



Legal Information and Resource Network

2023 ANNUAL REPORT

Legal Information and Resource Network



Legal Information and Resource Network

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Results of Operations

The financial results of LiRN Inc. (LiRN) were more favourable than anticipated with an excess of revenues over expenses of \$291,000 (2022 – \$167,000). Multiple factors contributed to the positive results of 2023: reduced expenses with some continued virtual interactions, lower insurance and benefit costs, and high interest rates leading to notable investment income.

The grant from the Law Society of Ontario (Law Society) for LiRN operations was \$9.6 million. This grant supported an overall increase in funding to the county and district law libraries of \$500,000, or 7%, in comparison to 2022, and allowed LiRN to maintain the expanded e-LiRN suite of digital legal resources that is accessible to the legal professions through the network of county and district law libraries.

Following extensive consultation and discussion with Ontario law associations and library staff, LiRN launched a comprehensive role description matrix that sets out the duties required to operate a courthouse library and organizes them into several role categories. This matrix may be used as a tool to manage and recruit employees as well as ensure the job descriptions they use are accurate.

Also in 2023, LiRN secured funding of \$1.4 million from the Law Foundation of Ontario (LFO) to begin work on the two-year Innovation and Equity of Access in Ontario Courthouse Libraries Project (Innovation Project). With the LFO's generous funding commitment, through this project, LiRN will continue to move forward with its objectives of further fostering innovation and promoting equity of access to legal resources across Ontario. The Innovation Project will:

- give libraries across the network an opportunity to experiment with and pilot new technologies, equipment, and service models and
- will continue LiRN's efforts to address discrepancies in the print and digital collection legal resources available through the 48 county libraries.

LiRN's approved 2024 budget maintains the level of funding required to sustain support of the county law library network while we seek to increase the accessibility of legal information resources across the province and to continue to invest in evolving and modernizing the delivery of legal information services through the Innovation Project.

Statement of Revenues and Expenses

Revenues

LiRN's primary source of revenue, the Law Society grant, totalled \$9.6 million (2022 - \$9.3 million).

LiRN received \$700,000 of the anticipated grant from the LFO in 2023. This funding is solely designated for expenses incurred in relation to the Innovation Project and is only recognized as revenue when project expenses are incurred. Since the project launch in the second quarter of 2023, project revenues total \$25,551 to offset related expenses.

Expenses

Head office administration expenses for 2023 of \$465,000 (2022 - \$360,000) increased in comparison to 2022 with operations more fully resuming post-pandemic, the impact of inflation and augmented resourcing to support LiRN's operations.

With the continuation of expanded centralized digital legal resources through e-LiRN, and annual service contract inflationary increases, expenses for electronic products and services for 2023 increased to \$1.07 million (2022 - \$947,000).

County and district law library grants of \$7.7 million (2022 - \$7.2 million) are detailed by county in the notes to the financial statements and include the annual grants approved as part of the 2023 budget. As noted above, county and district law library annual grants increased on average by 7% in 2023.

Statement of Financial Position

Deferred funding of \$674,000 is a notable addition to the Statement of Financial Position. This is the balance of the LFO grant received and remaining in 2023 with expenses anticipated in future periods. Receipt of the LFO grant is also the primary contributor to the significant increase in cash holdings.

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 \$291,000 to \$608,000.

LiRN's Board of Directors approved the establishment of a Capital Fund to fund capital expenses or investment in assets for the benefit of the law library network, initially funded by a \$50,000 interfund transfer from the General Fund.

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. (the entity) as at December 31, 2023 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

The entity's financial statements comprise:

- the statement of financial position as at December 31, 2023;
- 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 the entity 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 Management's Discussion and Analysis.

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



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

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 the entity'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 the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 the entity'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 the entity'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 the entity 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 28, 2024



Legal Information and Resource Network

STATEMENT OF FINANCIAL POSITION

Stated in dollars

As at December 31, 2023

	2023	2022
Assets		
Current Assets		
Cash	1,903,724	967,092
Accounts receivable	38,103	31,680
Prepaid expenses	40,026	42,358
Total Assets	1,981,853	1,041,130
Liabilities, Share Capital & Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities (notes 4 and 7)	154,484	178,739
Deferred funding (notes 2 and 5)	674,449	-
Total Liabilities	828,933	178,739
Share Capital & Fund Balances		
Share capital (notes 1 and 6)	200	200
General fund (note 2)	608,117	362,191
Capital fund (note 2)	44,603	-
Reserve fund (note 2)	500,000	500,000
Total Share Capital & Fund Balances	1,152,920	862,391
Total Liabilities, Share Capital & Fund Balances	1,981,853	1,041,130

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



Legal Information and Resource Network

STATEMENT OF REVENUES AND EXPENSES

Stated in dollars

For the year ended December 31, 2023

	2023	2022
Revenues		
Law Society of Ontario grant (note 7)	9,572,427	9,270,630
Law Foundation of Ontario grant (notes 2 and 5)	25,551	-
Interest income	58,122	19,644
Total Revenues	9,656,100	9,290,274
Expenses		
Head Office / Administration		
Administration	362,821	309,285
Professional fees	60,784	22,326
Other (note 8)	41,229	28,394
Total Head Office / Administration Expenses	464,834	360,005
Law Libraries - Centralized Purchases		
Electronic products and services (note 7)	1,065,114	947,431
Group benefits and insurance	364,131	338,417
Group benefits premiums refund (note 9)	(100,567)	-
IT Infrastructure	2,965	161,949
Other (notes 7 and 10)	106,886	97,949
Total Law Libraries - Centralized Purchases	1,438,529	1,545,746
County and district law libraries grants (note 12)	7,706,939	7,217,130
Total County and District Law Libraries Expenses	7,706,939	7,217,130
Total Expenses	9,610,302	9,122,881
Excess of Revenues over Expenses from Operations	45,798	167,393
Recovery of Excess Prior Year County Libraries Grant Funding	244,731	-
Excess of Revenues over Expenses	290,529	167,393

The accompanying notes are an integral part of these financial statements



Legal Information and Resource Network

STATEMENT OF CHANGES IN FUND BALANCES

Stated in dollars

For the year ended December 31, 2023

	2023				2022
	General Fund	Capital Fund	Reserve Fund	Total	
Balance, beginning of year	362,191	-	500,000	862,191	694,798
Excess of revenues over expenses (expenses over revenues)	295,926	(5,397)	-	290,529	167,393
Interfund transfers (note 11)	(50,000)	50,000	-	-	-
Balance, end of year	608,117	44,603	500,000	1,152,720	862,191

The accompanying notes are an integral part of these financial statements



Legal Information and Resource Network

STATEMENT OF CASH FLOWS

Stated in dollars

For the year ended December 31, 2023

	2023	2022
Net inflow (outflow) of cash related to the following activities		
Excess of revenues over expenses for the year	290,529	167,393
Net change in non-cash operating working capital items:		
Accounts receivable	(6,422)	(8,829)
Prepaid expenses	2,331	(4,918)
Accounts payable and accrued liabilities	(24,255)	85,624
Deferred revenue	674,449	-
Cash sourced in operating activities	936,632	239,270
Net (outflow) inflow of Cash during the year	936,632	239,270
Cash, beginning of year	967,092	727,822
Cash, end of year	1,903,724	967,092

The accompanying notes are an integral part of these financial statements



Legal Information and Resource Network

LiRN Inc.

NOTES TO THE FINANCIAL STATEMENTS

For the year ending December 31, 2023

1. General

LiRN Inc. 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 (Law Society). In early 2020, the name of the corporation was changed from LibraryCo Inc. to LiRN Inc. (LiRN).

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 support services 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, Capital and Reserve Funds

LiRN follows the restricted fund method.

The General Fund accounts for the delivery, management and administration of library services. The Capital Fund is maintained for capital expenses or investment

in assets for the benefit of the county law library system. 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.

Deferred Funding

Deferred funding consists of externally restricted grant funding received that will fund expenses to be incurred in future periods. Deferred funding is recognized as revenue under the deferral method in the year expenses are incurred.

Revenue Recognition

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

Restricted grants are recognized as revenue in the General Fund in the fiscal year the related expenses are incurred.

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 payable for government remittances.

5. Deferred Funding

In 2023, LiRN received a grant from the Law Foundation of Ontario for the Innovation and Equity of Access in Ontario Court Libraries project. The deferred funding balance is:

	2023
Deferred funding, beginning of year	\$ -
Total restricted grants received	700,000
Total expenses incurred	(25,551)
Deferred funding, end of year	\$674,449

6. Share Capital

Authorized:

Unlimited number of Common shares
Unlimited number of Special shares

Issued:

	2023	2022
100 Common shares	\$100	\$100
100 Special shares	100	100
Total	\$200	\$200

7. Related Party Transactions

The Law Society provided LiRN with a grant of \$9,572,000 (2022 - \$9,271,000) during the year.

The Law Society provides certain support services to LiRN (note 1) as well as other services and publications. The total amount billed by the Law Society for 2023 was

\$33,447 (2022 - \$25,973). Included in accounts payable and accrued liabilities are amounts due to the Law Society of \$4,149 (2022 - \$848).

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 2023 or 2022.

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

8. Other Expenses – Head Office/Administration

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

9. Group Benefits Premiums Refund

This reduction relates to a refund of premiums paid in prior periods in excess of the requirements for the plan's Claims Fluctuation Reserve.

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

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

11. Interfund Transfers

During the year, LiRN's Board approved an interfund transfer of \$50,000 from the General Fund to the Capital Fund for the purpose of establishing the Capital Fund.

12. County and District Law Libraries Grants

These grants represent the quarterly distribution of funds to the 48 County and District Law Libraries and any capital and special needs grants. The grants are distributed in accordance with policies and procedures established by LiRN's Board of Directors. The following page contains individual law library grants that were distributed by the LiRN during 2023 and 2022.

County and District Law Libraries Grants

Law Association	2023	2022	Law Association	2023	2022
Algoma	\$166,794	\$158,852	Middlesex	458,828	436,979
Brant	116,977	112,494	Muskoka	85,590	74,848
Bruce	67,716	64,491	Nipissing	98,694	98,694
Carleton	652,670	621,592	Norfolk	118,788	88,287
Cochrane	56,024	56,024	Northumberland	102,786	98,499
Dufferin	51,100	50,108	Oxford	79,700	78,138
Durham	202,533	190,043	Parry Sound	60,240	50,705
Elgin	95,016	91,365	Peel	326,599	280,846
Essex	355,868	324,921	Perth	72,916	63,188
Frontenac	154,383	159,056	Peterborough	163,099	152,951
Grey	77,150	75,637	Prescott & Russell	22,551	16,039
Haldimand	58,654	37,477	Rainy River	35,000	33,105
Halton	160,000	156,000	Renfrew	162,421	144,589
Hamilton	547,848	512,966	Simcoe	206,568	196,732
Hastings	98,876	94,815	Stormont Dundas & Glengarry	90,000	89,460
Huron	88,218	87,518	Sudbury	199,233	185,201
Kenora	95,500	94,000	Temiskaming	48,514	46,514
Kent	83,129	80,519	Thunder Bay	212,703	201,146
Lambton	117,655	91,255	Toronto	617,252	582,314
Lanark	47,600	45,000	Victoria-Haliburton	117,124	111,547
Leeds & Grenville	65,959	79,666	Waterloo	315,776	287,739
Lennox & Addington	35,800	31,411	Welland	133,231	116,984
Lincoln	214,008	207,775	Wellington	87,348	87,348
Manitoulin	-	-	York	282,500	272,295
				\$7,706,939	\$7,217,130