
Nova Scotia Legal Aid Commission

Financial Statements

For the Year Ended March 31, 2019

CONTENTS

	Page
Management's Report	3
Independent Auditor's Report	4
Statement of Financial Position	6
Statement of Operations and Accumulated Surplus	7
Statement of Change in Net Financial Assets	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Schedule 1 – Additional Expense Information	19
Schedule 2 - Supplementary Compensation Information	20

Management's Report

The preparation and presentation of the financial statements is the responsibility of management of the Nova Scotia Legal Aid Commission (the "Commission"). These financial statements have been prepared in accordance with Canadian public sector accounting standards. These principles have been applied using management's best estimates and judgements that are considered appropriate to the Commission's circumstances. Management relies on actuarial reports to record the accrued obligations for long service awards and employee future benefits.

Management is responsible for the reliability and integrity of the financial statements, including the notes to the financial statements and other financial information contained in the annual report. Management is also responsible for maintaining books of account, information systems and an appropriate system of internal control. These internal controls are intended to provide reasonable assurance that accurate financial information is available, assets are safeguarded and controlled, resources are managed efficiently, and transactions are conducted in accordance with relevant legislation and regulations.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Finance Committee, on behalf of the Board, fulfills this responsibility. The Audit Finance Committee reviews matters related to accounting, auditing, internal control systems, and the financial statements.

The Auditor General of Nova Scotia, the independent auditor of the Commission appointed under the *Legal Aid Act*, has audited the Commission's financial statements in accordance with Canadian Auditing Standards. The independent auditor has full and unrestricted access to the Audit Finance Committee to discuss the audit and related findings.

The financial statements have been approved by the Board of Directors.

On behalf of Nova Scotia Legal Aid Commission:


Megan Longley, QC
Executive Director


Jennifer Cain, CPA, CA
Director of Finance

June 14, 2019



5161 George Street
Royal Centre, Suite 400
Halifax, Nova Scotia
B3J 1M7

Auditor General of Nova Scotia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Nova Scotia Legal Aid Commission:

Opinion

I have audited the financial statements of the Nova Scotia Legal Aid Commission (the Commission), which comprise the statement of financial position as at March 31, 2019, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and accompanying schedules.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2019, and the results of its operations, changes in its net financial assets, 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 the Commission 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 the 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 the Commission'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 an intention exists to liquidate the Commission or cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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

902 424 4046 tel
902 424 4350 fax
www.oag-ns.ca

Michael.Pickup@novascotia.ca



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 the Commission'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 the Commission'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 the Commission 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.



Michael Pickup, FCPA, FCA
Auditor General of Nova Scotia

Halifax, Canada

June 14, 2019

Nova Scotia Legal Aid Commission
Statement of Financial Position
March 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 8,908,727	\$ 8,848,168
Accounts receivable	249,010	241,827
Accrued interest receivable	13,846	9,600
Due from Province of Nova Scotia (Notes 8 and 9)	<u>8,891,000</u>	<u>8,755,800</u>
	<u>18,062,583</u>	<u>17,855,395</u>
LIABILITIES		
Payables and accruals (Note 5 and Note 6)	4,810,073	4,385,670
Deferred Revenue (Note 7)	260,286	-
Long service awards (Note 8)	639,300	2,548,500
Employee future benefits (Note 9)	<u>8,891,000</u>	<u>8,494,500</u>
	<u>14,600,659</u>	<u>15,428,670</u>
NET FINANCIAL ASSETS	<u>3,461,924</u>	<u>2,426,725</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	122,435	28,169
Prepaid expenses	<u>115,617</u>	<u>121,351</u>
	<u>238,052</u>	<u>149,520</u>
ACCUMULATED SURPLUS	<u>\$ 3,699,976</u>	<u>\$ 2,576,245</u>

Contingencies and Contractual Obligations (Note 10)

The accompanying notes and schedules are an integral part of the these Financial Statements

On Behalf of the Board



Director



Director

Nova Scotia Legal Aid Commission
Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual
Revenue			
Operating grants - Province of Nova Scotia	\$ 27,006,350	\$27,015,815	\$26,123,839
Employee future benefits grant - Province of Nova Scotia	400,000	396,500	332,900
Interest	80,000	177,793	105,378
Other income	<u>40,000</u>	<u>33,038</u>	<u>53,512</u>
	<u>27,526,350</u>	<u>27,623,146</u>	<u>26,615,629</u>
Expenses (Schedule 1)			
Adult Criminal	14,701,380	14,481,412	14,479,294
Youth Criminal	1,259,190	1,084,405	1,241,816
Family and civil	11,118,780	10,680,959	10,949,897
Land Title Initiative	<u>447,000</u>	<u>252,639</u>	<u>-</u>
	<u>27,526,350</u>	<u>26,499,415</u>	<u>26,671,007</u>
Operating surplus (deficit) before Federal Court Ordered Counsel	<u>-</u>	<u>1,123,731</u>	<u>(55,378)</u>
Federal Court Ordered Counsel recovery (Note 16)	-	11,034	-
Federal Court Ordered Counsel expense (Note 16)	<u>-</u>	<u>11,034</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Operating surplus (deficit)	<u>\$ -</u>	1,123,731	(55,378)
Accumulated surplus, beginning of year		<u>2,576,245</u>	<u>2,631,623</u>
Accumulated surplus, end of year		<u>\$ 3,699,976</u>	<u>\$ 2,576,245</u>

The accompanying notes and schedules are an integral part of the these Financial Statements

Nova Scotia Legal Aid Commission
Statement of Change in Net Financial Assets
For the Year Ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual
Operating Surplus (Deficit)	\$ -	\$ 1,123,731	\$ (55,378)
Amortization of tangible capital assets	28,000	34,691	37,558
Acquisition of tangible capital assets	-	(128,957)	-
Acquisition of prepaid expenses	(115,617)	(115,617)	(121,351)
Use of prepaid expenses	<u>121,351</u>	<u>121,351</u>	<u>110,948</u>
	<u>33,734</u>	<u>(88,532)</u>	<u>27,155</u>
Increase (decrease) in net financial assets	33,734	1,035,199	(28,223)
Net financial assets, beginning of year	<u>2,426,725</u>	<u>2,426,725</u>	<u>2,454,948</u>
Net financial assets, end of year	<u>\$ 2,460,459</u>	<u>\$ 3,461,924</u>	<u>\$ 2,426,725</u>

The accompanying notes and schedules are an integral part of the these Financial Statements

Nova Scotia Legal Aid Commission
Statement of Cash Flows
For the Year Ended March 31, 2019

	2019	2018
Operating Activities		
Surplus (deficiency) of revenue over expenses	\$ 1,123,731	\$ (55,378)
Amortization	<u>34,691</u>	<u>37,558</u>
	<u>1,158,422</u>	<u>(17,820)</u>
Changes in other items:		
Accounts receivable	(7,183)	431,174
Accrued interest receivable	(4,246)	(3,130)
Due from Department of Finance	(135,200)	(594,200)
Prepaid expense	5,734	(10,403)
Payables and accruals	424,403	640,375
Long Service Awards	(1,909,200)	194,600
Employee future benefits	<u>396,500</u>	<u>332,900</u>
	<u>(1,229,192)</u>	<u>991,316</u>
	<u>(70,770)</u>	<u>973,496</u>
Capital Activities		
Acquisition of tangible capital assets	<u>(128,957)</u>	-
	<u>(128,957)</u>	-
(Decrease) increase in cash and cash equivalents during year	(199,727)	973,496
Cash and cash equivalents, beginning of year	<u>8,848,168</u>	<u>7,874,672</u>
Cash and cash equivalents, end of year (Note 3)	<u>\$ 8,648,441</u>	<u>\$ 8,848,168</u>

The accompanying notes and schedules are an integral part of the these Financial Statements

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2019**

1. Authority

The Nova Scotia Legal Aid Commission was established in 1977 pursuant to the *Legal Aid Act*. The Act and Regulations stipulate that the Commission can provide legal services to persons whose income is derived primarily from municipal or provincial social assistance or to persons in an equivalent position. The Commission is tax exempt under the *Income Tax Act* (Canada).

Commission activities are funded by a grant from the Province of Nova Scotia. The Province in turn receives a contribution from the Government of Canada for legal aid provided by the Commission.

2. Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards, that for the purposes of the Commission's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

These financial statements are prepared using the following significant accounting policies:

(a) Cash and cash equivalents

Cash and cash equivalents consist of petty cash, operating balances with banks and investments in high interest savings accounts.

(b) Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization and are amortized on a straight-line basis over their estimated useful lives:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	Over term of lease

(c) Revenue Recognition

- i. Operating grants and other revenue are recorded on the accrual basis.
- ii. Revenues are recognized in the period in which the legal services are rendered when collection is reasonably assured.
- iii. Government transfers are recognized as revenue in the period in which the transfer is authorized and all eligibility criteria have been met, except when and to the extent the transfer includes stipulations that give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
- iv. Annually, an authorized transfer from the Province of Nova Scotia totaling the year-over-year change in the Commission's accrued benefit liability relating to its employee future benefits is recognized as revenue.
- v. Interest revenue is recognized as earned.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2019**

2. Accounting Policies (continued)

(d) Expense Recognition

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are recorded as an expense in that year.

(e) Measurement Uncertainty

The presentation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from management’s best estimates as additional information becomes available in the future. Significant estimates in the financial statements include accruals and expenses related to private solicitors’ fees, long service awards and employee future benefits.

(f) Long Service Awards and Employee Future Benefits

Costs for employee future benefits other than pensions are accrued over the periods in which the employees render services in return for these benefits. These benefits are for long service awards and health and dental insurance programs. The Province of Nova Scotia covers the accrued benefit liability related to employee future health and dental benefits; therefore, a corresponding accounts receivable balance is recorded.

Actuarial gains and losses and assumption changes are amortized over the expected average remaining service life of active employees.

(g) Financial instruments

The Commission’s financial instruments consist of investments in high interest savings accounts, accounts receivable, payables, and related accruals. The Commission measures its financial instruments at cost or amortized cost.

3. Cash and Cash Equivalents

	2019	2018
Cash and cash equivalents	\$ 8,908,727	\$ 8,848,168
Less: Amount of restricted cash	<u>(260,286)</u>	<u>-</u>
Unrestricted and internally restricted cash and cash equivalents	<u>\$ 8,648,441</u>	<u>\$ 8,848,168</u>

Externally restricted cash consists of funds provided by the Province that are required to be spent on Land Title Initiative fees. Internally restricted cash are funds that have been restricted for future payment of long service awards, future case completion and family law pressures. Unrestricted cash and cash equivalents include investments in high interest savings accounts, currently earning interest at a rate of 1.60% and 1.45%.

Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2019

4. Tangible Capital Assets

	2019			2018	
	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Net Book Value	Net Book Value
Cost					
Opening balance	\$ 29,054	\$ 171,552	\$ 129,237	\$ 329,843	\$ 329,843
Additions	46,957	-	82,000	128,957	-
Disposals	-	-	-	-	-
Closing balance	<u>76,011</u>	<u>171,552</u>	<u>211,237</u>	<u>458,800</u>	<u>329,843</u>
Accumulated amortization					
Opening balance	29,054	171,552	101,068	301,674	264,116
Amortization	6,522	-	28,169	34,691	37,558
Disposals	-	-	-	-	-
Closing balance	<u>35,576</u>	<u>171,552</u>	<u>129,237</u>	<u>336,365</u>	<u>301,674</u>
Net book value	<u>\$ 40,435</u>	<u>\$ -</u>	<u>\$ 82,000</u>	<u>\$ 122,435</u>	<u>\$ 28,169</u>

5. Payables and Accruals

	2019	2018
Private solicitors' fees (Note 6)	\$ 3,800,772	\$ 3,656,588
Employee salaries and benefits	650,146	523,276
Supplies and services	<u>359,155</u>	<u>175,806</u>
	<u>\$ 4,810,073</u>	<u>\$ 4,385,670</u>

6. Private Solicitors' Fees

At the end of each fiscal year the Commission has a liability for work conducted by private solicitors that is not yet billed and paid. At March 31, 2019, a liability of \$3,800,772 (2018 - \$3,656,588) was recorded, of which \$3,450,648 (2018 - \$3,211,061) was estimated using a system that incorporates average costs and time frames for similar cases over the last two years. The estimate will vary from the actual billings from private solicitors due to the specific requirements of each case, and the difference between the estimate and the actual billing is adjusted through the Statement of Operations.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2019**

7. Deferred Revenue

	2019	2018
Balance April 1	\$ -	\$ -
Receipts during year	265,000	-
Transfer to revenue	<u>(4,714)</u>	<u>-</u>
Balance March 31	<u>\$ 260,286</u>	<u>\$ -</u>

The deferred revenue is the result of a government transfer with stipulations on the use of the funds. Funds are restricted for Land Title Initiative fees by the Department of Justice of the Province of Nova Scotia.

8. Long Service Awards

The Commission follows the provisions of the *Civil Service Act* with respect to the payment of long service awards. Employees of the Commission are entitled to long service awards upon retirement. The awards are based on the number of years of service of the employee, and are earned at the rate of one week's pay for every year of service, to a maximum of twenty six weeks.

The accrual of service under the long service award ceased April 1, 2015. Benefits payable under the long service award continue to be paid upon retirement based on the employee's salary at retirement.

During the 2017/18 year employees were provided with a one-time option to elect an immediate payment of their long service award entitlement. 102 employees elected to receive an immediate payment for a total of \$1,871,900 in payments. The awards were paid in July 2019. The immediate payout triggered a settlement under the long service award and a net cost of \$261,300 was reflected in Fiscal 2018 benefits expense due to the settlement. The net cost was funded by the Province of Nova Scotia and was included in the receivable from the Province of Nova Scotia in 2018.

An actuarial valuation was prepared for the fiscal year ended March 31, 2017 and extrapolated to the March 31, 2019 year end to determine the liability relating to the awards. The valuation was based on a number of assumptions about future events, such as inflation rates, wage and salary increases, and employee turnover. The assumptions used reflect the Commission's best estimates.

The Commission is responsible for the funding and eventual payment of these awards, and has internally restricted assets for this purpose. The assets are included in cash and accrued interest receivable. Based on the actuarial valuation of the accrued benefit obligation for long service awards at March 31, 2019, these assets are sufficient to fund the liability for long service awards.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2019**

8. Long Service Awards (continued)

	2019	2018
Components of Benefit Cost		
Past service cost	\$ -	\$ 4,800
Settlement cost	-	551,800
Amortization of actuarial gains	(10,500)	(340,800)
Interest cost	<u>38,000</u>	<u>68,800</u>
Benefit cost recognized	<u>\$ 27,500</u>	<u>\$ 284,600</u>
Change in Accrued Benefit Obligation		
Accrued benefit obligation at the end of the prior year	\$ 2,454,800	\$ 1,898,500
Past service cost	-	4,800
Settlement cost	-	551,800
Interest cost	38,000	68,800
Benefits paid	(1,936,700)	(90,000)
Actuarial (gain) loss	<u>(1,900)</u>	<u>20,900</u>
Accrued benefit obligation at the end of the year	<u>\$ 554,200</u>	<u>\$ 2,454,800</u>
Reconciliation of Funded Status to Accrued Benefit Liability		
Funded status at the end of year	\$ 554,200	\$ 2,454,800
Unamortized net actuarial gain	<u>85,100</u>	<u>93,700</u>
Accrued benefit liability	<u>\$ 639,300</u>	<u>\$ 2,548,500</u>

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligations for 2019 and 2018 are as follows:

Discount rate (interest and service cost)	3.42%	3.71%
Discount rate (March 31 st ending accrued benefit obligation)	3.29%	3.42%
Salary increases	1% -2.50 % plus merit & promotion	1% -2.50 % plus merit & promotion
Expected average remaining service life for amortization of actuarial gains /losses	8 years	10 years

Retirement Age occurs at age 59 (immediate if older than age 59)

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2019**

9. Employee Future Benefits

The Commission provides post-retirement health and dental benefits to its employees. The Commission pays 65% of the cost of the post-retirement health and dental programs. The Commission pays 100% of the premiums of employees on long-term disability. The Province of Nova Scotia covers the accrued benefit liability related to employee future health and dental benefits; therefore, a corresponding accounts receivable balance is recorded.

An actuarial valuation was prepared for the fiscal year ended March 31, 2017 and extrapolated to the March 31, 2019 year end. The valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wages and salary increases, and employee turnover and mortality. The assumptions used reflect the Commission's best estimates.

	2019	2018
Components of Benefit Cost		
Current service cost (employer portion)	\$ 390,800	\$ 351,400
Amortization of actuarial gains	(92,200)	(118,500)
Interest cost	<u>266,100</u>	<u>261,500</u>
Benefit cost recognized	<u>\$ 564,700</u>	<u>\$ 494,400</u>
Change in Accrued Benefit Obligation		
Accrued benefit obligation at the end of the prior year	\$ 7,668,600	\$ 6,953,900
Current service cost (employer portion)	390,800	351,400
Interest cost	266,100	261,500
Benefits paid	(168,200)	(161,500)
Actuarial (gain) loss	<u>117,000</u>	<u>263,300</u>
Accrued benefit obligation at the end of the year	<u>\$ 8,274,300</u>	<u>\$ 7,668,600</u>
Reconciliation of Funded Status to Accrued Benefit Liability		
Funded status at the end of year	\$ 8,274,300	\$ 7,668,600
Unamortized net actuarial gain	<u>616,700</u>	<u>825,900</u>
Accrued benefit liability	<u>\$ 8,891,000</u>	<u>\$ 8,494,500</u>

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2019**

9. Employee Future Benefits (continued)

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligations for 2019 and 2018 are as follows:

	2019	2018
Weighted-Average Assumptions for Expense		
Discount rate (interest and service cost)	3.42%	3.71%
Discount rate (March 31 st ending accrued benefit obligation)	3.29%	3.42%
Expected average remaining service life for amortization of actuarial gains /losses	10 years	10 years
Initial medical care trend rate	6.67%	6.33%
Ultimate medical care trend rate	4.50%	4.50%
Year ultimate rate reached	2032	2029
Initial and ultimate dental care trend rate	4.50%	4.50%

10. Contingencies and Contractual Obligations

- (a) The Commission is contractually obligated to see ongoing cases through to completion for clients being represented by private solicitors. The Commission uses a system that incorporates average costs and timeframes for similar cases over the prior two years to estimate the future cost related to these ongoing matters. This cost represents the future cost to complete these cases and is for services not yet performed by the private solicitors. The estimate for future case completion at March 31, 2019 is \$2,140,052 (March 31, 2018 - \$2,115,308).
- (b) Lease agreements for office space typically call for payment of a base rent plus a provision for the Commission's portion of operating costs and property taxes. Lease terms vary by office. The Commission also carries leases for office equipment.

Minimum lease payments for the next five fiscal years, not including taxes, are as follows:

2020	\$ 1,160,614
2021	\$ 1,097,008
2022	\$ 877,684
2023	\$ 617,207
2024	\$ 599,527

- (c) The Commission provides funding to Dalhousie Legal Aid Services. The Commission has agreed to provide a grant of \$69,000 to Dalhousie Legal Aid Services for the year ending March 31, 2020.
- (d) The Commission created a professional development fund during 2012-13 whereby each lawyer was allowed a set amount of dollars for professional development. The policy allows a carry-over of the amount for one additional fiscal year if not used. Effective April 1, 2019 the policy is changing to allow for a two year carryover. At March 31, 2019, a maximum amount of \$39,195 (2018 - \$36,614) was not used.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2019**

11. Client Trust Funds Under Administration

On March 31, 2019, \$15,706 (2018 - \$13,781) was held in trust for clients. These trust funds are accounted for separately and are not reflected in the financial statements.

12. Pensions

Pursuant to Section 7 of the *Legal Aid Act*, all permanent employees of the Commission are entitled to receive pension benefits under the Nova Scotia Public Service Superannuation Plan (PSSP). Benefits paid upon retirement are based on an employee's length of service, rate of pay, and possible inflation adjustments. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Commission's operating expenses in the amount of \$1,332,079 (2018 - \$1,246,518). The Commission is not responsible for any residual liability or surpluses for the PSSP and therefore does not record PSSP assets or liabilities in these financial statements.

13. Financial Risk Management

The Commission recognizes the importance of managing risks and as a result, has in place policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Commission is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There have been no changes compared to previous years with respect to the Commission's objectives, policies and processes for managing the risks described.

Credit Risk

Credit risk is the risk of loss resulting from failure of an individual or group to honour their financial obligations. The Commission's accounts receivable are due primarily from government organizations and reputable organizations. The Commission's cash and investments are held at Canadian chartered banks, and Canadian financial institutions, respectively. The Commission is not exposed to significant credit risk.

At year-end, there were no significant accounts receivable that were past due nor impaired.

Liquidity Risk

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they fall due. The Commission's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow to fund operations and settle liabilities when due.

Market Risk

Market risk comprises three types of risk: currency risk; interest rate risk; and, other price risk.

(a) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Commission is not exposed to significant currency risk.

(b) Interest Rate Risk

Interest rate risk is the risk that the Commission's investments will change in fair value due to future fluctuations in market interest rates. The fair value of the investments, and the income they generate, varies as market interest rates vary. All other financial instruments are non-interest bearing. The Commission mitigates this risk by monitoring interest rates.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2019**

13. Financial Risk Management (continued)

(c) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk or currency risk). The Commission is not exposed to significant other price risk.

14. Economic Dependence

The Commission is economically dependent upon the ongoing and future funding from the Province of Nova Scotia.

15. Related Party Transactions

The Commission is related to all other departments, agencies, boards and commissions included in the Province of Nova Scotia's consolidated financial statements. Transactions related to the Departments of Finance and Treasury Board, and Justice, have been disclosed separately in these financial statements. All transactions have been entered into in the normal course of business.

Related parties also include key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Commission. This includes the senior leadership team, and members of the Board of Directors and their close family members. Certain members of the Board of Directors provide legal aid services to clients of the Commission. These members billed the Commission \$32,782 (2018 - \$66,312) during the fiscal year. All transactions have been entered into in the normal course of business.

16. Federal Court Ordered Counsel

The *Criminal Code* makes provisions for people who have been denied legal aid in criminal cases to apply for state-funded counsel. In Federal cases where the judge orders the government to provide counsel, the Commission works with the Federal Government to manage the order of the court if granted. A contract is in place between the Federal Government and the Commission. The Commission is reimbursed for the costs associated with providing the court-ordered counsel. In addition, an administration fee of 15% is charged for managing the file and providing counsel. The administration fees are included in other income of the Commission.

17. Budget

Budget figures are provided for comparison purposes and have been approved by the Commission's Board.

18. Comparative Figures

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

Nova Scotia Legal Aid Commission
Schedule 1 – Additional Expense Information
For the Year Ended March 31, 2019

	Budget 2019	Actual 2019	Actual 2018
Amortization	\$ 28,000	\$ 34,691	\$ 37,558
Directors' fees	55,000	33,730	40,920
Duty Counsel fees	180,500	245,089	176,465
Equipment and maintenance			
Leasehold improvements	10,000	27,054	3,963
Office furniture and equipment	105,000	213,322	328,010
Office machine leasing and maintenance	85,000	82,698	90,612
	<u>200,000</u>	<u>323,074</u>	<u>422,585</u>
Library	65,000	58,401	60,217
Memberships, meetings and conferences			
Membership and dues	390,000	377,600	370,936
Meetings and conferences	138,000	83,414	127,909
	<u>528,000</u>	<u>461,014</u>	<u>498,845</u>
Miscellaneous			
Grant – Dalhousie Legal Aid	69,000	69,000	69,000
Public information/legal education	7,500	7,500	7,500
	<u>76,500</u>	<u>76,500</u>	<u>76,500</u>
Office disbursements			
Family	110,000	110,836	115,048
Adult criminal	150,000	101,988	128,987
Social justice	15,000	10,525	5,984
Youth criminal	15,000	17,715	15,393
Court ordered counsel - Provincial	-	427	2,000
	<u>290,000</u>	<u>241,491</u>	<u>267,412</u>
Private solicitors' fees			
Civil and family – conflicts	2,175,000	2,024,088	2,146,317
Adult criminal – homicide	845,000	412,794	495,419
Adult criminal – conflicts	2,100,000	2,234,101	2,420,024
Youth criminal – homicide	30,000	-	5,534
Youth criminal – conflicts	150,000	142,109	179,269
	<u>5,300,000</u>	<u>4,813,092</u>	<u>5,246,563</u>
Private solicitors' fees Land Title	97,000	-	-
Professional and other fees			
Professional fees	47,750	45,196	47,836
Consultant fees	30,000	5,985	12,206
Payroll administrative fees	20,000	50,837	20,846
	<u>97,750</u>	<u>102,018</u>	<u>80,888</u>
Salaries and benefits			
Salaries and benefits	18,150,600	17,716,501	17,495,718
Employee future benefits	400,000	396,500	332,900
	<u>18,550,600</u>	<u>18,113,001</u>	<u>17,828,618</u>
Supplies and services			
General cleaning and office expense	65,000	76,163	68,051
Printing and stationery	110,000	111,889	101,281
Rent, insurance, taxes and utilities	1,453,000	1,423,894	1,368,490
Communications	225,000	203,984	223,593
	<u>1,853,000</u>	<u>1,815,930</u>	<u>1,761,415</u>
Travel	205,000	181,384	173,021
	<u>\$ 27,526,350</u>	<u>\$ 26,499,415</u>	<u>\$ 26,671,007</u>

Nova Scotia Legal Aid Commission
Schedule 2 – Supplementary Compensation Information
For the Year Ended March 31, 2019

Under the *Public Sector Compensation Disclosure Act*, all organizations which are part of the Government Reporting Entity must disclose all compensation paid to any person that totals \$100,000 or more in the fiscal year. The following information is being disclosed in accordance with the Act.

Amoud, Antonios	107,998	Moores, Robert	147,709
Anderson, Jennifer	104,542	Newton, Geoffrey	121,303
Baker, David	136,393	Nolen, Peter	161,507
Beardon, Joshua	116,423	Patriquin, Kevin	163,806
Blackmore, Gordon	116,645	Perry, Jill	181,136
Burrill, Roger	148,408	Persaud, Kishan	105,544
Cain, Jennifer	146,234	Postlewaite, Gus	179,338
Carter, Shawn	105,757	Queripel, Lonny	221,403
Chipman, Robert	220,679	Robertson, Stephen	153,220
Darrah, Matthew	152,751	Rolle, Brandon	106,687
Dill, Matthew	117,769	Rovers, Nicole	126,558
Dixon, Susanne	104,793	Rowlett, Kelly	137,961
Endres, Karen	156,963	Ryan, Kelly	127,314
Forbes, Krista	196,235	Sarson, Brad	203,543
Fulmer, Margo	115,907	Seaman, Alfred	119,610
Gilmer, Lola	143,503	Seshagiri, Lee	129,555
Glasgow, Wakai	118,291	Snow, Amber	133,524
Greer, Kenneth	193,631	Snow, James	107,211
Hillson, Stephanie	158,548	Stephens, Brian	180,914
Jones, Patricia	139,560	Stordy, Paul	226,471
Jones, Tanya	137,961	Sturmy, Tracey	136,349
Kirk, Andrew	113,538	Thompson, Christa	127,085
Kuna, Michael	137,961	Vardigans, Brian	152,860
Lacey, Jill	168,859	Whynot, Barry	218,477
Levasseur, Claire	126,662	Wohler, Tammy	131,539
Lloy, Douglas	171,648	Zayid, Samira	146,285
Longley, Megan	223,283		
MacAulay, Chrystal	145,039		
MacKeen, Cameron	139,276		
MacLaughlin, Shawn	153,426		
MacLeod, Darren	212,956		
MacNeil, Matthew	147,151		
Madore, Jennifer	107,381		
Mahoney, David	152,860		
Mahoney, Nicole	127,224		
Mason, Shannon	157,969		
McDougall, Sheila	165,189		
Moore, Charlene	206,469		

Eligible employees were offered a one-time long service award payout option in lieu of the retirement allowance available at the time of retirement. These service awards were paid out during the year and are considered compensation for reporting purposes. The awards are based on the number of years of service the employee had at April 1, 2015 when the award ceased. The maximum award is equal to 26 weeks of pay.