



Legal Information and Resource Network

## MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

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### Results of Operations

LiRN Inc. (LiRN) ended the year with favourable financial results with overall revenues exceeding expenses by \$18,154 (2024 - \$177,920 expenses exceeding revenues). Overall results were better than anticipated primarily driven by lower insurance and benefit costs as well as notable interest returns on holdings in LiRN's bank account and investments.

The 2025 budget planned for the use of \$200,000 of available fund balance within the General Fund to fund operations. With the positive financial results of 2025, LiRN did not use any of its fund balance in the General Fund to fund operations, ending the year relatively unchanged at \$393,000 (2024 - \$375,000). LiRN ends the year in a solid financial position with total fund balances of approximately \$993,000.

With the grant from the Law Society of Ontario (Law Society) of \$11.1 million (2024 - \$10.1 million) to support operations, LiRN was able to:

- provide approximately \$9.0 million to fund the operation of the 48 county and district law libraries, an overall increase of approximately \$413,000 or 5% in comparison to 2024,
- expand the e-LiRN suite of digital legal resources accessible through the network of county and district law libraries,
- implement initiatives to improve law library network communications, and
- develop LiRN's 2026-2030 strategic plan.

This year, LiRN concluded the Innovation and Equity of Access in Ontario Courthouse Libraries Project (Innovation Project) funded through a grant from The Law Foundation of Ontario (the Foundation) approved in 2023. Through the Foundation's generous funding, from 2023 to 2025, LiRN was able to invest \$930,000 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 2026 positioned to sustain its support of the county law library network, advance equitable access to legal information and resources across the province, and to continue with projects aimed at evolving and modernizing the delivery of legal information services.

## **Statement of Revenues and Expenses**

### ***Revenues***

LiRN's primary source of revenue, the Law Society grant, totalled \$11.1 million (2024 - \$10.1 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 funding from the Foundation for 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 2025, \$435,000 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 administration expenses for 2025 of \$630,000 (2024 - \$566,000) increased in comparison to 2024, 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 funding received from the Foundation.

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 2025 increased to \$1.4 million (2024 - \$1.2 million). This includes approximately \$216,000 in resources funded by the Foundation grant for the Innovation Project.

County and district law library grants of \$9.0 million (2024 - \$8.6 million) are detailed by county in the notes to the financial statements and include the annual grants approved as part of the 2025 budget and interim grants from the Capital Fund or as otherwise approved by LiRN's Board. In addition, \$105,000 in grants were provided to select libraries to advance the objectives of the Innovation Project.

## Statement of Financial Position

At the end of 2025, the value of total assets declined to \$1.5 million (2024 - \$1.9 million), driven primarily by the in-year use of grant funding received in the prior year for the Innovation Project. This impacted the year-end cash balance, which declined to \$1.1 million (2024 - \$1.7 million). The lower cash holdings also reflect a transfer of \$250,000 from cash to short-term investments.

As the Innovation Project wrapped up in 2025, unused grant funding of \$332,000 advanced to LiRN by the Foundation will be returned, eliminating the deferred funding balance (2024 - \$767,000).

The General Fund accounts for the delivery, management and administration of library services. The fund balance of the General Fund increased to \$393,000 (2024 - \$375,000) following from the positive results of operations.

The Capital Fund, established in 2023 to fund capital expenses or investment in assets for the benefit of the law library network, remains unchanged at \$100,000.

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



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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, 2025, 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, 2025, 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.

### 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 26, 2026



Legal Information and Resource Network

## STATEMENT OF FINANCIAL POSITION

*Stated in dollars*

*As at December 31, 2025*

	2025	2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash	1,119,216	1,739,932
Short-term investments (note 1)	250,000	-
Accounts receivable	52,930	50,144
Prepaid expenses	51,294	81,613
<b>Total Assets</b>	<b>1,473,440</b>	<b>1,871,689</b>
<b>Liabilities, Share Capital &amp; Fund Balances</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (notes 4, 5 and 7)	480,286	130,048
Deferred funding (note 5)	-	766,641
<b>Total Liabilities</b>	<b>480,286</b>	<b>896,689</b>
<b>Share Capital &amp; Fund Balances</b>		
Share capital (notes 1 and 6)	200	200
General fund	392,954	374,800
Capital fund	100,000	100,000
Reserve fund	500,000	500,000
<b>Total Share Capital &amp; Fund Balances</b>	<b>993,154</b>	<b>975,000</b>
<b>Total Liabilities, Share Capital &amp; Fund Balances</b>	<b>1,473,440</b>	<b>1,871,689</b>

*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**



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## STATEMENT OF REVENUES AND EXPENSES

*Stated in dollars*

*For the year ended December 31, 2025*

	2025	2024
<b>Revenues</b>		
Law Society of Ontario grant (note 7)	11,133,000	10,079,900
Law Foundation of Ontario grant (note 5)	434,566	467,808
Interest income	48,663	83,893
<b>Total Revenues</b>	<b>11,616,229</b>	<b>10,631,601</b>
<b>Expenses</b>		
<b>Head Office / Administration</b>		
Administration	422,874	392,050
Professional fees	131,082	112,976
Other (note 8)	76,185	61,348
<b>Total Head Office / Administration Expenses</b>	<b>630,141</b>	<b>566,374</b>
<b>Law Libraries - Centralized Purchases</b>		
Electronic products and services	1,439,023	1,171,142
Group benefits and insurance	460,390	408,046
Other (note 9)	99,511	119,525
<b>Total Law Libraries - Centralized Purchases</b>	<b>1,998,924</b>	<b>1,698,713</b>
<b>Grants</b>		
County and district law libraries grants (note 10)	9,013,912	8,601,180
Innovation & Equity of Access project grants to law libraries	105,462	317,145
<b>Total Grants to County and District Law Libraries</b>	<b>9,119,374</b>	<b>8,918,325</b>
<b>Total Expenses</b>	<b>11,748,439</b>	<b>11,183,412</b>
<b>Excess of Expenses over Revenues from Operations</b>	<b>(132,210)</b>	<b>(551,811)</b>
<b>Recovered County Library Excess Fund Balances</b>	<b>150,364</b>	<b>373,891</b>
<b>Excess of Revenues over Expenses (Expenses over Revenues)</b>	<b>18,154</b>	<b>(177,920)</b>

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



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**STATEMENT OF CHANGES IN FUND BALANCES**

*Stated in dollars*

*For the year ended December 31, 2025*

	2025			2024	
	General Fund	Capital Fund	Reserve Fund	Total	
Balance, beginning of year	374,800	100,000	500,000	<b>974,800</b>	1,152,720
<b>Excess of Revenues over Expenses (Expenses over Revenues)</b>	18,154	-	-	<b>18,154</b>	(177,920)
<b>Balance, end of year</b>	<b>392,954</b>	<b>100,000</b>	<b>500,000</b>	<b>992,954</b>	974,800

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



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## STATEMENT OF CASH FLOWS

*Stated in dollars*

*For the year ended December 31, 2025*

	2025	2024
<b>Net inflow (outflow) of cash related to the following activities</b>		
<b>Operating</b>		
Excess of Revenues over Expenses (Expenses over Revenues) for the year	18,154	(177,920)
Net change in non-cash operating working capital items:		
Accounts receivable	(2,786)	(12,041)
Prepaid expenses	30,320	(41,587)
Accounts payable and accrued liabilities	350,237	(24,436)
Deferred Revenue	(766,641)	92,192
<b>Cash used in operating activities</b>	<b>(370,716)</b>	<b>(163,792)</b>
<b>Investing</b>		
Purchase of short-term investment	(250,000)	-
<b>Cash used in investing activities</b>	<b>(250,000)</b>	<b>-</b>
<b>Net outflow of cash during the year</b>	<b>(620,716)</b>	<b>(163,792)</b>
Cash, beginning of year	1,739,932	1,903,724
<b>Cash, end of year</b>	<b>1,119,216</b>	<b>1,739,932</b>

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



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## NOTES TO THE FINANCIAL STATEMENTS

For the year ending December 31, 2025

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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 and Short-Term Investments***

Cash and short-term investments consist of amounts on deposit and invested in short-term investment vehicles in accordance with LiRN's investment policy. Short-term investments consist of a guaranteed investment certificate bearing interest at 3.3%, maturing in March 2026 (2024 - none), and is measured at amortized cost.

***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 default 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 and short-term investments. LiRN considers its exposure to credit risk over cash and short-term investments to be low as LiRN holds cash deposits and short-term investments 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. The

project concluded on December 31, 2025. All unspent funds are required to be returned to the Foundation. The total amount of unspent grant funding at the end of the project is \$332,075 and is included in the accounts payable and accrued liability on the Statement of Financial Position as of December 31, 2025. The deferred funding balance is as follows:

	<b>2025</b>	<b>2024</b>
Deferred funding, beginning of year	<b>\$766,641</b>	\$674,449
Restricted grants received	-	560,000
Expenses incurred	<b>(434,566)</b>	(467,808)
Balance of funding to be returned to grantor	<b>(332,075)</b>	-
Deferred funding, end of year	<b>\$ -</b>	\$766,641

## 6. Share Capital

### Authorized:

Unlimited number of Common shares  
 Unlimited number of Special shares

### Issued:

	<b>2025</b>	2024
100 Common shares	<b>\$100</b>	\$100
100 Special shares	<b>100</b>	100
<b>Total</b>	<b>\$200</b>	\$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 \$11,133,000 (2024 - \$10,079,900) during the year, which represents 96% (2024 - 95%) 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 2025 was \$19,693 (2024 - \$25,210). Included in accounts payable and accrued liabilities are amounts due to the Law Society of \$59 (2024 - \$119).

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 2025 or 2024.

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. 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.

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

These grants represent the annual 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 LiRN during 2025 and 2024. It does not reflect grants made related to the Innovation and Equity of Access project.

### County and District Law Libraries Grants

Law Association	2025	2024	Law Association	2025	2024
Algoma	\$187,532	\$183,055	Middlesex	524,138	503,179
Brant	131,874	127,421	Muskoka	90,569	83,899
Bruce	74,656	71,101	Nipissing	98,684	98,684
Carleton	743,065	675,513	Norfolk	142,946	134,855
Cochrane	-	61,626	Northumberland	143,665	136,176
Dufferin	72,519	73,890	Oxford	90,225	82,490
Durham	230,037	205,067	Parry Sound	70,275	60,131
Elgin	100,500	97,225	Peel	479,656	462,630
Essex	380,797	369,276	Perth	74,400	80,000
Frontenac	149,809	145,000	Peterborough	163,506	162,343
Grey	79,419	79,419	Prescott & Russell	31,203	30,000
Haldimand	95,302	89,908	Rainy River	38,588	36,750
Halton	247,051	244,564	Renfrew	185,800	184,582
Hamilton	583,000	560,373	Simcoe	290,706	224,682
Hastings	142,712	135,821	Stormont Dundas & Glengarry	150,000	140,975
Huron	108,265	110,535	Sudbury	152,222	153,107
Kenora	100,300	98,365	Temiskaming	49,700	51,240
Kent	117,686	108,777	Thunder Bay	238,762	229,998
Lambton	152,350	119,425	Toronto	696,649	635,770
Lanark	59,100	57,300	Victoria-Haliburton	131,275	149,171
Leeds & Grenville	81,772	77,350	Waterloo	399,035	396,886
Lennox & Addington	41,800	39,500	Welland	188,689	179,268
Lincoln	285,285	254,322	Wellington	91,279	87,348
Manitoulin	-	-	York	327,109	312,183
				<b>\$9,013,912</b>	<b>\$8,601,180</b>