



Legal Information and Resource Network

## MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

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### Results of Operations

The financial results of LiRN Inc. (LiRN) were in line with its 2024 operational budget with overall expenses exceeding revenues by \$178,000 (2023 – \$291,000 excess revenues over expenses). The 2024 budget planned for expenses to exceed revenues by \$200,000 through use of available fund balance within the General Fund. LiRN ends the year in a solid financial position with total fund balances of \$975,000. While expenses items such as electronic products and services exceeded budget, overall results were slightly better than anticipated following lower insurance and benefit costs as well as notable interest returns on holdings in LiRN's bank account.

The grant from the Law Society of Ontario (Law Society) for LiRN operations was \$10.08 million, an increase of 5% over the prior year (2023 - \$9.6 million), which provided for:

- an overall increase of \$900,000, or 12%, in comparison to 2023, to fund the operation of the 48 county and district law libraries, and
- maintaining the expanded e-LiRN suite of digital legal resources that is accessible through the network of county and district law libraries.

In 2024, LiRN also received \$560,000 in additional funding as part of the \$1.4 million grant from The Law Foundation of Ontario (the Foundation) for the Innovation and Equity of Access in Ontario Courthouse Libraries Project (Innovation Project) approved in 2023. With the Foundation's generous funding commitment, LiRN continued to foster innovation and promote equity of access to legal resources across the 48 county law libraries, giving them an opportunity to:

- experiment with and pilot new technologies, equipment, and service models, and
- address discrepancies in their print and digital collection legal resources.

LiRN moves into 2025 positioned to sustain its support of the county law library network while it also invests in increasing the accessibility of legal information resources across the province and in evolving and modernizing the delivery of legal information services through the Innovation Project that will continue throughout the year.

## **Statement of Revenues and Expenses**

### ***Revenues***

LiRN's primary source of revenue, the Law Society grant, totalled \$10.08 million (2023 - \$9.6 million). It predominantly funds the operation of the 48 county libraries across Ontario, electronic legal information resources available through the libraries, and LiRN administration.

As noted above, LiRN received a second grant instalment of \$560,000 from the Foundation in 2024, for a total of \$1.26 million since the Innovation Project launched in 2023. This funding is designated solely for expenses incurred in relation to the Innovation Project and is recognized as revenue when project expenses are incurred. In 2024, \$468,000 of the Foundation funding was invested in related activities, which included select grants to libraries for approved initiatives that align with Innovation Project objectives.

### ***Expenses***

Head office and administration expenses for 2024 of \$566,000 (2023 - \$465,000) increased in comparison to prior year, primarily attributable to staffing related costs and professional fees. A portion of these expenses pertain to the Innovation Project and are partially offset by the related funding.

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 2024 increased to \$1.17 million (2023 - \$1.07 million).

County and district law library grants of \$8.6 million (2023 - \$7.7 million) are detailed by county in the notes to the financial statements and include the annual grants approved as part of the 2024 budget and interim grants from the Capital Fund or as otherwise approved by LiRN's Board. In addition, \$317,000 in grants were provided to select libraries to advance the objectives of the Innovation Project.

## **Statement of Financial Position**

At the end of 2024, total assets of \$1.87 million is comparable to the prior year at \$1.98 million, with the change in cash attributed to the inflows and outflows associated with the receipt of Foundation grant funding and Innovation Project related spending. Deferred funding of \$767,000 (2023 - \$674,000) represents the balance of Foundation grant received and available for future Innovation Project related expenses.

The General Fund accounts for the delivery, management and administration of library services. The fund balance of the General Fund decreased to \$375,000 (2023 - \$608,000) with the 2024 budget planning for use of \$200,000 to fund operations and an in-year, Board approved interfund transfer to increase the Capital Fund to \$100,000 (2023 - \$50,000). This Fund was established in 2023 to fund capital expenses or investment in assets for the benefit of the law library network.

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



Tel: 289 881 1111  
Fax: 905 845 8615  
www.bdo.ca

BDO Canada LLP  
360 Oakville Place Drive, Suite 500  
Oakville ON L6H 6K8 Canada

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## Independent Auditor's Report

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To the Board of Directors of LiRN Inc.

### Opinion

We have audited the financial statements of LiRN Inc. ("LiRN"), which comprise the statement of financial position as at December 31, 2024, the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LiRN as at December 31, 2024, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### 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 are independent of LiRN in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 28, 2024.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario  
March 31, 2025



Legal Information and Resource Network

## STATEMENT OF FINANCIAL POSITION

*Stated in dollars*

*As at December 31, 2024*


	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash	1,739,932	1,903,724
Accounts receivable	50,144	38,103
Prepaid expenses	81,613	40,026
<b>Total Assets</b>	<b>1,871,689</b>	<b>1,981,853</b>
<b>Liabilities, Share Capital &amp; Fund Balances</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (notes 4 and 7)	130,048	154,484
Deferred funding (note 5)	766,641	674,449
<b>Total Liabilities</b>	<b>896,689</b>	<b>828,933</b>
<b>Share Capital &amp; Fund Balances</b>		
Share capital (notes 1 and 6)	200	200
General fund	374,800	608,117
Capital fund (note 11)	100,000	44,603
Reserve fund	500,000	500,000
<b>Total Share Capital &amp; Fund Balances</b>	<b>975,000</b>	<b>1,152,920</b>
<b>Total Liabilities, Share Capital &amp; Fund Balances</b>	<b>1,871,689</b>	<b>1,981,853</b>

*The accompanying notes are an integral part of these financial statements*

### On behalf of the Board of Directors

Signed by:  
  
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**Chair – Board of Directors**

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**Vice-Chair – Board of Directors**



Legal Information and Resource Network

## STATEMENT OF REVENUES AND EXPENSES

*Stated in dollars*

*For the year ended December 31, 2024*

	2024	2023
<b>Revenues</b>		
Law Society of Ontario grant (note 7)	10,079,900	9,572,427
Law Foundation of Ontario grant (note 5)	467,808	25,551
Interest income	83,893	58,122
<b>Total Revenues</b>	<b>10,631,601</b>	<b>9,656,100</b>
<b>Expenses</b>		
<b>Head Office / Administration</b>		
Administration	392,050	362,821
Professional fees	112,976	60,784
Other (note 8)	61,348	41,229
<b>Total Head Office / Administration Expenses</b>	<b>566,374</b>	<b>464,834</b>
<b>Law Libraries - Centralized Purchases</b>		
Electronic products and services (note 7)	1,171,142	1,065,114
Group benefits and insurance	408,046	364,131
Group benefits premiums refund (note 9)	-	(100,567)
IT Infrastructure	-	2,965
Other (notes 7 and 10)	119,525	106,886
<b>Total Law Libraries - Centralized Purchases</b>	<b>1,698,713</b>	<b>1,438,529</b>
<b>Grants</b>		
County and district law libraries grants (note 12)	8,601,180	7,706,939
Innovation & Equity of Access project grants to law libraries	317,145	-
<b>Total Grants to County and District Law Libraries</b>	<b>8,918,325</b>	<b>7,706,939</b>
<b>Total Expenses</b>	<b>11,183,412</b>	<b>9,610,302</b>
<b>Excess of (Expenses over Revenues) Revenues over Expenses from</b>		
<b>Operations</b>	<b>(551,811)</b>	<b>45,798</b>
<b>Recovered County Library Excess Fund Balances</b>	<b>373,891</b>	<b>244,731</b>
<b>Excess of (Expenses over Revenues) Revenues over Expenses</b>	<b>(177,920)</b>	<b>290,529</b>

*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, 2024

	2024			2023	
	General Fund	Capital Fund	Reserve Fund	Total	
Balance, beginning of year	608,117	44,603	500,000	1,152,720	862,191
Excess of (Expenses over Revenues) Revenues over Expenses	(176,140)	(1,780)	-	(177,920)	290,529
Interfund transfers (note 11)	(57,177)	57,177	-	-	-
Balance, end of year	374,800	100,000	500,000	974,800	1,152,720

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, 2024*

	2024	2023
<b>Net inflow (outflow) of cash related to the following activities</b>		
<b>Excess of (Expenses over Revenues) Revenues over Expenses for the year</b>	<b>(177,920)</b>	290,529
Net change in non-cash operating working capital items:		
Accounts receivable	<b>(12,041)</b>	(6,422)
Prepaid expenses	<b>(41,587)</b>	2,331
Accounts payable and accrued liabilities	<b>(24,436)</b>	(24,255)
Deferred Revenue	<b>92,192</b>	674,449
<b>Cash (used)/sourced in operating activities</b>	<b>(163,792)</b>	936,632
<b>Net (outflow) inflow of Cash during the year</b>	<b>(163,792)</b>	936,632
Cash, beginning of year	<b>1,903,724</b>	967,092
<b>Cash, end of year</b>	<b>1,739,932</b>	1,903,724

*The accompanying notes are an integral part of these financial statements*



Legal Information and Resource Network

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ending December 31, 2024*

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### 1. General

LiRN Inc. (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 (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 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 deferral method to account for its funding. 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 if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted grants are recognized as revenue in the General Fund in the fiscal year the related expenses are incurred if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized when the right to receive the interest has been established and 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 sometimes 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

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. LiRN is exposed to credit risk resulting from the possibility that a debtor or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or if financial obligations which have similar economic characteristics are such that they could be similarly affected by changes in economic conditions. LiRN is exposed to credit risk mainly arising from its cash. Management considers its exposure to credit risk over cash to be low as LiRN holds cash deposits at a major Canadian financial institution.

**Liquidity risk**

Liquidity risk is the risk that LiRN will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, because of operational liquidity requirements, LiRN will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. LiRN is exposed to this risk mainly in respect of its accounts payable and commitments.

**4. Accounts Payable and Accrued Liabilities**

There are no amounts payable for government remittances.

**5. Deferred Funding**

In 2023, the Law Foundation of Ontario (the Foundation) approved funding for LiRN’s Innovation and Equity of Access in Ontario Court Libraries project (Innovation & Equity of Access project). Grant payments were received from the Foundation in 2023 and 2024. These amounts are recorded as a liability as they are unearned at year end. The deferred funding balance is as follows:

	2024	2023
Deferred funding, beginning of year	\$674,449	\$ -
Total restricted grants received	560,000	700,000
Total expenses incurred	(467,808)	(25,551)
Deferred funding, end of year	\$766,641	\$674,449

6. Share Capital

Authorized:

Unlimited number of Common shares  
Unlimited number of Special shares

Issued:

	2024	2023
100 Common shares	\$100	\$100
100 Special shares	100	100
Total	\$200	\$200

7. Related Party Transactions

LiRN is substantially dependent on the ongoing financial support of the Law Society. LiRN derives a significant portion of its annual funding each year from the Law Society as established in a Unanimous Shareholders Agreement. The Law Society provided LiRN with a grant of \$10,079,900 (2023 - \$9,572,427) during the year, which represents 95% (2023 - 99%) of LiRN’s total revenue.

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 2024 was \$25,210 (2023 - \$33,447). Included in accounts payable and accrued liabilities are amounts due to the Law Society of \$119 (2023 - \$4,149).

The 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 2024 or 2023.

These transactions are entered in the ordinary course of business and are recorded 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 of expenses in 2023 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 \$57,177 from the General Fund to the Capital Fund increasing its fund balance to \$100,000.

#### **12. County and District Law Libraries Grants**

These grants represent the quarterly distribution of funds to the 48 County and District Law Associations for library specific operations, including 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 2024 and 2023. It does not reflect grants made related to the Innovation and Equity of Access project.

**County and District Law Libraries Grants**

<b>Law Association</b>	<b>2024</b>	<b>2023</b>	<b>Law Association</b>	<b>2024</b>	<b>2023</b>
Algoma	\$183,055	\$166,794	Middlesex	503,179	458,828
Brant	127,421	116,977	Muskoka	83,899	85,590
Bruce	71,101	67,716	Nipissing	98,684	98,694
Carleton	675,513	652,670	Norfolk	134,855	118,788
Cochrane	61,626	56,024	Northumberland	136,176	102,786
Dufferin	73,890	51,100	Oxford	82,490	79,700
Durham	205,067	202,533	Parry Sound	60,131	60,240
Elgin	97,225	95,016	Peel	462,630	326,599
Essex	369,276	355,868	Perth	80,000	72,916
Frontenac	145,000	154,383	Peterborough	162,343	163,099
Grey	79,419	77,150	Prescott & Russell	30,000	22,551
Haldimand	89,908	58,654	Rainy River	36,750	35,000
Halton	244,564	160,000	Renfrew	184,582	162,421
Hamilton	560,373	547,848	Simcoe	224,682	206,568
Hastings	135,821	98,876	Stormont Dundas & Glengarry	140,975	90,000
Huron	110,535	88,218	Sudbury	153,107	199,233
Kenora	98,365	95,500	Temiskaming	51,240	48,514
Kent	108,777	83,129	Thunder Bay	229,998	212,703
Lambton	119,425	117,655	Toronto	635,770	617,252
Lanark	57,300	47,600	Victoria-Haliburton	149,171	117,124
Leeds & Grenville	77,350	65,959	Waterloo	396,886	315,776
Lennox & Addington	39,500	35,800	Welland	179,268	133,231
Lincoln	254,322	214,008	Wellington	87,348	87,348
Manitoulin	-	-	York	312,183	282,500
				<b>\$8,601,180</b>	<b>\$7,706,939</b>