



Law Society
of Ontario

Barreau
de l'Ontario

Tab 5

Audit & Finance Committee

Report to Convocation

June 28, 2022

Committee Members:

Joseph Groia (Chair)
Lubomir Poliacik (Vice-Chair)
Catherine Banning
Cathy Corsetti
Seymour Epstein
Gary Graham
Philip Horgan
Jacqueline Horvat
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FOR INFORMATION

LAWPRO Financial Statements for the Quarter ended March 31, 2022

The Audit & Finance Committee recommends the first quarter financial statements for Lawyers' Professional Indemnity Company (LAWPRO) be received by Convocation for information.

The Law Society provides mandatory professional liability insurance to lawyers through LAWPRO, a provincially licensed insurer and wholly-owned subsidiary of the Law Society. There is a quarterly financial reporting schedule to the shareholder. These interim financial statements convey the performance of LAWPRO before the end of the year.

The professional liability insurance program generally requires practising lawyers to pay premiums and levies to the Law Society's Errors & Omissions Fund that contribute toward the premium paid by the Law Society to fund the anticipated costs of professional liability claims made in each annual policy period.

In addition to providing mandatory lawyers professional liability insurance, LAWPRO also sells optional excess lawyers professional liability insurance and title insurance.

On October 1, 2021, LAWPRO reported directly to Convocation on changes to the Law Society's professional liability insurance program for 2022. The base premium for professional liability insurance coverage for Ontario lawyers in 2022 is \$3,000. The annual policy limits for each of the years effective January 1, 1995 to December 31, 2022 have been \$1 million per claim and \$2 million in aggregate per licensee.

The financial statements were approved by LAWPRO's Board on June 15, 2022.



**Lawyers' Professional Indemnity Company
("LAWPRO" or "the Company")**

UNAUDITED FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

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Financial Overview

Financial information presented in this report includes LAWPRO's financial results for three months ended March 31, 2022 ("Q1 2022"), and financial position as at March 31, 2022. Reference to budget is for the same period, and reference to prior year is for the same period in 2021. Please refer to exhibits at the end of this report in conjunction with the commentary.

Individual amounts have been rounded up to the nearest thousand dollars, which may result in slight differences when rounded amounts are added or subtracted.

Lines of Business: Ontario primary professional liability program is referred to as "Primary E&O", Ontario excess professional liability program is referred to as "Excess E&O", and the national title insurance program is referred to as "TitlePLUS" or "TP".

Financial results for the three months ended March 31, 2022

- **Net Earned Premiums** of \$28.0M were 2% lower than budget (\$28.5M) and 1% greater than prior year (\$27.8M). Variance to budget was mainly due to lower TitlePLUS premium, partially offset by higher transaction levies for Primary E&O. Q1 2022 was slightly higher than prior year due to higher TP premiums, more Full Premium Equivalentents for Primary E&O, partially offset by lower transaction levies for Primary E&O
- **Net Claims Incurred** of \$9.6M was 62% or \$15.8M lower than budget (\$25.4M) and 67% or \$19.6M lower than prior year (\$29.2M). The net claims discount change decreased net claims incurred by \$17.0M which was in addition to a PfAD change of \$3.7M. The discount rate is calculated based on the investment returns of the assets owned by the insurer supporting the liabilities at the date of the valuation. The Bank of Canada increased the key interest rate by 25 basis points to 0.5% in early March, and the market yields moved in tandem
- **Underwriting Income** of \$11.0M was \$16.8M better than budget (\$5.8M loss), and \$18.8M better than prior year (\$7.8M loss). The significant drivers for underwriting results were favorable claims development
- **Investment Loss** of \$12.8M was \$9.8M worse than the prior year (\$3.0M loss), and \$16.1M worse than budget income (\$3.3M). The main drivers of the change from prior year were a \$15.0M unrealized loss (\$9.8M loss prior year) in the Asset Liability Matching Portfolio, and a \$0.9M realized loss in the total portfolio (\$3.3M gain prior year)
- **Net Loss Before Tax** of \$1.7M was \$0.8M better than budget (\$2.5M loss) and \$9.1M better than prior year (\$10.8M loss). The \$0.8M difference between actual and budget is attributable to underwriting income (\$16.8M of the difference) partially offset by investment loss (\$16.0M of the difference)

- **Net Loss** of \$1.2M was \$0.6M better than budget (\$1.8M loss) and \$6.7M better than prior period (\$7.9M loss)
- **Other Comprehensive Loss** of \$12.3M was \$13.0M worse than budget (\$0.7M Income) and \$11.8M worse than prior period (\$0.5M loss)
- **Total Comprehensive Loss** of \$13.5M versus budgeted comprehensive loss of \$1.0M, and a prior period comprehensive loss of \$8.5M

Financial Position as at March 31, 2022

- **Shareholder's Equity** at March 31, 2022 was \$272.3M compared with \$285.8M at December 31, 2021. The \$13.5M decrease was made up of a \$12.3M decrease in Accumulated Other Comprehensive Income (AOCI) and \$1.2M decrease in Retained Earnings
- The \$1.2M Retained Earnings decrease represents the net loss for Q1 2022
- The \$12.3M AOCI decrease represents a reduction in unrealized gains as at March 31, 2022, as compared to December 31, 2021. The \$12.3M decrease was made up of an after-tax increase in unrealized losses of \$6.3M in bonds and debentures, in addition to an after-tax decrease in unrealized gains of \$6.0M in the two equity pooled funds
- **Margin of \$228.3M of insurance assets greater than liabilities.** Insurance assets (cash and cash equivalents, investments, investment income due and accrued) of \$729.8M (\$8.2M decrease from December 31, 2021) to cover claims liabilities of \$501.4M (\$16.2M decrease from December 31, 2021)
- The **MCT ratio at March 31, 2022, was 220%**, compared with 241% at December 31, 2021, 205% at March 31, 2021, and 229% at December 31, 2020
- The lower MCT ratio on March 31, 2022, compared to December 31, 2021, is mainly due to the poor investment results, which drove down the net capital available. This was partially offset by the net earned premiums (\$28.0M) that were greater than claims expenses (\$9.6M). As well, the high level of receivables and unearned premiums experienced during the earlier part of the year raises the capital requirements under the MCT and drives down the Company's ratio

Statement of Financial Position

in \$000s

AS AT	March 31 2022	December 31 2021
Assets		
Cash and cash equivalents	34,452	24,473
Investments	691,001	710,522
Investment income due and accrued	4,315	2,924
Due from reinsurers	139	123
Due from insureds	5,763	2,221
Due from the Law Society of Ontario	63,669	6,908
Reinsurers' share of provisions for:		
Claims liabilities (Exhibit 14b)	48,764	49,583
Unearned premiums	5,691	-
Deferred policy acquisition expenses	2,563	-
Other receivables	3,241	476
Other assets	4,137	3,744
Property and equipment	10,361	10,637
Intangible assets	2,105	1,906
Current tax assets	8,984	415
Deferred income taxes	5,099	5,397
Total assets	890,284	819,329
Liabilities		
Claims liabilities (Exhibit 14b)	501,439	517,596
Unearned premiums	86,882	1,267
Unearned reinsurance commissions	1,234	-
Due to reinsurers	5,682	944
Due to insureds	42	29
Expenses due and accrued	12,430	3,267
Lease liabilities	9,755	9,859
Other taxes due and accrued	563	586
Total liabilities	618,027	533,548
Shareholders' Equity		
Capital stock issued and paid	5,000	5,000
Contributed surplus	30,645	30,645
Retained earnings	226,269	227,465
Accumulated other comprehensive income	10,343	22,671
Total shareholder's equity	272,257	285,781
Total liabilities and shareholders' equity	890,284	819,329

Statement of Profit or Loss

in \$000s

FOR THE 3 MONTHS ENDED MARCH 31	Actual	Budget	Variance to Budget		Actual	Variance to Prior Year	
	2022	2022	\$	%	2021	\$	%
Gross written premiums							
Ontario	107,373	105,561	1,812	2	106,969	404	-
Excess	6,514	6,150	364	6	6,050	464	8
Title	1,787	3,477	(1,690)	(49)	1,436	351	24
Total GWP	115,674	115,188	486	-	114,455	1,219	1
Change in unearned premium revenue							
Ontario	(80,709)	(80,275)	(434)	(1)	(80,288)	(421)	(1)
Excess	-4,906	(4,613)	(293)	(6)	-4,559	(347)	(8)
Total change in UPR	(85,615)	(84,888)	(727)	(1)	(84,847)	(768)	(1)
Gross earned premiums	30,059	30,300	(241)	(1)	29,608	451	2
Reinsurance ceded							
Ontario - Clash (Gross)	1,613	1,516	97	6	1,619	(6)	-
Less: Change in unearned ceded	(1,104)	(1,137)	33	3	(1,214)	110	9
Excess (Gross)	5,863	5,535	328	6	5,445	418	8
Less: Change in unearned ceded	(4,416)	(4,151)	(265)	(6)	(4,103)	(313)	(8)
TitlePLUS - Clash (Gross)	228	234	(6)	(3)	80	148	185
Less: Change in unearned ceded	-171	(176)	5	3	-60	(111)	(185)
Total reinsurance ceded	2,013	1,821	192	11	1,767	246	14
Net earned premiums							
Ontario	26,155	24,907	1,248	5	26,276	(121)	-
Excess	161	153	8	5	149	12	8
Title	1,730	3,419	(1,689)	(49)	1,416	314	22
Total NEP	28,046	28,479	(433)	(2)	27,841	205	1
Gross claims incurred							
Ontario	28,287	20,983	7,304	35	35,572	(7,285)	(20)
Excess	1,303	1,236	67	5	1,210	93	8
Title	(911)	1,212	(2,123)	(175)	(756)	(155)	(21)
	28,679	23,431	5,248	22	36,026	(7,347)	(20)
Reinsurer's share of claims incurred							
Ontario	4	-	4	100	(8)	12	150
Excess	1,173	1,113	60	5	1,089	84	8
Title	(9)	-	(9)	(100)	23	(32)	(139)
	1,168	1,113	55	5	1,104	64	6
Net claims incurred							
Ontario	27,511	22,318	5,193	23	34,922	(7,411)	(21)
Claims discount change	(17,018)	59	(17,077)	(28,944)	(7,188)	(9,830)	(137)
PfAD change	(3,714)	(116)	(3,598)	(3,102)	(1,097)	(2,617)	(239)
Subtotal	6,779	22,261	(15,482)	(70)	26,637	(19,858)	(75)
Add: ULAE	2,811	3,150	(339)	(11)	2,571	240	9
Total NCI	9,590	25,411	(15,821)	(62)	29,208	(19,618)	(67)
Reinsurance commission earned							
Excess	405	388	17	4	375	30	8
Profit commission earned (expensed)							
Ontario	(1)	-	(1)	(100)	11	(12)	(109)
Premium taxes	907	909	(2)	-	893	14	2
Operating expenses	9,633	11,406	(1,773)	(16)	8,392	1,241	15
Less: ULAE	(2,811)	(3,150)	339	11	(2,571)	(240)	(9)
General expenses	6,822	8,256	(1,434)	(17)	5,821	1,001	17
Finance Costs	97	97	-	-	101	(4)	(4)
Underwriting income (loss)	11,034	(5,806)	16,840	290	(7,796)	18,830	242
Investment income (before net unrealized gains)	2,240	3,269	(1,029)	(31)	6,786	(4,546)	(67)
Change in unrealized gains and losses	(14,995)	-	(14,995)	(100)	(9,751)	(5,244)	(54)
Investment income (loss)	(12,755)	3,269	(16,024)	(490)	(2,965)	(9,790)	(330)
Net income (loss) before taxes	(1,721)	(2,537)	816	32	(10,761)	9,040	84
Income taxes	(525)	(782)	257	33	(2,851)	2,326	82
Net income (loss)	(1,196)	(1,755)	559	32	(7,910)	6,714	85
Other comprehensive income (loss)	(12,328)	742	(13,070)	(1,761)	(541)	(11,787)	(2,179)
Total comprehensive income (loss)	(13,524)	(1,013)	(12,511)	(1,235)	(8,451)	(5,073)	(60)
Combined Operating Ratio (discounted basis)	60%	120%			124%		
Loss Ratio (discounted basis)	34%	89%			105%		
Combined Operating Ratio (undiscounted basis)	121%	120%			153%		
Loss Ratio (undiscounted basis)	95%	89%			131%		

Statement of Comprehensive Income

in \$000s

FOR THE 3 MONTHS ENDED MARCH 31	2022	2021
Profit (loss)	(1,196)	(7,910)
Other comprehensive income, net of income tax:		
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Remeasurements of defined benefit plans, net of income tax expense (recovery) of \$0 [2021: (\$0)]	-	-
<u>Items that may be reclassified subsequently to profit or loss:</u>		
<i>Available-for-sale assets</i>		
Net changes unrealized gains (losses), net of income tax expense (recovery) of (\$4,642) [2021: (\$39)]	(12,873)	(104)
Reclassification adjustment for (gains) losses recognized in profit or loss, net of income tax (expense) recovery of \$197 [2021: (\$157)]	545	(437)
Reclassification adjustment for impairments, recognized in profit or loss, net of income tax expense of \$0 (2021: \$0)	-	-
Other comprehensive income	(12,328)	(541)
Comprehensive income	(13,524)	(8,451)

Statement of Changes in Equity

in \$000s

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Equity
Balance at December 31, 2020	5,000	30,645	223,967	9,958	269,570
Total comprehensive income for the year	-	-	2,181	14,030	16,211
Transfer of defined benefit remeasurements from OCI to retained earnings			1,317	(1,317)	-
Balance at December 31, 2021	5,000	30,645	227,465	22,671	285,781
Total comprehensive income for the year	-	-	(1,196)	(12,328)	(13,524)
Transfer of defined benefit remeasurements from OCI to retained earnings			-	-	-
Balance at March 31, 2022	5,000	30,645	226,269	10,343	272,257

Insurance Ratios

TEST	TARGET	MAR 2022	DEC 2021	MAR 2021	DEC 2020	DEC 2019
SOLVENCY RATIOS						
<p>Minimum Capital Test Measures the excess of capital available to capital required based on a risk-based capital adequacy framework. Used to determine capital adequacy of a company</p>	Preferred = 210-240% [Minimum: 170%]	220%	241%	205%	229%	242%
<p>Net Claims Liabilities / Equity Measures Net Claims Liabilities as a % of Equity and provides a simple test of the leveraged position of the company</p>	< 200%	166%	164%	178%	171%	164%
<p>Liabilities / Liquid Assets Liabilities as a % of Cash & Equivalents and Investments measures company's ability to meet its financial demands</p>	< 105%	78%	66%	80%	68%	66%
<p>Net Underwriting leverage Measures the company's ability to absorb financial shocks. Equal to net written premiums as a percentage of equity</p>	< 100%	40%	43%	41%	40%	40%
PROFITABILITY RATIOS						
<p>Return on equity Net Income (last twelve months) as a percentage of equity</p>	> 0%	3.3%	0.8%	10.4%	7.8%	1.8%
<p>Comprehensive return on equity Comprehensive income (last twelve months) as a percentage of equity</p>	> 0%	4.2%	5.8%	11.2%	-0.6%	6.8%
<p>Combined Operating Ratio Total underwriting expenses as a percentage of net earned premium</p>	110%	60%	105%	128%	117%	115%
<p>Loss Ratio Net Claims Incurred as a percentage of Net Earned Premium</p>		34%	83%	105%	94%	92%
<p>Expense ratio Measures general expenses, excluding commissions, as a % of net earned premiums</p>	28%	28%	23%	24%	24%	24%

in target

worse than target

Claims Payments & Statistics – Ontario Primary E&O

Ontario Primary E&O Program - Claims count and payment statistics
For the three months ended March 31, 2022

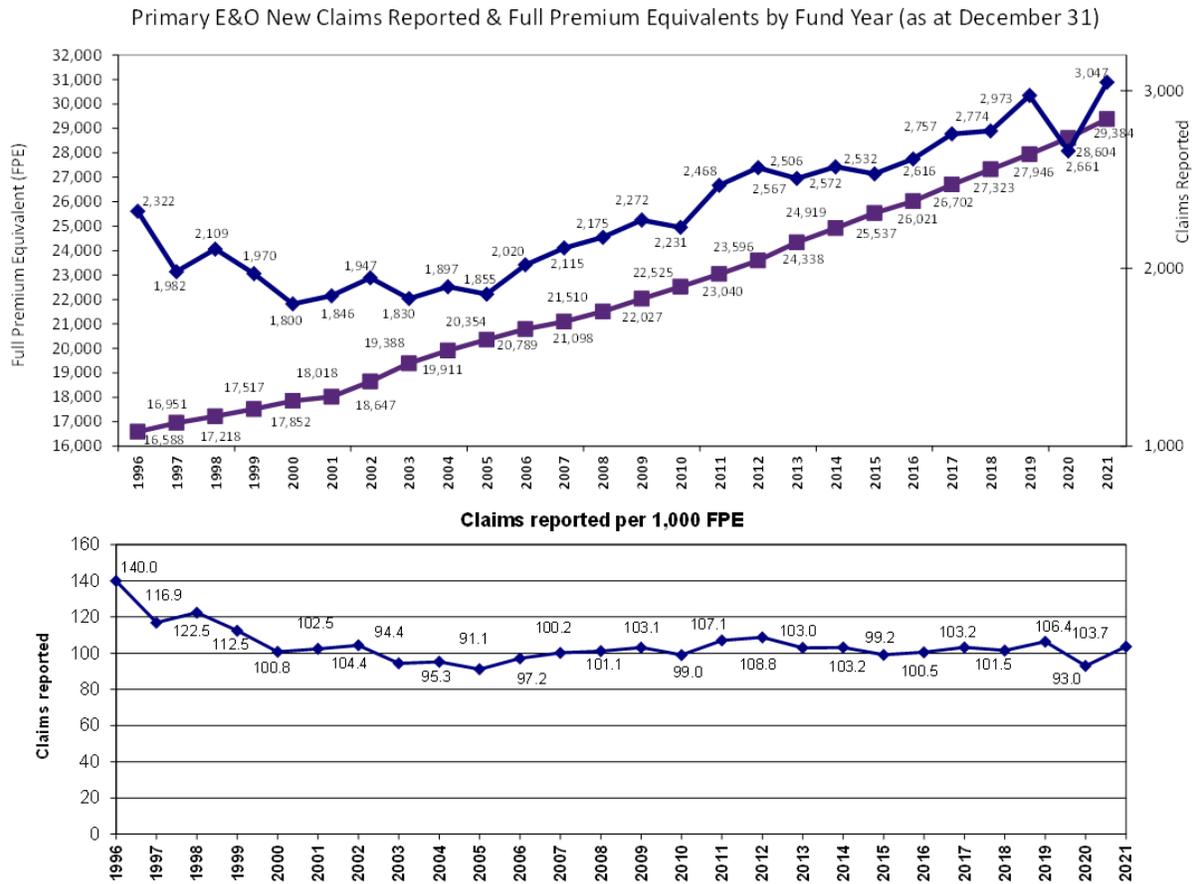
Claims count

Number of Claims	2022	2021	2020	2022 vs 2021 Change	2022 vs 2021 % Change	2022 vs 2020 Change	2022 vs 2020 % Change
Open Claims (All fund years)	4,441	4,326	4,343	115	3%	98	2%
Activated during year:							
new reports*	702	813	737	(111)	-14%	(35)	-5%
reopened	55	69	52	(14)	-20%	3	6%
	757	882	789	(125)	-14%	(32)	-4%
All fund years - Closed during year	583	689	729	(106)	-15%	(146)	-20%
*new reports - current fund year only	520	578	489	(58)	-10%	31	6%

Claim payments

Costs	2022	2021	2020	2022 vs 2021 Change	2022 vs 2021 % Change	2022 vs 2020 Change	2022 vs 2020 % Change
	\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	
Indemnity	10,071	12,400	6,595	(2,329)	-19%	3,476	53%
Legal Fees	11,137	10,769	12,052	368	3%	(915)	-8%
Adjuster Fees	47	128	50	(81)	-63%	(3)	-6%
Other	600	576	805	24	4%	(205)	-25%
Total	21,855	23,873	19,502	(2,018)	-8%	2,353	12%

New Claims Reported and FPEs by Fund Year – Ontario Primary E&O





CIBC Asset Management Inc.
161 Bay Street, Suite 2230
Toronto ON M5J 2S8
Tel: 416-364-5620
Fax: 416-364-4472

Confidential

April 29, 2022

Subject: Quarterly Compliance Report as at March 31, 2022
for Lawyers' Professional Indemnity Company

As of and for the quarter ending March 31, 2022, we hereby certify that to the best of our knowledge the investments in the Lawyers' Professional Indemnity Company portfolio were in compliance, based on our records which are issued on a trade date basis, in accordance with the Investment Policy Statement dated January 1, 2020.

Yours truly,

A handwritten signature in blue ink, appearing to read "B. Lancaster", with a small blue dot to the right of the signature.

Brian Lancaster, CFA, CAIA
Vice-President

Compliance Statement

The undersigned confirms that, throughout the 3-month period ending March 31st, 2022:

The portfolio managed by Fiera Capital Corporation for Lawyers' Professional Indemnity Company (the "Account") was in compliance with the investment guidelines and restrictions applicable to the Account.

The Fiera Funds held in the Account (the "Funds") were in compliance with the investment guidelines and restrictions applicable to the Funds.

The undersigned confirms that, to the best of his knowledge, no investigation or disciplinary action has been commenced against Fiera Capital Corporation during the period by any securities regulatory authority.

Dated April 13th, 2022

A handwritten signature in blue ink, appearing to read "Thomas Di Stefano".

Thomas Di Stefano, CFA
Head of Compliance - Canada

FOR INFORMATION

LiRN Inc. Financial Statements for the Quarter ended March 31, 2022

The Audit and Finance Committee requests the first quarter financial statements for LiRN Inc. be received by Convocation for information.

LiRN Inc. (“LiRN”) is the central manager of the Ontario county courthouse library system in accordance with the objectives, policies and principles established and approved by the Law Society, in consultation with the Federation of Ontario Law Associations (“FOLA”) and the Toronto Lawyers’ Association (“TLA”), all shareholders of the organization.

LiRN is a wholly-owned subsidiary of the Law Society with two classes of shares: 100 common shares and 100 special shares. The Law Society holds all of the common shares outstanding. Of the special shares outstanding, 25 are held by the TLA and 75 are held by the FOLA.

There is a quarterly financial reporting schedule to the shareholder in compliance with the Unanimous Shareholders Agreement. These interim financial statements convey the performance of LiRN before the end of the year. The financial statements have been approved by LiRN’s Board.

LiRN is fully funded by the Law Society through the lawyer’s annual fee. The LiRN component of the annual fee approved by Convocation for 2022 is \$183 per lawyer, totalling \$8.54 million. The actual grant to LiRN is determined and approved as part of the Law Society annual budget process. Any variance resulting from the imposition of the per lawyer fee on the actual number of lawyers billed and the grant paid to LiRN is retained in the Law Society’s County Libraries Fund. This Fund Balance is available to mitigate the future LiRN component of the annual fee or to support LiRN operations at the discretion of Convocation. Grants to the 48 county libraries comprised most of LiRN’s expenditures with the balance being centralized expenses such as access to online research products.

In addition, for 2022, Convocation approved a transitional budget of up to \$900,000 for

- the expansion of electronic resources available across the network
- the related training of library staff to facilitate their ability to support users, and
- investment in the information technology infrastructure required to support a shift to digital resources.

The transitional funding will only be advanced to LiRN as costs are incurred.

A summary of the key highlights is at **Tab 5.2.1**. The financial statements at **Tab 5.2.2** have been approved by LiRN's Board of Directors.

Financial Report
For the three months ended March 31, 2022

KEY POINT SUMMARY

Overall Results

1. Consolidated results for the first quarter, which includes the General and Transitional Funds, identify an excess of revenues over expenses of \$62,251. The prorated budget for the first quarter planned for an excess of revenues over expenses of \$20,525.
2. The favourable variance from budget in revenues and expenses of \$41,726 for the quarter is primarily a result of lower than planned administrative costs and centralized purchases in the General Fund.

Revenues

3. The Law Society of Ontario grant includes amounts for central administration, transitional expenses and quarterly transfers to the 48 county law libraries. Grant revenue from the Law Society was \$2.2 million, with \$2.1 million received in the first quarter. The comparable 2021 amount was \$1.8 million with the funding increase approved as part of the Law Society's 2022 budget.

Expenses

4. Total operational expenses were \$2.1 million, approximately \$40,000 less than budget.
5. Head-office administration expenses of \$73,919, which includes staffing related costs and outsourced financial administration, appear under budget by \$9,456. This variance is mostly attributable to the distribution of the budget requiring re-alignment and benefit costs lower than anticipated.
6. Other head-office expenses, primarily include governance meetings, staff & travel and continuing professional development which have all been curtailed because of the pandemic resulting in a positive variance from budget of \$8,991.
7. Group benefits and insurance expenses of \$82,549 were less than budget, resulting in a positive variance of \$14,951. While the amounts are slightly less than this period in 2021, the renewal of the insurance policies at the end of April

2022 will result in higher premiums and will likely reduce this variance over the course of the year.

8. Other centralized expenses of \$6,526, including library courier costs and publications by the Law Society to each of the 48 county law libraries, were lower than the budgeted amount of \$15,000. This is a result of association library users accessing the AccessCLE online database as opposed to ordering hard copies.
9. County and district law libraries grants of \$1.8 million are roughly \$39,000 higher than the first quarter of 2021. This is a direct result of the increase in total grant funding from the Law Society to LiRN in 2022, reversing the 10% reduction of the previous year, with a notable component directed to library operations across the system.
10. Transitional expenses of \$71,349 for the quarter are approximately \$102,000 less than budget as a result of
 - the timing of electronic product expenses with some lag in the first quarter and
 - lower than anticipated consulting service costs incurred in the quarter.

Statement of Financial Position

11. Cash and short-term investments of \$738,773 decreased from the same period in 2021 (\$879,295) due to the excess of expenses over revenues in the intervening period.
12. Accounts receivable of \$92,309 includes \$71,349 due from the Law Society related to the transitional budget. The Law Society agreed to fund up to \$900,000 in support of the transitional budget, with funding based on actual expenses incurred. Payment is expected in the second quarter.
13. Accounts payable and accrued liabilities of \$83,193 are lower than 2021 (\$123,254), a result of less amounts owing related to the timing of invoices received, while accrued liabilities remained the same.
14. The balance of the General Fund has decreased from \$286,803 at the end of the first quarter of 2021 to \$257,000 as at March 31, 2021 based on the excess of expenses over revenues for the period of April 2021 to March 2022.
15. The Reserve Fund has a balance at the end of March of both years of \$500,000.



Legal Information and Resource Network

Statement of Financial Position

Stated in Dollars

As at March 31, 2022

Unaudited

	2022	2021
Assets		
Current Assets		
Cash and short-term investments	738,773	879,295
Accounts receivable	92,309	22,545
Prepaid expense	9,360	8,417
Total Assets	840,442	910,257
Liabilities, Share Capital and Fund Balances		
Liabilities		
Accounts payable and accrued liabilities	83,193	123,254
Total Liabilities	83,193	123,254
Share Capital and Fund Balances		
Share capital	200	200
General fund	257,049	286,803
Reserve fund	500,000	500,000
Transitional fund	-	-
Total Share Capital and Fund Balances	757,249	787,003
Total Liabilities, Share Capital and Fund Balances	840,442	910,257

This statement includes the financial resources of the LiRN Inc. entity only.



Legal Information and Resource Network

Statement of Revenues and Expenses

Stated in Dollars

For the three months ending March 31, 2022

Unaudited

	General Fund				Transitional Fund				Combined	
	2022 Actual	YTD Budget	YTD Variance	Annual Budget	2022 Actual	YTD Budget	YTD Variance	Annual Budget	2022 YTD Actual	2021 Actual
REVENUES										
Law Society of Ontario grant	2,135,533	2,135,533	-	8,542,130	71,349	173,750	(102,401)	900,000	2,206,882	1,804,298
Interest income	604	-	604	-	-	-	-	-	604	677
Total revenues	2,136,137	2,135,533	604	8,542,130	71,349	173,750	(102,401)	900,000	2,207,486	1,804,975
EXPENSES										
Head office / administration										
Administration	73,919	83,375	9,456	333,500	-	-	-	-	73,919	75,560
Professional fees	3,900	3,500	(400)	14,000	949	20,000	19,051	20,000	4,849	3,780
Other	6,109	15,100	8,991	67,500	-	-	-	-	6,109	5,299
Total head office / administration expenses	83,928	101,975	18,047	415,000	949	20,000	19,051	20,000	84,877	84,639
Law libraries - centralized purchases										
Electronic products and services	96,600	96,250	(350)	385,000	70,400	153,750	83,350	615,000	167,000	93,506
Group benefits and insurance	82,549	97,500	14,951	390,000	-	-	-	-	82,549	83,829
IT Infrastructure	-	-	-	-	-	-	-	265,000	-	-
Other	6,526	15,000	8,474	135,000	-	-	-	-	6,526	24,721
Total law libraries - centralized purchases	185,675	208,750	23,075	910,000	70,400	153,750	83,350	880,000	256,075	202,056
County and district law libraries - grants	1,804,283	1,804,283	-	7,217,130	-	-	-	-	1,804,283	1,765,166
Total county and district law libraries expenses	1,804,283	1,804,283	-	7,217,130					1,804,283	1,765,166
Total expenses	2,073,886	2,115,008	41,122	8,542,130	71,349	173,750	102,401	900,000	2,145,235	2,051,861
Excess of revenues over expenses (expenses over revenues)	62,251	20,525	41,726	-	-	-	-	-	62,251	(246,886)



Legal Information and Resource Network

Statement of Changes in Fund Balances
Stated in Dollars
For the three months ending March 31, 2022
Unaudited

	2022				2021
	General Fund	Reserve Fund	Transitional Fund	Total	Total
Balance, beginning of year	194,798	500,000	-	694,798	1,033,689
Excess of (expenses over revenues) revenues over expenses	62,251	-	-	62,251	(246,886)
Balance, end of period	257,049	500,000	-	757,049	786,803

FOR INFORMATION

Cost of Motions

The following report is provided in response to questions about the cost of motions brought to Convocation without consideration by a committee of Convocation.

A recent enquiry by members of the Audit and Finance Committee initiated a review and assessment of the financial impact of motions considered by Convocation outside of the normal governance process. This impact is twofold; 1) direct expenses at Convocation extending from a half-day to a full-day session¹ and 2) the opportunity cost of resources being used for research, analysis, outreach or other similar activities to prepare for the consideration of the motion and subsequent issues management. The core components are:

- Direct expenses such as incremental bencher remuneration, technical production and transcription services
- Management of the motion in preparation for Convocation by the Treasurer, Corporate Secretary, Chief Executive Officer (“CEO”), some Benchers, etc., and time attending an extended meeting of Convocation
- Executive and other staff resources engaged to assess the impact of the motion including feasibility, risks, issues management, etc., in preparation for Convocation and time spent by the Senior Executive team attending an extended Convocation meeting

The incremental cost for remuneration of Benchers when Convocation is extended from a half to a full day is approximately \$13,000² with the quantum of direct expenses related to technical production and transcription services dependent on the duration. This does not include other unanticipated costs such as the need to change travel arrangements.

The opportunity cost for each motion, in addition to the expenses associated with extended Bencher attendance, is in the range of \$15,000 to \$25,000. This is the cumulative cost of time expended by the Treasurer, Committee members³, the CEO, the Senior Management Executive team, the Corporate Secretary and supporting staff required for research, analysis, reporting, preparation and attendance. This cost can

¹ A half-day is up to and including 3 hours while a full-day is more than 3 hours on a given calendar day.

² Bencher remuneration rates for a half-day is \$375 and \$620 for a full day.

³ Some motions may be involve a brief discussion at the Strategic Planning and Advisory Committee.

vary depending on nature of the motion and the impact of related issues across the Law Society's operations and to its various stakeholder groups.