



Law Society
of Ontario

Barreau
de l'Ontario

Tab 2

Audit & Finance Committee

Report to Convocation

October 28, 2021

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2022 LiRN Inc. Budget

FOR DECISION

2022 LiRN Inc. Budget

Motion:

That Convocation approve the LiRN Inc. budget for 2022, which includes

- **an operating budget funded by a Law Society grant of \$8,542,130 sourced from the county library component of the lawyer annual fee, and**
- **a transition budget funded by a Law Society grant of up to \$900,000 sourced from the fund balance of the Errors & Omissions Insurance Fund.**

The Law Society collects funds for county and district law library purposes and provides grants to LiRN Inc. (“LiRN”) to administer the legal information network across the Province. Convocation internally restricts these funds for the purpose of funding LiRN and the county and district law libraries to carry out their annual operations and any special projects approved by Convocation.

LiRN, a wholly-owned, not-for-profit subsidiary of the Law Society, was 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 (TLA) and 75 are held by the Federation of Ontario Law Associations (FOLA).

LiRN’s draft budget follows comprising:

- a report at [Tab 2.1.2](#) prepared by LiRN, which provides information to support the operational and transitional budget, and
- the 2022 Operational and Transitional Budget at [Tab 2.1.3](#).

Operational Budget

The Law Society’s operating grant to LiRN in 2021 is \$7,217,000 after a 10% reduction from the grant in 2020 to accommodate the uncertainties associated with the pandemic. The operating grant requested by LiRN in their draft 2022 budget is \$8,542,000 and aligns with the amount budgeted in the Law Society’s 2022 budget. The increase is primarily attributable to:

- reinstatement of the 10% reduction implemented in the 2021 budget
- the provision of an additional 2% increase, and

- the inclusion of funding for LiRN staffing, which was funded from LiRN's General Fund balance in 2021. The General Fund balance is expected to be nearly depleted at the end of the fiscal year, with the 2021 budget including the use of \$456,000 from the fund balance as a source of funding.

The funding increase summarized above will result in the county library / LiRN component of the lawyer annual fee increasing from \$159 in 2021 to \$183 in 2022.

Transitional Budget

LiRN has also presented a transitional budget request of up to an additional \$900,000 for the expansion of electronic resources available across the network, the related training of library staff to facilitate their ability to support users, and the necessary investment in the information technology infrastructure required to support a shift to digital resources.

The Transitional Budget is for one-time infrastructure related expenditures with further information in the material at [Tab 2.1.3](#).

LiRN 2022 Budget

Approach: Operational Budget and Transitional Budget

LiRN is submitting an Operational Budget and a draft Transitional Budget for 2022. LiRN is also exploring funding from other organizations as part of our plan for this year.

The Operational Budget allows for the continuation of the network at current service levels.

Our data shows that this funding level leaves our library users – mostly small and sole practices – behind in terms of electronic resources that are considered core offerings in other provinces and larger firms.

It also results in uneven access to these resources across the province, as larger and urban-based libraries can invest in more electronic products than smaller libraries can afford.

Transitional Budget

The Transitional Budget addresses the challenge of uneven access and facilitates projects that will allow us to:

- Offer equity of access to users across the province; and
- Evolve the services offered to meet user needs and expectations in an increasingly digital environment.

These goals are in line with LiRN’s mandate, which includes establishing a platform that provides effective access to information and supports standards of competence for lawyers and paralegals. They also align with the Law Society’s (LSO) strategic plan objective of ensuring competence and quality of service and access to justice.

Ontario lawyers have access to Quicklaw through LiRN, HeinOnline through the Great Library, and the LSO’s CPD archives. Lawyers in British Columbia, Alberta, and Québec have centralized access to WestlawNext, Irwin Law Titles (DesLibris), and many other databases.

Number of Centrally Available Electronic Resources			
Ontario	BC	Alberta	Québec
3	13	18	25

(See [Appendix A](#) for a detailed breakdown of centralized electronic resources in Ontario, BC, Alberta, and Québec.)

There is also a lack of equity among Ontario lawyers. Resources like WestlawNext are commonplace in larger firms. Within the LiRN network, libraries in larger, urban centres have more resources to invest in additional electronic resources that are cost-prohibitive to smaller libraries.



Legal Information and Resource Network

Percent of Libraries with of Additional Electronic Resources in Ontario				
Resource	Overall	Regional Libraries (5)	Area Libraries (15)	Local Libraries (28)
WestlawNext	19%	60%	33%	4%
O'Brien's Online	35%	80%	33%	29%
Westlaw CriminalSource	14%	40%	26%	4%
Westlaw FamilySource	14%	40%	26%	4%
Westlaw EmploymentSource	8%	40%	13%	0
Westlaw Other	19%	60%	33%	4%
RangeFindr	25%	40%	33%	18%
Divorcemate	37%	80%	40%	29%
TR Proview	25%	80%	33%	11%
Lexis Nexis Practice Advisor	25%	60%	33%	14%

The funds for these resources may come from the LiRN grant and in some cases from association funds such as membership fees.

LiRN will take a measured and project-based approach to redressing this disparity by developing a central suite of core electronic resources over the next two to three years.

In Year One, we will invest in the highest priority resources and roll them out across the province in 2022. This will be accompanied by training and awareness raising initiatives to ensure that library staff understand and can teach their patrons to use each new resource and patrons know what is available to them. In subsequent years, we will add additional resources to complete the core suite.

As electronic resources are added, we will work with libraries to reduce print where it is available electronically wherever possible. A key element of this approach is to establish metrics on the use of these resources. The first-year data results will not give a full picture of usage given the timing of the roll out. By the second year LiRN will have actionable data.

The amount in the draft Transitional Budget is, of necessity at this stage, an estimate. It is based on:

- Early discussions with vendors
- Current spend by network libraries
- Reference to what other jurisdictions are spending, where we were able to access that information.

As the amount requested in the transitional budget is based on preliminary estimates, LiRN is requesting up to \$900,000, with the amount of funding to be based on final negotiated agreements to procure digital resources and the related information technology infrastructure.

Our goal by the end of Year One (2022) is to secure 100% access across the network for certain core electronic resources, up from the current 19% – 37% access. The balance of the Transitional Budget covers the need to update computer equipment across the network and the creation of salary bands for network librarians. The data shows that 15% of the network’s computers were acquired prior to 2014. Some do not have web cams and cannot handle the increased reliance on digital resources and remote



Legal Information and Resource Network

hearings. Although network library staff are not LiRN employees, creating appropriate salary bands for library staff will assist association employers in determining appropriate compensation.

Operational Budget

The operational budget is focused on bringing county library funding to pre-pandemic level with a small retroactive increase for 2021 and an increase for 2022, maintaining basic operations of LiRN. It also incorporates staffing that was funded in 2021 through LiRN's general fund balance.

In 2021, the LSO grant was subject to a 10% cut due to the then-unknown financial effects of COVID-19 on the Law Society and its members. This grant reduction was supplemented by \$455,580 (approximately 6%) from LiRN's general fund balance in order to minimize the impact of the cuts on library users.

The requested amount would put LiRN back to the position it would have been in absent the pandemic with an additional 3% to cover LiRN staffing, library staff salary increases, and the increasing cost of library resources. LiRN staffing was a new budget item in 2021 and was funded through LiRN's general fund balance, but funding for two staff positions now form part of the overall grant request.

Appendix A

Centrally Available Electronic Resources

Centrally Available Electronic Resources				
Resource	Ontario	BC	Alberta	Québec
Lexis Advance – Quicklaw (provided by LiRN in Ontario)	✓	✓	✓	✓
Hein Online (provided by the Great Library in Ontario)	✓	✓	✓	✓
Provincial CPD Archives (free in Ontario)	✓	✓	✓	✓
WestlawNext Canada	no	✓	✓	✓
O’Brien’s	no	✓	✓	no
LawsSource	no	✓	no	no
CriminalSource	no	No	✓	✓
EmploymentSource	no	No	✓	no
Estates & TrustsSource	no	No	✓	no
FamilySource	no	No	✓	no
InsolvencySource	no	No	✓	no
Irwin Law Titles (DesLibris)	no	✓	✓	✓
Canadian NewsStream	no	✓	no	no
ICLR Online	no	✓	✓	no
LLMC Digital	no	✓	no	no
Rangefindr	no	✓	✓	no
Canadian Environmental Law Guide	no	No	✓	no
Directors’ Liability in Canada	no	No	✓	no
Emond’s Criminal Law Series	no	No	✓	no
vLex Justis	no	No	✓	no
QP Source Professional (Alberta-specific resource)	no	No	✓	no
Quickscribe (BC-specific resource)	no	✓	no	no
Homegrown electronic resources	no	✓	no	✓
La reference (secondary source collections)	no	No	no	✓
LegalTrac (index of legal journals)	no	No	no	✓
Lexbase (encyclopedia of French law)	no	No	no	✓
Notarial Library	no	No	no	✓
IntelliConnect	no	No	no	✓
Recherche juridique (SOQUIJ)	no	No	no	✓
Taxnet Pro	no	No	no	✓
Loi et règlements sur les régimes complémentaires de retraite	no	No	no	✓
Tableau des modifications et Index sommaire	no	No	no	✓
AliForm	no	No	no	✓
Decisia	no	No	no	✓
SAG Plus	no	No	no	✓
Sentar	no	No	no	✓
Mtre Francine Payette’s forms	no	No	no	✓
JurisÉvolution	no	No	no	✓
JuriFamille	no	No	no	✓
CRAC - Business register research across Canada	no	No	no	✓
Dictionnaire de droit québécois et canadien by Mtre Reid	no	No	no	✓

**LIRN INC.
2022 OPERATIONAL BUDGET**

The Operational Budget allows for the continuation of the network at current service levels.

	2022 Budget	2021 Budget	2020 Budget
Funding	\$	\$	\$
Law Society Grant	8,542,130	7,217,194	8,019,094
Use of General Fund Balance	-	455,580	88,719
Total Funding	8,542,130	7,672,774	8,107,813
 Expenses			
Grants			
Library System (Attachment A)	7,217,130	6,393,274	7,060,663
Special Needs	-	48,000	48,000
Centralized Services for Libraries and Library Users			
Electronic Products	385,000	375,000	363,250
County Library Benefit Plan	280,000	270,000	276,000
Insurance - Counties	110,000	103,000	98,000
Publications County Libraries	40,000	50,000	90,000
COLAL, Professional Development, and Meetings	75,000	40,000	38,500
Courier and Postage	20,000	20,000	21,300
LiRN Administration			
Staff & Related Expenses	315,000	225,000	-
Office Expenses	30,000	34,500	38,600
Board of Directors & Governance Support	30,000	34,000	33,500
Administrative Financial Services	30,000	30,000	40,000
Travel	10,000	-	-
Transitional		50,000	
Total Expenses	8,542,130	7,672,774	8,107,813

LIRN INC. 2022 TRANSITIONAL BUDGET

The Transitional Budget allows the network to improve service levels and facilitate a library network that:

- Offers equity of access to users across the province; and
- Evolves the services offered to meet user needs and expectations in an increasingly digital environment.

	2022 Budget
Funding	\$
Law Society Grant of up to:	900,000
Total Funding	900,000

Transitional Expenses

Additional Centralized Electronic Products
IT Infrastructure - Consultant, Equipment and Software Upgrades
Training and Consultation Supporting Transition

Total Expenses	900,000
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Law Society of Ontario 2022 Budget

FOR DECISION

Law Society of Ontario 2022 Budget

Motion

That Convocation approve the Law Society's 2022 Budget as presented in this Report to Convocation, including:

- a) the annual fee for lawyers and paralegals set out in the following table, and

Fund	Lawyers	Paralegals
General Fund	\$1,563	\$888
Compensation Fund	\$1	\$1
Capital Fund	\$66	\$66
County Libraries Fund – LIRN	\$183	-
Total Annual Fee	\$1,813	\$955

- b) the utilization of fund balances of up to \$16,181,080, as set out in the table below, to fund operations and mitigate annual fees.

Fund	2022 Draft Budget
General Fund – Lawyer	\$6,383,930
General Fund – Paralegal	\$1,149,850
Errors & Omissions Insurance Fund	\$2,600,000
Compensation Fund – Lawyer	\$3,678,500
Compensation Fund – Paralegal	\$118,800
Capital Fund	\$2,250,000
TOTAL	\$16,181,080

Budget Overview

The 2022 budget marks the beginning of the Law Society's return to normal operations as the COVID-19 pandemic impacts and restrictions are waning with declining cases across the Province. The budget strikes a balance between:

- Returning to normal operations after the pandemic as activity ramps up and interactions with licensees and stakeholders resume increasing both revenues and expenses
- Maintaining streamlined, efficient work processes in the face of increasing workflows with stable costs in most lines of business
- Evolving operations and regulatory processes through investments in systems, infrastructure, and people.

With the uncertainty surrounding the pandemic, the 2021 budget responded with cost containment measures, curtailing activities and a 10% reduction in expenses. Those reductions are not sustainable in the longer term and would inhibit the Law Society's ability to support its public interest mandate and achieve its strategic objectives. As a result, the 2022 budget includes a 4.1% increase (\$5.3 million) in overall expenses compared to the 2021 budget. It will move the Law Society forward with its strategic priorities, stabilize and improve infrastructure, and move to a new hybrid workforce model.

Included in overall budgeted expenses is an increase in LiRN Inc. funding from \$7.2 million to \$9.4 million. This includes one-time transitional funding of up to \$900,000 to improve service levels across the library network through investment in resources and infrastructure. The capital needs for the transitional budget will be drawn from the unrestricted fund balance of the Errors & Omissions Fund ("E&O Fund"), as required.

With the pandemic driven cost containment measures implemented in 2020 and 2021 and revenue streams remaining stable, the budgeted utilization of fund balances did not occur in these years. With actual spending below budget, the Society's fund balances actually increased in those years. The growth of fund balances has allowed for their increased utilization and the 2022 budget plans to employ \$16.2 million (2021 - \$10.0 million) in fund balances to support operations. Where applicable, the use of fund balances is in compliance with the Law Society's Fund Balance Management Policies. Utilization of fund balances are specific to operational Funds identified in the budget.

With the use of fund balances planned in 2022, the annual fees for both lawyers and paralegals will decrease. Assuming the Law Society returns to normal operations in 2022 as planned, it should be noted that available fund balances for future budget years will likely decrease. Any resulting gap in funding will generally be made up by an increase in licensee annual fee revenue.

This budget seeks to ensure that the organization fulfils its mandate as a responsible regulator. The budget strives to strike a balance between maintaining business lines

supported by quality work and strong service standards necessary to protect the public, while still recognizing the need to reduce burdens and costs.

Budget Process

The budget process began in the spring of this year with the Audit & Finance Committee considering key assumptions and drivers intended to guide management in preparing the 2022 budget, mindful of the uncertainty around COVID-19 and its ongoing impacts.

- Subsequently, over the summer, significant work on the budget occurred with management:
 - 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 launch of the Regulatory Sandbox and the transition to online delivery of examinations
 - Assessing facilities and information technology infrastructure requirements to inform capital funding needs for 2022.

At the September meeting of the Audit & Finance Committee, updated information was presented and reviewed by the Committee. A key component of this update was the impact on licensing process fees resulting from the shift to online delivery of licensing examinations. This change decreased total costs of the program and reduced fees paid by candidates, specifically, \$300 for lawyer candidates and \$100 for paralegal candidates, a 7% reduction for both.

Based on the assumptions and feedback from the June and September meetings, the draft 2022 budget was prepared for presentation at the Bencher Information Session held on October 1st and further updated for this month's Audit & Finance Committee meeting

The budget is now presented to Convocation with the unanimous support of the Audit & Finance Committee.

Budget Highlights

Total revenue for Law Society funded operations is \$118.1 million down slightly (\$1 million) from 2021. Total expenses are increasing to \$134.3 million from \$129.0 million in 2021 with the excess of expenses over revenues, \$16.2 million, provided from fund balances, an increase of \$6.2 million compared to 2021.

Revenues

Annual Fees

The draft budget incorporates an annual fee decrease of \$60 for lawyers, a reduction from \$1,873 in 2021 to \$1,813 in 2022. The increase in the number of full-fee-equivalent (FFE) lawyers is estimated at 1,525 for a total of 46,600.

The paralegal annual fee decreases by \$9 from \$964 to \$955 in 2022 with an increase of 200 FFE paralegals for a total of 6,600.

Professional Development and Competence Revenues

The two largest sources of non-annual fee revenue are Licensing Process fees and Continuing Professional Development (“CPD”) fees. The operations associated with both revenue streams have been notably impacted by the pandemic and changes in program delivery.

Licensing Process

Convocation approved the shift to online licensing examinations for the next three years through to the 2023/24 licensing cycle. A comprehensive review of the cost of the licensing process was undertaken over the summer to assess what the appropriate fees should be for both lawyer and paralegal candidates, based on a full cost recovery, incorporating both direct and overhead costs.

The resulting fees have been reduced by \$300 for lawyers and \$100 for paralegals. The 2022 budget assumes that with these lower fees, overall licensing process revenues will decline \$1.4 million from the 2021 budget.

The 2022 budget continues the \$1 million contribution from lawyer licensees to the lawyer licensing process resulting in lower fees for licensing candidates. The continuation of the lawyer contribution is a necessary precondition for implementing a reduced candidate licensing examination fee structure in 2022.

Continuing Professional Development

While uncertainty around activity will continue into 2022, an assessment of results for the first six months of 2021 supports increasing budgeted revenues for 2022. CPD revenues are currently trending favorably to budget with August year-to-date revenues of \$3.3 million exceeding budget of \$2.9 million. Attendance has grown over the past year and while not at pre-pandemic levels, a preliminary forecast of 2022 revenue based on planned programs and estimated attendance supports an increase of \$1 million to \$6.7 million.

Investment Income

In 2021, Convocation approved an updated Investment Policy and a new investment manager. With the transition to the new investment manager and a new policy, realized investment income in the 2022 budget reflects an increase of \$445,000 within the General Fund and \$200,000 within the Compensation Fund.

Catering

All catering operations have been closed since the onset of the pandemic in March 2020. Prior to reopening, Convocation will consider a comprehensive business case supporting the ongoing viability of the operation. Consequently, the 2022 budget does not incorporate revenue from these operations.

Expenses

Salaries and Benefits

Recruitment of professional positions is increasingly more difficult, particularly the hiring of lawyers, accountants, and technical specialists. Compensation Planning Survey statistics indicate Law Society salary adjustments have lagged the market by a cumulative 4% since 2017. This lag in compensation is putting pressure on the recruitment and retention of the necessary talent to meet the organization's needs. Inflation is also increasing as recent trends in the Consumer Price Index (CPI) have indicated. The latest CPI increase for the year to September 2021 is 4.4%, up from 4.0% in August. To provide for cost-of-living increases and market adjustments, the draft 2022 budget includes a 3.4% provision for salaries adjustments in 2022.

Operating Expenses

There have been savings and efficiencies realized during the pandemic coming primarily from business process changes realized from working remotely. A historical review of operating expenditures and an assessment of operations in a post pandemic state was completed as part of the 2022 budget and resulted in an overall reduction in operating expenses of \$308,000.

Program Expenses

There is a net decrease in program expenses of the General Funds of \$2.1 million. There are multiple reductions offset by some anticipated expense increases, with the more notable changes being the following:

- Decreased costs related to the licensing process with the transition to online examinations affecting both the paralegal and lawyer licensing process budgets.
- Removal of any budgeted expenses for restaurant and catering operations as the decision to reopen is dependent on Convocation's consideration of a business case. If the decision is made to proceed with reopening, any net operational costs in 2022 will be funded from the contingency amount or available fund balance.¹
- A decrease in budgeted external counsel fees in support of our regulatory processes.
- A reduction in premiums for errors and omission insurance coverage with Convocation's approval to transition to a self-insurance model with some funding remaining for counsel and defense costs to manage claims.
- Reduced costs for stakeholder engagements, events and travel generally with the integration of virtual capabilities.

Partially offset by:

- An increase in bencher remuneration and expenses with a return to all in-person meetings and a provision for a 3.4% increase in bencher and adjudicator remuneration rates.
- Funding for increased utilization by licensees of services available through the Member Assistance Program.
- An increase in software licensing, telecommunications and cloud services

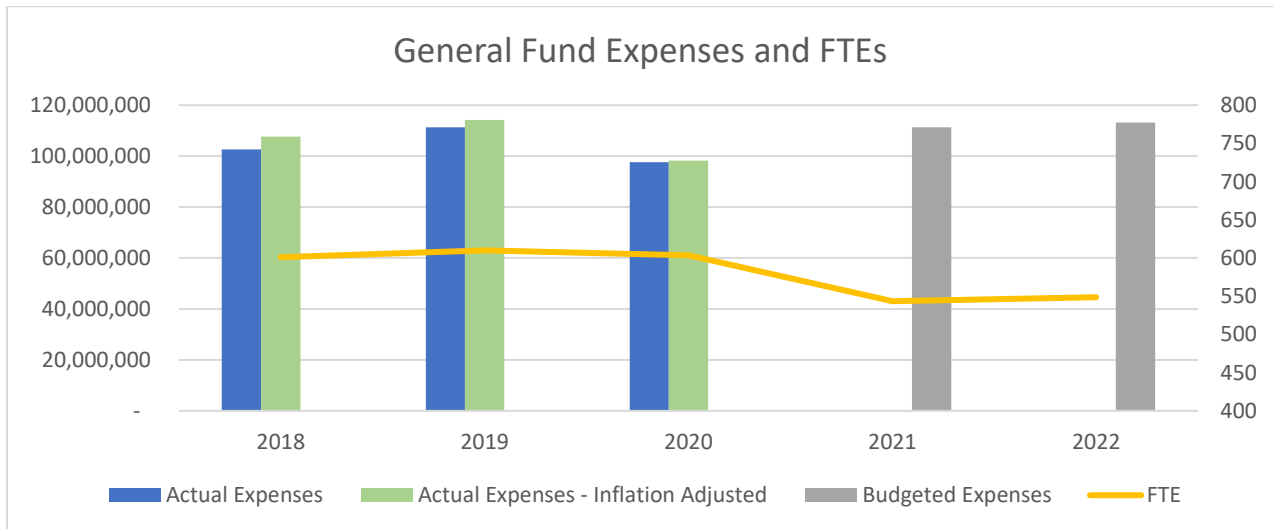
¹ The required capital investment in kitchen infrastructure will be funded from the Capital Fund balance.

expenses, which is expected as the Law Society automates more of its processes.

- Funding to support the transition process related to new health and safety requirements, space planning, meeting room technology, and equipment to support a hybrid workforce model.
- Increase in property and liability insurance premiums as a result of the hardening of the insurance market and the addition of cyber insurance coverage.

Historical Comparison – Expenses of the General Funds

Expenditures in support of most of the Law Society’s programs and services are captured through the General Funds and comprise approximately 85% of the Law Society’s budgeted expenses. The 2022 budget continues some cost containment measures and introduces efficiencies identified throughout the pandemic. As a result, budgeted General Fund expenses are comparable to inflation adjusted actual expenses for 2018 and 2019, recognizing that there are changes to programs each year. Budgeted expenditures for the General Funds of \$113.2 million in 2022 is comparable to the 2018 and 2019 inflation adjusted General Fund expenses of \$107.7 million and \$114.2 million, respectively. This comparison is depicted in the chart below including changes in full-time equivalent employees.



Compensation Fund

The provision for routine grant claims for lawyers has been set at \$4.5 million, consistent with the 2021 budget. Based on the increased activity and the ongoing nature of claims, the provision for routine grant claims for paralegals has been increased from \$116,000 to \$166,000.

Capital Fund

The proposed capital budget is summarized below with further information available in the detailed 2022 budget presentation.

Capital Project	2022 Draft Capital Budget
Facilities – Benchers’ Wing Restoration	\$2,800,000
Information Technology – Infrastructure updates and replacements	815,000
Convocation Initiative – Client Service Enhancement Project	750,000
Facilities – Preservation and Infrastructure projects per Facilities Condition Assessment	725,000
Business and IT Transformation	500,000
Facilities – Essential kitchen flooring and infrastructure repairs	250,000
Contingency	410,000
Totals	\$6,250,000

Use of Fund Balances

The Law Society has Fund Balance Management Policies that provide guidance with respect to minimum and maximum fund balance thresholds for both the Lawyer General Fund and the lawyer pool of the Compensation Fund. These fund balance management 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, assuming normal operations with minimal variances, 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 ²
Projected Fund Balance: Dec. 31, 2021	\$32,491,000	\$1,932,000	\$31,558,000	\$811,000	\$4,500,000	\$14,000,000
2022 Budgeted Use of Fund Balances	\$6,384,000	\$1,150,000	\$3,678,000	\$119,000	\$2,250,000	\$2,600,000
Projected Fund Balance: Dec 31, 2022	\$26,107,000	\$782,000	\$27,880,000	\$692,000	\$2,250,000	\$11,400,000

The Law Society’s Fund Balance Management Policy for the Lawyer General Fund sets a minimum fund balance benchmark of two months of budgeted operating expenses and maximum of three months of operating expenses. Based on the 2022 budget with operating expenses of \$102.6 million, the minimum and maximum benchmarks for the fund balance are \$17.1 million and \$25.7 million, respectively.

There is no formal Fund Balance Management Policy for the Paralegal General Fund.

The Fund Balance Management 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.

There is no formal Fund Balance Management Policy for the paralegal pool of the Compensation Fund. The projected fund balance is over two times the claims activity since the inception of the paralegal pool of the Compensation Fund in 2007.

As funding for capital initiatives is based on identified needs, there is no formal Fund Balance Management Policy for the Capital Fund. A portion of this fund balance may be used for capital investments related to the reopening of the catering operations should the decision be made in year to proceed.

The 2022 budget plans for the use of \$1.2 million of cumulative surplus investment income within the E&O Fund balance to fund operations and mitigate the lawyer annual fee. In addition, the 2022 budget also incorporates the use of up to \$900,000 of the unrestricted fund balance to fund one-time transition expenses included in LiRN’s

² The difference between the E&O Fund balance and the unrestricted portion presented in this chart comprises the Law Society’s investment in LAWPRO and the amount restricted as a reserve for the Law Society’s errors and omissions self-insurance model.

budget and \$500,000 to fund preliminary discovery costs for the Business and Information Technology Transformation project included in the Capital Budget.

Conclusion

The 2022 budget positions the Society for a return to normal operations, while reducing fees for both licensees and licensing candidates. It provides funding to support for the Society's core functions and key infrastructure needs, while maintaining the strength of the Society's financial position and is operationally sound.

2022 Draft Budget

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Budget Overview

Budget Vision & Approach

Message from the CEO

The 2022 budget acknowledges that we have been through more than a year of new challenges and unique achievements. Our organization continues to manage pandemic-based responses while maintaining our regulatory work. The after-effects of the pandemic will have an impact on the way we work – from transitions to new workforce models, through to how our governors and stakeholders interact. This budget continues to take proactive steps to mitigate risks and costs, while ensuring that operations are sustainable. Financial focus is on supporting our corporate objectives, while maintaining a reduced headcount and investing in increased automation and efficiency. The theme of burden reduction that was the hallmark of 2021, will continue. The Law Society has made great strides in this priority, and the operational work to implement those improvements is ongoing.

As we considered organizational progression in 2022 and budget outcomes, the approach has been to adopt the positive process changes that were a result of pandemic decision-making. The budget also acknowledges that some of the significant changes made to address cost containment in a global health crisis are no longer necessary, nor optimal, if the organization is going to achieve its objectives and work effectively to support the scope of its public interest mandate.

Budget Vision & Approach

Message from the CEO

The 2022 budget recommendations strike a balance between:

- Maintaining streamlined work processes and activities resulting in stable costs in most lines of business despite increasing workflows
- Returning to normal operations including increased revenues and expenses as activity picks up and licensees and stakeholders resume their interactions with the organization
- Evolving our operations and regulatory processes through investments in systems, infrastructure and people.

The theme for 2022 will be two-fold: first stability, then transformation. The budget has integrated funding that will move the Law Society forward with strategic priorities, stabilize and improve infrastructure, move to a new hybrid workforce model, and support our people to be their most productive within that model.

Budget Focus and Development

Message from the CFO

The Law Society's financial position was strong as we entered 2021 as a result of circumstantial and deliberate cost mitigation efforts implemented in 2020 in response to the COVID-19 pandemic. These efforts positioned the Law Society to cope with possible negative impacts of the pandemic on our 2021 revenue streams. With the economy gradually recovering, the 2022 budget assumes increased stability in revenue streams and maintains adequate fund balances to address ongoing pandemic impacts and other potential challenges.

Working with management, budget planning focused on incorporating efficiencies identified through the pandemic, maintaining stability, and investing in the future. The 2022 budget:

- Focuses on the Law Society's core operations and serving the public, licensees and candidates
- Reduces annual fees for licensees and reduces fees for candidates in the Licensing Processes
- Maintains the Law Society's solid financial position for the long-term to fulfill our mandate and withstand any adverse effects the pandemic may have on revenue streams or programs.

Budget Focus and Development

Message from the CFO

The 2022 budget funds the launch of the Regulatory Sandbox for Innovative Technological Services, a five-year pilot project approved by Convocation in 2021. It also continues to implement 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 decreases the annual fee for licensees through the use of fund balances, continues the operational focus on proportionate regulation and burden reduction, and stabilizes the Society's overall spending on operations. It anticipates the resumption of Law Society programs and services while maintaining many of the efficiencies implemented over the last year.

The fund balance of the lawyer pool of the Compensation Fund remains above the minimum benchmark required under the Law Society's Fund Balance Management Policy, positioning the Fund to endure pressures that have historically arisen after an economic downturn.

Budget Focus and Development

Message from the CFO

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

The capital budget incorporates funding for essential information technology and facilities initiatives. Ongoing investment in technology and its infrastructure is essential to mitigate against the risks associated with out-of-date systems, lack of maintenance 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. With the pandemic notably affecting the cost of supplies and labour, forecasted budgeted costs for 2022 and 2023 projects were updated.

The 2022 budget looks to stabilize operations, capitalizes on developments of the past year including a new workforce model, and supports continued investment in future regulatory and operational transformation.

Key Budget Highlights

- The 2022 budget assumes a notable reduction in pandemic related restrictions, resumption of in-person activities, and the transition to a new workforce model. The 2022 budget incorporates new work processes and efficiencies gained throughout the pandemic. It balances the resumption of normal operations and continued evolution of our operational and regulatory processes.
- The budget reflects Convocation's decision to continue online examinations for lawyers and paralegals. There is a reduction of \$1.7 million in direct expenses as result of the movement from in-person to online examinations. There is a resulting decrease in licensing fees for lawyer candidates of \$300 and \$100 for paralegal candidates.
- Funding for the Regulatory Sandbox, as approved by Convocation, is included with anticipated expenses of \$435,200. The budget also anticipates grant funding of \$100,000 to offset costs.

Key Budget Highlights

- The budget includes a provision of 3.4% for salary merit increases and market adjustments in 2022. CPI for Ontario for the year ended September 30, 2021, is 4.4%. The recommended 3.4% increase for 2022 is below average projections for inflationary increases in Ontario for the 2021 year.
- Compensation Planning Survey statistics indicate Law Society salary adjustments have lagged the market by a cumulative 4% since 2017 resulting in pressure to adjust compensation levels to catch up to the comparator group. Recent recruitment efforts for professional employee categories (lawyers, paralegals and accountants) and technically skilled categories (IT and forensic auditors) have been difficult as a result of salaries not remaining competitive in the market.
- There is a net increase of 4.5 full-time equivalent (FTE) employees in the 2022 budget across the entire organization. Further detail is reflected in Section 5.

Function	Total FTE Change
Regulatory Sandbox	2.00
Professional Regulation	3.50
Policy	1.00
Tribunal	1.00
Professional Development and Competence	(1.00)
Catering and Events	(2.00)
Total Change in FTE Employees	4.50

Key Budget Highlights

- A provision for a 3.4% increase in benchers and adjudicator remuneration rates is reflected in the budget resulting in a net increase of approximately \$35,000. Benchers remuneration was last increased effective January 1, 2019.
- The 2021 budget assumed 50% of all meetings of Convocation and Committees would be virtual. The 2022 budget resumes all in-person meetings adding \$200,000.
- Support to other organizations for operational purposes increases by \$1.4 million in the 2022 budget. This is primarily driven by increased funding to LiRN Inc. of \$1.3 million to support the county libraries system across the Province. The increase in budget is to reinstate the 10% reduction implemented in 2021 plus a 6.5% increase in funding, which flows through the Law Society's County Libraries Fund to LiRN Inc.
- The 2022 budget also includes a provision of up to \$900,000 to assist LiRN Inc. with a transitional budget to improve service levels across the library network through expanded availability of digital resources, related training of library staff and the required information technology infrastructure.

Key Budget Highlights

- Anticipated pressure on insurance premiums of 20 to 35% due to a hardening insurance market and addition of cyber insurance has led to an increase of \$260,000 in the budget.
- To mitigate approximately \$875,000 in insurance premiums and deductibles, this budget implements Convocation's decision for a self-insurance model for errors and omission coverage. An increase of \$300,000 for counsel fees to defend claims is in the budget.
- The budget incorporates \$300,000 to support the transition back to the office and implementation of a new workforce model.
- 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 2021 budget. No amounts are anticipated at this time to be spent against the contingency in 2021.

Key Budget Highlights

- With COVID-19 group gathering restrictions easing and licensee uptake increasing for Continuing Professional Development (CPD) programming, CPD budgeted revenues are forecast to increase by \$1 million compared to the 2021 budget. While 2021 revenue results are projected to be \$200,000 better than budget, they remain in line with 2020 revenues. The 2022 budget reflects conservative growth in registration revenue compared to 2021 due to:
 - Difficulty in predicting licensee behaviour post pandemic and whether attendance at CPD programs will permanently change.
 - Pre-pandemic, a notable source of revenue was four flagship in-person CPD programs. The 2022 budget assumes one key in-person flagship event to assess licensee interest. Without a significant shift in the mode of program delivery in 2022, revenues are not anticipated to change significantly from the 2021 forecast.
- Investment revenues are budgeted to increase \$645,000 to reflect transition to a new investment manager and an updated investment policy that increases the potential for investment returns.
- Annual royalties decrease by \$250,000 as a result of the current pandemic market.

Key Budget Highlights

- The 2022 budget does not include any revenues or expenses related to catering operations, including the restaurant. A business case with respect to catering operations, incorporating both operating and capital implications, will be considered by Convocation prior to proceeding with any reopening plans in 2022.
- With a decision to reopen the catering operations, funding for the required restaurant infrastructure capital investments estimated to be approximately \$1.25 million will come from the fund balance of the Capital Fund. Any required funding for operations will come from the contingency amount.
- The budget incorporates planned capital spending in 2022 of \$6.25 million (2021 - \$5.1 million). 2022 capital spending is focused on critical facility infrastructure projects identified as part of the Facility Condition Assessment, investments in IT infrastructure and discovery efforts in support of the Business and IT Transformation project.

Key Budget Highlights

- The number of full fee equivalent (FFE) licensees for lawyers is projected to increase by 1,525 in 2022 to 46,600.
- FFE paralegals are projected to increase by 200 from 6,400 to 6,600.
- The budget plans for the use of fund balances in 2022 as follows:

Fund Name	2022 Draft Budget
Lawyer General Fund	\$6,383,930
Paralegal General Fund	1,149,850
Errors and Omissions Insurance Fund	2,600,000
Compensation Fund - Lawyers	3,678,500
Compensation Fund - Paralegals	118,800
Capital Fund	2,250,000
Total	\$16,181,080

Note:

The use of \$2.6 million of the fund balance available in the Errors and Omissions Insurance Fund is earmarked as \$1.2 million for General Fund operations coming from cumulative surplus investment income, up to \$900,000 for the LiRN Inc. transitional budget, and \$500,000 to the Capital Fund for the Business and Information Technology Transformation Project. The latter two items will be funded from the unrestricted \$10 million within the E&O Fund balance.

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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 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.

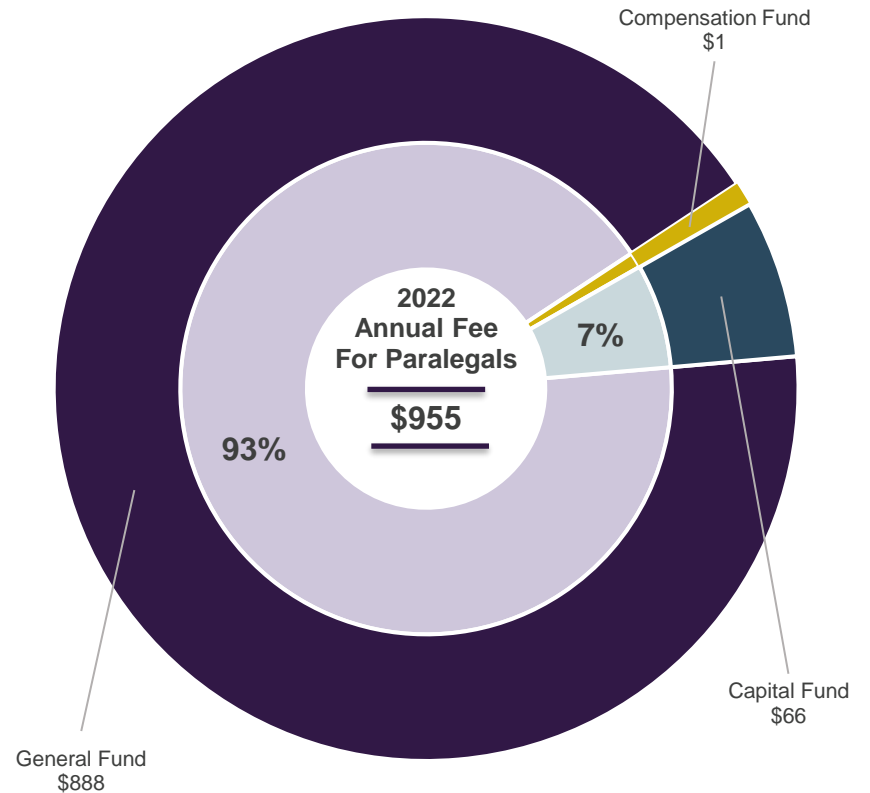
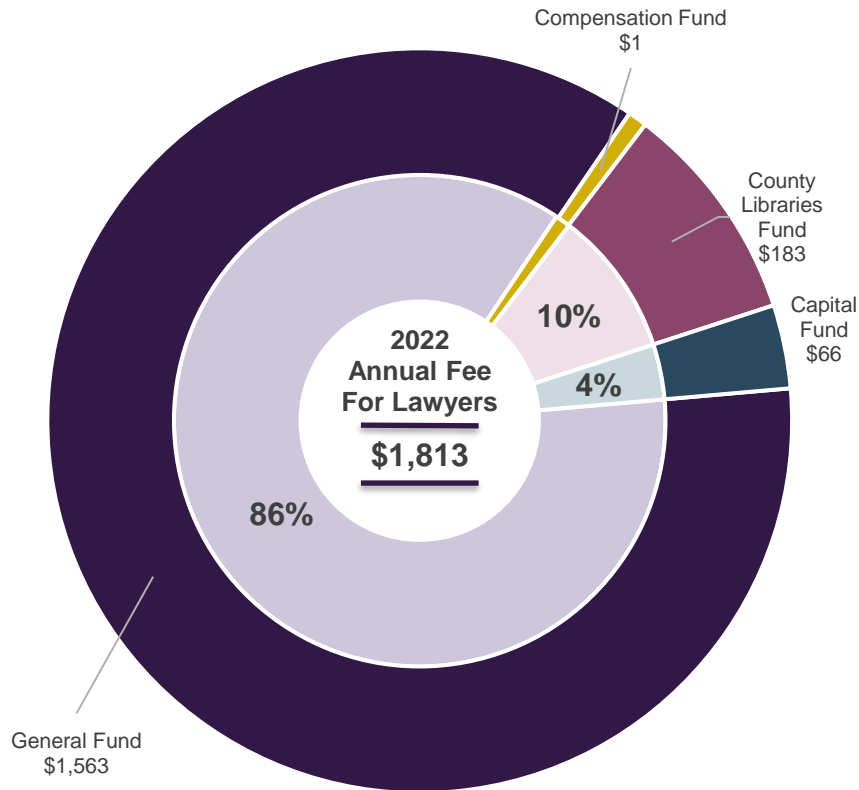
The Law Society utilizes a four tiered fee structure, depending on the nature of the licensee's practising/employment status. Licensees practising law or providing legal services pay 100% of the relevant annual fee; those employed but not practising pay 50%; those retired, not working or on parental 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).

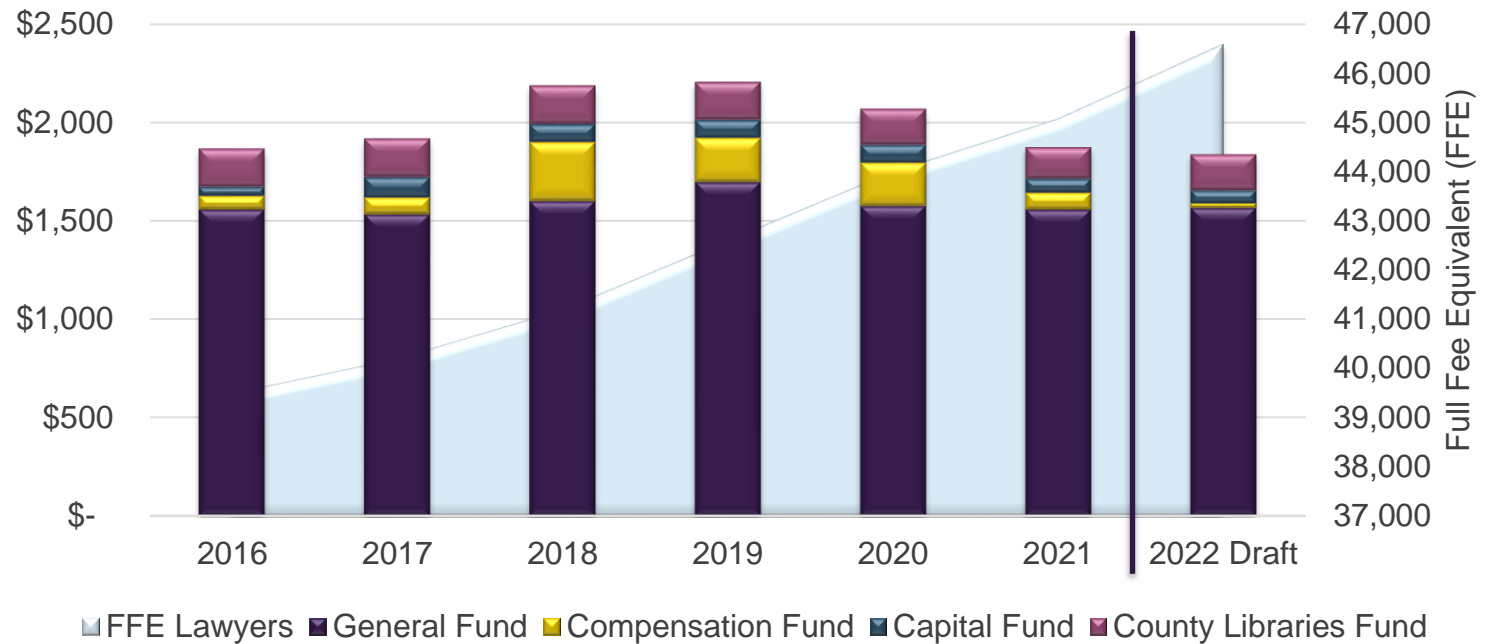
Lawyers – 2022		
Fee Category	Estimated Number	Full Fee Equivalent
100%	41,720	41,720
50%	6,640	3,320
25%	4,680	1,170
10%	3,900	390
Total	56,940	46,600

Paralegals - 2022		
Fee Category	Estimated Number	Full Fee Equivalent
100%	4,275	4,275
50%	3,540	1,770
25%	2,140	535
10%	200	20
Total	10,155	6,600

2022 Annual Fee

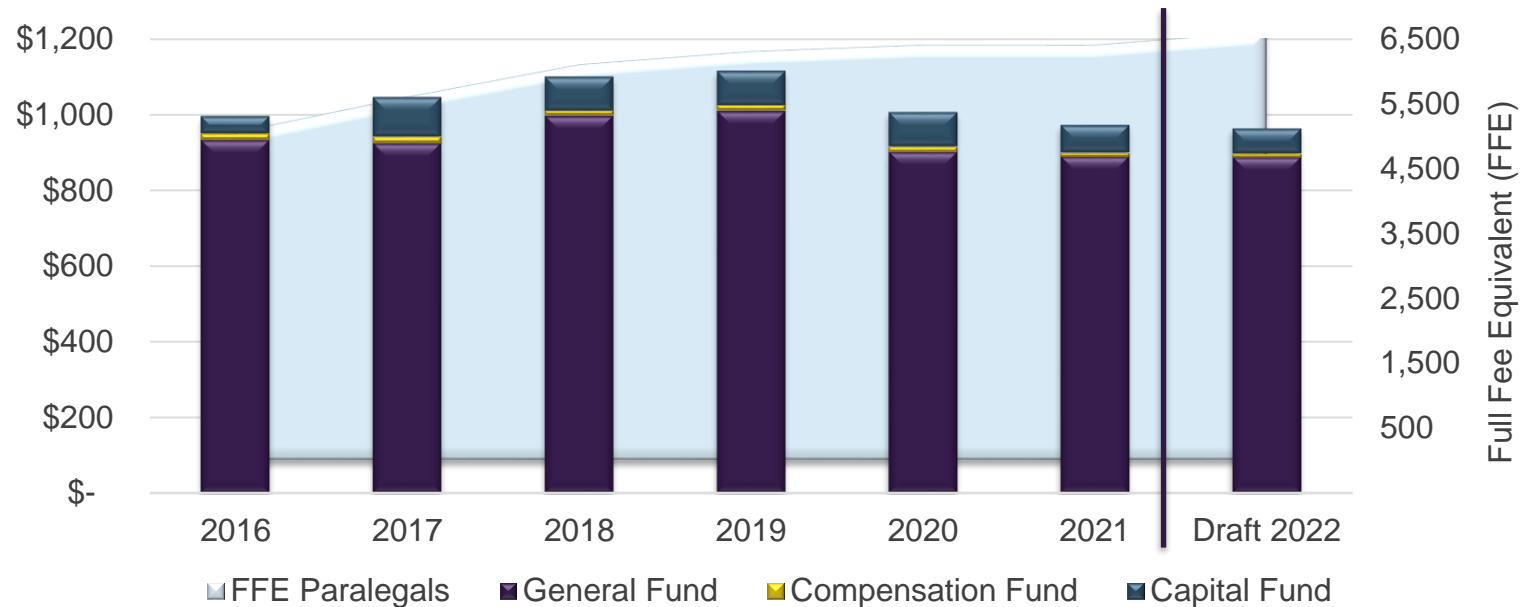


Historical Annual Fees For Lawyers



Annual Fee Breakdown	2016	2017	2018	2019	2020	2021	2022 Draft
General Fund	\$ 1,555	\$ 1,531	\$ 1,598	\$ 1,693	\$ 1,574	\$1,555	\$1,563
Compensation Fund	71	87	300	226	219	86	1
County Libraries Fund	194	194	194	191	182	159	183
Capital Fund	47	104	91	91	91	73	66
Total Annual Fee	\$ 1,867	\$ 1,916	\$ 2,183	\$ 2,201	\$ 2,066	\$1,873	\$1,813
FFE Lawyers	39,500	40,200	41,200	42,600	44,000	45,075	46,600

Historical Annual Fees For Paralegals



Annual Fee Breakdown	2016	2017	2018	2019	2020	2021	2022 Draft
General Fund	\$ 933	\$ 925	\$ 997	\$ 1,009	\$ 902	\$890	\$888
Compensation Fund	16	17	12	15	13	1	1
Capital Fund	47	104	91	91	91	73	66
Total Annual Fee	\$ 996	\$ 1,046	\$ 1,100	\$ 1,115	\$ 1,006	\$964	\$955
FFE Paralegals	5,050	5,600	6,100	6,300	6,400	6,400	6,600

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2022 Budget at a Glance

2022 Budget Summary - Consolidated

	2022 Draft Budget					2021 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	78,696,600	53,200	3,500,000	8,542,000	90,791,800	75,787,630	3,882,850	3,757,675	7,166,925	90,595,080
Licensing process	12,963,340	-	-	-	12,963,340	14,346,240	-	-	-	14,346,240
CPD	6,657,000	-	-	-	6,657,000	5,693,000	-	-	-	5,693,000
Other revenue	6,151,000	1,550,000	-	-	7,701,000	7,048,500	1,350,000	-	-	8,398,500
Total Revenues	104,467,940	1,603,200	3,500,000	8,542,000	118,113,140	102,875,370	5,232,850	3,757,675	7,166,925	119,032,820
Salaries and Benefits	69,305,700	585,600	-	-	69,891,300	65,002,300	617,400	-	-	65,619,700
Operating Expenses	3,728,400	20,300	-	-	3,748,700	4,030,600	26,000	-	-	4,056,600
Program Expenses	40,167,620	4,794,600	6,250,000	9,442,000	60,654,220	42,281,970	4,719,100	5,116,000	7,217,190	59,334,260
Total Expenses	113,201,720	5,400,500	6,250,000	9,442,000	134,294,220	111,314,870	5,362,500	5,116,000	7,217,190	129,010,560
Excess of Expenses over Revenues	(8,733,780)	(3,797,300)	(2,750,000)	(900,000)	(16,181,080)	(8,439,500)	(129,650)	(1,358,325)	(50,265)	(9,977,740)
Fund Balance - E&O Fund	1,200,000	-	500,000	900,000	2,600,000	1,200,000	-	-	-	1,200,000
Fund Balance - General Fund	7,533,780	-	-	-	7,533,780	7,239,500	-	-	-	7,239,500
Fund Balance - Compensation Fund	-	3,797,300	-	-	3,797,300	-	129,650	-	-	129,650
Fund Balance - County Libraries Fund	-	-	-	-	-	-	-	-	50,265	50,265
Fund Balance - Capital Fund	-	-	2,250,000	-	2,250,000	-	-	1,358,325	-	1,358,325
Total Use of Fund Balances	8,733,780	3,797,300	2,750,000	900,000	16,181,080	8,439,500	129,650	1,358,325	50,265	9,977,740

2022 Budget Summary - Lawyers

	2022 Draft Budget				
	General Fund	Compensation Fund	Capital Fund	County Libraries Fund	Total Lawyers
Annual fee revenue	72,835,800	46,600	3,064,400	8,542,000	84,488,800
Licensing process	10,793,840	-	-	-	10,793,840
CPD	5,908,100	-	-	-	5,908,100
Other revenue	5,460,000	1,472,500	-	-	6,932,500
Total Revenues	94,997,740	1,519,100	3,064,400	8,542,000	108,123,240
Salaries and Benefits	62,803,200	556,300	-	-	63,359,500
Operating Expenses	3,387,500	19,300	-	-	3,406,800
Program Expenses	36,390,970	4,622,000	5,499,720	9,442,000	55,954,690
Total Expenses	102,581,670	5,197,600	5,499,720	9,442,000	122,720,990
Excess of Expenses over Revenues	(7,583,930)	(3,678,500)	(2,435,320)	(900,000)	(14,597,750)
Fund Balance - E&O Fund	1,200,000	-	500,000	900,000	2,600,000
Fund Balance - General Fund	6,383,930	-	-	-	6,383,930
Fund Balance - Compensation Fund	-	3,678,500	-	-	3,678,500
Fund Balance - County Libraries Fund	-	-	-	-	-
Fund Balance - Capital Fund	-	-	1,935,320	-	1,935,320
Total Use of Fund Balances	7,583,930	3,678,500	2,435,320	900,000	14,597,750

	2021 Approved Budget				
	General Fund	Compensation Fund	Capital Fund	County Libraries Fund	Total Lawyers
Annual fee revenue	70,091,630	3,876,450	3,290,473	7,166,925	84,425,478
Licensing process	12,027,740	-	-	-	12,027,740
CPD	5,052,500	-	-	-	5,052,500
Other revenue	6,363,400	1,282,500	-	-	7,645,900
Total Revenues	93,535,270	5,158,950	3,290,473	7,166,925	109,151,618
Salaries and Benefits	58,884,300	586,500	-	-	59,470,800
Operating Expenses	3,663,900	24,700	-	-	3,688,600
Program Expenses	38,359,270	4,597,800	4,476,000	7,217,190	54,650,260
Total Expenses	100,907,470	5,209,000	4,476,000	7,217,190	117,809,660
Excess of Expenses over Revenues	(7,372,200)	(50,050)	(1,185,527)	(50,265)	(8,658,042)
Fund Balance - E&O Fund	1,200,000	-	-	-	1,200,000
Fund Balance - General Fund	6,172,200	-	-	-	6,172,200
Fund Balance - Compensation Fund	-	50,050	-	-	50,050
Fund Balance - County Libraries Fund	-	-	-	50,265	50,265
Fund Balance - Capital Fund	-	-	1,185,527	-	1,185,527
Total Use of Fund Balances	7,372,200	50,050	1,185,527	50,265	8,658,042

2022 Budget Summary - Paralegals

2022 Draft Budget

	General Fund	Compensation Fund	Capital Fund	Total Paralegals
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Annual fee revenue	5,860,800	6,600	435,600	6,303,000
Licensing process	2,169,500	-	-	2,169,500
CPD	748,900	-	-	748,900
Other revenue	691,000	77,500	-	768,500
Total Revenues	9,470,200	84,100	435,600	9,989,900

Salaries and Benefits	6,502,500	29,300	-	6,531,800
Operating Expenses	340,900	1,000	-	341,900
Program Expenses	3,776,650	172,600	750,280	4,699,530
Total Expenses	10,620,050	202,900	750,280	11,573,230

Excess of Expenses over Revenues	(1,149,850)	(118,800)	(314,680)	(1,583,330)
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Fund Balance - General Fund	1,149,850	-	-	1,149,850
Fund Balance - Compensation Fund	-	118,800	-	118,800
Fund Balance - Capital Fund	-	-	314,680	314,680
Total Use of Fund Balances	1,149,850	118,800	314,680	1,583,330

2021 Approved Budget

	General Fund	Compensation Fund	Capital Fund	Total Paralegals
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Annual fee revenue	5,696,000	6,400	467,202	6,169,602
Licensing process	2,318,500	-	-	2,318,500
CPD	640,500	-	-	640,500
Other revenue	685,100	67,500	-	752,600
Total Revenues	9,340,100	73,900	467,202	9,881,202

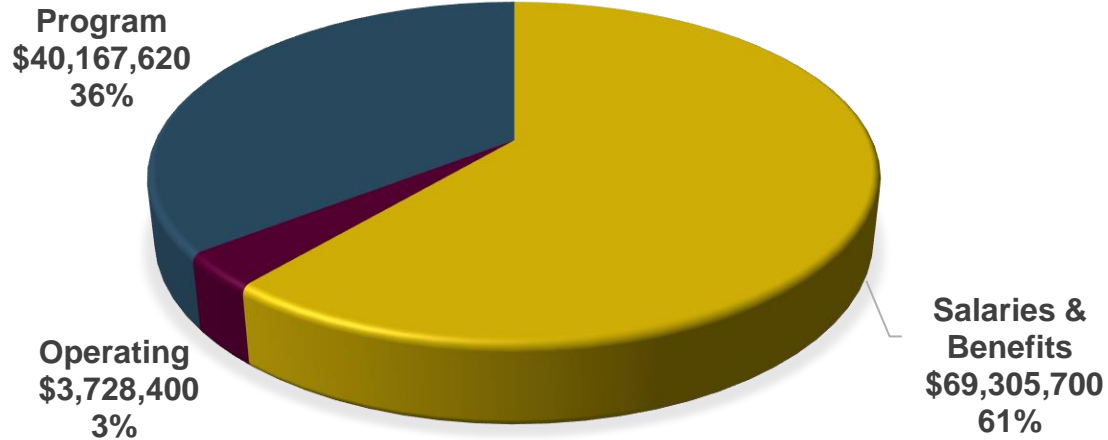
Salaries and Benefits	6,117,700	30,900	-	6,148,600
Operating Expenses	366,700	1,300	-	368,000
Program Expenses	3,922,700	121,300	640,000	4,684,000
Total Expenses	10,407,100	153,500	640,000	11,200,600

Excess of Expenses over Revenues	(1,067,000)	(79,600)	(172,798)	(1,319,398)
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Fund Balance - General Fund	1,067,000	-	-	1,067,000
Fund Balance - Compensation Fund	-	79,600	-	79,600
Fund Balance - Capital Fund	-	-	172,798	172,798
Total Use of Fund Balances	1,067,000	79,600	172,798	1,319,398

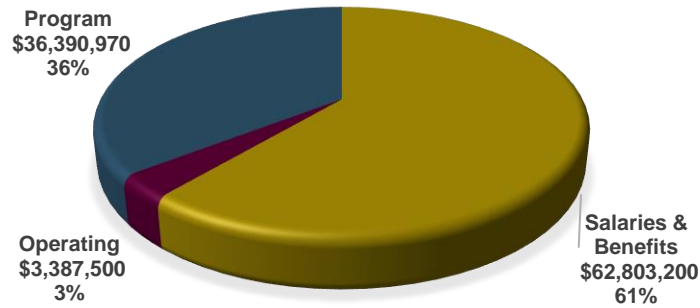
2022 General Fund Expense Breakdown

CONSOLIDATED

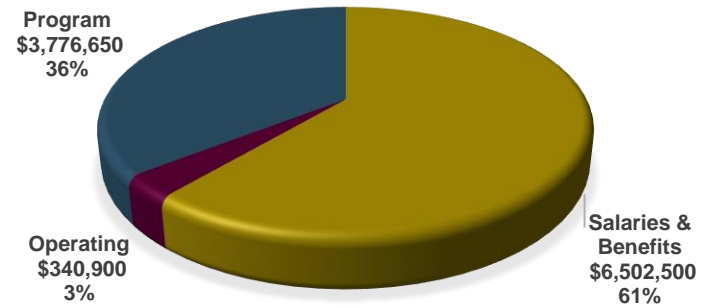


**General Fund
Total 2022 Expenses
\$113,201,720**

LAWYERS



PARALEGALS



2018 – 2022 Consolidated Budget Comparison

Budget Expenses							
Year	Salaries & Benefits	Operating	Program	County Library Fund	Capital Fund	Compensation Fund	Total
2018	66,951,300	4,449,500	39,910,500	7,993,000	4,304,300	13,035,000	136,643,600
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

Budget Funding						
Year	Annual Fees	Licensing Process	CPD	Other Revenue	Fund Balances	Total
2018	96,652,300	13,268,300	8,686,000	10,495,600	7,541,400	136,643,600
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

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Funding the Budget

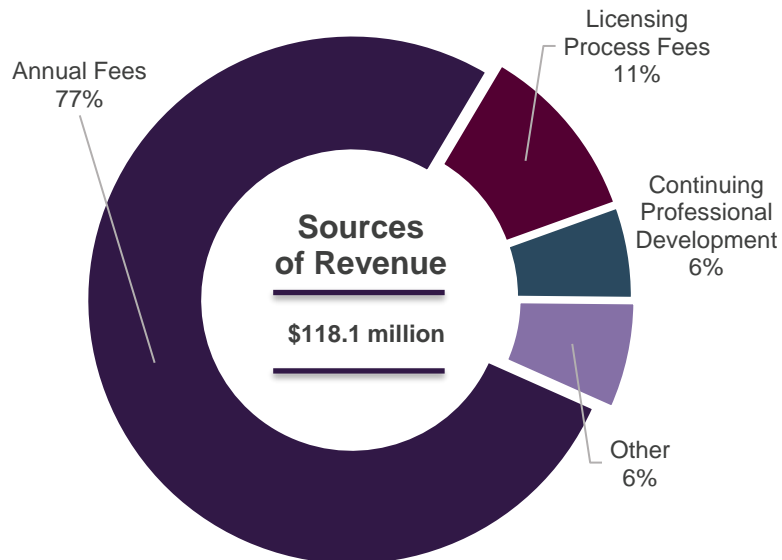
How is the Budget Funded?

Sources of Revenue

Annual fees account for approximately 77% of total revenue sources in 2022 (2021 – 76%)

Licensing Process fees represent the next significant component of revenue collected by the Law Society, making up approximately 11% (2021 – 12%) of Society revenues, with continuing professional development fees being the third largest contributor at approximately 6% (2021 – 5%).

The remaining 6% (2021 – 7%) of revenue is from a variety of sources including investment income, royalties, payment plan fees, ordered cost recoveries and additional licensee fees for professional corporations, Law Society referral service and certified specialist.



Annual Fees

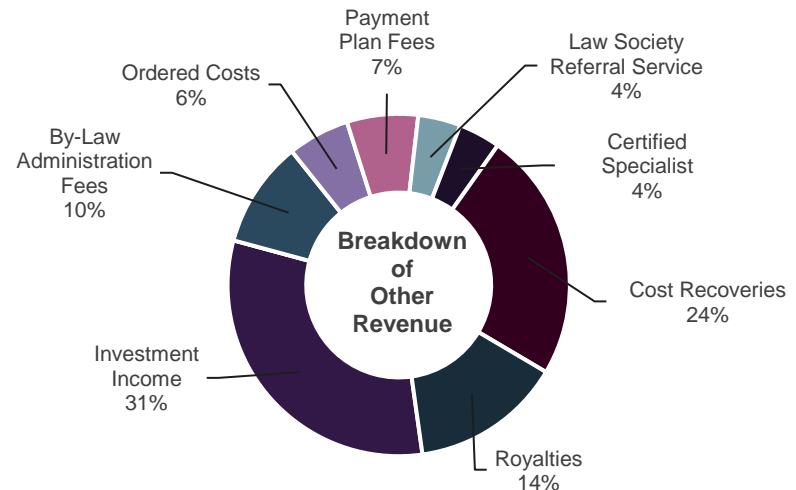
The annual fees represents the amount paid by lawyers and paralegals to support the operations of the Society. For 2022, the annual fee for lawyers is \$1,813 (2021 - \$1,873) and for paralegals is \$955 (2021 - \$964).

Licensing Process Fees

Licensing Process fees are paid by licensing candidates enrolled in the lawyer licensing process or the paralegal licensing process. 2022 fees are adjusted to reflect online 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 \$4,325 (2021 - \$4,625) or \$4,410 (2021 - \$4,710), respectively. The fee for paralegal licensing candidates is \$1,300 (2021 - \$1,400).

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.



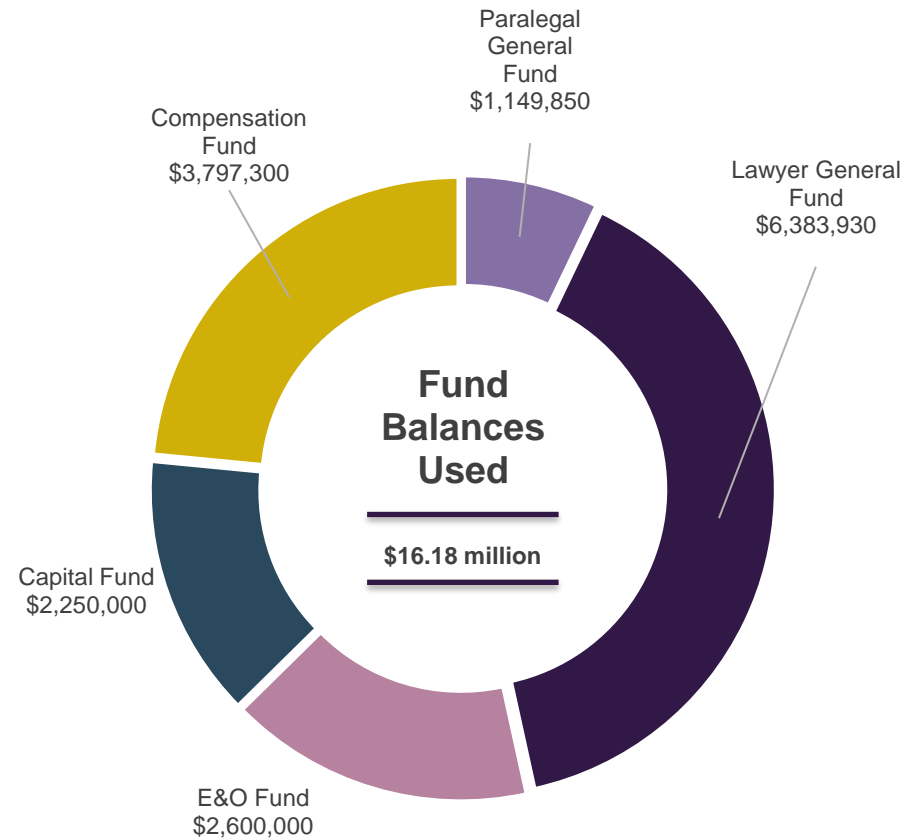
Use of Fund Balances

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 2022 budget proposes using \$7.53 million of accumulated fund balances from the lawyer and paralegal General Funds, \$2.25 million from the Capital Fund, \$2.6 million from the E&O Fund, and \$3.8 million from the Compensation Fund.

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



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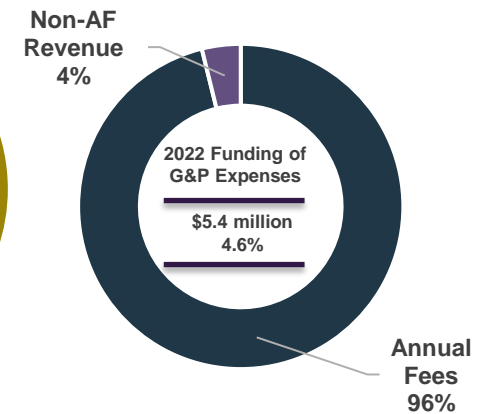
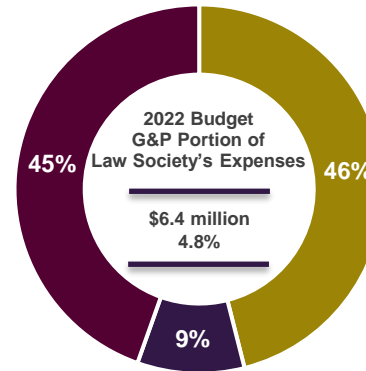
Operations by Division

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 Benchers 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, in 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	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget	% Change
Governance & Policy Total					
Salaries and Benefits	1,577,200	1,808,000	2,046,400	2,300,400	
Operating Expenses	43,200	45,000	117,800	100,200	
Program Expenses	1,073,300	1,806,800	3,768,900	3,982,450	
Total Expenses	2,693,700	3,659,800	5,933,100	6,383,050	7.6%
Total Non-Annual Fee Revenues	236,000	236,000	190,000	210,000	0.0%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,457,700)	(3,423,800)	(5,743,100)	(6,173,050)	
Full Time Equivalent			11.0	12.0	

Items of Note

- Included in salaries and benefits is the addition of one strategic policy counsel Full Time Equivalent (FTE) employee to support Convocation initiatives and policies.
- The increase in program expenses from the 2021 budget is driven by an overall planned increase in Benchers expenses and remuneration of \$200,000 related to Convocation and Committee meetings anticipated to return to an all in-person setting in 2022. 2021 Projected Actuals are significantly lower than budget due to ongoing public health measures with all meetings and functions in 2021 conducted virtually. The 2021 budget assumed 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 2020 and as at the end of September, is not expected to be utilized in 2021 and therefore, not reflected in the 2021 Projected Actuals.

Operating Budget Details

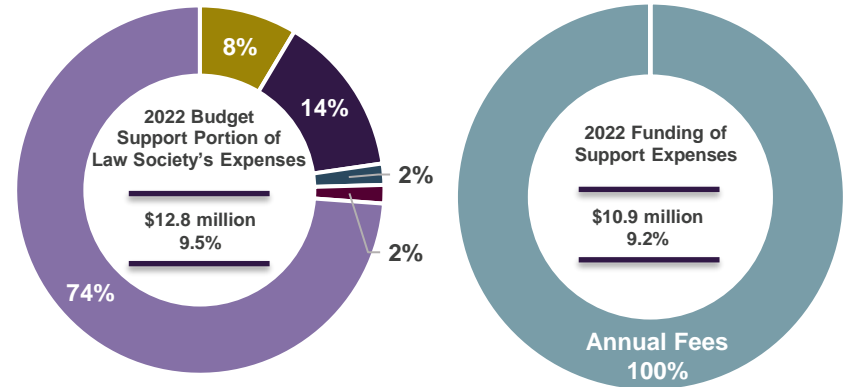
Governance & Policy	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Bencher Convocation				
Salaries and Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Program Expenses	542,100	1,076,800	2,728,800	2,939,200
Total Expenses	542,100	1,076,800	2,728,800	2,939,200
Total Non-Annual Fee Revenues	236,000	236,000	190,000	210,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(306,100)	(840,800)	(2,538,800)	(2,729,200)
Full Time Equivalent			-	-
Office of Treasurer				
Salaries and Benefits	105,400	99,000	97,800	101,100
Operating Expenses	3,500	5,000	17,000	14,400
Program Expenses	281,800	292,000	480,300	483,450
Total Expenses	390,700	396,000	595,100	598,950
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(390,700)	(396,000)	(595,100)	(598,950)
Full Time Equivalent			1.0	1.0
Policy				
Salaries and Benefits	1,471,800	1,709,000	1,948,600	2,199,300
Operating Expenses	39,700	40,000	100,800	85,800
Program Expenses	249,400	438,000	559,800	559,800
Total Expenses	1,760,900	2,187,000	2,609,200	2,844,900
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,760,900)	(2,187,000)	(2,609,200)	(2,844,900)
Full Time Equivalent			10.0	11.0

Support of Other Organizations

Overview

Support of Other Organizations

The 2022 budget continues to include support for other organizations.

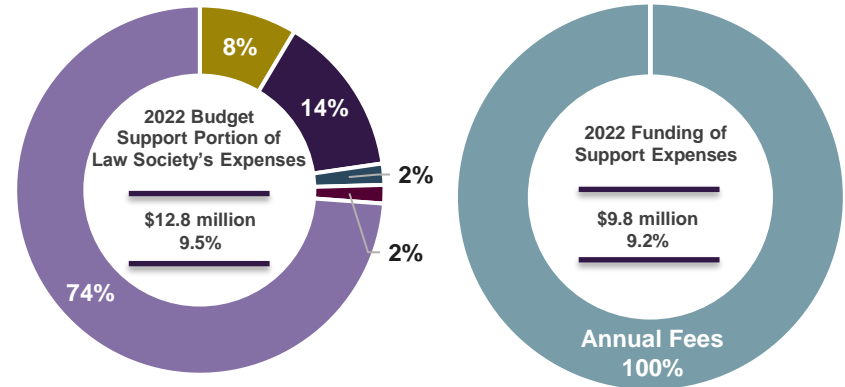


Federation of Law Societies of Canada (FLS)	Canadian Legal Information Institute (CanLII)	LiRN Inc.
<ul style="list-style-type: none"> The national coordinating body of Canada's 14 provincial and territorial law societies FLS supports the development of national standards of regulation 	<ul style="list-style-type: none"> CanLII is a non-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 2022 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	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget	% Change
Support of Other Organizations Total					
Program Expenses	11,169,600	10,334,000	10,525,760	12,788,870	
Total Expenses	11,169,600	10,334,000	10,525,760	12,788,870	21.5%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(11,169,600)	(10,334,000)	(10,525,760)	(12,788,870)	

Items of Note

- The increase in budgeted expenses of \$2.3 million is mainly attributed to an operational funding increase to LiRN Inc. of \$1.325 million and one-time transitional funding of up to \$900,000 to support the transition to an expanded digital environment. The operational funding increase reinstates the 10% reduction in the 2021 budget along with a further increase of approximately 6.5% to support the 48 county libraries and LiRN's administration. The \$900,000 transitional budget is to support the expansion of electronic resources available across the network, the related training of library staff to facilitate their ability to support users, and investment in the information technology infrastructure required to support a shift to digital resources.
- The year-end projected actuals are in line with 2021 approved budget, except for FOLA, with planned underspending in meeting and plenary session expenses due to ongoing public health measures and restrictions on in-person events and meetings.

Operating Budget Details

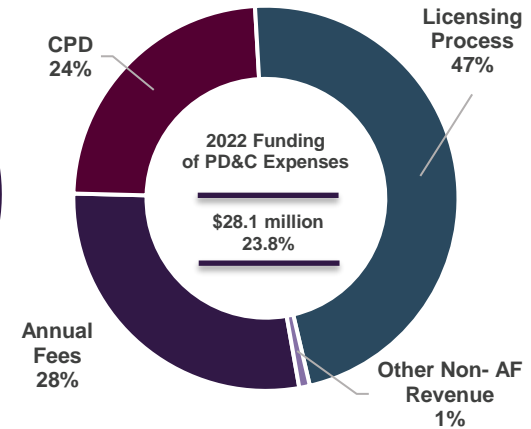
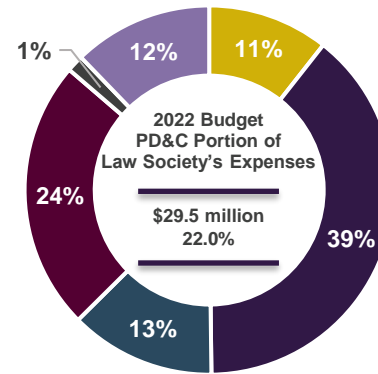
Support of Other Organizations	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Federation of Law Societies of Canada (FLS)				
Program Expenses	1,162,000	1,101,000	1,150,500	1,095,000
Total Expenses	1,162,000	1,101,000	1,150,500	1,095,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,162,000)	(1,101,000)	(1,150,500)	(1,095,000)
Canadian Legal Information Institute (CanLII)				
Program Expenses	1,712,200	1,757,000	1,715,200	1,807,000
Total Expenses	1,712,200	1,757,000	1,715,200	1,807,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,712,200)	(1,757,000)	(1,715,200)	(1,807,000)
LiRN Inc.				
Program Expenses	8,019,100	7,217,000	7,217,190	9,442,000
Total Expenses	8,019,100	7,217,000	7,217,190	9,442,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(8,019,100)	(7,217,000)	(7,217,190)	(9,442,000)
Pro Bono Ontario Law Commission of Ontario				
Program Expenses	203,800	204,000	205,000	207,000
Total Expenses	203,800	204,000	205,000	207,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(203,800)	(204,000)	(205,000)	(207,000)
Federation of Ontario Law Associations (FOLA)				
Program Expenses	72,500	55,000	237,870	237,870
Total Expenses	72,500	55,000	237,870	237,870
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(72,500)	(55,000)	(237,870)	(237,870)

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.

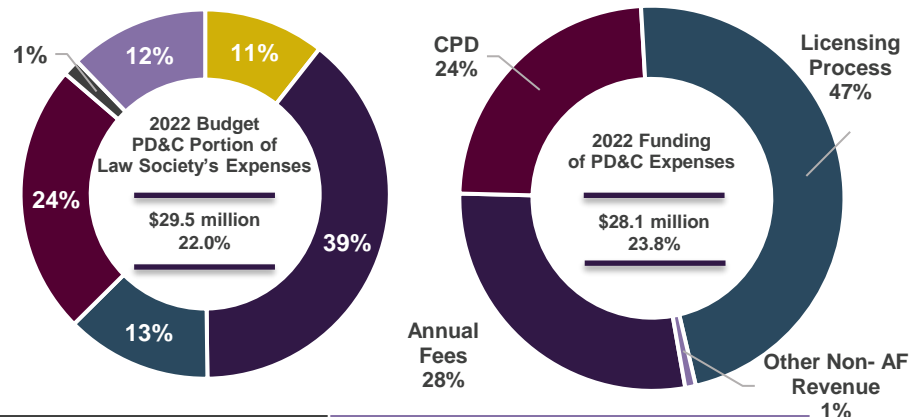


Executive Director's Office Practice Supports & Resources	Licensing & Accreditation Certified Specialist	Continuing Professional Development
<ul style="list-style-type: none"> Provides professionalism and practice management guidance and information in response to over 9,000 licensee inquiries per year on the Practice Management Helpline Supports 140 Law Society of Ontario professionalism and practice management resources, designed to respond to emergent trends and issues impacting the professions including: guides, frequently asked questions, checklists, precedents and other tools Facilitates licensee implementation of best practices and assistance with substantive and procedural law inquiries through the Coach and Advisor Network 	<ul style="list-style-type: none"> Manages the licensing processes and implements standardized, fair, transparent and defensible systems of assessment for entry-level lawyers and paralegals Registers approximately 2,700 new lawyer candidates and 1,200 new paralegal candidates in the licensing process annually Manages licensing processes for the lawyer and paralegal professions at the entry level stage, including the delivery of candidate registration services, the development and delivery of licensing examinations, the development of licensing examination study materials, the superintendence of the Experiential Training Program for lawyers (Articling and Law Practice Program) and the conduct of administration necessary for lawyer and paralegal licensure Licenses approximately 2,400 lawyers and 1,000 paralegals each year Accredits and audits college paralegal education programs Administers the Certified Specialist Program for lawyers 	<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 the Bridge to Practice.

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	Regulatory Sandbox	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 by removing barriers to the development of innovative technological legal services (ITLS) that could reach new consumers in new ways 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 research and information needs of the lawyer and paralegal professions 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, a full-text, searchable website Shares information through its blog, Know How 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	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget	% Change
Professional Development & Competence Total					
Salaries and Benefits	16,231,100	15,848,000	16,431,200	17,542,900	
Operating Expenses	492,800	520,000	956,500	874,400	
Program Expenses	10,114,800	10,541,000	13,081,200	11,080,100	
Total Expenses	26,838,700	26,909,000	30,468,900	29,497,400	-3.19%
Total Non-Annual Fee Revenues	21,010,350	21,015,000	20,503,540	20,174,640	-1.60%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(5,828,350)	(5,894,000)	(9,965,360)	(9,322,760)	
Full Time Equivalent			150.00	151.00	

Items of Note

- Included in salaries and benefits is the addition of two FTE employees related to the Convocation approved Regulatory Sandbox and a reduction of one FTE in Practice Audit.
- There is a decrease in overall expenses in the PD&C area mainly driven by the transition to an online examination delivery model with a resulting \$1.7 million decrease in expenses. This is reflected with a corresponding decrease in licensing revenues of \$1.4 million as a result of reduced fees to the licensing candidates.
- There is a decrease in operating expenses as audits within the Spot Audit and Practice Audit areas will shift to a combination of in-person and virtual audits with a corresponding reduction in travel costs.
- The budget also includes \$90,000 in Corporate Records and Archives for a cloud based archival solution in order to shift current manual processes electronically.
- CPD revenues will increase by approximately \$1 million from the 2021 budget and \$200,000 from projected 2021 actuals; the 2022 budget incorporates a small increase in revenues from webcast and on-demand registrations.

Operating Budget Details

Professional Development & Competence	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Executive Director's Office Practice Supports & Resources				
Salaries and Benefits	2,435,900	2,143,000	2,607,100	2,813,900
Operating Expenses	72,600	90,000	124,900	126,400
Program Expenses	85,900	155,000	282,100	188,800
Total Expenses	2,594,400	2,388,000	3,014,100	3,129,100
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,594,400)	(2,388,000)	(3,014,100)	(3,129,100)
Full Time Equivalent			19.0	19.0
Licensing & Accreditation Certified Specialist				
Salaries and Benefits	3,341,000	3,514,000	3,534,500	3,850,800
Operating Expenses	96,700	101,000	168,200	168,200
Program Expenses	7,167,500	7,499,000	9,570,900	7,543,600
Total Expenses	10,605,200	11,114,000	13,273,600	11,562,600
Total Non-Annual Fee Revenues	14,480,050	14,653,000	14,651,240	13,268,340
Excess of Revenues Over Expenses / (Expenses Over Revenues)	3,874,850	3,539,000	1,377,640	1,705,740
Full Time Equivalent			38.5	39.0
Continuing Professional Development				
Salaries and Benefits	2,341,500	2,260,000	2,229,800	2,353,800
Operating Expenses	77,900	78,000	94,100	98,100
Program Expenses	834,600	1,031,000	1,209,300	1,314,300
Total Expenses	3,254,000	3,369,000	3,533,200	3,766,200
Total Non-Annual Fee Revenues	6,381,200	6,217,000	5,693,000	6,657,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	3,127,200	2,848,000	2,159,800	2,890,800
Full Time Equivalent			25.5	25.0

Operating Budget Details

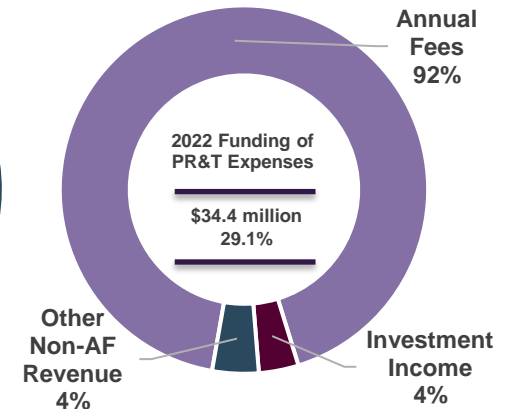
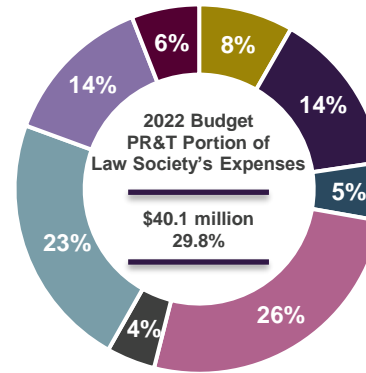
Professional Development & Competence	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Practice Review Spot Audit Practice Audit				
Salaries and Benefits	6,445,000	6,298,000	6,426,100	6,571,900
Operating Expenses	217,100	218,000	514,200	381,600
Program Expenses	44,400	46,000	41,500	46,000
Total Expenses	6,706,500	6,562,000	6,981,800	6,999,500
Total Non-Annual Fee Revenues	4,400	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(6,702,100)	(6,562,000)	(6,981,800)	(6,999,500)
Full Time Equivalent			49.5	48.5
Great Library Corporate Records & Archives				
Salaries and Benefits	1,667,700	1,549,000	1,633,700	1,682,300
Operating Expenses	28,500	33,000	55,100	55,100
Program Expenses	1,982,400	1,810,000	1,777,400	1,867,400
Total Expenses	3,678,600	3,392,000	3,466,200	3,604,800
Total Non-Annual Fee Revenues	144,700	145,000	159,300	149,300
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(3,533,900)	(3,247,000)	(3,306,900)	(3,455,500)
Full Time Equivalent			17.5	17.5
Regulatory Sandbox				
Salaries and Benefits	-	84,000	-	270,200
Operating Expenses	-	-	-	45,000
Program Expenses	-	-	200,000	120,000
Total Expenses	-	84,000	200,000	435,200
Total Non-Annual Fee Revenues	-	-	-	100,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	-	(84,000)	(200,000)	(335,200)
Full Time Equivalent			-	2.0

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.

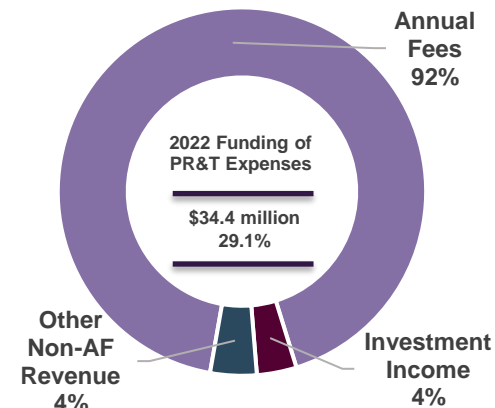
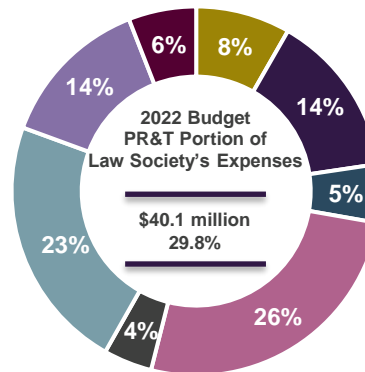


Executive Director's Office	Complaints & Compliance - Intake & Resolution - Complaints Resolution Commissioner	By-Law Administration Services - Regulatory Compliance	Investigation Services
<ul style="list-style-type: none"> Oversees all departments and functions within Professional Regulation Manages 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 Reviews the complaints, assessing the risk and collecting information from the complainant and licensee as required. Intake & Resolution either completes the review 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 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 practice by non-licensees Resolves and closes file, refers the matter to the Proceedings Authorization Committee (PAC) or transfers file 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 - Discipline Group & 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 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 and analysis Oversees storage of digital and physical evidence obtained during an investigation 	<ul style="list-style-type: none"> Handles regulatory prosecutions for the Law Society, primarily before the Law Society Tribunal but also (for the purposes of appeals and judicial reviews) before the courts in Ontario Oversees the interests and property of the clients of non-practicing licensees, often through the use of formal or informal trusteeships 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"> 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 and paralegals in a manner that is fair, just and in the public interest

Operating Budget Summary

Professional Regulation & Tribunal	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget	% Change
Professional Regulation & Tribunal Total					
Salaries and Benefits	26,287,600	27,191,000	27,607,700	29,500,300	
Operating Expenses	943,400	971,000	1,991,500	1,836,400	
Program Expenses	6,093,400	7,259,070	9,004,000	8,746,300	
Total Expenses	33,324,400	35,421,070	38,603,200	40,083,000	3.83%
Total Non-Annual Fee Revenues (Including Compensation Funds)	3,133,300	4,503,000	2,351,500	2,601,500	11%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(30,191,100)	(30,918,070)	(36,251,700)	(37,481,500)	
Full Time Equivalent			220.5	225	

Items of Note

- There is an increase of 4.5 FTE employees to support increasing service levels, improving completion rates, and providing increased supports to our licensees. The increases are reflected in the departmental detail summaries.
- The decrease in operating expenses is primarily within the Investigation Services area as document reproduction costs have been reduced with more documents being retained electronically.
- The decrease in program expenses is mainly driven by a reduction in external counsel fees of \$500,000 within the Executive Director's Office. This decrease is supported by the filling of previous staffing vacancies and the expected completion of some files that required extensive outside counsel due to their complexity. This decrease is partially offset by an increase in Tribunal costs related to the annual maintenance costs of a new Tribunal Information Management system of \$100,000.
- Within the Compensation Fund, 2021 projected expenses are lower than budget, driven by improved claims experience in the lawyer pool of the Compensation Fund. In addition, with the change in investment manager and large realized gains earned to the end of September, projected investment revenues in 2021 are significantly higher than budget.

Operating Budget Details

Professional Regulation & Tribunal	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Executive Director's Office - Professional Regulation				
Salaries and Benefits	1,384,200	1,404,000	1,379,100	1,424,700
Operating Expenses	43,200	45,000	219,300	204,800
Program Expenses	2,360,800	1,844,000	2,191,000	1,691,000
Total Expenses	3,788,200	3,293,000	3,789,400	3,320,500
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(3,788,200)	(3,293,000)	(3,789,400)	(3,320,500)
Full Time Equivalent			8.0	8.0
Complaints & Compliance Intake & Resolution Complaints Resolution Commissioner				
Salaries and Benefits	4,937,300	4,783,000	4,934,000	5,369,500
Operating Expenses	126,700	127,000	237,300	222,200
Program Expenses	138,900	139,070	179,700	165,200
Total Expenses	5,202,900	5,049,070	5,351,000	5,756,900
Total Non-Annual Fee Revenues	264,100	264,000	264,900	264,900
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(4,938,800)	(4,785,070)	(5,086,100)	(5,492,000)
Full Time Equivalent			43.5	43.5
Regulatory Compliance By-Law Administration Services				
Salaries and Benefits	1,703,200	1,804,000	1,794,900	1,868,500
Operating Expenses	54,200	64,000	118,400	118,400
Program Expenses	43,000	42,000	51,000	66,000
Total Expenses	1,800,400	1,910,000	1,964,300	2,052,900
Total Non-Annual Fee Revenues	846,000	850,000	725,000	775,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(954,400)	(1,060,000)	(1,239,300)	(1,277,900)
Full Time Equivalent			19.5	19.0

Operating Budget Details

Professional Regulation & Tribunal	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Investigation Services				
Salaries and Benefits	8,668,200	8,667,000	8,812,600	9,435,100
Operating Expenses	473,000	475,000	807,700	721,700
Program Expenses	276,700	324,000	292,700	332,700
Total Expenses	9,417,900	9,466,000	9,913,000	10,489,500
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(9,417,900)	(9,466,000)	(9,913,000)	(10,489,500)
Full Time Equivalent			71.0	72.0
Case & Data Management				
Salaries and Benefits	573,700	968,000	1,057,000	1,098,600
Operating Expenses	9,600	16,000	27,800	27,800
Program Expenses	463,900	550,000	581,000	581,000
Total Expenses	1,047,200	1,534,000	1,665,800	1,707,400
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,047,200)	(1,534,000)	(1,665,800)	(1,707,400)
Full Time Equivalent			9.0	10.0
Litigation Services & Trustee Services				
Salaries and Benefits	7,005,800	7,750,000	7,596,900	8,221,200
Operating Expenses	196,200	203,000	448,000	441,500
Program Expenses	199,600	224,000	302,800	312,800
Total Expenses	7,401,600	8,177,000	8,347,700	8,975,500
Total Non-Annual Fee Revenues	7,400	154,000	11,600	11,600
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(7,394,200)	(8,023,000)	(8,336,100)	(8,963,900)
Full Time Equivalent			52.0	54.5

Operating Budget Details

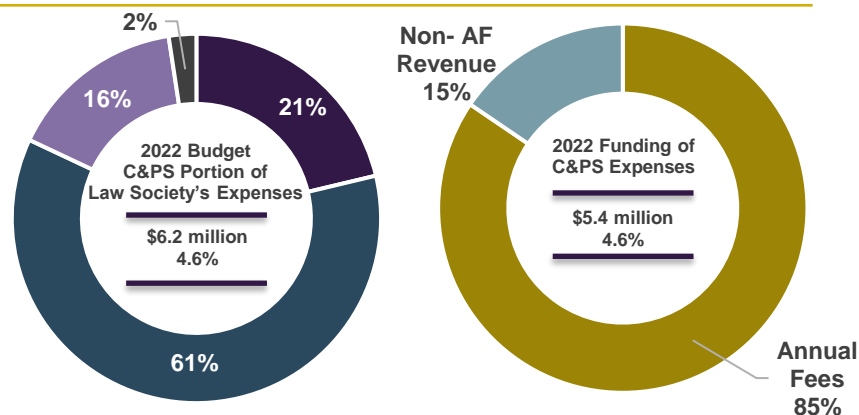
Professional Regulation & Tribunal	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Compensation Fund				
Salaries and Benefits	619,600	560,000	617,400	585,600
Operating Expenses	11,600	12,000	26,000	20,300
Program Expenses	1,967,200	3,479,000	4,719,100	4,794,600
Total Expenses	2,598,400	4,051,000	5,362,500	5,400,500
Total Non-Annual Fee Revenues	2,015,100	3,235,000	1,350,000	1,550,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(583,300)	(816,000)	(4,012,500)	(3,850,500)
Full Time Equivalent			5.0	4.5
Law Society Tribunal				
Salaries and Benefits	1,395,600	1,255,000	1,415,800	1,497,100
Operating Expenses	28,900	29,000	107,000	79,700
Program Expenses	643,300	657,000	686,700	803,000
Total Expenses	2,067,800	1,941,000	2,209,500	2,379,800
Total Non-Annual Fee Revenues	700	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,067,100)	(1,941,000)	(2,209,500)	(2,379,800)
Full Time Equivalent			12.5	13.5

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.

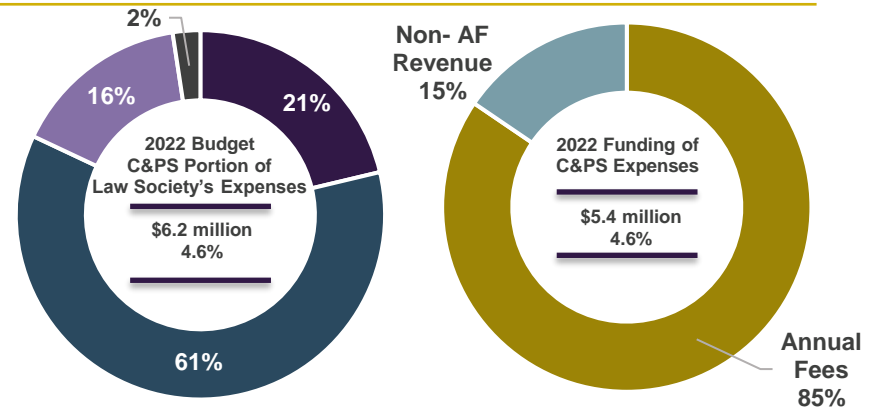


Executive Director's Office - Portfolio Management Office	Client Service Centre	Catering - Events
<ul style="list-style-type: none"> Maintains and manages the portfolio of capital projects within Law Society. Establishes project standards and methodology for the organization Offers support and guidance 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 and Main Reception, and receives over 25,000 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 50,000 referrals are provided yearly – 74% through the online service and 26% 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 and event operations are not reflected in the 2022 budget pending the approval of a business case to resume operations

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 (women and men) 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	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget	% Change
Client & People Services Total					
Salaries and Benefits	5,610,300	4,438,000	4,703,000	4,687,100	
Operating Expenses	99,900	87,000	280,700	242,400	
Program Expenses	1,085,300	1,011,000	2,207,600	1,291,900	
Total Expenses	6,795,500	5,536,000	7,191,300	6,221,400	-13%
Total Non-Annual Fee Revenues	1,140,300	712,000	2,133,200	837,700	-61%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(5,655,200)	(4,824,000)	(5,058,100)	(5,383,700)	
Full Time Equivalent			48.0	46.0	

Items of Note

- The 2022 budget does not include amounts for catering and event revenues and expenses resulting in an overall decrease in expenses and non-annual fee revenues. There is also a reduction of 2 FTE employees related to catering operations. A business case will be considered by Convocation prior to proceeding with re-opening plans.
- There is a \$345,000 increase in expenses related to the Membership Assistance Program as the utilization of the program has increased over the past two years and in particular throughout the pandemic. It is expected that utilization will continue at least at current levels and this is reflected both in the 2021 forecast and the 2022 budget. The 2021 forecast is reflective of a cap on billings from the vendor that expires at the end of 2021.
- Funding for the Parental Leave Assistance Program is reduced by \$100,000 as it has adequate fund balance to sustain recent historical activity.

Operating Budget Details

Client & People Services	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Executive Director's Office Project Management Office				
Salaries and Benefits	1,494,100	1,091,000	1,050,200	1,101,000
Operating Expenses	16,500	15,000	68,500	71,500
Program Expenses	80,700	151,000	151,200	151,200
Total Expenses	1,591,300	1,257,000	1,269,900	1,323,700
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,591,300)	(1,257,000)	(1,269,900)	(1,323,700)
Full Time Equivalent			6.0	6.0
Client Service Centre				
Salaries and Benefits	3,350,900	3,260,000	3,394,700	3,586,100
Operating Expenses	70,900	70,000	182,100	170,900
Program Expenses	13,600	9,000	18,900	20,700
Total Expenses	3,435,400	3,339,000	3,595,700	3,777,700
Total Non-Annual Fee Revenues	404,100	399,000	447,700	422,700
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(3,031,300)	(2,940,000)	(3,148,000)	(3,355,000)
Full Time Equivalent			40.0	40.0
Catering Events				
Salaries and Benefits	765,300	87,000	258,100	-
Operating Expenses	12,500	2,000	30,100	-
Program Expenses	187,800	3,000	1,162,300	-
Total Expenses	965,600	92,000	1,450,500	-
Total Non-Annual Fee Revenues	423,100	-	1,450,500	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(542,500)	(92,000)	-	-
Full Time Equivalent			2.0	-

Operating Budget Details

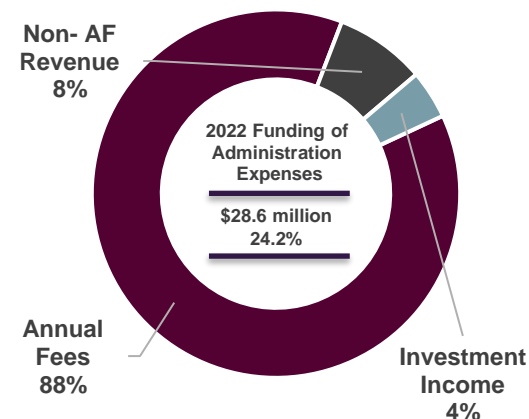
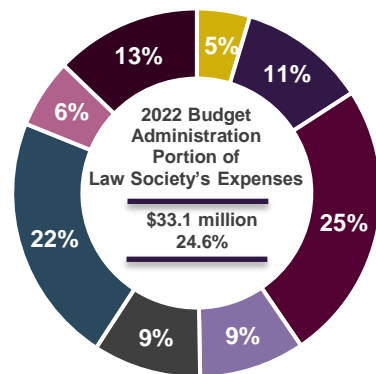
Client & People Services	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Member Assistance Plan (MAP)				
Program Expenses	713,300	713,000	625,200	970,000
Total Expenses	713,300	713,000	625,200	970,000
Total Non-Annual Fee Revenues	313,100	313,000	235,000	415,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(400,200)	(400,000)	(390,200)	(555,000)
Parental Leave Assistance Plan (PLAP)				
Program Expenses	89,900	135,000	250,000	150,000
Total Expenses	89,900	135,000	250,000	150,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(89,900)	(135,000)	(250,000)	(150,000)

Administration

Overview

Administration

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

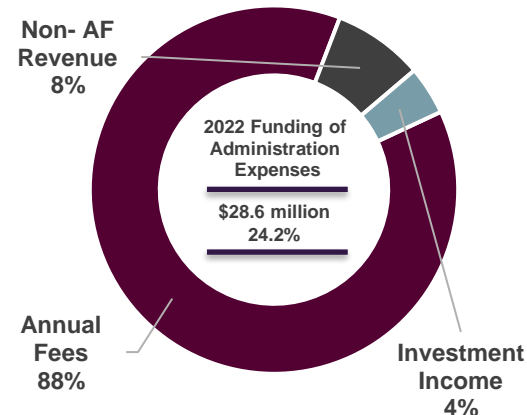
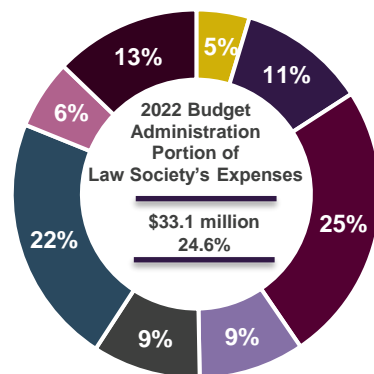


Office of Chief Executive Officer	Finance	Information Technology	Human Resources
<ul style="list-style-type: none"> Leads the operations of the Law Society Provides advice and support to the Treasurer and benchers and operational oversight for projects and activities that bridge strategy, policy and 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 by providing support and services in the following areas: Employee Relations, Performance Management, Recruitment and Staffing, Compensation: salary and benefits (including the company pension plan), Coaching, Training and Development; Employment Legislation and Human Rights Committed to employment and pay equity, and supports the Occupational Health and Safety Act.

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 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 a variety of legal services to the organization, ranging from advice and opinions on emerging policy matters through to legal implications of implementation of programs and policies including employment law and other organization obligations 	<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	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget	% Change
Administration Total					
Salaries and Benefits	14,374,600	14,613,000	14,831,400	15,860,600	
Operating Expenses	394,000	381,000	710,100	695,300	
Program Expenses	14,196,800	14,522,000	15,630,800	16,514,600	
Total Expenses	28,965,400	29,516,000	31,172,300	33,070,500	6%
Total Non-Annual Fee Revenues	5,546,150	5,020,000	3,259,500	3,497,500	7%
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(23,419,250)	(24,496,000)	(27,912,800)	(29,573,000)	
Full Time Equivalent			119.0	119.0	

Items of Note

- The increase in program expenses of \$884,000 is mainly driven by a one-time increase for the implementation of a hybrid workforce model (\$300,000), increase in insurance premiums as a result of changes in the insurance environment (\$260,000), an increase in external counsel and defence costs (\$300,000) as part of the transition to a self-insurance model to mitigate \$875,000 in premiums, increase in software maintenance costs (\$340,000) and an increase in the allowance for doubtful accounts (\$200,000). These increases were partially mitigated with budget decreases in Human Resources (\$165,000), External Relations & Communication (\$199,000), and Office of the CEO (\$70,000) to reduce budget to planned spending activities in 2022.
- The increase in non-annual fee revenues of \$238,000 is mainly driven by planned increase in investment income, estimated at \$445,000 offset with reduction in royalty revenue.

Operating Budget Details

Administration	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Office of Chief Executive Officer				
Salaries and Benefits	1,328,700	1,360,000	1,336,300	1,399,200
Operating Expenses	23,800	25,000	56,600	56,600
Program Expenses	51,100	128,000	154,500	84,500
Total Expenses	1,403,600	1,513,000	1,547,400	1,540,300
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,403,600)	(1,513,000)	(1,547,400)	(1,540,300)
Full Time Equivalent			5.0	5.0
Finance				
Salaries and Benefits	2,904,500	3,052,000	3,101,600	3,299,700
Operating Expenses	69,000	50,000	146,500	136,000
Program Expenses	273,700	233,000	274,500	271,500
Total Expenses	3,247,200	3,335,000	3,522,600	3,707,200
Total Non-Annual Fee Revenues	581,200	594,000	498,000	518,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,666,000)	(2,741,000)	(3,024,600)	(3,189,200)
Full Time Equivalent			25.0	25.0
Information Technology				
Salaries and Benefits	4,338,700	4,694,000	4,584,600	4,999,300
Operating Expenses	88,400	88,000	103,700	112,500
Program Expenses	2,368,200	2,750,000	2,688,000	3,023,000
Total Expenses	6,795,300	7,532,000	7,376,300	8,134,800
Total Non-Annual Fee Revenues	12,000	12,000	12,000	12,000
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(6,783,300)	(7,520,000)	(7,364,300)	(8,122,800)
Full Time Equivalent			41.0	41.0

Operating Budget Details

Administration	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Human Resources				
Salaries and Benefits	1,391,200	1,540,000	1,693,000	1,771,500
Operating Expenses	50,600	51,000	114,200	91,600
Program Expenses	868,300	1,059,000	1,434,600	1,270,000
Total Expenses	2,310,100	2,650,000	3,241,800	3,133,100
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,310,100)	(2,650,000)	(3,241,800)	(3,133,100)
Full Time Equivalent			14.0	14.0
External Relations & Communications				
Salaries and Benefits	1,630,500	1,649,000	1,743,600	1,870,100
Operating Expenses	46,900	52,000	132,900	127,900
Program Expenses	468,400	544,000	1,259,100	1,060,100
Total Expenses	2,145,800	2,245,000	3,135,600	3,058,100
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(2,145,800)	(2,245,000)	(3,135,600)	(3,058,100)
Full Time Equivalent			15.0	15.0
Facilities				
Salaries and Benefits	1,539,100	1,180,000	1,251,200	1,335,400
Operating Expenses	45,100	45,000	70,100	70,100
Program Expenses	4,887,000	5,247,000	6,054,700	5,849,100
Total Expenses	6,471,200	6,472,000	7,376,000	7,254,600
Total Non-Annual Fee Revenues	-	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(6,471,200)	(6,472,000)	(7,376,000)	(7,254,600)
Full Time Equivalent			13.0	13.0

Operating Budget Details

Administration	2020 Actuals	2021 Projected Actuals	2021 Approved Budget	2022 Draft Budget
Office of General Counsel				
Salaries and Benefits	1,241,900	1,138,000	1,121,100	1,185,400
Operating Expenses	70,200	70,000	86,100	100,600
Program Expenses	265,700	375,000	418,400	718,400
Total Expenses	1,577,800	1,583,000	1,625,600	2,004,400
Total Non-Annual Fee Revenues	10,000	-	-	-
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(1,567,800)	(1,583,000)	(1,625,600)	(2,004,400)
Full Time Equivalent			6.0	6.0
Corporate				
Salaries and Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Program Expenses	5,014,400	4,186,000	3,347,000	4,238,000
Total Expenses	5,014,400	4,186,000	3,347,000	4,238,000
Total Non-Annual Fee Revenues	4,942,950	4,414,000	2,749,500	2,967,500
Excess of Revenues Over Expenses / (Expenses Over Revenues)	(71,450)	228,000	(597,500)	(1,270,500)
Full Time Equivalent			-	-

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 Funds 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. The policy sets out minimum and maximum fund balance amounts to be maintained and prescribes the use of the accumulated fund balance and steps to be taken in the event the fund balance is below the policy minimum.

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 \$33.3 million as of July 31, 2021 and is within the benchmarks of the fund balance management policy.

Compensation Fund - Lawyers

Key assumptions that are reflected in the 2022 budget related to the lawyer pool of the Compensation Fund are:

- Provision for normal grants has been set at the 50th percentile in the 2022 budget at \$4.49 million and remain consistent with the 2021 budget.
- As the fund balance for the lawyer pool of the Compensation Fund is currently at \$33.3 million, the 2022 budget proposes the use of approximately \$3.7 million of the available fund balance. While the fund balance of the Compensation Fund will remain higher than the minimum benchmark, this will need to be balanced with the potential that claims activity may pick up as the economy reopens.

Based on the above assumptions, the Compensation Fund component of the annual fee for lawyers is decreasing from \$86 in 2021 to \$1 in 2022.

- The lawyer pool of the Compensation Fund should be able to withstand some fluctuation with claims activity in the short to medium term, even with the nominal fee of \$1 in 2022. Claims activity will be monitored closely as, in recent years, it has been as high as \$14 million in a given year and was when the cap per claim was \$150,000. Claims within the lawyer pool of the Compensation Fund are now subject to a \$500,000 cap. If claims activity picks up post pandemic, an increased levy may be required in future years to remain in compliance with the fund balance management policy benchmarks.

Compensation Fund - Paralegals

The paralegal pool of the Compensation Fund is not governed by a Fund Balance Management Policy due to its shorter history and limited activity.

The Fund Balance is \$980,000 as of July 31, 2021. Since late 2020, there has been an increase in claims activity within the paralegal pool of the Compensation Fund. As a result of this increased activity, the fund balance is forecast to decrease to \$825,000 by the end of 2021, which is still well over two times the claims activity since the inception of the Fund in 2008. However, given the increased activity and the ongoing nature of the claims, the 2022 budget increases the provision for grants expenses from \$116,000 to \$166,000.

It is recommended that a nominal fee for the paralegal pool of the Compensation Fund of \$1 be retained in 2022. The budget will use approximately \$119,000 of the current paralegal pool of the Compensation Fund in order to maintain this nominal fee and will bring the projected fund balance to approximately \$700,000 at the end of 2022. Should there be a sustained increase in claims activity within the paralegal pool of the Compensation Fund, consideration will be given to using an actuarial consultant to establish a stochastic model to estimate future claims activity and the appropriate size of the fund balance. The ability to maintain a nominal fee past 2022 given these uncertainties may be difficult.

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 unquestionably 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. Management conducted a facilities condition assessment in 2020 to develop a ten-year plan for the maintenance and replacement of relevant aspects of its physical infrastructure. This plan has informed the choice of projects to be undertaken in 2022 as key elements of the buildings physical plant have reached the end of their useful life.

Included as part of the 2022 capital plan is 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, it is planned for a three-year period commencing in 2022. Structural repairs to the foundation will commence in 2022, with wall repairs and roof replacement to be completed in 2023 and 2024. The total value of this work over three years is estimated to be \$6.6 million with \$2.8 million included in the 2022 capital budget.

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. To meet these expectations, the 2022 budget includes ongoing capital infrastructure replacement to enhance security measures, increase storage capacity, and ensure regular replacement of end user computing and hardware devices.

In 2022, the Law Society will move forward with its Business Transformation project to modernize IT systems in support of streamlining operations, achieving efficiencies, and enhancing service delivery. The 2022 budget includes \$500,000 in support of investigatory and discovery work for this initiative.

The total capital budget of \$6.25 million for 2022 is summarized below.

Capital Project	2022 Capital Budget
Facilities - Benchers' Wing Restoration	\$2,800,000
Information Technology - Infrastructure Updates and Replacements	815,000
Convocation Initiative - Client Service Enhancement Project	750,000
Facilities - Preservation and Infrastructure Projects per FCA	725,000
Business and IT Transformation	500,000
Catering – Critical Facility Infrastructure Upgrades	250,000
Contingency	410,000
Total Capital	\$6,250,000

In addition to annual fee revenue, it is recommended that \$2.25 million of the current Capital Fund balance be used to support technology and facilities infrastructure requirements in 2022. The budget contemplates use of \$500,000 of the unrestricted portion of the E&O Fund balance to support the Business and IT Transformation project. The capital component of the annual fee in 2022 is \$66 (2021 - \$73).

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 General Fund.

The 2022 budget again 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.

The E&O Fund includes \$15 million that was restricted from 2010 to 2019 as an insurance backstop for the Society's insurance policy with LAWPRO. Removal of the additional premium endorsement in 2020 allowed Convocation to remove the restriction on \$15 million of the E&O fund balance. Total unrestricted fund balances within the E&O fund as of June 30, 2021, is \$21.7 million.

While the use of the funds is at the discretion of Convocation, the 2022 budget proposes the transfer of \$500,000 of available E&O Fund balance to the Capital Fund to support the Business and IT Transformation project. This will be part of a larger multi-year, multi-million dollar project to redesign processes and replace all legacy systems. A report on the business transformation project will be coming to Convocation in the first half of 2022. The 2022 budget also proposes that funding of up to \$900,000 be transferred to the County Libraries Fund to support the LiRN Inc. transitional budget.

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.

On an annual basis, the Law Society approves a budget submission from LiRN Inc. As part of overall expense reductions in the 2021 budget related to pandemic cost containment implemented across all facets of the Law Society's organization and subsidiaries, the amount granted to LiRN Inc. was reduced by 10% (\$802,000) to \$7,217,000. The 2022 budget reinstates the 10% reduction along with a further 6.5% increase for a total operating budget of \$8,542,000 which aligns with LiRN Inc.'s budget submission for 2022. The operating budget of \$8,542,000 will be funded through the county libraries component of the annual fee which will increase to \$183 (2021 - \$159).

The 2022 budget also includes funding of up to \$900,000 to support LiRN Inc.'s transitional budget request, which will be funded by the unrestricted fund balance in the E&O Fund.

Total funding to LiRN Inc. in 2022 will be up to \$9,442,000 depending on the expenses incurred related to the expansion of digital resources, library staff training and the required information technology infrastructure.