Legal Aid Ontario
Financial Statements
For the year ended March 31, 2026

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Contents

Management's Responsibility for Financial Statements	**2**
Independent Auditor's Report	**3-4**
Financial Statements	
Statement of Financial Position	**5**
Statement of Operations	**6**
Statement of Changes in Net Assets	**7**
Statement of Cash Flows	**8**
Notes to Financial Statements	**9-22**

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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.

Aileen Page
President & Chief Executive Officer

July 6, 2026

Abigail Dwosh
Vice President & Chief Administrative Officer

July 6, 2026

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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, 2026, 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, 2026, 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 6, 2026

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

Legal Aid Ontario
Statement of Financial Position
(Thousands of dollars)

As at March 31	2026	2025
ASSETS		
Current assets		
Cash	**$ 276,713**	$ 383,741
Short-term investments (note 3)	**133,688**	55,176
Accounts receivable (note 4(a))	**39,105**	35,209
Prepaid expenses and other assets	**6,034**	3,464
Total current assets	**455,540**	477,590
Long-term investments (note 3)	**112,614**	86,780
Long-term accounts receivable (note 4(b))	**12,947**	12,727
Capital assets (note 5)	**6,234**	4,987
Total assets	**$ 587,335**	$ 582,084
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	**$ 120,653**	$ 108,671
Deferred capital contributions (note 7)	**-**	747
Total current liabilities	**120,653**	109,418
Post-retirement benefits (note 8)	**2,781**	2,859
Deferred lease inducement	**1,917**	2,580
Total liabilities	**125,351**	114,857
Net assets		
Unrestricted	**435,750**	442,987
Invested in capital assets (note 9)	**6,234**	4,240
Contingency reserve fund (note 3)	**20,000**	20,000
Total net assets	**461,984**	467,227
Total liabilities and net assets	**$ 587,335**	$ 582,084

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

Chair of the Board

Chair of the Audit and Finance Committee

Legal Aid Ontario
Statement of Operations
(Thousands of dollars)

For the year ended March 31	2026	2025
REVENUES		
Government contributions (note 10)	**$ 434,827**	$ 418,052
The Law Foundation of Ontario contributions	**168,675**	274,325
Interest income	**15,164**	17,400
Protocol cases recoveries (note 11)	**11,138**	9,871
Client contributions	**7,841**	7,995
Other income	**945**	527
Total revenues	**$ 638,590**	$ 728,170
EXPENSES		
Client programs		
Certificate program (note 13)	**$ 321,524**	$ 290,522
Duty counsel and staff services program (note 13)	**144,107**	126,500
Clinic services (note 13)	**116,801**	112,893
Other programs (note 13)	**10,220**	9,260
Total client programs	**592,652**	539,175
Administration and other costs (note 13)	**51,181**	48,870
Total expenses (note 12)	**643,833**	588,045
Excess (deficiency) of revenues over expenses	**$ (5,243)**	$ 140,125

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

Legal Aid Ontario
Statement of Changes in Net Assets
(Thousands of dollars)

For the year ended March 31

	Unrestricted	**Invested in capital assets (note 9)**	**Contingency reserve fund**	**2026 Total**	2025 Total
Net assets, beginning of year	**$ 442,987**	**$ 4,240**	**$ 20,000**	**$ 467,227**	$ 327,102
Investment in capital assets	**(1,994)**	**1,994**	-	**-**	-
Excess (deficiency) of revenues over expenses for the year	**(5,243)**	**-**	**-**	**(5,243)**	140,125
Net assets, end of year	**$ 435,750**	**$ 6,234**	**$ 20,000**	**$ 461,984**	$ 467,227

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

Legal Aid Ontario
Statement of Cash Flows
(Thousands of dollars)

For the year ended March 31		**2026**		2025
Cash provided by (used in):				
Cash flows from operating activities				
Excess (deficiency) of revenue over expenses	**$**	**(5,243)**	$	140,125
Adjustments for non-cash items:				
Accrued interest on investments		**(4,346)**		(1,245)
Amortization of capital assets		**2,594**		3,278
Amortization of deferred capital contributions		**(747)**		(1,590)
Amortization of deferred lease inducement		**(663)**		(704)
Changes in working capital items:				
(Increase) decrease in prepaid expenses and other assets		**(2,570)**		180
(Increase) decrease in accounts receivable		**(3,896)**		8,666
(Increase) decrease in long-term accounts receivable		**(220)**		444
Increase (decrease) in accounts payable and accrued liabilities		**11,982**		(1,797)
(Decrease) in post retirement benefits		**(78)**		(20)
Net cash flows (used in) from operating activities		**(3,187)**		147,337
Cash flows from investing activity				
Purchase of investments		**(100,000)**		(90,000)
Net cash flows used in investing activities		**(100,000)**		(90,000)
Cash flows from capital activity				
Acquisition of capital assets		**(3,841)**		(746)
Net cash flow used in capital activities		**(3,841)**		**(746)**
Net (decrease) increase in cash		**(107,028)**		56,591
Cash, beginning of year		**383,741**		327,150
Cash, end of year	**$**	**276,713**	$	383,741

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

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

a) Basis of accounting

These financial statements have been prepared in accordance with the CPA Canada Public Sector Accounting Handbook generally accepted accounting principles for government not-for-profit organizations in Canada. LAO has chosen to use the standards for government not-for-profit organizations that include Section PS 4200 to PS 4270. The significant accounting policies are summarized below.

b) Measurement uncertainty

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.

Significant estimates in the financial statements include the allowance for doubtful accounts and accruals related to legal work performed but not yet billed.

Estimates are based on the best information available at the time of preparing the financial statements and are reviewed annually to reflect new information as it becomes available. By their nature, estimates are subject to measurement uncertainty. Therefore actual results may differ from estimates.

C) Revenue recognition

LAO follows the deferral method of accounting for contributions, which includes government contributions.

Government contributions

Unrestricted contributions, provided by the Ministry of the Attorney General (MAG), are recorded as revenue when received or receivable, if the amount receivable can be reasonably estimated and payment is reasonably assured.

Contributions from the federal Department of Justice (DOJ) restricted for immigration and refugee matters are recorded as revenue when received or receivable, if the amount receivable can be reasonably estimated and payment is reasonably assured.

Provincial contributions restricted for the acquisition of capital assets are recorded as deferred capital contributions (DCC) and are recognized as revenue over the same period as the related capital assets are depreciated.

Law Foundation of Ontario contributions

Under the Law Society Act, R.S.O. 1990, c. L. 8, the Law Foundation of Ontario (LFO) is required to remit 75% of net income earned from lawyer and paralegal trust accounts directly to LAO. A trust account is a special pooled bank account that lawyers and paralegals use to hold client money that does not belong to them. Any interest earned on trust account must be remitted to LFO, not to the lawyer or to the individual. LFO does not receive any direct transfer of goods or services from LAO in return, and there is no performance obligations associated to the revenue received. LAO recognizes this revenue at its realizable value and accrues one month in arrears.

Interest income

Interest income is recorded in the statement of operations as earned.

Protocol cases recoveries

In limited circumstances, Ontario courts may direct Legal Aid Ontario (LAO) to provide representation to individuals who are otherwise ineligible for LAO services. These orders are issued when an unrepresented individual lacks the financial means to obtain counsel and legal representation is necessary to ensure fair proceedings. LAO recovers the associated costs from the Ministry of the Attorney General (MAG) or the Department of Justice (DOJ), depending on the issuing court.

Funding for these court-mandated services is recognized as revenue as the related services are delivered and billings received from the lawyers, in accordance with Public Sector Accounting Standards (PSAS) for transfers with performance conditions.

Client contributions

Client contributions are recognized as revenue when LAO records a lawyer's invoice on behalf of a client. 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 a monthly payment schedule and/or liens on property.

d) Expenses

Expenses are recorded on an accrual basis.

Certificate Program

The certificate program is a core component of LAO's service delivery model. Eligible clients are issued certificates authorizing them to retain roster lawyers for specified legal matters, with fees and disbursements incurred in accordance with certificate terms.

The program includes the Big Case Management program, which applies to the most complex and costly criminal defence matters funded by LAO, including cases where total fees and disbursements are expected to exceed $20,000, $30,000 for murder matters, or $50,000 in aggregate for complex multi accused cases.

Legal service expenses are recognized in the period in which services are rendered and include amounts invoiced by lawyers and estimates of services performed but not yet billed. Unbilled services related to outstanding certificates are recorded as accrued liabilities.

Duty Counsel (DC) and Staff Services Program

DC and Staff Services provide limited scope legal advice and representation in Ontario's criminal, youth, and family courts. These services are delivered by Legal Aid Ontario staff lawyers and per diem private bar lawyers. Duty Counsel assist eligible clients who require in-court support, which may occur multiple times for separate matters. Expenses are recognized in the period in which services are rendered by LAO staff lawyers. Per diem private bar expenses are recognized when the legal services have been delivered and an obligation to pay has been incurred.

Clinic Services

LAO provides funding to community legal clinics to support the delivery of poverty law services across the province. Community legal clinics operate as corporations without share capital and are governed by independent boards of directors. Although clinics are operationally independent, they remain accountable to LAO under Section 5 of the *Legal Aid Services Act, 2020*.

LAO recognizes funding transfers to community legal clinics as expenses in the period in which the transfers are authorized and the recipients meet the eligibility criteria established under the applicable funding agreements. Transfers are recorded when LAO has committed to the funding, and no substantive conditions remain that would prevent the recognition of the expense. Amounts recoverable from clinics or subject to future compliance requirements are recorded as receivables or deferred contributions, as appropriate.

These costs are recognized as expenses in the period in which they are incurred, in accordance with the accrual basis of accounting.

e) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when LAO becomes a party to the contractual provisions of the instruments.

LAO's financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities.

All financial instruments are recorded at acquisition, including transaction costs that are directly attributable to the acquisition on initial recognition. LAO's financial instruments are subsequently measured at amortized cost.

At each financial statement date, LAO assesses all financial assets to determine whether there is any objective evidence of impairment. Any impairment losses are reported in the statement of operations.

f) Capital assets

Capital assets are recorded at cost less accumulated amortization.

The historical cost of capital assets include the cost directly related to the acquisition, design, construction, development, improvement or betterment.

Amortization begins when capital assets are available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the matter intended by management).

Amortization is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office furniture and 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 write-downs are accounted for as expenses in the statement of operations.

g) Employee future benefits

LAO is a participating employer under the Public Service Pension Plan (PSPP) and the Ontario Public Service Employees' Union Pension Plan (OPSEUPP).

The PSPP and OPSEUPP 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.

h) Operating lease and Deferred lease inducement

LAO recognizes lease expenses on a straight-line basis over the term of the operating lease for the Provincial Head Office located at 20 Dundas Street West, the Atrium. Deferred lease inducements are amortized and recorded as a reduction of rent expense.

(Thousands of dollars)

3. Investments

	2026	2025
Short-term investments	$ 128,694	$ 53,694
Accrued interest	4,994	1,482
Total short-term investments	$ 133,688	$ 55,176

Interest is earned on the Guaranteed Investment Certificates at a rate of 3.15% to 3.95% (2025 - 4.15% to 5.0%) and mature between April 2026 to December 2026 (2025 - July 2025 to October 2025).

	2026	2025
Long-term investments	$ 90,000	$ 65,000
Contingency reserve fund	20,000	20,000
Accrued interest	2,614	1,780
Total long-term investments	$ 112,614	$ 86,780

Long-term investments - Interest is earned on the Guaranteed Investment Certificates at a rate of 3.20% to 3.25% (2025 - 3.5% to 3.95%) and mature between June 2027 to October 2027 (2025 - April 2026 to December 2026).

Contingency reserve fund - Interest is earned on the Guaranteed Investment Certificates at a rate of 3.32% (2025 - 4.95%) and matures in May 2028 (2025 - May 2025).

The Legal Aid Services Act, 2020 (LASA 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 671/21 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.

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 withdraw 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.

(Thousands of dollars)

4. Accounts receivable

(a) Accounts receivables are comprised of:

March 31, 2026	**Total**	**1-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**
Client contributions	**$ 17,641**	**$ 67**	**$ 26**	**$ 40**	**$ 17,508**
Less: Allowance for doubtful accounts	**(16,641)**	**(63)**	**(25)**	**(38)**	**(16,515)**
Net client contributions	**1,000**	**4**	**1**	**2**	**993**
HST receivable	**13,535**	**3,854**	**2,974**	**3,416**	**3,291**
Law Foundation of Ontario	**11,201**	**11,201**	**-**	**-**	**-**
Federal Immigration and Refugee funding	**8,793**	**8,793**	**-**	**-**	**-**
MAG protocol cases	**2,384**	**2,384**	**-**	**-**	**-**
Other receivables	**1,888**	**1,348**	**-**	**9**	**531**
DOJ protocol cases	**304**	**202**	**-**	**-**	**102**
Total receivables	**$ 39,105**	**$ 27,786**	**$ 2,975**	**$ 3,427**	**$ 4,917**

March 31, 2025	Total	1-30 days	31-60 days	61-90 days	Over 90 days
Client contributions	$ 17,293	$ 131	$ 58	$ 86	$ 17,018
Less: Allowance for doubtful accounts	(16,742)	(127)	(57)	(84)	(16,474)
Net client contributions	551	4	1	2	544
HST receivable	9,639	3,587	2,959	3,093	-
Law Foundation of Ontario	8,611	8,611	-	-	-
Federal Immigration and Refugee funding	9,450	9,150	-	-	300
MAG protocol cases	4,644	2,799	-	-	1,845
Other receivables	1,938	1,412	-	-	526
DOJ protocol cases	376	275	-	-	101
Total receivables	$ 35,209	$ 25,838	$ 2,960	$ 3,095	$ 3,316

(Thousands of dollars)

(b) Long-term accounts receivable

2026	**Total**	**1-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**
Client accounts receivable	**$ 21,467**	**$ 206**	**$ 208**	**$ 110**	**$ 20,943**
Less: allowance for doubtful accounts	**(8,520)**	**(81)**	**(83)**	**(44)**	**(8,312)**
	$ 12,947	**$ 125**	**$ 125**	**$ 66**	**$ 12,631**

2025	Total	1-30 days	31-60 days	61-90 days	Over 90 days
Client accounts receivable	$ 20,105	$ 140	$ 84	$ 82	$ 19,799
Less: allowance for doubtful accounts	(7,378)	(51)	(31)	(30)	(7,266)
	$ 12,727	$ 89	$ 53	$ 52	$ 12,533

The above table illustrates the client receivables as they are incurred.

5. Capital assets

2026	**Office furniture & equipment**	**IT hardware**	**Leasehold improvement**	**Enterprise wide software**	**Total**
Cost					
Opening balance	**$ 783**	**$ 2,137**	**$ 3,714**	**$ 23,126**	**$ 29,760**
Additions	**80**	**3,729**	**32**	**-**	**3,841**
Disposals	**-**	**(739)**	**-**	**-**	**(739)**
Closing balance	**863**	**5,127**	**3,746**	**23,126**	**32,862**
Accumulated amortization					
Opening balance	**205**	**1,196**	**1,284**	**22,088**	**24,773**
Amortization	**158**	**861**	**660**	**915**	**2,594**
Disposals	**-**	**(739)**	**-**	**-**	**(739)**
Closing balance	**363**	**1,318**	**1,944**	**23,003**	**26,628**
Net book value	**$ 500**	**$ 3,809**	**$ 1,802**	**$ 123**	**$ 6,234**
2025					
Cost					
Opening balance	$ 736	$ 2,105	$ 3,909	$ 22,989	$ 29,739
Additions	57	538	14	137	746
Disposals	(10)	(506)	(209)	-	(725)
Closing balance	783	2,137	3,714	23,126	29,760
Accumulated amortization					
Opening balance	59	1,137	829	20,195	22,220
Amortization	156	565	664	1,893	3,278
Disposals	(10)	(506)	(209)	-	(725)
Closing balance	205	1,196	1,284	22,088	24,773
Net book value	$ 578	$ 941	$ 2,430	$ 1,038	$ 4,987

Included in IT hardware are amounts of $892 (2025 - $nil) that are not amortized as they are not in use.

(Thousands of dollars)

6. Accounts payable and accrued liabilities

	2026	2025
Legal accounts payable	$ 24,377	$ 20,500
Accrued liability for legal services performed but not yet billed	75,965	72,290
Trade and other payables	13,748	10,254
Accrued vacation pay	6,563	5,627
Total accounts payable and accrued liabilities	$ 120,653	$ 108,671

7. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received from the provincial government to construct, develop, or acquire capital assets pursuant to transfer payment agreements. These agreements require LAO to use contributions to acquire, construct, or develop tangible capital assets and use them for a defined period of time, which normally coincides with the estimated useful life of the related capital asset.

The change in the deferred contributions balance is as follows:

	2026	2025
Deferred capital contributions, beginning of year	$ 747	$ 2,337
Amortization of deferred capital contributions	(747)	(1,590)
Deferred capital contributions, end of year	$ -	$ 747

8. Employee future benefits

i) Contributions are made to Public Service Pension Plan (PSPP) and Ontario Public Service Employees' Union Pension Plan (OPSEUPP). Contributions are recorded in the programs that correspond with their related salary expense.

	2026	2025
PSPP	$ 18,553	$ 7,770
OPSEUPP	9,475	4,479
Total contributions	$ 28,028	$ 12,249

ii) Post-retirement benefits

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, 2026.

	2026	2025
Discount rate	3.90%	4.58%
Inflation	3.39%	3.05%

LAO's pension expense for this plan was $0.14 million (2025 - $0.12 million). The post-retirement benefit liability as at March 31, 2026 was $2.78 million (2025 - $2.86 million). During the year, LAO made $0.14 million (2025 - $0.14 million) payments to the plan. Benefits to the sole retiree began on April 1, 2016.

(Thousands of dollars)

8. Employee future benefits (continued)

Post retirement pension benefits payments are applied against the corresponding liability.

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, as follows:

	2026	2025
Net assets invested in capital assets, beginning of year	**$ 4,240**	$ 5,182
Excess of revenue over expenses:		
Amortization of deferred capital contributions	**747**	1,590
Amortization of capital assets	**(2,594)**	(3,278)
Reduction in invested capital assets	**(1,847)**	(1,688)
Net change in investment in capital assets:		
Purchase of capital assets	**3,841**	746
Net assets invested in capital assets, end of year	**$ 6,234**	$ 4,240

10. Government contributions

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

	2026	2025
Provincial contributions	**$ 267,492**	$ 269,704
Federal criminal contributions	**80,084**	76,848
Federal immigration and refugee contributions	**87,251**	71,500
Total government contributions	**$ 434,827**	$ 418,052

(Thousands of dollars)

11. Protocol cases recoveries

	2026	2025
Provincial protocol cases recovery	$ 10,638	$ 9,110
Federal protocol cases recovery	500	761
Total protocol cases recoveries	$ 11,138	$ 9,871

12. Expenses by object

The table below provides totals for each expense category:

	2026	2025
Salaries and wages	$ 152,696	$ 134,232
Employee benefits	42,521	36,367
Transportation and communication	2,530	2,108
Services (i.e. Certificate fees and disbursements)	315,658	287,126
Supplies and equipment	18,480	18,746
Amortization	2,594	3,278
Transfer payments - External (Clinics)	109,354	106,188
	$ 643,833	$ 588,045

(Thousands of dollars)

13. Expenses

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

	2026	2025
Certificate Program		
Criminal - Big cases	**$ 24,095**	$ 22,957
Criminal	**112,973**	93,504
Family	**59,687**	51,798
Immigration and refugee	**53,217**	58,155
Other civil	**11,608**	11,103
Sub-total	**261,580**	237,517
Protocol cases	**11,388**	9,698
Client service centre	**23,275**	20,900
Program support - Certificates	**22,253**	19,442
Bad debts	**3,028**	2,965
Total certificate program	**$ 321,524**	$ 290,522
Duty Counsel and Staff Services Program		
Duty Counsel - Criminal	**$ 68,010**	$ 59,943
Duty Counsel - Civil	**26,858**	23,480
Staff Legal Services	**31,885**	27,401
Program Support - Regional Services	**2,814**	2,213
District Offices	**14,540**	13,463
Total Duty Counsel and Staff Services Program	**$ 144,107**	$ 126,500
Clinic Program		
Transfer to Clinics	**$ 99,971**	$ 97,358
Transferred to Student Legal Aid Services	**6,542**	6,671
Program Support - Clinic	**10,288**	8,864
Total Clinic Program	**$ 116,801**	$ 112,893
Other Programs		
Indigenous Services	**$ 1,293**	$ 2,978
Nishnawbe-Aski Duty Counsel Services	**8,927**	6,282
Total Other Programs	**10,220**	9,260
Total client programs	**$ 592,652**	$ 539,175
Administrative and Other Costs		
Head office	**$ 48,587**	$ 45,592
Amortization of capital assets	**2,594**	3,278
Sub-total	**51,181**	48,870
TOTAL EXPENSES	**$ 643,833**	$ 588,045

(Thousands of dollars)

14. Commitments and contingencies

Commitments

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
2027	$ 2,433	$ 515	$ 32	$ 2,980
2028	1,876	485	24	2,385
2029	807	391	6	1,204
2030	651	339	6	996
2031	256	149	4	409
Thereafter	365	359	-	724
	$ 6,388	$ 2,238	$ 72	$ 8,698

Contingencies

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 $0.1 million (2025 - $1.0 million) and made the necessary provision.

As at March 31, 2026, LAO is the defendant in legal matters where damages are being sought. These matters give rise to contingent liabilities, the outcome and ultimate disposition of which cannot be predicted with absolute certainty.

LAO has recorded a contingent liability in specific instances where it is both likely that losses will be incurred and a reasonable estimate can be made. As at March 31, 2026, LAO has been named in 6 (2025 - 11) claims and the total claimed amounts for these claims is $143,814 (2025 - $1,108,238), of which $0.1 million (2025 - $1.0 million) has been accrued as a liability. The liability is estimated based on the most likely amount, which is the single most likely amount in a range of possible amounts. As these claims have not yet been settled, there exists an exposure to liability in excess of the amount accrued in the financial statements.

Some of those lawsuits are covered by insurance after the application of a deductible of up to $50,000, depending on when the event of the claim occurred and the nature of the claim.

LAO has been named in claims where it is likely that losses will be incurred, but an amount cannot be reasonably estimated or for which the outcome is not determinable. LAO has not accrued a liability for these claims in the financial statements. The resolution of these claims may result in a liability, if any, that may be significantly lower than the claimed amounts.

Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

15. Financial instruments risks

LAO's financial instruments are exposed to certain financial risks including interest rate risk, credit risk, and liquidity risk. LAO is exposed to various risks through transactions in financial instruments and funding impacted by economic conditions.

Interest rate risk

Interest rate risk is the risk that the fair value of an investment or investment liability will fluctuate because of changes in market interest rates. LAO is exposed to interest rate risk with respect to its Guaranteed Investment Certificates held at various interest rates.

Investments of $238.7 million (2025 - $138.7 million) have interest rates ranging from 3.15% to 3.95% (2025 - 3.5% to 5.0%) with multiple maturity dates between April 2, 2026 to May 23, 2028 (2025 - May 20, 2025 to December 9, 2026). These interest rates vary with the Canadian prime rate.

Credit Risk

Credit risk is the risk that a counter party to a financial instrument will fail to meet its contractual obligations, resulting in a financial loss. LAO is exposed to credit risk primarily through its cash and accounts receivable. Credit risk related to cash is minimal, as funds are held with a Canadian chartered bank. LAO's maximum exposure to credit risk, at the reporting date, is the carrying amount of its accounts receivable. Accounts receivable are subject to credit risk, as clients, who are primarily low income, may be unable to settle outstanding balances when due. This risk is managed through ongoing monitoring of receivable balances, evaluation of collectability, and the recognition of allowances for doubtful accounts where necessary. Accounts receivable are reported net of any allowance for doubtful accounts (note 4(a)).

Liquidity risk

Liquidity risk is the risk that LAO will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or other financial asset. LAO's liquidity risk is low, as LAO maintains sufficient cash reserves to meet its near-term obligations.

LAO's 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.

16. Comparative figures

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