



DEPARTMENTAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2024

Statement of Management Responsibility Including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2024, and all information contained in these financial statements rests with the management of the Law Commission of Canada (LCC). These financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the LCC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the LCC's Departmental Results Report, will be consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities, and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the LCC and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments. A risk-based assessment of the system of ICFR for the year ended March 31, 2024 will be completed in accordance with the Treasury Board *Policy on Financial Management* and the results and action plans are summarized in the annex.

Original signed by:

Shauna Van Praagh, President
Ottawa, Canada
June 20, 2024

Tracey O'Donnell, Executive Director and
Chief Financial Officer



STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at March 31

(in dollars)

	2024	2023
Liabilities		
Accounts payable and accrued liabilities (note 4)	197,936	0
Vacation pay and compensatory leave	27,865	0
Employee future benefits (note 5)	14,079	0
Total liabilities	239,880	0
Financial assets		
Due from the Consolidated Revenue Fund	84,246	0
Accounts receivable and advances (note 6)	113,691	0
Total financial assets	197,937	0
Departmental net debt	41,943	0
Non-financial assets		
Tangible capital assets (note 7)	35,384	0
Total non-financial assets	35,384	0
Departmental net financial position	(6,559)	0

Contingent liabilities (note 8)

The accompanying notes form an integral part of these financial statements.

Shauna Van Praagh, President
Ottawa, Canada
June 20, 2024

Tracey O'Donnell, Executive Director and
Chief Financial Officer



STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION (UNAUDITED)

As at March 31

(in dollars)

	2024 Planned Results	2024 Actuals	2023 Actuals
Expenses			
Law Review	1,196,230	1,007,529	0
Internal Services	834,408	989,493	0
Total Expenses		1,997,022	0
Net cost of operations before government funding and transfers	2,030,638	1,997,022	0
Government funding and transfers			
Net cash provided by Government of Canada		1,701,902	0
Change in due from the Consolidated Revenue Fund		84,246	0
Services provided without charge by other government departments (note 9a)		204,315	0
Total government funding and transfers		1,990,463	0
Net cost of operations after government funding and transfers		6,559	0
Departmental net financial position - Beginning of year		0	0
Departmental net financial position - End of year		(6,559)	0

Segmented information (note 10)

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CHANGE IN DEPARTMENTAL NET DEBT (UNAUDITED)

As at March 31

(in dollars)

	2024	2023
Net cost of operations after government funding and transfers	6,559	0
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 7)	35,384	0
Total change due to tangible capital assets	35,384	0
Net increase (decrease) in departmental net debt	41,943	0
Departmental net debt - Beginning of year	0	0
Departmental net debt - End of year	41,943	0

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS (UNAUDITED)

As at March 31

(in dollars)

	2024	2023
Operating Activities		
Net cost of operations before government funding and transfers	1,997,022	0
Non-cash items:		
Services provided without charge by other government departments (note 9a)	(204,315)	0
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	113,691	0
Decrease (increase) in accounts payable and accrued liabilities	(197,936)	0
Decrease (increase) in vacation pay and compensatory leave	(27,865)	0
Decrease (increase) in employee future benefits	(14,079)	0
Cash used in operating activities	1,666,518	0
Capital Investing Activities		
Acquisition of tangible capital assets (note 7)	35,384	0
Cash used in capital investing activities	35,384	0
Net Cash Provided by Government of Canada	1,701,902	0

The accompanying notes form an integral part of these financial statements.



1. Authority and Objectives

The Law Commission of Canada (LCC) is an independent commission, which reports to Parliament through the Minister of Justice. Established by Parliament in the spring of 1997 by the [Law Commission of Canada Act](#), the LCC is mandated to consider the changing needs of Canadian society through the study, review, and innovative development of Canada's law and legal systems. Responsive and accountable to all Canadians, the Commission designs its program with support from its Advisory Council and in consultation with the Minister of Justice. The LCC carries out its mandate through its one program, Law Review, with the support of Internal Services.

2. Summary of Significant Accounting Policies

These financial statements have been prepared using the LCC's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The LCC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the LCC do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the basis of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-Oriented Statement of Operations included in the 2023-2024 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2023-2024 Departmental Plan.

(b) Net cash provided by Government of Canada

The LCC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the LCC is deposited to the CRF, and all cash disbursements made by the LCC are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(c) Amounts due from or to the CRF

Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the LCC is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Expenses

Expenses are recorded on an accrual basis. Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment. Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, and workers' compensation are recorded as operating expenses at their carrying value.



(e) Employee future benefits

i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The LCC’s contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The LCC’s responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan’s sponsor.

ii) Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(f) Non-financial assets

The costs of acquiring equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets. All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Office and other equipment	5 to 10 years
Informatics hardware and software	3 to 5 years
Leasehold improvements	Lesser of useful life or remaining term of the lease
Assets under construction	Once in service, in accordance with asset class

Assets under construction are recorded in the applicable asset class and amortized when they become available for use.

(g) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense is recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(h) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government’s best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are contingent liabilities, the liability for employee future benefits, salary overpayments and underpayments, allowance for doubtful accounts, and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management’s estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.



(i) Related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i) Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii) Certain services received on a without charge basis are recorded for departmental financial statements purposes at the carrying amount.

3. Parliamentary Authorities

The LCC receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the LCC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of Net Cost of Operations to Current Year Authorities Used (in dollars)

	2024	2023
Net cost of operations before government funding and transfers	1,997,022	0
Adjustments for items affecting net cost of operations but not affecting authorities:		
Decrease (increase) vacation pay and compensatory leave	(27,865)	0
Decrease (increase) in employee future benefits	(14,079)	0
Services provided without charge by other government departments	(204,315)	0
Total items affecting net cost of operations but not affecting authorities	(246,259)	0
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	35,384	0
Total items not affecting net cost of operations but affecting authorities	35,384	0
Current year authorities used	1,786,147	0



(b) Authorities Provided and Used (in dollars)

	2024	2023
Authorities provided		
Vote 1 – Operating expenditures	4,325,486	4,370,781
Statutory amounts	144,680	0
	4,470,166	4,370,781
Less: lapsed operating	(2,684,019)	(4,370,781)
Current year authorities used	1,786,147	0

4. Accounts Payable and Accrued Liabilities

The following table presents details of the LCC’s accounts payable and accrued liabilities:
(in dollars)

	2024	2023
Accounts payable - Other government departments and agencies	9,245	0
Accounts payable - External parties	60,925	0
Total accounts payable	70,170	0
Accrued liabilities	127,766	0
Total accounts payable and accrued liabilities	197,936	0



5. Employee Future Benefits

(a) Pension benefits

The LCC’s employees participate in the Public Service Pension Plan (the “Plan”), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and the LCC contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2023-2024 expense amounts to \$85,665 (\$0 in 2022-2023). For Group 1 members, the expense represents approximately 1.02 times (0 times in 2022-2023) the employee contributions and, for Group 2 members, approximately 1.00 times (0 times in 2022-2023) the employee contributions.

The LCC’s responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the Plan’s sponsor.

(b) Severance benefits

Severance benefits provided to the LCC’s employees were previously based on an employee’s eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2024, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:
(in dollars)

	2024	2023
Accrued benefit obligation – Beginning of year	0	0
Expense for the year	14,079	0
Benefits paid during the year	0	0
Accrued benefit obligation – End of year	14,079	0



6. Accounts Receivable and Advances

The following table presents details of the LCC’s accounts receivable and advances balances:
(in dollars)

	2024	2023
Receivables – Other government departments and agencies	113,691	0
Total accounts receivable and advances	113,691	0

7. Tangible Capital Assets

This note presents the detail by category of tangible capital assets.
Cost (in dollars)

Capital Asset Class	Opening Balance	Acquisitions	Adjustments	Closing Balance
Assets under construction – leasehold improvements	35,384	0	0	35,384
Total	35,384	0	0	35,384

Accumulated Amortization

(in dollars)

Capital Asset Class	Opening Balance	Amortization	Closing Balance
Assets under construction – leasehold improvements	0	0	0
Total	0	0	0



Net Book Value

(in dollars)

Capital Asset Class	2024	2023
Assets under construction – leasehold improvements	35,384	0
Total	35,384	0

8. Contingent Liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. As at March 31, 2024, the LCC has no contingent liabilities.

9. Related Party Transactions

The LCC is related as a result of common ownership to all government departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family members of that individual.

The LCC enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Common Services Provided Without Charge by Other Government Departments

During the year, the LCC received services without charge from certain common service organizations related to accommodation, the employer’s contribution to the health and dental insurance plans and workers’ compensation coverage. These services provided without charge have been recorded at the carrying value in the LCC’s Statement of Operations and Departmental Net Financial Position as follows:

(in dollars)

	2024	2023
Accommodation	107,644	0
Employer's contribution to the health and dental insurance plans	96,671	0
Workers’ compensation	0	0
Total	204,315	0



The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge.

The cost of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada and audit services provided by the Office of the Auditor General are not included in the LCC's Statement of Operations and Departmental Net Financial Position.

(b) Other Transactions with Other Government Departments and Agencies

(in dollars)

	2024	2023
Accounts receivable	113,691	0
Accounts payable	9,245	0
Expenses	1,175,419	0

Expenses disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).



10. Segmented Information

Presentation by segment is based on the LCC's core responsibility, as well as its internal services. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies in note 2. The following table presents the expenses incurred for the core responsibility, by major object of expense. The segment results for the period are as follows:

			Total	
	Law Review	Internal Services	2024	2023
Salaries and employee benefits	863,818	482,964	1,346,782	0
Accommodation	69,166	38,478	107,644	0
Professional and special services	10,915	412,919	423,834	0
Utilities, materials and supplies	7,337	1,464	8,801	0
Travel and relocation	55,561	4,920	60,481	0
Information	0	39,424	39,424	0
Communications & Other	732	374	1,106	0
Repair and maintenance	0	8,950	8,950	0
Net cost of operations before government funding and transfers	1,007,529	989,493	1,997,022	0



ANNEX TO THE STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING

As at March 31, 2024

Introduction / Assessment results for the 2023 to 2024 fiscal year

Fiscal year 2023-24 marks the LCC's first year of operations. As a result, there have been no audits or self-assessments performed to date as part of the ICFR. It is anticipated that in fiscal year 2024-25, the LCC will proceed with self-assessments for micro-organizations in the areas of Pay Administration and Travel as per the assessment table below.

Assessment plan

Going forward, it is anticipated that the LCC as a micro-organization will follow the self-assessment schedule laid out by the Office of the Comptroller General (OCG) as follows:

Key control areas	2024 – 2025 fiscal year	2025 – 2026 fiscal year	2026 – 2027 fiscal year
Pay Administration	X		
Travel	X		
Hospitality		X	
Fleet Management		X	
Acquisition Cards			X
Leave			X