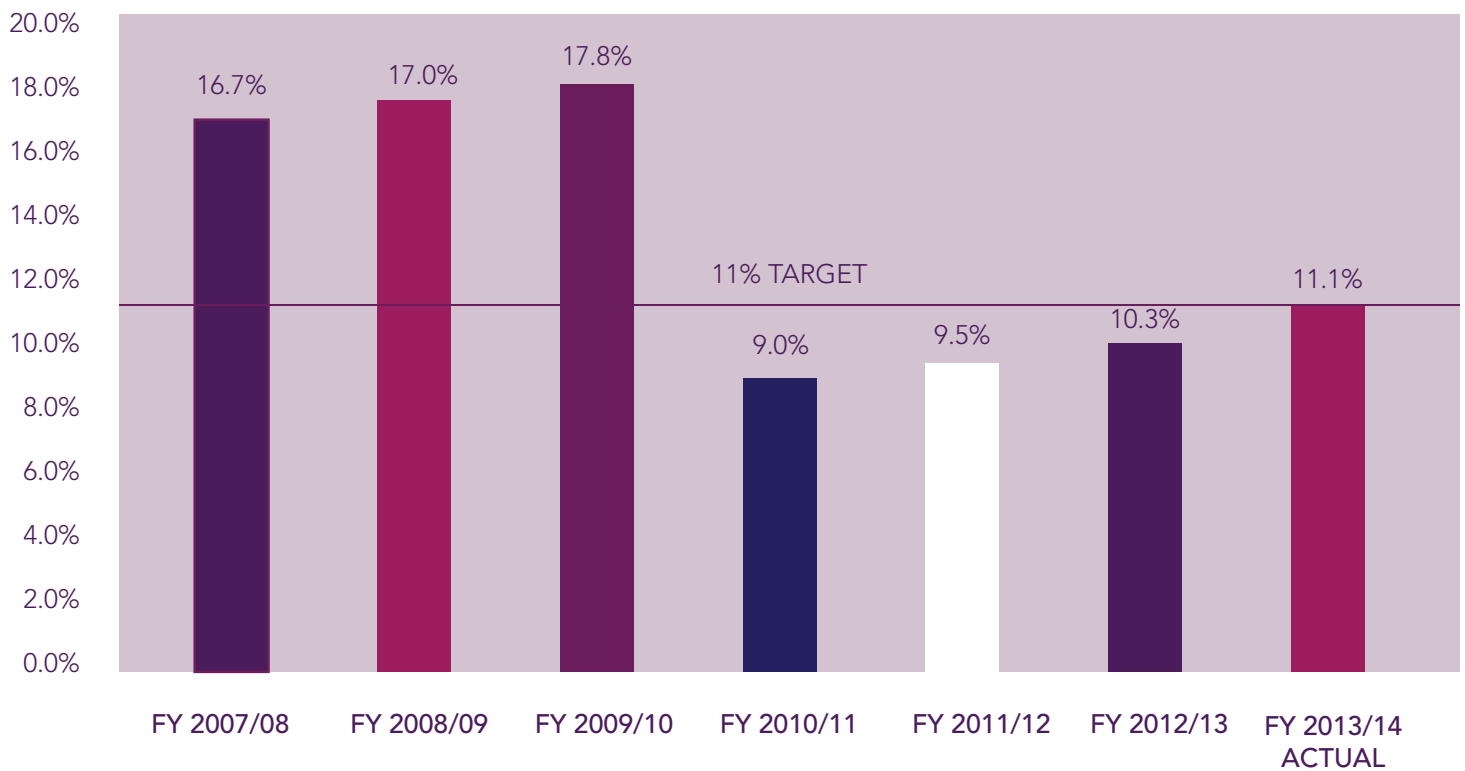
- The increase in administration and other costs can be attributed to two main areas:
 - An increase of \$2 million, mainly in staff costs, in LAO's provincial office. Legal Aid Ontario has increased its research and auditing capacity by creating the Internal Audit Unit and Business Intelligence and Statistics in-house. These two units will enable LAO to increase capacity in these two important functions and reduce reliance on auditing and research consultants
 - An increase of \$1.9 million in bad debts attributed to higher write-offs in 2013/14. Write-offs over \$10,000 are approved by the LAO Board before they are reflected in LAO's accounts. Two write-off reports, May 2013 and January 2014, were presented to the LAO Board for approval in 2013/14, representing a twenty-three month period. As a result, these write-offs were reflected in the 2013/14 fiscal year

LAO has changed its practice and will present write-off reports annually based on the calendar year, in order for the approved write-offs to be reflected in the current fiscal year.

\$000s	2013	2014	INCREASE/ (DECREASE)
ADMINISTRATIVE AND OTHER COSTS			
PROVINCIAL OFFICE	30,203	32,301	2,098
AMORTIZATION EXPENSE	1,630	1,195	285
BAD DEBT EXPENSE	4,386	6,306	1,920
TOTAL EXPENDITURES	36,219	40,522	4,303

Overall, LAO's administrative costs have reduced since the implementation of its modernization strategy. LAO's administrative cost is now approximately 11 per cent, having been in the 17 per cent range before modernization.

LAO ADMINISTRATIVE COST COMPARISON



NET ASSET POSITION

- LAO's March 31, 2014 net asset position is \$9.6 million, consisting of:
 - an accumulated surplus of \$4.4 million
 - Invested in Capital Assets, which is an appropriation for future depreciation costs, of \$5.2 million

BALANCE SHEET

- Explanations of significant changes in assets balances:

\$000s	2013	2014	INCREASE/ (DECREASE)
ASSETS			
CASH AND CASH EQUIVALENTS	19,509	24,648	5,139
SHORT-TERM INVESTMENTS	12,133	24,758	12,625
TOTAL	675	1,123	448
LIABILITIES			
CLIENTS ACCOUNTS RECEIVABLE	18,092	16,762	(1,330)
DEFERRED CONTRIBUTION	1,750	5,600	3,850

- Increases in Cash and Cash Equivalents, and Short-term Investments resulting from the 2013-14 operating surplus and new family law funding
- A reduction in Client Accounts Receivable (net), attributed to the writing off of closed non-lien accounts
- An increase in Deferred Contribution reflects the deferral of the new 2013 funding of \$5.6 million. The advance from Law Foundation of Ontario (LFO) of \$1.75 million was repaid in 2013/14. The agreement with the Law Foundation of Ontario stipulated that once LFO revenues were in excess of \$20 million, LAO would repay the LFO advance

CONCLUSION

LAO's financial performance reflects the results of LAO's modernization strategy and the reduced demand in criminal and refugee services. The elimination of LAO's debt puts LAO in a strong financial position and provides LAO the flexibility to invest in its staff and infrastructure and to start to replenish the Contingency Reserve Fund.

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