



LEGAL AID ONTARIO
AIDE JURIDIQUE ONTARIO

promoting **ACCESS** encouraging **INNOVATION** ensuring **ACCOUNTABILITY** recognizing **DIVERSITY**



2003 Annual Report

Legal Aid Ontario will pursue its legislative mandate with the goal of achieving: excellence in accessibility and quality of client service; effective relationships with service providers, and efficient, accountable and innovative use of resources.

STATUTORY MANDATE

The *Legal Aid Services Act (1998)* establishes the following mandate for Legal Aid Ontario:

- To promote access to justice throughout Ontario for low-income individuals by providing high quality legal aid services.
- To encourage and facilitate flexibility and innovation in the provision of legal aid services.
- To recognize the diverse legal needs of low-income individuals and disadvantaged communities.
- To operate within a framework of accountability for the expenditure of public funds.

In fulfilling this mandate Legal Aid Ontario is committed to providing services which recognize the importance of diversity, access, equity, creativity and quality.

OUR VISION

Legal Aid Ontario will pursue its legislative mandate with the goal of achieving:

- Excellence in accessibility and quality of client service;
- Effective relationships with service providers, and
- Efficient, accountable and innovative use of resources.

VALUES

Integrity

We act with integrity and we assume that others do so.

Respect

We practice respect in all relationships.

Responsiveness

We are responsive to clients, stakeholders and staff.

We treat people in an equitable way, recognizing their needs.

Excellence

We strive for excellence and continuous quality improvement.

We aim to attract and retain the best employees.

Independence

We are an independent part of the justice system.

Accountability

We are accountable to the government, clients, stakeholders and staff.

Openness

We are open and consultative in decision-making.

Consistency

We are consistent in our processes and decision-making.

We create unity across the organization.

We make decisions on the basis of facts and sound principles.

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Letter to the Minister



LEGAL AID ONTARIO
AIDE JURIDIQUE ONTARIO

November 2003

The Honourable Michael Bryant
Attorney General of Ontario
720 Bay Street
Toronto, ON M5G 2K1

Dear Minister:

Legal Aid Ontario is pleased to submit to you the 4th Annual Report for Legal Aid Ontario for the year ended March 31, 2003, pursuant to the provisions of Section 72 of the *Legal Aid Services Act*, 1998.

We thank both you and the Government of Ontario for your continued support of Legal Aid Ontario and the resources it provides throughout the province.

Yours very truly,

The Honourable Sidney B. Linden
Chair

Message from the Chair



Legal Aid Ontario (LAO) has a statutory mandate to “promote access to justice throughout Ontario for low-income individuals by means of providing consistently high quality legal aid services in a cost-effective and efficient manner.”

This annual report reflects most of LAO’s achievements toward fulfilling its mandate during the past year. We are very proud that we have been able to help approximately one million low-income people in 2002/2003. We are committed to continuing to find new means of broadening and extending our reach and adapting our services to meet changing client needs.

The provincial government’s decision to increase the legal aid tariff for the first time in 15 years is a very welcome step toward ensuring continued access to justice, regardless of income. Two separate increases were announced: the first in August and the second taking effect on April 1, 2003. Together, these two increases raised the tariff for lawyers who accept legal aid cases by ten per cent, and for duty counsel by 28 per cent, thereby better assuring the availability of lawyers for low-income people.

LAO’s priority is the sustainability of Ontario’s legal aid system. We will continue to work with the government and the legal profession to develop a process that ensures the tariff paid to lawyers for legal aid work keeps pace with inflation and recognizes the cost of running their law practice.

The vital legal services provided by the independent community clinics were expanded to include every geographic area of Ontario. For the first time since the inception of the clinics in the 1970’s, people, regardless of where they live in Ontario, have access to clinic services. LAO has also expanded the scope of its legal assistance by establishing new speciality clinics and by introducing new ways of offering clinic services. The first ever Memorandum of Understanding between LAO and the clinics, has also been signed. The memorandum strikes a balance between ensuring that the clinics are appropriately accountable for the funds they receive while recognizing their independence in the delivery of clinic law legal services.

Our efforts to improve service delivery are also reflected in the support we provide to LAO service providers—the private bar. LAO reorganized its much valued research facility. Renamed LAO LAW, services for lawyers working on legal aid matters now include an electronic newsletter which highlights recent developments in criminal, family, immigration and refugee law that are likely to be of interest to practitioners. And of course, LAO LAW continues to provide case specific research to lawyers working on client matters supported by legal aid.

LAO enjoys a well-deserved reputation, on an international level, as one of the most comprehensive legal aid systems in the world. During the past year we welcomed visitors from many countries, including Ireland, England, Argentina, Australia, New Zealand, Chile, China, Africa and Bangladesh. They come to Ontario because our system is regarded by many jurisdictions as an exemplary model and one that sets a very high standard. As Chair of the Board, I've been invited to visit other jurisdictions, including Chile, the U.K. and several U.S. cities both to examine their systems and to provide information on ours. I return more confident than ever that our system in Ontario is among the best that currently exists anywhere.

In addition, jurisdictions that are struggling with justice systems far less developed than ours, frequently seek LAO's assistance and guidance with access to justice issues. Currently, we are participating in two international aid projects, funded by the federal government that are designed to develop the legal aid systems in Bangladesh and China. We have much to offer these countries while at the same time we can learn from their experiences.

I would like to recognize the contribution and dedication of our Board of Directors. Our board, comprised of nominees from the Law Society of Upper Canada and from the provincial government has evolved into a strong partnership of interests and experiences. This partnership has effectively guided the corporation to this point, and provided it with sound direction for the future.

The leadership of our President/CEO, Angela Longo, has also been instrumental. In a very short time, Ms. Longo has built an administrative infrastructure at LAO that will allow us to serve the needs of the people of Ontario for years to come. There are many other excellent staff throughout the organization and hundreds of volunteers who are part of the LAO family, serving on area office committees, clinic boards as well as on advisory committees to LAO's Board of Directors. The dedication and commitment of our staff and volunteers make it possible for LAO to fulfill its mandate. Together, we have made significant progress. Indeed, LAO is now a mature, client-focused organization with solid accountability processes in place and well prepared to meet future challenges. I have appreciated the opportunity to serve as Chair of the Board of Directors during these transitional years. ●

Yours truly,



The Honourable Sidney B. Linden
Chair

Message from the President and CEO



One of my goals when I joined Legal Aid Ontario was to visit each and every office, legal aid clinic—in fact, every nook and cranny of our operation. With over 150 locations across this province, I have succeeded in visiting about 70 per cent and, along the way, saw first-hand the commitment and dedication to their work from everyone I met. It is truly gratifying to see so many dedicated and talented people devoting themselves to making a difference every day in the lives of our legal aid clients.

As I begin my third year with LAO, I look back proudly on how far we have come since our establishment in 1999. I also know that we have much more to achieve. I am a strong believer in communicating how—and what—we're doing. Our report this year illustrates our core client and support services and highlights our accomplishments in all areas of our operation.

We have made enormous progress in uniting our organization—on many levels—this year. Together, we help almost 4,000 people every day. That's many more people than are served by Ontario's biggest law firms. This year, we completed geographic coverage of the legal aid clinic system. We improved and initiated new services to clients, such as outreach services for people who are homeless, improved services to Francophone communities, completed pilot projects in dedicated family law offices and extended duty counsel offices in several communities.

The clinic system in Ontario, which is funded by LAO, received an award for its outstanding work in the communities they serve and their advocacy on behalf of low-income individuals. The award, given by Toronto's Daily Bread Food Bank, recognized the importance of the work of community legal clinics across the province in educating low-income people and communities regarding their legal rights.

We launched a major overhaul of our computer systems called the Total Service Network (TSN) project. The implementation next year means we will be able to improve the way we do business with each other throughout LAO and with our clients. It will also improve the support we provide to lawyers who do legal aid work. Clients will be able to find out faster if they qualify for a legal aid certificate. Lawyers calling us about their accounts can also get faster service as staff will have the information at their fingertips on computer rather than having to call another office as is now the case.

Recognizing and thanking staff is so important and, at LAO, we implemented a new program to celebrate our people by establishing the 'Going the Extra Mile' Awards. The GEM Awards are a wonderful way to highlight the work of staff throughout LAO. Individuals or groups can be nominated for an achievement or success. This is a program designed and run by staff and I salute the recognition committee for its leadership.

We also value and promote opportunities amongst our staff for continuous learning. To that end, we launched 'Learning@LAO'. Course schedules and registration are available online and include effective client services; managing change through communications; time and project management and training on various Microsoft® software programs. I am pleased to report that many staff have participated in these courses and we anticipate being able to offer other courses as needs arise.

At the same time, we invested in new computer technology and training for staff at our community legal clinics. The funding included Web site development, the development of standard templates and a dedicated store from which clinics can order equipment that suits their needs. We also initiated a review of core management needs. Our next step is to finalize a learning strategy for all clinic staff and boards so they have the skills and knowledge to help them better serve clients.

LAO introduced a pilot program in four of our legal aid offices to use video technology to take legal aid applications from inmates in selected provincial institutions. Early results from this pilot show us that we can take many more applications at less cost, and the client can retain and instruct a lawyer immediately and get the matter before the court faster.

We are committed to client-focused service. It is important to us that people tell us how we're doing in providing service. We believe so strongly that, this past year, we developed a more streamlined – and timely – process for people to tell us if they are unhappy with our services or if they had a problem receiving service. Our goal is to resolve the situation quickly to meet our clients' needs.

There are many people to thank for their efforts this year. I particularly want to thank the more than 500 members of area committees who give so much volunteer time to support our services and to the 800 volunteer board members of clinics. As well, we thank the many members of the bar and community organizations who serve on our advisory committees.

We are fortunate to have such an experienced and dedicated Chair and members of our Board of Directors who so generously support us. Thank you to all our hard-working staff throughout LAO and in community legal clinics for their continuing commitment and service. I look forward to working together with everyone this year to continue to provide high-quality legal aid services throughout the province. ●



Angela Longo
President and CEO

2002/2003 in Review

FIRST TARIFF INCREASE IN 15 YEARS FOR LEGAL AID LAWYERS

The provincial attorney general announced two tariff increases for lawyers providing legal aid services – the first changes to the legal aid tariff in over 15 years. The first increase of five per cent took effect on August 1, 2002 while the second five per cent increase was effective April 1, 2003. In addition, there was an increase for duty counsel lawyers of 28 per cent. These increases will make doing legal aid work more affordable and will better assure the availability of lawyers for low-income people.

FIVE NEW COMMUNITY LEGAL CLINICS

Community legal clinics serving Huron and Perth Counties (Goderich and Stratford), Grey and Bruce Counties (Owen Sound), Wellington County (Guelph), Elgin and Oxford Counties (St. Thomas) and Timmins-Timiskaming opened this year. By year's end, for the first time, LAO completed its expansion of clinic services to ensure that low-income people in all parts of the province have access to legal aid services. There are now 79 community legal clinics operating as independent organizations with their own boards of directors, and funded by LAO.

TWO LEGAL AID CLINICS FOR FRANCOPHONES OPEN

LAO opened the first legal aid clinic in Ontario serving low-income clients exclusively in the French language. LAO and the Centre médico-social communautaire de Toronto (CMSC), a community health centre, have partnered to provide legal advice in a variety of areas of law for low-income people including tenant rights, immigration and refugee law, social assistance, employment and human rights. The CMSC French

Legal Aid Services will also provide representation to Francophones, in their own language, before various administrative tribunals and through community legal education such as workshops. In addition, more than 20,000 Francophones across the province gained improved access to legal services in their own language thanks to an innovative partnership launched last year between LAO and the Vanier Community Service Centre in Ottawa. The Vanier Centre will set up and provide legal services, which complement existing services to Francophones, through four Ottawa area clinics. The Centre will help people with legal issues such as housing, social assistance, pensions, workers' compensation and employment insurance.

E-BUSINESS A SUCCESS WITH LAWYERS

As of March 31, 2003, LAO paid approximately 86 per cent of its accounts using direct deposit. This service was launched in 2001 and LAO's goal is to increase this to 100 per cent by the end of 2003. As well, about 20 per cent of lawyers working with LAO now use our e-billing and direct deposit service (those using e-billing must also be on the direct deposit system) to file and receive their payments. It's all part of LAO's commitment to provide better support to lawyers who do legal aid work.

VIDEO TECHNOLOGY INTRODUCED FOR IN-CUSTODY APPLICATIONS

Started as a pilot project last year in four of LAO's area offices, video conferencing technology allows inmates in selected provincial institutions to complete legal aid applications. In four legal aid offices – Oakville, Barrie, Sudbury and Ottawa, LAO staff completed a legal aid application with people in custody through video conference. The project speeds the process so that the client can retain and instruct a lawyer immediately and get the matter before the court faster.

TAKING LEGAL AID TO THE HOMELESS

A pilot project to bring legal aid services to the homeless was launched by LAO last fall. The project's primary goal is to take legal services to the places in the community where homeless people are comfortable rather than having people go to a central office. Neighbourhood Legal Services in Toronto, the Toronto Legal Aid Office and several community agencies have joined together to use the resources and skills of each to improve access to justice for Toronto's homeless community. Community agencies host the project staff on a rotating basis and the Toronto Legal Aid Office facilitates legal aid certificates when required. Services are available for virtually all legal problems experienced by homeless people, including criminal, family, mental health, immigration, housing and income maintenance.

LAO'S CLINIC SYSTEM HONOURED BY DAILY BREAD FOOD BANK

LAO's clinic system received the Public Education award from Toronto's Daily Bread Food Bank, the second largest food bank in Canada. The award recognized the clinic system's outstanding work in the community and their advocacy on behalf of low-income individuals. The award is given annually to organizations that advocate and work with low-income individuals and the larger community. Across Ontario, 79 independent community legal clinics, funded by LAO, provide legal advice and representation to low-income clients. Clients receive advice, information and representation on issues such as housing, social assistance, pensions, workers' compensation, and employment insurance. Clinic staff also conduct public legal education and advocacy activities on behalf of disadvantaged communities.

NEW NAME, NEW SERVICES FOR RESEARCH FACILITY

LAO's research facility changed its name to LAO LAW and expanded services. New features include an updated website. In 2002/2003, the site had more than 31,000 hits (individual visits). Content on LAO LAW's site is organized by area of law: criminal law, family law, immigration and refugee law, correctional law and mental health law. The site also includes an electronic newsletter that highlights legal developments in areas of law useful for legal aid practitioners. LAO LAW also provides case-specific research in criminal, family and immigration and refugee law to Ontario lawyers in certificate cases.

STUDENT LEGAL AID SOCIETIES

LAO formalized its relationship and funding arrangement with student legal aid services societies, operated through the province's six university-based law schools. Although LAO and the student clinics have cooperated for many years, last year marked the formalization of the arrangement and the first time the student clinics underwent a quality services review by LAO staff.

TARIFF AND BILLING HANDBOOK GETS AN OVERHAUL

An important sourcebook and reference for lawyers doing legal aid work got a major update and content revision last year. Staff throughout LAO and a group of dedicated lawyers completed the handbook that, in plain language, explains the policies and procedures for legal aid billing and the legal aid tariff. The handbook is also available online at LAO's website.

GEM AWARDS LET LAO EMPLOYEES SHINE

The 'Going the Extra Mile' (GEM) awards introduced across LAO operations recognize and celebrate the achievements of staff throughout the organization. LAO employees design and run the program. Individuals, teams or entire departments/groups are eligible for nominations. In the fall of last year, 50 individuals were honoured for their contributions by their colleagues at a recognition ceremony in Toronto.

STRENGTHENING COLLECTIONS AND ACCOUNTS RECEIVABLE

As part of commitments to be accountable to clients and the public, LAO established a pilot project in January 2003 to collect on overdue payments and ensure timely receipt of current account balances. By the end of March 2003, more than \$300,000 had been collected.

MANAGER HIRED FOR BIG CASE MANAGEMENT (BCM)

LAO hired its first full-time manager to oversee its big case management program. The BCM program, which has operated since 1995, is designed to manage especially complex or expensive criminal legal aid cases costing at least \$20,000 but not more than \$75,000. An Exceptions Committee comprised of senior members of the bar and LAO area directors carefully review all requests over \$75,000 and provide mentoring to lawyers with big cases.

NEW WEB SITE AND INTRANET LAUNCHED

LAO launched its redesigned website—legalaid.on.ca. The site is fully bilingual and features new sections for clients on getting legal aid help, lawyers wanting information about legal aid, a newsroom with media releases/speeches and announcements and a links page to other legal aid and government resources. This launch was followed later in the year with the introduction of the Source, LAO's first Intranet for LAO staff. The Intranet has policies, procedures, news, resources, job postings and information about LAO departments and major project initiatives.

TWO COMMUNITY LEGAL CLINICS CELEBRATE 25 YEARS OF SERVICE

The Rexdale Community Legal Clinic and McQuesten Legal and Community Services in Hamilton each celebrated their 25th anniversary of providing legal aid services to low-income people in their communities. The Hamilton clinic is one of three that operate in the city. In total, Ontario has 79 community legal clinics, each operating independently with its own board of directors and staff, and funded by LAO.

IMPROVING THE WAY LAO DOES BUSINESS

The Total Service Network (TSN) is LAO's wide-ranging technology initiative to replace LAO's technology systems with integrated, flexible and comprehensive computer systems that are easy to support. The vision for the TSN project is to build a system using Internet technology that will provide better customer service for clients and service providers. For example, clients can find out faster if they qualify for legal aid certificates. Lawyers contacting LAO can get faster information about their accounts. This new technology will position LAO to interact effectively with technology. It will also integrate financial management and information management systems that allow continuous improvement of management practices. The system is scheduled to be fully implemented next year.

LEARNING AT LAO LAUNCHED

LAO introduced a pilot program to offer its employees a number of education and training programs. The first courses offered included effective client services, managing change through communications and training on several Microsoft® products including e-mail and word-processing. Most courses were conducted at LAO's training facility in Toronto.

FAMILY LAW PILOT PROGRAMS SUCCESSFUL

Results were positive from evaluations of LAO pilot programs for both expanded duty counsel (EDC) services for family law and family law offices. All these offices are now a permanent part of the way we provide programs for both extended duty counsel services. The EDC programs, located in Hamilton, Oshawa and London use a mix of private lawyers and LAO staff lawyers to provide a fuller range of family duty counsel legal aid services. The family law offices, in Thunder Bay, Ottawa and Toronto, feature staff lawyers who work with clients who have a legal aid certificate. As well, LAO expanded its supervisory duty counsel across the province. Supervisory duty counsel work with private lawyers to enhance the management of overall duty counsel services. Most areas will have supervisory duty counsel service by the end of 2003.

PLANNING UNDERWAY FOR FIRST CONFERENCE ON CLINIC LAW

LAO staff and representatives from its community legal clinics began organizing a major international conference focusing on clinic law, to be held in June 2003. The conference will explore how LAO and its clinics can identify and meet a variety of needs in communities across Ontario, how LAO and the clinics can strengthen and enhance community input, improve quality, efficiency and effectiveness, and encourage flexibility and innovation in providing clinic law services.

POLICY MANUALS UPDATED FOR DUTY COUNSEL AND LAO AREA OFFICES

For the first time in several years, the manual for LAO duty counsel has been updated and posted online. The comprehensive manual contains information for both staff and private bar duty counsel on matters regarding criminal, civil and family law legal aid services. In addition, the recently revised area office manual has information describing specific policies on legal aid certificate coverage and providing other legal aid services. The manual also provides information on setting up the area office and managing duty counsel services in the coverage area. ●

Client Services

WHAT WE DO

Legal Aid Ontario helps people who are disadvantaged or have low incomes with a variety of legal problems. These include criminal matters, family disputes, immigration and refugee issues and hearings and poverty law issues such as landlord/tenant disputes, employment insurance and workplace compensation.

Our clients are the very poor with incomes generally under \$29,000. They are the very vulnerable—with language and cultural issues, literacy and education issues, mental health issues, drug and alcohol challenges, and victims of domestic violence or human rights violations. Another challenge is the geography of Ontario itself, which makes it difficult to ensure access to services.

In 1998, the Ontario government enacted the *Legal Aid Services Act* in which the province renewed and strengthened its commitment to legal aid. The act established LAO as an independent but publicly funded and accountable non-profit corporation with a board of directors, to administer the province's legal aid program. LAO is the second largest provider of legal services in Ontario.

LAO operates 51 area offices in 48 communities across the province. These area offices receive and process client applications and issue legal aid certificates to financially eligible people, which allow clients to receive legal services from the lawyer of their choice.

LAO BY THE NUMBERS

This chart shows how many people LAO helped in 2002/2003 through duty counsel lawyers, 24-hour telephone service, staff and private lawyers providing certificate services and community legal clinics.

Legal Aid Ontario – People Assisted

Certificates Issued	106,622
Duty Counsel Services	714,264
Community Legal Clinics* Case Files – People Assisted	14,856
Legal Advice/Brief Services* – People Assisted	122,122
Referrals by Clinics* – People Assisted	63,854
TOTAL	1,021,718

* Clinic statistics are based on the calendar year 2002.

800 the number of people who volunteer their time to LAO on the boards of directors of community legal aid clinics.

550 the number of lawyers and community lay people who sit on LAO's area committees across Ontario.

\$29,000 the maximum income (family of four) to be eligible for free legal aid services in Ontario.

724 total number of staff at LAO area offices and at provincial head office (does not include retained area directors, temp staff and contract employees without benefits).

236 people who work at LAO's provincial office.

349 the number of staff at area offices to administer day to day delivery of legal aid services through certificate program.

105 lawyers provide direct legal services to clients in criminal, family and youth cases as duty counsel in courts across Ontario.

LEGAL AID CERTIFICATES

Legal aid offers different kinds of services responding to what people need. One service is a legal aid certificate. This allows clients to get advice and legal representation by lawyers in private practice or by staff lawyers employed by LAO. With a certificate, a lawyer becomes a client’s counsel of record, establishing a case file and seeing the matter through to its completion.

Every Ontario resident who needs legal assistance can apply for a certificate. LAO uses a number of criteria, including financial need and the type of legal issue/case, to determine whether or not a client will get a certificate.

In 2000/2001, LAO reviewed its certificate management program. This review has allowed LAO to manage its total certificate program within budget while ensuring that low-income people receive services where they are most critically needed or required by law. In 2001/2002, LAO issued 114,000 certificates. In 2002/2003, LAO’s target was to reduce that number by approximately eight per cent and were successful in reducing the number to just over 106,600.

Number of certificates issued

	Criminal	Family	Immigration	Other Civil	Total
2000/2001	65,279	32,787	11,470	8,013	117,540
2001/2002	63,203	29,672	13,732	7,437	114,044
2002/2003	61,074	27,160	11,590	6,798	106,622

Average case cost

	2001/2002	2002/2003
Criminal	\$ 1,359	\$ 1,345
Family	\$ 1,650	\$ 1,730
Immigration	\$ 1,735	\$ 1,708
Other Civil	\$ 843	\$ 958
All Certificates	\$ 1,426	\$ 1,445

Client Services /continued

Certificate fees, disbursements and administration fees (000's)

	Fees 000's	Disbursements 000's	Admin. Fees* 000's	Total Paid 000's
Criminal	\$ 72,029	\$ 4,794	\$ 2,355	\$ 79,166
Family	\$ 36,573	\$ 3,374	\$ 933	\$ 40,904
Immigration/Refugee	\$ 12,903	\$ 2,848	\$ 456	\$ 16,222
Other Civil	\$ 4,297	\$ 716	\$ 221	\$ 5,201
Total Cash Outlay	\$ 125,802	\$ 11,731	\$ 3,965	\$ 141,498
Change in Accrued Liability (from March 2002 to March 2003) (See note 5 of Financial Statements)				\$ 2,663
Settlement Conferences				\$ 191
Certificate Program Expenses per Financial Statements				\$ 144,352

* These refer to fees paid to lawyers when they acknowledge a legal aid certificate. The fees are equivalent to a half-hour of a lawyer's time at their hourly rate.

CLINICS

In 2002/2003, five new community legal clinics opened across Ontario, bringing the total number of clinics to 79. With this achievement, for the first time, low-income Ontarians are now able to get access to clinic law services in every area of the province.

The clinics are independent non-profit organizations that receive annual funding from LAO. The clinics address the unique legal needs of low-income and disadvantaged people, such as injured workers, people with disabilities, sole support parents and their children in poverty, the low-income elderly, new immigrants, aboriginal people and others who live in poverty.

Each clinic is governed by an elected volunteer board of directors chosen from, and accountable to, the community the clinic serves. The board is responsible for the clinic's policies, finances and services.

Services provided by clinics

	2001 *	2002 *
Case Files Opened	15,122	14,856
Referrals	57,872	63,854
Legal Advice/brief services	119,286	122,122
Law reform files opened	452	440
Community development files opened	828	753
Public Legal education materials published	1,855,501	2,031,353
TOTAL	2,049,061	2,233,378

* Refers to calendar year

Clinic case files opened

	2002 *
Housing	3,369
Income Security	8,811
Administrative	1,581
Other	1,095
TOTAL	14,856

* Refers to calendar year

LAO also helps to fund numerous specialty clinics that deal with either a specific area of law including workers’ compensation, the environment, workers’ health and safety, or represent specific groups of people such as older adults, people with disabilities or Aboriginal peoples.

Some clinics also provide expertise in specialized areas of law relevant to clients who are not only poor, but also marginalized for other reasons. Specialty clinics serve clients living anywhere in Ontario, unlike general service clinics that serve people living in a specific geographic area. Specialty clinics serve as resources to other clinics, to private bar lawyers, provincial members of parliament and community agencies.

DUTY COUNSEL

Duty counsel, or court services lawyers, assist clients in the courtroom when they do not have their own lawyer in criminal, family or youth matters. Duty counsel provide services similar to a hospital emergency room medical team supervisor; to quickly assess a client's situation, advise on the options available, help to solve the issue or, if necessary, steer the client to appropriate further services or assistance.

Last year, duty counsel helped more than 650,000 people across the province. Duty counsel may be private lawyers who bill LAO hourly or lawyers employed full-time by LAO to provide legal information, advice and representation to clients. In many criminal and family matters, duty counsel may be the only lawyer the client contacts, particularly in cases that can be more easily resolved. It is efficient for LAO to have duty counsel deal with as many appropriate cases as possible, leaving more complex cases to be handled through the certificate program.

In the criminal adult and youth courts, duty counsel advise clients of their right to plead guilty or not guilty, help them apply for bail or ask for an adjournment. Duty counsel can represent clients at bail hearings, pleas of guilty and sentencing. Criminal duty counsel may also assist clients to divert their matters out of the criminal system where appropriate. In family courts, duty counsel can give advice, prepare and review documents, represent clients in some motions and hearings and assist with settlement negotiations.

LAO provides duty counsel in every provincial courthouse—more than 70 as well as satellite courts—in Ontario. In addition, LAO provides duty counsel and advice lawyers to approximately 33 fly-in locations in northern and remote areas.

In addition, LAO confirmed extended duty counsel (EDC) programs in family court in Hamilton, Oshawa and London will continue. These had been operating as pilot projects. The EDC offices use a mix of private and staff lawyers (who work for LAO) to provide continuous service to clients including representation in court, maintaining files and developing ways to resolve cases early without going to court.

Clients may also receive advice from an advice lawyer, a service available in approximately 130 locations across the province and in Family Law Information Centres. The hours the advice lawyer is available vary from region to region.

LAO operates a 24-hour, 365 days a year telephone service (Brydges HOTline) staffed by duty counsel lawyers. The service is available in English and French, as well as 28 other languages to anyone in police custody, or to youth with questions about the Youth Criminal Justice Act's extra-judicial sanctions (other ways of dealing with young offenders besides through the court process).

The following chart shows the number of people assisted by duty counsel in the 2001/2002 and 2002/2003 fiscal years. The reduction in 2002/2003 may be attributed to a work stoppage by lawyers during the fall of 2002 over a dispute about the amount paid to them for their legal aid work.

Total persons assisted by duty counsel

	2001/2002	2002/2003
24-hour telephone service	48,042	46,306
Salaried	262,022	173,659
Private Bar	491,744	494,299
TOTAL	801,808	714,264

Average cost per client*

	2001/2002	2002/2003
24-hour Lawline	\$ 17.52	\$ 19.20
Salaried	\$ 13.48	\$ 29.29**
Private Bar	\$ 36.95	\$ 41.24

* In the 2001/2002 Annual Report, the average cost per client was reported as the average cost per assist. The difference is that one client may receive more than one assist.

** Cost includes salaries, benefits and office administration expenses of each office.

The chart also shows the average cost per client for duty counsel services. The increase in average salaried lawyer costs in 2002/2003 was caused by the hiring of more supervisory duty counsel and extended duty counsel providing family legal aid services (which are costlier than other types of legal aid services). Private bar duty counsel also received a substantial increase in their hourly rate in 2002 which drove up the cost per client. In addition, changes were made to the way service data was collected and reported to achieve a greater level of accuracy and consistency.

STUDENT LEGAL AID SERVICES

Six universities in Ontario offer law programs—the University of Windsor, University of Ottawa, Queen’s University, York University, the University of Toronto and the University of Western Ontario—and each of these law schools has a student legal aid services society. The dean of the law school directs each student society. Students either volunteer or receive an academic credit for their time.

This program, which introduces law students to legal aid practice, attracts more than 40 per cent of Ontario’s law school students. In 2002/2003, more than 1,150 students participated in these student clinics. In 2001/2002, just over 1,000 participated.

These organizations provide some legal aid services, similar to those provided by community legal clinics and legal aid offices while also providing, under supervision, legal advice and representation not otherwise available through legal aid. Some of the services include small claims court issues, landlord and tenant matters, workers’ rights, less serious criminal matters not likely to involve imprisonment and immigration matters.

LAO has sponsored and assisted these student organizations for many years, but this past year, for the first time, LAO finalized a formal service and funding agreement and launched a quality service review. ●

Supporting Our Service Providers

LAO LAW

LAO LAW is the new name for LAO's online research department. Launched in May 2002, the website helps lawyers representing legal aid clients. The site organizes content by criminal, family, immigration and refugee, correctional and mental health law. Last year, the site had more than 31,000 visits (hits).

The site also includes an electronic newsletter published 10 times a year, 'LAW@LAO', which highlights legal developments in criminal, family, and immigration and refugee law. There were just over 2,600 hits to the newsletter.

LAO LAW also provides case-specific research in criminal, family and immigration and refugee law to Ontario lawyers in certificate cases.

BIG CASE MANAGEMENT

While this program has operated since 1995, LAO late in 2003 hired, for the first time, a full-time manager. Big case management (BCM) supports certificate lawyers with their complex or high profile cases.

The BCM program handles criminal cases costing over \$20,000 but not more than \$75,000. Cases include murder, conspiracies and sexual assaults often involving more than one accused person. The program's goals are to monitor, control and predict case costs, provide counsel with appropriate resources for high quality, effective service delivery and ensure the criminal bar continues to accept certificates for big cases.

An Exceptions Committee, established during 2002/2003, consisting of experienced lawyers and senior LAO staff, reviews cases and their budgets with special circumstances where the costs of a case may exceed the \$75,000 ceiling.

There were 571 big cases last year, of which 291 cost between \$20,000 and \$75,000. There were 270 cases costing under \$20,000. In 2000/2001, there were 530 big cases.

Supporting Our Service Providers /continued

CLINIC SERVICES OFFICE (CSO)

LAO is committed to strengthening its relationship with its community legal clinics. The CSO supports the clinics and student legal aid societies by offering support and advice and assistance on a range of topics including board governance and development, human resources issues, insurance coverage and financial management. The CSO also reviews and decides clinic funding applications and coordinates training.

LAO and the clinic system began planning for a major international conference on clinic law. The objectives of the conference include encouraging LAO and its clinics to share with each other, and with others, clinic successes in developing innovative ways to meet client and community needs and to identify unmet, new and emerging legal needs in areas of clinic law with potential strategies for meeting those needs.

During 2002/2003, LAO's Quality Assurance Program (QAP) completed a comprehensive program and service review of the community legal clinics to ensure the clinics were providing high quality legal services. Each clinic board of directors was given a copy of the detailed report with both praise and recommendations for improvement to the clinic management. As well last year, QAP developed a Better Practice Kit in consultation with the clinics. QAP also introduced a web page to better share information.

CLINIC RESOURCE OFFICE (CRO)

This office provides assistance in aspects of clinic law practice undertaken by community legal clinics and student legal aid service societies.

In 2002/2003, the CRO completed a redesign of its Web site. New features include research support for more areas of the law to help clinic caseworkers, easier and faster access to information with an improved search engine and the ability to customize information caseworkers need in their practice.

Other services the CRO provides include:

- legal research services and legal advice to lawyers and community legal workers at clinics.
- a range of poverty law publications.
- developing databases of reported and unreported decisions in clinic law areas.
- individual legal research, strategy advice and litigation support.
- coordinating litigation initiatives that are taken on by more than one clinic.
- participating in regional and provincial clinic training.

What Our Clients Say

The following comment is from a client at LAO's legal aid clinic serving homeless people in Toronto. It's a pilot project that LAO has operated since October 2002.

I've used legal aid lawyers for five years; they are friendly. I usually get them when I'm in jail, through word of mouth. I like that they come to see me in jail. It's hard when you are living on the streets, trying to remember when your court date is and waiting to go to court—it's stressful. The main thing is getting a lawyer to listen and explain things to you in common language, not legal jargon. The lawyers I've had here, they help me and I feel like I know what to expect when I go to court. They'll follow through and be there until the trial.

— Ken*, Toronto

I'm a single mother and my ex-husband took me to court to get back what he said were overpayments for child support he had paid me. I went to the legal aid office and the duty counsel lawyer there spent a whole day with me going over my case and helping me. He was very patient. He deflected my heartache with humour. He told me I'd need a lawyer and he helped me get a legal aid certificate. The lawyer I got to represent me was wonderful and really took her time explaining things to me. She explained what a certificate was and what services were covered and what wasn't. It took seven months to settle my case. We were able to prove he lied on some documents and his numbers were wrong. After, I felt like a survivor and I don't know what I would have done if it hadn't been for my lawyer. Thanks to everyone who helped me.

— Kathleen, Kingston



*name has been changed

What Our Clients Say /continued

During the last two years I have been in trouble three times. Each time I got into trouble I was drinking. I am in my early 20s and although I am working I do not make enough to hire a lawyer.

Because I live in a small community I was able to ask the same duty counsel to help me each time. He was interested not only in the law but also in me as a person. He encouraged me to help myself, so I started going to counselling.

The last time I got into trouble, my lawyer said it was time for me to go to a residential treatment centre for a month. My lawyer told me the type of questions the judge would ask me before he sentenced me. I had learned so much from the treatment program, so I was able to tell the judge what I had learned. The judge said he thought I was genuinely trying to deal with my disease. He did not send me to jail even though the Crown wanted me there. I am able to keep working and contributing to the community. The community has helped me by providing a legal aid lawyer.

– Frank, Huntsville

One day, my husband just left me. I wasn't working then and didn't have any money in the bank because he was paying the bills and we were financially okay. When he left, he stopped paying all the bills, like the mortgage, even my gas was cut off. I was so depressed, it was a very bad time for me. I did have support from family and friends. But, I just didn't know where to turn. Then, I was in the hospital and my social worker suggested I get legal aid to help me. My lawyer was very understanding and personable, he really handled everything for me. He wasn't only my lawyer; he was my friend. I felt I could call him to ask a question about my case, and he would explain things so that I could understand. His staff was helpful too. Well, it took three years but I got spousal support, so I'm satisfied with that. My lawyer encouraged me to get a part-time job to keep my mind off things. I've done that, so I'm trying to get on with my life.

– Marlene, Thunder Bay



Our Lawyers are Dedicated to Legal Aid Work

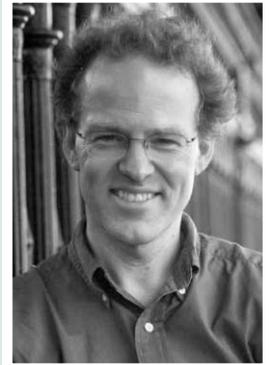
Michael Crane is an immigration lawyer practicing in Toronto who has spent more than a decade advocating for the rights of new Canadians as they seek to establish themselves in this country. About three quarters of his files are legal aid cases.

The link between legal aid and immigration is unique to this kind of practice.

“Legal aid makes it possible to represent people who would not otherwise have access to a lawyer. Immigration can be a very big deal. In some cases, it can mean life or death.”

Helping new Canadians is a particularly rewarding part of his work.

“You can help them stay in Canada—they wouldn’t have had a shot if you hadn’t been there.”



For seven or so years, **Vinay Jain** has worked tirelessly to make a difference in the lives of his legal aid clients.

After volunteering at the student legal aid clinic while studying law at the University of Ottawa, he was called to the bar in 1996 and thought his career lay in courtroom law. But, something was missing.

“Most days, I was fighting about a narrow point of law; the people were forgotten.”

He now works at a community legal aid clinic in the Hamilton area, and enjoys this type of law because it lets him help disadvantaged people and provides him with a variety of legal work.

“You’re not just doing casework, you’re informing people so they know the law and their rights.”

Siobhan Hanley is one lawyer who’s making a huge commitment to legal aid and the justice system.

A practicing lawyer for the past 10 years, Siobhan now operates from a modest downtown Guelph office.

“There’s a real need for legal aid work to be done. I feel that my particular communication skills and legal ability can assist in providing a voice for people—who for a number of reasons—are not able to speak for themselves. That’s a satisfaction in itself.”

Her clients are almost always poor and facing crisis.

“I give them hope, I try to give them a concrete plan. I had a woman from Rwanda come to me for help—a young woman who managed to get out of Rwanda shortly before her community was slaughtered. I helped her to get refugee status. I got a very direct and personal sense of what was happening in Rwanda—that much of the rest of the world was either not paying attention to or not aware of—and then I saw the events unfold.”

“It was a great satisfaction to know that I had assisted—that the system had assisted—this woman. And she’s gone on to become a successful Canadian. The family keeps in touch, so I’ve seen this person go to university and travel and have a good life here.”

Board of Directors 2002/2003

The Hon. Sidney B. Linden, Chair
Peter L. Bortolussi
Janet Bradley
Pamela Divinsky
J. Robert Lamoureux
Sylvia Maracle
W.A. Derry Millar
Timothy W.J. Petroski
Harvey T. Strosberg
Beverly Wexler
Gordon Wolfe

ADVISORY COMMITTEES

Under the *Legal Aid Services Act*, LAO established eight advisory committees consisting of almost 100 community representatives, board members and LAO staff. These committees advise on areas of the law including criminal, family and clinic law. In addition to these required committees, LAO has formed others covering each of immigration and refugee, prison, mental health, aboriginal law and French language services.

The role of all these committees is to ensure that stakeholders have input on and access to LAO decisions and that LAO is accountable to stakeholders.

AREA COMMITTEES

Area committees play an important role in the administration of legal aid services in Ontario. Approximately 550 lawyers and community lay people volunteer hundreds of hours of their time. Area committees hear appeals from decisions of area directors who have refused or cancelled a legal aid certificate, and decide whether to issue certificates in appeal cases.

GROUP APPLICATIONS AND TEST CASE COMMITTEE

This is an advisory committee that is responsible for reviewing group applications for legal aid, applications for representation at coroners' inquests and test cases (those involving the Charter of Rights and Freedoms) and recommending whether a legal aid certificate should be issued. The committee usually has eight members – seven lawyers and one law professor. In 2002/2003, the committee handled close to 50 cases.

SENIOR MANAGEMENT

Angela Longo,
President and Chief Executive Officer
George Biggar, Vice President,
Policy, Planning and External Relations
Robert Buchanan, Vice President,
Client Legal Services
Elaine Gamble, Director,
Communications and Public Affairs
Ruth Lawson, General Counsel
Sue McCaffrey, Vice President,
Clinics and Special Services
Michelle Séguin, Vice President,
Corporate Services
Aneurin Thomas, Project Director

Management's Responsibility for Financial Information

Management and the Board of Directors are responsible for the financial statements and all other information presented in the Annual Report. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and, where appropriate, include amounts based on management's best estimates and judgments.

Legal Aid Ontario is dedicated to the highest standards in the provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances of the reliability of financial information and that the assets were safeguarded.

The Board ensures that management fulfills its responsibilities for financial information and internal control through an Audit and Finance Committee of the Board. The Board meets bi-monthly to oversee the financial activities of LAO. On an annual basis, the Board reviews the financial statements and the external auditors' report thereon, and recommends them to the Ministry of the Attorney General.

The financial statements have been examined by the Provincial Auditor. The Provincial Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the Auditor's examination and opinion. ●



Angela Longo
President and CEO



Michelle A. Séguin
Vice President, Corporate Services

June 24, 2003

Financial Statements

For the year ended March 31, 2003

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Auditor's Report

Office of the
Provincial Auditor
of Ontario



Bureau du
vérificateur provincial
de l'Ontario

Box 105, 15th Floor, 20 Dundas Street West, Toronto, Ontario M5G 2C2
B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To Legal Aid Ontario
and to the Attorney General of Canada

I have audited the balance sheet of Legal Aid Ontario as at March 31, 2003 and the statements of operations and accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of Legal Aid Ontario's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Legal Aid Ontario as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in blue ink, appearing to read 'J.R. McCarter'.

J.R. McCarter, CA
Assistant Provincial Auditor

Toronto, Ontario
May 23, 2003

Balance Sheet

March 31, 2003	2003 (000's)	2002 (000's)
ASSETS		
Current		
Cash and cash equivalents (Note 2)	\$ 6,520	\$ 1,468
Cash and cash equivalents – contingency reserve (Note 8)	236	907
Accounts receivable (less allowance for doubtful accounts)	20,216	29,639
Prepaid expenses	1,161	513
Short term investments (Note 3)	3,197	4,225
Short term investments – contingency reserve (Notes 3 and 8)	2,076	2,711
	\$ 33,406	\$ 39,463
Long term investments (Note 3)	38,494	42,464
Long term investments – contingency reserve (Notes 3 and 8)	24,985	29,614
Capital assets (Note 4)	8,945	7,391
	\$ 105,830	\$ 118,932
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 58,637	\$ 61,141
Deferred contributions (Note 6)	4,789	5,930
	\$ 63,426	\$ 67,071
Net Assets		
Accumulated surplus (Note 1/c)	\$ 10,755	\$ 18,511
Invested in capital assets (Note 7)	4,156	1,461
Contingency reserve (Notes 3 and 8)	27,493	31,889
	\$ 42,404	\$ 51,861
	\$ 105,830	\$ 118,932

On behalf of the Board:



Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2003

	2003 (000's)	2002 (000's)
REVENUE		
Province of Ontario (Note 1/a)	\$ 244,966	\$ 246,695
The Law Foundation of Ontario	17,678	19,944
Client contributions	13,327	14,234
Judgements, costs and settlements	1,095	768
Investment and other income	5,181	6,676
	\$ 282,247	\$ 288,317
EXPENSES		
Core Business		
Certificate Program		
Criminal	\$ 80,960	\$ 83,033
Family	41,434	44,019
Immigration and refugee	16,434	16,862
Other civil	5,333	5,552
Settlement conferences	191	177
	\$ 144,352	\$ 149,643
Area office services	23,705	27,028
Family law offices	1,892	–
Refugee law office	653	681
	\$ 170,602	\$ 177,352
Duty Counsel Program		
Duty counsel fees and disbursements	\$ 28,754	\$ 25,536
Expanded duty counsel	542	–
	\$ 29,296	\$ 25,536
Clinic Program and special services		
Clinic law services (Note 9)	\$ 57,482	\$ 52,749
Nishnawbe-Aski allocation	1,524	1,577
Student legal aid societies	2,617	2,610
	\$ 61,623	\$ 56,936
Alternative Programs		
Pilot projects	\$ 311	\$ 2,794
Other	1,088	908
	\$ 1,399	\$ 3,702

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of Operations and Accumulated Surplus /continued

For the year ended March 31, 2003	2003 (000's)	2002 (000's)
EXPENSES /continued		
Service Provider Support		
Research facility	\$ 2,132	\$ 2,010
Administrative		
Provincial office	20,327	19,577
Business re-engineering and other projects	2,505	4,276
Amortization expense	3,820	4,128
	\$ 26,652	\$ 27,981
	\$ 291,704	\$ 293,517
Deficiency of revenue over expenses for the year	(9,457)	(5,200)
Accumulated surplus, beginning of year	18,511	22,210
Invested in capital assets	(2,695)	1,501
Transfer from contingency reserve to accumulated surplus (Note 8)	4,396	—
Accumulated surplus, end of year	\$ 10,755	\$ 18,511

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended March 31, 2003

	2003 (000's)	2002 (000's)
Cash provided by (used in)		
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (9,457)	\$ (5,200)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by operating activities:		
Amortization	3,820	4,128
Amortization of bond premium	432	–
Amortization of deferred contributions	(3,114)	(3,429)
Realization of deferred contributions	(2,470)	(5,166)
Writedown of short term investments	82	–
Gain on sale of investments	(202)	(422)
Loss on sale of capital assets	–	115
Transfer of capital assets to community clinics	306	1,239
Changes in non-cash working capital balances		
Accounts receivable	9,423	(16,750)
Prepaid expenses	(647)	108
Accounts payable and accrued liabilities	(2,504)	9,107
Accrued interest on long term investments	123	407
Deferred contributions	4,443	3,742
	\$ 235	\$ (12,121)
INVESTING ACTIVITIES		
Purchase of capital assets	\$ (5,680)	\$ (3,048)
Purchase of investments	(47,471)	(213,528)
Redemption of investments	57,297	231,659
	\$ 4,146	\$ 15,083
Net increase in cash and cash equivalents during the year	4,381	2,962
Cash and cash equivalents (bank indebtedness), beginning of year	2,375	(587)
Cash and cash equivalents, end of year	\$ 6,756	\$ 2,375
Represented by		
Cash and cash equivalents	\$ 6,520	\$ 1,468
Cash and cash equivalents – contingency reserve	236	907
	\$ 6,756	\$ 2,375

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Summary of Significant Accounting Policies

March 31, 2003

NATURE OF OPERATIONS

On December 18, 1998, the Ontario Legislative Assembly enacted the **Legal Aid Services Act, 1998** whereby Legal Aid Ontario (the "Corporation") was incorporated without share capital under the laws of Ontario. The Corporation began operations on April 1, 1999 and is tax exempt under the **Income Tax Act**.

The **Legal Aid Services Act, 1998** establishes the following mandate for the Corporation:

- To promote access to justice throughout Ontario for low-income individuals by providing high quality legal aid services.
- To encourage and facilitate flexibility and innovation in the provision of legal aid services.
- To recognize the diverse legal needs of low-income individuals and disadvantaged communities.
- To operate within a framework of accountability for the expenditure of public funds.

The affairs of the Corporation are governed and managed by a Board of eleven Directors appointed by the Lieutenant Governor in Council. While the Corporation operates independently from the Province of Ontario and the Law Society of Upper Canada, it is accountable for the expenditure of public funds and for the provision of legal aid services in a manner that both meets the needs of low-income individuals and is cost-effective and efficient.

BASIS OF ACCOUNTING

The Corporation follows the deferral method of accounting for contributions.

Accumulated surplus represents the excess of revenue over expenses related to the Corporation's program delivery and administrative activities.

The Contingency Reserve was established in accordance with Section 66(4) of the **Legal Aid Services Act, 1998** to provide funding for operations upon approval of the Attorney General. Under the Ontario Regulation 107/99 made under the **Legal Aid Services Act, 1998**, the Corporation is required to maintain a minimum \$20 million contingency reserve.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

REVENUE RECOGNITION

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured.

EXPENSE RECOGNITION

Expenses are recognized on an accrual basis. Certificate program costs include amounts billed to the Corporation by lawyers and an estimate of amounts for work performed for the Corporation by lawyers but not yet billed to the Corporation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks plus highly liquid investments with original maturities of three months or less.

Summary of Significant Accounting Policies /continued

March 31, 2003

INVESTMENTS

Short term investments are stated at the lower of cost and market value. Long term investments are stated at cost and are written down when there is a permanent impairment in value. Purchase premiums or discounts on bonds are amortized on a straight-line basis over the life of the particular securities. Government and corporate bonds are carried at amortized cost. Any writedowns or gains and losses on the disposal of investments are recorded in the year they occur as either an increase or decrease in investment income. Gains and losses on disposal are calculated based on the average cost of the securities sold.

CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight line basis over the estimated useful life of the asset as follows:

Furniture and office equipment	5 years
Computer hardware and software	3 years
Custom-designed software	5 years
Enterprise-wide software	7 years
Leasehold improvements	over the term of lease

DEFERRED CONTRIBUTIONS

Deferred special initiatives contributions represent unspent resources relating to Province of Ontario funded projects. Unspent amounts are held for use in subsequent periods or settlement by the Province.

Deferred capital contributions related to capital assets represents the unamortized portion of contributions used for the acquisition of capital assets. Amortization of the deferred contribution is provided on the same basis as the related asset.

PENSIONS

The cost of pension benefits earned by the employees covered by defined benefit plans is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, terminations and retirement ages of plan members. Adjustments for plan amendments, changes in assumptions and actuarial gains and losses are charged to operations over the expected average remaining service life of the employee group which is approximately 13 years. The costs of pension benefits for defined contribution plans are charged to operations as contributions become due.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. In management's opinion, the carrying amount of the Corporation's financial instruments approximate fair value unless otherwise noted. ●

Notes to Financial Statements

March 31, 2003

1. Funding by the Province of Ontario

Section 71 of the *Legal Aid Services Act*, 1998 requires the Corporation and the Attorney General of Ontario to enter into a Memorandum of Understanding (MOU) every five years. The purpose of the MOU is to clarify the operational, administrative, financial, and other relationships between the Attorney General and the Corporation.

The MOU was signed on December 22, 2000 and is effective until April 1, 2004.

a/ Contributions received from the Province of Ontario were allocated as follows:

	2003 (000's)	2002 (000's)
Contributions	\$ 239,382	\$ 238,100
Realization of deferred contributions (Note 6)	2,470	5,166
Amortization of deferred contributions (Note 6)	3,114	3,429
	<u>\$ 244,966</u>	<u>\$ 246,695</u>

b/ Included in contributions from the Province of Ontario for the year ended March 31, 2003 is an amount of \$45.6 million (2002—\$44.3 million) representing an allocation of funds from a lump sum transfer by the Federal Government to the Province in connection with criminal law, the Young Offenders Act and other expenditures through a cost-sharing arrangement.

c/ Subsection 66(3) of the *Legal Aid Services Act*, 1998 allows the Corporation to designate any surplus or deficit in a fiscal year to either or both of the two subsequent fiscal years with the approval of the Attorney General, unless under Subsection 69(2) it is ordered by the Minister of Finance to pay its surplus into the Consolidated Revenue Fund.

2. Cash and Cash Equivalents

Cash and cash equivalents includes a Government of Canada treasury bill of \$1.623 million, which matures in May 2003 and bears interest of 2.83 per cent.

The Corporation has an available line of credit in the amount of \$5 million (2002—\$5 million) which remained unused as of March 31, 2003. The credit facility bears interest at prime rate and is unsecured.

Notes to Financial Statements /continued

March 31, 2003

3. Investments

	2003		2002	
	Cost (000's)	Market (000's)	Cost (000's)	Market (000's)
Canada bonds	\$ 17,440	\$ 17,928	\$ 20,281	\$ 20,326
Interest rates from 5.0% to 6.0%, maturing from June 2004 to June 2010				
Provincial bonds	32,340	32,866	38,801	38,949
Interest rates from 4.875% to 7.5%, maturing from June 2004 to June 2009				
Corporate bonds	18,141	18,423	18,978	18,990
Interest rates from 4.75% to 7.1%, maturing from June 2003 to January 2010				
Accrued bond interest	831	831	954	954
	\$ 68,752	\$ 70,048	\$ 79,014	\$ 79,219
Less: Contingency reserve				
– short term (Note 8)	\$ (2,076)	\$ (2,123)	\$ (2,711)	\$ (2,711)
– long term (Note 8)	(24,985)	(25,456)	(29,614)	(29,681)
	\$ (27,061)	\$ (27,579)	\$ (32,325)	\$ (32,392)
	\$ 41,691	\$ 42,469	\$ 46,689	\$ 46,827
Represented by				
Short term investments	\$ 3,197	\$ 3,276	\$ 4,225	\$ 4,225
Long term investments	38,494	39,193	42,464	42,602
	\$ 41,691	\$ 42,469	\$ 46,689	\$ 46,827

The Corporation has developed an investment policy in accordance with the statutory requirements outlined in Sections 7(1), 7(2), 7(3) and 7(4) of Ontario Regulation 107/99 made under the **Legal Aid Services Act, 1998**. The investments held by the Corporation as at March 31, 2003 are in compliance with the statutory requirements. The Corporation earned total investment income of \$4.7 million in 2003 (2002—\$5.7 million).

Notes to Financial Statements /continued

March 31, 2003

4. Capital Assets

	2003		2002	
	Cost (000's)	Accumulated Amortization (000's)	Cost (000's)	Accumulated Amortization (000's)
Furniture and office equipment	\$ 2,634	\$ 1,852	\$ 2,394	\$ 1,510
Computer hardware and software	14,524	12,301	14,122	9,752
Custom-designed software	817	747	817	586
Enterprise-wide software	4,180	—	—	—
Leasehold improvements	4,149	2,459	3,540	1,634
	\$ 26,304	\$ 17,359	\$ 20,873	\$ 13,482
Net book value		\$ 8,945		\$ 7,391

Included in capital assets is approximately \$4.235 million (2002—\$0.362 million) of enterprise-wide software and computer hardware and software which was not in use as at the year end on which no amortization expense has been taken. Of the assets not in use, \$0.055 million (2002—\$0.362 million) represents computer hardware and software acquired on behalf of the community clinics which will be provided to the clinics as part of their funding requirement in fiscal 2004.

5. Accounts Payable and Accrued Liabilities

	2003 (000's)	2002 (000's)
Legal accounts – billings received but not paid	\$ 17,217	\$ 10,777
– work performed but not yet billed	29,048	32,826
Rent inducements	172	277
Trade and other payables	11,582	16,740
Vacation pay	618	521
	\$ 58,637	\$ 61,141

At year end, management estimates the liability for work conducted by private lawyers that has not yet been billed by these lawyers to the Corporation to be approximately \$29.0 million (2002—\$32.8 million). This estimate uses a methodology that incorporates average costs and time frames for similar cases over a period of seven years.

Due to the uncertainty involved in the estimation process, there will likely be a difference between the estimated and actual liability. In the opinion of management the actual liability will fall within a range of plus 20 per cent to minus 20 per cent (\$23.2 million to \$34.9 million). Any adjustment of the estimated liability would result in a corresponding increase or decrease in expenses for the "certificate program," the "deficiency of revenue over expenses for the year" and the "accumulated surplus."

Notes to Financial Statements /continued

March 31, 2003

6. Deferred Contributions

Changes in deferred special initiatives and capital contributions relating to Province of Ontario funded projects are as follows:

	2003 (000's)	2002 (000's)
Deferred special initiatives contributions		
Balance, beginning of year	\$ —	\$ 3,920
Contributions received during the year	4,443	3,742
Transferred upon acquisition of capital assets	(1,973)	(2,496)
Realization of deferred contributions (Note 1/a)	(2,470)	(5,166)
	<u>\$ —</u>	<u>\$ —</u>
Deferred capital contributions		
Balance, beginning of year	\$ 5,930	\$ 6,863
Contributions for capital assets	1,973	2,496
Amortization of deferred contributions (Note 1/a)	(3,114)	(3,429)
	<u>\$ 4,789</u>	<u>\$ 5,930</u>
	<u>\$ 4,789</u>	<u>\$ 5,930</u>

7. Net Assets Invested in Capital Assets

	2003 (000's)	2002 (000's)
Balance, beginning of year	\$ 1,461	\$ 2,962
Amortization	(3,820)	(4,128)
Amortization of deferred contributions	3,114	3,429
Purchase of capital assets	5,680	3,048
Contributions for capital assets	(1,973)	(2,496)
Disposal and transfers of capital assets	(306)	(1,354)
	<u>\$ 4,156</u>	<u>\$ 1,461</u>
Represented by		
Capital assets (Note 4)	\$ 8,945	\$ 7,391
Deferred capital contributions (Note 6)	(4,789)	(5,930)
	<u>\$ 4,156</u>	<u>\$ 1,461</u>

Notes to Financial Statements /continued

March 31, 2003

8. Contingency Reserve

Section 6 of Ontario Regulation 107/99 made under the **Legal Aid Services Act**, 1998, requires the Corporation to maintain at least a \$20 million contingency reserve. The Regulation also allows the Corporation to increase the contingency reserve by investment income earned on the contingency reserve and general funds. Accumulated investment income of \$7.493 million (2002—\$11.889 million) is available to fund general operations, without the need for prior approval of the Attorney General. The contingency reserve is made up as follows:

	2003 (000's)	2002 (000's)
Balance, beginning of year	\$ 31,889	\$ 31,889
Transfer from contingency reserve to accumulated surplus	(4,396)	—
Balance, end of year	\$ 27,493	\$ 31,889

Represented by

	2003 (000's)	2002 (000's)
Cash and cash equivalents	\$ 236	\$ 907
Due from (due to) general funds	196	(1,343)
Investments – short term (Note 3)	2,076	2,711
Investments – long term (Note 3)	24,985	29,614
	\$ 27,493	\$ 31,889

The transfer of funds of \$4.396 million is comprised of \$7.659 million in cash transfers from the contingency reserve fund to the general fund net of \$1.724 million of investment income earned in the contingency reserve fund and \$1.539 million change in due from (due to) general funds over the prior year. The transfer of funds was used primarily to fund the \$3.2 million tariff increase effective August 1, 2002 and settlement of other one-time expenditures.

Cash and cash equivalents—contingency reserve includes treasury certificates of \$0.22 million (2002—\$0.89 million) as at March 31, 2003, which will mature in fiscal 2004 and bear interest of 2.72 per cent (2002—1.89 per cent and 2.06 per cent).

Notes to Financial Statements /continued

March 31, 2003

9. Clinic Law Services

The Corporation provides funding to community clinics enabling them to provide legal aid services to the community they serve on a basis other than fee-for-service. The community clinics are organizations structured as corporations without share capital each governed and managed by a board of directors. Community Clinics are independent from, but accountable to the Corporation under Sections 33 to 39 of the **Legal Aid Services Act, 1998**. Each community clinic is independently audited and are required to provide audited financial statements to the Corporation for the funding period.

The total consists of:

	2003 (000's)	2002 (000's)
Payments to and on behalf of clinics	\$ 55,331	\$ 49,774
Administrative costs	2,151	2,975
	<u>\$ 57,482</u>	<u>\$ 52,749</u>

10. Commitments and Contingencies

a/ The Corporation issues certificates to individuals seeking Legal Aid assistance. Each certificate issued authorizes legal services to be performed within the tariff guidelines. At March 31, 2003 management estimates that a potential \$54 million could be incurred on certificates over and above the billings received to date and management's estimated accrual of work performed but not yet billed.

b/ The Corporation leases various office premises and equipment throughout the Province. The minimum annual commitments under these leases are approximately as follows:

	Amount (000's)
2004	\$ 7,130
2005	6,688
2006	6,098
2007	5,468
2008	5,000
Thereafter	4,419
	<u>\$ 34,803</u>

c/ The Corporation is the defendant in a number of lawsuits arising out of the ordinary course and conduct of business. The outcome and ultimate disposition of these actions are not likely to be significant and are not determinable at this time. Losses, if any, will be accounted for in the period of settlement. Some of the above lawsuits are covered by insurance after the application of a deductible, of up to \$0.05 million, depending on when the event of the claim occurred and the nature of the claim.

Notes to Financial Statements /continued

March 31, 2003

11. Pensions

The Corporation has a pension plan to provide retirement benefits for its employees. The plan has two components, a defined contribution component and a defined benefit component.

Defined Contribution Component

The defined contribution component of the plan covers 471 (2002—440) employees, the majority of employees. The Corporation makes pension contributions to the defined contribution component of the plan, which is limited to making regular payments to match the amount contributed by the employees for current service. The Corporation's pension expense for the year relating to this component of the plan was \$1.512 million (2002—\$1.051 million).

Defined Benefit Component

The defined benefit component of the plan covers 16 (2002—21) participants. Under this benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. It is subject to actuarial valuations for funding purposes at intervals of not more than three years. The next actuarial valuation will be performed in fiscal 2006 on the value at January of 2005. The Corporation makes pension contributions to this component of the plan in amounts recommended by the actuary.

The Corporation made no pension contribution to this component of the plan in the current year.

For the year ended March 31, 2003, an actuarial valuation for accounting purposes was performed using the following assumptions:

Discount rate	7.0%
Salary increases	5.0%
Expected rate of return on assets	6.0%

The actuarial valuation for accounting purposes for the year ending March 31, 2003 indicated an actuarial surplus of \$0.126 million (2002—\$0.628 million), resulting from accrued benefit obligation of approximately \$1.765 million (2002—\$1.567 million) and fair value of plan assets available to provide for these benefits of approximately \$1.891 million (2002—\$2.195 million). The pension income for the year was \$0.02 million (2002—\$0.034 million) and the pension accrued benefit asset as at March 31, 2003 was \$0.054 million (2002—\$0.034 million). During the year, employees contributed \$0.040 million (2002—\$0.042 million) and the plan paid benefits of \$0.008 million (2002—\$0.003 million).

The Board of the Corporation approved the establishment of a supplementary pension benefit for designated executive members. Under the supplementary benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. Management estimated the Corporation's pension expense on this benefit for the year was \$0.074 million (2002—\$0.087 million) and the pension accrued benefit obligation as at March 31, 2003 was \$0.161 million (2002—\$0.087 million). An actuarial valuation of the benefit will be performed in fiscal 2004.

12. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation. ●

Management Discussion and Analysis

CLIENT RECEIVABLES

The Accounts Receivable (AR) balance of \$20.2 million in the Balance Sheet is comprised of the following items: Client AR—\$12.3 million; Judgment Debtor AR—\$1.1 million; Law Foundation AR—\$2.3 million; GST Receivable—\$2.4 million; Ministry of the Attorney General AR—\$1.5 million; and other miscellaneous operational receivables of \$0.6 million.

In 1996, Ontario Legal Aid Plan (OLAP), the predecessor organization to Legal Aid Ontario (LAO) changed its method of accounting from the cash basis to the accrual basis. This required that client receivables be included on the financial statements. The information on the client receivables had accumulated over a number of years and in many cases the amounts were very old and the likelihood of collections was remote. Management estimated that the value of the client receivables at that time was equal to the anticipated cash collections for the following year.

In 2001, the Provincial Auditor performed a value-for-money audit of LAO and requested that appropriate action be taken to determine the value of accounts receivable and to initiate the timely collection of amounts owed.

Accordingly, LAO undertook a Collection Project.

COLLECTION PROJECT

The collection project was initiated in November 2001, and significant work on the collection project has occurred over the past two years. A new Manager of Client Account Services with many years of collection experience was hired in December 2001 to improve the day-to-day accounts receivable procedures and lead the collection project.

In January 2003, the Audit and Finance Committee approved a receivable definition policy and approved closing accounts that were deemed to have been previously written off as liens had been discharged, but never deleted from the system.

A pilot collection project was undertaken in March 2003 to identify the most effective collection methods for receivables secured by liens (e.g., explore discount scenarios, alternate payment agreements). Based upon a sample of approximately 1,200 certificates, the project yielded about \$300,000 in lump sum payments and \$4,000 per month in new payment agreements. Due to the success of the pilot project, a roll-out collection strategy for outstanding receivables secured by liens has been developed and is scheduled to commence in September 2003.

In addition, a team was established to identify issues, discuss possible solutions and make recommendations for improving the client contributions program. A policy paper entitled "Client Contributions: New Directions" was approved for implementation by Senior Management in July 2003.

Work is ongoing with the enterprise-wide system implementation project to ensure that the new PeopleSoft® system is designed to meet LAO collection requirements, and that opening balances are accurately migrated to the new system.

In the spring of 2003, the Provincial Auditor followed up on the previous areas of concern and, based on LAO's representation, was satisfied with LAO's progress on the accounts receivable issue.

2002 Salary Disclosure

As required under the *Public Salary Disclosure Act*, the list below shows all Legal Aid employees who were paid \$100,000 or more in the 2002 calendar year.

Name	Position	Salary	Taxable Benefit
George Biggar	VP, Policy, Planning and External Relations	\$ 136,829.72	\$ 308.32
Robert Buchanan	VP, Client Legal Services	\$ 127,281.07	\$ 294.00
Jennifer Carten	Area Director/Executive Director	\$ 109,796.28	\$ 254.78
Nathalie Champagne	Area Director	\$ 100,602.31	\$ 231.50
Elizabeth Champlin	Area Director	\$ 105,378.83	\$ 243.04
Simon Davies	Area Director	\$ 109,796.28	\$ 254.78
Randall Ellsworth	Director, Clinic Services Office	\$ 100,484.96	\$ 231.50
Ross Gardner	Director, Finance	\$ 108,174.04	\$ 250.00
Stephen Hall	Technical Lead, TSN Project	\$ 120,845.54	\$ 277.68
Maureen Hastings	Executive Lead	\$ 110,303.36	\$ 253.59
David Judge	Network Engineer	\$ 111,831.32	\$ 492.48
Ruth Lawson	General Counsel	\$ 133,808.86	\$ 307.92
Angela Longo	President and CEO	\$ 171,999.88	\$ 9,401.18
Susan McCaffrey	VP, Clinics and Special Services	\$ 130,789.07	\$ 294.00
Jane Morley	Director, LAO LAW	\$ 104,803.84	\$ 243.04
Ian Morrison	Coordinator Clinic Law Conference	\$ 109,796.28	\$ 254.78
Robert Pasut	Interim Chief Information Officer	\$ 101,148.53	\$ 232.52
Heather Robertson	Area Director	\$ 111,848.02	\$ 258.00
Michelle Séguin	VP, Corporate Services	\$ 141,526.66	\$ 317.28
Margaret Silver	Area Director	\$ 105,378.83	\$ 243.04
Mary Anne Stevens	Area Director	\$ 101,040.80	\$ 233.68
Aneurin Thomas	Policy Director	\$ 101,751.71	\$ 236.06
Keith Wilkins	Counsel, Legal Aid Directorate	\$ 113,890.11	\$ 261.74

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