



TAB 7

**Report to Convocation
January 28, 2016**

Audit & Finance Committee

Committee Members

Christopher Bredt (Co-Chair)

Peter Wardle (Co-Chair)

Michelle Haigh (Vice-Chair)

John Callaghan

Suzanne Clément

Paul Cooper

Teresa Donnelly

Seymour Epstein

Rocco Galati

Vern Krishna

Janet Leiper

Catherine Strosberg

Purpose of Report: Decision and Information

**Prepared by the Finance Department
Wendy Tysall, Chief Financial Officer, 416-947-3322 or wtysall@lsuc.on.ca**

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COMMITTEE PROCESS

1. The Audit & Finance Committee (“the Committee”) met on January 13, 2016. Committee members in attendance were Christopher Bredt (Co-Chair), Peter Wardle (Co-Chair), Michelle Haigh (Vice-Chair), John Callaghan, Suzanne Clément, Paul Cooper, Teresa Donnelly (phone), Seymour Epstein, Vern Krishna, Janet Leiper and Catherine Strosberg (phone)
2. Other Benchers in attendance: Derry Millar.
3. Law Society staff in attendance: Robert Lapper, Wendy Tysall, Diana Miles, Brenda Albuquerque-Boutilier, Sophia Sperdakos (phone) and Andrew Cawse.
4. Also in attendance: Kathleen Waters and Steve Jorgensen (LAWPRO).

FOR DECISION

LAW SOCIETY FUNDING OF COORDINATOR FOR LAWYERS FEED THE HUNGRY PROGRAMS

MOTION

5. That Convocation approve the funding for two years of a new Law Society fundraising and stakeholder management coordinator dedicated to support the Lawyers Feed the Hungry programs in all Ontario centres and assist the Toronto program in moving toward a self-sustaining model over two years. The estimated cost of \$100,000 per annum will be funded from the Law Society's contingency in 2016 and the operating budget in 2017.

Introduction

Law Society Foundation

6. The Law Society Foundation ("Foundation") is a registered Canadian charity administered by The Law Society of Upper Canada. Funding for the Foundation's programs is totally dependent on donations from the legal and broader community, and as such, fundraising is critical to its sustainability. The Foundation receives only in-kind support from the Law Society.
7. The Foundation was originally established to manage funds raised from the legal profession to provide financial assistance to law students. Since then, the Foundation's mandate has expanded to promoting legal education in Ontario; to preserving objects of historic significance to Canada's legal heritage; and, of direct relevance to this material, providing hunger relief to those in need through the Lawyers Feed the Hungry Program ("LFTH"). Bursaries and grants now only comprise 8% of the Foundation's expenses with virtually all other expenses devoted to hunger relief services.
8. At the end of 2015, the Foundation's fund balances were made up of approximately \$2.08 million in endowment funds, \$825,000 in restricted funds and \$468,000 in collections.
9. The five LFTH programs are all considered restricted funds, with the funds available at the end of 2015 for the operation of all the hunger relief programs at approximately \$770,000 and the cost of running the programs being about \$525,000. Of these balances, the Toronto program has an available fund balance of approximately \$600,000 and an annual cost of about \$415,000.

10. Trustees of the Foundation are Ian Hull (Chair), Michael Lerner (bencher), Derry Millar (bencher), Catherine Strosberg (bencher) and Sidney Troister (bencher).

Lawyers Feed the Hungry

11. To assist in understanding how the request for additional resources has been arrived at a short chronology of the Foundation's hunger relief program is set out below.

1998	The Toronto Lawyers Feed the Hungry Program is started, serving a meal to 100 people once a week. There is an implicit understanding that no Law Society resources will be devoted to the program. It is run by a small core group, with the Foundation issuing tax receipts.
1998 - 2015	The program expands to currently serving about 60,000 meals a year. Meals are served in the Law Society's cafeteria on Wednesday nights, Thursday mornings, Friday nights and Sunday mornings and there is a lunch program at the Jarvis Street courthouse. A full-time coordinator, primarily arranging food, and a part-time cook supports the program, paid by the Foundation.
1998 - 2015	The program expands to London, Ottawa, Windsor and Barrie
2009	A cy près award of \$1 million is received, providing a substantial financial buffer. These awards are now typically directed to the Law Foundation of Ontario.
2013	<ul style="list-style-type: none"> • the cy près funds are fully expended • the program founder decides to play a less active role • the lead Toronto Program volunteer coordinators start playing an active role in fundraising requiring more support • the program reduces services such as eliminating the provision of bagged lunches
2014	A fundraising committee ¹ is established whose initiatives require support.

Rationale

12. This request was initiated by the trustees of the Foundation as the LFTH programs have reached a sufficient size and maturity to conclude that they need appropriate administration to properly support fundraising and stakeholder management. In particular, fundraising has become a critical part of the Toronto program and is complicated by the proliferation of stakeholders. It is intended that the coordinator would be employed by the Law Society and provide services to all the LFTH programs, similar in the manner to which, other, in kind support is provided. The coordinator will be managed by the Law Society.

¹ comprising the Foundation's Chair, two Toronto Program lead volunteers, a representative from the Toronto Lawyers Association's Board and the Law Society's Senior Manager, Accounting

13. The administrative infrastructure and support needed to operate the Foundation is provided by the Law Society, in-kind, through services delivered by Accounting, Payroll, Accounts Payable and Purchasing in the Finance department; the CFO's Office; Catering; Communications & Marketing; Security; Human Resources; Office of General Counsel; and Equity.
14. The Ottawa LFTH partners with the Ottawa Mission to serve meals at the Ottawa Mission, providing more than 5,000 meals a year,
15. The London LFTH has provided more than \$25,000 annually to most of London's "soup kitchens" and meal programs over the past decade. A Sunday night soup kitchen is also led and staffed once per month by volunteers and funding is also provided for various meal programs, community gardens and nutrition classes.
16. The Windsor LFTH serves an average of 200 guests per meal, twice a month at the Downtown Mission and provides weekly food supplements for needy children.
17. A fifth LFTH is launching in Barrie and another in Hamilton is being assessed.
18. The requested new resources will primarily, but not exclusively, be directed at the Toronto LFTH because its scale is so much greater than the other hunger relief programs. Revenues and expenses for the 2014 financial year for the Toronto LFTH program are summarized:

Fundraising Revenues	\$313,000
Other Donations	115,000
Other Income	4,000
TOTAL REVENUES	\$432,000
Program Operations	\$356,000
Fundraising Costs	56,000
Other	7,000
TOTAL EXPENSES	\$419,000

19. The numbers do not present a complete picture of the cost of operating each program as they are largely dependent on volunteers and in-kind support. It is difficult to maintain the hunger relief programs at break even. Significant fundraising efforts are required and have been carried out primarily by volunteers with support by Law Society staff.

Key Issues and Considerations

20. As a result of the increase in fundraising efforts, the level of support from the Law Society has approximately doubled since 2013 and anticipated needs and initiatives are expected to continue to increase. There are currently numerous innovative but disparate fundraising efforts for all the hunger relief programs and the Law Society, with its current staff complement and abilities is not able to provide the level of fundraising and stakeholder management support now needed by the Foundation.
21. Apart from the day-to-day administration, without the appropriate support in place to coordinate and manage fundraising and volunteer efforts, the concerns are that there may be:
 - Missed fundraising opportunities affecting the sustainability of the Programs,
 - An inability to manage fundraising efforts and,
 - Risk to continued volunteer and partner engagement.

Options

22. Some options considered by the Foundation's board to address the LFTH Programs' resource requirements related to fundraising and stakeholder management are:
 - a) The current request, that is for the Law Society to retain the resources needed to handle fundraising and stakeholder management funded by the Law Society.
 - b) Retain the resources needed to handle fundraising and stakeholder management funded by the Foundation. This option runs the risk of depleting the Foundation's resources at a faster rate.
 - c) Move the Toronto Program to a delivery model similar to that of the Ottawa, Windsor or London Programs, which are based on partnering with local missions to deliver meals or providing grants to agencies involved in hunger relief. This may dilute program engagement and services to the Toronto program guests but would reduce overall program costs and support from the Law Society for administration, facilities, etc. Payments to outside agencies would be limited to the funds available.

Financial Impact

23. The costs of the new resource are estimated at approximately \$100,000 per annum comprising remuneration and support services. An example of support services are the posters and publicity requirements associated with the program.

24. It will be difficult to identify the incremental funds raised by the new resource, but it does ensure that fundraising efforts and opportunities will be optimized, with the goal to move to a self-sustaining model over two years. The impact of these new resources will not just be measured in additional fundraising but also in more effective and committed volunteers and better use of resources provided by other stakeholders.
25. Supervision of the coordinator will fall to Law Society management as part of the in-kind contribution to the program.
26. If the hiring is approved for 2016, the proposal is to fund the expense from the contingency which was budgeted at \$1 million. The motion limits the support to two years so it would be included in the operating budget for 2017 and re-assessed prior to the 2018 budget.

Summary

27. The LFTH has become an integral part of the Law Society's reputation and culture. The requested resources would provide the best result for the volunteers, many of whom are members of the Law Society and the judiciary and the guests of the program who have come to rely on the meals provided. The LFTH program is a relatively large, relatively high profile philanthropic project in Toronto and Ontario. This funding proposal is an appropriate step to assist in fulfilling the objectives of the program.

TAB 7.2

REPORTS FOR INFORMATION

TAB 7.3

FOR INFORMATION

**LAWYERS PROFESSIONAL INDEMNITY COMPANY
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

- 28. Convocation is requested to receive the 2015 third quarter financial statements for LAWPRO for information.**

Rationale

29. The statements as approved by the LAWPRO board follow on the next page.



***Report to the Audit and Finance
Committee of the Law Society of
Upper Canada***

January 13, 2016



Report to the Audit and Finance Committee – Law Society

January 13, 2016

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Key Point Summary

- *LAWPRO has sufficient assets to discharge its claims and other liabilities.*
- *At September 30, 2015, LAWPRO held investment assets totaling \$646.2 million, inclusive of cash and cash equivalents and investment income due and accrued. These funds have been invested in accordance with the Company's investment policy. LAWPRO was in compliance with its policy during the nine months ended September 30, 2015 (see pages 11 and 12).*
- *LAWPRO's net income for the nine months ended September 30, 2015 was \$23.9 million compared to a budgeted income of \$2.3 million and a net income of \$14.1 million for the same period in 2014. During the nine months ended September 30, 2015 LAWPRO experienced a total comprehensive income of \$22.3 million, which reflects a decrease in unrealized gains of \$1.6 million on its surplus investments, compared to a budgeted income of \$1.5 million and an income of \$0.8 million for the same period in 2014.*
- *Overall, earned premiums on the mandatory program were substantially at expected levels. Investment income of \$14.7 million for the nine months of 2015 was higher than budgeted levels by \$0.8 million, but lower than the results for the same period in 2014 by \$6.5 million, the key difference being a \$3.0 million decrease in unrealized gains in the matched portfolio in the current year compared to \$1.6 million increase in the same period in 2014.*
- *Claims and adjustment expenses for the nine months ended September 30, 2015 were \$27.8 million lower than budget due to favourable development in prior Fund Years in the E&O program, as well as appreciable discount income due to the recent rising market interest yields. General expenses for the nine months ended September 30, 2015 were \$0.5 million higher than the same period in 2014, though \$0.4 million lower than budget.*
- *LAWPRO is in compliance with all regulatory requirements regarding solvency and filing of financial information. A summary of LAWPRO'S position with respect to standard insurance ratios as at September 30 is included on page 10.*

**LAWYERS' PROFESSIONAL INDEMNITY COMPANY
REPORT TO AUDIT AND FINANCE COMMITTEE - LAW SOCIETY OF UPPER
CANADA
MANDATORY E&O INSURANCE PROGRAM
NINE MONTHS ENDED SEPTEMBER 30, 2015**

PREMIUMS

- The 2015 Ontario mandatory professional liability program performed as expected. Overall, written premiums were slightly below expected levels. At September 30, 2015, there were 25,480 full-time equivalent practitioners, a level which is on target to meet the budgeted amount of 25,563 as new calls come into the program later in the year.
- For 2015, transaction levies were \$0.4 million above budget, and \$0.9 million above the results for the same period in 2014.

CLAIMS & ADJUSTMENT EXPENSES

- During the year, there were 1,503 new 2015 fund year claim files reported, compared with 1,491 new 2014 fund year claim files reported during the same prior year period.
- The number of files remaining open for all fund years at September 30, 2015 was 3,731, which is lower than the 3,781 files that remained open at September 30, 2014.
- For all fund years, 1,957 files were activated through September 30, 2015 (including 124 which were reopened) and 2,039 closed. The comparable figures for the nine months ended September 30, 2014 were 1,987 claims files activated (including 127 which were reopened) and 1,795 closed.

On an aggregate basis, for the first nine months of 2015 there has been a significant net favorable development on claims of prior years (in particular fund years 2008, 2010, 2011, 2013 and 2014, offset slightly by an appreciable unfavourable development for fund years 2004 and 2009). Regarding prior year development, in the same period in 2014, there was a significant net favourable development on claims of prior years (in particular fund years 2009, 2011 and 2013 offset somewhat by a large unfavourable development for the fund year 2010).

Lawyers' Professional Indemnity Company**STATEMENT OF FINANCIAL POSITION**

Stated in thousands of Canadian dollars

UNAUDITED

	As at September 30 2015	As at December 31 2014
Assets		
Cash and cash equivalents	16,283	17,328
Investments	625,638	597,280
Investment income due and accrued	4,297	2,012
Due from reinsurers	667	726
Due from insureds	2,660	1,909
Due from the Law Society of Upper Canada	21,836	6,623
Reinsurers' share of provisions for:		
Unpaid claims and adjustment expenses	43,405	44,900
Unearned premiums	1,782	
Deferred policy acquisition expenses	892	
Other receivables	1,704	1,404
Other assets	1,737	1,984
Property and equipment	1,620	1,658
Intangible assets	1,152	1,028
Deferred income tax asset	4,980	5,057
Total assets	728,653	681,909
Liabilities		
Provision for unpaid claims and adjustment expenses	458,383	468,493
Unearned premiums	30,623	769
Unearned reinsurance commissions	381	-
Due to reinsurers	1,679	612
Due to insureds	189	265
Expenses due and accrued	1,540	1,635
Income taxes due and accrued	4,583	1,054
Other taxes due and accrued	367	456
	497,745	473,284
Equity		
Capital stock	5,000	5,000
Contributed surplus	30,645	30,645
Retained earnings	169,499	145,566
Accumulated other comprehensive income	25,764	27,414
	230,908	208,625
Total liabilities and equity	728,653	681,909

Lawyers' Professional Indemnity Company**STATEMENT OF PROFIT OR LOSS**

Stated in thousands of Canadian dollars

UNAUDITED**For nine months ended September 30**

	2015	2014
Revenue		
Gross written premiums	119,324	120,810
Premiums ceded to reinsurers	(7,061)	(7,213)
Net written premiums	112,263	113,597
(Increase) decrease in unearned premiums	(28,072)	(28,063)
Net premiums earned	84,191	85,534
Net investment income	14,684	21,208
Ceded commissions	1,394	1,357
	100,269	108,099
Expenses		
Gross claims and adjustment expenses	51,221	77,530
Reinsurers' share of claims and adjustment expenses	1,106	(3,489)
Net claims and adjustment expenses	52,327	74,041
Operating expenses	12,856	12,359
Premium taxes	2,689	2,730
	67,872	89,130
Profit (loss) before income taxes	32,397	18,969
Income tax expense (recovery)		
- current	8,387	5,109
- deferred	77	(220)
	8,464	4,889
Profit (loss)	23,933	14,080

Lawyers' Professional Indemnity Company**STATEMENT OF COMPREHENSIVE INCOME**

Stated in thousands of Canadian dollars

UNAUDITED**For nine months ended September 30**

	2015	2014
Profit (loss)	23,933	14,080
Other comprehensive income, net of income tax:		
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Remeasurements of defined benefit plans, net of income tax expense (recovery) of \$0 (2014: \$0)	-	-
<u>Items that may be reclassified subsequently to profit or loss:</u>		
<i>Available-for-sale assets</i>		
Net changes unrealized gains (losses), net of income tax expense (recovery)		
of (\$43) (2014: \$2,023)	(117)	5,613
Reclassification adjustment for (gains) losses recognized in profit or loss, net of		
income tax (expense) recovery of (\$1,216) [2014: (\$1,887)]	(3,374)	(5,232)
Reclassification adjustment for impairments, recognized in profit or loss, net of		
income tax expense of \$663 (2014: \$175)	1,841	484
Other comprehensive income	(1,650)	865
Comprehensive income	22,283	14,945

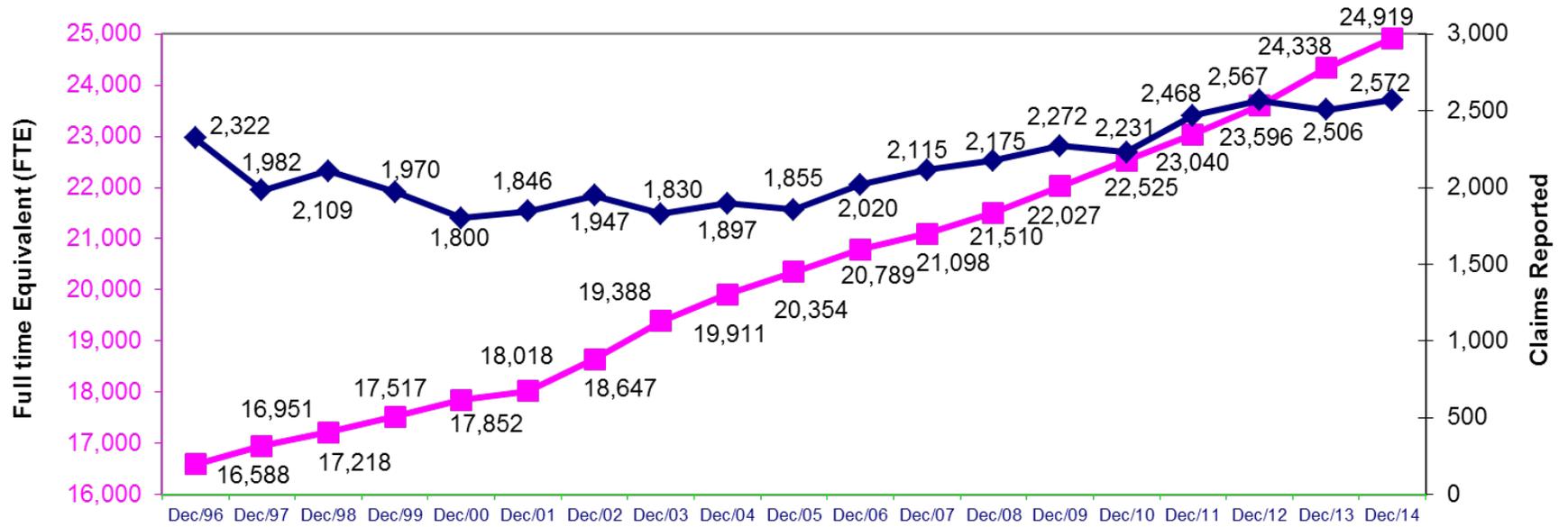
**Lawyers' Professional Indemnity
Company**

STATEMENT OF CHANGES IN EQUITY

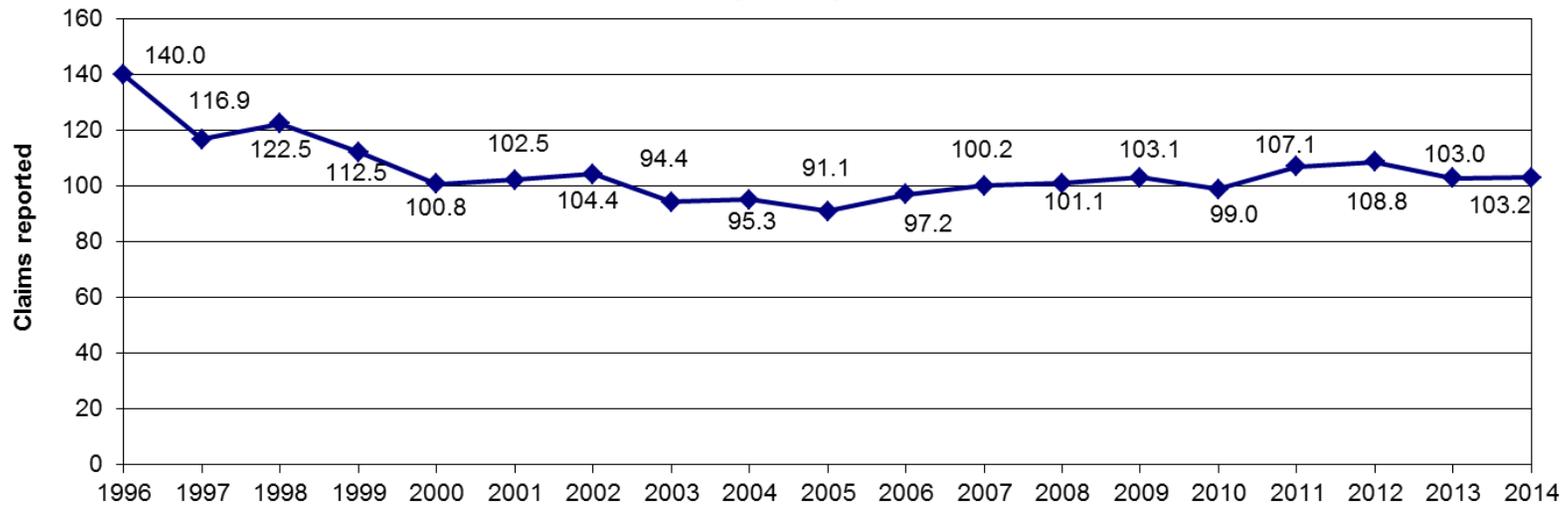
Stated in thousands of Canadian dollars

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Equity
Balance at December 31, 2013	5,000	30,645	129,076	25,154	189,875
Total comprehensive income for the year			17,060	1,690	18,750
Transfer of defined benefit remeasurements from OCI to retained earnings			(570)	570	
Balance at December 31, 2014	5,000	30,645	145,566	27,414	208,625
Total comprehensive income for the year	-	-	23,933	(1,650)	22,283
Transfer of defined benefit remeasurements from OCI to retained earnings			-	-	
Balance at September 30, 2015	5,000	30,645	169,499	25,764	230,908

New Claims Reported & Full Time Equivalents by Fund Year



Claims reported per 1,000 FTE



Open Claims (for fund years 1995 and forward)

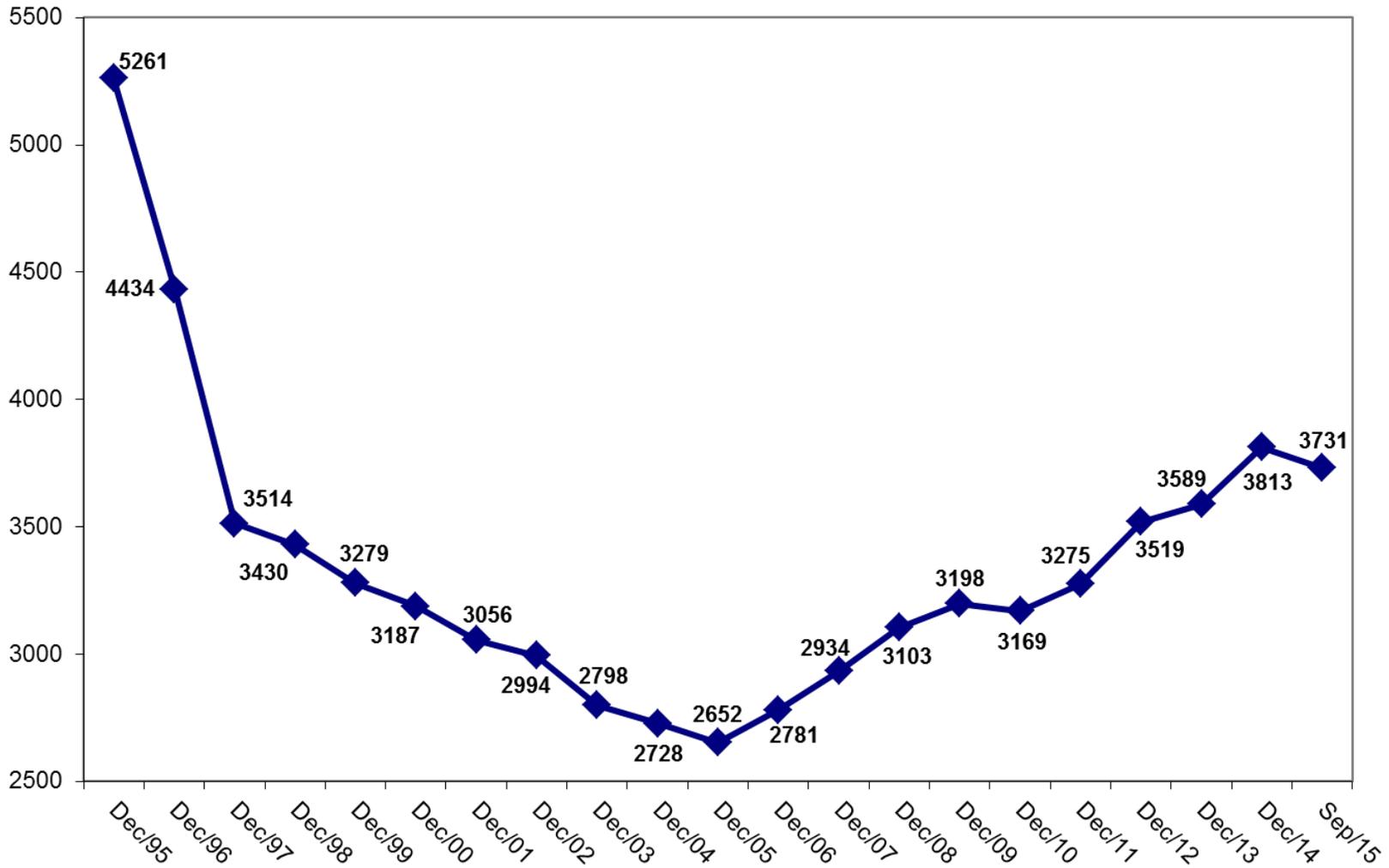


Exhibit 12 – INSURANCE RATIOS¹

TEST	RECOMMENDED RANGE	SEP 2015	DEC 2014	SEP 2014	DEC 2013
I. Solvency Ratios					
1. Minimum Capital Test					
<i>(Measures the excess of capital available to capital required based on a risk-based capital adequacy framework and is used to determine capital adequacy of a company.)</i>	Preferred: 220-230% Minimum: 180%	265%	251%	248%	233%
2. Loss reserves to equity					
<i>(Measures unpaid claim and adjustment reserves as a percentage of surplus and provides a simple test of the leveraged position of the company.)</i>	Preferred: < 225% Maximum: 250%	180%	203%	205%	215%
II. Other Select Ratios					
1. Liabilities as a % of liquid assets					
<i>(Liabilities as a percentage of Cash and other liquid assets-measures company's ability to meet its financial demands.)</i>	Preferred: < 80% Maximum: 105%	71%	70%	74%	70%
2. Net premiums written as a % of surplus					
<i>(Net risk ratio measures the company's ability to absorb financial shocks. The higher the ratio of premiums to surplus, the greater is the potential risk borne by the company in relation to the surplus available to absorb loss variations.)</i>	Preferred: < 80% Maximum: 100%	49%	55%	55%	56%
3. Return on equity					
<i>(Measures an insurer's net income as a percentage of equity.</i> <i>The higher the ratio, the greater the return to shareholders per unit of invested capital. Sustainability of earnings is more important than periods of high returns followed by periods of low returns or losses.)</i>	Greater than 0% ¹ , Net income Comprehensive Income	15%	9%	10%	3%
4. General expense ratio					
<i>(Measures an insurer's general expenses, excluding commissions, as a percentage of net earned premiums.). This ratio should be maintained at lower than or equal to comparable small insurance companies.</i>	Up to small insurance company benchmark (28% as at Dec 2014)	18%	18%	18%	19%
5. Optional business segment					
<i>(Excess program and TitlePLUS title insurance) is planned to operate on a break-even or better basis.</i>	Greater than \$0 (stated in '\$'000s)	123	2,049	1,451	993

Note:

1. Sufficient to maintain/grow MCT.

Better Than Range
Within Range
Outside of Range



CIBC Asset Management Inc.
18 York Street, Suite 1400
Toronto ON M5J 2T8
Tel: 416-364-5620
Fax: 416-364-3286

Confidential

November 3, 2015

Subject: Quarterly Compliance Report as at September 30, 2015
for Lawyers' Professional Indemnity Company

As of and for the quarter ending September 30, 2015, we hereby certify that to the best of our knowledge the investments in the Lawyers' Professional Indemnity Company portfolio were in compliance, based on our records which are issued on a trade date basis, in accordance with the Investment Policy Statement dated January 1, 2015.

Yours truly,

A handwritten signature in black ink, appearing to read "Deborah Lewis", written in a cursive style.

Deborah Lewis, CFA
First Vice President



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October 30th, 2015

Lawyer's Professional Indemnity Company
C/O Ms Kathleen A. Waters, President & CEO
250 Yonge Street, Suite 3101
P.O. Box 3
Toronto, Ontario
M5B 2L7

SUBJECT: COMPLIANCE CERTIFICATE

Dear Ms. Waters,

This is to confirm that, at the end of each month of the quarter ending September 30th, 2015, Letko Brosseau was in compliance with the requirements of the Statement of Investment Policies and Procedures, effective January 1st, 2015. To the best of our knowledge, we have no reason to believe that we were not in compliance with all such requirements at any other time during such period.

Should you require additional information, please do not hesitate to contact us at your convenience.

Regards,

Original letter signed by Peter Letko

Peter Letko
Letko Brosseau & Associates Inc.
PL/mn

TAB 7.4

FOR INFORMATION

**LIBRARYCO INC.
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

- 30. Convocation is requested to receive the 2015 third quarter financial statements for LibraryCo for information.**

Rationale

31. The statements as approved by the LibraryCo board follow on the next page.



LIBRARYCO INC.
FINANCIAL REPORT

For the nine months ended September 30, 2015

KEY POINT SUMMARY

Overall Results

32. Results for the third quarter identify a surplus of \$95,066 compared to a budgeted deficit of \$45,995 for the 9 months or \$100,000 deficit for the year. The positive variance from budget of \$141,063 comprises relatively small variances spread across most expense categories and larger variances related to contingency, consulting fees, the group benefit plan and the bursaries, capital and special needs grants expense categories.

Revenues

33. The Law Society grant (line 1) is the transfer to LibraryCo. This transfer includes amounts for central administration and quarterly transfers to the 48 libraries. The actual grant from the Law Society was nearly \$5.8 million and matched budgeted amounts for the period.
34. A Law Foundation of Ontario grant (line 2) was not provided to LibraryCo for 2015. In 2014, this grant was used to subsidize the purchase of electronic resources.
35. Other Income (line 3) consists of investment income on LibraryCo's cash and short term investments.

Expenses

36. Total expenses (line 18) were \$5,681,634 compared to a budgeted total of \$5,817,996.
37. Salaries and benefits (line 5) were nil compared to 2014 as LibraryCo no longer has any staff.
38. Administration expenses (line 6) of \$322,500 represents the service fee paid to the Law Society and equals budget. The fee was reduced from 2014.
39. Professional fees (line 7) include audit expenses and consulting fees. The consulting fee budget remains unspent which has resulted in a positive variance of \$15,972.
40. Contingency (line 8) was created during the budget reallocation approved by the Board in March. The \$85,541 budget was allocated to the remaining three quarters of 2015 and remains unused at the end of the third quarter.

41. Other head-office expenses (line 9) include LibraryCo publications (such as the production of the Annual Report), head office courier/postage costs, LibraryCo's Directors and Officers (D&O) insurance, bank charges, web initiatives and website maintenance costs, the cost of providing most libraries with a toll free telephone number, miscellaneous expenses and meeting expenses (including travel and accommodation) related to board meetings, audit and finance committee and transition committee meetings. Totalling \$26,188, other head-office expenses are lower than budget for the period by approximately \$15,024 primarily as a result of underspending for publication expenses within LibraryCo, 1-800 line charges, board of directors' meetings, web initiatives and miscellaneous expenses.
42. Electronic product expenses of \$254,250 (line 11) are in line with the agreement with LexisNexis and budget.
43. Group benefits and insurance (line 12) of \$225,953 consist of the Group Benefits for enrolled library staff and library D&O and property insurance. Group benefits and insurance are lower than budget by about \$26,647 as group benefits premiums are negotiated after the budget and these are budgeted conservatively.
44. Other centralized expenses (line 13) of \$59,514 includes continuing education bursaries for library staff, library courier costs for inter-library loans of materials, publications provided by the Law Society to each of the 48 law libraries, the Conference for Ontario Associations' Libraries (COLAL) meeting expenses (yearly meeting held in October/November – covers meeting costs including travel and accommodation for library staff), and the County & District Law Presidents' Association (CDLPA) meeting expenses for the Library Committee. Other centralized expenses are lower than budget by \$7,716 due to underspending in continuing education bursaries, publications and courier costs.
45. County and District law libraries grants (line 15) are in line with budget at \$4,757,804.
46. Bursaries, capital and special needs grants (line 16) consist of pre-approved computer refreshment grants, special needs grants and conference bursaries for library staff.

Balance Sheet

47. Cash and short-term investments (line 1) of \$714,068 consists of cash and a one year GIC.
48. Accounts receivable (line 2) are related to long term disability benefits premiums paid by LibraryCo on the libraries' behalf for the past quarter. These receivables are usually repaid early in the next quarter.

49. Prepaid expenses (line 3) primarily represents the property and D&O insurance policies for LibraryCo and the libraries which were renewed at the end of April.
50. Accounts payable and accrued liabilities (line 5) are about \$23,500 lower than 2014. The monthly electronic products expense is now being paid in the current month in which it is billed. In the prior year, the monthly electronic products expense was paid in the month following receipt of the invoice.
51. The General Fund has increased by \$95,066 in 2015 to \$236,422. The 2015 budget forecast a decrease of \$100,000 during the year primarily if the contingency is used. The Reserve Fund has a balance at the end of June of \$500,000 comprising a general component of \$200,000, a capital and special needs component of \$150,000, and a staffing and severance component of \$150,000 in accordance with Board policy.

LIBRARYCO INC.**Schedule of Actual and Budgeted Revenues and Expenses****Stated in Dollars***For the nine months ended September 30***Unaudited**

	2015	YTD		Annual	2014
	Actual	Budget	Variance	Budget	Actual
REVENUES					
1 Law Society of Upper Canada grant	5,772,001	5,772,001	-	7,696,000	5,623,890
2 Law Foundation of Ontario grant	-	-	-	-	542,000
3 Other Income	4,699	-	4,699	-	6,242
4 Total revenues	5,776,700	5,772,001	4,699	7,696,000	6,172,132
EXPENSES					
Head office/administration					
5 Salaries and benefits	-	-	-	-	106,840
6 Administration	322,500	322,500	-	430,000	395,775
7 Professional fees	11,028	27,000	15,972	36,000	16,468
8 Contingency	-	57,000	57,000	85,541	-
9 Other	26,188	41,212	15,024	53,325	38,304
10 Total Head office/administration expenses	359,716	447,712	87,996	604,866	557,387
Law Libraries - centralized purchases					
11 Electronic products and services	254,250	254,250	-	339,000	739,332
12 Group benefits and insurance	225,953	252,600	26,647	337,345	232,871
13 Other	59,514	67,230	7,716	126,650	74,577
14 Total Law Libraries - centralized purchases	539,717	574,080	34,364	802,995	1,046,780
15 County and District law libraries - grants	4,757,804	4,757,804	-	6,343,739	4,710,697
16 Bursaries, capital and special needs grants	24,397	38,400	14,003	44,400	35,701
17 Total County and District Law Libraries Expenses	4,782,201	4,796,204	14,003	6,388,139	4,746,398
18 Total expenses	5,681,634	5,817,996	136,364	7,796,000	6,350,565
19 Surplus (Deficit)	95,066	(45,995)	141,063	(100,000)	(178,433)

This statement includes the revenues and expenses of the LibraryCo entity only.

LIBRARYCO INC.
Balance Sheet
Stated in Dollars
As at September 30
Unaudited

	2015	2014
Assets		
Current Assets		
1 Cash and short-term investments	714,068	707,798
2 Accounts receivable	19,980	20,188
3 Prepaid expenses	54,079	51,755
4 Total Assets	788,127	779,741
Liabilities, Share Capital and Fund Balances		
Liabilities		
5 Accounts payable and accrued liabilities	51,505	75,038
6 Total Liabilities	51,505	75,038
Share Capital and Fund Balances		
7 Share capital	200	200
8 General fund	236,422	204,503
9 Reserve fund	500,000	500,000
10 Total Share Capital and Fund Balances	736,622	704,703
11 Total Liabilities, Share Capital and Fund Balances	788,127	779,741

This Balance Sheet includes the financial resources of the LibraryCo entity only.

LIBRARYCO INC.
Statement of Changes in Fund Balances
Stated in Dollars
For the nine months ended September 30

	2015		2014	
	General Fund	Reserve Fund	Total	Total
1 Balance, beginning of year	141,356	500,000	641,356	882,936
2 Surplus (Deficit)	95,066	-	95,066	(178,433)
3 Balance, end of period	236,422	500,000	736,422	704,503

This statement includes the fund balances of the LibraryCo entity only.