



Tab 6

Audit & Finance Committee

Report to Convocation

May 27, 2021

Committee Members:

Joseph Groia (Chair)
Lubomir Poliacik (Vice-Chair)
Catherine Banning
Seymour Epstein
Gary Graham
Philip Horgan
Vern Krishna
Shelina Lalji
Michelle Lomazzo
Cecil Lyon
Clare Sellers
Sidney Troister
Tanya Walker

Authored By:

Finance
Brenda Albuquerque-Boutilier
Executive Director, Finance & CFO
416-947-3436

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FOR INFORMATION

Law Society of Ontario Financial Statements For the three months ended March 31, 2021

The Audit & Finance Committee recommends the financial statements of the Law Society for the first three months of 2021 be received by Convocation for information.

Financial Statement Highlights

General Fund

The lawyer General Fund shows an excess of revenues over expenses of \$918,000 at the end of the first quarter of 2021, compared to a budget that planned for excess expenses over revenues of \$2.8 million for the same period. The paralegal General Fund experienced \$118,000 in excess expenses over revenues at the end of the first quarter of 2021 compared to a budgeted excess of expenses over revenues of \$382,000 for the same period.

The main reason for the positive financial performance in 2021 compared to budget within the General Funds is expenses being less than budget across all departments driven by staffing vacancies, and the pandemic curtailing operating expenses.

The General Funds' revenues are in line with budget for the quarter with unbudgeted unrealized gains on investments offsetting the negative variance in Professional Development & Competence ("PD&C") revenue. With the annual fee payment deadline on March 31, it is positive to note that the percentage of lawyers and paralegals who have paid is comparable to prior years.

The fund balance of the lawyer General Fund is \$31.2 million as at March 31, 2021 which has increased from \$23.6 million at the same time last year. Despite reduced revenues impacted by COVID-19 pandemic restrictions, the fund balance has increased by \$7.6 million over the last year. This is attributable to

- the cost containment measures introduced by management in the spring of 2020 in response to the pandemic, including staffing reductions, and renegotiated contracts related to building services that included cleaning, maintenance and print and mail services, and

- circumstantial savings realized because of travel restrictions, a shift to virtual meetings and events, and the resulting effect of no catering costs, with the impact most noted in relation to benchner remuneration and expenses, and stakeholder engagement events.

These measures resulted in expense reductions exceeding revenue losses.

The Law Society's Fund Balance Management Policy is to maintain two to three months of budgeted General Fund expenses which would be a range of \$16.8 million to \$25.2 million. In developing the 2021 budget, as the lawyer General Fund balance was projected to be above the benchmark, it plans for the use of \$6.2 million of the fund balance to fund operations and reduce the 2021 licensee annual fee.

The paralegal General Fund is \$1.7 million as at March 31, 2021 which is an increase from \$1.2 million at the same period last year. Similarly, it has experienced the benefits of expense reduction measures implemented and the paralegal General Fund budget for 2021 incorporated the use of \$1.1 million of the paralegal General Fund balance to fund operations and reduce annual fees for 2021.

The Law Society's strong financial position at the end of the first quarter in 2021 provides the flexibility required to deal with the uncertainty the Law Society still faces with the pandemic, maintain operations and fund the 2021 annual fee deferral option for licensees.

Restricted Funds

The Law Society's restricted funds report an excess of revenues over expenses of \$3.8 million in the first quarter of 2021, compared to excess of expenses over revenues of \$1.4 million in 2020. The key components are:

- a. In the Compensation Fund, an excess of revenues over expenses of \$2.7 million (2020 – excess of revenues over expenses of \$576,000) (further explained in this report);
- b. In the E&O Fund, an excess of revenues over expenses of \$1.1 million (2020 – excess of expenses over revenues of \$1.6 million) due primarily to unrealized gains on long-term investments;
- c. Total Restricted Fund expenses increased from \$28.4 million to \$30 million as increased premium revenues collected in the E&O Fund are transferred to LAWPRO as a flow through.

Compensation Fund

The lawyer pool of the Compensation Fund had an excess of revenues over expenses for the first quarter of \$2.7 million compared to a budget that planned an excess of expenses over revenues of \$29,000 for the same period. A combination of unbudgeted unrealized gains on the investment portfolio of \$1.3 million and lower than budgeted provision for grants expenses in the first quarter contributed to this variance. The prorated budget for grants expense for the first quarter was \$1.1 million compared to an actual reduction in grant expenses of \$368,000 resulting in the grants expense being \$1.5 million less than budget. The reduction in grant expense and lower than budgeted amount was driven by the provision for some claims being reduced by a total of \$820,000. Additional information was received by the Compensation Fund team that led to the downward adjustment of some amounts provided for as possible grants. The lawyer pool of the Compensation Fund ended the quarter with a fund balance of \$33.3 million and is within the benchmarks of the Fund Balance Management Policy, with the minimum of \$19.6 million.

The paralegal pool of the Compensation Fund had excess of expenses over revenues for the first quarter of \$13,000 which is in line with their budget for the same period. Unrealized gains on the investment portfolio resulted in unbudgeted revenues of \$69,000 in the first quarter. This was offset by the unpaid grants expense exceeding budget by \$59,000. The paralegal pool of the Compensation Fund balance is \$946,000 as at March 31, 2021.

Errors & Omissions Insurance Fund

The E&O Fund had net revenues over expenses of \$1.1 million due to unrealized gains on the investment portfolio in the first quarter. The E&O fund balance has increased to \$56.5 million as of March 31, 2021. The 2021 budget includes a transfer of \$1.2 million from the E&O Fund, which normally takes place later in the year.

Capital Allocation Fund

The Capital Allocation Fund has increased from \$3.1 million to \$6 million over the last year as the pandemic conditions deferred some capital projects. These projects are moving forward as COVID-19 restrictions permit.

Statement of Revenues and Expenses and Change in Fund Balances

Revenues

Annual Fees

Annual fees recognized in the first quarter of \$21.9 million have decreased by \$1.2 million from 2020 but are in line with the 2021 budget. The 2021 budget incorporated an annual fee reduction for lawyers and paralegals of \$193 and \$42, respectively, partially offset by an increase in the number of full-fee equivalent paying lawyers of 1,075. Annual fee revenue is recognized monthly.

Insurance Premium and Levies

Insurance premiums and levies have increased from \$24.9 million in the first quarter of 2020 to \$26.7 million in 2021. \$1.5 million of this is due to an increase in transaction levies.

Professional Development and Competence

PD&C revenues comprise income from the licensing process and continuing professional development ("CPD"). Total year to date revenues of \$3.9 million are below last year's actuals of \$4.5 million at March 2020 and the current year-to-date budget of \$4.5 million.

Lawyer licensing process revenues of \$2.4 million are less than the 2021 budget of \$2.8 million and less than the \$3.1 million recorded last year at the end of the first quarter. The total fees paid by Licensing Process lawyer candidates, including the fees for the initial application, the Barrister and Solicitor Licensing Examinations and the Call to the Bar, is \$4,625 which is lower than the \$4,710 of the prior year. This decrease is because the Call to the Bar fee was reduced in May 2020 from \$250 to \$165 to reflect the shift from ceremonial to administrative calls. The impact on revenue was only realized after the first quarter of 2020. Also affecting the timing of revenue recognition is the fact that current year invoices were issued in February versus January in 2020.

Paralegal Licensing Process revenues of \$348,000 are less than the 2021 budget of \$521,000 and less than the prior year actuals of \$580,000. The timing of invoice issuance also impacted paralegal Licensing Process revenues. With the number of candidates billed in line with budget, the timing of revenue recognition will be delayed to later in the year.

CPD revenues were \$1.1 million at the end of March 2021, which is in line with the 2021 budget. With large group gathering restrictions expected to continue into 2021 and

program delivery anticipated to be virtual in the first half of the year, the 2021 budget incorporated a reduction of \$2.5 million in CPD revenues from the prior year budget.

Change in Fair Value of Investments

The change in fair value of investments shows total unrealized gains of \$3.2 million compared to unrealized losses of \$5.6 million in the same quarter in 2020. The change in fair value is not included in budget projections. Investment income of \$552,000 is comparable to last year and close to budget.

Other Revenues

Other revenues totalling \$1.8 million is in line with budget and lower than the 2020 actuals of \$2.8 million. The notable components of Other revenues in 2021 are ordered costs, Ontario Report revenue, and pre-authorized payment plan fees. Other revenues are lower in 2021 because

- the 2021 budget discontinued late fees related to the late payment of annual fees or late annual filings (annual report or CPD requirements) by licensees, and
- since mid-March 2020, catering operations have been closed due to pandemic related social gathering restrictions.

Expenses

Professional Regulation, Tribunals and Compliance

Professional Regulation, Tribunals and Compliance expenses totalling \$7.3 million are less than the 2020 amount of \$8.0 million and are less than budget by \$1.1 million. This is primarily due to staffing vacancies that were filled throughout the first quarter of the year and the continued impact of work at home protocols that produced savings in travel, office, and document reproduction costs.

Professional Development and Competence

PD&C expenses totalling \$6.3 million are less than the 2020 amount of \$7.6 million and are less than budget by \$763,000. The 2021 budget continued to contemplate in-person examinations as the decision to continue on-line examinations for the entire year was made by Convocation in February 2021. With this decision to pilot online examinations for the next three years, there will be investments made throughout the year to improve the infrastructure for longer term administration of online examinations. This will reduce some of the current underspending within the PD&C budget. Other reasons for lower expenses include staffing vacancies and reduced travel costs.

Corporate Services

Total Corporate Services expenses of \$7.4 million are in line with 2020 expenses and are less than budget by \$456,000. The key drivers for the difference between budget and actual are mainly related to lower security, cleaning and building operational costs with the continued work at home mandate and the renegotiated contracts for these services.

Convocation, Policy and Outreach

Convocation, Policy and Outreach expenses are \$1.5 million compared to \$1.6 million for the first quarter in 2020 and are less than budget by \$1.1 million. The variances from budget relate to benchers remuneration and expenses, stakeholder engagement, the unused contingency, and underspending related to policy, media relations and communications attributable to some staffing vacancies, and other program expenses.

Services to Licensees and Public

Services to licensees and public expenses are \$1.4 million compared to \$1.8 million for the first quarter in 2020 and are less than budget by \$119,000. The main reason for the lower spending when compared to prior year is due to the closure of the catering operation effective March 2020.

Statement of Financial Position

Cash & Short-Term Investments

The total of cash and short-term investments at the end of the first quarter is \$96.4 million (2020 - \$92.6 million). Of this amount, \$20.4 million (2020 - \$21.5 million) pertains to the Compensation Fund and is held in separate accounts. The Law Society has sufficient working capital on hand to discharge its short- and medium-term obligations.

Accounts Receivable

Accounts receivable at the end of the first quarter is \$78.0 million (2020 - \$72.3 million). Part of the reason for the increase is attributable to the COVID-19 annual fee deferral plan. As of March 31, 2021, there were approximately 1,100 lawyers and paralegals who have been approved for deferral of their annual fees to March 31, 2021. The total amount of fees deferred were approximately \$1.5 million and are reflected as part of the accounts receivable balance. In addition, the change in the annual fee payment

deadline from the end of February to the end of March may have delayed some receipts.

Portfolio Investments

Portfolio investments are shown at fair value of \$73.4 million (2020 - \$59.1 million) and reflect unrealized gains of \$3.2 million in the first quarter of 2021 related to an improvement in current market conditions. Of the total portfolio investments at the end of March, \$19.3 million pertains to the General Funds, \$32.2 million pertains to the Compensation Fund, and \$21.9 million pertains to the E&O Fund. Portfolio investments were at their lowest point in March 2020 and have recovered throughout the year and into 2021 resulting in a large swing within the investment portfolio when compared to prior year. Under the Investment Policy, the benchmark Canadian equity component is 30% and the fixed income component is 70%.

Deferred Revenue

Deferred revenue is made up of annual fees, licensing process revenues and insurance premiums which are recognized over the full year. The balance at the end of the first quarter of 2021 is \$140.2 million (2020 - \$141.6 million). The decrease in the lawyer and paralegal annual fees for 2021 has resulted in a lower deferred revenue balance.

Provision for Unpaid Grants Liability

The provision for unpaid grants liability represents the estimate for unpaid grants and inquiries against the Compensation Fund, supplemented by the costs for processing these grants. The current balance of \$15.3 million has decreased from \$17.1 million in 2020 as the Fund processed and closed claims over the year related to some large alleged defalcations. The paralegal Compensation Fund provision for unpaid grants comprises \$307,000 of the total Compensation Fund provision for unpaid grants.



Statement of Financial Position

Unaudited

Stated in thousands of dollars

As at March 31

	2021	2020
Assets		
Current Assets		
Cash	78,671	63,291
Short-term investments	17,743	29,311
Accounts receivable	78,035	72,309
Prepaid expenses	82,240	82,791
Total current assets	256,689	247,702
Investment in subsidiaries	35,642	35,642
Portfolio investments	73,418	59,107
Loan receivable	1,692	1,381
Capital assets	7,289	8,180
Intangible assets	2,527	3,058
Total Assets	377,257	355,070
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	10,147	9,263
Deferred revenue	140,225	141,572
Due to LAWPRO	64,007	64,140
Total current liabilities	214,379	214,975
Provision for unpaid grants/claims	15,276	17,053
Unclaimed trust funds	6,109	5,723
Lease obligations	766	675
Total Liabilities	236,530	238,426
Fund Balances		
General funds		
Lawyers	31,153	23,588
Paralegals	1,714	1,202
Restricted funds		
Compensation - lawyers	33,256	22,617
Compensation - paralegals	946	725
Errors and omissions insurance	56,462	52,891
Capital allocation	6,001	3,116
Invested in capital and intangible assets	9,816	11,238
County libraries	62	146
Other	1,317	1,121
Total Fund Balances	140,727	116,644
Total Liabilities and Fund Balances	377,257	355,070



Statement of Revenues and Expenses and Change in Fund Balances

Unaudited
Stated in thousands of dollars
For the three months ended March 31

	2021	2020	2021	2020	2021	2020	2021	2020
	General Fund Lawyer		General Fund Paralegal		Restricted Funds		Total	
Revenues								
Annual fees	16,650	16,321	1,315	1,323	3,928	5,466	21,893	23,110
Insurance premiums and levies	-	-	-	-	26,681	24,872	26,681	24,872
Professional development and competence	3,424	3,850	480	684	-	-	3,904	4,534
Investment income	149	140	19	18	384	373	552	531
Change in fair value of investments	739	(1,295)	94	(164)	2,328	(4,140)	3,161	(5,599)
Other	1,615	2,065	179	391	(1)	385	1,793	2,841
Total revenues	22,577	21,081	2,087	2,252	33,320	26,956	57,984	50,289
Expenses								
Professional regulation, tribunals and compliance	6,904	7,073	402	897	-	-	7,306	7,970
Professional development and competence	5,591	6,765	726	834	-	-	6,317	7,599
Corporate services	6,569	6,563	813	836	-	-	7,382	7,399
Convocation, policy and outreach	1,327	1,494	131	153	-	-	1,458	1,647
Services to licensees and public	1,268	1,609	133	164	-	-	1,401	1,773
Restricted	-	-	-	-	29,533	28,368	29,533	28,368
Total expenses	21,659	23,504	2,205	2,884	29,533	28,368	53,397	54,756
Excess of revenues over expenses (expenses over revenues)	918	(2,423)	(118)	(632)	3,787	(1,412)	4,587	(4,467)
Fund balances, beginning of year	30,301	26,106	1,832	1,834	104,007	93,171	136,140	121,111
Interfund transfers	(66)	(95)	-	-	66	95	-	-
Fund balances, end of period	31,153	23,588	1,714	1,202	107,860	91,854	140,727	116,644



Schedule of Restricted Funds

Unaudited
Stated in thousands of dollars
For the three months ended March 31

	2021						2020		
	Compensation Fund		Errors and omissions insurance	Capital allocation	Invested in capital and intangible assets	County libraries	Other restricted	Total	Total
	Lawyer	Paralegal							
Fund balances, beginning of year	30,543	959	55,386	5,458	10,548	85	1,028	104,007	93,171
Revenues									
Annual fees	964	2	-	931	-	1,781	250	3,928	5,466
Insurance premiums and levies	-	-	26,681	-	-	-	-	26,681	24,872
Investment income	240	13	131	-	-	-	-	384	373
Change in fair value of investments	1,314	69	945	-	-	-	-	2,328	(4,140)
Other	(1)	-	-	-	-	-	-	(1)	385
Total revenues	2,517	84	27,757	931	-	1,781	250	33,320	26,956
Total expenses	(196)	97	26,681	388	732	1,804	27	29,533	28,368
Excess of revenues over expenses (expenses over revenues)	2,713	(13)	1,076	543	(732)	(23)	223	3,787	(1,412)
Interfund transfers	-	-	-	-	-	-	66	66	95
Fund balances, end of period	33,256	946	56,462	6,001	9,816	62	1,317	107,860	91,854



Lawyers and Paralegals General Fund
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2021 Actual	2021 Budget YTD	Variance	2020 Actual
REVENUES				
Annual fees	17,965	17,954	11	17,644
Professional development and competence	3,904	4,473	(569)	4,534
Investment income	168	194	(26)	158
Change in fair value of investments	833	-	833	(1,459)
Other	1,794	1,722	72	2,456
Total revenues	24,664	24,343	321	23,333
EXPENSES				
Professional regulation, tribunals and compliance	7,306	8,388	1,082	7,970
Professional development and competence	6,317	7,160	843	7,599
Corporate services	7,382	7,838	456	7,399
Convocation, policy and outreach	1,458	2,576	1,118	1,647
Services to licensees and public	1,401	1,520	119	1,773
Total expenses	23,864	27,482	3,618	26,388
Excess of revenues over expenses (expenses over revenues)	800	(3,139)	3,939	(3,055)



General Fund - Lawyers
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2021 Actual	2021 Budget YTD	Variance	2020 Actual
REVENUES				
Annual fees	16,650	16,640	10	16,321
Professional development and competence	3,424	3,792	(368)	3,850
Investment income	149	170	(21)	140
Change in fair value of investments	739	-	739	(1,295)
Other	1,615	1,560	55	2,065
Total revenues	22,577	22,162	415	21,081
EXPENSES				
Professional regulation, tribunals and compliance	6,904	7,932	1,028	7,073
Professional development and competence	5,591	6,354	763	6,765
Corporate services	6,569	6,987	418	6,563
Convocation, policy and outreach	1,327	2,305	978	1,494
Services to licensees and public	1,268	1,341	73	1,609
Total expenses	21,659	24,919	3,260	23,504
Excess of revenues over expenses (expenses over revenues)	918	(2,757)	3,675	(2,423)



General Fund - Paralegals
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2021 Actual	2021 Budget YTD	Variance	2020 Actual
REVENUES				
Annual fees	1,315	1,314	1	1,323
Professional development and competence	480	681	(201)	684
Investment income	19	24	(5)	18
Change in fair value of investments	94	-	94	(164)
Other	179	162	17	391
Total revenues	2,087	2,181	(94)	2,252
EXPENSES				
Professional regulation, tribunals and compliance	402	456	54	897
Professional development and competence	726	806	80	834
Corporate services	813	851	38	836
Convocation, policy and outreach	131	271	140	153
Services to licensees and public	133	179	46	164
Total expenses	2,205	2,563	358	2,884
Excess of revenues over expenses (expenses over revenues)	(118)	(382)	264	(632)



Lawyers and Paralegals Compensation Fund
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2021 Actual	2021 Budget YTD	Variance	2020 Actual
REVENUES				
Annual fees	966	958	8	2,383
Investment income	253	249	4	247
Change in fair value of investments	1,383	-	1,383	(2,460)
Recoveries	(1)	87	(88)	385
Total revenues	2,601	1,294	1,307	555
EXPENSES				
Provision for unpaid grants	(280)	1,151	1,431	(186)
Administrative	181	192	11	165
Total expenses	(99)	1,343	1,442	(21)
Excess of revenues over expenses (expenses over revenues)	2,700	(49)	2,749	576



Compensation Fund - Lawyers
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2021 Actual	2021 Budget YTD	Variance	2020 Actual
REVENUES				
Annual fees	964	956	8	2,363
Investment income	240	237	3	219
Change in fair value of investments	1,314	-	1,314	(2,183)
Recoveries	(1)	83	(84)	342
Total revenues	2,517	1,276	1,241	741
EXPENSES				
Provision for unpaid grants	(368)	1,122	1,490	(211)
Administrative	172	183	11	153
Total expenses	(196)	1,305	1,501	(58)
Excess of revenues over expenses (expenses over revenues)	2,713	(29)	2,742	799



Compensation Fund - Paralegals
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2021 Actual	2021 Budget YTD	Variance	2020 Actual
REVENUES				
Annual fees	2	2	-	20
Investment income	13	12	1	28
Change in fair value of investments	69	-	69	(277)
Recoveries	-	4	(4)	43
Total revenues	84	18	66	(186)
EXPENSES				
Provision for unpaid grants	88	29	(59)	25
Administrative	9	9	-	12
Total expenses	97	38	(59)	37
Excess of revenues over expenses (expenses over revenues)	(13)	(20)	7	(223)



Compensation Fund
Statement of Financial Position

Unaudited

Stated in thousands of dollars

As at March 31

	2021	2020
Assets		
Current Assets		
Cash	19,559	19,851
Short-term investments	862	1,618
Due from General Fund	-	262
Total Current Assets	20,421	21,731
Portfolio investments	32,165	26,021
Total Assets	52,586	47,752
Liabilities and Fund Balance		
Current Liabilities		
Accounts payable and accrued liabilities	145	223
Deferred revenue	2,905	7,134
Due to General Fund	58	-
Total Current Liabilities	3,108	7,357
Provision for unpaid grants/claims - lawyers	14,969	16,924
Provision for unpaid grants/claims - paralegals	307	129
Total Liabilities	18,384	24,410
Fund balance - lawyers	33,256	22,617
Fund balance - paralegals	946	725
Total Fund Balance	34,202	23,342
Total Liabilities and Fund Balance	52,586	47,752



Errors & Omissions Insurance Fund
Statement of Financial Position

Unaudited

Stated in thousands of dollars

As at March 31

	2021	2020
Assets		
Current Assets		
Cash	665	123
Short-term investments	588	1,087
Accounts receivable	42,780	41,117
Prepaid E&O premiums incurred	81,414	82,199
Total Current Assets	125,447	124,526
Investment in subsidiary	35,642	35,642
Portfolio investments	21,936	17,464
Total Assets	183,025	177,632
Liabilities and Fund Balance		
Current Liabilities		
Due to LawPRO	64,598	64,204
Unearned E&O premiums recovered	61,965	60,537
Total Current Liabilities	126,563	124,741
Fund Balance	56,462	52,891
Total Liabilities and Fund Balance	183,025	177,632



Errors and Omissions Insurance Fund Schedule of Revenues and Expenses and Change in Fund Balance

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2021 Actual	2020 Actual
REVENUES		
Insurance premiums and levies	26,681	24,872
Investment income	131	126
Change in fair value of investments	945	(1,680)
Other income	-	-
Total revenues	27,757	23,318
EXPENSES		
Administrative	-	-
Expenses	-	-
Insurance	26,681	24,872
Total expenses	26,681	24,872
Excess of revenues over expenses (expenses over revenues)	1,076	(1,554)
Interfund transfers	-	-
Change in fund balance	1,076	(1,554)
Fund balance, beginning of year	55,386	54,445
Fund balance, end of period	56,462	52,891

FOR INFORMATION
Investment Compliance Reports
for the Quarter ended March 31, 2021

The Committee recommends that Convocation receive the Investment Compliance Reports for the quarter ended March 31, 2021 for information.

Under the Law Society Investment Policy, Law Society management shall report quarterly on compliance with the Policy.

The Law Society, and its investment manager, have complied with the Investment Policy for the quarter ending March 31, 2021.

LAW SOCIETY OF ONTARIO
STATEMENT OF INVESTMENT COMPLIANCE
SHORT TERM INVESTMENTS
As at March 31, 2021

Investment Parameters	Guidelines	Compliance
1. Asset Mix		
Federal and provincial treasury bills	Allowed	Yes
Bankers acceptances	Allowed	Yes
Commercial paper	Allowed	Yes
Investment Manager Money Market Fund	Allowed	Yes
Premium Savings Account	Allowed	Yes
FGP Money Market Fund	Allowed	Yes
2. Quality Requirements		
Commercial paper rating	Min. R1	N/A
Liquidity	Max term to maturity of 365 days	Yes
3. Quantity Restrictions		
Commercial paper of a single corporate issuer	Max 8% of fund	Yes
4. Other Restrictions		
Equity Securities	None	Yes
Direct investments in:		
Resource properties	None	Yes
Mortgages and mortgage-backed securities	None	Yes
Real estate	None	Yes
Venture capital financing	None	Yes
Derivatives	None	Yes

Christianne Abou-Saab

Christianne Abou-Saab
 Director, Finance

**Law Society of Ontario
General Fund
Manager: Foyston, Gordon & Payne Inc.
Compliance Report
(Period ending March 31, 2021)**

1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	45%	70%	80%	Y
Total Fixed Income	60%	70%	80%	Y
Canadian Equity	20%	30%	40%	Y
Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.				Y
Each bond portfolio may be invested within the following parameters:				
Bond Holdings	Asset Mix			
	Maximum	Target	Minimum	Compliance* (Y/N)
Federal and Federally Guaranteed Bonds	100%	46%	26%	Y
Provincials, Provincially Guarantees and Municipals	38%	18%	0%	Y
Total Corporate Issues	56%	36%	0%	Y
Total BBB Issues with Corporate Issues	18%	8%	0%	Y
Cash or Money Market	5%	0%	0%	Y
Investment in any one security or issuer shall not exceed 10% of each Bond portfolio with the exception of those guaranteed by the Government of Canada and/or a provincial government.				Y
Bond portfolio duration 1 to 5 years.				Y
The Market value of any one common equity issuer cannot represent more than 10% of the market value of the total portfolio, or that equity's weight in the S&P/TSX Composite Index, whichever is greater.				Y

Investment policy dated February 23, 2017. *If policy not complied with, comment on specifics.

April 2021

Date:

Susan Eapen

**Susan Eapen
Chief Compliance Officer**

**Law Society of Ontario
Compensation Fund
Manager: Foyston, Gordon & Payne Inc.
Compliance Report
(Period ending March 31, 2021)**

1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	45%	70%	80%	Y
Total Fixed Income	60%	70%	80%	Y
Canadian Equity	20%	30%	40%	Y
Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.				Y
Each bond portfolio may be invested within the following parameters:				
Bond Holdings	Asset Mix			
	Maximum	Target	Minimum	Compliance* (Y/N)
Federal and Federally Guaranteed Bonds	100%	46%	26%	Y
Provincials, Provincially Guarantees and Municipals	38%	18%	0%	Y
Total Corporate Issues	56%	36%	0%	Y
Total BBB Issues with Corporate Issues	18%	8%	0%	Y
Cash or Money Market	5%	0%	0%	Y
Investment in any one security or issuer shall not exceed 10% of each Bond portfolio with the exception of those guaranteed by the Government of Canada and/or a provincial government.				Y
Bond portfolio duration 1 to 5 years.				Y
The Market value of any one common equity issuer cannot represent more than 10% of the market value of the total portfolio, or that equity's weight in the S&P/TSX Composite Index, whichever is greater.				Y

Investment policy dated February 23, 2017.

*If policy not complied with, comment on specifics.

April 2021

Date:



Susan Eapen
Chief Compliance Officer

**Law Society of Ontario
E&O Insurance Fund
Manager: Foyston, Gordon & Payne Inc.
Compliance Report
(Period ending March 31, 2021)**

1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	45%	70%	80%	Y
Total Fixed Income	60%	70%	80%	Y
Canadian Equity	20%	30%	40%	Y
Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.				Y
Each bond portfolio may be invested within the following parameters:				
Bond Holdings	Asset Mix			
	Maximum	Target	Minimum	Compliance* (Y/N)
Federal and Federally Guaranteed Bonds	100%	46%	26%	Y
Provincials, Provincially Guarantees and Municipals	38%	18%	0%	Y
Total Corporate Issues	56%	36%	0%	Y
Total BBB Issues with Corporate Issues	18%	8%	0%	Y
Cash or Money Market	5%	0%	0%	Y
Investment in any one security or issuer shall not exceed 10% of each Bond portfolio with the exception of those guaranteed by the Government of Canada and/or a provincial government.				Y
Bond portfolio duration 1 to 5 years.				Y
The Market value of any one common equity issuer cannot represent more than 10% of the market value of the total portfolio, or that equity's weight in the S&P/TSX Composite Index, whichever is greater.				Y

Investment policy dated February 23, 2017.

*If policy not complied with, comment on specifics

April 2021

Date:

Susan Eapen

**Susan Eapen
Chief Compliance Officer**