

LEGAL AID ONTARIO  
2023 - 2024  
**ANNUAL  
REPORT**



LEGAL AID ONTARIO  


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*Ce document est disponible en français.*

Legal Aid Ontario receives financial assistance from the Government of Ontario, the Law Foundation of Ontario, and the Government of Canada.



September 25, 2024

The Honourable Doug Downey  
Attorney General of Ontario  
720 Bay Street, 11th floor  
Toronto, Ontario  
M7A 2S9

Minister:

Please accept, in accordance with Section 32 of the *Legal Aid Services Act, 2020* and the Agencies and Appointments Directive, Legal Aid Ontario's annual report for the year ended March 31, 2024.

We very much appreciate your personal support for the work of Legal Aid Ontario and the funding provided by the Ministry and the Government of Ontario in support of the services that are provided to low-income, vulnerable Ontarians.

Sincerely,

A handwritten signature in black ink, appearing to be 'J.S.A. Pengelly', is located below the 'Sincerely,' text. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

J.S.A. (Steve) Pengelly  
Chair, Legal Aid Ontario Board of Directors

# LEADERSHIP MESSAGE

# Message from the Chair and CEO

This annual report for 2023-24 sets out Legal Aid Ontario (LAO)'s financial performance for the past fiscal year, details our delivery of quality legal aid services to low-income individuals across Ontario, and sets out the progress we have made on improving and enhancing those services.

Every day, in communities across Ontario, LAO and the service providers we fund are making a difference for thousands of people and their families. In homes, offices, courthouses, hearing rooms, hospitals, jails and prisons, LAO roster lawyers, duty counsel, LAO staff and community legal clinics are providing clients with vigorous representation, advice and compassionate legal help. At the same time, these services are supporting access to justice, helping courts and tribunals operate effectively, and providing vital experience to lawyers and law students.

The demand for legal aid services continues to increase. In 2023-24, LAO processed 152,000 applications for legal aid services (19 per cent more than 2022-23); issued 135,000 certificates to eligible clients to cover the cost of a lawyer (21 per cent more than 2022-23); and provided legal advice and/or representation to 817,000 Ontarians through our duty counsel program (15 per cent more than we served in 2022-23). Over this same fiscal year, clinics were on track to open nearly 120,000 case files, a 5 per cent increase.

LAO continues to improve core services. In 2023-24, LAO began to enhance certificate management, making it easier and faster for eligible clients to get a legal aid certificate and access the legal help they need. This transition is already improving processes and decision-making, while building frontline court services capacity and supporting the court recovery process.

A highlight of the year was the successful planning and implementation of tariff reforms. These reforms increased the compensation LAO pays to roster lawyers and the number of hours that may be billed for various matters and proceedings. LAO relies on private bar lawyers to provide services to a majority of our vulnerable clients and aims to keep rates in concert with changing legal practices and inflation. The second phase came into effect as of March 4, 2024, and the final phase will be implemented in 2024-25.

Updating the rates for roster lawyers helps LAO continue to attract and retain qualified lawyers, at all levels of experience. These increases have been well received by the profession, and our annual lawyer survey showed increased lawyer satisfaction and engagement with LAO. The feedback from LAO's annual lawyer survey has also provided ideas and opportunities for LAO to keep the legal profession committed and passionate about doing legal aid work.

LAO's financial health has continued to improve, enabling the elimination of prior years' deficits while providing assets and cash flow to invest in strategic initiatives. The fiscal year 2023-24 ended with a surplus of \$229.5M, due to increased Law Foundation of Ontario (LFO) revenue.

In September 2023, with the government's support, LAO wound up its own pension plan and joined the Public Service Pension Plan for non-union workers and members of the Society of United Professionals (SUP), and the OPSEU Trust Pension Plan for unionized workers. This change improves LAO's ability to attract and retain staff so that we can continue to deliver on our statutory mandate, while at the same time, providing a more predictable, secure retirement for LAO employees.

We are grateful to LAO's board of directors, executive leadership and staff, roster lawyers, entity service providers and everyone in the justice system who makes a difference for legal aid clients. Sadly, board member Judy Mintz passed away in September. Judy was a thoughtful and engaged board member since 2020. In addition to her contributions to LAO, Judy was an active community member, a dedicated public servant, and offered her leadership to many organizations in Ontario.

We are grateful for the support of the Attorney General, the Honourable Doug Downey, the Ministry of the Attorney General, as well as the Government of Canada and the Law Foundation of Ontario. The funding provided ensures access to justice, supports a more efficient and effective justice system and provides a more hopeful future for many disadvantaged people every day.

A stylized, handwritten signature in black ink, appearing to read 'Steve Pengelly'.

**Steve Pengelly**  
Board Chair, Legal Aid Ontario

A stylized, handwritten signature in black ink, appearing to read 'David Field'.

**David Field**  
President & CEO, Legal Aid Ontario

# ABOUT LAO



# Introduction

The purpose of the *Legal Aid Services Act* (LASA) 2020 is to facilitate the establishment of a flexible and sustainable legal aid system that provides effective and high-quality legal aid services throughout Ontario, in a client-focused and accountable manner while ensuring value for money.

LAO's mandate and service principles are outlined in s.17 of LASA 2020 as follows:

## Objects

- Establish and administer a flexible and sustainable system for providing legal aid services to individuals in Ontario;
- Establish policies and priorities for the provision of legal aid services based on its financial resources;
- Facilitate co-ordination among the different legal aid services that are provided and the manner in which they are provided, including through different service providers;
- Monitor and supervise the provision of legal aid services in Ontario; and
- Advise the Minister on all aspects of legal aid services in Ontario, including any features of the justice system that affect, or may affect, the demand for or quality of legal aid services.

## Principles

- Promote access to justice
- Be efficient, effective and high-quality
- Operate in a client-focused, innovative, transparent and accountable manner
- Be responsive to the needs of low-income individuals and disadvantaged communities in Ontario
- Promote early resolution, where appropriate
- Coordinate with other aspects of the justice system and with community services
- Make continual efforts to maintain and improve the effectiveness and quality of legal aid services while ensuring value for money.

# Services at a glance

LAO offers clients a range of legal services in English and French, with free interpretation in over 300 other languages, from summary legal advice to full representation. Legal aid services are delivered by staff lawyers employed by LAO, through LAO's roster of third-party independent service providers who are members of the private bar, and through entity service providers (community legal clinics, student legal services organizations, and Indigenous Legal Services organizations).

Financially eligible, low-income Ontarians may receive legal services in:

- Family law
- Refugee and immigration law
- Criminal law
- Poverty law
- Mental health law

## In court

Duty counsel are lawyers who can quickly assess a client's legal problems and provide advice and representation to eligible clients who would otherwise be unrepresented and unassisted in the courtroom.

## Service online and over the phone

Toll-free services include information, referrals, summary legal advice, and the taking of legal aid applications. Through all channels, LAO employees processed more than 152,942 applications for services, resulting in 135,279 certificates.

## Representation by a private lawyer

Eligible clients may apply for and receive a certificate, which is like a voucher that covers the cost of a lawyer for a certain number of hours. In 2023-24, there were 4,710 lawyers on LAO's roster, with 70 per cent (2,913) defined as active, having acknowledged at least one certificate in the fiscal year. Certificates are issued for matters in different areas of law including criminal, family, and immigration and refugee law. Funding for certificates totaled \$214.8 million.

## Community legal clinics

LAO funds 59 general service legal clinics (\$75.3 million) and 13 specialty clinics (\$17.9 million) across the province. General service clinics provide legal services to help low-income people and communities meet basic needs such as a source of income, a home and human rights. Specialty clinics focus on specific areas of law, serving as a resource for other clinics and/or helping clients who are underserved (e.g., seniors, people living with HIV/AIDS, persons with disabilities, Indigenous, Black and racialized communities). This funding supported a range of services in the areas noted above, including opening almost 120,000 cases and more than 6,700 community development, advocacy and communications initiatives.

# Services at a glance

## **Student legal services organizations**

LAO also funds student legal services organizations operating from seven of Ontario's eight law schools (\$5.9 million). Full-time lawyers supervise volunteer law students who provide legal advice and representation to clients with matters such as landlord and tenant issues, immigration cases, and minor criminal matters.

# Clients at a glance

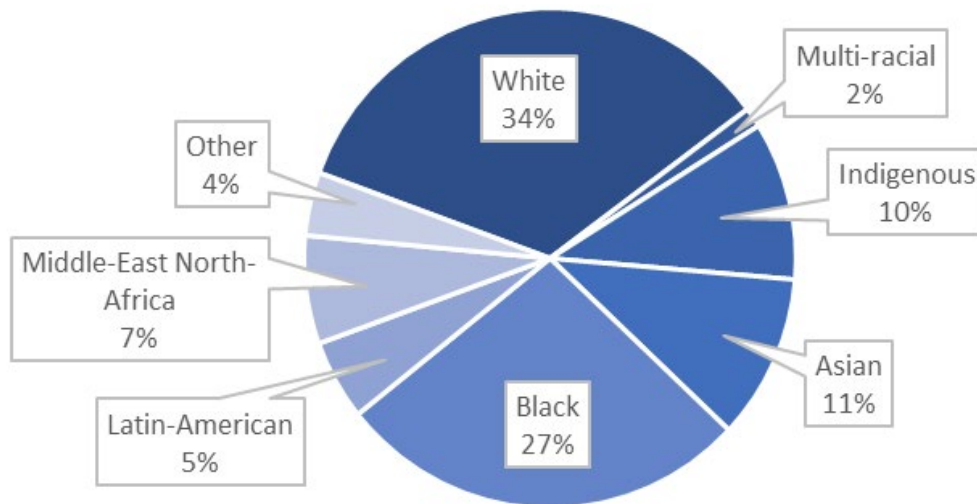
## LAO clients

Keeping clients at the centre of everything we do is crucial to our work at LAO. Our services are delivered to a diverse range of clients throughout the province. The following charts and information demonstrate the diversity of our certificate clients. These details come from an environmental scan of LAO's client base, which takes a broad look at internal and external influences on LAO clients, service delivery and business. Gathering this data enables LAO to better understand trends and correlations, which in turn helps us serve all our clients. The scan analyzes data gathered from certificate clients during the intake process, which LAO then compiles and assesses at a high level. The most recent data includes a key focus on vulnerable client groups, with a breakdown of the number of clients by gender, race, age and family size.

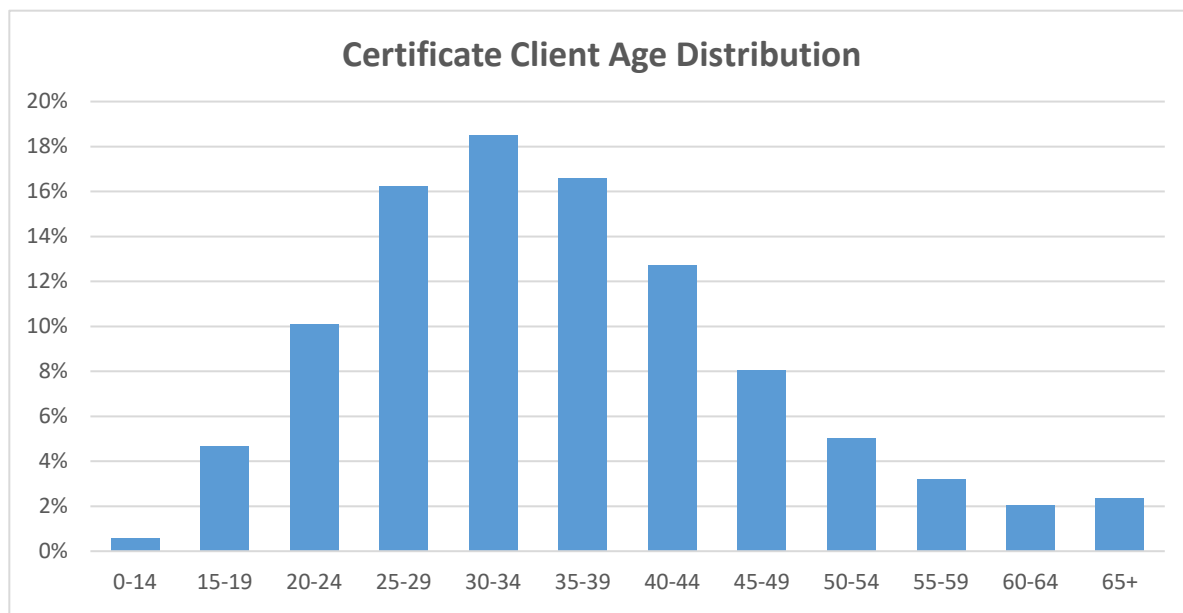
The gender of LAO clients varies significantly by area of law. For certificate clients, most criminal clients identify as male, as do most mental health clients and refugee clients. The majority of family clients identify as female. In clinic law, most clients identify as female. A small proportion of LAO clients identify as two-spirit, trans and non-binary. LAO continues to expand on the ways that we work and engage with gender diverse clients, including but not limited to two-spirit, transgender, non-binary and gender diverse clients to ensure the highest quality data possible is captured to represent all clients in meaningful ways.

Compared to the province-wide population, Indigenous and Black clients are overrepresented in LAO's client base. Although only 2.9 per cent of Ontarians identify as Indigenous, 24 per cent of LAO's criminal certificate clients are Indigenous, as are 13 per cent of family certificate clients. Similarly, only 5 per cent of Ontarians identify as Black, compared with 27 per cent of LAO certificate clients who identify as such. LAO's new Indigenous Services department and Racialized Communities Strategy work to reduce barriers and deliver quality, culturally appropriate services to support these vulnerable client groups.

### LAO Certificate Clients by Race (all areas of law)



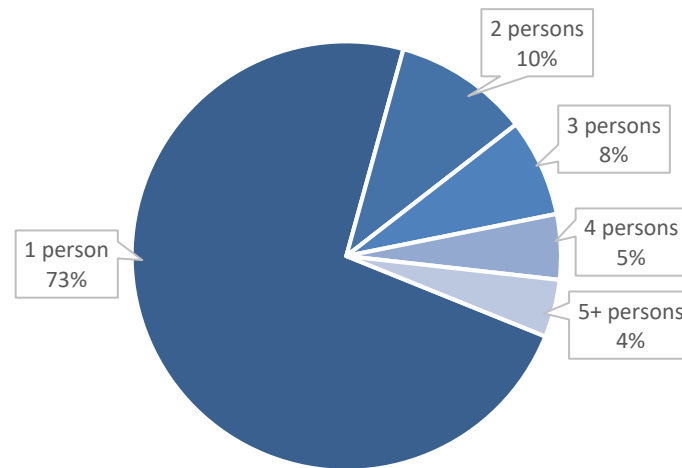
Certificate clients at LAO are on the younger side, with 50 per cent of clients under 35 years of age and almost 80 per cent under 45. Criminal clients tend to be, on average, younger than clients with matters in other areas of law.



LAO's certificate financial eligibility threshold (FET) varies by family size, with the threshold increasing as family size increases. Single persons make up over 83 per cent of criminal certificates and almost 73 per cent of LAO's total certificate issuance. LAO's current financial eligibility thresholds are aligned with the 2011 Low Income Measure<sup>1</sup> (LIM). The FET threshold for a single person is currently 62 per cent below the 2020 Low Income Measure. The threshold for all other family sizes is 34 per cent below the 2020 LIM.

<sup>1</sup> The Low Income Measure threshold developed by Statistics Canada is defined as households with an annual income that is less than 50% of the average income of Canadian households.

### LAO Certificates by Family Size



At present, there are more than 1.2 million Ontarians living in families that were deemed low income, but not eligible for LAO services because their total family income was above the LAO FET. The provincial government defines a family as low income if its disposable income falls below the poverty threshold for the family size and region. Under the existing criteria, individuals who earn an annual income of \$18,795 or higher do not qualify for legal aid, while a family of five or more people earning a collective income of \$50,803 or higher is also not financially eligible for this financial support. (See accompanying chart.)

Number of family members	LAO Certificate FET
1 person	\$18,795
2 persons	\$32,131
3 persons	\$39,352
4 persons	\$45,289
5 persons	\$50,803

# Board of directors

In 2023-24, LAO welcomed new directors to our board. LAO's board of directors has 11 members with a variety of subject matter specialties.

Board members are appointed by the Lieutenant Governor of Ontario, on the recommendation of the Ministry of the Attorney General. Five individuals are selected by the ministry from a list of names recommended by the Law Society of Ontario (LSO), the organization that regulates, licenses and disciplines Ontario's more than 57,000 lawyers and 10,000 paralegals. The Lieutenant Governor, on the recommendation of the ministry in consultation with the LSO, appoints one of those members to serve as chair of the board. The CEO serves as an ex-officio (non-voting) member of the board.

Name	Position	Term start date	Term end date	Remuneration / expenses paid in 2023-24
James Stephen Pengelly	Chair	April 2022	April 2025	<b>149,999.98</b>
Jennifer Gold	Current member	Dec. 2020	Dec. 2025	<b>9,000.00</b>
Deborah Moriah	Current member	Jan. 2021	Jan. 2026	<b>7,500.00</b>
Bryn Gray	Current member	Jan. 2021	Jan. 2026	-
Julia Bailey	Current member	April 2021	April 2026	<b>3,937.50</b>
Peter Johnson	Current member	Jan. 2021	Jan. 2026	<b>10,500.00</b>
Louise Harris	Current member	Sept. 2022	Sep. 2027	<b>8,625.00</b>
Melanie Debassige	Current member	Jan. 2023	Jan. 2025	<b>4,125.00</b>
Sara Wisking	Current member	Jan. 2024	Jan. 2026	<b>1,312.50</b>
Erin Betts	Current member	July 2024	Jul. 2027	<b>2,625.00</b>
Judy Mintz	Former member	Mar. 2020	Sep. 2023	<b>2,062.00</b>
David Field	President & CEO / Ex officio Board member	Jan. 2016	N/A	<b>N/A</b>

# Board governance

LAO's board governance structure includes three committees: audit and finance, human resources, and nominating and corporate governance.

These committees review matters brought forward by management and make recommendations to the board of directors in their respective areas of responsibility.

Each committee has a charter setting out its mandate, with the chair responsible for reporting to the full board of directors. The committee membership is:

## Audit and Finance Committee

- Jennifer Gold (Chair)
- Julia Bailey
- Melanie Debassige
- Sara Wisking
- Bryn Gray
- Steve Pengelly, non-voting member
- David Field, ex-officio non-voting member

## Nominating and Corporate Governance Committee

- Chair – Board chair
- Membership – Full board of directors

## Human Resources Committee

- Peter Johnson (Chair)
- Deborah Moriah
- Louise Harris
- Erin Betts
- Sara Wisking
- Steve Pengelly, non-voting member
- David Field, ex-officio non-voting member



# Advisory Committees

Nine committees, made up of community members, advise LAO staff in:

- Clinic law
- Criminal law
- Family law
- French language services
- Immigration and refugee law
- Indigenous issues
- Mental health law
- Prison law
- Racialized communities

These committees replace the board advisory committees that were mandated under LAO's prior legislation. The advisory committees provide a flexible channel for input from experienced legal aid providers and subject matter experts on how LAO can better serve clients.

## Test Case Committee

This committee is comprised of senior LAO staff with expertise in different areas of law. Through an application process, the committee provides funding for meritorious test cases to advance the interests of the individual client and have a positive impact on low-income Ontarians and Legal Aid clients. The committee focuses its test case funding on litigation to support particularly disadvantaged communities, who are unlikely to be in a position to advance their case without that funding.

The Test Case Committee has funded successful litigation at all levels of court, including the Supreme Court of Canada, at various administrative tribunals, and in related proceedings. The funding is often with in-kind support from other justice partners. Over the past year, the committee has supported a number of important access-to-justice cases. These include:

- protecting the rights of Ontario's homeless population to freedom of expression and assembly related to criminal prohibitions on panhandling;
- increasing legal protections for the mentally ill in criminal proceedings;
- challenging as unconstitutional the *Divorce Act's* limitation on corollary relief only to spouses who have obtained a divorce in Canada, and not in a foreign jurisdiction; and
- ensuring that refugee claimants are treated fairly and equally in accordance with the *Charter of Rights*.

## Exceptions Committee

LAO established an Exceptions Committee (EC) in 2001. The EC acts as an advisory and risk management body on complex and/or long criminal cases where the case costs may exceed \$75,000 or the costs of the case may be difficult to estimate due to the complex issues that may arise in the matter.

The EC is comprised of private bar members who have noted experience and success in long and complex cases and a history of reasonable billings with LAO.

The EC reviews materials submitted by counsel who are requesting a budget. The EC interviews counsel who are making the budget request for further detail and clarification before making budget recommendations to LAO. In turn, LAO carefully considers the insights and recommendations of the EC. However, LAO remains the final decision-maker on the budget. In this determination, LAO is guided by an assessment of what a reasonable client of modest means would do in similar circumstances, and by reviews of budgets from similar cases from the past.

The EC has proven to be an accepted, objective view on budgeting when counsel representing the client and LAO are not in agreement over what comprises a reasonable budget for the case at hand.

# YEAR IN REVIEW

LAO's 2023-24 Business Plan set out five focus areas that guided the organization's actions over the past fiscal year. LAO made progress in each of these areas, which helped us deliver on our mandate: to "provide effective and high-quality legal aid services throughout Ontario, in a client-focused and accountable manner while ensuring value for money." The five focus areas are aligned with LAO's strategic goals and include:

1. Strengthening core mandate services
2. Attracting and retaining external service providers and internal talent
3. Supporting justice system recovery
4. Transforming and modernizing technology infrastructure and systems
5. Reconciliation, Anti-Racism and Equity, Diversity, Inclusion and Belonging

This report emphasizes LAO's unwavering commitment to excellence by highlighting key accomplishments under each of these focus areas. It also demonstrates important ways that LAO provided effective services to our clients.

## 1. Strengthening core mandate services

In 2023-24, LAO continued to focus on strengthening core mandate services to improve the quality and efficiency of legal aid services. Serving clients in the most effective way possible continued to be a key goal of LAO, and progress is visible in many ways. Not only did we serve more low-income Ontarians (19 per cent more applications processed and 21 per cent more certificates issued in 2023-24 versus 2022-23); but we also achieved high satisfaction rates among certificate clients. The results revealed that we surpassed our target, with 82 per cent of certificate clients reporting they are satisfied with LAO services.

### Highlights of 2023-24:

**Enhancing French language services compliance:** Roster members now report annually to indicate their capacity to provide advice and representation in French. Active Offer regulatory requirements were built into the annual Clinic Service Proposal.

**Enhancing Summary Legal Advice (SLA) services:** Implementation of SLA was substantially completed by the end of 2023-24, with LAO redistributing existing SLA services from local duty counsel within the districts to a new department dedicated to providing public legal education and information and summary legal advice services to clients. By the end of 2023-24, all districts except one had successfully transitioned their summary legal advice worklist to the new SLA department. This change creates alignment and consistency in the delivery and scope of SLA services across the province.

**Streamlining certificate management and enhancing court services:** Transitioning certificate management responsibilities from district offices to the newly established Operations Division streamlined processes, improved decision-making, modernized services and better supported the court recovery process, in accordance with LAO's mandate. This change also created capacity within LAO to focus on frontline court services. Additionally, a new service delivery model and framework for in-custody applications, both provincial and federal, was developed and will be implemented in Q1 2024-25.

**Increased service demand and staff wellness:** In 2023-24, LAO's call centre volume reached an all-time high, receiving more than 400,000 calls. Recognizing the impact of this increased demand on the mental health and wellness of LAO staff, LAO launched a series of wellness initiatives to support staff delivering front line services through the call centre, with a focus on racialized staff. The year also saw an increase in intakes through LAO's client portal, providing an alternative channel for people to access LAO programs and services.

**Assisted Applications:** The Assisted Applications program continued to provide a streamlined and simplified alternative for those who cannot apply for legal aid themselves. In 2023-24, these applications represented five per cent of the total applications received by LAO. New community justice sector participants continue to be brought onboard to support unique vulnerable groups in the assisted application process. These efforts provide clients with additional service options. These partnering agency relationships mean that LAO can better respond to the needs of clients and meet them in a way that prioritizes accessibility.

**Expanding in-person and remote court-based services:** In LAO's ongoing effort to enhance and expand both in-person and remote court-based services, several initiatives were launched to support greater accessibility and efficiency in the justice system. These measures collectively underscore LAO's commitment to providing comprehensive and effective legal support across various domains.

**New Ontario Court of Justice (OCJ) practice directions:** LAO worked with OCJ as they issued three new practice directions. Supporting the OCJ's initiatives has assisted clients by decreasing the potential for prejudice, reducing the amount of time they may be subject to restrictions to their liberty, and demonstrating LAO's commitment to the efficient administration of justice.

**Virtual duty counsel program enhancements:** Practices were established to enhance effective services from anywhere in the province. This included expanding paperless file management initiatives (such as electronic record keeping and the development of fillable electronic forms) at the district level; introducing Virtual Commissioning of Documents for family law services; as well as duty counsel continuing to have access to CaseLines (the court's document sharing and storage e-hearing platform), which LAO is able to leverage to access client documents in some locations.

**Criminal youth and criminal mental health enhancements:** LAO now offers roster members training in criminal youth and criminal mental health matters; we have produced an enhanced referral list for clients to identify members who have completed this training.

**Family Senior Counsel program:** A new Family Senior Counsel department was launched in 2023-24. This new team will concentrate on providing enhanced services for highly vulnerable family law clients through the use of senior counsel staff lawyers and legal aid workers, as well as providing mentorship opportunities for staff.

**Immigration and Refugee (IR) Program:** We saw a significant increase in the number of IR applications in 2023-24, with volume jumping from 23,688 in 2022-23 to 44,762 in 2023-24.

**New Toronto courthouse:** LAO supported changes to client service delivery by continuing to implement the amalgamation of five predecessor Toronto District courts into the Toronto Regional Bail Centre and the new Ontario Court of Justice building in downtown Toronto. LAO supported Toronto criminal managers and continues to support staff and address various post-amalgamation challenges.

## 2. Attracting and retaining external service providers and internal talent

LAO relies on staff, roster members, clinics and other external service providers to deliver services. To continue to attract and retain high caliber people, LAO introduced new initiatives and programs designed to foster engagement, such as the tariff increase and reforms, enhancements to the annual lawyer self-report, and roster initiatives. Results showed that these initiatives are working: roster lawyers responded to a survey with the highest level of positive satisfaction scores on record (57 per cent responded positively), and a newly-launched staff engagement survey showed 69 per cent are satisfied at work, 79 per cent are satisfied with their current role, and 58 per cent feel valued as an employee.

### Highlights of 2023-24:

**Transition of LAO pension plans:** Effective September 25, 2023, LAO moved to the Public Service Pension Plan (PSPP) / Ontario Public Service Employees Union (OPSEU) Pension Plan. With this move, LAO wound up its own pension plan and moved to a plan similar to those offered by most public sector organizations. Moving to a defined benefit pension plan means LAO can more effectively attract and retain staff and provide our employees with a more predictable, secure retirement.

**Tariff rate increases and tariff reforms:** After successfully implementing the initial phase of the Legal Aid Services Rules' amendment in October 2023, LAO advanced the second phase reforms. The phase two amendments were introduced in two stages, with the first phase taking effect March 4, 2024. The second stage was implemented in July 2024. These reforms include increases to allocated hours and block fees for specific criminal proceedings, along with the establishment of new areas of coverage under the tariff. The second approved five per cent increase to the tariff hourly rate increase came into force on April 1, 2024.

**Adopting a hybrid work model:** In April 2023, LAO adopted a hybrid work model that also supported a reduced provincial office footprint and annual leasing savings of \$1.3 million starting in 2024. This approach supports blended service delivery and embodies the guiding principles of clients first, employee output and impact, ensuring that remote work is not isolated work, and providing equitable access to hybrid options, where possible.

**Talent development and succession plan:** A number of activities were developed and delivered in 2023-24 to ensure LAO staff and management are equipped with the necessary skills to meet LAO's service and strategic objectives. This includes tracking where successful applicants are seeing LAO vacancies; revamping the leadership development curriculum; and redesigning new employee orientation into virtual modules.

**Annual lawyer self-report:** To attract, retain and support external service providers in delivering high quality services, LAO continued to enhance and streamline the service provider onboarding process and reduce administrative and technical hurdles. In January 2024, LAO launched a revamped annual lawyer self-report, which is more user-friendly for service providers and allows LAO to efficiently collate and analyze roster member information, including tracking conditional status. The updated report captures additional information on the languages spoken by lawyers, assisting clients in identifying legal counsel in their language of choice.

**Roster initiatives:** New, specialized training was created and delivered for roster members, aimed at some of LAO's most vulnerable clients (those experiencing mental health challenges). This training was the most highly attended session in recent years.

### 3. Supporting justice system recovery

LAO continued our commitment to support the court recovery process through ongoing collaboration with MAG, aiming for more efficient resolution of cases, benefiting both clients and the broader justice community. LAO undertook activities to support justice system recovery, including:

**Enhanced remote tribunal services:** By supporting clinics to host and provide access to technology, LAO enabled more clinic clients to access remote hearings. Future plans may include rolling out hardware to more clinics to support further expansion.

**Landlord and Tenant Board discussions:** LAO engaged in ongoing discussions with the Association of Community Legal Clinics of Ontario, Advocacy Centre for Tenants Ontario, and tenant duty counsel to develop plans to address the backlog at the Landlord and Tenant Board.

**Responding to changing modes of appearance:** As the courts shifted back to in-person appearances in 2023-24, LAO was responsive and modified the ways in which the organization delivers our legal aid services.

**Supporting the Ontario Court of Justice (OCJ):** LAO participated in a senior leadership table led by the OCJ that looked at strategies and approaches to modernize the criminal justice system. These discussions brought justice stakeholders together to examine the system in a comprehensive way and identify solutions to better serve the public. LAO also actively supported OCJ as it developed and launched initiatives to support self-represented litigants.

### 4. Transforming and modernizing technology infrastructure and systems

In 2023-24, LAO continued to build flexible, secure, and modern technology infrastructure. This work promoted digital delivery and seamless, efficient client service. It also reduced service interruptions for clients, service providers and staff; supported remote and hybrid work; and increased data privacy and security.

## Highlights of 2023-24:

**Business Process Review (BPR):** LAO launched a comprehensive review of all client-facing processes within the organization to document functional requirements and process improvements for intake, eligibility assessment, triage, certificate management, and staff service delivery processes. The review seeks to identify process improvements, enhance alignment between divisions, and identify system opportunities.

**Technology Investments:** In 2023-24, LAO implemented technology upgrades across various systems, enabling better performance, stability and readiness for future advancements. These upgrades facilitate the adoption of new tools and platforms, ensuring that LAO remains equipped to meet current and future demands.

## 5. Reconciliation, Anti-Racism and Equity, Diversity, Inclusion and Belonging (EDIB)

With a focus on ensuring a supportive environment for LAO's people and clients, we aimed to respond effectively to the legal aid needs of Indigenous, racialized and other vulnerable client groups who face barriers in the justice system, and to create and maintain a positive, diverse and anti-racist work environment.

## Highlights of 2023-24:

**Integrating EDIB principles in recruitment and development:** Multiple initiatives were undertaken in 2023-24 to embed EDIB principles in ongoing operations, including:

- EDIB and HR collaboration to integrate principles in onboarding by reviewing the end-to-end process and rolling out updates;
- Developed a framework to ensure EDIB principles are reflected in recruitment processes with implementation to occur in 2024-25; to date, all interviews for people-leader roles incorporate an EDIB and accessibility lens.
- Job opportunities are posted on boards that reach a diverse audience to enhance visibility and diversify the potential talent pool.

**Collecting and analyzing race-based data:** To address the challenges and biases that racialized individuals encounter in the justice system, LAO undertook a project funded by Heritage Canada to collect, analyze and report on data related to Indigeneity, race and bail outcomes. Data on client experience in bail proceedings was analyzed, which enabled better understanding of the role Indigeneity and race play at this level of the justice system. External experts were engaged to develop resources for LAO staff and roster members on how to raise arguments related to anti-Black racism at bail. We are working on developing similar resources to serve members of Indigenous communities. LAO has also updated the lawyers' portal, Legal Aid Online, to allow for the collection of case outcomes, and we have made the completion of outcome information mandatory for roster members.



**Impact of Race and Cultural Assessments (IRCA):** IRCA reports help judges consider how racism, poverty and discrimination have contributed to a Black or racialized person's interactions with the justice system. The reports are used mainly at the sentencing stage of a trial and help the judge decide what the sentence should be. To promote and increase fairness in sentencing outcomes for racialized clients, LAO continued to fund IRCAs and support their production.

**Immigration Detention Representation Program (IDRP):** In 2022, LAO formally designated the IDRP as a permanent program to support applicants. This program provides representation at immigration and refugee detention proceedings to improve access to legal services for vulnerable refugee clients. In 2023-24, the staff offices provided representation at 1,514 hearings for 722 clients, while IDRP certificate lawyers provided representation at 864 hearings for 411 clients. A significant majority of Ontario immigration detainees continue to be represented through the IDRP.

**Taking a more holistic approach to serving Indigenous clients:** In October 2022, LAO entered into an agreement with Nishnawbe Aski Nation (NAN) Legal Services and in 2023-24, LAO worked to advance discussions with NAN Legal on a number of subjects arising from the new service agreement.

In 2023-24, LAO launched an Indigenous Services Department, whose mandate is to strengthen LAO services, programs and supports for Indigenous clients by bringing Indigenous client services together into one department. Centralizing the delivery of services to Indigenous clients advances LAO's commitment to reconciliation, delivering high quality, culturally safe and relevant services, and improving justice outcomes for Indigenous clients as outlined in [LAO's progress update](#) to the Truth and Reconciliation Commission's Calls to Action. Additionally, Indigenous Cultural Competency Training, "The Path", was provided to all LAO staff and is ongoing for new hires.

# KEY PERFORMANCE INDICATORS (KPI)

Key performance indicators (KPIs) provide an overview of how LAO is performing in relation to our mandate as outlined in the *Legal Aid Services Act, 2020* and our annual business plan commitments. They are a key accountability tool and ensure LAO's long-term success.

## Organizational health

KPI	Measurement frequency	Last measured	Target	2022-23	2023-24
Turnover	Annual <sup>2</sup>	Q4 2023-24	10%	11.5%	12.4%
Staff to management ratio	Annual	Q4 2023-24	7 to 1	6.8 to 1	6.7 to 1
Average sick days used per employee	Annual <sup>3</sup>	Q4 2023-24	10.1 days	10.4 days	11.9 days
Employee engagement	Annual	Q4 2023-24	TBC <sup>4</sup>	No survey conducted	Satisfaction at work: 69%; Satisfaction with current role: 79%; Feeling valued as an employee: 58%

<sup>2</sup> Turnover and average sick days are reported by calendar year. Therefore, 2022-23 refers to calendar year 2022 and 2023-24 refers to calendar year 2023.

<sup>3</sup> Calculated and reported by calendar year as they are tied to benefits administration.

<sup>4</sup> A new survey approach was used in 2023-24. The next employee engagement survey will run in 2026-27 and the 2023-24 survey will be used as a baseline on which to improve.

## Financial indicators

KPI	Measurement frequency	Last measured	Target	2022-23	2023-24
Balanced budget	Annual	2023-24	Balance or surplus budget (pending LFO revenue)	\$108.9M surplus	\$229.5M surplus
Net assets	Annual	2023-24	Balance or accumulated surplus	\$97.6M surplus	\$327.1M surplus
Cash Balance	Annual	2023-24	\$60M cash balance or greater (pending LFO revenue)	\$109.2M balance	\$327.2M balance

## Service measures

KPI	Measurement frequency	Last measured	Target	2022-23	2023-24
% of calls answered within 3 minutes (L1) <sup>5</sup>	Annual	Q4 2023-24	80%	58%	69%
% of calls answered within 3 minutes (LSC) <sup>6</sup>	Annual	Q4 2023-24	80%	92%	92%
% of calls answered within 3 minutes (In-custody)	Annual	Q4 2023-24	80%	70%	67%
% of calls answered within 20 minutes (L2) <sup>7</sup>	Annual	Q4 2023-24	80%	62%	41%
Overall certificate client satisfaction (% positive responses)	Annual	Q4 2023-24	80%	80%	82%
Overall lawyer satisfaction (% positive responses)	Annual	Q4 2023-24	50%	39%	57%

<sup>5</sup> L1 = Level 1 Line of Business (LOB) - Activities: Triage, make referrals, status checks, and profile updates.

<sup>6</sup> LSC = Lawyer Service Centre - Activities: Support for online billing system, billing and tariff rules, account payment status, certificate coverage, and technical support.

<sup>7</sup> L2 = Level 2 Line of Business (LOB) - Activities: Take applications, make referrals and issue certificates.

# Analysis of operational performance

## Duty counsel services

The duty counsel program provides legal advice and representation in Ontario's criminal, youth, and family courts. Duty counsel services are provided by LAO staff lawyers and per diem private bar lawyers.

Duty counsel assist eligible individuals who need advice and/or representation in court. Often, they help the same client multiple times on separate occasions and for different matters.

With courts returning to pre-pandemic service levels, LAO has seen the number of duty counsel assists (online and in-person) increase by 15 per cent from 2022-23 to 2023-24.

## Number of clients served by duty counsel

Area of law	2019-20	2020-21	2021-22	2022-23	2023-24
Criminal	516,759	377,694	559,510	630,062	721,635
Civil <sup>8</sup>	101,927	55,544	67,122	82,673	95,305
Total	618,686	433,238	626,632	712,735	816,940

## Certificate program

Each year, thousands of lawyers across the province provide legal services as part of LAO's certificate program. LAO provides billing guidelines about the work covered by a certificate, the hourly rate payable, and the maximum hours that LAO will cover for different legal matters. Certificates can be amended to authorize additional work and to cover other costs. LAO also provides oversight and support throughout the case as part of the obligation to our clients and the taxpayers who fund the legal aid system.

Individuals can apply for Legal Aid services through various channels: LAO staff working at courthouses or on the phone can assess whether an individual qualifies for legal help from LAO, and what type of assistance they need. A formal application is then created, and, if approved, a certificate is issued. An individual may also complete an application through LAO's online portal. Certificates state the type of service and length of time LAO will pay a lawyer to complete the service, based on the typical amount of work required for the service.

<sup>8</sup> This category consists largely of people assisted in family law courts.

Once a certificate is issued, a client can choose any LAO lawyer from the appropriate roster to represent them. The overall proportion of certificates where a client obtains a lawyer is high, but the data show some variance between different areas of law. The amount of time each lawyer can devote to legal aid varies widely. Some lawyers accept a handful of cases while others focus their practice entirely on representing legal aid clients. LAO puts limits on the number of hours that roster lawyers can work on legal aid matters to maintain a high level of quality on service delivery.

The average lifetime of a certificate can be influenced by court scheduling, legislative changes, the duration of legal proceedings (e.g., matters that go to trial have a longer lifetime), and a lawyer's billing practices (there is an 18-month billing deadline from the day a certificate is issued).

Over 2023-24, LAO saw an increase in applications and total certificates issued, predominately due to a continued increase in the volume of immigration and refugee law certificates.

### Formal applications for certificates by fiscal year<sup>9</sup>

Certificate applications	2019-20	2020-21	2021-22	2022-23	2023-24
Applications made	120,335	103,077	114,762	122,527	152,030

### Certificate application outcomes<sup>10</sup>

Outcomes	2019-20	2020-21	2021-22	2022-23	2023-24
Approved	105,308	94,909	100,419	106,830	135,279
Refused	13,010	6,527	10,700	11,526	12,410
Other <sup>11</sup>	5,904	2,618	3,420	4,991	5,253
<b>Total outcomes recorded</b>	<b>124,222</b>	<b>104,054</b>	<b>114,539</b>	<b>123,347</b>	<b>152,942</b>

<sup>9</sup> This table is based on applications made in the specific fiscal year.

<sup>10</sup> Application outcomes, which might arise after formal submission, can lead to a slight variance between the numbers of formal applications and their corresponding outcomes by fiscal year.

<sup>11</sup> 'Other' encompasses administrative outcomes such as client referrals, withdrawn applications, and errors in application creation.

## Length of time to determine application outcome

Duration of application system	2019-20	2020-21	2021-22	2022-23	2023-24
Same-day	87,242	88,743	89,502	90,983	119,264
2 to 7 days	13,134	6,477	10,715	12,981	14,560
8 to 14 days	5,787	2,068	3,588	4,665	4,554
15 to 30 days	8,432	2,410	4,518	6,294	6,377
Over 30 days	9,627	4,356	6,216	8,424	8,187
<b>Total outcomes recorded</b>	<b>124,222</b>	<b>104,054</b>	<b>114,539</b>	<b>123,347</b>	<b>152,942</b>
<b>Same-day outcomes</b>	<b>70%</b>	<b>85%</b>	<b>78%</b>	<b>74%</b>	<b>78%</b>

## Certificates approved by area of law

Area of law	2019-20	2020-21	2021-22	2022-23	2023-24
Criminal	60,097	52,068	57,505	56,207	63,396
Family	24,055	28,302	23,774	18,906	19,328
Immigration and refugee	15,502	6,750	11,510	23,688	44,762
Other <sup>12</sup>	5,654	7,789	7,630	8,029	7,793
<b>Total certificates issued</b>	<b>105,308</b>	<b>94,909</b>	<b>100,419</b>	<b>106,830</b>	<b>135,279</b>

<sup>12</sup> 'Other' represents matters before the Consent and Capacity Board, prison law, and matters before civil tribunals.

**Acknowledgement rate<sup>13</sup>**

<b>Area of law</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24 (Q1 to Q3)</b>
Criminal	95%	95%	94%	93%	92%
Family	74%	73%	67%	66%	65%
Immigration and refugee	92%	90%	89%	88%	88%
Civil	96%	95%	95%	95%	95%

**Number of lawyers who accepted a LAO certificate**

<b>Lawyers</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Number of lawyers	3,326	3,266	3,146	2,932	2,913

**Number of lawyers paid more than \$100K in fees**

<b>Fees</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
\$100K to \$250K	665	431	598	604	639
Over \$250K	73	46	68	78	125
<b>Total</b>	<b>738</b>	<b>477</b>	<b>666</b>	<b>682</b>	<b>764</b>

<sup>13</sup> LAO has refined how acknowledgement rate is calculated to better reflect the Legal Aid Service Rules 2020. Acknowledgement rate reflected here is the percentage of certificates acknowledged by a lawyer within 180 days of issuance to a client.



### Average cost of a completed certificate by area of law

Area of law	2019-20	2020-21	2021-22	2022-23	2023-24
Criminal	\$1,750	\$1,672	\$1,667	\$1,674	\$1,680
Family	\$3,525	\$3,490	\$3,555	\$3,927	\$4,085
Immigration and refugee	\$2,076	\$2,028	\$2,204	\$2,242	\$2,169
Other	\$1,453	\$1,345	\$1,329	\$1,375	\$1,426
<b>Overall average cost</b>	<b>\$2,089</b>	<b>\$1,947</b>	<b>\$2,007</b>	<b>\$2,058</b>	<b>\$2,014</b>

### Average lifetime of a completed certificate (in months)

Area of law	2019-20	2020-21	2021-22	2022-23	2023-24
Criminal	7.6	8.9	9.4	9.7	9.2
Family	15.1	16.2	16.7	18.5	19.4
Immigration and refugee	14.7	17.3	18.7	16.1	12.8
Other	3.5	3.3	3.3	3.3	3.1
<b>Total</b>	<b>9.5</b>	<b>10.0</b>	<b>10.9</b>	<b>11.0</b>	<b>10.3</b>

### Poverty law services

Case work is at the centre of the poverty law work of legal aid clinics, with almost 120,000 files opened in 2023-24 (9 per cent more than the previous year). These cases often relate to income supports such as Ontario Works, Ontario Disability Support Program or workers' compensation. As shown in the table, clinic-based poverty law services also include tenant duty counsel assists, referrals to (or help contacting) other legal and social services, and initiatives such as public legal education and various other advocacy activities.

Service type/year	2019-20	2020-21	2021-22	2022-23	2023-24
Cases opened	128,399	85,818	96,931	109,835	119,883
Referrals	45,195	35,882	45,299	49,338	60,804
Initiatives	5,768	6,779	6,434	5,507	6,749
Tenant duty counsel assists	70,310	25,521	67,686	67,092	96,740

# FINANCIAL STATEMENTS DISCUSSIONS AND ANALYSIS

The Financial Statements Discussion and Analysis (FSD&A) is intended to assist readers in understanding the results of LAO's financial performance for the year ended March 31, 2024.

This report should be read in conjunction with the audited financial statements of LAO for the year ending March 31, 2024, prepared in accordance with Public Sector Accounting Standards (PSAS), and the accompanying notes, which form a part of those statements.

## Highlights

### 2023-24 Financial Highlights (\$000's)

#### Statement of Operations for the year ended March 31

	<b>2023-24 Budget</b>	<b>2023-24 Actual</b>	<b>2022-23 Actual</b>	<b>Change from 2023-24 Budget</b>	<b>2022-23 Actual</b>
<b>Revenue</b>	(a)	(b)	(c)	(b-a)	(b-c)
Government Funding	385,800	403,019	331,629	17,219	71,390
Law Foundation of Ontario	267,900	330,779	231,787	62,879	98,992
Protocol Cases	0	9,310	8,367	9,310	943
Other <sup>14</sup>	9,500	18,610	5,961	9,110	12,649
<b>Total Revenue</b>	<b>663,200</b>	<b>761,718</b>	<b>577,744</b>	<b>98,518</b>	<b>183,974</b>
<b>Expenses</b>	(a)	(b)	(c)	(b-a)	(b-c)
Certificate Program	238,230	251,157	219,944	12,927	31,213
Duty Counsel and Staff Services Program	107,800	117,185	98,376	9,385	18,809
Clinic Program	106,500	106,577	103,886	77	2,691
Other Programs	4,300	6,182	4,585	1,882	1,597
Total Client Programs	456,830	481,101	426,791	24,271	54,310
Administration and Other Cost <sup>15</sup>	46,100	51,107	42,005	5,007	9,102
<b>Total Expenses</b>	<b>502,930</b>	<b>532,208</b>	<b>468,796</b>	<b>29,278</b>	<b>63,412</b>
<b>Excess of revenue over expenses</b>	<b>160,270</b>	<b>229,510</b>	<b>108,948</b>	<b>69,240</b>	<b>120,562</b>

<sup>14</sup> Includes Client Contributions, Client and other recoveries, and Investment Income.

<sup>15</sup> Other cost includes Depreciation/amortization and Bad Debt Expenses.

(\$000's)	Change from				
	2023-24 Budget	2023-24 Actual	2022-23 Actual	2023-24 Budget	2022-23 Actual
<b>Statement of Financial Position As at March 31</b>					
		<i>a</i>	<i>b</i>		<i>a-b</i>
Assets		446,070	203,157		242,913
Liabilities		118,968	105,565		13,403
<b>Net Assets:</b>					
Unrestricted Net Assets		301,920	76,035		225,885
Contingency Reserve Fund		20,000	20,000		0
Invested Capital Assets		5,182	1,557		3,625
<b>Total Net Assets</b>		<b>327,102</b>	<b>97,592</b>		<b>229,510</b>

## Financial highlights

### Change from 2022-23 actuals

- LAO recorded a \$229.5 million surplus for the fiscal year ended March 31, 2024, compared to the previous year's surplus of \$108.9 million, mainly due to higher LFO revenue. This was partially offset by higher staffing costs resulting from collective bargaining agreement increases and the impact of the tariff increase and tariff reform on per diem duty counsel expenses.
- Total revenues are \$761.7 million, which is \$184 million or 31.9 per cent higher than the previous year, largely due to increases in LFO revenue, interest income and additional government funding.
- Total expenses are \$532.2 million, which is \$63.4 million or 13.5 per cent higher than the previous year. The expenses are higher in the certificate program primarily due to: higher IR certificate issuance; the impact of tariff increase and tariff reform on per diem duty counsel expenses; unprecedented call volumes; higher staffing costs resulting from the collective bargaining increases; and higher IT project costs due to modernization of IT systems.
- Total assets are \$446.1 million, which are higher by \$242.9 million or 119.5 per cent over 2022-23. This increase was primarily due to higher LFO revenue and interest income.
- Total liabilities are \$119 million, which is higher by \$13.4 million or 12.7 per cent, mainly due to an increase in IR certificate issuance and accrued payroll expenses.
- Net assets are \$327.1 million, which are higher than the previous year by \$229.5 million or 235.2 per cent, mainly due to an increase in LFO revenue and interest income.

## Analysis of 2023-24 Results

### Revenue

Details of 2023-24 Actual Results (\$000's)

			Change from		
	2023-24 Budget	2023-24 Actual	2022-23 Actual	2023-24 Budget	2022-23 Actual
Revenue	(a)	(b)	(c)	(b-a)	(b-c)
<b>Government Funding:</b>					
Ontario Government	270,100	270,590	226,215	490	44,375
Government of Canada	115,700	132,429	105,414	16,729	27,015
Law Foundation of Ontario	267,900	330,779	231,787	62,879	98,992
Protocol Cases <sup>16</sup>	0	9,310	8,367	9,310	943
Other <sup>17</sup>	9,500	18,610	5,961	9,110	12,649
<b>Total Revenue</b>	<b>663,200</b>	<b>761,718</b>	<b>577,744</b>	<b>98,518</b>	<b>183,974</b>

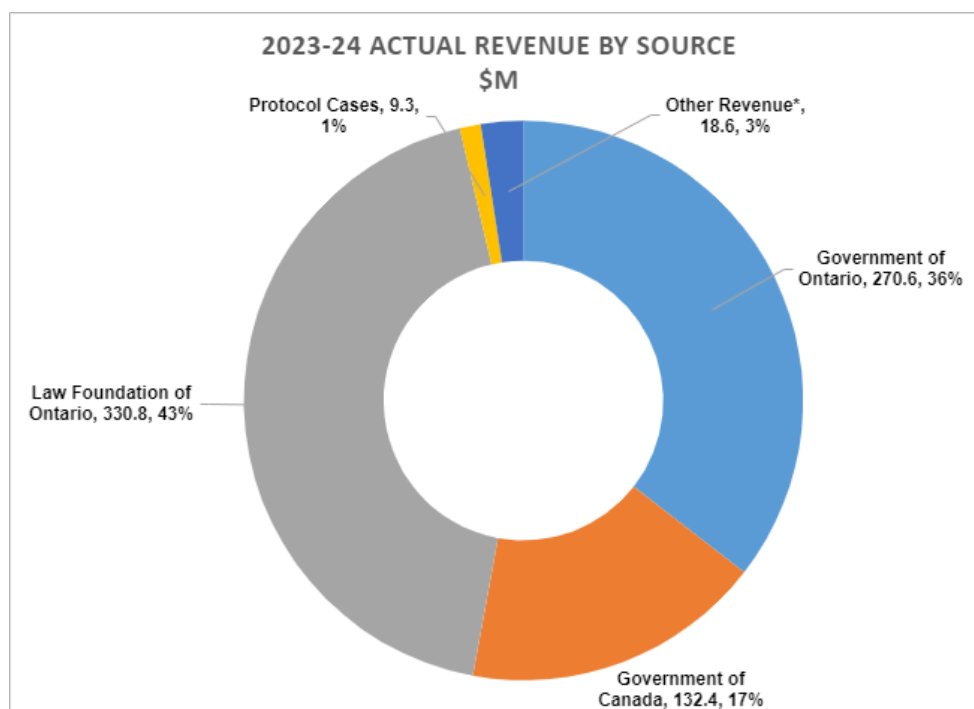
<sup>16</sup> Protocol cases are billings for cases that are assigned to LAO through the courts and recovered from the Ministry of the Attorney General. The reporting presentation changed in 2022-23, where the funding and expenses are now reported separately.

<sup>17</sup> Includes Client Contributions, Client and other recoveries, and Investment Income.

**Revenue change from 2022-23 actuals**

Total revenue for 2023-24 increased by \$184.0 million or 31.9 per cent, from 2022-23. The details are as follows:

- Provincial funding increased by \$44.3 million or 19.6 per cent over the previous year, mainly due to a reduction of MAG transfer payments in 2022-23 as a result of LAO's surplus position. The province withheld the February and March payments in 2022-23 and this withholding did not occur in 2023-24.
- Federal funding increased by \$27 million or 25.6 per cent over the previous year due to:
  - \$17.5 million for the increased cost of the IR program due to higher case volumes.
  - \$9.5 million for additional funding to support access to legal aid in the criminal justice system.
- The LFO revenue was \$99 million or 42.7 per cent higher than in the previous year due to two (2) 25-basis-points interest rate increases in June and July and mixed trust balances remaining stronger than anticipated.
- Other income was \$18.6 million in 2023-24, which was \$12.6 million or 212.2 per cent higher than the previous year, mainly due to higher interest income resulting from increased bank account balances and investment in Guaranteed Investment Certificates, higher client contributions and other recoveries.



### Revenue change from the 2023-24 budget

Total revenue is \$761.7 million, which is \$98.5 million or 14.9 per cent higher than projected in the 2023 budget, mainly due to higher LFO revenue and additional government funding.

- The federal immigration and refugee funding increased by \$16.7 million or 14.4 per cent higher than projected in the 2023 budget, primarily due to increased certificate issuance.
- The LFO revenue is \$62.9 or 23.5 per cent higher than predicted in the 2023 budget due to the Bank of Canada increasing its overnight interest rate twice in 2023-24 and mixed trust balances remaining stronger than anticipated.
- Other income increased by \$9.1 million or 95.9 per cent higher than projected in the 2023 budget due to the high interest rates and interest income earned from higher bank account balances and investments.

## Expenses

Details of 2023-24 Actual Results (\$000's)

	2023-24 Budget	2023-24 Actual	2022-23 Actual	Change from 2023-24 Budget	2022-23 Actual
Expenses	(a)	(b)	(c)	(b-a)	(b-c)
Certificate Program (see breakdown below)	238,230	251,157	219,944	12,927	31,213
Duty Counsel and Staff Services Program	107,800	117,185	98,376	9,385	18,809
Clinic Program	106,500	106,577	103,886	77	2,691
Other Programs	4,300	6,182	4,585	1,882	1,597
<b>Total Client Programs</b>	<b>456,830</b>	<b>481,101</b>	<b>426,791</b>	<b>24,271</b>	<b>54,310</b>
Administration and Other Cost <sup>18</sup>	46,100	51,107	42,005	5,007	9,102
<b>Total Expenses</b>	<b>502,930</b>	<b>532,208</b>	<b>468,796</b>	<b>29,278</b>	<b>63,412</b>

<sup>18</sup> Other cost includes Depreciation/amortization and Bad Debt Expenses.

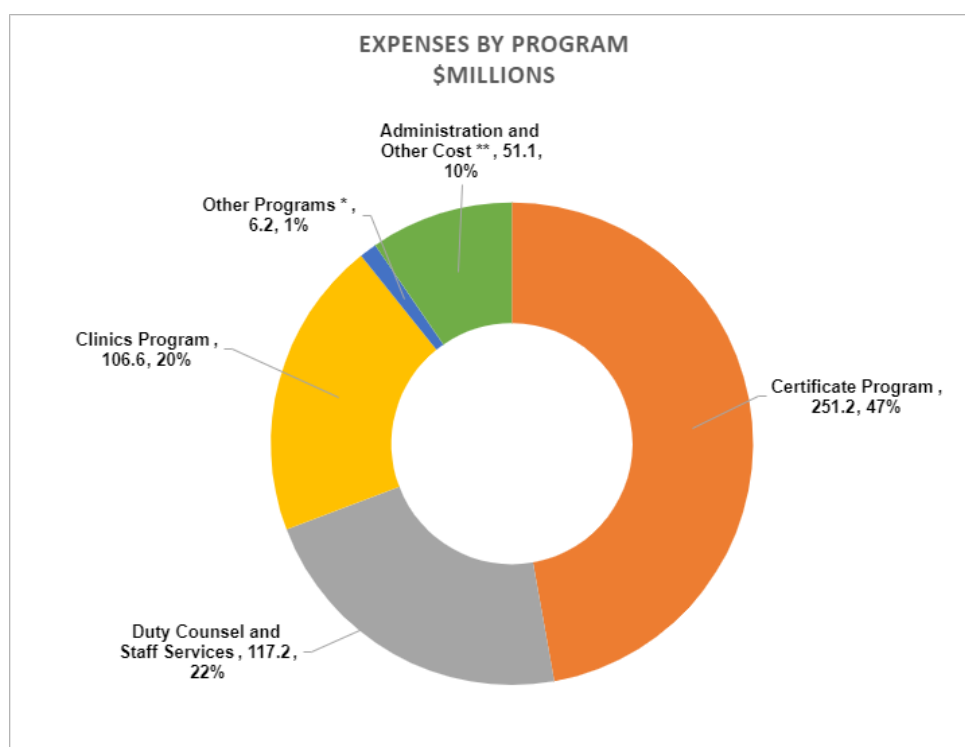


(\$000's)	Change from				
	2023-24 Budget	2023-24 Actual	2022-23 Actual	2023-24 Budget	2022-23 Actual
<b>Certificate Program:</b>	a	b	c	b-a	b-c
Criminal - Big Case Management (BCM)	25,070	23,322	23,552	(1,748)	(230)
Criminal - Non BCM	85,998	82,018	73,075	(3,980)	8,943
Family	58,902	52,018	56,897	(6,884)	(4,879)
IR	33,332	47,102	25,157	13,770	21,945
Other Civil	10,755	10,329	9,810	(426)	519
<b>Total Certificates</b>	<b>214,057</b>	<b>214,789</b>	<b>188,491</b>	<b>732</b>	<b>26,298</b>
Protocol Case	-	8,956	8,060	8,956	896
Client Service Centre	13,607	16,279	13,251	2,672	3,028
Program Support – Certificates	7,566	7,525	6,695	(41)	830
Bad Debt Expenses	3,000	3,608	3,447	608	161
<b>Total Certificate Program</b>	<b>238, 230</b>	<b>251,157</b>	<b>219,944</b>	<b>12,927</b>	<b>31,213</b>

## Expense change from 2022-23 actuals

Total expenses increased by \$63.4 million, from \$468.8 million in 2022-23 to \$532.2 million in 2023-24. The increases are mainly due to the following service delivery-related expenditures and associated supporting costs:

- Certificate Program expenses increased by \$31.2 million or 14.2 per cent over 2022-23, primarily due to higher IR and criminal certificate issuance and unprecedented call volumes requiring more contact centre staff.
- Duty counsel (DC) and staff services (Regional Services) expenses grew by \$18.8 million or 19.1 per cent over 2022-23, mainly due to an increase in lawyers' salaries from union arbitration awards, and tariff increase and tariff reform impact on per diem DC costs.
- Clinic program spending increased by \$2.7 million or 2.6 percent over 2022-23, primarily due to increased funding to community legal clinics and specialty clinics.
- Other programs – Indigenous Justice Strategy spending increased \$1.6 million or 34.8 per cent over 2022-23, due to the Nishnawbe-Aski Legal staff lawyer program and the timing of funding payouts carried over from the previous year.
- Administration costs increased by \$9.1 million or 21.7 per cent over 2022-23, due to the impact of Bill 124 retroactive awards and IT expenses needed to meet strategic objectives.



\* Includes Indigenous Justice Strategy

\*\* Other Costs include Bad Debt Expenses and Depreciation/Amortization Expenses

**Expense change from the 2023-24 budget**

Total expenses in 2023-24 were \$532.2 million, which were \$29.3 million or 5.8 per cent higher than the 2023 budget. This increase is primarily attributed to higher IR certificate demand, higher staffing costs from the collective bargaining increase, and the impact of the tariff increase and tariff reform on duty counsel per diem costs.

**LEGAL AID ONTARIO**  
**AUDITED**  
**FINANCIAL**  
**STATEMENTS**  
**2023 – 2024**



**LEGAL AID ONTARIO**  

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**AIDE JURIDIQUE ONTARIO**

# **Legal Aid Ontario Financial Statements For the year ended March 31, 2024**

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## Management's Statement of Responsibility

The Management of Legal Aid Ontario is responsible for the preparation, presentation and integrity of the accompanying financial statements, Management's Discussion and Analysis and all other information contained in this Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgements and best estimates necessary to prepare the financial statements in accordance with Canadian Public Sector Accounting Standards with appropriate consideration to materiality. The significant accounting policies followed by Legal Aid Ontario are described in the financial statements.

Management has developed and maintains a system of internal control, business practices and financial reporting to provide reasonable assurance that assets are safeguarded, and that relevant and reliable financial information is produced on a timely basis. Internal auditors, who are employees of Legal Aid Ontario, review and evaluate internal controls on management's behalf.

The Board of Directors of Legal Aid Ontario ensures that management fulfils its responsibilities for financial information and internal control through an Audit and Finance Committee. This Committee meets regularly with management and the auditor to discuss internal controls, audit findings and the resulting opinion on the adequacy of internal controls, and the quality of financial reporting issues. The auditors have access to the Audit and Finance Committee, without management present, to discuss the results of their work.

The accompanying financial statements have been examined by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian Public Sector Accounting Standards. The Auditor's Report outlines the scope of the Auditor General's examination and opinion.



David Field  
President and  
Chief Executive Officer

June 27, 2024



Abigail Dwosh  
Vice President and  
Chief Administrative Officer

June 27, 2024



## INDEPENDENT AUDITOR'S REPORT

To Legal Aid Ontario

### Opinion

I have audited the financial statements of Legal Aid Ontario (LAO), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets (deficit) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LAO as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of LAO in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing LAO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

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unless LAO either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing LAO's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 LAO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained,





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whether a material uncertainty exists related to events or conditions that may cast significant doubt on LAO's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause LAO to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario  
June 27, 2024

Jeremy Blair, CPA, CA, LPA  
Assistant Auditor General

# Legal Aid Ontario

## Statement of Financial Position

	March 31, 2024 (\$000's)	March 31, 2023 (\$000's)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 327,150	\$ 109,241
Short-term investments (Note 3)	30,711	-
Prepaid expenses and other assets	3,644	3,195
Client accounts receivable, net of allowance (Note 4(a))	366	1,076
Other receivables, net of allowance (Note 4(b))	43,509	69,004
	<b>405,380</b>	<b>182,516</b>
Long-term client accounts receivable, net of allowance (Note 4(a))	13,171	14,221
Restricted investments - contingency reserve fund (Note 5)	20,000	-
Capital assets (Note 6)	7,519	6,420
	<b>7,519</b>	<b>6,420</b>
<b>TOTAL ASSETS</b>	<b>\$ 446,070</b>	<b>\$ 203,157</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 110,468	\$ 97,838
Deferred capital contributions (Note 8)	2,337	4,863
	<b>112,805</b>	<b>102,701</b>
<b>Long-Term Liabilities</b>		
Accrued pension liability (Note 15)	2,879	2,864
Tenant improvement allowance	3,284	-
	<b>6,163</b>	<b>2,864</b>
<b>Net Assets</b>		
Unrestricted net assets	301,920	76,035
Invested in capital assets (Note 9)	5,182	1,557

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## Statement of Financial Position (continued)

Contingency reserve fund (Note 5)	<b>20,000</b>	20,000
	<b>327,102</b>	97,592
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 446,070</b>	<b>\$ 203,157</b>



Steve Pengelly, Chair

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

# Legal Aid Ontario

## Statement of Operations

For the year ended March 31	2024 (\$000's)	2023 (\$000's)
<b>REVENUE</b>		
Government funding (Notes 10)	\$ 403,019	\$ 331,629
The Law Foundation of Ontario	330,779	231,787
Investment income	10,050	1,008
Protocol cases (Note 11)	9,310	8,367
Client contributions and other recoveries	8,237	4,551
Miscellaneous income	323	402
<b>TOTAL REVENUE</b>	<b>\$ 761,718</b>	<b>\$ 577,744</b>
<b>EXPENSES (Note 12 and 13)</b>		
<b>Client Programs</b>		
Certificate program	\$ 251,157	\$ 219,944
Duty counsel and staff services program	117,185	98,376
Clinic program	106,577	103,886
Other programs	6,182	4,585
<b>Total Client Programs (Note 13)</b>	<b>481,101</b>	<b>426,791</b>
<b>Administrative and Other Costs</b>	<b>51,107</b>	<b>42,005</b>
<b>TOTAL EXPENSES</b>	<b>532,208</b>	<b>468,796</b>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 229,510</b>	<b>\$ 108,948</b>

The accompanying 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 Capital Assets (Note 9)	Unrestricted	Contingency Reserve Fund	2024  Total	2023  Total
Net assets (deficit), beginning of year	\$ 1,557	\$ 76,035	\$ 20,000	\$ 97,592	\$ (11,356)
Net change in capital assets	1,099	(1,099)	-	-	-
Deferred capital contributions	2,526	(2,526)	-	-	
Excess of revenues over expenses for the year	-	229,510	-	229,510	108,948
Net assets, end of year	<u>\$ 5,182</u>	<u>\$ 301,920</u>	<u>\$ 20,000</u>	<u>\$ 327,102</u>	<u>\$ 97,592</u>

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

# Legal Aid Ontario

## Statement of Cash Flows

	2024	2023
For the year ended March 31	(\$000's)	(\$000's)
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ 229,510	\$ 108,948
Non-cash operating activity:		
Amortization of capital assets	3,285	2,680
Amortization of deferred capital contributions	(2,526)	(1,310)
Amortization of tenant improvement allowance	(176)	-
Accrued interest on investments	(2,017)	-
Loss on disposal of capital assets	-	547
Changes in non-cash balances:		
Accrued pension liability	15	92
Prepaid expenses and other assets	(449)	(617)
Client accounts receivable	710	4,084
Other receivables	25,495	(54,584)
Long-term client accounts receivable	1,050	1,725
Tenant improvement allowance	3,460	-
Accounts payable and accrued liabilities	12,630	(1,574)
	<b>270,987</b>	<b>59,991</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from redemption (purchase) of investments	(28,694)	51
(Purchase) of restricted funds - Contingency Reserve Fund	(20,000)	-
	<b>(48,694)</b>	<b>51</b>
<b>CAPITAL ACTIVITY</b>		
(Purchase) of capital assets	(4,384)	(3,330)
<b>Net increase in cash during the year</b>	<b>217,909</b>	<b>56,712</b>

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## Statement of Cash Flows (continued)

	<b>2024</b>	<b>2023</b>
<b>For the year ended March 31</b>	<b>(\$000's)</b>	<b>(\$000's)</b>
<b>Cash</b> , beginning of year	<b>109,241</b>	52,529
<b>Cash</b> , end of year	<b>\$ 327,150</b>	<b>\$ 109,241</b>

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

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# Legal Aid Ontario

## Notes to Financial Statements

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March 31, 2024

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### 1. NATURE OF OPERATIONS

On December 18, 1998, the Ontario Legislative Assembly enacted the *Legal Aid Services Act, 1998* whereby Legal Aid Ontario (LAO) was incorporated without share capital under the laws of Ontario. LAO began operations on April 1, 1999 and is tax exempt under the *Income Tax Act (Canada)*. In October 2021, the new *Legal Aid Services Act, 2020* was proclaimed and currently sets out the legal authority of Legal Aid Ontario.

The *Legal Aid Services Act, 2020* establishes the following mandate for LAO:

- Establish and administer a flexible and sustainable system for providing legal aid services to individuals in Ontario
- Establish policies and priorities for the provision of legal aid services based on its financial resources
- Facilitate co-ordination among the different legal aid services that are provided and the manners in which they are provided
- Monitor and supervise the provision of legal aid services in Ontario
- Advise the Minister on all aspects of legal aid services in Ontario including any features of the justice system that affect or may affect the demand for or quality of legal aid services

The affairs of LAO are governed and managed by a Board of Directors appointed by the Lieutenant Governor in Council. While LAO operates independently from the Province of Ontario and the Law Society of Ontario, it is accountable to the Government of Ontario, 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.

### 2. SIGNIFICANT ACCOUNT POLICIES

These financial statements have been prepared in accordance with the Public Sector Accounting Handbook “PS” of the Chartered Professional Accountants of Canada including 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.

#### FINANCIAL INSTRUMENTS

LAO’s financial instruments consist of cash, investments, restricted investments, client accounts receivable, other receivables, and accounts payable and accrued liabilities.



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# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

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### 2. SIGNIFICANT ACCOUNT POLICIES (continued)

Financial instruments are recorded at fair value on initial recognition. LAO's financial instruments are subsequently measured at amortized cost:

All financial assets are tested annually for impairment. In the event that there are any impairments of financial assets, the losses are recorded in the Statement of Operations.

### REVENUE RECOGNITION

LAO follows the deferral method of accounting for contributions.

Provincial grants restricted for the purchase of capital assets are deferred and amortized into revenue over the same period as the related capital asset.

Externally restricted contributions are deferred when initially recorded and recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when initially recorded in the accounts 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 LAO records a lawyer's invoice on behalf of a client. Judgment awards, costs and settlements on behalf of legal aid clients are recognized as revenue when awarded.

The Law Foundation of Ontario (LFO) is required under the *Law Society Act, R.S.O. 1990, c. L. 8*, to remit 75% of net income earned from lawyer and paralegal mixed trust accounts directly to LAO. The amount that the Foundation transfers to Legal Aid Ontario varies each year, mostly due to changing interest rates and mixed trust balances.

The LFO does not receive any direct transfer of goods or services from LAO in return, and there are no performance obligations associated the revenue received. LAO recognizes this revenue at its realizable value and accrues one month in arrears. PS 3400 defines this type of transaction as a "non-exchange transaction".

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

Protocol cases are billings for cases that are assigned to LAO through the courts and recovered from Ministry of the Attorney General (MAG) and Federal Department of Justice (DOJ). Protocol case revenue is recognized when billings are received from the lawyers.

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# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

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### 2. SIGNIFICANT ACCOUNT POLICIES (continued)

#### EXPENSE RECOGNITION

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

#### CAPITAL ASSETS

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

Office furniture & equipment	- 5 years
IT hardware	- 3 years
Leasehold improvement	- over the term of the lease
Enterprise-wide software	- 3 years

Capital assets are written down when conditions indicate that they no longer contribute to LAO's ability to provide goods and services, or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

#### EMPLOYEE BENEFIT PLANS

The Legal Aid Ontario Employees' Pension Plan (the "Plan") was established by Legal Aid Ontario effective April 1, 1999 as a contributory pension plan with defined benefit ("DB") and defined contribution ("DC") provisions. The DB component was closed to new entrants on December 31, 1987 and existing members of the DB plan could either elect to continue participating in the DB component for their future service or commence participation in the DC component.

Effective September 25, 2023 (the "Transition Date"), LAO became a participating employer under the Public Service Pension Plan ("PSPP") and the Ontario Public Service Employees' Union Pension Plan ("OPSEU Plan"). Members of the Plan commenced participation in either the PSPP or the OPSEU Plan on the Transition Date and other eligible employees of LAO joined either the PSPP or the OPSEU Plan on or after the Transition Date.

The PSPP and OPSEU Plans are contributory defined benefit plans. These plans are

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# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

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### 2. SIGNIFICANT ACCOUNT POLICIES (continued)

funded by contributions from participating employers and members, and by the investment earnings from the Public Service Pension Fund and OPSEU Pension Trust Fund (OPTrust). Contributions from members and employers are remitted to the Ontario Pension Board (OPB) and OPTrust.

The Province of Ontario is the sole sponsor of the PSPP and a joint sponsor of OPSEU and determines LAO's annual payments to the funds. The plan sponsors are responsible for ensuring that the pension funds are financially viable, and any surpluses or unfunded liabilities arising from the statutory actuarial funding valuations are not assets or obligations of LAO. Therefore, LAO's contributions are accounted for as if the PSPP and the OPSEU Plan were defined contribution plans with contributions being expensed in the period they come due.

In addition, LAO maintains a non-registered supplementary (executive) plan. LAO accrues its obligations under this defined benefit employee plan. The actuarial determination of the accrued benefit obligations for this pension uses the projected accrued benefit cost method prorated on service and 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. Significant estimates in the financial statements include the allowance for doubtful accounts and accruals related to legal work performed but not yet billed.

### TENANT IMPROVEMENT ALLOWANCE

On May 31, 2022, LAO amended its lease agreement for the Provincial Head Office located at 20 Dundas Street West, the Atrium. These amendments include a Tenant Improvement Allowance (TIA) paid by the landlord.

Amounts paid by the landlord are recognized as a tenant improvement allowance and amortized over the term of the related lease.

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 3. Short-term investments

	2024 (\$000's)	2023 (\$000's)
Guaranteed investment certificates	\$ 28,694	\$ -
Accrued interest	2,017	-
	<u>\$ 30,711</u>	<u>\$ -</u>

The guaranteed investment certificates earn interest at a rate of 5.80% and mature between July 2024 and August 2024.

### 4. Accounts receivable

#### (a) Client accounts receivable

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

March 31, 2024 (\$000's)	Total	1-30 Days	31-60 Days	61-90 Days	Over 90 days
Client accounts receivable	\$ 40,263	\$ 139	\$ 131	\$ 151	\$ 39,842
Less: impairment allowance	\$ (26,726)	(81)	(77)	(93)	(26,475)
	<u>\$ 13,537</u>	<u>\$ 58</u>	<u>\$ 54</u>	<u>\$ 58</u>	<u>\$ 13,367</u>

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 4. Accounts receivable (continued)

March 31, 2023 (\$000's)	Total	1-30 Days	31-60 Days	61-90 Days	Over 90 days
Client accounts receivable	\$ 44,713	\$ 34	\$ 134	\$ 35	\$ 44,510
Less: impairment allowance	(29,416)	(12)	(53)	(19)	(29,332)
	<b>\$ 15,297</b>	<b>\$ 22</b>	<b>\$ 81</b>	<b>\$ 16</b>	<b>\$ 15,178</b>

	2024 (\$000's)	2023 (\$000's)
<b>Represented by:</b>		
Current (non-lien) client accounts receivable	366	1,076
Long-term (lien) client accounts receivable	13,171	14,221
	<b>\$ 13,537</b>	<b>\$ 15,297</b>

### (b) Other receivables, net of allowance

Other receivables are comprised of amounts due from the Law Foundation of Ontario, Canada Revenue Agency for Harmonized Sales Taxes (HST) rebate, and both the Federal Department of Justice ("DOJ") and MAG for protocol cases.

March 31, 2024 (\$000's)	Total	1-30 Days	31-60 Days	61-90 Days	Over 90 days
Federal Immigration and Refugee funding	\$ 7,181	\$ 6,060	\$ -	\$ -	\$ 1,121
MAG protocol cases	2,319	2,233	-	-	86
DOJ protocol cases	255	221	-	-	34
HST receivable	6,336	3,300	3,036	-	-
Law Foundation of Ontario	26,346	26,346	-	-	-

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 4. Accounts receivable (continued)

March 31, 2024 (\$000's)	Total	1-30 Days	31-60 Days	61-90 Days	Over 90 days
Other receivables	1,625	1,142	-	-	483
Other receivables	\$ 44,062	\$ 39,302	\$ 3,036	\$ -	\$ 1,724
Allowance for doubtful accounts	(553)				
Total other receivables	\$ 43,509				

March 31, 2023 (\$000's)	Total	1-30 Days	31-60 Days	61-90 Days	Over 90 days
Federal Immigration and Refugee funding	\$ 13,812	\$ 13,812	\$ -	\$ -	\$ -
MAG protocol cases	2,301	2,301	-	-	-
DOJ protocol cases	271	271	-	-	-
HST receivable	7,788	3,316	2,303	-	2,169
Law Foundation of Ontario	44,246	44,246	-	-	-
Other receivables	586	501	-	30	55
Total other receivables	\$ 69,004	\$ 64,447	\$ 2,303	\$ 30	\$ 2,224

### 5. Contingency Reserve Fund

The *Legal Aid Services Act, 2020* came into force in October 2021. Section 28(3) of LASA 2020 requires LAO to maintain a contingency reserve fund in accordance with the regulations. Section 5 of Ontario Regulation 672/21 allows LAO to maintain and operate a contingency reserve fund in accordance with prescribed requirements, including that LAO shall, when it is able to do so without affecting the provision of legal aid services, pay capital amounts from its net accumulated surpluses into the fund. Under section 5.2, the total capital amount of the fund shall not exceed \$20 million. The balance of Contingency Reserve Fund at March 31, 2024 is \$20 million (2023 - \$20 million).

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 5. Contingency Reserve Fund (continued)

Pursuant to Section 5.4 of O. Reg. 672/21, LAO may, subject to section 5.5, withdraw capital amounts from the fund for the purpose of covering its operating expenses. Section 5.5 states that LAO “shall not withdraw capital amounts of a total amount that exceeds \$1,000,000 in a fiscal year without the Minister’s approval.” Section 5.7 of O. Reg. 672/21 requires LAO to notify the Minister of each withdrawal of capital. However, under section 5.8, LAO may, without notice to the Minister, withdraw interest or investment income from the fund at any time for the purpose of providing legal aid services.

### 6. Capital Assets

	2024 (\$000's)	Office furniture & equipment	IT Hardware	Leasehold improvement	Enterprise wide software	Total
<b>Cost</b>						
Balance, open	\$	144	\$ 2,880	\$ 981	\$ 22,874	\$ 26,879
Additions		701	454	3,114	115	4,384
Disposals		(109)	(1,229)	(186)	-	(1,524)
Balance, close		736	2,105	3,909	22,989	29,739
<b>Accumulated Amortization</b>						
Balance, open		112	1,549	800	17,998	20,459
Amortization		56	817	215	2,197	3,285
Disposals		(109)	(1,229)	(186)	-	(1,524)
Balance, close		59	1,137	829	20,195	22,220
<b>Net book value</b>	\$	677	\$ 968	\$ 3,080	\$ 2,794	\$ 7,519

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 6. Capital Assets (continued)

	2023 (\$000's)				
<b>Cost</b>					
Balance, open	\$ 151	\$ 2,554	\$ 2,292	\$ 20,380	\$ 25,377
Additions	10	826	-	2,494	3,330
Disposals	(17)	(500)	(1,311)	-	(1,828)
Balance, close	144	2,880	981	22,874	26,879
<b>Accumulated Amortization</b>					
Balance, open	92	1,274	1,397	16,298	19,061
Amortization	30	775	174	1,700	2,679
Disposals	(10)	(500)	(771)	-	(1,281)
Balance, close	112	1,549	800	17,998	20,459
<b>Net book value</b>	<b>\$ 32</b>	<b>\$ 1,331</b>	<b>\$ 181</b>	<b>\$ 4,876</b>	<b>\$ 6,420</b>

### 7. Accounts Payable and Accrued Liabilities

	2024 (\$000's)	2023 (\$000's)
Legal accounts		
- accruals for billings received but not paid	\$ 21,017	\$ 15,713
- estimate of work performed but not yet billed	71,778	68,081
Rent agreements	-	1,179
Trade and other payables	11,912	7,376
Vacation pay	5,761	5,489
	<b>\$ 110,468</b>	<b>\$ 97,838</b>



# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 8. Deferred Capital Contributions

The change in the deferred contributions balance is as follows:

	2024 (\$000's)	2023 (\$000's)
Balance, beginning of year	\$ 4,863	\$ 6,173
Less: Amount recognized as revenue in the year	(2,526)	(1,310)
	<u>\$ 2,337</u>	<u>\$ 4,863</u>

No capital contributions were made in 2024 or 2023.

### 9. Invested in Capital Assets

Invested in capital assets represents the amount of net assets that are not available for other purposes because they have been used to fund the purchase of capital assets. Changes in net assets invested in capital assets during the year consist of the following:

	2024 (\$000's)	2023 (\$000's)
Balance, beginning of year	\$ 1,557	\$ 144
Purchase of capital assets	4,384	3,330
Loss on disposal of capital assets	-	(547)
Deferred capital contributions recognized in year	2,526	1,310
Amortization	<u>(3,285)</u>	<u>(2,680)</u>
Balance, end of year	<u>\$ 5,182</u>	<u>\$ 1,557</u>

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 10. Government Funding

The Agencies and Appointments Directive requires LAO and the Ministry of the Attorney General (“MAG”) to enter into a Memorandum of Understanding (“MOU”). The purpose of the MOU is to clarify the operational, administrative, financial, and other relationships between MAG and LAO. Following the proclamation of the new *Legal Aid Services Act 2020*, LAO signed a new MOU on November 14, 2022.

Total contributions received from MAG and the Federal Department of Justice are as shown below:

	2024 (\$000's)	2023 (\$000's)
Provincial funding	\$ 270,590	\$ 226,215
Federal criminal funding	70,708	61,190
Federal Immigration and Refugee funding	61,721	44,224
Total Government Funding	\$ 403,019	\$ 331,629

LAO is economically dependent on government funding and the Law Foundation of Ontario (“LFO”): the proportion of LAO’s revenue from these funds represented 53% (2023 - 57%) and 43% (2023 - 40%) respectively.

### 11. Protocol Cases

	2024 (\$000's)	2023 (\$000's)
Provincial Protocol Revenue	\$ 8,496	\$ 8,015
Federal Protocol Revenue	814	352
Total	\$ 9,310	\$ 8,367

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 12. Expenses by Object

The table below provides totals for each expense category:

	2024 (\$000's)	2023 (\$000's)
Salaries and wages	\$ 120,594	\$ 100,357
Employee benefits	31,134	26,238
Transportation and communication	2,007	1,812
Services	256,564	223,857
Supplies and equipment	17,253	17,186
Amortization	3,285	2,680
Transfer payments - External (Clinics)	101,371	96,119
Loss on disposal of assets	-	547
	<u>\$ 532,208</u>	<u>\$ 468,796</u>

### 13. Expenses

The tables below provides a breakdown of the various expense categories:

	2024 (\$000's)	2023 (\$000's)
<b>Certificate Program</b>		
Criminal - Big Cases	\$ 23,322	\$ 23,552
Criminal - Other	82,018	73,075
Family	52,018	56,897
IR	47,102	25,157
Other civil	10,329	9,810
Sub-total	<u>214,789</u>	<u>188,491</u>

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 13. Expenses (continued)

	2024 (\$000's)	2023 (\$000's)
Protocol Cases	8,956	8,060
Client service centre	16,279	13,251
Program Support - Certificates	7,525	6,695
Bad Debts	3,608	3,447
Total Certificate Program	<b>\$ 251,157</b>	<b>\$ 219,944</b>
<b>Duty Counsel and Staff Services Program</b>		
Duty Counsel - Criminal	\$ 55,564	\$ 38,506
Duty Counsel - Civil	20,981	24,521
Staff Legal Services	24,228	19,878
Program Support - Regional Services	2,767	2,256
District Offices	13,645	13,215
Total Duty Counsel and Staff Services Program	<b>\$ 117,185</b>	<b>\$ 98,376</b>
<b>Clinic Program</b>		
Transfer to Clinics	\$ 93,231	\$ 89,972
Transferred to Student Legal Aid Services	5,922	5,491
Program Support - Clinics	7,424	8,423
Total Clinic Program	<b>\$ 106,577</b>	<b>\$ 103,886</b>

### Clinic Program

LAO 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, LAO under Section 5 of the *Legal Aid Services Act, 2020*. Each community clinic is independently audited and is required to provide audited financial statements to LAO for the funding period.

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 13. Expenses (continued)

	2024 (\$000's)	2023 (\$000's)
<b>Other Programs</b>		
Aboriginal Justice Strategy - Gladue	\$ 2,679	\$ 1,602
Nishnawbe-Aski Legal Services Corporation	3,503	2,983
Total Other Programs	6,182	4,585
<b>TOTAL CLIENT PROGRAMS</b>	<b>\$ 481,101</b>	<b>\$ 426,791</b>
<b>Administrative and Other Costs</b>		
Head office	\$ 47,822	\$ 38,778
Amortization	3,285	2,680
Loss on disposal of capital assets	-	547
Sub-total	\$ 51,107	\$ 42,005
<b>TOTAL EXPENSES</b>	<b>\$ 532,208</b>	<b>\$ 468,796</b>

### 14. Commitments and Contingencies

- a. LAO leases equipment, and various office premises at locations throughout the Province. The rent and estimated operating costs are based on existing lease agreements and charges for additional rent. Estimated lease expenses for the next five years and thereafter are as follows:

	Base rent (\$000's)	Operating costs (\$000's)	Equipment (\$000's)	Total (\$000's)
2025	\$ 2,196	\$ 488	\$ 29	\$ 2,713
2026	1,768	194	26	1,988
2027	1,701	182	26	1,909
2028	1,158	176	18	1,352
2029	152	158	-	310

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 14. Commitments and Contingencies (continued)

	Base rent (\$000's)	Operating costs (\$000's)	Equipment (\$000's)	Total (\$000's)
Thereafter	656	657	-	1,313
	\$ 7,631	\$ 1,855	\$ 99	\$ 9,585

- b. LAO is the defendant in a number of lawsuits arising in the ordinary course of business. The outcome and ultimate disposition of these actions are not known; however, based on the claims made, management estimates an amount of \$0.8 million (2023 - \$0.8 million) and made the necessary provision. Some of those 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.

### 15. Pensions

Effective September 25, 2023, LAO became a participating employer in the PSPP and OPSEU plan. Employees who were active members of the Plan have commenced participation in either the PSPP or the OPSEU Plan effective on September 25, 2023.

As a result the Plan ceased member contributions and froze credited service as of September 24, 2023. This curtailment did not require additional contributions to affect the transition of the Plan to PSPP and the OPSEU Plan. LAO received consent from the Financial Services Regulatory Authority of Ontario to wind up the Plan and the net assets were distributed through a combination of transfers and annuity purchases. Contributions to the PSPP and OPSEU Plan made during the year by LAO amounted to \$9.6 million. Pension expense is included in employee benefits (Note 12).

As of September 24, 2023, the LAO's Pension Plan wind-up date. LAO had a Defined Benefit Pension Plan with assets of \$4.1 million and liabilities of \$3.4 million. This leaves an excess or surplus upon wind-up of \$0.7 million. This excess will be distributed to the plan members less any wind-up fees.

### Supplementary Executive Benefit Plan

The Board of LAO approved the establishment of a supplementary executive benefit plan for a designated executive member. Under the plan, benefits at retirement are related to

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2024

### 15. Pensions (continued)

years of service and remuneration during the years of employment. The plan is unfunded and the benefits will be paid by LAO as they become due. The accounting valuation for the unfunded retirement plan has been performed as at March 31, 2024.

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

	2024	2023
Discount rate	4.15%	3.43%
Inflation	3.73%	3.30%

LAO's pension expense for the year for this plan was \$0.18 million (2023 - \$0.18 million). The accrued benefit obligation and the accrued benefit liability as at March 31, 2024 was \$2.88 million (2023 - \$2.86 million). During the year, LAO made \$0.12 million (2023 - \$0.12 million) payments to the plan. Benefits to the retiree began on April 1, 2016.

	2024	2023
<b>Accrued Pension Liability</b>		
Supplementary Executive Benefits Plan	\$ 2,879	\$ 2,864

### 16. Financial Instruments Risks

LAO is exposed to various risks through transactions in financial instruments and funding impacted by economic conditions.

#### Interest Rate Risk

LAO is exposed to interest rate risk with respect to its investments held at variable interest rates.

Investments of \$48.7 million (2023 - nil) have interest rates ranging from 4.95% to 5.80% with multiple maturity dates between July 20, 2024 and May 20, 2025. These interest rates vary with the Canadian prime rate.

March 31, 2024

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## **16. Financial Instruments Risks (continued)**

### **Credit Risk**

LAO's maximum exposure to credit risk at the financial statement date is the carrying value of 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. Accounts receivable is recorded net of any allowances for impairment (note 4 (a)).

### **Liquidity Risk**

LAO has a limited risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. LAO has a sufficient cash reserve for the near term, but the historical variability of government funding and Law Foundation of Ontario revenue have the potential for future liquidity risk. To manage liquidity and ensure that LAO gets stable funding for future years, LAO is continuing to work closely with MAG to monitor financial performance and expected funding needs. If stable funding is unavailable, LAO's level of services to its clients may be impacted and reduced.

Short-term obligations include accounts payable and accrued liabilities and are expected to be repaid within the next fiscal year.

These risks have not changed from the prior year.

## **17. Comparative Figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.



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