

**NEWFOUNDLAND AND LABRADOR  
LEGAL AID COMMISSION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2025**

## **Management's Report**

### **Management's Responsibility for the Newfoundland and Labrador Legal Aid Commission Financial Statements**

Management, in accordance with Canadian public sector accounting standards, has prepared the financial statements and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

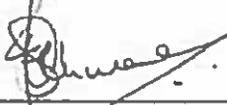
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Commission in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Legal Aid Commission.

On behalf of the Newfoundland and Labrador Legal Aid Commission.



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Harman Khurana, CPA, CMA  
CEO & Provincial Director



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Laura Critch, CPA  
Manager of Finance



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Newfoundland and Labrador Legal Aid Commission  
St. John's, Newfoundland and Labrador

### Opinion

I have audited the financial statements of the Newfoundland and Labrador Legal Aid Commission (the Commission), which comprise the statement of financial position as at March 31, 2025, 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.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of 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.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

## **Independent Auditor's Report (cont.)**

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

### **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 management either intends to liquidate the Commission or to cease operations, or has 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.

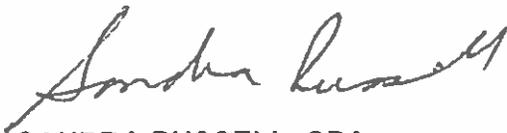
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- 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.

## Independent Auditor's Report (cont.)

- 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.



**SANDRA RUSSELL, CPA**  
**Deputy Auditor General**  
July 31, 2025  
St. John's, Newfoundland and Labrador

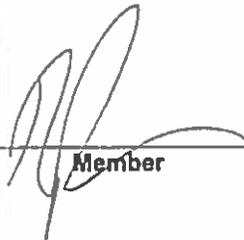
**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

	2025	2024
<b>FINANCIAL ASSETS</b>		
Cash	\$ 12,404,845	\$ 8,062,134
Accounts receivable (Note 3)	111,319	115,076
	<u>12,516,164</u>	<u>8,177,210</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4)	2,721,848	2,375,068
Employee future benefits (Note 5)	35,886	35,279
	<u>2,757,734</u>	<u>2,410,347</u>
<b>Net financial assets</b>	<u>9,758,430</u>	<u>5,766,863</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses (Note 6)	228,585	214,537
Tangible capital assets (Note 7)	241,938	359,454
	<u>470,523</u>	<u>573,991</u>
<b>Accumulated surplus</b>	<u>\$ 10,228,953</u>	<u>\$ 6,340,854</u>
Contractual obligations (Note 8)		
Trusts under administration (Note 9)		

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

Signed on behalf of the Board:

  
 \_\_\_\_\_  
 Chairperson

  
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 Member

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**STATEMENT OF OPERATIONS**  
For the Year Ended March 31

	2025 Budget	2025 Actual	2024 Actual
	Unaudited (Note 14)		
<b>REVENUES</b>			
Province of Newfoundland and Labrador			
Operating grants	\$20,296,600	\$20,296,600	\$19,817,900
Law Foundation of Newfoundland and Labrador grant	3,000,000	4,357,087	4,234,745
Legal services	60,000	62,319	80,030
Interest	250,000	384,833	234,687
	<u>23,606,600</u>	<u>25,100,839</u>	<u>24,367,362</u>
<b>EXPENSES (Note 10)</b>			
Administration	6,977,401	7,105,509	6,545,446
Criminal law	9,219,112	9,205,211	8,325,004
Youth law	536,369	544,413	467,748
Civil law	4,436,345	4,357,607	4,810,727
	<u>21,169,227</u>	<u>21,212,740</u>	<u>20,148,925</u>
Annual surplus	2,437,373	3,888,099	4,218,437
Accumulated surplus, beginning of year	6,340,854	6,340,854	2,122,417
Accumulated surplus, end of year	<u>\$ 8,778,227</u>	<u>\$ 10,228,953</u>	<u>\$ 6,340,854</u>

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

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the Year Ended March 31

	2025 Budget	2025 Actual	2024 Actual
	<b>Unaudited (Note 14)</b>		
<b>Annual surplus</b>	<b>\$ 2,437,373</b>	<b>\$ 3,888,099</b>	<b>\$ 4,218,437</b>
<b>Tangible capital assets</b>			
Acquisition of tangible capital assets	(308,700)	(162,842)	(268,872)
Net book value of tangible capital assets disposal	-	194,745	927
Amortization of tangible capital assets	108,000	85,613	72,426
	<b>(200,700)</b>	<b>117,516</b>	<b>(195,519)</b>
<b>Prepaid expenses</b>			
Acquisition of prepaid expenses	-	(228,585)	(214,537)
Use of prepaid expenses	-	214,537	187,568
	-	<b>(14,048)</b>	<b>(26,969)</b>
<b>Increase in net financial assets</b>	<b>2,236,673</b>	<b>3,991,567</b>	<b>3,995,949</b>
<b>Net financial assets, beginning of year</b>	<b>5,766,863</b>	<b>5,766,863</b>	<b>1,770,914</b>
<b>Net financial assets, end of year</b>	<b>\$ 8,003,536</b>	<b>\$ 9,758,430</b>	<b>\$ 5,766,863</b>

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

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31**

	2025	2024
<b>Operating transactions</b>		
Annual surplus	\$ 3,888,099	\$ 4,218,437
Adjustment for non-cash items		
Amortization	85,613	72,426
Bad debt expense	8,080	11,443
Loss on disposal of tangible capital assets	194,745	927
	<b>4,176,537</b>	<b>4,303,233</b>
Change in non-cash operating items		
Accounts receivable	(4,323)	(32,978)
Accounts payable and accrued liabilities	346,780	519,373
Employee future benefits	607	(49,591)
Prepaid expenses	(14,048)	(26,969)
<b>Cash provided from operating transactions</b>	<b>4,505,553</b>	<b>4,713,068</b>
<b>Capital transactions</b>		
<b>Purchase of tangible capital assets</b>	<b>(162,842)</b>	<b>(268,872)</b>
<b>Cash applied to capital transactions</b>	<b>(162,842)</b>	<b>(268,872)</b>
<b>Net increase in cash</b>	<b>4,342,711</b>	<b>4,444,196</b>
<b>Cash, beginning of year</b>	<b>8,062,134</b>	<b>3,617,938</b>
<b>Cash, end of year</b>	<b>\$ 12,404,845</b>	<b>\$ 8,062,134</b>

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

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

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**1. Nature of operations**

The Newfoundland and Labrador Legal Aid Commission (the Commission) operates under the authority of the Legal Aid Act. The purpose of the Commission is to establish and administer a plan for the provision of legal aid for the residents of the Province of Newfoundland and Labrador.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Assistant Deputy Minister of Justice and Public Safety (ex-officio), the Provincial Director of the Commission (ex-officio) and 7 members appointed by the Lieutenant-Governor in Council.

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

**2. Summary of significant accounting policies**

**(a) Basis of accounting**

The Commission is classified as an Other Government Organization as defined by Canadian public sector accounting standards (CPSAS). Management, in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board (PSAB), prepares these financial statements. The Commission does not prepare a statement of remeasurement gains and losses, as the Commission does not enter into relevant transactions or circumstances that are being addressed by this statement. Outlined below are the significant accounting policies followed.

**(b) Financial instruments**

The Commission's financial instruments recognized in the statement of financial position consist of cash, accounts receivable, and accounts payable and accrued liabilities. The Commission generally recognizes a financial instrument when it enters into a contract that creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Commission subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying value of cash, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their nature and/or the short-term maturity associated with these instruments.

Interest attributable to financial instruments is reported in the statement of operations.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

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**2. Summary of significant accounting policies (cont.)**

**(c) Cash**

Cash includes cash in bank and petty cash funds.

**(d) Employee future benefits**

- (i) The cost of accumulating, non-vesting sick leave benefits is calculated based upon management's best estimate of its employees' sick leave utilization rates, sick leave balances, annual sick leave entitlements and current salary levels. Under the former annual leave policy, all employees hired before September 30, 1994 were credited with 2 days sick leave per month. After this date, the Commission moved to the new paid leave policy that did not include a sick leave entitlement. Accumulated benefits under the former policy may be used in future years and, if not used, the benefits cease upon termination of employment.
- (ii) Under the Legal Aid Act, Commission employees shall be considered to be employed in the public service for the purpose of the Public Service Pensions Act, 2019. Employee contributions are matched by the Commission and then remitted to Provident<sup>10</sup> from which pensions will be paid to employees when they retire. The Public Service Pension Plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

The contributions from the Commission to the plan are recorded as an expense for the year.

**(e) Tangible capital assets**

Tangible capital assets are recorded at cost at the time of acquisition, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Office furniture and equipment	5 years
Computer equipment	5 years
Software development	5 years
Leasehold improvements	Lesser of 5 years or remaining life of the rental agreement.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

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**2. Summary of significant accounting policies (cont.)**

**(e) Tangible capital assets (cont.)**

Tangible capital assets are written down when conditions indicate that they no longer contribute to the ability of the Commission to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

**(f) Prepaid expenses**

Prepaid expenses are charged to expense over the periods expected to benefit from it.

**(g) Revenues**

Revenues are recognized in the period in which the transactions or events occurred that give rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers (Province of Newfoundland and Labrador operating grants) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations 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 stipulations related to the liabilities are settled.

The Law Foundation of Newfoundland and Labrador Grant revenue has no performance obligations as the Law Foundation must transfer two-thirds of the net revenue received in each calendar year directly to the Commission as per Part IV of the *Law Society Act, 1999*.

Revenue from Legal Services has no performance obligations as the Commission's authority to recover costs, disbursements and fees for professional services comes from the *Legal Aid Act and Regulations*. These revenues are recognized when the Commission has the authority to claim or retain an inflow of economic resources and can identify the past event that gives rise to the revenue.

Interest revenue is recognized as earned.

There is no revenue from non-recurring activities with performance obligations presented in these financial statements.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

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**2. Summary of significant accounting policies (cont.)**

**(h) Expenses**

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.

**(i) Measurement uncertainty**

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the collectability of accounts receivable, expected useful life of tangible capital assets and the accrual for legal fees and disbursements-private bar.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

**3. Accounts receivable**

	<u>2025</u>	<u>2024</u>
Legal services	\$ 99,615	\$ 84,659
Harmonized Sales Tax	36,299	46,932
	<u>135,914</u>	<u>131,591</u>
Less: Allowance for doubtful accounts	<u>(24,595)</u>	<u>(16,515)</u>
	<u>\$ 111,319</u>	<u>\$ 115,076</u>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**4. Accounts payable and accrued liabilities**

	<u>2025</u>	<u>2024</u>
Trade	\$ 351,907	\$ 288,555
Legal fees and disbursements-private bar	210,202	97,862
Salaries and benefits	2,159,739	1,988,651
	<u>\$ 2,721,848</u>	<u>\$ 2,375,068</u>

**5. Employee future benefits**

Employee future benefits consist of:

	<u>2025</u>	<u>2024</u>
Severance pay	\$ 33,305	\$ 33,305
Accumulating, non-vesting sick leave benefit liability	2,581	1,974
	<u>\$ 35,886</u>	<u>\$ 35,279</u>

**(a) Severance pay**

Executive, management, and non-management/non-union employees of the Commission as at May 31, 2018 were entitled to severance pay. No further severance will accrue for these employees after May 31, 2018. All employees had the option of receiving their severance entitlement prior to March 31, 2019 or deferring it to a later date.

The severance liability as at March 31, 2025 represents severance owing to an employee who deferred receiving their severance entitlement.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

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**5. Employee future benefits (cont.)**

**(b) Accumulating, non-vesting sick leave benefits**

All employees hired before September 30, 1994, were credited with two sick days per month for use as paid absences during the year due to illness. Subsequent to September 30, 1994, the Commission moved to the new paid leave policy that did not include a sick leave entitlement. Sick leave benefits accumulated prior to September 30, 1994, may be used in future years and, if not used, the benefits cease upon termination of employment. For the year ended March 31, 2025, a sick leave liability was calculated for three employees.

**(c) Pension contributions**

Under the Legal Aid Act, the Commission's employees are subject to the Public Service Pensions Act, 2019. The Public Service Pension Plan is administered by Provident<sup>10</sup>, including payment of pension benefits to employees to whom the Act applies. The Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on their age at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was – 11.85% (2024 - 11.85%). The Commission's contributions equal the employee contributions to the plan. Total pension expense for the Commission for the year ended March 31, 2025, was \$1,404,218 (2024 - \$1,284,641).

**6. Prepaid expenses**

	<u>2025</u>	<u>2024</u>
Bar fees and insurance	\$ 124,529	\$ 108,748
Computer support	9,195	8,016
Prepaid human resources expenses	15,021	4,563
Prepaid travel	31,588	54,935
<u>Workplace Health, Safety and Compensation Commission</u>	<u>48,252</u>	<u>38,275</u>
	<u>\$ 228,585</u>	<u>\$ 214,537</u>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**7. Tangible capital assets**

**Original Cost**

	<b>Balance March 31, 2024</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance March 31, 2025</b>
Office furniture and equipment	\$ 1,265,541	\$ 22,214	\$ (303,405)	\$ 984,350
Computer equipment	1,054,151	61,294	(194,833)	920,612
Software development	265,208	67,563	(193,796)	138,975
Leasehold improvements	161,689	11,771	-	173,460
	<b>\$ 2,746,589</b>	<b>\$ 162,842</b>	<b>\$ (692,034)</b>	<b>\$ 2,217,397</b>

**Accumulated Amortization**

	<b>Balance March 31, 2024</b>	<b>Amortization</b>	<b>Disposals</b>	<b>Balance March 31, 2025</b>	<b>Net book value March 31, 2025</b>	<b>Net book value March 31, 2024</b>
Office furniture and equipment	\$ 1,199,106	\$ 19,325	\$ (302,655)	\$ 915,776	\$ 68,574	\$ 66,435
Computer equipment	892,795	62,439	(194,634)	760,600	160,012	161,356
Software development	138,411	283	-	138,694	281	126,797
Leasehold improvements	156,823	3,566	-	160,389	13,071	4,866
	<b>\$ 2,387,135</b>	<b>\$ 85,613</b>	<b>\$ (497,289)</b>	<b>\$ 1,975,459</b>	<b>\$ 241,938</b>	<b>\$ 359,454</b>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

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**8. Contractual obligations**

The Commission has entered into agreements requiring lease payments for office and equipment rental as follows:

2026	\$ 415,324
2027	67,824
2028	67,824
2029	67,824
2030 to 2034	<u>305,208</u>
	<u>\$ 924,004</u>

**9. Trusts under administration**

Assets held in trust of \$219,976 (2024 - \$92,629) include amounts received by the Commission for legal services which have yet to be completed. When a contract for legal services is entered into with a client, a provision may be made in the contract for periodic payments to be made to the Commission while the legal services are being provided. Once the legal services have been completed, any payments received at that time will be combined with the general funds of the Commission. Any payments received under these contracts subsequent to the completion of legal services will be recorded with the general funds of the Commission immediately. Assets held in trust also include amounts received by the Commission, such as settlements, which will be disbursed once the related services have been completed.

**10. Expenses by object**

	<u>2025</u> <u>Budget</u> Unaudited (Note 14)	<u>2025</u> <u>Actual</u>	<u>2024</u> <u>Actual</u>
Amortization	\$ 108,000	\$ 85,613	\$ 72,426
Bad debt expense	-	8,080	11,443
Bar fees and insurance	186,650	194,226	161,230
Commissioners' fees and expenses	60,800	51,010	50,473
Conference and education	177,000	137,130	156,562
Legal fees and disbursements	1,019,400	1,090,492	1,014,082
Library fees	46,400	43,713	44,253
Loss on disposal of tangible capital assets	-	194,745	927
Miscellaneous	6,000	5,619	5,476
Office and equipment rental	1,377,564	1,378,625	1,367,009
Office expense	463,225	420,599	406,205
Salaries and benefits	17,579,438	17,456,316	16,721,067
Telephone and light	102,000	106,938	98,398
Travel	42,750	39,634	39,374
	<u>\$21,169,227</u>	<u>\$21,212,740</u>	<u>\$20,148,925</u>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

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**11. Related party transactions**

Province of Newfoundland and Labrador:

During the year, the Commission received \$20,296,600 (2024 - \$19,817,900) from the Province in Operating grant revenue.

The Office of the Chief Information Officer (OCIO), an entity within the Executive Council of the Province, provides Information Technology (IT) support services to the Commission. These IT costs are reflected in these financial statements for \$99,848 (2024 - \$99,839). These transactions are recorded at their carrying amount.

**12. Financial risk management**

The Commission recognizes the importance of managing risks and this includes 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.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission's main credit risk relates to cash and accounts receivable. The Commission's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Commission is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank.

The Commission is exposed to significant credit risk related to its accounts receivable relating to amounts owed from clients. Legal aid clients enter into a payment program based on a contract for the provision of legal services, and the accounts receivable balance is comprised primarily of small amounts held by a large client base. Any estimated impairment of these accounts receivable has been provided for through a provision for doubtful accounts as disclosed in Note 3.

There have been no significant changes from the previous year in the exposure to credit risk or policies, procedures and methods used to manage credit risk.

Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its contractual obligations and financial liabilities. The Commission's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, and its contractual obligations. The Commission manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its contractual obligations and financial liabilities. The future minimum payments required from the Commission in relation to its contractual obligations are outlined in Note 8.

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**12. Financial risk management (cont.)**

There have been no significant changes from the previous year in the exposure to liquidity risk or policies, procedures and methods used to manage liquidity risk.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Commission is not exposed to significant foreign exchange risk or other price risk. The Commission is not exposed to significant interest rate risk related to cash because of its nature.

There have been no significant changes from the previous year in the exposure to market risk or policies, procedures and methods used to manage market risk.

**13. Non-financial assets**

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Commission. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Commission's objectives.

**14. Budget**

Budgeted figures are unaudited and have been prepared on a cash basis. They are provided for comparison purposes and have been approved by the Commission's Board.