
Nova Scotia Legal Aid Commission

Financial Statements

For the Year Ended March 31, 2020

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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. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is responsible for the reliability and integrity of the financial statements, including the notes and schedules 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 controls. 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, including a recommendation of approval of the annual financial statements to the Board.

The Auditor General of Nova Scotia provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian auditing standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management. As independent auditor, he 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
Chief Executive Officer



Jennifer Cain, CPA, CA
Director of Finance

June 25, 2020



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, 2020, and the statement of operations, statement of change in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2020, 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 to 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 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 A. Pickup, FCPA, FCA
Auditor General of Nova Scotia

Halifax, Canada
June 25, 2020

Nova Scotia Legal Aid Commission
Statement of Financial Position
March 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 9,019,360	\$ 8,908,727
Accounts receivable	408,531	249,010
Accrued interest receivable	8,650	13,846
Due from the Province of Nova Scotia (Note 9)	<u>10,669,800</u>	<u>8,891,000</u>
	<u>20,106,341</u>	<u>18,062,583</u>
LIABILITIES		
Payables and accruals (Note 6)	5,962,849	4,810,073
Deferred revenue (Note 7)	428,610	260,286
Long service awards (Note 8)	619,800	639,300
Post-retirement health and dental benefits (Note 9)	<u>10,669,800</u>	<u>8,891,000</u>
	<u>17,681,059</u>	<u>14,600,659</u>
NET FINANCIAL ASSETS	<u>2,425,282</u>	<u>3,461,924</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	97,216	122,435
Prepaid expenses	<u>194,927</u>	<u>115,617</u>
	<u>292,143</u>	<u>238,052</u>
ACCUMULATED SURPLUS	<u>\$ 2,717,425</u>	<u>\$ 3,699,976</u>

Contingencies and Contractual Obligations (Note 10)

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

On Behalf of the Board



Director – George Ash, Commission Chair



Director – Ronald R. Chisholm, Audit Finance Committee Chair

Nova Scotia Legal Aid Commission
Statement of Operations
For the Year Ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Operating grants - Province of Nova Scotia	\$ 27,054,000	\$27,084,676	\$27,015,815
Employee future benefits grant - Province of Nova Scotia	440,000	492,900	396,500
Interest	180,000	206,171	177,793
Other income	<u>30,000</u>	<u>186,048</u>	<u>33,038</u>
	<u>27,704,000</u>	<u>27,969,795</u>	<u>27,623,146</u>
Expenses (Schedule 1)			
Adult Criminal	15,316,750	15,689,824	14,481,412
Youth Criminal	1,146,400	907,295	1,084,405
Family and civil	11,294,650	12,006,504	10,680,959
Land Title Initiative	<u>446,200</u>	<u>348,723</u>	<u>252,639</u>
	<u>28,204,000</u>	<u>28,952,346</u>	<u>26,499,415</u>
Operating (deficit) surplus	<u>\$ (500,000)</u>	<u>(982,551)</u>	<u>1,123,731</u>
Accumulated surplus, beginning of year (Note 3)		<u>3,699,976</u>	<u>2,576,245</u>
Accumulated surplus, end of year		<u>\$ 2,717,425</u>	<u>\$ 3,699,976</u>

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

Nova Scotia Legal Aid Commission
Statement of Change in Net Financial Assets
For the Year Ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Operating (Deficit) Surplus	\$ (500,000)	\$ (982,551)	\$ 1,123,731
Amortization of tangible capital assets	26,500	25,219	34,691
Acquisition of tangible capital assets	-	-	(128,957)
Acquisition of prepaid expenses	-	(194,927)	(115,617)
Use of prepaid expenses	<u>-</u>	<u>115,617</u>	<u>121,351</u>
	<u>26,500</u>	<u>(54,091)</u>	<u>(88,532)</u>
(Decrease) increase in net financial assets	(473,500)	(1,036,642)	1,035,199
Net financial assets, beginning of year	<u>3,461,924</u>	<u>3,461,924</u>	<u>2,426,725</u>
Net financial assets, end of year	<u>\$ 2,988,424</u>	<u>\$ 2,425,282</u>	<u>\$ 3,461,924</u>

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

Nova Scotia Legal Aid Commission
Statement of Cash Flows
For the Year Ended March 31, 2020

	2020	2019
Operating Activities		
(Deficiency) surplus of revenue over expenses	\$ (982,551)	\$ 1,123,731
Amortization	<u>25,219</u>	<u>34,691</u>
	<u>(957,332)</u>	<u>1,158,422</u>
Changes in other items:		
Increase to accounts receivable	(159,521)	(7,183)
Decrease (increase) to accrued interest receivable	5,196	(4,246)
Increase to due from the Province of Nova Scotia	(1,778,800)	(135,200)
(Increase) decrease to prepaid expense	(79,310)	5,734
Increase to payables and accruals	1,152,776	424,403
Increase to deferred revenue	168,324	260,286
Decrease to long service awards	(19,500)	(1,909,200)
Increase to post-retirement health and dental benefits	<u>1,778,800</u>	<u>396,500</u>
	<u>1,067,965</u>	<u>(968,906)</u>
Cash provided by operating transactions	<u>110,633</u>	<u>189,516</u>
Capital Activities		
Cash used to acquire tangible capital assets	<u>-</u>	<u>(128,957)</u>
	<u>-</u>	<u>(128,957)</u>
Increase in cash and cash equivalents during year	110,633	60,559
Cash and cash equivalents, beginning of year	<u>8,908,727</u>	<u>8,848,168</u>
Cash and cash equivalents, end of year	<u>\$ 9,019,360</u>	<u>\$ 8,908,727</u>

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

Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2020

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.

(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.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2020**

2. Accounting Policies (continued)

(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 are related to private solicitors' fees, and post-retirement health and dental benefits .

(f) 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. The estimate is determined using an information 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.

(g) Long service awards and post-retirement health and dental benefits

Costs for long service awards and post-retirement health and dental benefits are accrued over the periods in which the employees render services in return for these benefits. The Province of Nova Scotia covers the accrued benefit liability related to post- retirement 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.

(h) 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. Accounting Policy Change

Change in attribution period related to post-retirement health and dental benefits

During the year, the Commission decided to change the attribution period related to post-retirement health and dental benefits to its employees to align with the attribution method used by the Province. Previously, the attribution period was based on attribution to assumed retirement. The attribution period is now based on attribution to full eligibility. The Commission has recorded this adjustment retroactively, but prior periods have not been restated as the amounts are not reasonably determinable. Because the Province of Nova Scotia covers the accrued benefit liability related to post-retirement health and dental benefits, there has been no impact to opening accumulated surplus in 2020. As a result, during the current fiscal year, the due from the Province of Nova Scotia and the post-retirement health and dental benefits liability each increased by \$1,285,900.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2020**

4. Cash and Cash Equivalents

	2020	2019
Cash and cash equivalents	\$9,019,360	\$ 8,908,727
Less: Amount of restricted cash	<u>(428,610)</u>	<u>(260,286)</u>
Unrestricted and internally restricted cash and cash equivalents	<u>\$ 8,590,750</u>	<u>\$ 8,648,441</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, family law pressures and contingency funding. Cash and cash equivalents include investments in high interest savings accounts, currently earning interest at a rate of 0.55% and 0.40%.

5. Tangible Capital Assets

	2020			2019	
	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total	Total
Cost					
Opening balance	\$ 76,011	\$ 171,552	\$ 211,237	\$ 458,800	\$ 329,843
Additions	-	-	-	-	128,957
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u>76,011</u>	<u>171,552</u>	<u>211,237</u>	<u>458,800</u>	<u>458,800</u>
Accumulated amortization					
Opening balance	35,576	171,552	129,237	336,365	301,674
Amortization	15,652	-	9,567	25,219	34,691
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u>51,228</u>	<u>171,552</u>	<u>138,804</u>	<u>361,584</u>	<u>336,365</u>
Net book value	<u>\$ 24,783</u>	<u>\$ -</u>	<u>\$ 72,433</u>	<u>\$ 97,216</u>	<u>\$ 122,435</u>

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2020**

6. Payables and Accruals

	2020	2019
Private solicitors' fees	\$ 4,348,744	\$ 3,800,772
Employee salaries and benefits	1,364,097	650,146
Supplies and services	<u>250,008</u>	<u>359,155</u>
	<u>\$ 5,962,849</u>	<u>\$ 4,810,073</u>

7. Deferred Revenue

	2020	2019
Opening balance April 1	\$ 260,286	\$ -
Receipts during year	193,000	265,000
Transfer to revenue	<u>(24,676)</u>	<u>(4,714)</u>
Closing balance March 31	<u>\$ 428,610</u>	<u>\$ 260,286</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.

An actuarial valuation was prepared for the fiscal year ended March 31, 2020 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.

Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2020

8. Long Service Awards (continued)

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, 2020, these assets are sufficient to fund the liability for long service awards.

	2020	2019
Components of Benefit Cost		
Amortization of actuarial gains	\$ (9,700)	\$ (10,500)
Interest cost	<u>17,500</u>	<u>38,000</u>
Benefit cost recognized	<u>\$ 7,800</u>	<u>\$ 27,500</u>
Change in Accrued Benefit Obligation		
Accrued benefit obligation, beginning balance	\$ 554,200	\$ 2,454,800
Interest cost	17,500	38,000
Benefits paid	(27,300)	(1,936,700)
Actuarial (gain) loss	<u>(51,000)</u>	<u>(1,900)</u>
Accrued benefit obligation at the end of the year	<u>\$ 493,400</u>	<u>\$ 554,200</u>
Unamortized net actuarial gain	<u>126,400</u>	<u>85,100</u>
Accrued benefit liability	<u>\$ 619,800</u>	<u>\$ 639,300</u>

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligations for 2020 and 2019 are as follows:

Discount rate (interest and service cost)	3.24%	3.42%
Discount rate (March 31 st ending accrued benefit obligation)	3.24%	3.29%
Salary increases	1.5% –2.50 % plus merit & promotion	1% –2.50 % plus merit & promotion
Expected average remaining service life for amortization of actuarial gains /losses	11 years	8 years

Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2020

9. Post-retirement Health and Dental 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, 2020. 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.

During the year, the Commission opted to change the attribution method from attribution to estimated retirement to attribution to full eligibility to align with the method used by the Province for post-retirement health plans. This change in methodology resulted in an adjustment to both the fiscal 2020 opening accrued benefit obligation and the accrued benefit liability of \$1,285,900. Please see details in Note 3 regarding accounting policy changes.

	2020	2019
Components of Benefit Cost		
Current service cost (employer portion)	\$ 418,500	\$ 390,800
Amortization of actuarial gains	(49,400)	(92,200)
Interest cost	<u>316,500</u>	<u>266,100</u>
Benefit cost recognized	<u><u>\$ 685,600</u></u>	<u><u>\$ 564,700</u></u>
Change in Accrued Benefit Obligation		
Accrued benefit obligation at the end of the prior year	\$ 8,274,300	\$ 7,668,600
Impact of attribution change to opening obligation	1,285,900	-
Current service cost (employer portion)	418,500	390,800
Interest cost	316,500	266,100
Benefits paid	(192,700)	(168,200)
Actuarial loss	<u>1,369,100</u>	<u>117,000</u>
Accrued benefit obligation at the end of the year	<u><u>\$ 11,471,600</u></u>	<u><u>\$ 8,274,300</u></u>
Reconciliation of Accrued Benefit Liability		
Accrued benefit obligation at the end of year	\$ 11,471,600	\$ 8,274,300
Unamortized net actuarial (loss) gain	<u>(801,800)</u>	<u>616,700</u>
Accrued benefit liability	<u><u>\$ 10,669,800</u></u>	<u><u>\$ 8,891,000</u></u>

Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2020

9. Post-retirement Health and Dental Benefits (continued)

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligations for 2020 and 2019 are as follows:

	2020	2019
Weighted-Average Assumptions for Expense		
Discount rate (interest and service cost)	3.24%	3.42%
Discount rate (March 31 st ending accrued benefit obligation)	3.24%	3.29%
Expected average remaining service life for amortization of actuarial gains /losses	14 years	10 years
Initial medical care trend rate	6.83%	6.67%
Ultimate medical care trend rate	4.50%	4.50%
Year ultimate rate reached	2034	2032
Initial and ultimate dental care trend rate	4.5%	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, 2020 is \$2,065,306 (March 31, 2019 \$2,140,052).
- (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:

2021	\$ 1,288,066
2022	\$ 1,068,396
2023	\$ 806,614
2024	\$ 775,273
2025	\$ 632,032

- (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, 2021.
- (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, 2020, a maximum amount of \$75,600 (2019 - \$39,195) was not used.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2020**

11. Client Trust Funds Under Administration

On March 31, 2020, \$1,666 (2019 - \$15,706) was held in trust for clients. These trust funds are accounted for separately and are not reflected in the financial statements.

12. Pension fund

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 \$1,420,939 (2019 - \$1,332,079). The Commission's responsibility with regard to the PSSP is limited to its contributions. The Commission is not responsible for any residual liability or surpluses for the PSSP.

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, 2020

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 and their close family members provide legal aid services to clients of the Commission either directly or through association and rent office space for one location. These members billed the Commission \$219,509 (2019 - \$46,344) during the fiscal year. All transactions have been entered into in the normal course of business.

16. Budget

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

17. Comparative Figures

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

18. Impact of the Covid-19 Pandemic on our Results and Operations

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian government, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The financial and operational impact to the Commission during the fiscal 2020 year was minimal but due to the dynamic situation presented by COVID 19, the magnitude of the future impact is not known at this time.

Nova Scotia Legal Aid Commission
Schedule 1 – Additional Expense Information
For the Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Amortization	\$ 26,500	\$ 25,219	\$ 34,691
Directors' fees	55,000	27,275	33,730
Duty Counsel fees	150,000	282,702	245,089
Equipment and maintenance			
Leasehold improvements	100,000	18,530	27,054
Office furniture and equipment	105,000	74,257	213,322
Office machine leasing and maintenance	90,000	115,036	82,698
	<u>295,000</u>	<u>207,823</u>	<u>323,074</u>
Library	65,000	59,944	58,401
Memberships, meetings and conferences			
Membership and dues	390,000	376,120	377,600
Meetings and conferences	188,000	148,862	83,414
	<u>578,000</u>	<u>524,982</u>	<u>461,014</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	120,000	120,232	110,836
Adult criminal	140,000	138,648	101,988
Social justice	15,000	5,664	5,811
Youth criminal	20,000	32,746	17,715
Land Title	-	24,676	4,714
Court ordered counsel - Provincial	-	2,722	427
	<u>295,000</u>	<u>324,688</u>	<u>241,491</u>
Private solicitors' fees			
Civil and family – conflicts	2,175,000	2,422,810	2,024,088
Adult criminal – homicide	380,000	249,254	412,794
Adult criminal – conflicts	2,100,000	2,841,963	2,234,101
Youth criminal – homicide	30,000	-	-
Youth criminal – conflicts	150,000	118,599	142,109
	<u>4,835,000</u>	<u>5,632,626</u>	<u>4,813,092</u>
Private solicitors' fees Land Title	62,000	3,438	-
Professional and other fees			
Professional fees	60,000	48,668	45,196
Consultant fees	30,000	1,500	5,985
Payroll administrative fees	80,000	80,733	50,837
	<u>170,000</u>	<u>130,901</u>	<u>102,018</u>
Salaries and benefits			
Salaries and benefits	18,981,000	19,067,742	17,716,501
Employee future benefits	440,000	492,900	396,500
	<u>19,421,000</u>	<u>19,560,642</u>	<u>18,113,001</u>
Supplies and services			
General cleaning and office expense	75,000	79,280	76,163
Printing and stationery	120,000	118,094	111,889
Rent, insurance, taxes and utilities	1,555,000	1,497,021	1,423,894
Communications	225,000	206,856	203,984
	<u>1,975,000</u>	<u>1,901,251</u>	<u>1,815,930</u>
Travel	200,000	194,355	181,384
	<u>\$ 28,204,000</u>	<u>\$ 28,952,346</u>	<u>\$ 26,499,415</u>

