



Legal Information and Resource Network

2022 ANNUAL REPORT

Legal Information and Resource Network

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

Results of Operations

For 2022, the financial results of LiRN Inc. (LiRN) report an excess of revenues over expenses of \$167,000 (2021 – \$339,000 excess of expenses over revenues).

The grant from the Law Society of Ontario (Law Society) for LiRN operations was \$8.5 million after a reduction to \$7.2 million in 2021. This return to normal grant funding in 2022 followed as the uncertainty regarding the financial impact of the pandemic on the Law Society and annual fee-paying lawyers subsided. The increase in the grant to LiRN for 2022 operations included an increase in funding to the county and district law libraries across Ontario above pre-pandemic levels.

A Law Society transition grant of \$729,000 allowed LiRN, through the launch of E-LiRN, to significantly expand the catalogue of digital legal resources available through the county and district law libraries facilitating more equitable access to legal information across all regions in Ontario. In addition, LiRN updated the information technology infrastructure across the network to support implementation of the expanded suite of digital resources.

LiRN's approved 2023 budget maintains the level of funding required to sustain support of the law library network and to maintain the expanded access to electronic legal resources across the Province.

Statement of Revenues and Expenses – Revenues

The Law Society grant totalled \$9.3 million (2021 - \$7.2 million) which includes \$729,000 in transitional funding designated for the expansion of a suite of electronic legal resources and the required upgrade of information technology infrastructure.

Statement of Revenues and Expenses – Expenses

Head office administration expenses for 2022 are comparable to 2021, with a decrease in professional fees related to the board recruitment biannual cycle.

With the significant expansion in centralized digital legal resources funded by the transitional grant, the expenses for electronic products and services for 2022 increased to \$947,000 (2021 - \$374,000).

County and district law library grants of \$7.2 million (2021 - \$6.4 million) are detailed by county in the notes to the financial statements and include the annual grants approved as part of the 2022 budget. As noted above, county and district law library annual grants increased in 2022 with the restoration of funding from the Law Society for LiRN's operations.

Balance Sheet and Statement of Changes in Fund Balances

The General Fund accounts for the delivery, management and administration of library services. The General Fund has increased by the excess of revenues over expenses of \$167,000 to \$362,000.

The Reserve Fund has an unchanged balance of \$500,000.



Independent auditor's report

To the Board of Directors of LiRN Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LiRN Inc. (LiRN) as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

LiRN's financial statements comprise:

- the statement of financial position as at December 31, 2022;
- the statement of revenues and expenses for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of LiRN in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing LiRN's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate LiRN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing LiRN's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LiRN's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on LiRN's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause LiRN to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 21, 2023

STATEMENT OF FINANCIAL POSITION

Stated in dollars

As at December 31, 2022

	2022	2021
Assets		
Current Assets		
Cash	967,092	727,822
Accounts receivable	31,680	22,851
Prepaid expenses	42,358	37,440
Total Assets	1,041,130	788,113
Liabilities, Share Capital & Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities (note 4 and 6)	178,739	93,115
Total Liabilities	178,739	93,115
Share Capital & Fund Balances		
Share capital (notes 1 and 5)	200	200
General fund (note 2)	362,191	194,798
Reserve fund (note 2)	500,000	500,000
Total Share Capital & Fund Balances	862,391	694,998
Total Liabilities, Share Capital & Fund Balances	1,041,130	788,113

The accompanying notes are an integral part of these financial statements

On behalf of the Board of Directors



Chair – Board of Directors



Vice-Chair – Board of Directors

STATEMENT OF REVENUES AND EXPENSES

Stated in dollars

For the year ended December 31, 2022

	2022	2021
Revenues		
Law Society of Ontario grant (note 6)	9,270,630	7,217,194
Interest income	19,644	3,990
Total Revenues	9,290,274	7,221,184
Expenses		
Head Office / Administration		
Administration	309,285	305,080
Professional fees	22,326	72,097
Other (note 7)	28,394	24,790
Total Head Office / Administration Expenses	360,005	401,967
Law Libraries - Centralized Purchases		
Electronic products and services (note 6)	947,431	374,026
Group benefits and insurance	338,417	330,827
IT infrastructure (note 6)	161,949	-
Other (notes 6 and 8)	97,949	59,981
Total Law Libraries - Centralized Purchases	1,545,746	764,834
County and district law libraries grants (note 9)	7,217,130	6,393,274
Total County and District Law Libraries Expenses	7,217,130	6,393,274
Total Expenses	9,122,881	7,560,075
Excess of Revenues over Expenses		
(Expenses over Revenues)	167,393	(338,891)

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN FUND BALANCES

Stated in dollars

For the year ended December 31, 2022

	2022			2021
	General Fund	Reserve Fund	Total	
Balance, beginning of year	194,798	500,000	694,798	1,033,689
Excess of revenues over expenses (expenses over revenues)	167,393	-	167,393	(338,891)
Balance, end of year	362,191	500,000	862,191	694,798

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

Stated in dollars

For the year ended December 31, 2022

	2022	2021
Net inflow (outflow) of cash related to the following activities		
Excess of revenues over expenses (expenses over revenues) for the year	167,393	(338,891)
Net change in non-cash operating working capital items:		
Accounts receivable	(8,829)	552
Prepaid expenses	(4,918)	(3,748)
Accounts payable and accrued liabilities	85,624	35,647
Cash sourced in operating activities	239,270	(306,440)
Net inflow (outflow) of cash during the year	239,270	(306,440)
Cash, beginning of year	727,822	1,034,262
Cash, end of year	967,092	727,822

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ending December 31, 2022

1. General

At the beginning of 2020, the name of the corporation was changed from LibraryCo Inc. to LiRN Inc. (LiRN). LiRN 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 from the Law Society of Ontario (the Law Society).

LiRN has two classes of shares: Common shares and Special shares. The Law Society holds all of the 100 Common shares outstanding. Of the 100 special shares outstanding, 25 are held by the Toronto Lawyers Association (TLA) and 75 are held by the Federation of Ontario Law Associations (FOLA).

LiRN is not subject to federal or provincial incomes taxes.

The Law Society provides certain administrative functions to LiRN for no fee.

2. Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations (ASNPO) set out in Part III of the Chartered Professional Accountants of Canada Handbook – Accounting.

General and Reserve Funds

LiRN follows the restricted fund method.

The General Fund accounts for the delivery, management, and administration of library services. The Reserve Fund is maintained to assist LiRN's cash flows and act as a contingency fund.

Cash

Cash consists of amounts on deposit with LiRN's financial institution.

Revenue Recognition

Grants are recorded as revenue in the General Fund in the fiscal year in which they are received or receivable.

Interest income is recognized when receivable if the amount can be reasonably estimated.

Grants Paid

Grants paid are recognized in the fiscal year in which they are paid or payable.

Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from such estimates.

3. Financial Instruments

LiRN's financial assets and financial liabilities are classified and measured as follows:

Asset / Liability	Measurement
Cash	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

4. Accounts Payable and Accrued Liabilities

There are no amounts of payable for government remittances.

5. Share Capital

Authorized:

Unlimited number of Common shares

Unlimited number of Special shares

Issued:

	2022	2021
100 Common shares	\$100	\$100
100 Special shares	100	100
Total	\$200	\$200

6. Related Party Transactions

The Law Society provided LiRN with grant funding of \$9,271,000 during the year. The 2022 grant comprises:

- \$8,542,000 (2021 - \$7,217,000) for LiRN operations including grants to the County and District Law Libraries for the purpose of library operations and,
- \$729,000 (2021 – nil) in transitional funding to modernize and expand the suite of digital resources available through the library network across the province and to upgrade the supporting information technology infrastructure.

The Law Society provides certain administrative services to the LiRN (note 1) as well as other services and publications. The total amount billed by the Law Society for 2022 was \$25,973 (2021 - \$51,878). Included in accounts payable and accrued liabilities are amounts due to the Law Society of \$848 (2021 - \$7,997).

Lawyers' Professional Indemnity Company (LAWPRO) provides professional liability insurance to lawyers in Ontario and is also a wholly owned subsidiary of the Law Society. There were no transactions with LAWPRO during 2022 or 2021.

These transactions are entered in the ordinary course of business and are measured at fair value.

7. Other Expenses – Head Office/Administration

Included in these expenses are directors' and officers' insurance, Board of Directors' meetings, telephone services and other miscellaneous items.

8. Other Expenses – County and District Law Libraries – Centralized Purchases

Included in these expenses are costs associated with conference bursaries, the Conference for Ontario Law Associations' Libraries, document delivery, publications, committee meetings and miscellaneous items.

9. County and District Law Libraries Grants

These grants represent the quarterly distribution of funds to the 48 County and District Law Libraries for the purpose of library operations and any incremental, Board-approved grants. The grants are distributed in accordance with policies and procedures established by the LiRN's Board of Directors. The table on the following page contains individual law library grants that were distributed by LiRN during 2022 and 2021.

County and District Law Libraries Grants - 2021 and 2022

Law Association	2022	2021	Law Association	2022	2021
Algoma	\$158,852	\$139,346	Middlesex	436,979	342,345
Brant	112,494	103,516	Muskoka	74,848	68,044
Bruce	64,491	58,963	Nipissing	98,694	90,906
Carleton	621,592	583,647	Norfolk	88,287	74,319
Cochrane	56,024	51,222	Northumberland	98,499	87,634
Dufferin	50,108	49,126	Oxford	78,138	75,012
Durham	190,043	154,685	Parry Sound	50,705	47,324
Elgin	91,365	86,292	Peel	280,846	280,846
Essex	324,921	265,511	Perth	63,188	57,772
Frontenac	159,056	137,022	Peterborough	152,951	136,928
Grey	75,637	69,819	Prescott & Russell	16,039	14,970
Haldimand	37,477	32,178	Rainy River	33,105	29,032
Halton	156,000	140,961	Renfrew	144,589	128,221
Hamilton	512,966	424,184	Simcoe	196,732	141,888
Hastings	94,815	89,431	Stormont Dundas & Glengarry	89,460	81,792
Huron	87,518	80,016	Sudbury	185,201	185,201
Kenora	94,000	92,012	Temiskaming	46,514	46,514
Kent	80,519	74,296	Thunder Bay	201,146	172,124
Lambton	91,255	80,177	Toronto	582,314	555,571
Lanark	45,000	42,273	Victoria-Haliburton	111,547	92,386
Leeds & Grenville	79,666	75,722	Waterloo	287,739	241,153
Lennox & Addington	31,411	28,628	Welland	116,984	96,905
Lincoln	207,775	180,333	Wellington	87,348	79,861
Manitoulin	-	2,732	York	272,292	224,434
				\$7,217,130	\$6,393,274