

**Legal Aid Ontario  
Financial Statements  
For the year ended March 31, 2025**

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Financial Statements  
For the year ended March 31, 2025**

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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.



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Aileen Page  
President & Chief Executive Officer

July 22, 2025



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Abigail Dwosh  
Vice President & Chief Administrative Officer

July 22, 2025

## **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, 2025, and the statements of operations, changes in net assets 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, 2025, 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 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, 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  
July 22, 2025

Jeremy Blair, CPA, CA, LPA  
Assistant Auditor General

# Legal Aid Ontario

## Statement of Financial Position

|   | March 31,<br>2025<br>(\$000's) | March 31,<br>2024<br>(\$000's) |
|---|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                     |                                |                                |
| <b>Current Assets</b>                             |                                |                                |
| Cash  | \$ 383,741                     | \$ 327,150                     |
| Short-term investments (Note 3)                   | 56,164                         | 30,711                         |
| Prepaid expenses and other assets                 | 3,464                          | 3,644                          |
| Client accounts receivable (Note 4(a))            | 551                            | 366                            |
| Other receivables (Note 4(b))                     | <u>34,658</u>                  | <u>43,509</u>                  |
|   | 478,578                        | 405,380                        |
| Long-term client accounts receivable (Note 4(a))  | 12,727                         | 13,171                         |
| Long-term investments (Note 3)                    | 65,792                         | -                              |
| Contingency reserve fund (Note 3)                 | 20,000                         | 20,000                         |
| Capital assets (Note 6)                           | <u>4,987</u>                   | <u>7,519</u>                   |
| <b>TOTAL ASSETS</b>                               | <b>\$ <u>582,084</u></b>       | <b>\$ <u>446,070</u></b>       |
| <b>LIABILITIES AND NET ASSETS</b>                 |                                |                                |
| <b>Current Liabilities</b>                        |                                |                                |
| Accounts payable and accrued liabilities (Note 7) | \$ 108,671                     | \$ 110,468                     |
| Deferred capital contributions (Note 8)           | <u>747</u>                     | <u>2,337</u>                   |
|   | <u>109,418</u>                 | <u>112,805</u>                 |
| <b>Long-Term Liabilities</b>                      |                                |                                |
| Accrued pension liability (Note 15)               | 2,859                          | 2,879                          |
| Tenant improvement allowance                      | <u>2,580</u>                   | <u>3,284</u>                   |
|   | <u>5,439</u>                   | <u>6,163</u>                   |
| <b>Net Assets</b>                                 |                                |                                |
| Unrestricted net assets                           | 442,987                        | 301,920                        |
| Invested in capital assets (Note 9)               | 4,240                          | 5,182                          |
| Contingency reserve fund (Note 5)                 | <u>20,000</u>                  | <u>20,000</u>                  |
|   | <u>467,227</u>                 | <u>327,102</u>                 |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>           | <b>\$ <u>582,084</u></b>       | <b>\$ <u>446,070</u></b>       |



Chair of the Board



Chair of the Audit and Finance Committee

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

## Legal Aid Ontario Statement of Operations

| For the year ended March 31                         | 2025<br>(\$000's)        | 2024<br>(\$000's)        |
|---|--------------------------|--------------------------|
| <b>REVENUE</b>                                      |                          |                          |
| Government funding (Note 10)                        | \$ 418,052               | \$ 403,019               |
| The Law Foundation of Ontario                       | 274,325                  | 330,779                  |
| Investment income                                   | 17,400                   | 10,050                   |
| Protocol cases (Note 11)                            | 9,871                    | 9,310                    |
| Client contributions and other recoveries           | 7,995                    | 8,237                    |
| Miscellaneous income                                | <u>527</u>               | <u>323</u>               |
| <b>TOTAL REVENUE</b>                                | <b>\$ 728,170</b>        | <b>\$ 761,718</b>        |
| <b>EXPENSES (Note 12 and 13)</b>                    |                          |                          |
| <b>Client Programs</b>                              |                          |                          |
| Certificate program                                 | \$ 279,268               | \$ 251,157               |
| Duty counsel and staff services program             | 136,779                  | 117,185                  |
| Clinic Services                                     | 112,893                  | 106,577                  |
| Other Programs                                      | <u>6,255</u>             | <u>6,182</u>             |
| <b>Total Client Programs (Note 13)</b>              | <b>535,195</b>           | <b>481,101</b>           |
| <b>Administration and Other Costs</b>               | <u>52,850</u>            | <u>51,107</u>            |
| <b>TOTAL EXPENSES</b>                               | <b><u>588,045</u></b>    | <b><u>532,208</u></b>    |
| <b>Excess of revenue over expenses for the year</b> | <b>\$ <u>140,125</u></b> | <b>\$ <u>229,510</u></b> |

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

## Legal Aid Ontario Statement of Changes in Net Assets

For the year ended March 31

|   | Invested<br>Capital<br>Assets<br>(Note 9) | Unrestricted      | Contingency<br>Reserve<br>Fund | 2025<br><br>Total | 2024<br><br>Total |
|---|---|-------------------|--------------------------------|-------------------|-------------------|
| (\$000's)                                     |   |                   |                                |                   |                   |
| Net assets, beginning of year                 | \$ 5,182                                  | \$ 301,920        | \$ 20,000                      | \$ 327,102        | \$ 97,592         |
| Net change in capital assets                  | (2,532)                                   | 2,532             | -                              | -                 | -                 |
| Deferred capital contributions                | 1,590                                     | (1,590)           | -                              | -                 | -                 |
| Excess of revenues over expenses for the year | <u>-</u>                                  | <u>140,125</u>    | <u>-</u>                       | <u>140,125</u>    | <u>229,510</u>    |
| Net assets, end of year                       | <u>\$ 4,240</u>                           | <u>\$ 442,987</u> | <u>\$ 20,000</u>               | <u>\$ 467,227</u> | <u>\$ 327,102</u> |

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



## Legal Aid Ontario Statement of Cash Flows

| <b>For the year ended March 31</b>                              | <b>2025<br/>(\$000's)</b> | <b>2024<br/>(\$000's)</b> |
|---|---------------------------|---------------------------|
| <b>Cash provided by (used in):</b>                              |                           |                           |
| <b>OPERATING ACTIVITIES</b>                                     |                           |                           |
| Excess of revenues over expenses for the year                   | <b>\$ 140,125</b>         | \$ 229,510                |
| Non-cash operating activity:                                    |                           |                           |
| Accrued interest on investments                                 | <b>(1,245)</b>            | (2,017)                   |
| Amortization of capital assets                                  | <b>3,278</b>              | 3,285                     |
| Amortization of deferred capital contributions                  | <b>(1,590)</b>            | (2,526)                   |
| Amortization of tenant improvement allowance                    | <b>-</b>                  | (176)                     |
| Changes in non-cash balances:                                   |                           |                           |
| (Increase) decrease in prepaid expenses and other assets        | <b>180</b>                | (449)                     |
| (Increase) decrease in client accounts receivable               | <b>(185)</b>              | 710                       |
| (Increase) decrease in other receivables                        | <b>8,851</b>              | 25,495                    |
| (Increase) decrease in long-term client accounts receivable     | <b>444</b>                | 1,050                     |
| Increase (decrease) in accounts payable and accrued liabilities | <b>(1,797)</b>            | 12,630                    |
| Increase (decrease) in accrued pension liability                | <b>(20)</b>               | 15                        |
| Increase (decrease) in tenant improvement allowance             | <b>(704)</b>              | 3,460                     |
|   | <b><u>147,337</u></b>     | <b><u>270,987</u></b>     |
| <b>INVESTING ACTIVITIES</b>                                     |                           |                           |
| Purchase of investments   | <b>(90,000)</b>           | (28,694)                  |
| Purchase of restricted funds - Contingency Reserve Fund         | <b>-</b>                  | (20,000)                  |
|   | <b><u>(90,000)</u></b>    | <b><u>(48,694)</u></b>    |
| <b>CAPITAL ACTIVITY</b>   |                           |                           |
| Purchase of capital assets                                      | <b><u>(746)</u></b>       | <b><u>(4,384)</u></b>     |
| <b>Net increase in cash during the year</b>                     | <b>56,591</b>             | 217,909                   |
| <b>Cash, beginning of year</b>                                  | <b><u>327,150</u></b>     | <b><u>109,241</u></b>     |
| <b>Cash, end of year</b>  | <b><u>\$ 383,741</u></b>  | <b><u>\$ 327,150</u></b>  |

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

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# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2025

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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 amended *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; 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.

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 Province 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 ACCOUNTING 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.

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.

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## Legal Aid Ontario

### Notes to Financial Statements

**March 31, 2025**

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#### 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.

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 LFO transfers to LAO 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 to 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.

#### 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 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.

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## Legal Aid Ontario

### Notes to Financial Statements

**March 31, 2025**

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#### **EMPLOYEE BENEFITS PLANS**

Effective September 25, 2023, LAO became a participating employer under the Public Service Pension Plan ("PSPP") and the Ontario Public Service Employees' Union Pension Plan ("OPSEU Plan").

The PSPP and OPSEU Plans are contributory defined benefit plans. These plans are 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 LAO'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 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, 2025**

### 3. Investments

|   | 2025<br>(\$000's) | 2024<br>(\$000's) |
|---|-------------------|-------------------|
| Short-term - Guaranteed investment certificates | \$ 53,694         | \$ 28,694         |
| Accrued interest                                | <u>2,470</u>      | <u>2,017</u>      |
| Total short-term investments                    | <u>\$ 56,164</u>  | <u>\$ 30,711</u>  |

Interest is earned on the guaranteed investment certificates at a rate of 4.15% to 5.0% (2024 - 5.8%) and mature between July 2025 to October 2025 (2024 - July 2024 and August 2024).

|  |                  |             |
|--|------------------|-------------|
| Long-term - Guaranteed investment certificates | \$ 65,000        | \$ -        |
| Accrued interest                               | <u>792</u>       | <u>-</u>    |
| Total long-term investments                    | <u>\$ 65,792</u> | <u>\$ -</u> |

Interest is earned on the guaranteed investment certificates at a rate of 3.5% to 3.95% and mature between April 2026 to December 2026 (2024 - Nil%).

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Contingency reserve fund (Note 5) | <u>\$ 20,000</u> | <u>\$ 20,000</u> |
|-----------------------------------|------------------|------------------|

Interest is earned on the guaranteed investment certificates at a rate of 4.95% and matures May 2025 (2024 - 4.95%)

### 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, 2025<br>(\$000's) | Total            | 1-30 Days    | 31-60 Days   | 61-90 Days   | Over 90<br>Days  |
|-----------------------------|------------------|--------------|--------------|--------------|------------------|
| Client accounts receivable  | \$ 37,398        | \$ 271       | \$ 142       | \$ 169       | \$ 36,816        |
| Less: impairment allowance  | <u>(24,120)</u>  | <u>(178)</u> | <u>(87)</u>  | <u>(114)</u> | <u>(23,741)</u>  |
|                             | <u>\$ 13,278</u> | <u>\$ 93</u> | <u>\$ 55</u> | <u>\$ 55</u> | <u>\$ 13,075</u> |

## Legal Aid Ontario Notes to Financial Statements

**March 31, 2025**

### 4. Accounts Receivable (continued)

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

|   | 2025<br>(\$000's) | 2024<br>(\$000's) |
|---|-------------------|-------------------|
| <b>Represented by:</b>                        |                   |                   |
| Current (non-lien) client accounts receivable | 551               | 366               |
| Long-term (lien) client accounts receivable   | <u>12,727</u>     | <u>13,171</u>     |
|   | <u>\$ 13,278</u>  | <u>\$ 13,537</u>  |

(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, 2025<br>(\$000's)                | Total            | 1-30 Days        | 31-60 Days      | 61-90 Days      | Over 90<br>Days |
|--|------------------|------------------|-----------------|-----------------|-----------------|
| Federal Immigration and<br>Refugee funding | \$ 9,450         | \$ 9,150         | \$ -            | \$ -            | \$ 300          |
| MAG protocol cases                         | 4,644            | 2,799            | -               | -               | 1,845           |
| DOJ protocol cases                         | 376              | 275              | -               | -               | 101             |
| HST receivable                             | 9,639            | 3,587            | 2,959           | 3,093           | -               |
| Law Foundation of Ontario                  | 8,611            | 8,611            | -               | -               | -               |
| Other receivables                          | <u>1,938</u>     | <u>1,412</u>     | <u>-</u>        | <u>-</u>        | <u>526</u>      |
| <b>Total Other Receivables</b>             | <u>\$ 34,658</u> | <u>\$ 25,834</u> | <u>\$ 2,959</u> | <u>\$ 3,093</u> | <u>\$ 2,772</u> |
| March 31, 2024<br>(\$000's)                | Total            | 1-30 Days        | 31-60 Days      | 61-90 Days      | Over 90<br>Days |
| Federal Immigration and<br>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           | -               | -               | -               |
| Other receivables                          | <u>1,625</u>     | <u>1,142</u>     | <u>-</u>        | <u>-</u>        | <u>483</u>      |
| Total other receivables                    | 44,062           | <u>\$ 39,302</u> | <u>\$ 3,036</u> | <u>\$ -</u>     | <u>\$ 1,724</u> |
| Allowance for Doubtful<br>Accounts         | <u>(553)</u>     |                  |                 |                 |                 |
| <b>Total Other Receivables</b>             | <u>43,509</u>    |                  |                 |                 |                 |

## Legal Aid Ontario

### Notes to Financial Statements

March 31, 2025

#### 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, 2025 is \$20 million (2024 - \$20 million).

#### 6. Capital Assets

|                                 |      |           | Office<br>Furniture &<br>Equipment | IT<br>Hardware | Leasehold<br>Improvement | Enterprise<br>Wide<br>Software | Total           |
|---------------------------------|------|-----------|------------------------------------|----------------|--------------------------|--------------------------------|-----------------|
|                                 | 2025 | (\$000's) |                                    |                |                          |                                |                 |
| <b>Cost</b>                     |      |           |                                    |                |                          |                                |                 |
| Balance, open                   |      |           | \$ 736                             | \$ 2,105       | \$ 3,909                 | \$ 22,989                      | \$ 29,739       |
| Additions                       |      |           | 57                                 | 538            | 14                       | 137                            | 746             |
| Disposals                       |      |           | (10)                               | (506)          | (209)                    | -                              | (725)           |
| Balance, close                  |      |           | <u>783</u>                         | <u>2,137</u>   | <u>3,714</u>             | <u>23,126</u>                  | <u>29,760</u>   |
| <b>Accumulated Amortization</b> |      |           |                                    |                |                          |                                |                 |
| Balance, open                   |      |           | 59                                 | 1,137          | 829                      | 20,195                         | 22,220          |
| Amortization                    |      |           | 156                                | 565            | 664                      | 1,893                          | 3,278           |
| Disposals                       |      |           | (10)                               | (506)          | (209)                    | -                              | (725)           |
| Balance, close                  |      |           | <u>205</u>                         | <u>1,196</u>   | <u>1,284</u>             | <u>22,088</u>                  | <u>24,773</u>   |
| <b>Net book value</b>           |      |           | <u>\$ 578</u>                      | <u>\$ 941</u>  | <u>\$ 2,430</u>          | <u>\$ 1,038</u>                | <u>\$ 4,987</u> |
|                                 | 2024 | (\$000's) |                                    |                |                          |                                |                 |
| <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                  |      |           | <u>736</u>                         | <u>2,105</u>   | <u>3,909</u>             | <u>22,989</u>                  | <u>29,739</u>   |
| <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                  |      |           | <u>59</u>                          | <u>1,137</u>   | <u>829</u>               | <u>20,195</u>                  | <u>22,220</u>   |
| <b>Net book value</b>           |      |           | <u>\$ 677</u>                      | <u>\$ 968</u>  | <u>\$ 3,080</u>          | <u>\$ 2,794</u>                | <u>\$ 7,519</u> |

## Legal Aid Ontario Notes to Financial Statements

March 31, 2025

### 7. Accounts Payable and Accrued Liabilities

|   | 2025<br>(\$000's) | 2024<br>(\$000's) |
|---|-------------------|-------------------|
| Legal accounts                                  |                   |                   |
| - accruals for billings received but not paid   | \$ 20,500         | \$ 21,017         |
| - estimate of work performed but not yet billed | 72,290            | 71,778            |
| Trade and other payables                        | 10,254            | 11,912            |
| Vacation pay                                    | 5,627             | 5,761             |
|   | <u>\$ 108,671</u> | <u>\$ 110,468</u> |

### 8. Deferred Capital Contributions

The change in the deferred contributions balance is as follows:

|  | 2025<br>(\$000's) | 2024<br>(\$000's) |
|--|-------------------|-------------------|
| Balance, beginning of year                     | \$ 2,337          | \$ 4,863          |
| Less: Amount recognized as revenue in the year | <u>(1,590)</u>    | <u>(2,526)</u>    |
|  | <u>\$ 747</u>     | <u>\$ 2,337</u>   |

### 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:

|   | 2025<br>(\$000's) | 2024<br>(\$000's) |
|---|-------------------|-------------------|
| Balance, beginning of year                        | \$ 5,182          | \$ 1,557          |
| Purchase of capital assets                        | 746               | 4,384             |
| Deferred Capital Contributions Recognized in Year | 1,590             | 2,526             |
| Amortization                                      | <u>(3,278)</u>    | <u>(3,285)</u>    |
| Balance, end of year                              | <u>\$ 4,240</u>   | <u>\$ 5,182</u>   |



## Legal Aid Ontario Notes to Financial Statements

**March 31, 2025**

### 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:

|   | 2025<br>(\$000's) | 2024<br>(\$000's) |
|---|-------------------|-------------------|
| Provincial funding                      | \$ 269,704        | \$ 270,590        |
| Federal criminal funding                | 76,848            | 70,708            |
| Federal Immigration and Refugee funding | <u>71,500</u>     | <u>61,721</u>     |
| Total Government funding                | <u>\$ 418,052</u> | <u>\$ 403,019</u> |

LAO is economically dependent on government funding and the Law Foundation of Ontario ("LFO"): the proportion of LAO's revenue from these funds represented 57% (2024 - 53%) and 38% (2024 - 43%) respectively.

### 11. Protocol Cases

|                             | 2025<br>(\$000's) | 2024<br>(\$000's) |
|-----------------------------|-------------------|-------------------|
| Provincial Protocol Revenue | \$ 9,110          | \$ 8,496          |
| Federal Protocol Revenue    | <u>761</u>        | <u>814</u>        |
| Total                       | <u>\$ 9,871</u>   | <u>\$ 9,310</u>   |

### 12. Expenses by Object

The table below provides totals for each expense category:

|  | 2025<br>(\$000's) | 2024<br>(\$000's) |
|--|-------------------|-------------------|
| Salaries and wages                     | \$ 134,232        | \$ 120,594        |
| Employee benefits                      | 36,367            | 31,134            |
| Transportation and communication       | 2,108             | 2,007             |
| Services                               | 287,126           | 256,564           |
| Supplies and equipment                 | 18,746            | 17,253            |
| Amortization                           | 3,278             | 3,285             |
| Transfer payments - External (Clinics) | <u>106,188</u>    | <u>101,371</u>    |
|  | <u>\$ 588,045</u> | <u>\$ 532,208</u> |

## Legal Aid Ontario Notes to Financial Statements

**March 31, 2025**

### 13. Expenses

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

|  | 2025<br>(\$000's) | 2024<br>(\$000's) |
|--|-------------------|-------------------|
| <b>Certificate Program</b>                     |                   |                   |
| Criminal - Big cases                           | \$ 22,957         | \$ 23,322         |
| Criminal - Other                               | 93,504            | 82,018            |
| Family   | 51,798            | 52,018            |
| Immigration and refugee                        | 58,155            | 47,102            |
| Other civil                                    | 11,103            | 10,329            |
| Sub-total                                      | <u>237,517</u>    | <u>214,789</u>    |
| Protocol Cases                                 | 9,698             | 8,956             |
| Client service centre                          | 20,900            | 16,279            |
| Program Support - Certificates                 | 8,188             | 7,525             |
| Bad Debts                                      | <u>2,965</u>      | <u>3,608</u>      |
| Total Certificate Program                      | <u>\$ 279,268</u> | <u>\$ 251,157</u> |
| <b>Duty Counsel and Staff Services Program</b> |                   |                   |
| Duty Counsel - Criminal                        | \$ 64,670         | \$ 55,564         |
| Duty Counsel - Civil                           | 23,482            | 20,981            |
| Staff Legal Services                           | 32,970            | 24,228            |
| Program Support - Regional Services            | 2,213             | 2,767             |
| District Offices                               | <u>13,444</u>     | <u>13,645</u>     |
| Total Duty Counsel and Staff Services Program  | <u>\$ 136,779</u> | <u>\$ 117,185</u> |
| <b>Clinic Program</b>                          |                   |                   |
| Transfer to Clinics                            | \$ 97,358         | \$ 93,231         |
| Transferred to Student Legal Aid Services      | 6,671             | 5,922             |
| Program Support - Clinic                       | <u>8,864</u>      | <u>7,424</u>      |
| Total Clinic Program                           | <u>\$ 112,893</u> | <u>\$ 106,577</u> |

#### 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, 2025

### 13. Expenses - Continued

|                                       | 2025<br>(\$000's) | 2024<br>(\$000's) |
|---------------------------------------|-------------------|-------------------|
| <b>Other Programs</b>                 |                   |                   |
| Aboriginal Justice Strategy - Gladue  | \$ 2,978          | \$ 2,679          |
| Nishnawbe-Aski Duty Counsel Services  | <u>3,277</u>      | <u>3,503</u>      |
| Total Other Programs                  | <u>6,255</u>      | <u>6,182</u>      |
| <b>TOTAL CLIENT PROGRAMS</b>          | <u>\$ 535,195</u> | <u>\$ 481,101</u> |
| <b>Administrative and Other Costs</b> |                   |                   |
| Head office                           | \$ 49,572         | \$ 47,822         |
| Amortization                          | <u>3,278</u>      | <u>3,285</u>      |
| Sub-total                             | <u>52,850</u>     | <u>51,107</u>     |
| <b>TOTAL EXPENSES</b>                 | <u>\$ 588,045</u> | <u>\$ 532,208</u> |

### 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       | Operating Costs | Equipment    | Total           |
|------------|-----------------|-----------------|--------------|-----------------|
|            | (\$000's)       | (\$000's)       | (\$000's)    | (\$000's)       |
| 2026       | \$ 2,032        | \$ 462          | \$ 26        | \$ 2,520        |
| 2027       | 1,965           | 450             | 26           | 2,441           |
| 2028       | 1,399           | 419             | 18           | 1,836           |
| 2029       | 325             | 325             | -            | 650             |
| 2030       | 302             | 301             | -            | 603             |
| Thereafter | <u>510</u>      | <u>508</u>      | <u>-</u>     | <u>1,018</u>    |
|            | <u>\$ 6,533</u> | <u>\$ 2,465</u> | <u>\$ 70</u> | <u>\$ 9,068</u> |

- (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 \$1.0 million (2024 - \$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.

# Legal Aid Ontario

## Notes to Financial Statements

March 31, 2025

### 15. Pensions

#### i) Contributions made to Public Service Pension Plan (PSPP) and Onatrio Public Service Employees' Union (OPSEU) Pension Plan

|                     | 2025<br>(\$000's) | 2024<br>(\$000's) |
|---------------------|-------------------|-------------------|
| PSPP                | \$ 7,770          | \$ 3,382          |
| OPSEU pension plan  | 4,479             | 1,799             |
| Total contributions | <u>\$ 12,249</u>  | <u>\$ 5,181</u>   |

The 2024 contributions do not encompass the entire year. They are from September 2023 to March 2024.

#### ii) 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 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, 2025.

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

|               | 2025  | 2024  |
|---------------|-------|-------|
| Discount rate | 4.58% | 4.15% |
| Inflation     | 3.05% | 3.73% |

LAO's pension expense for the year for this plan was \$0.12 million (2024 - \$0.18 million). The accrued benefit obligation and the accrued benefit liability as at March 31, 2025 was \$2.86 million (2024 - \$2.88 million). During the year, LAO made \$0.14 million (2024 - \$0.12 million) payments to the plan. Benefits to the retiree began on April 1, 2016.

|                                      | 2025<br>(\$000's) | 2024<br>(\$000's) |
|--------------------------------------|-------------------|-------------------|
| <b>Accrued Pension Liability</b>     |                   |                   |
| Supplementary Executive Benefit Plan | <u>\$ 2,859</u>   | <u>\$ 2,879</u>   |

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## Legal Aid Ontario Notes to Financial Statements

March 31, 2025

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### 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 \$138.7 million (2024 - \$48.7 million) have interest rates ranging from 3.5% to 5.0% (2024 - 4.95% to 5.8%) with multiple maturity dates between May 20, 2025 to December 9, 2026 (2024 - July 20, 2024 to May 20, 2025). These interest rates vary with the Canadian prime rate.

#### 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.