



TAB 5

**Report to Convocation
June 28, 2018**

Audit & Finance Committee

Committee Members

Chris Bredt (Chair)
Suzanne Clément (Vice-Chair)
Teresa Donnelly (Vice-Chair)
Peter Beach
Paul Cooper
Janis Criger
Seymour Epstein
Michelle Haigh
David Howell
Vern Krishna
Jan Richardson
Cathy Strosberg
Tanya Walker
Heather Zordel

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

TABLE OF CONTENTS

For Information:	TAB 5
Law Society of Ontario First Quarter Financial Statements for the three months ended March 31, 2018	TAB 5.1
LibraryCo Inc. First Quarter Financial Statements for the three months ended March 31, 2018	TAB 5.2
Other Committee Work	TAB 5.3

COMMITTEE PROCESS

1. The Audit & Finance Committee (“the Committee”) met on June 13, 2018.
2. Committee members in attendance were Chris Brecht (Chair), Suzanne Clément (Vice-Chair), Peter Beach (phone), Paul Cooper (phone), Janis Criger, Seymour Epstein, David Howell, Vern Krishna, Jan Richardson (phone), Cathy Strosberg, Tanya Walker (phone) and Heather Zordel.
3. Law Society staff in attendance: Diana Miles, Wendy Tysall, Brenda Albuquerque-Boutilier, Mary Giovinazzo and Andrew Cawse.
4. Also in attendance: Stephanie Kalinowski (Hicks Morley).

TAB 5.1

FOR INFORMATION

**LIBRARYCO INC. FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED
MARCH 31, 2018**

5. Convocation is requested to receive the first quarter financial statements for LibraryCo for information.



LIBRARYCO INC.
FINANCIAL REPORT
For the three months ended March 31, 2018

KEY POINT SUMMARY

Overall Results

6. Results for the first quarter identify a surplus of \$23,844 compared to a budgeted deficit of \$13,899 for the 3 months. The 2018 budget envisages a \$158,572 deficit for the year through the use of the General Fund balance.
7. The positive variance from budget of \$37,743 is primarily related to underspending in publications with smaller favourable variances spread across most other expense categories. It is too early in the year to attribute these variances to timing differences or actual savings.

Revenues

8. The Law Society grant (line 1) includes amounts for central administration and quarterly transfers to the 48 libraries. The actual grant from the Law Society was \$1,974,984 in the first quarter and matched budgeted amounts for the period.

Expenses

9. Total expenses (line 15) were \$1,953,058 compared to a budget of \$1,988,883 for the quarter.
10. Administration expenses (line 4) of \$76,251 represents the service fee paid to the Law Society and equals budget. The fee remained at the 2017 rate.
11. Professional fees (line 5) include audit expenses and consulting fees. The consulting fee budget remains unspent which makes up \$4,400 of the positive variance of \$5,398.
12. Other head-office expenses (line 6) include the production of the Annual Report, head office courier/postage costs, Directors and Officers (D&O) insurance, bank charges, website maintenance costs, the cost of providing most libraries with a toll free telephone number and governance meeting expenses.
13. Electronic product expenses of \$85,599 (line 8) are in line with the agreement with LexisNexis and budget.

14. Group benefits and insurance (line 9) of \$84,886 consist of the Group Benefits for enrolled library staff and library D&O and property insurance.
15. Other centralized expenses (line 10) of \$8,851 includes continuing education bursaries for library staff, library courier costs for inter-library loans of materials, publications provided by the Law Society to each of the 48 law libraries, and the Federation of Ontario Law Associations' (FOLA) meeting expenses for their Library Committee. Underspending in publications contributed \$15,590 of the \$18,899 variance.
16. County and District law libraries grants (line 12) are in line with budget at \$1,692,305 and increased from 2017.
17. Bursaries, capital and special needs grants (line 13) consist of computer refreshment grants, special needs grants and conference bursaries for library staff. These tend to start being incurred in the second quarter.

Balance Sheet

18. Cash (line 1) includes the maturity of the one year Short-term investment GIC as the negotiated interest rate in the LibraryCo bank account is higher than the current GIC rates offered.
19. Accounts receivable (line 3) are long term disability benefits premiums paid by LibraryCo on the libraries' behalf for the past quarter. These receivables are usually repaid early in the next quarter.
20. Prepaid expenses (line 4) primarily represents the property and D&O insurance policies for LibraryCo and the libraries which are to be renewed in April. Payment of insurance renewal premiums were made prior to the end of the first quarter in 2018.
21. Accounts payable and accrued liabilities (line 6) are about \$15,478 lower than 2017. This variance represents the audit fee as the invoice was received and paid in early 2018 compared to receipt in mid-2017.
22. The General Fund balance has increased by \$81,044 since the end of the first quarter 2017 to \$295,928 after the surplus in 2017.

23. The Reserve Fund has a balance at the end of March of \$500,000 comprising a general component of \$200,000, a capital and special needs component of \$150,000, and a staffing and severance component of \$150,000 in accordance with Board policy.

LIBRARYCO INC.**Schedule of Actual and Budgeted Revenues and Expenses**

Stated in Dollars

For the three months ended March 31

Unaudited

	2018 Actual	YTD Budget	Variance	Annual Budget	2017 Actual
REVENUES					
1 Law Society of Upper Canada grant	1,974,984	1,974,984	-	7,899,937	1,953,825
2 Interest income	1,918	-	1,918	-	1,034
3 Total revenues	1,976,902	1,974,984	1,918	7,899,937	1,954,859
EXPENSES					
Head office/administration					
4 Administration	76,251	76,251	-	305,000	76,250
5 Professional fees	2,251	7,649	5,398	30,600	3,188
6 Other	2,915	10,929	8,014	48,600	5,223
7 Total Head office/administration expenses	81,417	94,829	13,412	384,200	84,661
Law Libraries - centralized purchases					
8 Electronic products and services	85,599	85,599	-	342,390	84,750
9 Group benefits and insurance	84,886	86,400	1,514	359,000	78,887
10 Other	8,851	27,750	18,899	157,900	17,853
11 Total Law Libraries - centralized purchases	179,336	199,749	20,413	859,290	181,490
12 County and District law libraries - grants	1,692,305	1,692,305	-	6,769,219	1,653,181
13 Bursaries, capital and special needs grants	-	2,000	2,000	45,800	-
14 Total County and District Law Libraries Expenses	1,692,305	1,694,305	2,000	6,815,019	1,653,181
15 Total expenses	1,953,058	1,988,883	35,825	8,058,509	1,919,332
16 Surplus (Deficit)	23,844	(13,899)	37,743	(158,572)	35,527

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

LIBRARYCO INC.**Balance Sheet****Stated in Dollars*****As at March 31*****Unaudited**

	2018	2017
Assets		
Current Assets		
1 Cash	707,561	333,114
2 Short-term investments	-	400,000
3 Accounts receivable	19,348	19,354
4 Prepaid expenses	98,845	7,720
5 Total Assets	825,754	760,188
Liabilities, Share Capital and Fund Balances		
Current Liabilities		
6 Accounts payable and accrued liabilities	29,626	45,104
7 Total Liabilities	29,626	45,104
Share Capital and Fund Balances		
8 Share capital	200	200
9 General fund	295,928	214,884
10 Reserve fund	500,000	500,000
11 Total Share Capital and Fund Balances	796,128	715,084
12 Total Liabilities, Share Capital and Fund Balances	825,754	760,188

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

LIBRARYCO INC.
Statement of Changes in Fund Balances
Stated in Dollars
For the three months ended March 31

	2018			2017
	General Fund	Reserve Fund	Total	Total
1 Balance, beginning of year	272,084	500,000	772,084	679,357
2 Surplus (Deficit)	23,844	-	23,844	35,527
3 Balance, end of period	295,928	500,000	795,928	714,884

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

TAB 5.2

FOR INFORMATION

**LAW SOCIETY OF ONTARIO FINANCIAL STATEMENTS FOR THE THREE
MONTHS ENDED MARCH 31, 2018**

24. Convocation is requested to receive the financial statements of the Law Society for the first quarter of 2018 for information.

**Law Society of Ontario Financial Statements
For the three months ended March 31, 2018**

Financial Statement Highlights

25. The Lawyer General Fund shows a surplus of \$1.3 million at the end of the first quarter of 2018, compared to a surplus of \$2 million for the same period of 2017. The Paralegal General Fund experienced a deficit of \$358,000 at the end of the first quarter of 2018 compared to a surplus of \$81,000 in the prior year.
26. The 2018 budget planned deficits in the General Funds, allocating \$600,000 from the accumulated surplus investment income in the E&O Fund and \$4.8 million from the Lawyer General Fund to mitigate a fee increase for lawyers. \$2.1 million was allocated from the Paralegal General Fund to mitigate a fee increase for paralegals.
27. The main reason for the positive financial performance compared to budget is that all the major expense categories are under budget with staffing vacancies being a common theme. While some variances from budget are attributable to timing differences, it is still too early to say whether this will be representative of the remainder of the year.
28. The Law Society's restricted funds report a deficit of \$655,000 in the first quarter of 2018 (2017: deficit of \$3.1 million). The current year result is primarily due to depreciation of \$548,000 in the Invested in Capital & Intangible Assets Fund. Unrealized capital losses in the Compensation Fund and Errors & Omissions Insurance Fund investment portfolios have also adversely affected results.
29. The Lawyer Compensation Fund's adverse claims experience in recent years continues in 2018 to a reduced extent and the additional Compensation Fund funding incorporated into the 2018 budget mitigated the net effect of a continuing increase in the claims provision. The Lawyer Compensation Fund balance of \$3.3 million continues to be well below the minimum of \$13 million required by the Fund Balance Management Policy and budgeted increased funding has not had a beneficial impact in this respect to date. If the current trend in claims incurred continues for the remainder of the year it will have significant implications for the 2019 funding requirements of the Lawyer Compensation Fund. The Finance Department will continue to monitor claims made against the Fund and report to the Committee going forward.

30. In prior years, the Lawyer and Paralegal General Funds allocated the full cost of the spot audit program, 25% of investigation expenses and 9% of discipline expenses to the Compensation Fund as an estimate of costs that could be associated with the Compensation Fund. In the 2017 year, the total allocated costs in this regard just exceeded \$7 million. To improve comprehension and presentation of the financial statements, the Audit & Finance Committee decided to discontinue this allocation for the 2018 financial year with retroactive application to 2017 to comply with accounting standards.

Statement of Revenues and Expenses and Change in Fund Balances

31. The Lawyer General Fund generated a surplus of \$1.3 million at the end of the first quarter of 2018, compared to \$2 million in 2017. The 2018 budget incorporates the use of \$600,000 in funding from surplus investment income in the E&O Fund and \$4.8 million from the Lawyer General Fund, the use of which is still to be determined.
32. The Paralegal General Fund generated a deficit of \$358,000 at the end of the first quarter of 2018 compared to a surplus of \$81,000 at the end of the first quarter of 2017. The 2018 budget incorporates the use of \$2.1 million in annual funding from the Fund Balance to provide for a budgeted operating deficit. Actual use of funds is contingent on a deficit occurring.
33. The Law Society's restricted funds report a deficit of \$655,000 (2017 – deficit of \$3.1 million). The total deficit primarily comprises:
- amortization of \$548,000 in the Invested in Capital & Intangible Assets Fund
 - a deficit of \$216,000 in the E&O Fund due to unrealized losses on investments
 - there is a small surplus of \$45,000 in the lawyer Compensation Fund due to the supplementary annual fees to refinance the fund balance
 - a surplus of \$113,000 in the Capital Allocation Fund

Revenues

34. The 2018 budget incorporated an annual fee increase for lawyers of \$267 and paralegals of \$54 and an increase of 1,000 in the number of lawyers and an increase of 500 in the number of paralegals. Annual fees recognized in the first quarter of \$23.2

million have increased by \$3.2 million due to the increase in licensees and the increases in the annual fees. Annual fee revenue is recognized on a monthly basis.

35. While most elements of the insurance premium are earned evenly over the year, discounts such as e-filing, early payment and CPD are recognized in the first quarter which can lead to fluctuations in comparative periods and leads to the appearance of lower premiums in the first quarter. Overall, the number of insureds is trending up so far in 2018, with new calls during the year to come into the program. LAWPRO's base premium was unchanged from 2017 although transaction levies decreased slightly from the first quarter of 2017, also leading to E&O Fund premium and levy revenue of \$23.9 million (2017: \$24.6 million).
36. Lawyer licensing process revenues of \$3.1 million were the same as 2017 but exceeded budget by \$300,000. The total Licensing Process fee including the fees for the initial application, the Barrister and Solicitor Licensing Examinations and the Call to the Bar, is \$4,710, unchanged from last year.
37. Paralegal licensing process revenues of \$542,000 were slightly less than 2017 levels but slightly more than budget.
38. Continuing Professional Development revenue totals \$1.4 million at the end of March 2018 compared to \$2 million in 2017 and budget for the period of \$2.6 million. It is early to assess trends in registration and some of the variances may be attributable to timing of CPD programming in the first quarter and also the ratio between nominal fee and traditional fee generating programs. However the trend over recent years of declining revenue is projected to continue for a number of reasons such as:
 - There are a number of new equity and diversity programs which licensees are attending to fulfill their CPD commitments. This programming is provided at nominal revenue.
 - The number of alternative service providers in the CPD field continues to increase, diverting some demand away from the Law Society.
 - Younger licensees are forming a relatively larger part of the professions' demographic and they prefer cheaper options such as watching recorded

presentations rather than attending the original live presentation of the same material.

39. Investment income, comprising interest and dividends is in line with 2017 and 2018 budget projections at \$564,000. However the Change In Fair Value of Investments shows unrealized capital losses of \$1.1 million in the quarter. The S&P TSX Composite Index lost 4.5% during the quarter.
40. Other income totalling \$4 million exceeds the 2017 amount of \$3.2 million and exceeds budget due to increasing late fees and ordered costs. In September 2017, Convocation approved increases to the reinstatement fee, the late payment fee, the late filing fee and the service fee for returned cheques.

Expenses

41. Professional Regulation, Tribunals and Compliance expenses totalling \$7.1 million are slightly less than the 2017 amount of \$7.3 million and are less than budget by \$1.5 million as savings from staff vacancies arising from departmental reorganizations persist, supplemented by lower than budget outside counsel and adjudicator fees.
42. Based on the current state of uncertainty as to outcome and amount, no provision has been made for the 2017 Statement of Claim from DeMerchant and Sukonick alleging malfeasance in public office, negligent investigation, abuse of process, malicious prosecution and libel. The two plaintiffs each claim a total of \$22 million (a combined total of \$44 million) in general, special, aggravated and punitive damages. The Law Society's insurers have been put on notice, although the aggregate insurance coverage for 2017 was less than the total claimed during the year.
43. In the second quarter, Mr. Groia has received a final settlement of \$550,000 to address his costs at all levels of the Law Society Tribunal, as well as the Courts as ordered in the Reasons of the Supreme Court of Canada. This has been funded from the contingency. The amount of the TWU cost award in the Law Society's favour is currently unknown.
44. There is at least a reasonable possibility that one or more other cost awards from the Law Society's regulatory proceedings may be awarded against the Law Society but the amount of any losses cannot be reliably estimated at this time and because of the uncertainty no provision has been made in compliance with accounting standards.

45. Total professional development and competence expenses have increased from \$6.9 million to \$7.4 million in the current year but are still under budget.
- Continuing Professional Development variable expenses have tracked the reduced programming activity
 - There is a timing variance for Collection purchases in the library.
46. Total corporate services expenses of \$7.2 million have increased from \$5.7 million in 2017 but are still under budget. The main reasons for the year-on-year-increase are:
- increased consulting fees in the CEO's office, including the Review Panel
 - increased costs for the new premises leased at 393 University, although some of the increase is attributable to expense smoothing over the term of the lease in compliance with accounting standards
 - increased Information Technology and Human Resource staffing as budgeted
 - higher severance costs than 2017.
47. Convocation, Policy and Outreach expenses are \$1.2 million under budget with the underlying variances probably attributable to timing and spread relatively evenly among:
- benchner related expenses with a variance of \$260,000. The submission of remuneration and reimbursement claims do not follow a timing pattern
 - the unused contingency with a variance of \$250,000 which is typically offset against severance costs
 - equity initiatives with a variance of \$200,000 primarily in staffing and programming in the first quarter
 - media relations and communications with a variance of \$280,000 primarily in consulting expenses in the first quarter.

Balance Sheet

48. In 2017, the mix between cash and short-term investments at the end of the first quarter was weighted towards cash in anticipation of some significant Compensation Fund grant

payments. The mix in the current year is more traditionally weighted to short-term investments.

49. The investment in subsidiaries represents the 100% ownership of LAWPRO totalling \$35.6 million and the 100% ownership of LibraryCo totalling \$200.
50. Portfolio investments are shown at fair value of \$63.1 million compared to \$68.3 million at the same time last year. The decrease in portfolio investments is attributable to unrealized capital losses and capital withdrawals over the last twelve months to fund grant payments from the Compensation Fund. Under the Investment Policy, the benchmark Canadian equity component is 30% and the fixed income component is 70%.
51. The new Investment Loan of \$878,000 represents the Law Society of Ontario's participation in the subordinated loan used to fund CanLII's acquisition of Lexum in 2018 as approved by Convocation. The interest rate is 4.74%. The term of the Loan is 5 years.
52. The deferred revenue balance at the end of the first quarter of 2018 of \$140.7 million has increased slightly from the same time in 2017 due to the increase in the lawyer and paralegal annual fee. The base premium for professional liability insurance coverage stayed the same.
53. The provision for unpaid grants of \$29.2 million (2017 - \$26.8 million) represents the estimate for unpaid grants and inquiries against the Compensation Fund, supplemented by the costs for processing these grants. The Fund continues to process some large alleged defalcations on the part of certain licensees and the underlying volume of grant applications continues at a high level. The paralegal Compensation Fund provision for unpaid grants comprises \$269,000 of the total Compensation Fund provision for unpaid grants.
54. The Law Society Act permits a member who has dormant trust funds, to apply for permission to pay the money to the Law Society. Money paid to the Law Society is held in trust in perpetuity for the purpose of satisfying the claims of the persons who are entitled to the capital amount. At the end of March 2018, unclaimed money held in trust amounts to \$5.1 million, the same as 2017.

55. The operating results over the last twelve months have resulted in small decreases to the lawyer and paralegal General Funds balances to \$24.5 million and \$4.1 million respectively, within the parameters established by Convocation's fund balance administration policy.
56. The results over the last twelve months have continued to erode the lawyer Compensation Fund's balance. The fund balance of \$3.3 million is well below the minimum level which is required by Convocation's fund balance administration policy of approximately \$13 million. The fund balance policy requires the minimum benchmark to be restored within three years. In 2018 year-to-date, the increase in fees included in the 2018 budget to refinance the fund balance has only managed a nominal increase to the fund balance in the face of a continuing adverse claims experience.

**General Fund – Lawyers & Paralegals – Schedule of Revenues and Expenses
Budget to Actual Comparison**

57. The Schedule of Revenues and Expenses noting variances from budget has been provided. Notes on actual to budget variances are discussed in the analysis above.

The Errors and Omissions Insurance (E&O) Fund

58. The E&O Fund accounts for the mandatory professional liability insurance program of the Law Society which is administered by LAWPRO. The insurance premium expense, as well as related levies and income from their investment are tracked within this fund. The Law Society is insured for lawyers' professional liability and recovers annual premium costs from lawyers through a combination of annual base levies and additional levies that are charged based on a lawyer's claims history, status, and real estate and litigation levies. The fund is reporting a deficit of \$216,000 (2017 – surplus of \$142,000) due to the negative change in the fair value of investments.

The Compensation Fund

59. The lawyer Compensation Fund is reporting a small surplus of \$45,000 in the first quarter of 2017 as the adverse grant experience offsets the increase in annual fees. At \$3.3 million, the fund balance is below the minimum level which is required by Convocation's policy of \$13 million.

60. In 2017, the Audit & Finance Committee approved a change to the calculation of Compensation Fund expenses where expenses attributed to the Compensation Fund would be limited to the direct costs of the Compensation Fund with other costs previously allocated to the Compensation Fund such as the Spot Audit program being incorporated into the General Fund. This treatment has been incorporated into the current year and prior year results.

LAW SOCIETY OF ONTARIO**Balance Sheet***Unaudited**Stated in thousands of dollars**As at March 31*

	2018	2017
Assets		
Current Assets		
1 Cash	28,051	42,492
2 Short-term investments	67,145	46,752
3 Accounts receivable	67,360	61,179
4 Prepaid expenses	81,823	79,324
5 Total current assets	244,379	229,747
7 Investment in subsidiaries	35,642	35,642
8 Portfolio investments	63,109	68,317
9 Investment loan	878	-
10 Capital assets	9,051	8,552
11 Intangible assets	1,239	611
12 Total Assets	354,298	342,869
Liabilities and Fund Balances		
Current Liabilities		
13 Accounts payable and accrued liabilities	9,013	7,507
14 Deferred revenue	140,571	129,501
15 Due to LAWPRO	63,947	60,011
16 Total current liabilities	213,531	197,019
17 Provision for unpaid grants/claims	29,223	26,777
18 Unclaimed trust funds	5,119	5,159
19 Total Liabilities	247,873	228,955
Fund Balances		
General funds		
20 Lawyers	24,553	25,469
21 Paralegals	4,119	5,146
Restricted funds		
22 Compensation - lawyers	3,330	9,273
23 Compensation - paralegals	706	610
24 Errors and omissions insurance	55,500	55,726
25 Capital allocation	6,797	7,572
26 Invested in capital and intangible assets	10,290	9,164
27 County libraries	14	(19)
28 Other	1,116	973
29 Total Fund Balances	106,425	113,914
30 Total Liabilities and Fund Balances	354,298	342,869

LAW SOCIETY OF ONTARIO**Statement of Revenues and Expenses and Change in Fund Balances***Unaudited**Stated in thousands of dollars**For the three months ended March 31*

	2018	2017	2018	2017	2018	2017	2018	2017
	General Fund Lawyer		General Fund Paralegal		Restricted Funds		Total	
Revenues								
1 Annual fees	15,693	14,731	1,373	1,203	6,147	3,973	23,213	19,907
2 Insurance premiums and levies	-	-	-	-	23,860	24,585	23,860	24,585
3 Professional development and competence	4,337	4,951	719	858	-	-	5,056	5,809
4 Investment income	232	126	32	14	300	314	564	454
5 Change in fair value of investments	(243)	18	(33)	2	(780)	68	(1,056)	88
6 Other	3,427	2,805	544	378	42	37	4,013	3,220
7 Total revenues	23,446	22,631	2,635	2,455	29,569	28,977	55,650	54,063
Expenses								
8 Professional regulation, tribunals and compliance	6,208	6,394	843	859	-	-	7,051	7,253
9 Professional development and competence	6,442	6,216	915	685	-	-	7,357	6,901
10 Corporate services	6,251	5,051	896	581	-	-	7,147	5,632
11 Convocation, policy and outreach	1,630	1,390	185	125	-	-	1,815	1,515
12 Services to members and public	1,568	1,523	154	124	-	-	1,722	1,647
13 Restricted	-	-	-	-	30,224	32,082	30,224	32,082
14 Total expenses	22,099	20,574	2,993	2,374	30,224	32,082	55,316	55,030
15 Surplus (Deficit)	1,347	2,057	(358)	81	(655)	(3,105)	334	(967)
16 Fund balances, beginning of year	23,239	23,602	4,477	5,065	78,375	86,214	106,091	114,881
17 Interfund transfers	(33)	(190)	-	-	33	190	-	-
18 Fund balances, end of period	24,553	25,469	4,119	5,146	77,753	83,299	106,425	113,914

LAW SOCIETY OF ONTARIO

Schedule of Restricted Funds

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2018							2017	
	Compensation Fund		Errors and omissions insurance	Capital allocation	Invested in capital and intangible assets	County libraries	Other restricted	Total Restricted funds	Total
	Lawyer	Paralegal							
1 Fund balances, beginning of year	3,285	717	55,716	6,684	10,838	-	1,135	78,375	86,214
Revenues									
2 Annual fees	3,076	17	-	1,065	-	1,989	-	6,147	3,973
3 Insurance premiums and levies	-	-	23,860	-	-	-	-	23,860	24,585
4 Investment income	185	-	115	-	-	-	-	300	314
5 Change in fair value of investments	(449)	-	(331)	-	-	-	-	(780)	68
6 Other	18	-	-	24	-	-	-	42	37
7 Total revenues	2,830	17	23,644	1,089	-	1,989	-	29,569	28,977
8 Total expenses	2,785	28	23,860	976	548	1,975	52	30,224	32,082
9 (Deficit) Surplus	45	(11)	(216)	113	(548)	14	(52)	(655)	(3,105)
10 Interfund transfers	-	-	-	-	-	-	33	33	190
11 Fund balances, end of period	3,330	706	55,500	6,797	10,290	14	1,116	77,753	83,299

LAW SOCIETY OF ONTARIO
Lawyers and Paralegals General Fund
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2017 Actual	2018 Actual	Budget YTD	Variance
REVENUES				
1 Annual fees	15,934	17,066	16,996	70
2 Professional development and competence	5,809	5,056	5,874	(818)
3 Investment income	140	264	194	70
4 Change in fair value of investments	20	(276)	-	(276)
5 Other	3,183	3,971	3,383	588
6 Total revenues	25,086	26,081	26,447	(366)
EXPENSES				
7 Professional regulation, tribunals and compliance	7,253	7,051	8,663	1,612
8 Professional development and competence	6,901	7,357	7,774	417
9 Corporate services	5,632	7,147	7,394	247
10 Convocation, policy and outreach	1,515	1,815	3,029	1,214
11 Services to members and public	1,647	1,722	1,811	89
12 Total expenses	22,948	25,092	28,671	3,579
13 Surplus (Deficit)	2,138	989	(2,224)	3,213

LAW SOCIETY OF ONTARIO
General Fund - Lawyers
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2017 Actual	2018 Actual	Budget YTD	Variance
REVENUES				
1 Annual fees	14,731	15,693	15,561	132
2 Professional development and competence	4,951	4,337	5,109	(772)
3 Investment income	126	232	171	61
4 Change in fair value of investments	18	(243)	-	(243)
5 Other	2,805	3,427	2,965	462
6 Total revenues	22,631	23,446	23,806	(360)
EXPENSES				
7 Professional regulation, tribunals and compliance	6,394	6,208	7,670	1,462
8 Professional development and competence	6,216	6,442	6,947	505
9 Corporate services	5,051	6,251	6,561	310
10 Convocation, policy and outreach	1,390	1,630	2,730	1,100
11 Services to members and public	1,523	1,568	1,654	86
12 Total expenses	20,574	22,099	25,562	3,463
13 Surplus (Deficit)	2,057	1,347	(1,756)	3,103

LAW SOCIETY OF ONTARIO
General Fund - Paralegals
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2017 Actual	2018 Actual	Budget YTD	Variance
REVENUES				
1 Annual fees	1,203	1,373	1,435	(62)
2 Professional development and competence	858	719	765	(46)
3 Investment income	14	32	23	9
4 Change in fair value of investments	2	(33)	-	(33)
5 Other	378	544	418	126
6 Total revenues	2,455	2,635	2,641	(6)
EXPENSES				
7 Professional regulation, tribunals and compliance	859	843	993	150
8 Professional development and competence	685	915	827	(88)
9 Corporate services	581	896	833	(63)
10 Convocation, policy and outreach	125	185	299	114
11 Services to members and public	124	154	157	3
12 Total expenses	2,374	2,993	3,109	116
13 (Deficit) Surplus	81	(358)	(468)	110

LAW SOCIETY OF ONTARIO**Compensation Fund****Schedule of Revenues and Expenses and Change in Fund Balances***Unaudited**Stated in thousands of dollars**For the three months ended March 31*

	2018			2017		
	Lawyers	Paralegals	Total	Lawyers	Paralegals	Total
Revenues						
1 Annual fees	3,076	17	3,093	837	22	859
2 Investment income	185	-	185	180	20	200
3 Change in fair value of investments	(449)	-	(449)	36	4	40
4 Recoveries	18	-	18	-	10	10
5 Total Revenues	2,830	17	2,847	1,053	56	1,109
Expenses						
6 Provision for unpaid grants	2,615	20	2,635	4,470	29	4,499
7 Administrative	170	8	178	135	14	149
8 Total Expenses	2,785	28	2,813	4,605	43	4,648
9 Surplus (Deficit)	45	(11)	34	(3,552)	13	(3,539)
10 Fund balances, beginning of year	3,285	717	4,002	12,825	597	13,422
11 Fund Balances, end of period	3,330	706	4,036	9,273	610	9,883

LAW SOCIETY OF ONTARIO
Errors and Omissions Insurance Fund
Schedule of Revenues and Expenses and Change in Fund Balance

Unaudited

Stated in thousands of dollars

For the three months ended March 31

	2018	2017
	Actual	Actual
REVENUES		
1 Insurance premiums and levies	23,860	24,585
2 Investment income	115	114
3 Change in fair value of investments	(331)	28
4 Other income	-	-
5 Total revenues	23,644	24,727
EXPENSES		
6 Administrative	-	-
7 Claims	-	-
8 Insurance	23,860	24,585
9 Total expenses	23,860	24,585
10 (Deficit) Surplus	(216)	142
10 Interfund transfers	-	-
11 Change in fund balance	(216)	142
12 Fund balance, beginning of year	55,716	55,584
13 Fund balance, end of period	55,500	55,726

TAB 5.3

FOR INFORMATION

OTHER COMMITTEE WORK

61. Under its mandate, the Committee is the administrator of the registered pension plan and the group savings plan for the employees of the Society. The Committee received the Pension Governance Report for the period ending April 30, 2018 detailing the activities of the Pension Plan including the Audited Financial Statements for the Plan for the year ended December 31, 2017. The Legal Advisor's Report for the period ending April 30, 2018 was received summarizing the relevant legal developments that may have an impact on the Plan.

62. The Committee also received a report on the assumptions and considerations being used to draft the 2019 budget for the Law Society.