



Law Society
of Ontario

Barreau
de l'Ontario

Tab 2

Audit & Finance Committee

Report to Convocation

October 27, 2022

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FOR DECISION

Law Society of Ontario 2023 Budget

Motion

1. That Convocation approve the Law Society’s 2023 Budget as presented in this Report to Convocation, including:
 - a) Annual fees for lawyer and paralegal licensees of \$1,981 and \$1,035, respectively,
 - b) The use of fund balances to fund operations and mitigate annual fee increases totaling \$7,054,200 as defined below,
 - c) A loan of \$1.6 million from the Lawyer General Fund to the Capital Fund restricted to fund the Bencher Wing repairs and restoration project, and
2. That Convocation approve an interfund transfer of \$3.5 million from the Lawyer General Fund to the Capital Fund restricted to fund the Business Technology Transformation Initiative (“the Transformation”).

2023 Annual Fees:

Fund	Lawyers	Paralegals
General Fund	\$1,625	\$959
Compensation Fund	\$90	\$10
Capital Fund	\$66	\$66
County Library Fund	\$200	-
Total	\$1,981	\$1,035

Use \$7,054,200 of fund balances in 2023:

Fund Name	2023 Draft Budget
General Fund – Lawyer	\$4,000,000
General Fund – Paralegal	\$500,000
Errors & Omissions Insurance Fund	\$1,200,000
Compensation Fund – Paralegal	\$54,200
Capital Fund	\$1,300,000
TOTAL	\$7,054,200

Budget Overview

The 2023 budget recognizes and/or addresses:

- Changes to operations after the pandemic, including increased revenues and expenses as licensees and stakeholders engage in more frequent interactions with the Law Society
- Increased claims activity and financial pressure on the Compensation Fund, in particular, claims liability of approximately \$10.3 million¹ in the last 18 months related to three lawyers
- The impact of financial market volatility on fund balances with unrealized losses on investments of \$9.2 million this year to the end of September (\$4.2 million pertaining to the Compensation Fund) and increased costs with inflation at 7%
- Incorporates efficiencies and savings achieved through process improvements developed and implemented by the team during the pandemic
- Our corporate objectives and public interest obligations through investments in systems, infrastructure, and people
- Important resources for licensees such as the Practice Management Helpline and funding of LiRN Inc. which provides grants to the 48 county law libraries across the Province and has expanded the suite of electronic products available for use in the libraries

The budget approach and process implemented for the 2020 budget cycle was followed in developing the 2023 budget. A high-level description of the budget process is available at [Tab 2.1.1](#).

From 2019 to 2022, the annual fee for lawyers and paralegals dropped by \$388 and \$160, respectively. To support our corporate objectives and public interest obligations and balance the external factors mentioned, annual fees will increase for lawyers by \$168, with \$89 or 53% of the increase directly related to funding the Compensation Fund. \$17 of the lawyer annual fee increase is in support of LiRN Inc. The paralegal annual fee increases by \$80. Despite the increase, the fees remain lower than pre-pandemic annual fees.

¹ As at the end of June, with the \$10.3 million in the provision for unpaid grants liability making up 44% of the total liability.

The year over year change in the annual fee for lawyers and paralegals, by component, is set out below:

Lawyer

Annual Fee Component	2022	2023	Change (\$)	Change (%)
Compensation Fund	\$1	\$90	\$89	8900%
County Libraries Fund (LiRN Inc.)	183	200	17	9%
General Fund	1,563	1,625	62	4%
Capital Fund	66	66	-	0%
Total	\$1,813	\$1,981	\$168	9%

Paralegal

Annual Fee Component	2022	2023	Change (\$)	Change (%)
Compensation Fund	\$1	\$10	\$9	900%
General Fund	888	959	71	8%
Capital Fund	66	66	-	0%
Total	\$955	\$1,035	\$80	6%

There are four external factors that are negatively impacting 2022 financial results and putting pressure on the 2023 budget. They are:

- An increase in volume and dollar value of claims against the Compensation Fund, most notable in the lawyer pool of the Fund due to three lawyers
- The Law Society's three investment portfolios related to the General, Compensation, and Errors & Omissions Insurance Funds all experiencing notable unrealized investment losses of \$2.7 million, \$4.2 million and \$2.3 million², respectively, which has a direct impact on the fund balances available to mitigate annual fee increases
- High inflation rates (currently at 7%) impacting most aspects of Law Society operations and some of the funding requirements of organizations we support³
- A return to in-person examination delivery to address the inappropriate access to examination content by some candidates and ensure the integrity of the licensing process resulting in approximately \$3.8 million in unbudgeted costs in 2022

² Unrealized losses in 2022 to the end of September

³ LiRN Inc. (and the 48 county law libraries through granting to LiRN Inc.), the Federation of Law Societies, CanLII, the Federation of Ontario Law Associations, the Law Commission of Ontario, and ProBono Ontario

In addition, the 2023 budget incorporates:

- Two new programs approved by Convocation; enhancements to the Experiential Training Program and the launch of a new Practice Essentials Course
- Normalized operations in a post-pandemic environment including in-person activities
- Funding to maintain the expanded suite of electronic products launched by LiRN Inc. in 2022, which broadens the availability of legal information resources to **all** lawyers across Ontario

The 2023 consolidated budget projects \$132.4 million in revenues (2022 - \$118.1 million) and \$141.1 million in expenses (2022 - \$134.3 million) with expenses planned to exceed revenues by \$8.7 million (2022 - \$16.2 million). To fund the difference, the budget plans to use \$8.7 million in available fund balances with \$7.1 million directed to mitigate annual fee increases and \$1.6 million in a loan from the Lawyer General Fund to the Capital Fund (details in the budget presentation). The planned use of fund balances complies with applicable Law Society Fund Balance Management Policies (“Policies”). The full budget is available at [Tab 2.1.2](#).

The Audit & Finance Committee (“Committee”) considered the budget in the context of:

- a) The expectation under By-Law 2, s. 50 (2), that the budget reflect the activities/programs approved by Convocation, including the addition of the Practice Essentials Course and Experiential Training Enhancements programs,
- b) Financial pressures on expenses resulting from high inflation rates in 2022 and projected to continue into 2023 driving up expenses, and
- c) Appropriate fund balances and the risk exposure with heightened claims activity in the Compensation Fund and an unstable financial market with notable unrealized losses affecting the General, Compensation and E&O Fund investment portfolios.

The Committee deliberated on the budget at its September meetings and again in October with consensus on recommending the budget to Convocation for approval.

Driving Factors in the Annual Fee Change

Compensation Fund

The largest component of the increase in the lawyer annual fee, \$89, pertains to the Compensation Fund and is driven by two factors:

- a) an increase in inquiries and claims activity related to three lawyers in the past 2 years and
- b) significant market volatility resulting in unrealized losses on the investment portfolio.

Claims Activity

As a result of the increased activity in the Fund, the 2023 budget for the lawyer pool of the Compensation Fund includes a \$600,000 increase for 2023 in the provision for unpaid grant expense bringing it to \$5.1 million. The budget for provision for routine grants was set for both the 2021 and 2022 budgets at \$4.5 million based on a model⁴ updated in June 2020 by an actuarial firm engaged by the Law Society. The model is used to project the provision for routine unpaid grant expense and considers historical data, trends and other factors with the budgeted amount set at the 50th percentile⁵. The actual expense associated with the provision for unpaid grants in 2021 was \$6.8 million and is \$5.8 million as of September 30, 2022. The provision for unpaid grant expense is projected to be approximately \$7.6 million by the end of 2022, or \$3.1 million over budget. Grant related expenses for 2021 and 2022 combined are projected to be \$5.4 million higher than budget resulting in an unbudgeted reduction of the same amount in the Compensation Fund balance.

Given the significant increase in activity over the past two years and provision for unpaid grant expense significantly exceeding budget, management engaged the actuarial firm in 2022 to update the model based on more current inquiry and claims data. The result of the analysis is an estimate for the provision for routine grants expense of \$5.8 million.

The Committee considered the risk to the fund balance, specifically, the pressures related to increased claims activity, the notable unrealized losses on investments (addressed below) and the fund balance approaching the minimum threshold under the Policy of \$19.6 million, in assessing the recommended budget for the provision for unpaid grant expense in the lawyer pool of the Compensation Fund. The budget

⁴ Known as a stochastic model

⁵ The model assumes, based on the information available at the time, that actual provision for unpaid expense will fall above the budgeted amount 50% of the time and below 50% of the time.

estimates considered by the Committee included:

- the current provision for unpaid grant expense at the 2022 budget amount of \$4.5 million (estimate based on modelling completed in 2020)
- the \$5.8 million based on the updated model prepared in May 2022 using more current data (reflects the increased claims activity and the higher \$500,000 grant limit)
- the mid-point of \$5.1 million, which falls between the two estimated amounts and acknowledges that the heightened claims activity may not continue into 2023.

Unrealized Investment Losses

The Compensation Fund has also been notably impacted by the financial market volatility experienced in 2022 resulting in significant unrealized losses within the Fund's investment portfolio. As at September 30, 2022, these unrealized losses for 2022 are approximately \$4.2 million. The unrealized losses have decreased the fund balances for both the lawyer and paralegal pools of the Compensation Fund. Projected fund balances for both pools are summarized in the "Use of Fund Balances" section below.

LiRN Inc

The County Libraries Fund portion of the annual fee, which supports the operation of the county law library system⁶ through grant funding to LiRN Inc. ("LiRN"), will increase by \$17 to \$200, up from \$183 in 2022. This is to support LiRN's \$9.6 million request in funding from the Law Society for 2023; a moderate increase over its 2022 total funding request of \$9.4 million. Of the \$9.6 million, approximately \$8 million directly supports the 48 county law libraries across the Province and \$900,000 is to fund the expanded suite of electronic resources available through the libraries for use by all lawyers. The sustained level of funding will allow LiRN to continue its support of the network of law libraries and maintain the enhanced suite of electronic resources available which are facilitating more equitable access to legal resources across all regions in Ontario.

Inflation is affecting the cost of maintaining library collections and electronic product subscriptions as publishers and vendors increase prices, and is impacting staffing costs and insurance, as examples.

⁶ 48 county law libraries providing legal information services across the province of Ontario.

General Fund

Unrealized investment losses

Continued financial market volatility has adversely affected returns on the Law Society's long-term investment portfolios and reduced available fund balances of each Fund. As of September 30, 2022, unrealized losses by Fund are:

Fund	Unrealized Loss
General Funds	\$2.7 million
Compensation Fund	\$4.2 million
E&O Fund	\$2.3 million
Total	\$9.2 million

While market volatility resulted in a small decrease in the budget for investment income in 2023, the greater impact is on the availability of fund balances to fund operations and mitigate annual fee increases.

Unrealized losses within the E&O Fund have impacted the available unrestricted fund balance for use to mitigate lawyer annual fee increases in 2023.

For the Lawyer and Paralegal General Funds unbudgeted, unrealized losses, coupled with unplanned spending of \$3.8 million to pivot to in-person examination delivery in the spring of 2022, have negatively affected the projected 2022 year-end fund balances available to offset fee increases. The 2022 budget utilized \$16.2 million of available fund balances while the 2023 budget is utilizing \$8.7 million in fund balances.

Inflation

Year over year, inflation increased by approximately 7%. It is expected to stay at this level for the balance of 2022 and is projected to remain well above the target of 2% set by the Bank of Canada. Inflation has impacted almost all aspects of the Law Society's operations with increased costs related to building service contracts, IT software and cloud subscriptions, library collection and electronic subscription expenses, and salary and benefit costs in an increasingly competitive market. While inflation is trending over 7%, the actual increase in budgeted expenses is approximately 4%, much less than the inflation rate.

Total salaries and benefits expense within the General Funds increased \$2.8 million from \$69.3 million in 2022 to \$72.1 million in 2023. This increase includes the expenses associated with annual employee merit increases, benefit plan costs, market adjustments, and funding for leaves of absences as well as three additional full-time

positions for Convocation decisions to implement Experiential Training Enhancements and the Practice Essentials Course. The increase related to this group of expenses is below the inflation rates of 2022. In a low supply high demand employment market, competitive salaries and benefits are critical to remain competitive and the Law Society's ability to recruit and retain talent within the organization.

Total operating and program expenses within the General Funds increased \$3 million, from \$43.9 million in 2022 to \$46.9 million in 2023. This includes an increase of \$2.1 million to support costs related to the return to in-person examination delivery and \$260,000 of new spending related to the Practice Essentials Course. Once those factors are removed, the actual increase in operating and program expenses is less than 2% over the 2022 budget. Management across the Law Society continued to critically assess operational needs and incorporate further efficiencies gained over the past two years into the 2023 budget. This has offset some of the inflation-based increases expected from supplier and subscription contracts.

Return to in-person licensing examinations

Convocation approved in 2021 the shift to an online delivery model for licensing examinations and the 2022 budget reflected the reduced costs of that model resulting in lower candidate licensing fees. In March 2022, licensing examination content was improperly accessed by some candidates, which compromised the integrity of the examination process. In response, the Law Society pivoted to in-person delivery of examinations, which remains the most secure method of administration at the current time.

The Law Society will continue to deliver the licensing examinations in-person for the entire 2023 calendar year. The budget reflects this assumption with expenses increasing by a net \$2.1 million across both the lawyer and paralegal licensing process budgets. This increase is driven primarily by the resumption of venue rentals, accommodation, and ancillary costs such as printing, security, and audio-visual, all influenced by inflation, and offset by the elimination of expenses associated with online delivery. As licensing process fees are set under a cost recovery model⁷, the increase in expenses will result in candidate fees rising as part of the 2023 budget.

⁷ There is no increase in 2023 annual fees for lawyers or paralegals as a result of the return to in-person licensing examinations. The budget continues to reflect a \$1 million contribution through lawyer annual fees towards indirect costs.

The 2023/24 licensing fees for lawyer and paralegal candidates are set out below.

Lawyer Licensing Fee Type	Proposed 2023/24 Fees	2022/23 Fees (Current)	2021/2022 Fees
Application Fees	\$160	\$160	\$160
Barrister Study Material Fees	\$100	\$100	\$150
Solicitor Study Material Fees	\$100	\$100	\$150
Barrister Examination Fees	\$865	\$500	\$600
Solicitor Examination Fees	\$865	\$500	\$600
Articling/LPP Fees	\$2,800	\$2,800	\$2,800
Call to the Bar Fees – Ceremonial or Administrative	\$250 or \$165	\$250 or \$165	\$250 or \$165
Total – Ceremonial Call	\$5,140	\$4,410	\$4,710
Total – Administrative Call	\$5,055	\$4,325	\$4,625

Paralegal Licensing Fee Type	Proposed 2023/24 Fees	2022/23 Fees (Current)	2021/22 Fees
Application Fees	\$160	\$160	\$160
Study Material Fees	\$100	\$100	\$150
Paralegal Examination Fees	\$1,075	\$875	\$925
Paralegal Licensing Fees	\$165	\$165	\$165
Total	\$1,500	\$1,300	\$1,400

Capital Fund

The capital portion of the annual fee remains unchanged at \$66 for both lawyers and paralegals. The 2023 capital budget expenses total \$6.5 million and include:

- the restoration, preservation and upgrade of critical facility infrastructure informed by the Facilities Condition Assessment (“FCA”) completed in 2020; and
- essential IT capital infrastructure upgrades and updates.

The capital budget is summarized below:

Capital Project	2023 Proposed Capital Budget
Facilities - Benchers' Wing Restoration – Phase 2	3,800,000
Facilities - Preservation and Infrastructure Projects per FCA	1,750,000
Information Technology - Infrastructure Updates and Replacements	545,000
Contingency for Emergency Infrastructure Capital Repairs	400,000
Total	\$6,495,000

The funding of the 2023 capital budget is summarized below:

Funding Source	Amount
Annual Fees (Lawyer & Paralegal) – Capital Component of Annual Fee	\$3,595,000
Loan from the Lawyer General Fund	\$1,600,000
Use of Fund Balance – Capital Fund	\$1,300,000
Total	\$6,495,000

In April 2022, Convocation approved proceeding with the Business and Technology Transformation Initiative (the “Transformation”). To fund the Transformation, Convocation approved the transfer of \$8.6 million from the unrestricted fund balance of the E&O Fund to the Capital Fund restricted for the purpose of this project. At the same time, Convocation agreed to transfer up to \$5.9 million from the Lawyer General Fund to the Capital Fund for the Transformation, with the final amount to be determined when assessing fund balances as part of the 2023 budget process. A further transfer of \$3.5 million from the Lawyer General Fund to the Capital Fund restricted for the Transformation is reflected in the motion to align with the 2023 budget cycle. Preliminary future funding requirements for the Transformation are between \$17.5 to \$20 million.

The implementation plan and estimated cost of the Transformation is expected in the short-term from the system integrator engaged by the Law Society to assist with planning and implementation. As the planning phase is still underway and will inform estimated implementation costs, the associated capital expenses for 2023 are not reflected in this budget.

When implementation costs are known, a revised capital budget will be presented. At this point, it is anticipated that any funding required for the Transformation will come

from the restricted balance in the Capital Fund. If the opportunity presents itself to complete the Transformation in a shorter period of time and additional funding be required prior to 2024, Convocation could approve a loan from the Lawyer General Fund or borrow from a financial institution.

Use of Fund Balances

The Law Society’s Fund Balance Management policies (“Policies”) establish the minimum and maximum fund balance thresholds for both the Lawyer General Fund and the lawyer pool of the Compensation Fund. These Policies are reviewed every three years, most recently in 2020.

Projected ending balances for the General Funds, the Compensation Fund, the Capital Fund, and the unrestricted portion of the E&O Fund, based on the 2023 budget, are summarized in the following table.

	Lawyer General Fund	Paralegal General Fund	Lawyer Pool of Comp Fund	Paralegal Pool of Comp Fund	Capital Fund	Unrestricted Portion of E&O Fund ⁸
Projected Fund Balance: Dec. 31, 2022	\$32,000,000	\$2,000,000	\$22,900,000	\$680,000	\$11,300,000 ⁹	\$1,300,000
2023 Budgeted Use of Fund Balances	(\$5,600,000)	(\$500,000)	\$nil	(\$54,200)	(\$1,300,000)	(\$1,200,000)
Interfund Transfer	(\$3,500,000)	\$nil	\$nil	\$nil	\$3,500,000	\$nil
Projected Fund Balance: Dec 31, 2023	\$22,900,000	\$1,500,000	\$22,900,000	\$625,800	\$13,500,000¹⁰	\$100,000

Lawyer General Fund

The Fund Balance Management Policy for the Lawyer General Fund sets a minimum fund balance benchmark of two months of budgeted operating expenses and maximum

⁸ This is the unrestricted fund balance related to the cumulative investment income surplus to the needs of the E&O Fund.

⁹ \$8.6 million of this balance is further restricted for the Transformation as approved by Convocation in April 2022.

¹⁰ This projected fund balance includes \$12.1 million restricted for the Transformation (\$8.6 million + \$3.5 million).

of three months of operating expenses. Based on the 2023 budget with operating expenses of \$107.7 million, the minimum and maximum benchmarks for the fund balance are \$18.0 million and \$26.9 million, respectively.

The budgeted use of fund balances includes the following:

- \$4 million to offset increases to the annual fee; and
- \$1.6 million to be loaned to the Capital Fund to support the completion of required Bencher Wing preservation and repairs in one phase rather than two to save approximately \$500,000 on the overall project cost and mitigate any fluctuations in the capital portion of the annual fee.

The budget does not include any capital funding for essential kitchen infrastructure repairs required prior to re-opening. An advisory group of benchers is working with management to bring forward recommendations for consideration by Convocation on options for re-opening the catering operations. When a decision is made, should it fall outside of a budget cycle, it is recommended that any necessary funding requirements, currently estimated at \$1.7 million for essential restaurant capital infrastructure, be in the form of a temporary loan from the Lawyer General Fund to the Capital Fund.

Paralegal General Fund

There is no formal Policy for the Paralegal General Fund.

The use of approximately \$500,000 of the Paralegal General Fund balance in 2023 will bring the Paralegal General Fund to \$1.5 million, which is less than 2 months of budgeted operating expenditures. Depending on the financial results of 2023, the availability of fund balances to fund operations in future budgets and mitigate annual fees is declining.

Lawyer Pool of the Compensation Fund

The Policy for the lawyer pool of the Compensation Fund requires a minimum fund balance of \$19.6 million and has an upper threshold of \$96.3 million.

The Compensation Fund component of the annual fee for lawyers in the 2022 budget was set at \$1 with the planned use of \$3.7 million of fund balance. The projected use of the fund balance in 2022 is \$8.1 million, \$4.4 million more than planned due to the increased claims activity and unrealized investment losses. Financial market volatility is also expected to continue into 2023 possibly further impacting investment returns and the fund balance. The projected ending fund balance for 2023 is estimated to be within approximately \$3 million of the minimum benchmark. With a claim limit of \$500,000,

continued higher than normal claims activity, and/or financial market volatility, the Compensation Fund is at risk of falling below the minimum threshold of \$19.6 million under the Policy and be required to replenish the Fund.

Paralegal Pool of the Compensation Fund

There is no formal Policy for the paralegal pool of the Compensation Fund.

The Compensation Fund component of the annual fee for paralegals in the 2022 budget was set at \$1 with the planned use of \$119,000 of fund balance. The projected use of the fund balance in 2022 is \$284,000, more than double that planned in the 2022 budget. This pressure on the Fund is manageable as the grant limit is only \$10,000. With the fund balance declining more than budget, the 2023 budget reduces the planned use of the fund balance to \$54,200 resulting in a projected ending balance of \$626,000 at the end of 2023.

Capital Fund

As funding for capital initiatives is based on identified needs, there is no formal Policy for the Capital Fund.

Of the projected ending fund balance of \$13.5 million, \$8.6 million is currently restricted for the purpose of the Transformation based on Convocation's decision of April 2022. Convocation in April also agreed to assess at budget planning time, the available fund balance in the Lawyer General Fund for a further transfer of up to \$5.9 million for the Transformation. Based on the projected fund balance, a transfer of \$3.5 million is proposed from the Lawyer General Fund to the Capital Fund to be restricted for the Transformation. This will bring the total funding restricted for the Transformation to \$12.1 million of the \$13.5 million total Capital Fund balance.

The 2023 budget includes the use of \$1.3 million of the unrestricted Capital Fund balance in order to reduce the capital portion of the annual fee. This will result in a projected unrestricted capital fund balance of \$1.4 million at the end of 2023. This buffer is prudent to manage unplanned urgent capital costs that may arise during the year, especially in a building with the complexity of Osgoode Hall.

Unrestricted Portion of the E&O Fund

The 2023 budget plans for the use of \$1.2 million of cumulative surplus investment income available in the E&O Fund balance to fund operations¹¹ and mitigate the lawyer annual fee. It is projected that there will be minimal unrestricted fund balance available at the end of the year.

Section 50 of the Law Society By-Law 2 provides guidance with respect to the Law Society's budget process. This budget incorporates the planned activities and programs approved by Convocation for 2023 and is recommended with the unanimous support of all the Audit & Finance Committee members present at its meeting of October 13, 2022.

¹¹ In the Lawyer General Fund

2023 Budget Process

Section 50 of By-law 2 governs the approval by Convocation of the Law Society's annual budget, requiring that the budget be presented to Convocation for final approval not later than November 30 of each year. This By-Law also requires that the budget be consistent with the activities planned by Convocation for the year, and that any significant reduction to or cancellation of a budgeted activity, program or service for a year also be approved by Convocation.

The budget process for 2023 started this spring, with the Audit & Finance Committee ("the Committee") considering key assumptions and drivers intended to guide management in preparing the 2023 budget at its June meeting.

Significant work on the budget, overseen by Law Society management, continued through the summer and included the following activities:

- Reviewing historical spending and assessing contractual and other commitments to identify budget opportunities and pressures
- Incorporating anticipated expense reductions resulting from new work processes and pandemic-identified efficiencies
- Integrating new program additions and/or changes coming from decisions of Convocation such as the Practice Essentials Course and the Experiential Training Enhancements
- Assessing the impact of reverting to in-person licensing examinations on overall costs and candidate fees.
- Assessing facilities and information technology infrastructure requirements to inform capital funding needs for 2023.
- Updating forecasts of the fund balances to determine the ability to use amounts to mitigate changes in the annual fee.
- Reviewing membership statistics and trends to forecast full-fee equivalent numbers for lawyers and paralegals

The Committee received and considered updated information at its September 2022 meeting which informed the draft 2023 budget presented at the Bencher Information Session on September 28, 2022.

Additional information and updates to the budget were presented to and considered by the Committee at their October 2022 meeting where they unanimously supported this budget for recommendation to Convocation for approval.

2023 Draft Budget

Last updated October 3, 2022

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Budget Overview

Budget Vision & Approach

Message from the CEO

The 2023 budget represents a return to regular business operations following the global pandemic, balanced with a challenging economic environment and high inflation rates. Our financial focus continues to ensure that we are supporting our corporate objectives and public interest obligations. This includes continuing the critical investment in technology and business process infrastructure changes that will bring with them increased efficiencies and sets the organization on a solid technology footing for the future. This budget also continues to incorporate savings and process improvements that were developed and implemented by our team throughout the pandemic.

The current economic situation has a significant impact on planning for the 2023 year. We must make adjustments that recognize that situation while ensuring that we are properly supporting our people and ongoing regulatory work. Also incorporated are provisions for new policies and programs approved by Convocation throughout 2022. This budget year includes critical spending required to sustain and evolve our information technology systems and to manage deterioration in our uniquely historical building.

Budget Vision & Approach

Message from the CEO

Budget years 2021 and 2022 included substantial decreases in annual fees for licensees, because of proactive changes in our workflows, burden reduction activities, and impacts of the pandemic that permitted us to leverage savings. Budget year 2023 brings us back to full activity with the added challenge of an unstable market. The result will be a fee increase for licensees. However, the annual fee remains lower than the annual fee in 2018, despite inflationary increases – a significant achievement in the financial and pandemic environments that we have faced.

The theme for 2023 is transformation. This budget includes funding that will move the Law Society forward to support a newly elected board through orientation and commencement of strategic planning. It also actively invests in business process improvements that removes reliance on high-risk legacy information technology systems. The organization has achieved significant milestones in the past two years despite a challenging work environment, and this budget continues to support our people to be their most productive as we continue our important regulatory work in the public interest.

Budget Focus and Development

Message from the CFO

The Law Society entered 2022 in a strong financial position with solid fund balances realized through implemented process efficiencies and pandemic savings. This positioned the Law Society to cope with unexpected realities of 2022: decreased value of investments with financial market volatility, rising costs with record inflation rates, and increased claims activity in the lawyer pool of the Compensation Fund. With market volatility and high inflation expected to continue into 2023, this budget plans for these impacts, supported by the Law Society's fund balance management policies intended to manage through unpredictable and challenging times.

Working with management, budget planning focused on continued implementation of efficiencies, maintaining stability, and investing in the future. The 2023 budget:

- Focuses on the Law Society's core operations and serving the public, licensees and candidates
- Mitigates the increase on annual fees for licensees through the use of fund balances
- Incorporates the shift to in-person examination delivery with candidate fees increasing based on a cost recovery model
- Maintains the Law Society's solid financial position for the long-term to fulfill our mandate and manage any adverse effects inflation, market volatility and Compensation Fund pressures may have on our revenues or expenses.

Budget Focus and Development

Message from the CFO

The 2023 budget funds the creation of an online Practice Essentials Course and implementation of Experiential Training Enhancements, both initiatives approved by Convocation in 2022. It also implements the last of the policy decisions coming from the Report on Recommendations for Strategic Change focussed on burden reduction and efficiency for licensees and the Law Society.

This budget uses fund balances resulting from pandemic savings to mitigate annual fee increases for licensees while providing for the uncertain financial pressures we face beyond the Law Society's control. It furthers burden reduction and efficiency efforts, and appropriately funds the Society's operations along with investments in infrastructure and transformation.

The budget considers funding for the multi-year Business Technology Transformation Initiative approved by Convocation and essential facilities infrastructure repairs. The Business Technology Transformation Initiative is essential to modernize service delivery to our licensees and candidates and mitigate against the risks associated with out-of-date systems and cyber risks. With a heritage designated building and grounds, maintenance and preservation of the premises is costly and complex with annual capital investments informed by a 10-year Facilities Condition Assessment completed in 2020. We continue to experience the impact of supply chain and labour shortages, affecting the completion of projects.

Budget Focus and Development

Message from the CFO

The fund balance of the lawyer pool of the Compensation Fund experienced higher than expected claims activity in the latter part of 2021 which is continuing into 2022. This puts pressure on the lawyer pool of the Compensation Fund as actual grant related expense is exceeding budget expectations with the fund balance projected to be marginally above the minimum benchmark required under the Law Society's Fund Balance Management Policy. This is not unprecedented as historically increased claims activity has arisen after an economic downturn. With financial market volatility expected to continue into 2023 and to support appropriate funding in the lawyer pool of the Compensation Fund to manage claims, this budget reinstates the levy for the Fund.

The fund balance of the paralegal pool of the Compensation Fund currently exceeds the total grants paid from the fund since its inception in 2008 with sufficient reserve to pay for several years of average claim activity.

Key Budget Highlights

The 2023 budget reflects changes to operations after the pandemic including increased revenues and expenses as social gathering and other pandemic-related restrictions are lifted, a return to travel, and a general return to greater normalcy. The 2023 budget also maintains efficiencies achieved through process improvements developed and implemented by the team during the pandemic.

The 2023 budget operationalizes the following policy decisions of Convocation:

- Creation of an online Practice Essentials Course that will be mandatory, effective January 2024, for lawyers and paralegals within one year of setting up as a sole practitioner for the first time. The 2023 budget reflects the addition of two positions along with program development and electronic media production costs totaling approximately \$450,000.
- Implementation of Experiential Training Enhancements (ETE), leveraging the new Bridge to Practice Platform to foster entry-level competence and evolve the Competence mandate. To implement ETE, the 2023 budget includes an increase of one full time equivalent (FTE) position and incidental expenses with a total incremental cost of \$115,000.

Key Budget Highlights

- The budget reflects a return in 2023 to in-person examinations for lawyer and paralegal candidates in response to the breach of examination content this year with improper access by some candidates. This change was required to maintain the integrity of the licensing process while the investigation is completed. The departure from the online examination delivery model and the impact of inflation results in a net increase of \$2.1 million in direct program expenses. The primary drivers of the increase are venue rentals, accommodation expenses, and ancillary costs such as printing, security and audio-visual offset by the removal of expenses associated with on-line delivery.
- Licensing fees are established on a cost recovery basis. An overall increase in licensing process costs is being driven by inflation impacting the in-person examination expenses referenced above, higher venue rental costs associated with Call to the Bar ceremonies, and the implementation of ETE.
- With the increase in costs, candidate licensing fees are similarly impacted. The total fee for lawyer licensing candidates is dependent on whether a candidate chooses an administrative or ceremonial Call to the Bar. The overall licensing fee for lawyer candidates will increase to \$5,055 for those electing administrative calls or to \$5,140 for those choosing to attend a licensing ceremony. Under the previous in-person examination delivery model, the licensing fee was \$4,625 and \$4,710. The shift to on-line delivery brought the fees to \$4,325 and \$4,410. The overall licensing fee for paralegal candidates will increase to \$1,500. The licensing fee under the previous in-person examination delivery was \$1,400 and the shift to on-line examinations brought the fees to \$1,300.

Key Budget Highlights

- The 2023 budget reflects an \$800,000 increase in projected revenues in line with two years of steady growth as CPD successfully pivoted to online delivery models. While this increase is in line with 2022 forecasted revenue, there continues to be uncertainty that affects this revenue stream including:
 - Difficulty in predicting licensee preferences between virtual and in-person programming. The convenience of virtual programming may impact the demand for in-person attendance with it premature to assess if there is a permanent shift in licensee behavior.
 - Pre-pandemic, CPD presented four flagship in-person programs that were key revenue streams. Given the uncertainty about licensee interest for in-person programming, the 2023 budget only assumes two flagship events pending further clarity on attendee preferences.
- Investment revenues are budgeted to decrease by \$275,000 to recognize anticipated continued market volatility.

Key Budget Highlights

- The budget includes a 4.8% provision for all matters of salary and benefits including annual merit increases, increasing benefit plan costs, market adjustments, funding for leaves of absence and other employee related costs. At the time of preparing the budget, the Consumer Price Index (CPI) for Ontario was 7.6% (July 2022). CPI for August is 7% and forecast to remain at comparable levels for the rest of the year.
- Increased challenges with recruitment and retention amid the ‘Great Resignation’ and opportunities in the hybrid environment are putting further pressures on salaries to remain competitive. A recent survey by Mercer indicated that over 65% of voluntary turnover among professional employees is dissatisfaction with pay and/or the ability to earn more at another organization. If salaries do not remain competitive, there will be increased attrition within the organization.
- There is a net increase of 3.0 full-time equivalent (FTE) employees in the 2023 budget attributable to Convocation approved initiatives. Further detail is reflected in Section 5.

Function	Total FTE Change
Practice Essentials Course (Convocation Approved)	2.00
Experiential Training Enhancements (Convocation Approved)	1.00
Professional Regulation and Tribunal	0.50
Professional Development and Competence	0.50
Client Service Centre	(1.00)
Total Change in FTE Employees	3.00

Key Budget Highlights

- The budget plans for an increase in benchers and adjudicator remuneration rates to be aligned with the average increase in employee salaries, determined during the performance review cycle.
- A contingency amount, intended for new policy and program decisions of Convocation or unexpected operational requirements, is set at \$1 million, which is consistent with the 2022 budget.
- The lawyer pool of the Compensation Fund reflects an increase in the provision for routine grant expense from \$4.5 million to \$5.1 million. With increased claims activity in the Fund over the past 18 months and considering an updated stochastic model in June 2022, the provision for grant expense is adjusted to manage risk to the Fund.
- Overall funding to LiRN Inc. remains consistent with last year at approximately \$9.6 million. LiRN's 2022 budget included a request for \$900,000 in funding for their transitional budget that was funded from unrestricted funds in the E&O Fund. A portion of the funding was to expand the suite of digital resources available to licensees across the Province with these costs now forming part of LiRN's operational budget funded by the annual fee for lawyers.

Key Budget Highlights

- The Great Library's budget was reduced by 12% in 2021 in response to pandemic cost containment measures and had been reduced in the previous year by 10%. To address notable price increases from publishers and electronic product vendors which have seen an approximate 10% increase over the last few years, the Great Library's 2023 budget increases by approximately \$375,000. This increase brings funding for legal information services used by our licensees to 2019 levels with only core collections and electronic products maintained.
- The budget includes an increase of \$340,000 related to contractual increases in software licensing, application subscription costs and cloud service expenses. As the Law Society automates and modernizes processes and workflows, this will continue to be an area of investment.
- Overall decrease in paper document reproduction costs of \$190,000 as the organization shifts to electronic files and improved workflows. The majority of this decrease is within Professional Regulation as the division shifts to electronic workflow.

Key Budget Highlights

- The number of full fee equivalent (FFE) lawyer licensees is projected to increase by 1,150 in 2023 to 47,750 which is comparable to historical average increases.
- FFE paralegals are projected to increase by 400 from 6,600 to 7,000. Slowing growth in the number of practicing paralegals contributed to the number of budgeted paralegal FFEs remaining stagnant in 2020 and 2021 at 6,400. The trend began to reverse in 2021 as the number of paralegals increased 10.6% over the prior year resulting in an increase in the budgeted FFEs in the 2022 and 2023 budgets.
- The budget plans for the use of fund balances in 2023 as per below, with further potential commitment of available balances for pending capital projects noted on subsequent pages.

Fund Name	2023 Draft Budget
Lawyer General Fund	\$4,000,000
Paralegal General Fund	500,000
Capital Fund	1,300,000
Errors and Omissions Insurance Fund	1,200,000
Compensation Fund - Paralegals	54,200
Loan from Lawyer General Fund to Capital Fund	1,600,000
Total Use of Fund Balances	\$8,654,200

Similar to past years, the budget plans for the transfer of \$1.2 million of accumulated investment income surplus to the needs of the E&O Fund to the Lawyer General Fund to fund operations.

Potential Further Use of Fund Balances

Catering Operations

- To support determining the path forward with the Law Society's catering operations, an advisory group of benchers is working with management to bring forward recommendations for consideration by Convocation. In the interim, the Catering operation, including the restaurant, remains closed with the 2023 budget not reflecting any anticipated revenues or expenses.
- Prior to re-opening the catering operations, investment in essential restaurant capital infrastructure is estimated at a cost of \$1.95 million. With \$250,000 raised in 2022, an incremental \$1.7 million is required to fund the repairs, with potential for the amount to fluctuate depending on the proposed operating model. As the feasibility study to inform the plan and timing of resuming catering operations is in its infancy, it is premature to raise funding through annual fees until there is more certainty. As a result, the 2023 capital budget does not include any costs related to this capital investment.
- When decisions are made with respect to the catering operation, should it fall outside of a budget cycle, any necessary funding requirements may come in the form of a temporary loan from the Lawyer General Fund to the Capital Fund. The Lawyer General Fund would be repaid by raising funds through the Capital Fund component of the annual fee in subsequent years. The impact on the licensee annual fee of repayment in one year will be approximately \$31. Alternatively, depending on the state of the Lawyer General Fund balance at the time of repayment, Convocation could approve an interfund transfer from the Lawyer General Fund to the Capital Fund.

Potential Further Use of Fund Balances

Business Technology Transformation Initiative (the “Transformation”)

- In April 2022, Convocation approved the Law Society moving forward with the planning and implementation of the Transformation. The Transformation will redesign business processes and workflows that support all activities associated with a licensee, from applying as a candidate to retirement or resignation of their licence and will require the replacement of the Law Society’s core systems and applications. The result will be fully integrated services and modernized systems.
- The Transformation will require significant capital resources to develop and complete. The Law Society will incur costs related to the Systems Integrator, licenses and IT infrastructure, project and change management support, and backfill resources to support successful completion of the Transformation while maintaining operations to fulfil our regulatory mandate to licensees and the public.
- The estimated future funding requirement per year is approximately \$3.5 million to \$4.0 million with the total estimated over the five-year implementation timeline at \$17.5 million to \$20 million. This is a preliminary estimate that may change once the planning phase with the Systems Integrator is complete. There may be an opportunity to complete the Transformation in a shorter time frame to mitigate costs and introduce the integrated services and efficiencies sooner.

Potential Further Use of Fund Balances

- Convocation approved in April 2022 the transfer of \$8.6 million from the unrestricted fund balance of the Errors & Omissions Fund (“E&O Fund”) to the Capital Fund to be restricted for the purpose of funding the Transformation.
- In April 2022, Convocation also agreed that it would consider during the 2023 budget cycle the availability of up to \$5.9 million of Lawyer General Fund balance in excess of the maximum threshold under the Lawyer General Fund Balance Management Policy (“Policy”) for the purpose of funding the Transformation. Based on current projections for the Lawyer General Fund balance to December 2022 and the planned use of fund balances to fund operations in 2023, it is feasible to plan at this time for the transfer of \$3.5 million to the Capital Fund restricted for funding the Transformation while maintaining the fund balance within the Policy benchmarks. Further funding could be considered at fiscal year end, dependent on 2022 financial results and market volatility.

Potential Further Use of Fund Balances

Bencher Wing Repairs and Restoration

- The 2022 budget included capital funding for the first phase of a three-year capital project to complete essential Bencher Wing building infrastructure repairs. To manage capital funding requirements, phases 2 and 3 of the project were originally planned for 2023 and 2024 at an anticipated cost of \$4.3 million. Tendering the balance of the infrastructure repairs as one tender rather than two separate phases is expected to save the Law Society approximately \$500,000 through contractor efficiencies. The 2023 budget includes capital spending of \$3.8 million to complete the balance of the project. Rather than raise \$3.8 million in 2023, a temporary loan from the Lawyer General Fund to the Capital Fund of \$1.6 million is planned in the 2023 budget and the \$1.6 million is to be raised in the 2024 budget cycle to replenish the Lawyer General Fund.
- The fund balance of the Lawyer General Fund is currently projected to be \$32 million at the end of 2022. The 2023 budget proposed the use of \$4 million to fund operations and mitigate the impact on annual fees. Should Convocation decide in 2023 to proceed with re-opening of the catering operation and wish to move forward with required kitchen infrastructure repairs prior to the next budget cycle, approximately \$1.7 million of the fund balance would be committed through a loan or interfund transfer to the Capital Fund. This along with \$3.5 million for the Transformation and the loan of \$1.6 million for the Bencher Wing repairs would bring the Lawyer General Fund balance to approximately \$21.2 million.

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Annual Fees

Full Fee Equivalent Licensees

Annual fees for licensees are determined separately for lawyers and paralegals. Paralegals do not share in all the expenses of the Law Society nor benefit from all non-annual fee revenue. For example, paralegals do not contribute to the operations of LiRN Inc. nor do they share in the portion of surplus investment income transferred from the Errors & Omissions Insurance Fund as that fund is dedicated strictly to insurance related transactions among the lawyers, the Law Society and LAWPRO.

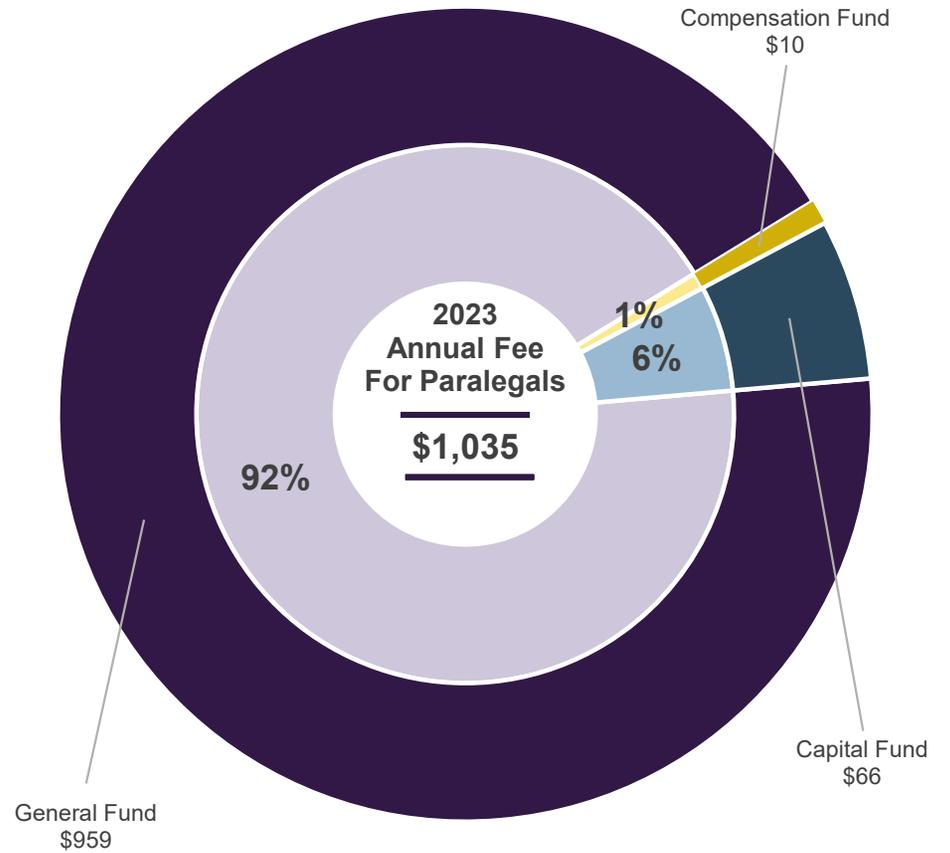
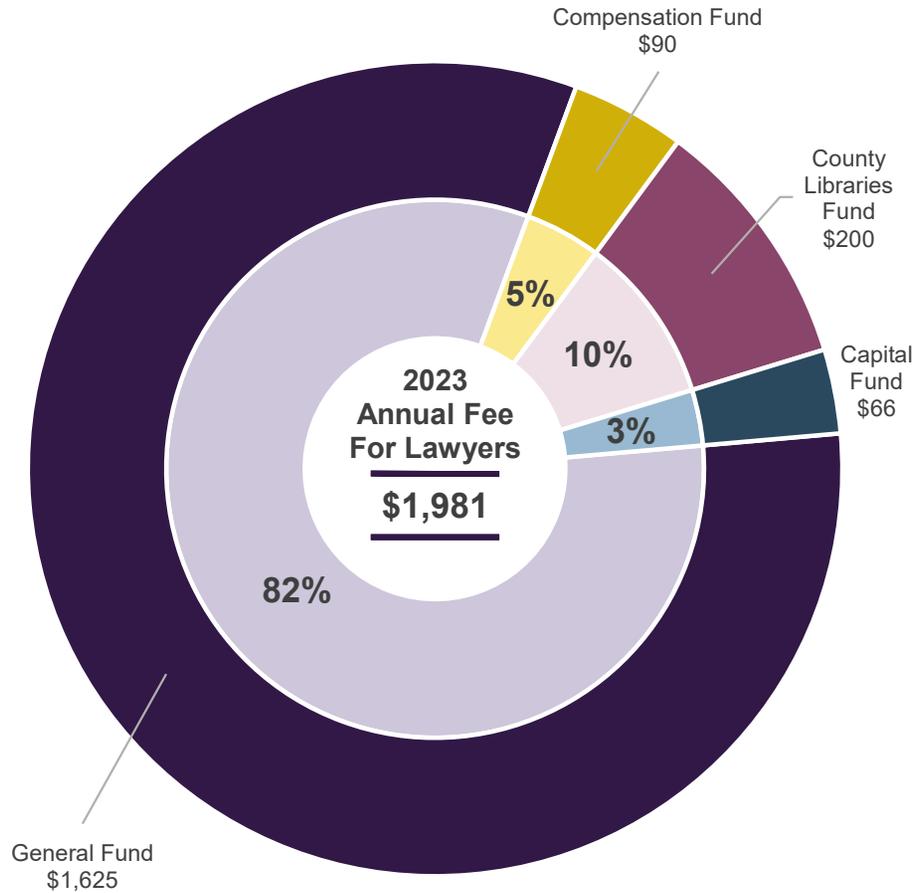
The Law Society utilizes a four tiered fee structure, depending on the nature of the licensee's practising/employment status. Licensees practising law or providing legal services pay 100% of the relevant annual fee; those employed but not practising pay 50%; those retired, not working or on parental leave pay 25%; and those over the age of 65 and meeting established criteria pay 10%.

The number of licensees in each category are prorated to determine what the number of lawyers and paralegals would equate to at the 100% fee category. This is referred to in the budget materials as the number of full fee equivalent licensees (FFE).

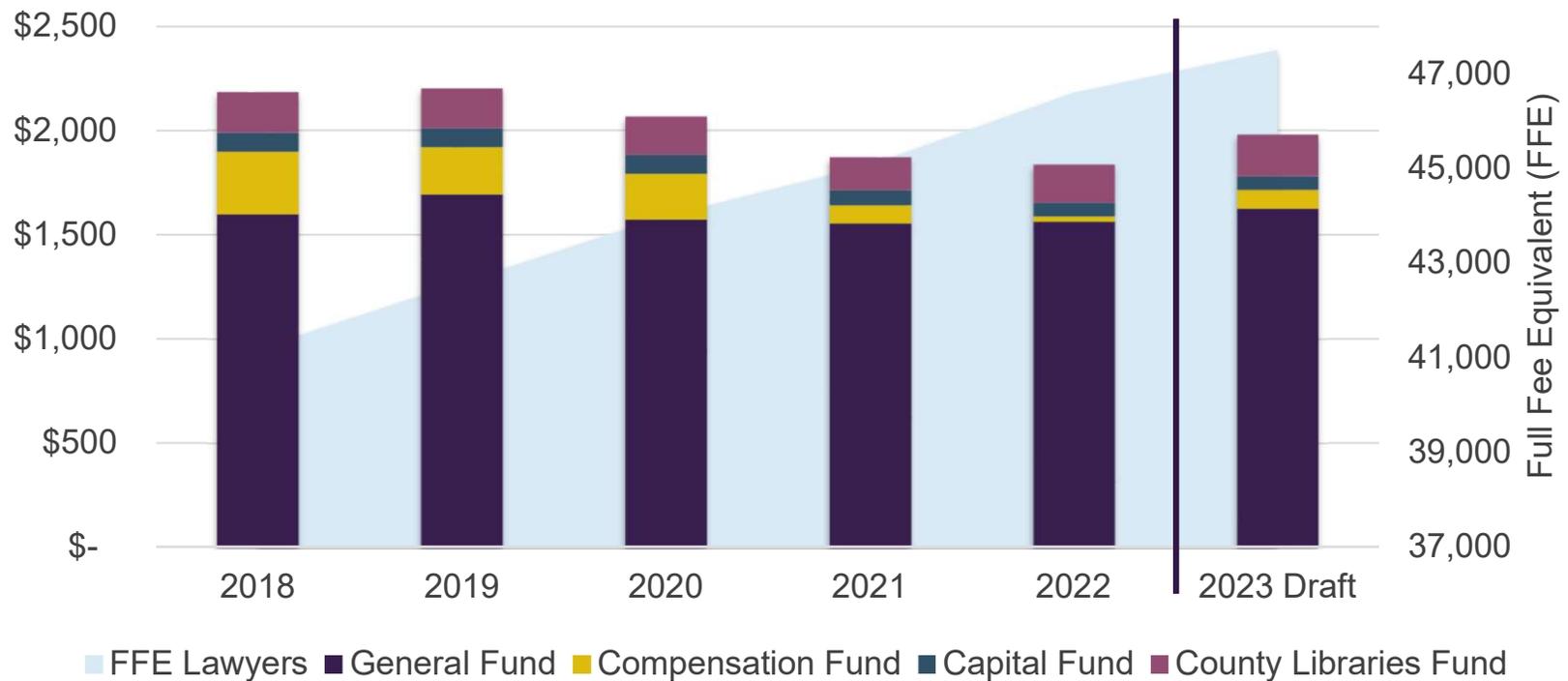
Lawyers 2023		
Fee Category	Estimated Number	Full Fee Equivalent
100%	43,050	43,050
50%	6,700	3,350
25%	4,440	1,110
10%	2,400	240
Total	56,590	47,750

Paralegals 2023		
Fee Category	Estimated Number	Full Fee Equivalent
100%	4,470	4,470
50%	3,980	1,990
25%	2,120	530
10%	100	10
Total	10,670	7,000

2023 Annual Fee

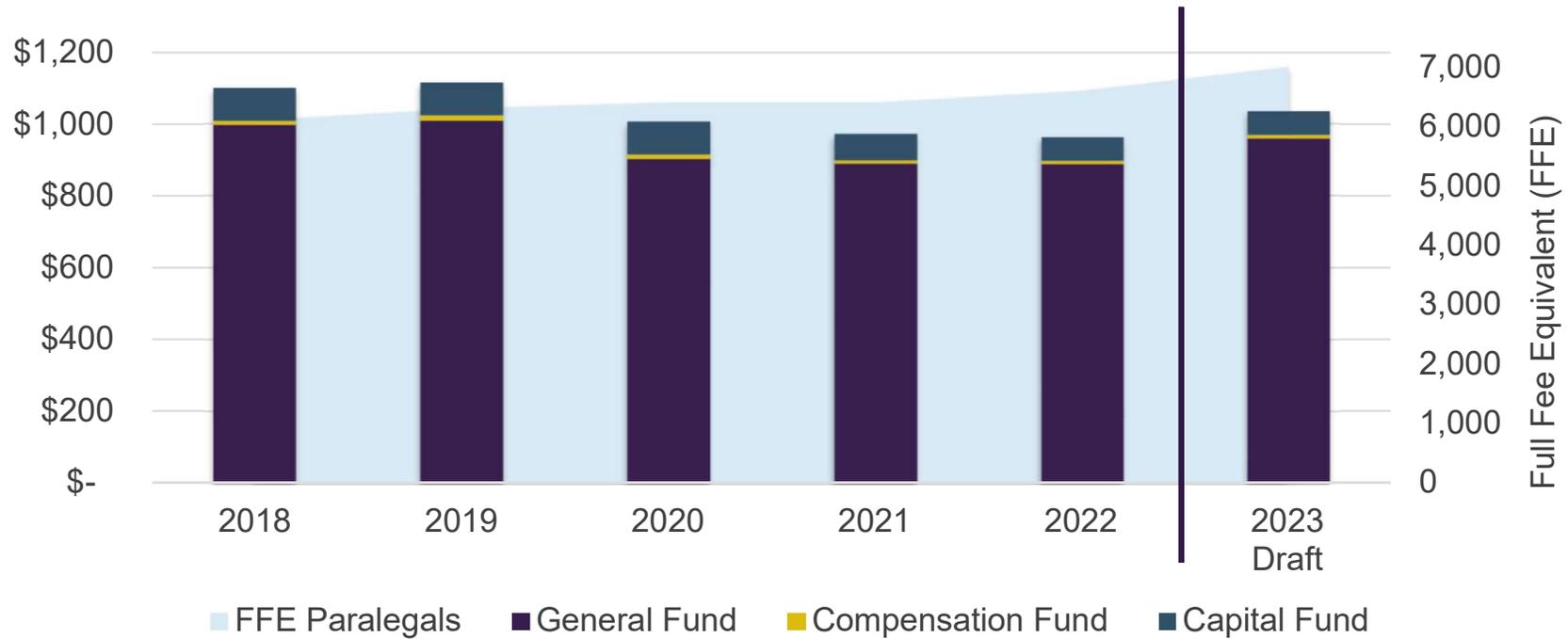


Historical Annual Fees For Lawyers



Annual Fee Breakdown	2018	2019	2020	2021	2022	2023 Draft
General Fund	\$ 1,598	\$ 1,693	\$ 1,574	\$1,555	\$1,563	\$1,625
Compensation Fund	300	226	219	86	1	90
County Libraries Fund	194	191	182	159	183	200
Capital Fund	91	91	91	73	66	66
Total Annual Fee	\$ 2,183	\$ 2,201	\$ 2,066	\$1,873	\$1,813	\$1,981
FFE Lawyers	41,200	42,600	44,000	45,075	46,600	47,750

Historical Annual Fees For Paralegals



Annual Fee Breakdown	2018	2019	2020	2021	2022	2023 Draft
General Fund	\$ 997	\$ 1,009	\$ 902	\$890	\$888	\$959
Compensation Fund	12	15	13	1	1	10
Capital Fund	91	91	91	73	66	66
Total Annual Fee	\$ 1,100	\$ 1,115	\$ 1,006	\$964	\$955	\$1,035
FFE Paralegals	6,100	6,300	6,400	6,400	6,600	7,000

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2023 Budget at a Glance

2023 Budget Summary - Consolidated

	2023 Draft Budget					2022 Approved Budget				
	General Fund	Compensation Fund	Capital Fund	County Libraries Fund	Total Consolidated	General Fund	Compensation Fund	Capital Fund	County Libraries Fund	Total Consolidated
Annual Fee Revenue	84,304,900	4,382,300	3,595,000	9,572,000	101,854,200	78,696,600	53,200	3,500,000	8,542,000	90,791,800
Licensing Process					15,655,600	12,963,340	-	-	-	12,963,340
CPD						6,657,000	-	-	-	6,657,000
Other Revenue					7,446,700	6,151,000	1,550,000	-	-	7,701,000
Total Revenues	113,251,900	6,009,300	3,595,000	9,572,000	132,428,200	104,467,940	1,603,200	3,500,000	8,542,000	118,113,140
Salaries and Benefits	72,087,900	615,700	-	-	72,703,600	69,305,700	585,600	-	-	69,891,300
Operating Expenses	3,642,000	21,700	-	-	3,663,700	3,728,400	20,300	-	-	3,748,700
Program Expenses	43,222,000	5,426,100	6,495,000	9,572,000	64,715,100	40,167,620	4,794,600	6,250,000	9,442,000	60,654,220
Total Expenses	118,951,900	6,063,500	6,495,000	9,572,000	141,082,400	113,201,720	5,400,500	6,250,000	9,442,000	134,294,220
Excess of Expenses over Revenues	(5,700,000)	(54,200)	(2,900,000)	-	(8,654,200)	(8,733,780)	(3,797,300)	(2,750,000)	(900,000)	(16,181,080)
Fund Balance - E&O Fund	1,200,000	-	-	-	1,200,000	1,200,000	-	500,000	900,000	2,600,000
Fund Balance - General Fund	4,500,000	-	-	-	4,500,000	7,533,780	-	-	-	7,533,780
Fund Balance - Compensation Fund	-	54,200	-	-	54,200	-	3,797,300	-	-	3,797,300
Fund Balance - Capital Fund	-	-	1,300,000	-	1,300,000	-	-	2,250,000	-	2,250,000
Loan from Lawyer General Fund	-	-	1,600,000	-	1,600,000	-	-	-	-	-
Total Use of Fund Balances	5,700,000	54,200	2,900,000	-	8,654,200	8,733,780	3,797,300	2,750,000	900,000	16,181,080

2023 Budget Summary - Lawyers

	2023 Draft Budget					2022 Approved Budget				
	General Fund	Compensation Fund	Capital Fund	County Libraries Fund	Total Lawyers	General Fund	Compensation Fund	Capital Fund	County Libraries Fund	Total Lawyers
Annual Fee Revenue	77,595,200	4,312,300	3,135,800	9,572,000	94,615,300	72,835,800	46,600	3,064,400	8,542,000	84,488,800
Licensing Process					13,129,800	10,793,840	-	-	-	10,793,840
CPD	6,631,100	-	-	-		5,908,100	-	-	-	5,908,100
Other Revenue					6,734,100	5,460,000	1,472,500	-	-	6,932,500
Total Revenues	102,544,500	5,858,000	3,135,800	9,572,000	121,110,300	94,997,740	1,519,100	3,064,400	8,542,000	108,123,240
Salaries and Benefits	65,346,400	584,900	-	-	65,931,300	62,803,200	556,300	-	-	63,359,500
Operating Expenses					3,316,900	3,387,500	19,300	-	-	3,406,800
Program Expenses	39,101,800	5,252,500	5,664,600	9,572,000	59,590,900	36,390,970	4,622,000	5,499,720	9,442,000	55,954,690
Total Expenses	107,744,500	5,858,000	5,664,600	9,572,000	128,839,100	102,581,670	5,197,600	5,499,720	9,442,000	122,720,990
Excess of Expenses over Revenues	(5,200,000)	-	(2,528,800)	-	(7,728,800)	(7,583,930)	(3,678,500)	(2,435,320)	(900,000)	(14,597,750)
Fund Balance - E&O Fund	1,200,000	-	-	-	1,200,000	1,200,000	-	500,000	900,000	2,600,000
Fund Balance - General Fund	4,000,000	-	-	-	4,000,000	6,383,930	-	-	-	6,383,930
Fund Balance - Compensation Fund	-	-	-	-	-	-	3,678,500	-	-	3,678,500
Fund Balance - Capital Fund	-	-	1,133,800	-	1,133,800	-	-	1,935,320	-	1,935,320
Loan from Lawyer General Fund	-	-	1,395,000	-	1,395,000	-	-	-	-	-
Total Use of Fund Balances	5,200,000	-	2,528,800	-	7,728,800	7,583,930	3,678,500	2,435,320	900,000	14,597,750

2023 Budget Summary - Paralegals

	2023 Draft Budget				2022 Approved Budget			
	General Fund	Compensation Fund	Capital Fund	Total Paralegals	General Fund	Compensation Fund	Capital Fund	Total Paralegals
Annual Fee Revenue	6,709,700	70,000	459,200	7,238,900	5,860,800	6,600	435,600	6,303,000
Licensing Process	2,525,800	-	-	2,525,800	2,169,500	-	-	2,169,500
CPD	840,600	-	-	840,600	748,900	-	-	748,900
Other Revenue	631,300	81,300	-	712,600	691,000	77,500	-	768,500
Total Revenues	10,707,400	151,300	459,200	11,317,900	9,470,200	84,100	435,600	9,989,900
Salaries and Benefits	6,741,500	30,800	-	6,772,300	6,502,500	29,300	-	6,531,800
Operating Expenses	345,700	1,100	-	346,800	340,900	1,000	-	341,900
Program Expenses	4,120,200	173,600	830,400	5,124,200	3,776,650	172,600	750,280	4,699,530
Total Expenses	11,207,400	205,500	830,400	12,243,300	10,620,050	202,900	750,280	11,573,230
Excess of Expenses over Revenues	(500,000)	(54,200)			(1,149,850)	(118,800)	(314,680)	(1,583,330)
Fund Balance - General Fund	500,000	-	-	500,000	1,149,850	-	-	1,149,850
Fund Balance - Compensation Fund	-	54,200	-	54,200	-	118,800	-	118,800
Fund Balance - Capital Fund	-	-	166,200	166,200	-	-	314,680	314,680
Loan from Lawyer General Fund	-	-	205,000	205,000	-	-	-	-
Total Use of Fund Balances	500,000	54,200	371,200	925,400	1,149,850	118,800	314,680	1,583,330

2019 – 2023 Consolidated Budget Comparison

Budget Expenses							
Year	Salaries & Benefits	Operating	Program	County Library Fund	Capital Fund	Compensation Fund	Total
2019	69,961,200	4,542,300	45,292,300	8,152,900	4,449,900	10,137,100	142,535,700
2020	69,867,200	4,489,500	41,757,825	8,019,100	4,586,400	10,718,775	139,438,800
2021	65,002,300	4,030,600	42,281,970	7,217,190	5,116,000	5,362,500	129,010,560
2022	69,305,700	3,728,400	40,167,620	9,442,000	6,250,000	5,400,500	134,294,220
2023	72,087,900	3,642,000	43,222,000	9,572,000	6,495,000	6,063,500	141,082,400

Budget Funding							
Year	Annual Fees	Licensing Process	CPD	Other Revenue	Fund Balances	Total	
2019	100,790,100	14,157,500	8,251,000	10,625,700	8,711,400	142,535,700	
2020	97,305,400	14,478,000	8,251,000	10,693,000	8,711,400	139,438,800	
2021	90,595,080	14,346,240	5,693,000	8,398,500	9,977,740	129,010,560	
2022	90,791,800	12,963,340	6,657,000	7,701,000	16,181,080	134,294,220	
2023	101,854,200	15,655,600	7,471,700	7,446,700	8,654,200	141,082,400	

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Funding the Budget

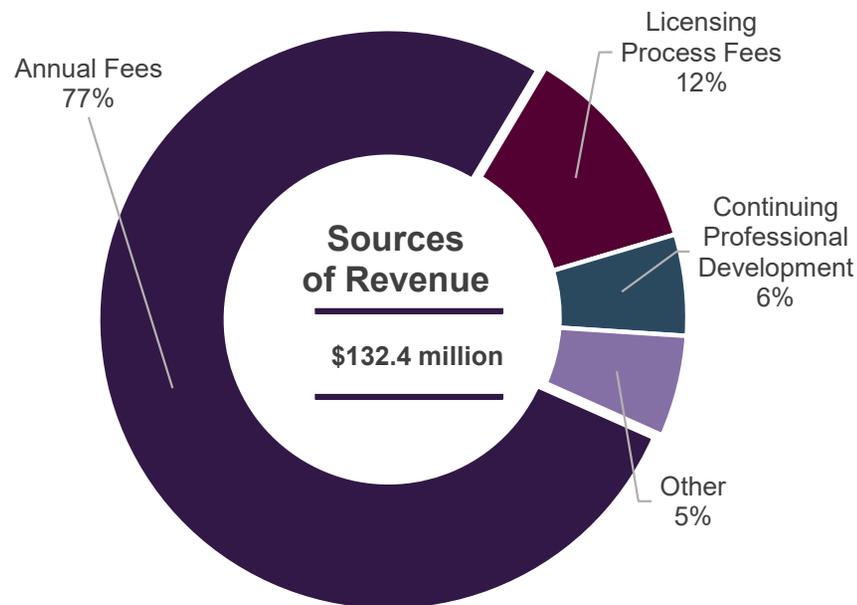
How is the Budget Funded?

Sources of Revenue

Annual fees account for approximately 77% of total revenue sources in 2023 (2022 – 77%)

Licensing Process fees represent the next significant component of revenue collected by the Law Society, making up approximately 12% (2022 – 11%) of Society revenues, with continuing professional development fees being the third largest contributor at approximately 6% (2022 – 6%).

The remaining 5% (2022 – 6%) of revenue is from a variety of sources including investment income, royalties, payment plan fees, ordered cost recoveries and additional licensee fees for such as professional corporations and Law Society referral service.



Annual Fees

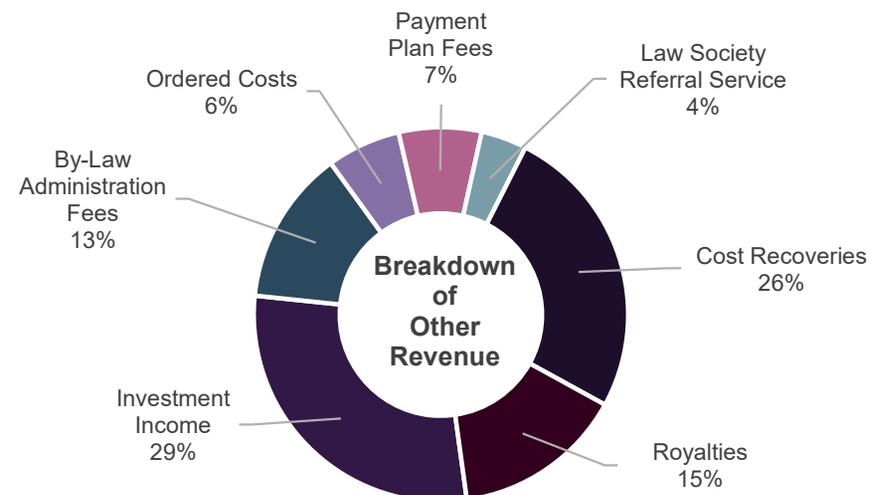
The annual fees represents the amount paid by lawyers and paralegals to support the operations of the Society. For 2023, the annual fee for lawyers is \$1,981 (2022 - \$1,813) and for paralegals is \$1,035 (2022 - \$955).

Licensing Process Fees

Licensing Process fees are paid by licensing candidates enrolled in the lawyer licensing process or the paralegal licensing process. 2023 fees are adjusted to reflect in-person delivery of licensing examinations. The total fee for lawyer licensing candidates is dependant upon whether a candidate choses an administrative or ceremonial call to the Bar and is \$5,055 (2022 - \$4,325) or \$5,140 (2022 - \$4,410), respectively. The fee for paralegal licensing candidates is \$1,500 (2022 - \$1,300).

Continuing Professional Development

Continuing professional development revenues are collected from lawyers, paralegals and others for attendance, in person, online or on demand at Law Society professional development programs.



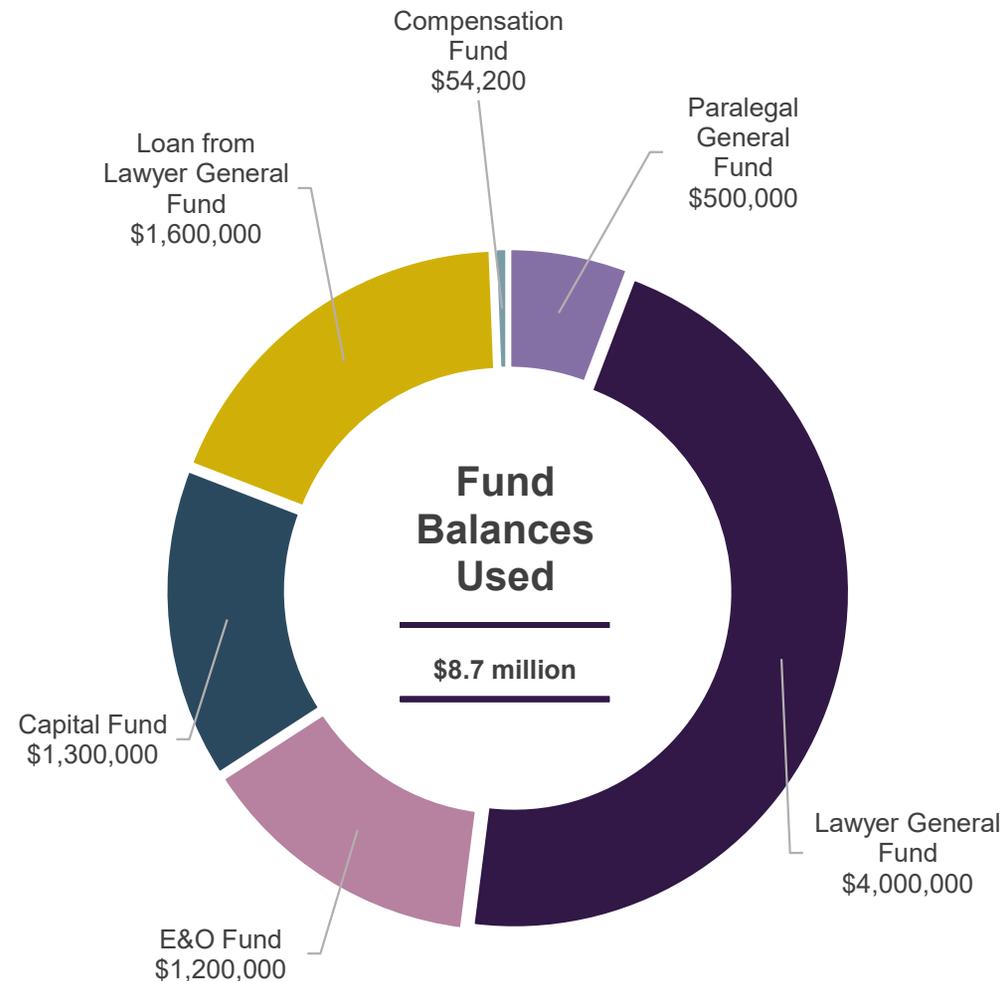
Use of Fund Balances

The Society has fund balance management policies that prescribe the appropriate range of balances to be maintained in both the Lawyer General and Compensation Funds.

When balances exceed the policy approved minimums, options are available to utilize a portion of the fund balance to mitigate annual fees.

This is a best practice in not-for-profit budgeting and the 2023 budget proposes using \$4.5 million of accumulated fund balances from the Lawyer and Paralegal General Funds, \$1.3 million from the Capital Fund, \$1.2 million from the E&O Fund, and \$54,200 from the Paralegal Pool of the Compensation Fund. In addition, a \$1.6 million loan from the Lawyer General Fund to the Capital Fund is included in the 2023 budget.

The use of fund balances is in compliance with the Law Society's Fund Balance Management Policy.



An interfund transfer of \$3.5 million from the Lawyer General Fund to the Capital Fund restricted for the Transformation may also be a further use of fund balances.

Use of Fund Balances

- Cost containment measures and circumstantial savings in 2020 and 2021 stemming from the pandemic more than offset the planned use of fund balances in those years. The result is the fund balances continued to be available in planning the 2022 budget with some residual balances available for 2023.
- In addition to the 2023 budget's planned use of fund balances for operations, it is proposed that \$3.5 million of Lawyer General Fund balance be used for implementing the Transformation with a transfer to the Capital Fund.
- Depending on the path to re-opening the catering operation, including the restaurant, there could be a further commitment of approximately \$1.7 million of the Lawyer General Fund balance.
- The budget reflects completion of the Bencher Wing repairs and restoration in one phase in rather than two as originally planned saving approximately \$500,000 through contractor efficiencies. A loan from the Lawyer General Fund to the Capital Fund for \$1.6 million will facilitate completion of the work by tendering for all repairs and restoration as one phase.
- The fund balance of both the lawyer and paralegal pools of the Compensation Fund are projected to use more than planned in the 2022 budget due to significant unrealized investment losses and the grant provision for routine claims expense exceeding budget. Preliminary estimates based on current information are that the lawyer pool of the Compensation Fund will use approximately \$4 million more than budgeted and the paralegal pool will exceed planned use by about \$165,000.

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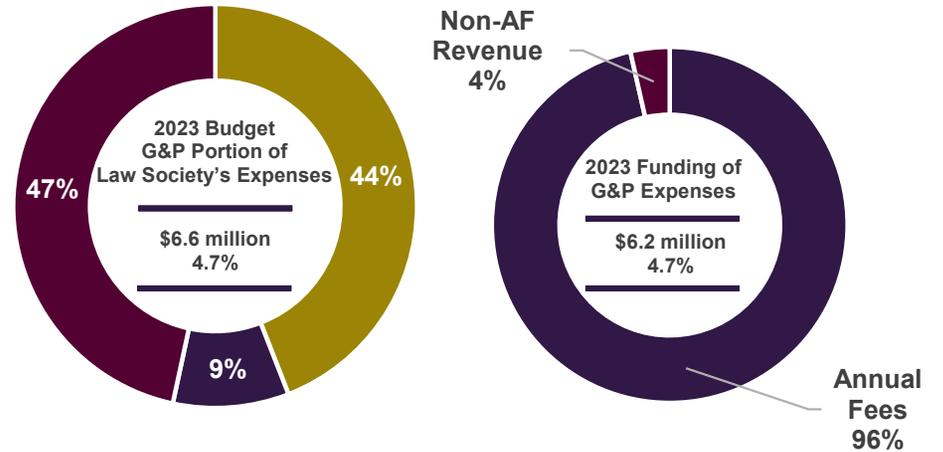
Operations by Division

Governance & Policy

Overview

Governance & Policy

The Law Society is governed by a board of directors, known as benchers which includes lawyers, paralegals and appointed representatives (non-lawyers and non-paralegals). The Policy Division groups together a number of functions important to the corporate and governance interests of the Law Society, including policy, committee and Convocation support.



Bencher Convocation	Office of Treasurer	Policy
<ul style="list-style-type: none"> Convocation governs the Law Society of Ontario Set policy and determine other matters related to the regulation of Ontario's lawyers and paralegals through committee work and Convocation board meetings At the Law Society Tribunal, benchers sit on hearings as adjudicators to hear discipline cases concerning lawyer and paralegal conduct, competence and capacity 	<ul style="list-style-type: none"> Under the Law Society Act, the Treasurer is the president and Chair of the Board of the Law Society 	<ul style="list-style-type: none"> Supports committees and the Benchers as they make decisions governing the regulation of lawyers and paralegals in the public interest Develops policy, in collaboration with Benchers and Management, through the committee process Assists in strategic communications and supports organizational alignment of new policy Manages the administration of committees, working groups and task forces Develops and implements equity policies and initiatives pertaining to the professions

Operating Budget Summary

Governance & Policy	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Approved Budget	% Change
Governance & Policy Total						
Salaries and Benefits	1,812,200	1,664,000	2,133,000	2,300,400	2,416,800	
Operating Expenses	75,800	53,100	73,000	100,200	100,100	
Program Expenses	2,643,200	1,402,800	1,849,000	3,982,450	4,095,600	
Total Expenses	4,531,200	3,119,900	4,055,000	6,383,050	6,612,500	3.6%
Total Non-Annual Fee Revenues	243,000	252,800	251,000	210,000	220,000	4.8%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(4,288,200)	(2,867,100)	(3,804,000)	(6,173,050)	(6,392,500)	
Full Time Equivalent Employees				12.0	12.0	

Items of Note

- 2022 projected actuals are significantly lower than budget due to ongoing public health measures with most meetings and functions in 2022 conducted virtually with resulting benchers remuneration and disbursements forecast to be significantly under budget. The 2023 budget continues to assume that 50% of these meetings and functions would be in-person.
- A \$1 million contingency intended for new policy and program decisions of Convocation or unexpected operational requirements continues to be budgeted. It was not used in 2021; however, it is anticipated to be used in the fourth quarter of 2022 for unbudgeted costs related to the pivot to in-person examinations. The transfer of the contingency amounts is not reflected in the 2022 projected actuals.

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Governance & Policy	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Bencher Convocation					
Salaries and Benefits	-	-	-	-	-
Operating Expenses	-	-	-	-	-
Program Expenses	1,908,200	670,000	1,012,000	2,939,200	2,916,200
Total Expenses	1,908,200	670,000	1,012,000	2,939,200	2,916,200
Total Non-Annual Fee Revenues	243,000	252,800	251,000	210,000	220,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,665,200)	(417,200)	(761,000)	(2,729,200)	(2,696,200)
Full Time Equivalent Employees				-	-
Office of Treasurer					
Salaries and Benefits	17,200	107,100	107,000	101,100	102,500
Operating Expenses	5,800	3,500	3,000	14,400	11,400
Program Expenses	302,900	243,300	392,000	483,450	499,600
Total Expenses	325,900	353,900	502,000	598,950	613,500
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(325,900)	(353,900)	(502,000)	(598,950)	(613,500)
Full Time Equivalent Employees				1.0	1.0
Policy					
Salaries and Benefits	1,795,000	1,556,900	2,026,000	2,199,300	2,314,300
Operating Expenses	70,000	49,600	70,000	85,800	88,700
Program Expenses	432,100	489,500	445,000	559,800	679,800
Total Expenses	2,297,100	2,096,000	2,541,000	2,844,900	3,082,800
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,297,100)	(2,096,000)	(2,541,000)	(2,844,900)	(3,082,800)
Full Time Equivalent Employees				11.0	11.0

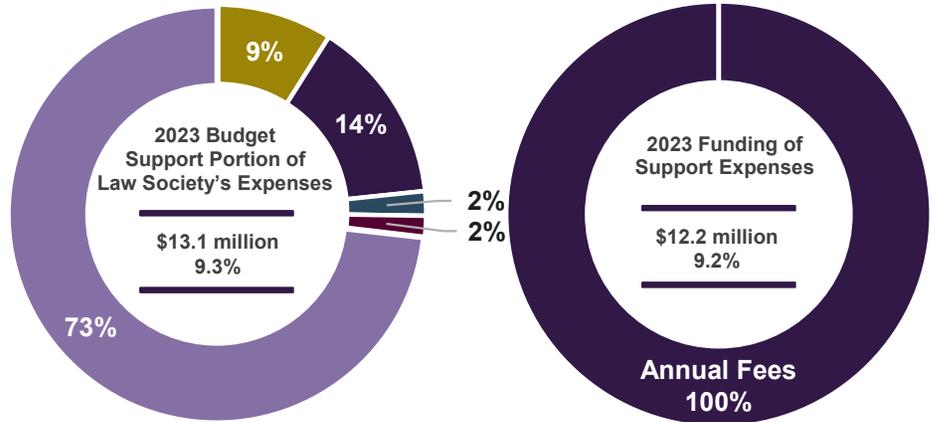
¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Support of Other Organizations

Overview

Support of Other Organizations

The 2023 budget continues to include support for other organizations.

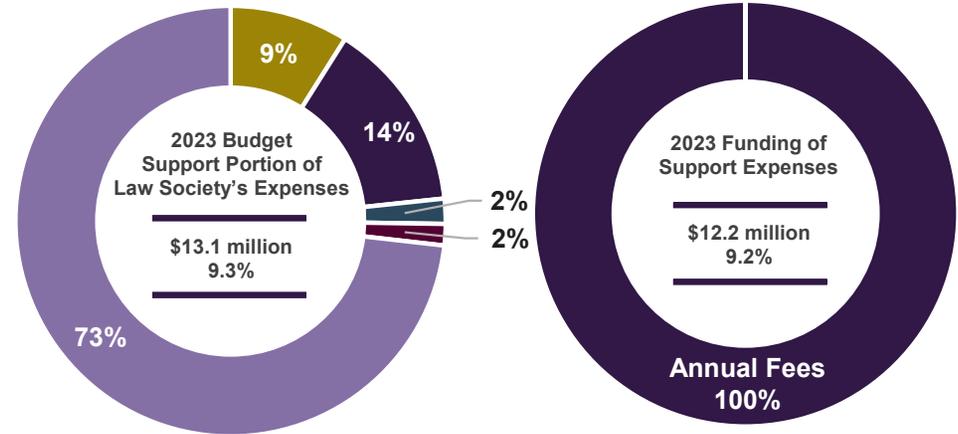


Federation of Law Societies of Canada (FLS)	Canadian Legal Information Institute (CanLII)	LiRN Inc.
<ul style="list-style-type: none"> The national coordinating body of Canada's 14 provincial and territorial law societies FLS supports the development of national standards of regulation 	<ul style="list-style-type: none"> CanLII is a not-for-profit organization launched in 2001 by the FLS on behalf of its 14 member law societies to provide efficient and open online access to a comprehensive collection of current judicial decisions, legislative documents and secondary resources 	<ul style="list-style-type: none"> LiRN Inc., a wholly-owned, not-for-profit subsidiary of the Law Society of Ontario, was established to develop policies, procedures, guidelines and standards for the delivery of legal information and library services across Ontario and to administer funding on behalf of the Society

Overview

Support of Other Organizations

The 2023 budget continues to include support for other organizations.



Pro Bono Ontario Law Commission of Ontario	Federation of Ontario Law Associations (FOLA)
<ul style="list-style-type: none"> • Pro Bono Ontario helps Ontarians who have essential legal needs but cannot afford a lawyer • The Law Commission of Ontario is an independent organization that researches issues and recommends law reform measures to make the law accessible to all members of Ontario's communities 	<ul style="list-style-type: none"> • FOLA is a non-profit organization that coordinates activities for county law associations • Advocates for a better justice system that recognizes the crucial role competent and professional lawyers play in that system

Operating Budget Summary

Support of Other Organizations	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget	% Change
Support of Other Organizations Total						
Program Expenses	11,342,500	10,275,700	12,582,000	12,788,870	13,079,300	
Total Expenses	11,342,500	10,275,700	12,582,000	12,788,870	13,079,300	2.3%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(11,342,500)	(10,275,700)	(12,582,000)	(12,788,870)	(13,079,300)	

Items of Note

- The increase in the budgeted support for other organizations in 2023 is less than inflation as savings reflected throughout the pandemic have been assumed to continue in the 2023 budgets.
- The 2022 projected actuals are in line with 2022 approved budget, with the exception of FOLA. FOLA has underspending in meeting and plenary session expenses due to events and meetings being held virtually instead of in-person. The 2023 budget for FOLA contemplates the return back to in-person events and meetings.

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Support of Other Organizations	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Federation of Law Societies of Canada (FLS)					
Program Expenses	1,152,000	1,040,300	1,067,000	1,095,000	1,169,000
Total Expenses	1,152,000	1,040,300	1,067,000	1,095,000	1,169,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,152,000)	(1,040,300)	(1,067,000)	(1,095,000)	(1,169,000)
Canadian Legal Information Institute (CanLII)					
Program Expenses	1,665,200	1,756,600	1,807,000	1,807,000	1,880,900
Total Expenses	1,665,200	1,756,600	1,807,000	1,807,000	1,880,900
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,665,200)	(1,756,600)	(1,807,000)	(1,807,000)	(1,880,900)
LiRN Inc.					
Program Expenses	8,057,900	7,217,200	9,442,000	9,442,000	9,572,000
Total Expenses	8,057,900	7,217,200	9,442,000	9,442,000	9,572,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(8,057,900)	(7,217,200)	(9,442,000)	(9,442,000)	(9,572,000)
Pro Bono Ontario Law Commission of Ontario					
Program Expenses	225,800	206,900	207,000	207,000	210,000
Total Expenses	225,800	206,900	207,000	207,000	210,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(225,800)	(206,900)	(207,000)	(207,000)	(210,000)
Federation of Ontario Law Associations (FOLA)					
Program Expenses	241,600	54,700	59,000	237,870	247,400
Total Expenses	241,600	54,700	59,000	237,870	247,400
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(241,600)	(54,700)	(59,000)	(237,870)	(247,400)

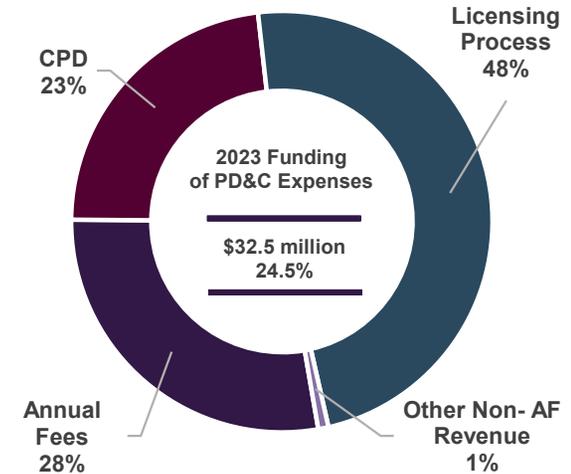
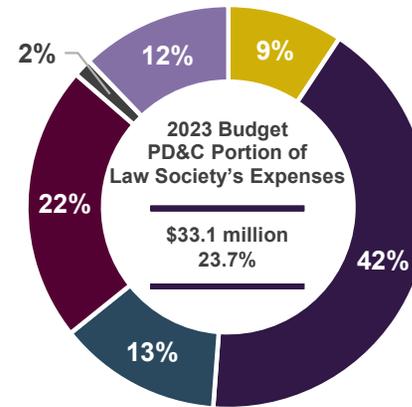
¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Professional Development & Competence

Overview

Professional Development & Competence

Professional Development and Competence (PD&C) focuses on the competency and professional standards of the professions through the licensing processes, provision of legal information and supports, competence resources and education programs, and post-licensing quality assurance programs. Oversight of the participants in the Regulatory Sandbox also falls within the PD&C mandate.

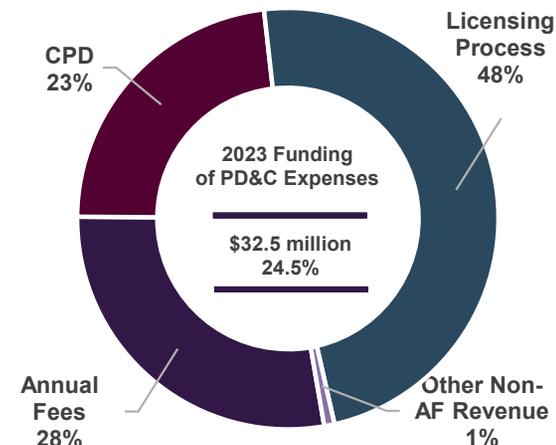
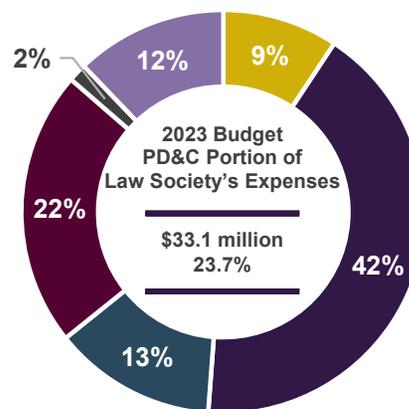


Executive Director's Office Practice Supports & Resources	Licensing & Accreditation	Continuing Professional Development
<ul style="list-style-type: none"> Provides professionalism and practice management guidance in response to over 10,000 licensee inquiries per year on the Practice Management Helpline Offers over 200 Law Society of Ontario professionalism and practice management resources, including: guides, frequently asked questions, checklists, precedents and other tools Supports licensees with implementation of best practices and skill development and with substantive and procedural law inquiries through the Coach and Advisor Network 	<ul style="list-style-type: none"> Implements standardized, fair, transparent and defensible systems of assessment for entry-level lawyers and paralegals Registers approximately 2,800 new lawyer candidates and 1,300 new paralegal candidates in the licensing process annually Supports approximately 6,000 lawyer candidates and 2,600 paralegal candidates in LSO's licensing process annually Administers the LSO's licensing processes for the legal profession, including registration services, the development and delivery of licensing examinations and study materials, the delivery of the Experiential Training Program for lawyers, and the lawyer and paralegal licensure Licenses approximately 2,500 lawyers and 1,200 paralegals each year Accredits and audits college paralegal education programs 	<ul style="list-style-type: none"> Delivers educational programming for the legal professions on a wide variety of substantive and professionalism topics, in various formats (live, live replay, on-demand, E-course, audio only) Coordinates the development and presentation of close to 100 original live programs and over 75 live replays per year. The programs range from 1 hour in length to up to 2 days (Summit) Provides additional education to specific groups within the membership, to advance policy initiatives, such as Bridge to Practice for lawyers and for paralegals

Overview

Professional Development & Competence

Professional Development and Competence (PD&C) focuses on the competency and professional standards of the professions through the licensing processes, provision of legal information and supports, competence resources and education programs, and post-licensing quality assurance programs. Oversight of the participants in the Regulatory Sandbox also falls within the PD&C mandate.



Practice Review Spot Audit Practice Audit	Access to Innovation	Great Library Corporate Records & Archives
<ul style="list-style-type: none"> Conducts Spot Audits to assess a law firm's compliance with the Law Society's financial record keeping requirements. Conducts Practice Audits of paralegals, which is a combined compliance assessment of certain financial record keeping requirements and practice management review to assess if they are meeting standards of professional competence Conducts Practice Management Reviews of lawyers who were called to the Bar within the past eight years to assess if they are meeting standards of professional competence. Conducts Practice Management Reviews of lawyers who re-enter private practice after an absence of 48 months over the past five years Conducts Focused Practice Reviews of lawyers and Practice Audits of paralegals who have been referred to the Practice Audits Department from one of the Law Society's regulatory units or who have been ordered to participate in a Practice Management Review as part of a Law Society Tribunal ruling to assess if they are meeting standards of professional competence 	<ul style="list-style-type: none"> Facilitates access to justice and enhances professional competence by removing barriers to the development of innovative technological legal services (ITLS) Protects the public by providing ITLS consumers with the same type of safeguards available to clients of lawyers and paralegals (competent and ethical services, recourse when required, and the provision of relevant details enabling informed choices to be made about the providers of the services) Informs the LSO's longer-term decision-making about ITLS regulation 	<ul style="list-style-type: none"> Supports the legal research and information needs of licensees and articling students through a significant print collection, and increasingly through electronic resources, and responds to over 20,000 legal research and information requests each year Administers AccessCLE, LSO's full-text, searchable CPD program materials website which receives more than 120,000 visits each year Organizes and provides access to the Great Library's and LIRN libraries' over 90,000 legal materials through its Library Automation System Creates content for our licensees to help them maintain their competence and help the public locate reliable legal information through two times award winning KnowHow blog and Great Library Research Guides, our information sharing system. Manages the Law Society's large and complex document collection, including the organization's official corporate records and artifacts of historical significance to Ontario's legal professions

Operating Budget Summary

Professional Development & Competence	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget	% Change
Professional Development & Competence Total						
Salaries and Benefits	16,618,000	15,954,700	16,730,000	17,542,900	18,393,300	
Operating Expenses	973,100	386,200	664,000	874,400	937,700	
Program Expenses	13,204,500	10,025,300	14,906,000	11,080,100	13,748,200	
Total Expenses	30,795,600	26,366,200	32,300,000	29,497,400	33,079,200	12.1%
Total Non-Annual Fee Revenues	24,128,400	22,202,577	20,772,000	20,174,640	23,376,700	15.9%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(6,667,200)	(4,163,623)	(11,528,000)	(9,322,760)	(9,702,500)	
Full Time Equivalent Employees				151.0	154.5	

Items of Note

- There is an increase of 3.5 FTE employees related to the Convocation-approved Practice Essentials course, enhancements to the Experiential Training Program, and the evolution of the Competence mandate. The increases are reflected in the departmental budget summaries.
- There is an increase in operating expenses as audits within the Spot Audit and Practice Audit areas will shift to a combination of in-person and virtual engagement model with a corresponding increase in travel costs.
- There is an increase in overall program expenses in the PD&C area mainly driven by the transition back to in-person examination delivery model, investments in ETE and increased costs with the ceremonial call to the Bar with a resulting \$2.4 million increase in total direct expenses. This is reflected with a corresponding increase in licensing revenues of \$2.7 million as a result of increased fees to the licensing candidates.
- CPD projected revenues in 2022 are estimated to be \$800,000 higher from the 2022 budget; the 2023 budget incorporates a similar increase in revenues from live and on-demand program registrations.

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Professional Development & Competence	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Executive Director's Office Practice Supports & Resources					
Salaries and Benefits	2,357,700	2,228,100	2,495,000	2,813,900	2,754,800
Operating Expenses	110,700	62,500	92,000	126,400	129,800
Program Expenses	94,900	52,600	67,000	188,800	185,000
Total Expenses	2,563,300	2,343,200	2,654,000	3,129,100	3,069,600
Total Non-Annual Fee Revenues	35,300	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,528,000)	(2,343,200)	(2,654,000)	(3,129,100)	(3,069,600)
Full Time Equivalent Employees				19.0	19.0
Licensing & Accreditation Certified Specialist					
Salaries and Benefits	3,437,400	3,477,300	3,789,000	3,850,800	4,104,500
Operating Expenses	154,000	96,200	149,000	168,200	174,100
Program Expenses	9,655,100	7,005,400	11,322,000	7,543,600	9,590,000
Total Expenses	13,246,500	10,578,900	15,260,000	11,562,600	13,868,600
Total Non-Annual Fee Revenues	15,547,400	14,578,277	13,143,000	13,268,340	15,655,600
Excess of Revenues Over Expenses / (Expenses Over Revenues)	2,300,900	3,999,377	(2,117,000)	1,705,740	1,787,000
Full Time Equivalent Employees				39.0	40.0
Continuing Professional Development					
Salaries and Benefits	2,473,900	2,352,100	2,371,000	2,353,800	2,643,100
Operating Expenses	107,100	55,300	62,000	98,100	101,900
Program Expenses	1,609,000	935,900	1,114,000	1,314,300	1,574,000
Total Expenses	4,190,000	3,343,300	3,547,000	3,766,200	4,319,000
Total Non-Annual Fee Revenues	8,384,400	7,471,600	7,457,000	6,657,000	7,471,700
Excess of Revenues Over Expenses / (Expenses Over Revenues)	4,194,400	4,128,300	3,910,000	2,890,800	3,152,700
Full Time Equivalent Employees				25.0	27.0

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Professional Development & Competence	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Practice Review Spot Audit Practice Audit					
Salaries and Benefits	6,526,400	6,223,400	6,255,000	6,571,900	6,869,300
Operating Expenses	546,200	145,000	323,000	381,600	444,000
Program Expenses	42,300	46,800	47,000	46,000	12,600
Total Expenses	7,114,900	6,415,200	6,625,000	6,999,500	7,325,900
Total Non-Annual Fee Revenues	-	11,400	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(7,114,900)	(6,403,800)	(6,625,000)	(6,999,500)	(7,325,900)
Full Time Equivalent Employees				48.5	49.0
Great Library Corporate Records & Archives					
Salaries and Benefits	1,822,600	1,595,500	1,557,000	1,682,300	1,747,800
Operating Expenses	55,100	26,900	36,000	55,100	56,200
Program Expenses	1,803,200	1,969,400	2,275,000	1,867,400	2,216,600
Total Expenses	3,680,900	3,591,800	3,868,000	3,604,800	4,020,600
Total Non-Annual Fee Revenues	161,300	141,300	141,000	149,300	149,400
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(3,519,600)	(3,450,500)	(3,727,000)	(3,455,500)	(3,871,200)
Full Time Equivalent Employees				17.5	17.5
Access to Innovation					
Salaries and Benefits	-	78,300	263,000	270,200	273,800
Operating Expenses	-	300	2,000	45,000	31,700
Program Expenses	-	15,200	81,000	120,000	170,000
Total Expenses	-	93,800	346,000	435,200	475,500
Total Non-Annual Fee Revenues	-	-	31,000	100,000	100,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	-	(93,800)	(315,000)	(335,200)	(375,500)
Full Time Equivalent Employees			-	2.0	2.0

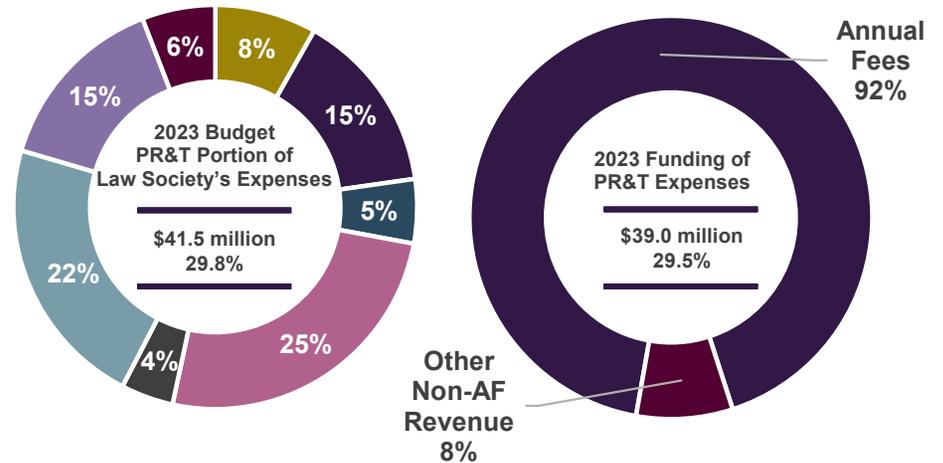
¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Professional Regulation & Tribunal

Overview

Professional Regulation & Tribunal

Professional Regulation responds to regulatory issues brought to the Law Society’s attention by resolving and investigating matters, and representing the Law Society in hearings before the Law Society Tribunal. Primary activities of Professional Regulation include complaints handling, investigations, discipline prosecutions, monitoring and enforcement of orders and undertakings, trusteeships, and client compensation.

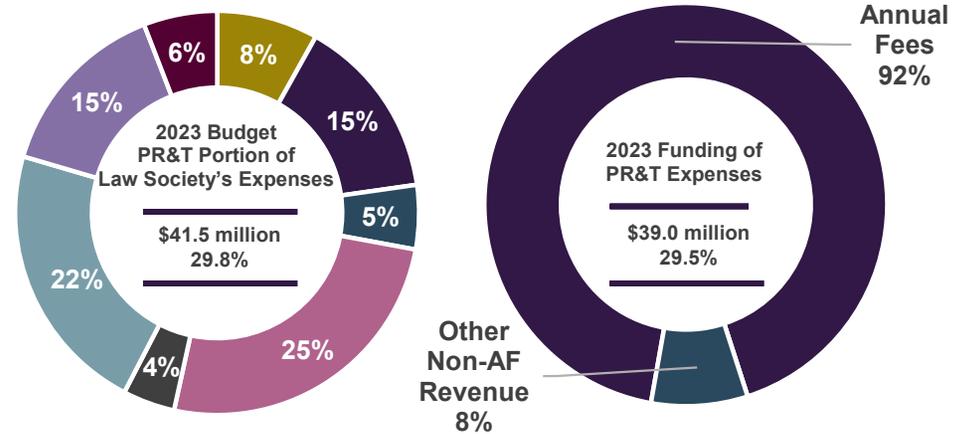


Executive Director’s Office	Complaints & Compliance Intake & Resolution Complaints Resolution Commissioner	By Law Administration Services Regulatory Compliance	Investigation Services
<ul style="list-style-type: none"> Oversees all departments and functions within Professional Regulation Manages communications with other divisions of the Law Society and external parties, and the development of policy and rule amendment proposals Supports bench work on strategic initiatives in licensee regulation 	<ul style="list-style-type: none"> Receives, logs and acknowledges complaints-related correspondence, assessing whether a written complaint is within Law Society jurisdiction and is responsible for mobility permits and licensing applications, Foreign Legal Consultant permits, Civil Society Organization registration, licensing following surrender/revocation applications, and clearance checks Reviews the complaints, assessing risk and collecting information from the complainant and licensee as required, and Intake & Resolution either completes the review and closes the complaint, or transfers the complaint to Investigation Services Conducts an independent review of the Law Society’s consideration of a complaint and its resulting decision to close a complaint file. The Commissioner may conduct an in-person review 	<ul style="list-style-type: none"> Administers by-law driven processes, including annual reporting and professional corporations; oversees the administrative suspension process Monitors and enforces undertakings and orders, and communicates practice restrictions, discipline histories and other regulatory information internally and to the public 	<ul style="list-style-type: none"> Investigates serious allegations of licensee misconduct, incapacity and incompetence Investigates issues relating to the good character of licensee applicants and the unauthorized provision of legal services by non-licensees Resolves and closes files, refers the matter to the Proceedings Authorization Committee (PAC) for summary hearings or remedial outcomes, or transfers files to Litigation Services

Overview

Professional Regulation & Tribunal

Professional Regulation responds to regulatory issues brought to the Law Society’s attention by resolving and investigating matters, and representing the Law Society in hearings before the Law Society Tribunal. Primary activities of Professional Regulation include complaints handling, investigations, discipline prosecutions, monitoring and enforcement of orders and undertakings, trusteeships, and client compensation.



Case & Data Management	Litigation Services & Trustee Services	Compensation Fund	Law Society Tribunal
<ul style="list-style-type: none"> Oversees case management system, “IRIS” (Integrated Regulatory Information System) and monitors quality of case files, in conjunction with IT Develops qualitative analysis and recommendations regarding file handling, issue management, work process and procedural improvements Develops reporting structures and the examination and evaluation of reporting requirements Oversees production flow, quality control and adherence to legal procedures regarding electronic evidence seizure, handling Oversees storage of digital and physical evidence obtained during an investigation 	<ul style="list-style-type: none"> Refers matters to PAC and handles regulatory prosecutions for the Law Society, primarily before the Law Society Tribunal (Hearing and Appeal Division) but also before the courts in Ontario (for the purposes of appeals and judicial reviews) Oversees the interests and property of the clients of licensees who have ceased practicing, often through the use of court-ordered trusteeships or custodianship agreed to by the licensee, and administers the Trust Fund established by the Provincial Government to hold unclaimed monies from the trust accounts of Ontario licensees 	<ul style="list-style-type: none"> Handles inquiries and processes claims by clients who have lost money as a result of the dishonesty of a licensee. The current maximum amounts payable to a claimant in respect of lawyer or paralegal dishonesty are \$500,000 and \$10,000, respectively 	<ul style="list-style-type: none"> Processes, hears and decides regulatory cases about Ontario lawyers, paralegals and applicants for licensing in a manner that is impartial, fair, just and in the public interest

Operating Budget Summary

Professional Regulation & Tribunal	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Approved Budget	% Change
Professional Regulation & Tribunal Total						
Salaries and Benefits	25,773,900	27,321,700	28,316,000	29,500,300	30,618,900	
Operating Expenses	1,666,600	826,000	951,000	1,836,400	1,616,700	
Program Expenses	4,312,400	10,219,000	11,270,000	8,746,300	9,257,900	
Total Expenses	31,752,900	38,366,700	40,537,000	40,083,000	41,493,500	3.5%
Total Non-Annual Fee Revenues (Including Compensation Funds)	3,034,900	5,709,600	1,505,000	2,601,500	3,014,900	15.9%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(28,718,000)	(32,657,100)	(39,032,000)	(37,481,500)	(38,478,600)	
Full Time Equivalent Employees				225.0	225.5	

Items of Note

- There is an increase of 0.5 FTE employees in order to support increasing service levels and improving completion rates.
- The decrease in operating expenses is primarily within Investigation Services and Litigation Services as document reproduction costs have been reduced with more documents being retained electronically.
- The increase in program expenses in both the 2022 forecast and the 2023 budget is mainly driven by an increase in the grant provision expense related to higher inquiry and claim activity within the lawyer pool of the Compensation Fund. The 2022 forecast reflects an increase of \$3.1 million from the 2022 budget due primarily to two lawyers; the 2023 budget reflects an increase in the grant provision expense of \$610,000.
- The 2022 revenue projections include significant unrealized investment losses of approximately \$2.8 million which were incurred to the end of July and partially offset by higher than budgeted recoveries.

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Professional Regulation & Tribunal	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Executive Director's Office Professional Regulation					
Salaries and Benefits	1,498,100	1,361,100	1,376,000	1,424,700	1,492,200
Operating Expenses	150,000	35,200	33,000	204,800	182,600
Program Expenses	1,690,800	1,320,700	1,684,000	1,691,000	1,704,800
Total Expenses	3,338,900	2,717,000	3,093,000	3,320,500	3,379,600
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(3,338,900)	(2,717,000)	(3,093,000)	(3,320,500)	(3,379,600)
Full Time Equivalent Employees				8.0	8.0
Complaints & Compliance Intake & Resolution Complaints Resolution Commissioner					
Salaries and Benefits	4,954,600	4,867,500	5,265,000	5,369,500	5,689,600
Operating Expenses	197,500	120,900	145,000	222,200	215,500
Program Expenses	129,500	140,200	139,000	165,200	165,700
Total Expenses	5,281,600	5,128,600	5,549,000	5,756,900	6,070,800
Total Non-Annual Fee Revenues	308,800	461,500	456,000	264,900	382,900
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(4,972,800)	(4,667,100)	(5,093,000)	(5,492,000)	(5,687,900)
Full Time Equivalent Employees				43.5	44.5
Regulatory Compliance By Law Administration Services					
Salaries and Benefits	1,687,500	1,865,900	1,880,000	1,868,500	1,948,400
Operating Expenses	63,800	78,400	69,000	118,400	129,500
Program Expenses	15,600	38,600	39,000	66,000	49,900
Total Expenses	1,766,900	1,982,900	1,988,000	2,052,900	2,127,800
Total Non-Annual Fee Revenues	793,000	956,200	1,028,000	775,000	995,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(973,900)	(1,026,700)	(960,000)	(1,277,900)	(1,132,800)
Full Time Equivalent Employees				19.0	19.0

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Professional Regulation & Tribunal	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Investigation Services					
Salaries and Benefits	8,519,900	8,888,200	9,090,000	9,435,100	9,757,100
Operating Expenses	840,400	376,300	422,000	721,700	575,500
Program Expenses	351,800	281,900	213,000	332,700	251,700
Total Expenses	9,712,100	9,546,400	9,725,000	10,489,500	10,584,300
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(9,712,100)	(9,546,400)	(9,725,000)	(10,489,500)	(10,584,300)
Full Time Equivalent Employees				72.0	72.5
Case & Data Management					
Salaries and Benefits	775,100	799,200	979,000	1,098,600	1,146,600
Operating Expenses	24,500	14,700	13,000	27,800	29,300
Program Expenses	295,600	493,700	475,000	581,000	560,000
Total Expenses	1,095,200	1,307,600	1,467,000	1,707,400	1,735,900
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,095,200)	(1,307,600)	(1,467,000)	(1,707,400)	(1,735,900)
Full Time Equivalent Employees				10.0	10.0
Litigation Services & Trustee Services					
Salaries and Benefits	6,336,000	7,736,900	7,930,000	8,221,200	8,513,800
Operating Expenses	299,500	173,700	226,000	441,500	379,800
Program Expenses	328,500	312,400	202,000	312,800	199,100
Total Expenses	6,964,000	8,223,000	8,358,000	8,975,500	9,092,700
Total Non-Annual Fee Revenues	1,000	235,500	28,000	11,600	10,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(6,963,000)	(7,987,500)	(8,330,000)	(8,963,900)	(9,082,700)
Full Time Equivalent Employees				54.5	54.5

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Professional Regulation & Tribunal	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Compensation Fund					
Salaries and Benefits	645,800	523,200	547,000	585,600	615,700
Operating Expenses	12,400	10,500	10,000	20,300	21,700
Program Expenses	615,500	6,934,100	7,821,000	4,794,600	5,426,100
Total Expenses	1,273,700	7,467,800	8,378,000	5,400,500	6,063,500
Total Non-Annual Fee Revenues	1,931,800	4,055,100	(8,000)	1,550,000	1,627,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	658,100	(3,412,700)	(8,386,000)	(3,850,500)	(4,436,500)
Full Time Equivalent Employees				4.5	4.5
Law Society Tribunal					
Salaries and Benefits	1,356,900	1,279,700	1,249,000	1,497,100	1,455,500
Operating Expenses	78,500	16,300	33,000	79,700	82,800
Program Expenses	885,100	697,400	697,000	803,000	900,600
Total Expenses	2,320,500	1,993,400	1,979,000	2,379,800	2,438,900
Total Non-Annual Fee Revenues	300	1,300	1,000	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,320,200)	(1,992,100)	(1,978,000)	(2,379,800)	(2,438,900)
Full Time Equivalent Employees				13.5	12.5

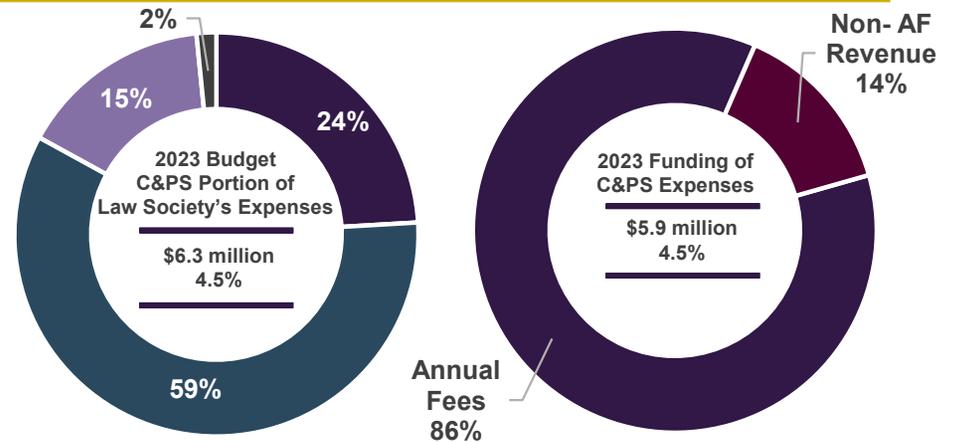
¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Client & People Services

Overview

Client & People Services

Client & People Services division is a collection of business units, including Human Resources, Portfolio Management Office, Client Service Centre, Catering and Events that offer a diverse range of services to internal and external stakeholders.

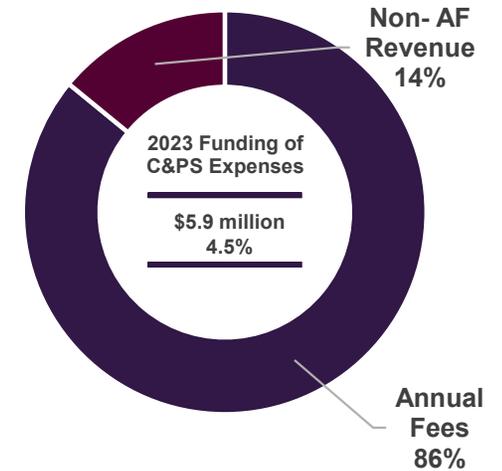
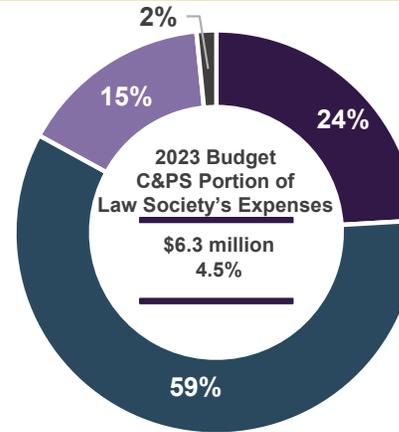


<p>Executive Director's Office</p> <p>Portfolio Management Office</p>	<p>Client Service Centre</p>	<p>Catering</p> <p>Events</p>
<ul style="list-style-type: none"> Maintains and manages the portfolio of capital projects within Law Society Establishes project standards and methodology for the organization Offers support and guidance for all project managers, providing tools and templates and maintains documentation for standards and best practices in project management 	<ul style="list-style-type: none"> Receives over 130,000 calls to three lines: Licensee Inquiry, Complaints Reception and Main Reception, and receives over 20,000 emails to the Law Society inbox on an annual basis Updates licensee status/contact information in the Law Society's database, answers inquiries from licensees (relating to status, annual fees, and CPD), and produces adjusted billings, Photo ID, Certificates of Standing and Status Letters for licensees Responds to internal/external requests for data/statistics, deals with some licensee applications, and is responsible for the Lawyer and Paralegal Directory and the Law Society Portal Connects people looking for legal assistance with a lawyer or paralegal who will provide a free consultation of up to 30 minutes to help determine rights and options. Approximately 60,000 referrals are provided yearly – 65% through the online service and 35% through the crisis line or email 	<ul style="list-style-type: none"> Provides food services for internal and external meetings and events, manages the Osgoode Hall Restaurant, and assists in preparation of meals for the Toronto Lawyers Feed the Hungry Program Catering operations, including the restaurant, are not reflected in the 2023 budget pending the review and development of a plan for the future delivery of these services

Overview

Client & People Services

Client & People Services division is a collection of business units, including Human Resources, Portfolio Management Office, Client Service Centre, Catering and Events that offer a diverse range of services to internal and external stakeholders.



Member Assistance Plan (MAP)	Parental Leave Assistance Plan (PLAP)
<ul style="list-style-type: none"> A confidential service designed to help members to achieve their health and wellness goals Lawyers, paralegals, licensing candidates, law students, judges, other legal professionals and their families can access the MAP Funded by and fully independent of the Law Society of Ontario and LAWPRO, Homewood Health provides services through coaching, counselling, peer support and resources 	<ul style="list-style-type: none"> Financial assistance following the birth or adoption of a child – \$750 per week for up to 12 weeks (\$9,000 max. per family) For practising lawyers in sole practice, or firms of up to five lawyers, who do not have access to other parental or adoption benefits

Operating Budget Summary

Client & People Services	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget	% Change
Client & People Services Total						
Salaries and Benefits	5,935,000	4,468,200	4,435,000	4,687,100	4,662,600	
Operating Expenses	197,700	63,700	134,000	242,400	255,400	
Program Expenses	1,740,200	828,700	1,049,125	1,291,900	1,360,800	
Total Expenses	7,872,900	5,360,600	5,618,125	6,221,400	6,278,800	0.9%
Total Non-Annual Fee Revenues	2,707,300	717,400	778,000	837,700	832,700	-0.6%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(5,165,600)	(4,643,200)	(4,840,125)	(5,383,700)	(5,446,100)	
Full Time Equivalent Employees				46.0	45.0	

Items of Note

- Reflected in the salaries and benefits is a reduction of 1.0 FTE employee in the Call Centre to support the realignment of roles from the Client Service Enhancement project.
- There is a small increase in program expenses to reflect additional organizational training and change management needs due to the Transformation.
- Funding for the Parental Leave Assistance Program is reduced by \$50,000 as it has an adequate fund balance to sustain recent historical activity.

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Client & People Services	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Executive Director's Office Project Management Office					
Salaries and Benefits	987,600	1,164,700	1,087,000	1,101,000	1,141,700
Operating Expenses	40,200	14,100	26,000	71,500	88,800
Program Expenses	140,100	21,700	150,000	151,200	279,300
Total Expenses	1,167,900	1,200,500	1,263,000	1,323,700	1,509,800
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,167,900)	(1,200,500)	(1,263,000)	(1,323,700)	(1,509,800)
Full Time Equivalent Employees				6.0	6.0
Client Service Centre					
Salaries and Benefits	3,466,700	3,215,400	3,348,000	3,586,100	3,520,900
Operating Expenses	121,100	48,100	108,000	170,900	166,600
Program Expenses	12,600	5,700	11,000	20,700	11,500
Total Expenses	3,600,400	3,269,200	3,467,000	3,777,700	3,699,000
Total Non-Annual Fee Revenues	484,300	409,100	417,000	422,700	417,700
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(3,116,100)	(2,860,100)	(3,050,000)	(3,355,000)	(3,281,300)
Full Time Equivalent Employees				40.0	39.0
Catering Events					
Salaries and Benefits	1,480,700	88,100	-	-	-
Operating Expenses	36,400	1,500	-	-	-
Program Expenses	780,400	1,600	-	-	-
Total Expenses	2,297,500	91,200	-	-	-
Total Non-Annual Fee Revenues	1,954,800	900	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(342,700)	(90,300)	-	-	-
Full Time Equivalent Employees			-	-	-

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Client & People Services	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Member Assistance Plan (MAP)					
Program Expenses	618,800	697,200	791,000	970,000	970,000
Total Expenses	618,800	697,200	791,000	970,000	970,000
Total Non-Annual Fee Revenues	268,200	307,400	361,000	415,000	415,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(350,600)	(389,800)	(430,000)	(555,000)	(555,000)
Parental Leave Assistance Plan (PLAP)					
Program Expenses	188,300	102,500	97,125	150,000	100,000
Total Expenses	188,300	102,500	97,125	150,000	100,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(188,300)	(102,500)	(97,125)	(150,000)	(100,000)

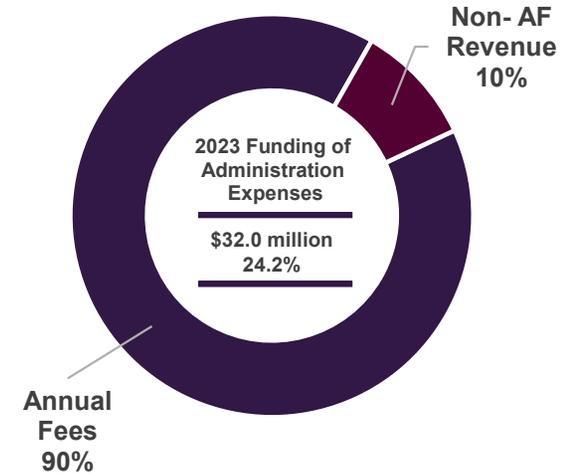
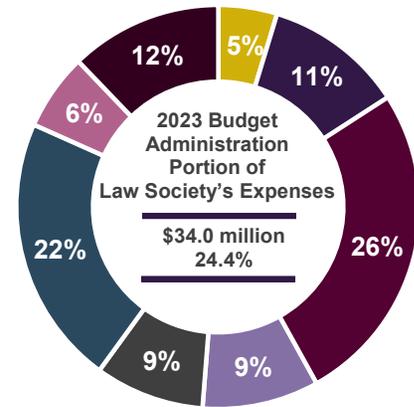
¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Administration

Overview

Administration

The Society’s administrative functions include executive oversight, financial administration, information systems, office of general counsel, human resources and facilities management.

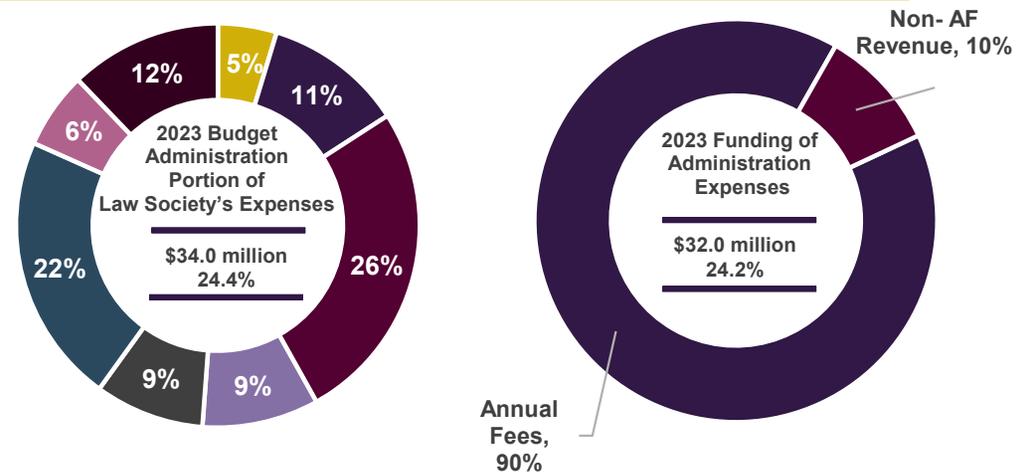


Office of Chief Executive Officer	Finance	Information Technology	Human Resources
<ul style="list-style-type: none"> Leads the operations of the Law Society Provides advice and support to the Treasurer and benchers and operational oversight for projects and activities that bridge strategy, policy and large-scale implementation Includes the Corporate Secretary function with oversight and management of governance functions Coordinates the contribution of benchers and management to Federation of Law Societies of Canada 	<ul style="list-style-type: none"> Oversees the Society’s financial administration including its annual budget, financial policies and reporting, internal controls and support for the Audit and Finance Committee Manages the Society’s enterprise risk management including risk identification, assessment and mitigation and compliance reporting Provides Financial administration to the Law Society Foundation and LiRN Inc. 	<ul style="list-style-type: none"> Supports business applications and information and communications technology that enables the Law Society to operate efficiently and effectively Manages IT related projects and initiatives for the Law Society 	<ul style="list-style-type: none"> Contributes to meeting the needs of our employees and managers by providing leadership, guidance support and services in the following areas: Employee Relations, Performance Management, Recruitment and Staffing, Compensation (salary, benefits, pension), Health & Safety, Training and Development, HR Information Systems, people-related legislation including Employment Standards, Pay Equity, Health and Safety and Human Rights

Overview

Administration

The Society's administrative functions include executive oversight, financial administration, information systems, office of general counsel, human resources and facilities management.



External Relations & Communications	Facilities	Office of General Counsel	Corporate
<ul style="list-style-type: none"> Leads the Society's communications, government and stakeholder relations functions Provides strategic communications and engagement advice and services Works closely with the Treasurer, benchers, management and operational areas to advance policy initiatives and strategic priorities by taking a leadership role in engagement and communications strategy development, media relations and issues management 	<ul style="list-style-type: none"> Provides employees with a safe, comfortable, clean and sustainable work environment. The portfolio of integrated services include: Building Maintenance, Planning and operations, facility capital projects, security services, waste management, cleaning services and curatorial Delivers an optimal environment for the organization's primary functions, taking an integrated view of the business infrastructure, and using this to deliver effective and responsive services, create flexible and adaptable spaces, and operate cost effective building assets and services 	<ul style="list-style-type: none"> Provides oversight for all corporate litigation Supports and co-instructs external counsel appointed by the Law Society's insurers in respect of litigation that is insured Manages an average of 30 corporate litigation files each year Provides all divisions of the LSO, the Treasurer and Convocation and its committees with supports, advice and input into legal, policy, regulatory and corporate interactions and issues, including contract drafting, review and negotiation; information access and privacy issues; legislative drafting and employment matters. Processes on average 400 matters per year (excluding litigation matters) 	<ul style="list-style-type: none"> Includes expenses not aligned specifically with an operational department including insurance, audit fees, provision for bad debts, payment card processing fees and the central operations contingency.

Operating Budget Summary

Administration	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget	% Change
Administration Total						
Salaries and Benefits	15,528,500	14,957,500	15,497,000	15,860,600	16,612,000	
Operating Expenses	605,700	349,700	501,000	695,300	753,800	
Program Expenses	20,667,900	15,430,500	15,459,000	16,514,600	16,678,300	
Total Expenses	36,802,100	30,737,700	31,457,000	33,070,500	34,044,100	2.9%
Total Non-Annual Fee Revenues	6,584,900	4,691,000	1,163,000	3,497,500	3,129,700	-10.5%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(30,217,200)	(26,046,700)	(30,294,000)	(29,573,000)	(30,914,400)	
Full Time Equivalent Employees				119.0	119.0	

Items of Note

- The modest increase in program expenses of \$163,700 is mainly driven by an increase in software and cloud maintenance costs (\$272,000) and an increase in facility costs due to contractual increases in outsourced cleaning and security costs (\$60,000). These increases are partially mitigated with budget decreases in Human Resources (\$142,500) to reduce planned spending across several areas.
- The decrease in non-annual fee revenues of \$367,800 is mainly driven by planned decrease in investment and interest income and offset by a small increase in the PAP administration fees.

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Administration	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Office of Chief Executive Officer					
Salaries and Benefits	1,340,500	1,365,300	1,438,000	1,399,200	1,462,600
Operating Expenses	53,300	26,800	49,000	56,600	58,100
Program Expenses	215,800	111,700	82,000	84,500	84,500
Total Expenses	1,609,600	1,503,800	1,569,000	1,540,300	1,605,200
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,609,600)	(1,503,800)	(1,569,000)	(1,540,300)	(1,605,200)
Full Time Equivalent Employees				5.0	5.0
Finance					
Salaries and Benefits	2,990,700	3,056,800	3,129,000	3,299,700	3,455,300
Operating Expenses	109,600	51,200	97,000	136,000	138,900
Program Expenses	187,300	269,200	216,000	271,500	201,500
Total Expenses	3,287,600	3,377,200	3,442,000	3,707,200	3,795,700
Total Non-Annual Fee Revenues	588,000	634,200	618,000	518,000	533,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,699,600)	(2,743,000)	(2,824,000)	(3,189,200)	(3,262,700)
Full Time Equivalent Employees				25.0	25.0
Information Technology					
Salaries and Benefits	4,721,700	4,937,500	5,074,000	4,999,300	5,255,500
Operating Expenses	100,000	92,900	125,000	112,500	123,000
Program Expenses	1,883,000	2,836,900	3,046,000	3,023,000	3,481,300
Total Expenses	6,704,700	7,867,300	8,245,000	8,134,800	8,859,800
Total Non-Annual Fee Revenues	12,000	12,000	12,000	12,000	12,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(6,692,700)	(7,855,300)	(8,233,000)	(8,122,800)	(8,847,800)
Full Time Equivalent Employees				41.0	41.0

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Administration	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Human Resources					
Salaries and Benefits	1,371,700	1,479,800	1,449,000	1,771,500	1,773,300
Operating Expenses	81,700	31,400	31,000	91,600	85,800
Program Expenses	950,700	825,300	1,049,000	1,270,000	1,127,500
Total Expenses	2,404,100	2,336,500	2,529,000	3,133,100	2,986,600
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,404,100)	(2,336,500)	(2,529,000)	(3,133,100)	(2,986,600)
Full Time Equivalent Employees				14.0	14.0
External Relations & Communications					
Salaries and Benefits	1,630,800	1,753,700	1,851,000	1,870,100	1,992,300
Operating Expenses	103,700	52,300	78,000	127,900	180,000
Program Expenses	1,377,100	473,000	679,000	1,060,100	1,010,100
Total Expenses	3,111,600	2,279,000	2,608,000	3,058,100	3,182,400
Total Non-Annual Fee Revenues	4,700	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(3,106,900)	(2,279,000)	(2,608,000)	(3,058,100)	(3,182,400)
Full Time Equivalent Employees				15.0	15.0
Facilities					
Salaries and Benefits	2,178,800	1,209,800	1,333,000	1,335,400	1,405,300
Operating Expenses	69,600	36,300	53,000	70,100	66,500
Program Expenses	4,993,400	5,006,400	5,674,000	5,849,100	5,909,000
Total Expenses	7,241,800	6,252,500	7,060,000	7,254,600	7,380,800
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(7,241,800)	(6,252,500)	(7,060,000)	(7,254,600)	(7,380,800)
Full Time Equivalent Employees				13.0	13.0

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

Operating Budget Details

Administration	2019 Actuals ¹	2021 Actuals	2022 Projected Actuals	2022 Approved Budget	2023 Draft Budget
Office of General Counsel					
Salaries and Benefits	1,294,300	1,154,600	1,223,000	1,185,400	1,267,700
Operating Expenses	87,800	58,800	68,000	100,600	101,500
Program Expenses	6,562,400	119,900	936,000	718,400	718,400
Total Expenses	7,944,500	1,333,300	2,227,000	2,004,400	2,087,600
Total Non-Annual Fee Revenues	-	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(7,944,500)	(1,333,300)	(2,227,000)	(2,004,400)	(2,087,600)
Full Time Equivalent Employees				6.0	6.0
Corporate					
Salaries and Benefits	-	-	-	-	-
Operating Expenses	-	-	-	-	-
Program Expenses	4,498,200	5,788,100	3,777,000	4,238,000	4,146,000
Total Expenses	4,498,200	5,788,100	3,777,000	4,238,000	4,146,000
Total Non-Annual Fee Revenues	5,980,200	4,044,800	533,000	2,967,500	2,584,700
Excess of Revenues Over Expenses / (Expenses Over Revenues)	1,482,000	(1,743,300)	(3,244,000)	(1,270,500)	(1,561,300)
Full Time Equivalent Employees			-	-	-

¹ 2019 actuals were used as a comparison to the last full year before the pandemic. 2020 actuals are excluded as they are not representative of regular operations.

6

Other Funds

Compensation Fund - Lawyers

The Compensation Fund is restricted by the Law Society Act. Under the Act, the Fund's revenues are to include licensee annual fees, recoveries, and investment income from the investment of the accumulated fund balances.

The Fund makes grants to members of the public who are the victims of licensee dishonesty and misappropriation of client funds held in trust. Convocation has delegated responsibility for the approval of grants to the Compensation Fund Sub-Committee. Current guidelines for grants cap payments at \$500,000 for the lawyer pool of the Fund and \$10,000 for the paralegal pool of the Fund.

The lawyer pool of the Compensation Fund is governed by a Convocation-approved Fund Balance Management Policy ("Policy"). The Policy sets out minimum and maximum fund balance amounts to be maintained, prescribes the use of the accumulated fund balance and steps to be taken in the event the fund balance is outside the approved range. The policy provides for the discretionary use of the fund balance when the balance exceeds the minimum and is below the maximum range.

The minimum balance required in the fund based on the most recent modelling completed in 2020 is \$19.6 million and the maximum benchmark is \$96.3 million. The current fund balance of the lawyer pool of the Compensation Fund is \$23.9 million as of June 30, 2022 and is projected to end the year at approximately \$22.5 million. While this balance is currently within the benchmarks of the Policy, the actual use of the fund balance in 2022 has exceeded budget. The 2022 budget planned for the use of \$3.7 million of the lawyer pool of the Compensation Fund, but financial results for the first six months of the year see expenses exceeding revenues by \$7.1 million. This use of fund balance beyond budget is driven by increased claims activity affecting the provision for routine grant expense and notable unrealized losses on investments.

Compensation Fund - Lawyers

Key assumptions in the 2023 budget related to the lawyer pool of the Compensation Fund are:

- The actual grant provision expense in 2021 was \$6.8 million and the projected grant expense in 2022 is \$7.6 million. The provision for routine grants has been set at the 50th percentile in both the 2021 and 2022 budgets at \$4.49 million based on a stochastic model review completed by an actuary in June 2020. The model is used to estimate average grant claims. Given the significant increase in activity over the past 18 months, the estimate (stochastic model) was updated in June 2022 resulting in a suggested increase in the provision for routine grants to \$5.8 million. As this amount is an estimate set at the 50th percentile, assessing the provision amount includes consideration of risk tolerance and likelihood of continued high claims activity. Considering these factors, the provision for routine grant expense is set at the midpoint between the 2020 and 2022 stochastic modeling results at \$5.1 million in the 2023 budget.
- There is a risk in using a grant provision amount that is lower than both the stochastic modelling and our actual activity over the past two years. If grant expense activity is higher than the budget and/or investment market volatility continues, the fund balance may drop below the minimum benchmark in 2023. If that occurs, the fund balance restoration mechanism would require implementation of a plan to restore the fund balance to its policy minimum within three years and, depending on the extent of the drop, it could require a special levy. Given the current fund balance and the risk it could drop below the minimum benchmark, the 2023 budget does not contemplate the use of any fund balance to mitigate the annual fee.

Based on the above assumptions, the Compensation Fund component of the annual fee for lawyers is increasing from \$1 in 2022 to \$90 in 2023.

Compensation Fund - Paralegals

The paralegal pool of the Compensation Fund is not governed by a Fund Balance Management Policy as the scope of paralegal practice, the grant limit of \$10,000 and limited claims activity have not demonstrated a need for a policy to date.

The Fund Balance is \$680,000 as of June 30, 2022 and is projected to end the year at around \$600,000. Similar to the lawyer pool of the Compensation Fund, the actual use of the fund balance is greater than budget. The 2022 budget planned for the use of \$119,000 of the paralegal pool of the Compensation Fund. Financial results for the first six months of 2022 see the fund balance decrease by \$284,000 due to unrealized losses on investments.

The Compensation Fund component of the annual fee for paralegals has been a nominal fee of \$1 since 2021. As use of the fund balance is exceeding that planned for in the 2022 budget and replenishment of the Fund has been minimal with the \$1 levy amount for two years, the nominal fee for the paralegal pool of the Compensation Fund is not continued in the 2023 budget.

The 2023 budget plans for the use of \$54,200 of the paralegal pool of the Compensation Fund balance in order to mitigate some of the increase in the Compensation Fund component of the annual fee.

Based on the above, the Compensation Fund component of the annual fee for paralegals is increasing from \$1 in 2022 to \$10 in 2023.

Capital Fund

The Law Society maintains a restricted Capital Fund for the sole purpose of providing funding for the replacement, upgrade and restoration of its physical assets and information technology systems.

Osgoode Hall is one of the legal professions' most iconic sites and the Law Society is entrusted with its preservation. Maintaining Osgoode Hall, in addition to requiring attention to its historical and symbolic importance, is complicated and expensive as the Law Society seeks to modernize its physical plant while respecting and maintaining the building's heritage. A facilities condition assessment was conducted in 2020 to develop a ten-year plan for the maintenance and replacement of relevant aspects of its physical infrastructure. This plan has informed choice of projects to be undertaken in 2023.

Included as part of the 2023 capital plan is continued preservation work required on the Benchers' Wing at Osgoode Hall. Moisture infiltration throughout the years has caused observable issues of structural deterioration, and the windows and roof are at the end of their useful life, requiring replacement. In addition, exterior brick and stone masonry are being displaced from the building in several locations and may become safety hazards in the future. Given the extent of work required on the Benchers' Wing and resulting cost, the preservation work was planned for a three-year period.

Capital Fund

The 2023 budget includes costs of \$3.8 million to complete required restoration and structural repairs to the Bencher Wing. In 2023, \$2.2 million will be funded through annual fees with \$1.6 million funded by a loan from the Lawyer General Fund balance.

Under the initial plan, structural repairs to the foundation were scheduled for 2022 (Phase 1), with wall repairs and window and roof replacement to be completed in 2023 and 2024 (Phase 2 and 3). The total budget for Phases 2 and 3, if completed separately, is \$4.3 million; spending of \$2.2 million anticipated in 2023 and the balance in 2024. The Bencher Wing preservation and repairs were planned over three years to manage the burden of funding the project.

If Phases 2 and 3 related to replacement of windows and the roof on the Bencher Wing along with the exterior brick and stone masonry repairs are tendered and completed as one phase, contractor efficiencies gained could save approximately \$500,000. With the pandemic related savings available in the Lawyer General Fund and to realize this opportunity, the Capital Fund will borrow \$1.6 million from the Lawyer General Fund balance for one year to support project completion in one phase rather than two while raising the required funding of \$3.8 million over 2023 and 2024. This approach allows the Law Society to save approximately \$500,000, mitigates annual fees of approximately \$10 per licensee over the course of the project, and smooths the impact on licensees of raising the funds all in one year.

Capital Fund

As a knowledge-based operation the Law Society requires continuous investment in modern technology to meet expectations of licensees, the public, and to manage risk and security measures for electronic data. As the Law Society moves forward with the Transformation, minimum capital spending is planned on current technology. The 2023 budget includes only essential investments related to technology infrastructure such as cyberrisk and security measures, storage capacity, and required end user hardware devices.

The total capital budget of \$6.5 million for 2023 is summarized below.

Capital Project	2023 Draft Capital Budget
Facilities - Benchers' Wing Restoration	\$ 3,800,000
Facilities - Preservation and Infrastructure Projects per FCA	1,750,000
Information Technology - Infrastructure Updates and Replacements	545,000
Contingency	400,000
Total	\$ 6,495,000

In addition to annual fee revenue and the loan from the Lawyer General Fund balance, it is recommended that \$1.3 million of the current Capital Fund balance be used to support facilities infrastructure requirements in 2023.

The capital component of the annual fee in 2023 is \$66 (2022 - \$66).

Capital Fund

In April 2022, Convocation approved proceeding with the planning and implementation of the Transformation as presented at the March 9, 2022 Bencher Discussion & Information Session. Preliminary early estimates of future funding requirements over five years are \$17.5 to \$20 million or \$3.5 to \$4 million per year.

Convocation also approved in April the transfer of \$8.6 million from the unrestricted fund balance of the Errors & Omissions Fund to the Capital Fund to be restricted for the purpose of funding the Transformation and agreed that potential additional funding from the Lawyer General Fund be considered as part of the 2023 budget cycle, when the availability of fund balances for future use is assessed. Based on Convocation's decision in April and the projected Lawyer General Fund balance, the transfer of \$3.5 million in 2023 for the Transformation is recommended.

The 2023 budget at this time does not reflect any capital spending on the Transformation as the planning phase, with the System Integrator retained to assist with the planning and implementation phases, is in progress and expected to wrap up in October. Upon completion of the planning phase, a refined estimate of the cost of implementation should be known ideally for inclusion in the 2023 capital budget. If the timing does not coincide with the 2023 budget cycle, as Convocation has approved proceeding and some funding has been secured, the Transformation will proceed. The timeframe for the Transformation will also be driven by the planning phase and resource availability. Should an opportunity present itself to complete the Transformation in a shorter timeframe to introduce the anticipated benefits sooner and potentially reduce overall costs, there may be an opportunity for short-term borrowing from fund balances or our financial institution.

Errors and Omissions Insurance Fund

The Society's Errors and Omissions Insurance Fund ("E&O Fund") is maintained for the purpose of reporting insurance related transactions between the Society, lawyers and LAWPRO. LAWPRO administers the day-to-day operations of the E&O Fund under a management services agreement at no cost to the Society. LAWPRO's administration of the E&O Fund is limited to the billing and collection of premiums and various additional levies related to transactions undertaken by lawyers.

Ownership of the Fund's assets, including decisions to restrict their use, as well as income derived from their investment, is entirely the purview of Convocation including the transfer of surplus investment income to the Society's Lawyer General Fund.

The 2023 budget proposes to transfer \$1.2 million of investment income, surplus to the needs of the E&O Fund, to support the operations of the Lawyer General Fund. As of July 31, 2022, there is \$2.5 million in cumulative excess investment income that will allow the transfer of this \$1.2 million in both 2022 and 2023. However, should unrealized investment losses continue and reduce the availability of cumulative excess investment income, there is a risk that this transfer may not be advisable in 2023 to avoid realizing losses. Management will continue to monitor this risk throughout both 2022 and 2023.

County Libraries Fund

The Society maintains the County Libraries Fund to collect fees from lawyers for the provision of legal information and the support of county library services across Ontario's law libraries through its wholly-owned not-for-profit subsidiary LiRN Inc. ("LiRN").

On an annual basis, the Law Society approves a budget submission from LiRN supporting their request for grant funding from the Law Society. LiRN's funding request for 2022 was \$9.4 million comprising an operating budget of \$8.5 million and a transitional budget of \$900,000 to expand the suite of digital services, library staff training and the required information technology infrastructure. In 2022, funding for the transitional budget came from the unrestricted fund balance in the E&O Fund.

LiRN's funding request for 2023 is \$9.6 million, a 2% increase in comparison to 2022.

Funding to LiRN of \$9.6 million will be funded solely through the county libraries component of the annual fee, which will increase to \$200 (2022 - \$183).

FOR DECISION

2023 LiRN Inc. Budget

Motion:

That Convocation approve the LiRN Inc. budget for 2023, which includes funding of \$9,572,427 from the Law Society of Ontario.

LiRN Inc. ("LiRN") is a wholly-owned, not-for-profit subsidiary of the Law Society established to develop policies, procedures, guidelines and standards for the delivery of county law library services and legal information across Ontario and to administer funding on behalf of the Law Society. The Law Society holds all of the 100 common shares of LiRN. Of the 100 special shares, 25 are held by the Toronto Lawyers Association and 75 are held by the Federation of Ontario Law Associations.

The Law Society collects funds for county and district law library purposes and provides grants to LiRN to administer the legal information network. Convocation internally restricts these funds in the County Libraries Fund for the purpose of funding LiRN, and indirectly the county and district law libraries, to carry out their annual operations and any special projects approved by Convocation.

LiRN's Board of Directors approved LiRN's 2023 annual budget on September 1, 2022 for consideration by the Law Society with a funding request of \$9.57 million. The total request for 2023 is a nominal increase over 2022 funding of \$9.4 million, or approximately 2%.

LiRN's 2023 budget follows comprising:

- A report at **Tab 2.2.1** prepared by LiRN, which summarizes the activities of 2022 and plans for 2023
- The 2023 Budget at **Tab 2.2.2**

To support LiRN's funding request, the Law Society's 2023 budget sets the County Libraries Fund component of the lawyer annual fee at \$200 per full fee equivalent paying lawyer, up from \$183 in 2022. To note, although LiRN's funding request is a 2% increase from 2022, \$900,000 of LiRN's 2022 budget was funded from the unrestricted fund balance of the Errors & Omissions Fund as approved by Convocation as part of the Law Society's 2022 budget with the balance from lawyer annual fees.

LiRN 2023 Budget: Explanatory Notes

The Headline

	2023	2022	% Change
Total funding request from the LSO (including Operational + Transitional)	9,572,427	9,422,130	2%
Recovered Excess Fund Balance	220,000	0	—
Operational Budget	9,672,427	8,522,130	13%
Transitional Budget	120,000	900,000	-87%

Goals Achieved by the 2022 Budget

LiRN has achieved the three main goals articulated in its 2022 budget documentation.

1. Launched [E-LiRN](#), a groundbreaking suite of core electronic resources.

In 2021, few electronic resources were available across the network. Resources that were commonplace in larger firms were not available to lawyers who relied on network libraries for their research needs. Within the LiRN network, libraries in larger, urban centres had more access to additional electronic resources that were cost-prohibitive to smaller libraries.

By January of 2022, we had secured contracts with Thomson Reuters, LexisNexis and vLex to add to the electronic resources centrally available. During Q1, we worked with the vendors to ensure that library staff across the network were trained on the new resources. In early Q2, we began to publicize the suite to users across the province. While marketing efforts continue, we are already seeing strong uptake in our usage statistics, with logins to Westlaw alone numbering in the thousands. We anticipate being in a position to provide fulsome usage statistics for e-LiRN in our year-end report.

The chart below shows the expansion of electronic resources from 2021 to early 2022—and how access has expanded for certain resources that were previously only available to courthouse library users in larger, more urban centres:

Resource	Availability Across Network	
	2022	2021
Lexis Advance – Quicklaw	100%	100%
Hein Online (provided by the Great Library)	100%	100%
Provincial CPD Archives (Provided by the LSO)	100%	100%
 LexisNexis Practical Guidance	100%	25%
 Westlaw CriminalSource	100%	14%
 Westlaw FamilySource	100%	14%
 LexisNexis Estates and Trusts Source	100%	8%
 vLex Essentials of Canadian Law (incl. Irwin Law)	100%	2%
 vLex VINCENT AI Legal Research Assistant	100%	0%

We recently launched a pilot project to provide access to vLex products to lawyers in Northern regions who historically had less access to electronic resources and can face very long commute times to use in-library computers.

Appendix A provides a comparison of core electronic resources available to Ontario lawyers vs resources available in BC, Alberta, and Québec.

2. Computer equipment upgraded across the network in Q3.
3. Salary bands for network librarians are under construction and we anticipate completion by the end of the year. This became a larger project as set out below:
 - Defining role descriptions for library staff
 - Setting out LiRN’s baseline client service and library management requirements that are appropriate for a provincial library network
 - Clarifying additional services provided by library staff that are related to association management

This was necessary to be confident that the role descriptions we based the salary bands on reflected the work done and complied with LiRN’s mandate as set out in the USA. The only differentiation between library and association tasks was that established in the 2000 report that created LibraryCo. Much has changed in the library sector since that time.

Operational Budget and Transitional Budget

LiRN is submitting an Operational Budget and a draft Transitional Budget for 2023, as it did in 2022. This budget incorporates the recovery of a percentage of the excess fund balances held by associations for library purposes to assist in the funding of the 2023 budget, thereby reducing the total grant request. This will be discussed further below.

LiRN has also explored potential funding from other organizations including the Law Foundation of Ontario. While opportunities may exist for special projects, funding for regular operations does not appear to be feasible at this time.

Operational Budget

The Operational Budget supports the changing service delivery aspects of the network. It reflects the progress LiRN has made towards our goal of providing equity of access to legal resources through the centrally licensed E-LiRN suite of electronic resources. Line items of note include the following:

Line Item	Explanatory Notes
Grants to Library System	<ul style="list-style-type: none"> • 6% increase over 2022 (legal publisher increases generally fall between 10% to 15% annually) • Includes COLA and merit-based salary increases and increased staffing hours for libraries whose user population has grown

	<ul style="list-style-type: none"> • Increase in electronic spend as compared to print spend over previous years
Electronic Products	<ul style="list-style-type: none"> • Assumes the successful E-LiRN suite of electronic resources will be continued and is therefore now part of LiRN's operational budget. • No immediate plans to expand the suite in 2023; instead LiRN will concentrate on driving adoption
County Library Benefit Plan & Insurance - Counties	<ul style="list-style-type: none"> • The insurance and group benefit lines are subject to general market conditions and premium increases. The increase year over year is based on the advice from relevant brokers as to anticipated percentage increases.
Board of Directors and Governance Support	<ul style="list-style-type: none"> • Upon advice of LiRN's Treasurer, we have included a provision for the anticipated expense that is incurred every two years for Board recruitment by including a portion of the expense each year to align across the term of the Board.
Advisory Services	<ul style="list-style-type: none"> • Allows LiRN to obtain advisory services as required, such as specialized expertise to ensure LiRN is compliant with the new Ontario Not for Profit Act by deadline of October 2024.

Transitional Budget 2023

2023 Goals

One of LiRN's key objectives is to modernize service delivery in the county courthouse libraries. Our [Strategic Plan](#) rests on the following four priorities:

1. Focus on the needs of courthouse library users, both now and in the future
2. Support libraries and librarians
3. Collaborate with others working to provide legal information and library service, prioritizing trust and respect
4. Make evidence-based decisions

In line with these priorities, LiRN has requested a 2023 Transitional Budget that will allow us to pursue these goals:

- Improve the efficacy and efficiency of the network by retaining an independent business analyst to review and make recommendations on:
 - Potential models for an effective physical and technological set up of regional / area / local libraries, using information gathered during strategic planning sessions and other sources;
 - A review of the original classifications of libraries as either regional / area or local that takes into account population changes as well as additional relevant factors; and
 - Identifying how regional / area / and local libraries could more effectively work together to provide services (for example: improvements to current services such as the interlibrary loan system and availability of assistance from other libraries through

toll-free numbers; new initiatives such as formal coordination of regional purchases; new technologies required to support such changes).

- To assess the feasibility of providing additional remote access to electronic resources, including investigating cost and IT requirements.

Fund Balances

LiRN has implemented a Grant Administration Policy that caps the amount of fund balance an association can hold for library purposes to 10% of their annual grant from LiRN. Some associations currently have fund balances for library purposes in excess of the maximum 10% threshold.

LiRN proposes recovering these excess funds (as calculated at the end of 2021) from 2023 to 2025 by:

- Reducing 2023 grant amounts by 30% of any excess fund balances
- Reducing the 2024 and 2025 grant amounts by 35% each year

2023 Budget

The Operational Budget allows for the continuation of LiRN, including e-LiRN.

The Transitional Budget allows for projects that improve the efficacy of the network.

Funding	2023 Budget	2022 Budget	Δ 2023 vs. 2022	Δ 2023 vs. 2022
	\$	\$	\$	%
Law Society Grant(s)	9,572,427	9,422,130	150,297	2%
Recovered Excess Fund Balance(s)	220,000			
Total Funding	9,792,427	9,422,130	370,297	4%
Operational				
Grants				
Library System	7,698,402	7,217,130	481,272	7%
Sub-Total	7,698,402	7,217,130	481,272	7%
Centralized Services for Libraries and Library Users				
Electronic Products	930,000	385,000	545,000	
County Library Benefit Plan	310,000	280,000	30,000	
Insurance - Counties	138,000	110,000	28,000	
Publications County Libraries	30,000	40,000	(10,000)	
COLAL, Professional Development, and Meeting	65,000	75,000	(10,000)	
Other Centralized Network Administration	30,000	-	30,000	
Sub-Total	1,503,000	890,000	613,000	69%
LiRN Operations				
Staff & Related Expenses	326,025	315,000	11,025	
Office Expenses	30,000	30,000	-	
Board of Directors & Governance Support	45,000	30,000	15,000	
Administrative Financial Services	30,000	30,000	-	
Travel	10,000	10,000	-	
Advisory Services	30,000	-	30,000	
Sub-Total	471,025	415,000	56,025	14%
Total Operational Expenses	9,672,427	8,522,130	1,150,297	13%
Transitional				
Consultants to assess:				
> key network processes				
> remote access feasibility	120,000		120,000	
Transitional projects including:				
> Additional centralized electronic products				
> IT Infrastructure				
> Training & Consultations supporting transition	-	900,000	780,000	
Total Transitional Expenses	120,000	900,000	900,000	-87%
Total Expenses	9,792,427	9,422,130	2,050,297	4%