
Nova Scotia Legal Aid Commission

Financial Statements

For the Year Ended March 31, 2021

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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.

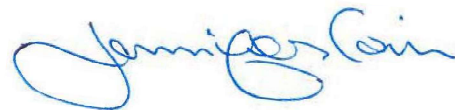
The Auditor General of Nova Scotia provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian auditing standards and includes tests and procedures which allow them to report on the fairness of the financial statements prepared by management. As independent auditor, they have 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, 2021



5161 George Street
Royal Centre, Suite 400
Halifax, Nova Scotia
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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, 2021, 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, 2021, 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.



Kim Adair-MacPherson, FCPA, CA, ICD.D
Auditor General of Nova Scotia

Halifax, Nova Scotia
June 25, 2021

Nova Scotia Legal Aid Commission
Statement of Financial Position
March 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 9,341,723	\$ 9,019,360
Accounts receivable	186,325	408,531
Accrued interest receivable	2,490	8,650
Due from the Province of Nova Scotia (Note 8)	<u>11,410,200</u>	<u>10,669,800</u>
	<u>20,940,738</u>	<u>20,106,341</u>
LIABILITIES		
Payables and accruals (Note 5)	5,951,847	5,962,849
Deferred revenue (Note 6)	399,778	428,610
Long service awards (Note 7)	620,500	619,800
Post-retirement health and dental benefits (Note 8)	<u>11,410,200</u>	<u>10,669,800</u>
	<u>18,382,325</u>	<u>17,681,059</u>
NET FINANCIAL ASSETS	<u>2,558,413</u>	<u>2,425,282</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	65,164	97,216
Prepaid expenses	<u>125,046</u>	<u>194,927</u>
	<u>190,210</u>	<u>292,143</u>
ACCUMULATED SURPLUS	<u>\$ 2,748,623</u>	<u>\$ 2,717,425</u>

Contingencies and Contractual Obligations (Note 9)

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 C. Chisholm, Audit Finance Committee Chair

Nova Scotia Legal Aid Commission
Statement of Operations
For the Year Ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
Revenue			
Operating grants - Province of Nova Scotia	\$ 27,824,000	\$28,747,832	\$27,084,676
Employee future benefits grant - Province of Nova Scotia	715,800	740,400	492,900
Law Foundation of Nova Scotia	150,000	120,809	162,198
Interest	60,000	40,174	206,171
Other income	<u>20,000</u>	<u>21,593</u>	<u>23,850</u>
	<u>28,769,800</u>	<u>29,670,808</u>	<u>27,969,795</u>
Expenses (Schedule 1)			
Adult Criminal	15,521,800	16,195,459	15,689,824
Youth Criminal	897,100	878,675	907,295
Family and Civil	11,879,700	12,129,388	12,006,504
Land Title Initiative	<u>516,200</u>	<u>436,088</u>	<u>348,723</u>
	<u>28,814,800</u>	<u>29,639,610</u>	<u>28,952,346</u>
Operating surplus (deficit)	<u>\$ (45,000)</u>	<u>31,198</u>	<u>(982,551)</u>
Accumulated surplus, beginning of year		<u>2,717,425</u>	<u>3,699,976</u>
Accumulated surplus, end of year		<u>\$ 2,748,623</u>	<u>\$ 2,717,425</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, 2021

	2021 Budget	2021 Actual	2020 Actual
Operating Surplus (Deficit)	\$ (45,000)	\$ 31,198	\$ (982,551)
Amortization of tangible capital assets	32,000	32,052	25,219
Acquisition of prepaid expenses	-	(125,046)	(194,927)
Use of prepaid expenses	<u>-</u>	<u>194,927</u>	<u>115,617</u>
	<u>32,000</u>	<u>101,933</u>	<u>(54,091)</u>
Increase (decrease) in net financial assets	(13,000)	133,131	(1,036,642)
Net financial assets, beginning of year	<u>2,425,282</u>	<u>2,425,282</u>	<u>3,461,924</u>
Net financial assets, end of year	<u>\$ 2,412,282</u>	<u>\$ 2,558,413</u>	<u>\$ 2,425,282</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, 2021

	2021	2020
Operating Activities		
Surplus (deficiency) of revenue over expenses	\$ 31,198	\$ (982,551)
Amortization	<u>32,052</u>	<u>25,219</u>
	<u>63,250</u>	<u>(957,332)</u>
Changes in other items:		
Decrease (increase) to accounts receivable	222,206	(159,521)
Decrease to accrued interest receivable	6,160	5,196
Increase to due from the Province of Nova Scotia	(740,400)	(1,778,800)
Decrease (increase) to prepaid expense	69,881	(79,310)
(Decrease) increase to payables and accruals	(11,002)	1,152,776
(Decrease) increase to deferred revenue	(28,832)	168,324
Increase (decrease) to long service awards	700	(19,500)
Increase to post-retirement health and dental benefits	<u>740,400</u>	<u>1,778,800</u>
	<u>259,113</u>	<u>1,067,965</u>
Cash provided by operating transactions	<u>322,363</u>	<u>110,633</u>
Increase in cash and cash equivalents during year	322,363	110,633
Cash and cash equivalents, beginning of year	<u>9,019,360</u>	<u>8,908,727</u>
Cash and cash equivalents, end of year	<u>\$ 9,341,723</u>	<u>\$ 9,019,360</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, 2021**

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, 2021

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.

(i) Future changes in accounting standards

PSAB has issued the following new accounting standards effective April 1, 2022:

- PS 3041 Portfolio Investments replaces PS 3040 with revised accounting and reporting principles for portfolio investments and is effective in the period PS 2601 and PS 3450 are adopted
- PS 3280 Asset Retirement Obligations defines and provides guidance for accounting and reporting retirement obligations associated with tangible capital assets
- PS 3450 Financial Instruments defines and provides guidance for accounting and reporting all types of financial instruments including derivatives

PSAB has also issued PS 3400 Revenue, effective April 1, 2023, to provide guidance on how to account for and report on revenue from exchange and non-exchange transactions.

These new accounting standards have not been applied in preparing these financial statements. We are currently assessing the impact of these new standards, and the extent of the impact of their adoption on the financial statements has not yet been fully determined.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2021**

3. Cash and Cash Equivalents

	2021	2020
Cash and cash equivalents	\$ 9,341,723	\$ 9,019,360
Less: Amount of externally restricted cash	<u>(399,778)</u>	<u>(428,610)</u>
Unrestricted and internally restricted cash and cash equivalents	<u>\$ 8,941,945</u>	<u>\$ 8,590,750</u>

Cash and cash equivalents include investments in high interest savings accounts, currently earning interest at a rate of 0.20%. 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.

4. Tangible Capital Assets

	2021			2021	2020
	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total	Total
Cost					
Opening balance	\$ 76,011	\$ 171,552	\$ 211,237	\$ 458,800	\$ 458,800
Additions (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	51,228	171,552	138,804	361,584	336,365
Amortization	<u>15,652</u>	<u>-</u>	<u>16,400</u>	<u>32,052</u>	<u>25,219</u>
Closing balance	<u>66,880</u>	<u>171,552</u>	<u>155,204</u>	<u>393,636</u>	<u>361,584</u>
Net book value	<u>\$ 9,131</u>	<u>\$ -</u>	<u>\$ 56,033</u>	<u>\$ 65,164</u>	<u>\$ 97,216</u>

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2021**

5. Payables and Accruals

	2021	2020
Private solicitors' fees	\$ 4,746,448	\$ 4,348,744
Employee salaries and benefits	973,941	1,364,097
Supplies and services	<u>231,458</u>	<u>250,008</u>
	<u>\$ 5,951,847</u>	<u>\$ 5,962,849</u>

6. Deferred Revenue

	2021	2020
Opening balance April 1	\$ 428,610	\$ 260,286
Receipts during year	-	193,000
Transfer to revenue	<u>(28,832)</u>	<u>(24,676)</u>
Closing balance March 31	<u>\$ 399,778</u>	<u>\$ 428,610</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.

7. 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.

An actuarial valuation was prepared for the fiscal year ended March 31, 2020 and extrapolated to the March 31, 2021 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.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2021**

7. 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, 2021, these assets are sufficient to fund the liability for long service awards.

	2021	2020
Components of Benefit Cost		
Amortization of actuarial gains	\$ (14,300)	\$ (9,700)
Interest cost	<u>15,000</u>	<u>17,500</u>
Benefit cost recognized	<u>\$ 700</u>	<u>\$ 7,800</u>
Change in Accrued Benefit Obligation		
Accrued benefit obligation, beginning balance	\$ 493,400	\$ 554,200
Interest cost	15,000	17,500
Benefits paid	-	(27,300)
Actuarial (gain) loss	<u>2,700</u>	<u>(51,000)</u>
Accrued benefit obligation at the end of the year	<u>\$ 511,100</u>	<u>\$ 493,400</u>
Unamortized net actuarial gain	<u>109,400</u>	<u>126,400</u>
Accrued benefit liability	<u>\$ 620,500</u>	<u>\$ 619,800</u>

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligations for 2021 and 2020 are as follows:

Discount rate	3.01%	3.24%
Salary increases	1.5% –2.00% plus merit & promotion	1.5% –2.50 % plus merit & promotion
Expected average remaining service life for amortization of actuarial gains /losses	11 years	11 years

Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2021

8. 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 and extrapolated to the March 31, 2021 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.

During the 2019/20 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.

	2021	2020
Components of Benefit Cost		
Current service cost (employer portion)	\$ 533,600	\$ 418,500
Amortization of actuarial losses (gains)	48,400	(49,400)
Interest cost	<u>366,800</u>	<u>316,500</u>
Benefit cost recognized	<u>\$ 948,800</u>	<u>\$ 685,600</u>
Change in Accrued Benefit Obligation		
Accrued benefit obligation at the end of the prior year	\$ 11,471,600	\$ 8,274,300
Impact of attribution change to opening obligation	-	1,285,900
Current service cost (employer portion)	533,600	418,500
Interest cost	366,800	316,500
Benefits paid	(208,400)	(192,700)
Actuarial loss	<u>702,200</u>	<u>1,369,100</u>
Accrued benefit obligation at the end of the year	<u>\$ 12,865,800</u>	<u>\$ 11,471,600</u>
Reconciliation of Accrued Benefit Liability		
Accrued benefit obligation at the end of year	\$ 12,865,800	\$ 11,471,600
Unamortized net actuarial loss	<u>(1,455,600)</u>	<u>(801,800)</u>
Accrued benefit liability	<u>\$ 11,410,200</u>	<u>\$ 10,669,800</u>

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2021**

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

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligations for 2021 and 2020 are as follows:

	2021	2020
Weighted-Average Assumptions for Expense		
Discount rate	3.01%	3.24%
Expected average remaining service life for amortization of actuarial gains /losses	14 years	14 years
Initial medical care trend rate	7.00%	6.83%
Ultimate medical care trend rate	4.00%	4.50%
Year ultimate rate reached	2041	2034
Initial and ultimate dental care trend rate	4.0%	4.5%

9. 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, 2021 is \$2,299,725 (March 31, 2020 \$2,065,306).
- (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:

2022	\$ 1,110,888
2023	\$ 862,337
2024	\$ 831,336
2025	\$ 833,758
2026	\$ 685,673

- (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, 2022.
- (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 two fiscal years if not used. At March 31, 2021, a maximum amount of \$85,638 (2020 - \$75,600) was not used.

**Nova Scotia Legal Aid Commission
Notes to the Financial Statements
For the Year Ended March 31, 2021**

10. Client Trust Funds Under Administration

On March 31, 2021, \$1,870 (2020 - \$1,666) was held in trust for clients. These trust funds are accounted for separately and are not reflected in the financial statements.

11. Pension Employer Contributions

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 \$1,624,963 (2020 - \$1,420,939). 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.

12. 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, 2021

12. 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.

13. Economic Dependence

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

14. 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 \$191,692 (2020 - \$219,509) during the fiscal year. All transactions have been entered into in the normal course of business.

15. Budget

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

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

The global pandemic, COVID-19, has significantly disrupted economic activities in Nova Scotia. This is a difficult time for the legal system. The Commission is responding by taking steps to ensure that, wherever possible, access to justice continues despite any interruptions to the courts as a result of COVID-19, and to support clients during this challenging time.

The Commission has not been significantly impacted to date. The disruption from the pandemic was initially expected to be temporary. Given the dynamic nature of these circumstances, the duration of disruption to the Commission's operations and related financial impacts cannot be reasonably estimated at this time.

Nova Scotia Legal Aid Commission
Schedule 1 – Additional Expense Information
For the Year Ended March 31, 2021

	Budget 2021	Actual 2021	Actual 2020
Amortization	\$ 32,000	\$ 32,052	\$ 25,219
Directors' fees	35,000	13,402	27,275
Duty Counsel fees	126,500	132,428	282,702
Equipment and maintenance			
Leasehold improvements	15,000	1,062	18,530
Office furniture and equipment	105,000	139,125	74,257
Office machine leasing and maintenance	93,000	121,609	115,036
	<u>213,000</u>	<u>261,796</u>	<u>207,823</u>
Library	65,000	58,544	59,944
Memberships, meetings and conferences			
Membership and dues	390,000	397,641	376,120
Meetings and conferences	110,000	13,968	148,862
	<u>500,000</u>	<u>411,609</u>	<u>524,982</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	105,361	120,232
Adult criminal	140,000	121,181	138,648
Social justice	15,000	6,337	5,664
Youth criminal	25,000	7,896	32,746
Land Title	-	28,832	24,676
Court ordered counsel – Provincial	-	2,170	2,722
	<u>300,000</u>	<u>271,777</u>	<u>324,688</u>
Private solicitors' fees			
Civil and family – conflicts	2,000,000	1,807,191	2,422,810
Adult criminal – homicide	300,000	273,925	249,254
Adult criminal – conflicts	2,000,000	2,447,787	2,841,963
Youth criminal – homicide	15,000	-	-
Youth criminal – conflicts	125,000	60,291	118,599
	<u>4,440,000</u>	<u>4,589,194</u>	<u>5,632,626</u>
Private solicitors' fees Land Title	40,000	37,399	3,438
Professional and other fees			
Professional fees	50,000	46,567	48,668
Consultant fees	30,000	34,631	1,500
Payroll administrative fees	80,000	83,619	80,733
	<u>160,000</u>	<u>164,817</u>	<u>130,901</u>
Salaries and benefits			
Salaries and benefits	20,061,000	20,831,111	19,067,742
Employee future benefits	715,800	740,400	492,900
	<u>20,776,800</u>	<u>21,571,511</u>	<u>19,560,642</u>
Supplies and services			
General cleaning and office expense	75,000	78,146	79,280
Printing and stationery	120,000	98,835	118,094
Rent, insurance, taxes and utilities	1,545,000	1,595,766	1,497,021
Communications	210,000	204,326	206,856
	<u>1,950,000</u>	<u>1,977,073</u>	<u>1,901,251</u>
Travel	100,000	41,508	194,355
	<u>\$ 28,814,800</u>	<u>\$ 29,639,610</u>	<u>\$ 28,952,346</u>

Nova Scotia Legal Aid Commission
Schedule 2 – Supplementary Compensation Information
For the Year Ended March 31, 2021

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	125,618	Mahoney, Nicole J	147,856
Anderson, Jennifer	123,483	Manzer, Morgan	107,820
Astephen, Emma	106,120	Mason, Shannon	152,898
Baker, David	150,082	McDougall, Sheila	148,506
Baranowski, Alex	119,012	McNally, Kent	147,907
Bearden, Joshua	126,901	McNeil, Gregory	115,879
Brown, Meghan	109,055	Moore, Charlene	164,864
Brown-Fagan, Alisha	117,978	Moores, Robert	152,962
Burrill, Roger	142,586	Muir, R. Bruce	102,087
Burton, Iain	115,803	Newton, Geoffrey	144,520
Cain, Jennifer	144,481	Nodelman, Joshua	117,335
Campbell, Nicole	121,481	Nolen, Peter	148,457
Carter, Shawn	112,242	Patriquin, Kevin	149,049
Chipman, Robert	164,544	Perry, Jill	164,477
Chisholm, Zachary	110,226	Postlewaite, Gussie	159,752
Coady, Colin	107,293	Queripel, Lonny	165,051
Darraha, Matthew	147,670	Richard, Ashlea	114,418
Dill, Matthew	125,777	Robertson, Stephen	164,904
Drohan-Burke, Jessica	119,806	Rogers, Drew	118,397
Endres, Karen	151,730	Rolle, Brandon	125,902
Englehutt, Gregory	114,418	Rovers, Nicole	139,457
Fahie, Heidi	109,038	Rowlett, Kelly	148,506
Forbes, Krista	164,526	Ryan, Kelly	133,913
Francis, Giancarla	100,214	Sarson, Brad	160,137
Fulmer, Margo	125,020	Seaman, Alfred	129,965
Gilmer, Lola	159,730	Seshagiri, Lee	117,344
Glasgow, Wakai	122,861	Sheppard, Paul	104,214
Green, Meg	137,148	Snow, Amber	134,249
Greer, Kenneth	160,311	Snow, James	123,221
Hillson, Stephanie	152,876	Stephens, Brian	152,962
Hoehne, Nicolas	116,545	Stordy, Paul	164,544
Hutchinson, Kathleen	103,201	Sturmy, Tracey	143,383
Jones, Patricia	137,566	Tan, Desiree	121,524
Jones, Tanya	148,506	Thompson, Christa	130,213
Killam, Cheri	116,611	Vacon, Jamie	115,988
Kirk, Andrew	127,203	Van Dyk, Daleen	118,862
Kuna, Michael	148,506	Vardigans, Brain	164,544
Lilley, Cassandra	104,681	Viner, Katelyn	107,131
Lloy, Douglas	148,866	Whynot, Barry	164,864
Longley, Megan	178,290	Wohler, Tammy	152,881
MacAulay, Chrystal	133,016	Zayid, Samira	164,499
MacKeen, Cameron	148,498		
MacLaughlin, Shawn	148,506	<u>Private Lawyers:</u>	
MacLeod, Darren	164,544	Boubnov, Pavel	113,805
MacNeil, Matthew	145,479	Fitch, Nicholaus	123,902
Mahoney, David	164,544	Sutherland, Robert	113,410