This Report covers the period
June 2011 to June 2012
The Law Society of Newfoundland and Labrador

Annual Report
2011 - 2012
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Fiscal Year Ended December 31, 2011

Auditors’ Report and Financial Statements, Lawyers’ Insurance Program
Fiscal Year Ended December 31, 2011
BENCHERS

Officers:

President: Augustine F. Bruce
Vice-President: Morgan C. Cooper

Elective Benchers

Eastern District:
Kenneth L. Baggs, QC
R. Paul Burgess
Barry G. Fleming, QC
Susan M. LeDrew
Liam P. O’Brien
Ian C. Wallace
Donovan F. Molloy
Amy M. Crosbie
Donald E. Anthony

(Coald Anthony is currently serving the balance of the term to which Brenda B. Grimes was elected prior to her becoming Executive Director of the Law Society of Newfoundland and Labrador.)

Central District:
Marcus A. Evans
Kevin T.A. Preston

Western District:
Shawn C. A. Colbourne, QC
George L. Murphy, QC

Labrador District:
J. John Noseworthy

Appointed Benchers

Don Downer
Linda Harnett

Glenda Reid
Bert Riggs

Honorary Benchers

Lewis B. Andrews, QC
Jeffrey P. Benson, QC
V. Randell J Earle, QC
J. David B. Eaton, QC
Francis P. Fowler, QC
J. Vernon French, QC
Brian F. Furey, QC
Sheila H. Greene, QC
The Hon Mr. Justice W. Goodridge
The Hon Chief Justice J. D. Green
The Hon Gloria Harding
Edward M. Hearn, QC
Thomas R. Kendall, QC
R. Barry Learmonth, QC
Dana K. Lenehan, QC

Augustus G. Lilly, QC
Dennis C. MacKay, QC
G. David Martin, QC
Paul M. McDonald
Irene S. Muzychka
Stephanie L. Newell, QC
Glen L.C. Noel
M. Francis O’Dea, QC
Thomas J. O’Reilly, QC
Ernest G. Reid, QC
John F. Roil, QC
The Hon Mr. Justice D. Russell
Robert M. Sinclair, QC
The Hon. Mr. Justice R. Wells
Marina C. Whitten, QC
Treasurers / Presidents of the Law Society

1846 Hon Wm. B. Rowe, QC
1849 Bryan Robinson, QC
1852 E. M. Archibald
1855 F. B. T. Carter
1866 Wm. V. Whiteway
1869 Robert J. Pinsent, QC
1870 Wm. V. Whiteway
1879 Robert J. Pinsent, QC
1881 J. J. Little, QC
1885 Robert J. Kent, QC
1893 Sir Wm. V. Whiteway, KCMG, QC
1908 Sir James S. Winter
1911 Daniel J. Greene, KC
1912 Donald Morrison, KC
1919 J. A. Clift, KC
1923 P. F. Summers, KC
1927 W. R. Howley, KC
1941 C. O’N. Conroy, KC
1947 John G. Higgins, QC
1958 R. S. Furlong, QC
1959 G. M. Stirling, CM, QC
1971 R. W. Bartlett, QC
1974 Donald A. Mercer, QC
1977 Robert Wells, QC
1981 Francis P. Fowler, QC
1982 Ernest G. Reid, QC
1983 Thomas J. O’Reilly, QC
1984 M. Francis O’Dea, QC
1985 Peter W. Strong, QC
1986 David L. Russell, QC
1986 G. David Martin, QC
1987 J. Vernon French, QC
1988 Lewis B. Andrews, QC
1989 John F. Roil, QC
1990 J. Derek Green, QC
1991 R. Barry Learmonth
1992 Thomas R. Kendell, QC
1993 Augustus G. Lilly, QC
1994 V. Randell J. Earle, QC
1995 Reginald H. Brown, QC
1996 Dana K. Lenehan, QC
1997 Gloria Harding
1998 J. David B. Eaton
1999 Dennis C. MacKay
2000 Robert M. Sinclair, QC
2001 Jeffrey P. Benson, QC
2002 William H. Goodridge, QC
2003 Stephanie L. Newell
2004 Brian F. Furey
2005 Edward M. Hearn, QC
2006 Paul M. McDonald
2007 Marina C. Whitten
2008 Sheila H. Greene, QC
2009 Irene S. Muzychka
2010 Glen L.C. Noel
2011 Augustine F. Bruce

Secretaries / Vice-Presidents of the Law Society

1846 E. M. Archibald
1847 H. W. Hoyles
1849 F. B. T. Carter
1855 George Hogsett
1856 Henry A. Clift
1869 M. W. Walbank
1866 Robert J. Pinsent
1869 M. W. Walbank
1877 T. I. Keough, QC
1879 Prescott Emerson, QC
1885 Prescott Emerson, QC
1889 A. J. W. McNeily, QC
1895 D. M. Browning
1914 C. O’N. Conroy
1916 C. H. Emerson, KC
1919 Rt. Hon. Sir Wm. Lloyd
1937 J. G. Higgins, QC
1947 J. A. Barron, QC
1958 G. M. Stirling, CM, QC
1959 T. A. Hickman, QC
1967 D. A. Mercer, QC
1974 Noel Goodridge, QC
1976 Francis P. Fowler, QC
1981 Ernest G. Reid, QC
1982 Thomas J. O’Reilly, QC
1983 M. Francis O’Dea, QC
1984 Peter W. Strong, QC
1985 David L. Russell, QC
1986 G. David Martin, QC
1986 J. Vernon French, QC
1987 Lewis B. Andrews, QC
1988 John F. Roil, QC
1989 J. Derek Green, QC
1990 R. Barry Learmonth
1991 Thomas R. Kendell, QC
1992 Augustus G. Lilly, QC
1993 V. Randell J. Earle, QC
1994 Reginald H. Brown, QC
1995 Dana K. Lenehan, QC
1996 Gloria Harding
1997 J. David B. Eaton
1998 Dennis C. MacKay
1999 Robert M. Sinclair, QC
2000 Jeffrey P. Benson
2001 William H. Goodridge, QC
2002 Stephanie L. Newell
2003 Brian F. Furey
2004 Edward M. Hearn, QC
2005 Paul M. McDonald
2006 Marina C. Whitten
2007 Sheila H. Greene, QC
2008 Irene S. Muzychka
2009 Glen L.C. Noel
2010 Augustine F. Bruce
2011 Morgan C. Cooper

— 1834-1845 Records of the Society were destroyed in the Great Fire of June 9, 1846 —
## LAW SOCIETY STAFF

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director</td>
<td>Brenda B. Grimes</td>
<td></td>
</tr>
<tr>
<td>Director of Legal Education</td>
<td>Francis P. O'Brien</td>
<td></td>
</tr>
<tr>
<td>Legal Director</td>
<td>Phyllis E. Weir</td>
<td></td>
</tr>
<tr>
<td>Library Director</td>
<td>Gail A. Hogan</td>
<td></td>
</tr>
<tr>
<td>Librarian</td>
<td>Heather A. Myers</td>
<td></td>
</tr>
<tr>
<td>Accountant</td>
<td>Richard T. Yabsley</td>
<td></td>
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<tr>
<td>Administrators</td>
<td>Janice K. Ringrose</td>
<td>Insurance</td>
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<tr>
<td></td>
<td>Pamela A. Marks</td>
<td>Professional Responsibility</td>
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<td>Administrative Assistants</td>
<td>Anne P. Cross</td>
<td>Professional Responsibility</td>
</tr>
<tr>
<td></td>
<td>Regina M. Whitty</td>
<td>Education</td>
</tr>
<tr>
<td></td>
<td>S. Renee Whalen</td>
<td>Library / Reception</td>
</tr>
<tr>
<td></td>
<td>Lisa E. Kennedy</td>
<td>Custodianship</td>
</tr>
<tr>
<td></td>
<td>Erin C. Rowe</td>
<td>Administration / Accounting</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Donald Norman</td>
<td></td>
</tr>
<tr>
<td>Technician</td>
<td>Brenda Blunden</td>
<td>Library Part-time</td>
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</table>
MEMBERSHIP

Membership Statistics as of June, 2012:

<p>| | |</p>
<table>
<thead>
<tr>
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<tr>
<td>Practising (Insured):</td>
<td>499</td>
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<tr>
<td>Practising (Uninsured):</td>
<td>204</td>
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<tr>
<td>Non-Practising:</td>
<td>201</td>
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<tr>
<td>Life:</td>
<td>27</td>
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<tr>
<td>TOTAL</td>
<td>931</td>
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The total membership figures for the years since Confederation with Canada are as follows:

<table>
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<tr>
<th>Year</th>
<th>Membership</th>
<th>Year</th>
<th>Membership</th>
<th>Year</th>
<th>Membership</th>
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<tbody>
<tr>
<td>1950</td>
<td>66</td>
<td>1966</td>
<td>86</td>
<td>1982</td>
<td>333</td>
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<td>1951</td>
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<td>1967</td>
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<td>106</td>
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<td>1955</td>
<td>75</td>
<td>1971</td>
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<td>1987</td>
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<td>1956</td>
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<td>1972</td>
<td>129</td>
<td>1988</td>
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<td>1957</td>
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<td>1974</td>
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<td>1965</td>
<td>86</td>
<td>1981</td>
<td>316</td>
<td>1997</td>
<td>683</td>
</tr>
</tbody>
</table>
Three lawyers were called to Bar of Newfoundland and Labrador on October 7, 2011

Roll #
1531  Maria Kyriacou
1532  James Bruce Wycliffe Goodwin

Seventeen lawyers were called to the Bar of Newfoundland and Labrador on February 17, 2012

Roll #
1534  Ronotta Mary Thomas
1535  Stephanie Sharene Tiller
1536  Lily Anne Wroblewski
1537  Meghan Maria King
1538  Danielle Simone Duchene
1539  Stephen John William Penney
1540  Alexander Bronislaw Stefan Baranowski
1541  Ginger Kathleen Holmes
1542  John Michael Cabot
1543  Lindsay Sue Ann Hollett
1544  Matthew Cornelius Patrick Walsh
1545  Adam Bernard Joyce
1546  Rebecca Mav Crosbie Marshall
1547  Benjamin Peter Curties
1548  Margaret Elizabeth Noseworthy
1549  Robin Crystal Singleton
1550  John Michael Collins

Five lawyers were called to the Bar of Newfoundland and Labrador on April 13, 2012

Roll #
1551  Jane Elizabeth Crosbie
1552  Daniel Galen Kutcher
1553  Katherine Fong Dearness
1554  Jessica Rockwood Pynn
1555  Alexandria Susan Gail Hollett

Lawyers were first regulated in Newfoundland under a Royal Charter of 1826; the Law Society was incorporated on July 1, 1834.

The Benchers record with regret the death of the following members and past members during the period from June 2011 to June 2012:

Wayne Fisher Spracklin
called February 12, 1970, Roll #298

James Richard Chalker
called December 3, 1956, Roll #240

The Honourable Mr. Justice Gordon Easton
called November 25, 1958, Roll # 244
LAW SOCIETY COMMITTEES

EXECUTIVE COMMITTEE:

Augustine F. Bruce, President
Morgan C. Cooper, Vice-President
Glen L.C. Noel, Past President
George L. Murphy, QC
Kenneth L. Baggs, QC
Brenda B. Grimes, ex officio

STATUTORY COMMITTEES:

Complaints Authorization Committee
George L. Murphy, QC, Chair
J. David B. Eaton, QC, Vice-Chair
Linda Harnett, Appointed Bencher
Phyllis E. Weir, ex officio

Alternate Members
Kenneth L. Baggs, QC
Sheila H. Greene, QC
Glenda Reid, Appointed Bencher
Marina C. Whitten, QC

Discipline Committee
Irene S. Muzychka, Chair
John M. Green, QC, Vice-Chair

Law Society Members:
John M. Babb, QC
Glen S. Belbin
Katrina A. Brannan
Kimberley D. Burridge
Janis C. Byrne
Wayne D. Chamberlain
Sandra R. Chaytor, QC
S. Bruce Chislett
Paul L. Coxworthy
Michael J. Crosbie, QC
Jean V. Dawe, QC
Rosemary Dawson
V. Randell J. Earle, QC
Anne M. Fagan
Donald J. Gallant
Bruce C. Grant, QC

Deborah L.J. Hutchings
David A. King, QC
R. Barry Learmonth, QC
Mary J. Mandville
Tobias F. McDonald, QC
John W. McGrath, QC
James C. Oakley
Mary C. O’Brien
John V.B. O’Dea
D. Richard Robbins
Linda M. Rose, QC
Daniel W. Simmons
Ellen E.M. Turpin
James E. Vavasour, QC
John D. Brooks, QC
Dennis N. Clarke
Paul D. Dicks, QC
Tamara L. Drover
Gladys H. Dunne
Gregory A. French
Brian R. Gatien
Stephanie S. Hickman
David W. Jones, QC
Lee Ann L. Montgomery
Lynn M. Moore
Gregory A.C. Moores
Tracey Pasley
Stephen F. Penney
Richard S. Rogers
James L. Thistle, QC
Thomas E. Williams, QC
Rodney J. Zdebiak

Appointed Representatives:
Harold Barrett
Bernard Bolger
Angela Bowes
Herbert Burry
Frederick Drover
Freida Faour
Mark King
Ruth Noel
Thomas Quigley
Raymond Rose
Dr. Marina Sexton
Education Committee
Ian C Wallace, Chair

David G. L. Buffett, QC
J. David B. Eaton, QC
Heather M. Jacobs

D. Bradford Wicks, QC
Francis P. O’Brien, ex officio

RULES-BASED COMMITTEES:

Accounts and Finance Committee
Barry G. Fleming, QC, Chair

George L. Murphy, QC
Glenda Reid

Brenda B. Grimes, ex officio
Richard T. Yabsley, ex officio

Bar Admission Committee
J. David B. Eaton, QC, Chair

Aubrey L. Bonnell, QC
Sandra M. Burke, QC
V. Randell J. Earle, QC

Glen L.C. Noel
Gregory M. Smith
Francis P. O’Brien, ex officio

Custodialship Committee
Barry G. Fleming, QC
Kenneth W. Jerrett
Brenda B. Grimes, ex officio

Library Committee
Liam P. O’Brien, Chair

Rebecca C. Phillipps
Padraig J. Mohan
Maeve A. Baird
Angela M. Whitehead
Andrew A. Fitzgerald

Benjamin J. Blackmore
Bert Riggs, Appointed Bencher
Gail A. Hogan, Librarian
Heather A. Myers, Librarian
Brenda B. Grimes, ex officio

BENCHER APPOINTED STANDING COMMITTEES:

Archives Committee
Bert Riggs, Chair, Appointed Bencher

Justin S. C. Mellor
Veva B. Moulton

Rebecca C. Phillipps
Gail A. Hogan, Librarian

Claims Review Committee
Francis P. O’Dea, QC, Counsel
Lewis B. Andrews, QC

Raymond P. Walsh, ex officio
Janice K. Ringrose, ex officio
Honours and Awards Committee
Marcus A. Evans, Chair
John D. Brooks, QC
V. Randell J. Earle, QC
Paul M. McDonald
Bert Riggs, Appointed Bencher
Edward J. Shortall, QC

Insurance Committee
R. Paul Burgess, Chair
Philip J. Buckingham
Edward M. Hearn, QC
Stephen J. May, CLIA Board Rep.
Francis P. O'Dea, QC
Maureen E. Ryan
Raymond P. Walsh, ex officio
Janice K. Ringrose, ex officio
Brenda B. Grimes, ex officio

Law Society Act and Rules Committee
Kevin T.A. Preston, QC, Chair
Donald E. Anthony
Jane C. Hennebury
Jamie P. Martin
Karen M. Stone
Brenda B. Grimes, ex officio

Legislation Committee
Brian F Furey, Chair
John D. Brooks, QC
Tobias F. McDonald, QC,
Court Rules Committee Rep.
James C. Oakley,
Court Rules Committee Rep.
John V. O'Dea,
Court Rules Committee Rep.
Glen L.C. Noel
Francis P. O'Brien, ex officio

Practice Rules Compliance Committee
Kenneth L Baggs, QC, Chair
Shelley L Bryant
Annette M. Conway
Bert Riggs, Appointed Bencher
Roland C. Snelgrove, QC
Diane Rendell, ex officio
Augustine F. Bruce, ex officio
Phyllis E. Weir, ex officio
Brenda B. Grimes, ex officio

Professional Law Corporations Committee
Jeffrey P. Benson, QC, Chair
Michael H. Duffy
Maureen E. Ryan
Brenda B. Grimes, ex officio

Project Daisy Committee
Christopher P. Curran, QC Co-chair
The Honourable Judge John L. Joy, Co-chair
Mel Baker
The Hon. Judge Gerald J Barnable
Thomas J. Burke, QC
John F.E. Drover
Christopher English
The Hon. J. Derek Green,
Chief Justice of Newfoundland & Labrador
David J. Jones, QC
Brenda B. Grimes, ex officio
JOINT LIAISON COMMITTEES:
Law Society and Newfoundland and Labrador Medical Association Committee
Daniel M. Boone, Chair
Thomas J. Johnson
LeeAnn L. Montgomery
Thomas G. Mills
Edward F. Noonan, QC

Professionals’ Assistance Committee
Brian F. Furey, QC
Amy M. Crosbie
Brenda B. Grimes, ex officio
PRESIDENT'S ANNUAL REPORT

Augustine F. Bruce

It is my privilege to present the President's annual report for 2011-2012 summarizing some of the significant events, accomplishments and activities of the Law Society during my term (17 June 2011 to 8 June 2012).

Call to Bar for New Lawyers
One of the more pleasant tasks as President of the Law Society is the opportunity to participate in the various ceremonies and celebrations of the Law Society including the Call to Bar ceremonies, three (3) of which took place between 1 July 2011 and 31 May 2012. The result of these was the admission of 25 new lawyers to the practice of law, 22 of whom were students who had recently completed law school, articled and successfully completed the Bar Admission Course in this province. In addition, there were 3 lawyers who transferred from other Canadian jurisdictions pursuant to the National Mobility Agreement.

As is customary, the Law Society hosted receptions following these Call to Bar ceremonies at the Law Society offices.

The practice of law is an exciting and rewarding career but it also brings with it much responsibility. It is incumbent upon all members of the Law Society to provide guidance and support to these new colleagues as they move forward on their chosen career path.

New Judges
Another notable ceremonial occasion occurs when a member of the Law Society makes the transition from the Bar to the Bench upon being appointed as a Judge. This appointment marks the end of that person’s membership in the Law Society but it is still an occasion to be recognized and celebrated by the members of the Law Society as it highlights the esteem in which this former member is held. During my term, I had the honor to attend at the Swearing In ceremonies of both Judge Pamela Goulding and Judge Laura A. Mennie, both of whom were appointed to the Provincial Courts in St. John's and Stephenville respectively to extend congratulations and best wishes on behalf of the Law Society.

The Law Society, in partnership with the Provincial Court, co-hosted receptions following both of these ceremonies which were held in St. John's and Corner Brook.

The Work of the Law Society:

Benchers, the Executive Committee and Law Society Professional Staff
As the governing body of the Law Society, Benchers have the authority to regulate the practice of law and the legal profession in the public interest. Benchers consists of 17 elected members of the Law Society, and four lay members appointed by a Committee chaired by the Chief Justice of the Trial Division of the Supreme Court of NL. Having been a Bencher of the Law Society for the past 9 years, I have a unique perspective on the complexities of this regulation. We are fortunate to have very dedicated and engaged Benchers, who always are ready to carefully consider and engage in meaningful debate about the issues that come to the Benchers’ meetings.

Benchers, in conjunction with the Executive Committee, the Complaints Authorization Committee, the Insurance Committee, the Education Committee and many others, have important roles to play in policy development, and legislative change, all with the objective of protecting the public interest. In order to successfully carry out these roles, significant reliance must be placed on the information, guidance and advice provided by the Law Society’s senior professional staff.
As you are no doubt aware, from February 2010 to October 2011, the role of Executive Director was filled on an interim basis by Legal Director, Phyllis Weir and Director of Legal Education, Frank O’Brien who acted as Co-Executive Directors in addition to their regular duties. While this was no doubt challenging, they succeeded in shepherding the Law Society through this transitional period. They are to be commended for their efforts in this regard, and I thank them for the good work done on behalf of the Law Society during this transitional period.

The work of the Search Committee appointed by Benchers in mid 2011 culminated in the appointment of Brenda B. Grimes as Executive Director of the Law Society. Ms. Grimes brings to the Law Society nearly twenty years experience in the practice of law. In 1992, she began her career in the practice of law, and became a partner of her firm in 1999. Prior to her appointment as Executive Director, Ms. Grimes served as a Law Society Bencher for over three years and participated in a number of the Law Society’s Committees.

Since her appointment, Ms. Grimes has directly managed the daily operations of the Law Society and has been working diligently to properly advise, inform and support Benchers and the Executive to ensure that the best interests of the public are protected and that the Law Society properly fulfils its statutory governance mandate. I thank Brenda for her diligence and commitment to the work that she has taken on, and the dedication that she has shown in her first year on the job. Benchers look forward to continuing to work in collaboration with Ms. Grimes and the rest of the Law Society’s professional and administrative staff in the continued discharge of the responsibilities of our Society, and the successful regulation of the practice of law and the legal profession in the public interest.

Notable Positive Initiatives / Results Achieved this Year

The process of transition at the Law Society has continued throughout the present year with the positive steps taken in previous years being continued and expanded upon. While all of the changes and initiatives may not lead to visible results immediately, the long term impact will be significant. I am confident that we have a strong and effective Law Society, well placed to carry out its public protection mandate in an effective and efficient manner. Some examples of positive initiatives/results include:

1. Management has continued to keep Benchers well informed on key operations and programs, including finances, insurance and custodianships;

2. There has been ongoing improvement in financial and accounting administration and operations including, following a request for proposals, a change in our investment advisors which we hope will lead to more robust investment returns. The review of operational expenses continues and the Law Society is currently seeking quotes for disability and medical benefits coverage to ensure that we have the most cost effective alternative for our needs;

3. We have undertaken some infrastructure improvements including the replacement and consolidation of computer hardware and operating systems and the introduction of a secure offsite backup system to ensure the integrity and safety of Law Society information;

4. A review of various internal administrative policies and processes has been commenced and continues;

5. There has been continued improvement in the general transparency and understanding of Law Society operations by Benchers and members;
6. The publication of Benchers' Notes is in the process of being reintroduced after a hiatus of several years;

7. A redesign of the Law Society's website has been initiated and is ongoing. It is hoped that the new website will provide enhanced information services and greater usability for both members and the public;

8. The Law Society has reinitiated its applications to the Law Foundation for contribution to the funding of the CLE and Bar Admission programs.

9. The Law Society's strong financial position helps to ensure that the Law Society can carry out its statutory mandate of protection of the public. Due to good budgeting and management of claims, the Insurance Programme's surplus has stabilized, allowing a reduction of both the insurance premium and the transaction levy for 2012.

Committee Work
The work of Law Society staff and Benchers is often augmented by the work done by the committees listed, many of whom have included summaries of their activities elsewhere in this Annual Report. The committees assist in a wide range of areas including education, finance and accounts, the library, professional law corporations, compliance with trust and practice rules, discipline and professional conduct, admissions, insurance, to name a few. The work is always challenging and often time consuming but it is invaluable to the success and effective operation of the Law Society. The dedication of these committee members must be recognized.

Federation of Law Societies of Canada
As a member of the Federation of Law Societies of Canada, a national organization of Law Societies throughout the country, the Law Society has access to a broader range of resources to assist it in carrying out its mandate than it would otherwise have. Matters of national importance which are discussed at the Federation level quite often lead to the creation of and implementation of common policies in each jurisdiction. This commonality helps in the adoption of uniform best practices and provides for a larger pool of precedent on which to draw when interpreting matters locally. It also ensures that mobility between provinces is more seamless. All of this is of benefit to the profession and protects the public interest.

One of the more important initiatives of the Federation of Law Societies of Canada which benefits members of the Law Society and the public at large is the Canadian Legal Information Institute (CanLII), a virtual law library service which, except for an annual per lawyer levy, is a free service. The Law Society assists in the maintenance and expansion of this library by ensuring that the collection of judgments and legislation from this province which is available on the CanLII site is as current and comprehensive as possible. Use of CanLII by members and by the public continues to grow steadily, indicating the need for and value of this public service.

Other important initiatives currently in progress include the development of national standards in the areas of discipline and education and regulation of the legal profession. I attended the Federation of Law Societies' meetings in Prince Edward Island in September, 2011, and in Yellowknife in March, 2012, and had the opportunity to participate in discussions about these national initiatives.

At the September, 2011, Federation of Law Societies of Canada meeting, the main theme of the conference dealt with the implementation of national admission standards. The aim of this conference was to update all participants on the Federation's national admission standards project, placing the current approach to admission to Canada's legal profession in a comparative context. This meeting prompted interesting and important discussions amongst all participants about the future of national admission standards. At the March, 2012, Federation of Law Societies of
Canada meeting, the main theme of the conference dealt with differing models of delivery of legal services and the regulation of the legal profession within Canada and internationally, the factors which drive calls for change in regulation, and the consequences of some changes, particularly on independence. The Federation and all its member Law Societies are greatly informed by the experiences in other nations in this respect.

Law Foundation
We are fortunate and grateful once again to have the continued financial support of the Law Foundation of Newfoundland and Labrador for law libraries. For 2011, the Foundation granted $51,000 for law libraries in the province. This funding is allocated among the Law Society Law Library in St. John’s and the libraries in Corner Brook and Gander. The Governors of the Law Foundation are Jeffrey Benson, QC, Chair, Aubrey Bonnell, QC, Kenneth Baggs, QC, Linda Rose, QC, Beverley Marks, QC, L. Wade Locke, and Adam J. Sparkes. Mr. Lawrence Collins is the Foundation’s Executive Director. On behalf of Benchers and the Law Society, I would like to extend sincere thanks to the Law Foundation and its Board of Governors for its continued support, which is crucial to maintaining and upgrading the library resources so essential to the profession and the public.

Our Volunteers
I have been a Bencher since 2003 and, over the ensuing years, have had countless opportunities to observe the dedication of numerous members and non-members as they contribute, on a volunteer basis, to the important work of the Law Society. Whether they are contributing at the Benchers’ level, on one of the Law Society’s committees or in other ways, our volunteers strengthen our professional community, thus enhancing and advancing the integrity, credibility and future of the profession. On behalf of Benchers and the Law Society, thank you for all of your hard work and commitment.

Conclusion
The Law Society has an important mandate to fulfill in ensuring that the integrity of the profession is maintained and the interests of the public are protected. As the Bar grows larger and barriers to mobility disappear, new issues and challenges arise. Changes in the way legal services are delivered and increasing reliance on electronic communication contribute to the complexity of the Law Society’s work. As a Bencher and President, I have seen firsthand how much the work of the Law Society has changed in response to our changing world. I know that many other changes will occur as time goes on, as the Law Society strives to ensure that its method of regulation is dynamic and responsive to the challenges of a changing profession. Being a Bencher is an important, sometimes onerous, always challenging but incredibly rewarding experience which I have enjoyed immensely. I would encourage all of you to consider participating in the work of the Law Society at this level.

In closing, I have been enriched by my experience as a Bencher and honored to have had the opportunity to serve the profession and our members as a Bencher and as President. Thank you for giving me that opportunity.

I want to thank and commend Benchers, Executive Committee members, and the entire Law Society team, for their valued support and assistance. Best wishes to all involved in the Law Society for continued success.
The Law Society Act, 1999 (the “Act”) prescribes the Vice-President’s role in the disciplinary process. The Vice-President receives reports from the Legal Director and submits allegations to the Complaints Authorization Committee. The Complaints Authorization Committee, a statutory committee consisting of three Benchers, at least one of whom is an appointed Bencher, screens allegations of conduct deserving of sanction. Conduct deserving of sanction is defined in section 41 of the Act to include professional misconduct, failure to maintain the standards of practice, conduct unbecoming a member of the Society, acting in breach of the Act or the Law Society Rules and failing to adhere to the Code of Professional Conduct.

The Vice-President, with the consent of the parties, may attempt to resolve an allegation or may refer the allegation to alternate dispute resolution. If the allegation is resolved the mediator confirms the resolution and the file is closed. Where a satisfactory resolution is not achieved then the allegation is referred to the Complaints Authorization Committee. The initial assessment of an allegation is subject to the third party allegation policy.

A third party allegation is an allegation received from a non-client or a lawyer opposed in interest to the client of the solicitor against whom the allegation is made. Following a review of the allegation on the basis of specific factors, the Vice-President has discretion to decline or to defer the investigation pending the final determination of a proceeding. When an investigation is deferred, the Vice-President requests, from the respondent, a consent and a waiver of delay. When an investigation is declined, the complainant is advised that outstanding issues, if any, may be re-filed with the Law Society subsequent to the final determination of the proceeding.

The powers of the Complaints Authorization Committee are prescribed by section 45 of the Act and include the authority to conduct investigation, conduct a practice review and require the member’s appearance before the Committee. The investigation/review is conducted through the Legal Director’s office. Following its final consideration of an allegation, the Complaints Authorization Committee will either dismiss the allegation or, where there are reasonable grounds to believe that a respondent has engaged in conduct deserving of sanction, the Committee will authorize the Complaint. A complainant whose allegation is dismissed by the Complaints Authorization Committee has a right to appeal to the Supreme Court, Trial Division.

Following authorization of the Complaint, the Complaints Authorization Committee may counsel or caution the respondent, may instruct the Vice-President to file the Complaint and refer it to the Disciplinary Panel, make an application for appointment of a Custodian of the member’s practice, and suspend or restrict the member’s licence to practice.

The Disciplinary Panel, appointed pursuant to section 42 of the Act, is comprised of Law Society members and lay representatives, appointed by the Minister of Justice. For the purpose of dealing with Complaints referred and applications made to the Disciplinary Panel, the Chairperson appoints an Adjudication Tribunal, consisting of two members and one lay representative, to hear the matter. The Hearing proceeds pursuant to sections 47 through 51 of the Act. A party to the Hearing has the right to appeal an Order or Decision of the Adjudication Tribunal to the Supreme Court of Newfoundland and Labrador, Trial Division.
Information concerning Complaints processed during the current reporting period follows. The Complaints Authorization Committee has authorized fifteen Complaints; six of which resulted in letters of counsel; four resulted in letters of caution and five were referred to the Disciplinary Panel. Currently there are eight complaints before the Disciplinary Panel. During this reporting period one decision was filed by an Adjudication Tribunal. The Tribunal found the member not guilty with respect to one allegation and guilty of conduct deserving of sanction with respect to another allegation. The member was ordered to pay a fine and pay one half the expenses incurred by the Law Society. Following the hearing of an Appeal in another Complaint, the Supreme Court, Court of Appeal remitted the matter to the Tribunal for further hearing on the appropriate sanction. The hearing is scheduled for September 2012.

Hundreds of hours of volunteer time are contributed on an annual basis by members of the Complaints Authorization Committee and by members of the Disciplinary Panel to the Law Society’s disciplinary process. The Society could not function without the dedication and volunteer time of benchers and committee members. Your contribution is significant and very much appreciated.
The Bar Admission Course for Newfoundland and Labrador began on October 4, 2011 and continued until November 18, 2011. This year 32 students took the Course. The Bar Course is a seven (7) week intensive educational experience in which students cover practical material on provincial and federal law.

What follows is an overview of the Course:

**Family Law:**
Topics include divorce proceedings, parenting (custody and access), child and spousal support, matrimonial property, provincial family legislation, pensions, court procedure, child protection, support enforcement and tax implications of family law. There is also a panel discussion on the practice of family law.

**Corporate / Commercial Law:**
Topics include incorporation and organizing a business, registration issues, corporate procedures, corporate finance, the *Personal Property Security Act*, security opinions, purchase and sale of a business/shares and commercial insolvency.

**Civil Procedure:**
Topics include limitations of actions, fatal accidents, survival of actions, commencing proceedings, service, defences, counterclaims, third party proceedings, summary trial, expedited trial, discovery and disclosure of evidence, setting down for trial, the *Judgment Enforcement Act*, civil appeals, costs and alternative dispute resolution mechanisms.

**Practice Skills, Practice Management and Ethics:**
The Course presents lawyering-skills workshops where students receive instruction in direct examination, cross-examination, negotiating settlements, interviewing clients, examination for discovery, risk management and how to avoid professional negligence claims. As well there is a session on maintaining a balance between professional and personal lives, a presentation on the Lamor Inquiry and a presentation on using the resources of the Law Society Library. There are also presentations on the Law Society Trust Accounting requirements and professional conduct and client complaints. There is a separate section on ethics and the *Code of Professional Conduct*, in which students complete a written assignment.

**Criminal Law and Procedure:**
Topics include the court structure, presumptions and burdens, classification of offences, pre-arrest, arrest, charge, first appearances, judicial interim release, disclosure, elections and re-elections, solicitor/client matters, preliminary inquiries, pre-trial matters, Charter applications, trial by judge alone, jury trials, the sentencing process, types of sentences, criminal appeals, young offenders, evidentiary matters, voir dires, search and seizure and defences. As well, in this section, students receive instruction on advocacy skills, there is a panel discussion with judges on the topic of advocacy, and students prepare for and participate in a mock trial and sentencing exercises.

**Administrative Law:**
Topics include the Labour Relations Board, labour and commercial arbitration, municipal law, the Human Rights Commission, the Workplace Health, Safety and Compensation Commission, the professional discipline process, statutory appeals, judicial review of arbitration and a presentation on judicial review and other prerogative orders.

**Real Estate and Wills:**
Topics include the registry system and land tenure, the real estate transaction, the mort-
gage, professional responsibility in real estate issues, title insurance, survey/location certificates, taxation issues, crown lands, quieting of titles, possessory title, residential tenancies and title searches. There is a real estate transaction workshop and a separate section on wills, estates and probate.

To pass the Bar Course, students must pass examinations in Family Law, Commercial Law, Civil Procedure, Criminal Law, Administrative Law and Real Estate/Wills. Each exam is 3½ hours long and focuses on the lecture presentations, the Bar Admission Course materials and the approximately 80 provincial and federal statutes and regulations covered in the Course. The Bar Admission Course materials consist of eleven (11) separate volumes and cover thousands of pages of materials.

The goal of the Course is to give new lawyers a comprehensive overview of Newfoundland and Labrador and federal law and procedure and transfer to them the necessary information to ensure entry level competence in the profession. The Course is intensive, practical and relevant to what a new lawyer will see in practice. We attempt to have the Course be an enjoyable experience for the students and the judges, lawyers and other professionals whose contributions make the Course a success.

The Bar Admission Course Committee and the Law Society is grateful for the generous contributions made by members of the profession in ensuring the Course remains vibrant and beneficial to our new lawyers.

Law Society members or prospective members interested in obtaining further information about the Bar Admission Course should contact Mr. Francis P. O’Brien at (709) 722-4898 or by email francis.obrien@lawsociety.nf.ca.
The Law Society of Newfoundland and Labrador develops and delivers a program of Continuing Legal Education for members of the Bar. This is achieved through the Law Society's education entity, Newfoundland and Labrador Continuing Legal Education.

Newfoundland and Labrador Continuing Legal Education has, as its goal, the provision of high quality legal education programs which assist in keeping our members current and competent.

Continuing legal education programs are offered to members of the Newfoundland and Labrador Bar in a variety of practice areas.

Examples of recent programs are:

- **Order in the Court: Best Practices for Effective Advocacy and Litigation Skills**
- **Condominium Act, 2009**
- **Assessing Damages: How Much is it Worth? Calculating Damages for Pecuniary and Non-Pecuniary Losses in Personal Injury, Fatality Cases, Wrongful Dismissal and other Economic Losses**
- **Administrative Law in 2012: Update on Recent Caselaw, Trends and Related Developments**
- **Criminal Law Update: Bill C-10 Safe Streets and Communities Act and An Overview of the Military Justice System in Canada**
- **Time Mastery for Lawyers and Professional Legal Support Staff**

Lawyers in Newfoundland and Labrador continue to be very interested in Continuing Legal Education and they continue to support our programming by their excellent levels of attendance, positive feedback and suggestions for future programs.

We appreciate our many volunteer lawyers, judges and other professionals who give freely of their time and talents, as presenters at our seminars, to enhance the knowledge and professional standards of other practitioners. The Law Society greatly appreciates these contributions and we are continuously impressed with the excellence and enthusiasm of our presenters.

Members with program suggestions should contact Mr. Francis P. O’Brien at (709) 722-4898 or by email at francis.obrien@lawsociety.nf.ca.
The Education Committee is responsible for educational issues which arise concerning members and prospective members of the Law Society. The Committee deals with all applications for admission and re-admission to practice, which applications generally involve an assessment of academic credentials, currency of legal knowledge, fitness to practice and good character elements. The Education Committee deals with requests throughout the year from members and prospective members relating to the requirements in the *Law Society Act, 1999* and the *Law Society Rules* on educational and admissions issues.

As such, the Education Committee considers applications from:

- law students regarding admission as a Student-at-Law;
- applications from members of other Law Societies who wish to practice in Newfoundland and Labrador on a temporary basis under the National Mobility Agreement;
- applications from members of other Law Societies who wish to transfer to Newfoundland and Labrador on a permanent basis pursuant to the National Mobility Agreement; and
- applications from non-practicing or former members of the Law Society who wish to reinstate their status to practicing membership.

In all of these cases, the Committee must ensure that the applicant has met the required standards, educational and otherwise.

Each year the Education Committee also reviews and approves the marks from the Bar Admission Course examinations and directs, when required, the writing of supplementary examinations or the completion of further educational requirements before a Student-at-Law is eligible to be called to the Newfoundland and Labrador Bar.

From May 2011-April 2012, the Education Committee:

(i) admitted thirty (30) new applicants as Students-at-Law;
(ii) recommended to Benchers that thirty-eight (38) students, having met the requirements of a Student-at-Law, be called to the Bar in Newfoundland and Labrador;
(iii) approved the application of four (4) transfer candidates who were called to the Bar of Newfoundland and Labrador under the National Mobility Agreement; and
(iv) approved a change from non-practising to practising status for twenty-five (25) Law Society members.
The Lawyers’ Insurance Programme (the "Programme") continues to be effectively administered and is financially stable. Consequently, effective January 1, 2012 Benchers decided to reduce the Transaction Levy. There have been many other changes implemented by the Insurance Committee to ensure the Programme provides the best possible coverage to Members and protects the public as effectively as possible. This report will summarize some of those changes and recommendations and, if members have any questions or require further details, please contact the Paul Burgess or the Law Society's Insurance Administrator, Ms. Janice Ringrose.

Based on the recommendation of the Insurance Committee, Benchers have approved the long term target surplus to be retained by the Programme for insurance to be $6M.

Benchers also accepted the recommendation of the Insurance Committee to increase the group deductible with CLIA, the Law Society’s insurers, from $100,000.00 to $200,000.00, effective July 1, 2011. In fact, based on the effectiveness of the administration of the Programme and our claims history, CLIA has indicated they are willing to increase the deductible to $300,000.00 if requested by the Law Society of Newfoundland and Labrador. The Insurance Committee will be reviewing the benefits of further increasing the deductible and providing its recommendation to Benchers in due course.

The Finance and Accounts Committee of the Law Society continues to develop an investment policy in collaboration with the Insurance Committee and we anticipate we will see significant revenues from these investments, which will ultimately reduce the cost of the Programme to Members.

The Programme continues to be effectively administered by Ms. Janice Ringrose, CIP, CRM, Insurance Administrator. The claims continue to be administered through the Claims Review Committee, consisting of Ms. Ringrose, Mr. Francis O’Dea, Q.C., Mr. Lewis Andrews, Q.C., and Mr. Raymond Walsh, FFIC.

Premium costs to Members remain stable and are actually lower than the national average premium charged by other Law Societies across Canada. In fact, we are the only jurisdiction of Subscribers in CLIA who saw their premiums reduced last year.

It is hoped that, by implementing various changes to the Programme, we can see further savings and, ultimately, the further reduction of premiums for Members in the future. This is only possible if members act diligently to ensure claims costs are reduced. To that end, missed limitation periods account for a significant portion of the claims and is an entirely preventable expense to the Programme. The Programme plans to become more proactive in risk management and loss prevention in the future.

Part of the Programme’s mandate is to provide excess cover insurance through CLIA. One of the benefits of excess cover through CLIA is the consistent policy wording above the basic $1M provided by members’ Law Society insurance and, as well, unified administration of claims.

Excess coverage can be purchased through CLIA from the Law Society in amounts from $1M to $9M. The premium rate structure per lawyer remains the same as last year and is as follows:
$1,000,000.00 per occurrence / and aggregate = $343
$2,000,000.00 per occurrence / and aggregate = $504
$3,000,000.00 per occurrence / and aggregate = $589
$4,000,000.00 per occurrence / and aggregate = $624
$9,000,000.00 per occurrence / and aggregate = $873

The Insurance Committee is pleased with the effectiveness of the Programme and the coverage it provides to its Members and, ultimately, the protection it provides to the public, and will continue to strive to improve the Programme.

Finally, I wish to take this opportunity to thank the members of the Insurance Committee who generously volunteer their time, as well as the members of the Claims Review Committee, all of whom are responsible for the success of the Programme.
The Law Society of Newfoundland and Labrador supports lawyer competency through the provision of Library services. The Law Society Library achieves this through the delivery of high level reference services to its members throughout Newfoundland and Labrador. To provide these services it is essential to maintain and enhance the Library’s extensive collection of legal resources.

Financial
The Financial Statements reveal that the Library has not increased its spending in several years.

This has been accomplished through the diligence of Gail Hogan, BA(Hons), MLIS and Heather Myers, BA(Hons), MLS and their vigorous reviews of the Library collection and the establishment of partnerships with libraries across Canada.

Website
In keeping with the mandate to collect, organize, and deliver information, the Law Librarians have enthusiastically agreed to take the lead role in redesigning the Law Society’s website. Members can look forward to better access to information as well as many other enhancements.

Accomplishments
The Library Committee commends Heather Myers for successfully completing a course offered by the Law Librarian’s Institute held at the University of Western Ontario in June 2011. This is a reflection of her commitment to legal librarianship and to the Law Society.

In November 2011, Gail Hogan was appointed to a Thomson Reuters Advisory Board. She was selected to represent the interests of Law Society members across Canada based upon her professional experience and expertise.

Gail Hogan was also elected Chair of the Atlantic Provinces Library Directors Group in February 2012. This group is a consortium of Law Society Libraries tasked with seeking, and negotiating, agreements to benefit Law Society members in the Atlantic Provinces.

Appreciation
Last year a number of new appointments were made to the Library Committee. Incoming Committee members Maeve A Baird, Benjamin J Blackmore, Andrew A Fitzgerald, Padraig J Mohan, and Angela M Whitehead join Rebecca C Phillipps and Bert Riggs, appointed Bencher, on the Committee. Many thanks to all Committee members for generously providing their advice and assistance.

Thanks are also due to retiring Committee members, Sheila H Greene QC, Derek W Hillier QC, David F Hurley QC, Kimberly M McLennan, James C Oakley, Randolph J Piercey QC, and Terry G Rowe QC, all of whom deserve the gratitude of Benchers, members and staff for their contribution to the Law Society.

The Library Committee would like to express its gratitude to the Law Foundation of Newfoundland and Labrador for its continued financial support, without which the Law Society could not provide current in depth research materials and electronic delivery.
The Professionals’ Assistance Committee is a joint committee of the Law Society of Newfoundland and Labrador, the Newfoundland and Labrador Medical Association and the Pharmacists’ Association of Newfoundland and Labrador. The Committee is responsible for the Professionals’ Assistance Program that provides assistance to lawyers, physicians, pharmacists and their families affected by all types of personal problems. Problems may include, but are not limited to, stress, financial and career problems, depression, personal, marital or family difficulties and inappropriate use of substances. Proactive services to assist members from finding themselves in circumstances in which they might require assistance are also offered.

In addition to services rendered directly to members, the Professionals’ Assistance Program makes presentations each year at the Bar Admission Course and also conducts workshops and seminars from time to time aimed at helping members identify and deal with challenges in their professional and personal lives.

The Professionals’ Assistance Program employs a clinical coordinator, Rosemary Lahey, MSW, who is a registered social worker with extensive experience working with individuals, couples and families dealing with a wide range of social and emotional problems. The coordinator, in strictest confidence, facilitates early recognition of problems, initiates active intervention and makes appropriate referrals for treatment and rehabilitation. Referrals are accepted directly from the member or from a concerned colleague or family member. Since its inception in 1994, the Program has provided assistance to over 1,175 professionals including 412 members of the Law Society. During the last program year, there were 85 new cases, of which 32 were lawyers.

Ms. Lahey, the Coordinator, can be contacted in confidence by calling 754-3007 or toll free at 1-800-563-9133, or by electronic mail at rmlahey@nl.rogers.com. The Program also maintains a website at www.nlpap.ca.
The Student Awards Committee deals with several Law Society awards for Articled Students-At-Law. These are the Hunt Award, the Penney Award, the William J. Browne Scholarship, the Maxwell J. Pratt Scholarship, the Provincial Court Judges’ Association Award and the Spracklin Award, respectively.

The Hunt Award is presented to the Student-at-Law who receives the highest overall average mark in the Law Society of Newfoundland and Labrador’s Bar Admission Course. The recipient of the Hunt Award for the 2011 Bar Admission Course is Ms. Lily Anne Wroblewski. Ms. Wroblewski served Articles of Clerkship at the firm Ottenheimer Baker and her principal was Ms. Trudy Button. Ms. Wroblewski was called to the Newfoundland and Labrador Bar on February 17, 2012, at which time she commenced practice with Ottenheimer Baker.

The Penney Award is presented to the Student-at-Law achieving the highest mark in the Family Law Examination of the Bar Admission Course. The recipient of the 2011 Penney Award is Ms. Deidre Badcock. Ms. Badcock served Articles of Clerkship at the Crown Attorney’s Office and her principal was Ms. Frances Knickle. Ms. Badcock will be called to the Newfoundland Bar on June 15, 2012.

The William J. Browne Scholarship is presented to a Student-at-Law who has submitted the winning research essay on a legal issue of current public concern. The recipient of the 2012 William J. Browne Scholarship is Mr. Kyle Rees who is presently articling with the firm O’Dea Earle. Mr. Rees’s research essay is entitled “Out of Sight, Outside the Law: Challenges to Worker Safety and Union Representation in the Newfoundland and Labrador Offshore”

The Maxwell J. Pratt Scholarship is based on academic performance and is presented to a Student-at-Law who is a graduate of Memorial University of Newfoundland and a student at Dalhousie Law School. The recipient of the 2012 Maxwell J. Pratt Scholarship will be determined in June 2012.

The Provincial Court Judges’ Association Award is presented to the Student-at-Law achieving the highest mark in the Criminal Law Examination of the Bar Admission Course. The recipient of the Provincial Court Judges’ Association Award for the 2011 Bar Admission Course is Ms. Jane Crosbie. Ms. Crosbie served Articles of Clerkship at the firm McInnes Cooper and her principal was Mr. David Eaton, QC. Ms. Crosbie was called to the Newfoundland and Labrador Bar on April 13, 2012, at which time she commenced practice with McInnes Cooper.

The Spracklin Award is presented to the Student-at-Law achieving the highest mark in the Real Estate / Wills Examination of the Bar Admission Course. The recipient of the 2011 Spracklin Award is Ms. Amber Penney. Ms. Penney served Articles of Clerkship at the NL Legal Aid Commission and her principal was Ms. Michelle Coady. Ms. Penney will be called to the Newfoundland Bar on June 15, 2012.

The above-described awards will be formally presented on June 8, 2012 at the Law Society of Newfoundland and Labrador Annual Dinner.
AUDITOR’S REPORT
AND FINANCIAL STATEMENTS

for the
Fiscal Year Ended December 31, 2011
Law Society of Newfoundland and Labrador

Financial Statements
December 31, 2011
May 1, 2012

Independent Auditor’s Report

To the Members of
Law Society of Newfoundland and Labrador

We have audited the accompanying financial statements of the Law Society of Newfoundland and Labrador, which comprise the balance sheet as at December 31, 2011 and the statements of revenue and expenses, surplus, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor’s responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Law Society of Newfoundland and Labrador as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants

PricewaterhouseCoopers LLP, Chartered Accountants
Atlantic Place, 215 Water Street, Suite 802, Box 75, St. John’s, Newfoundland and Labrador, Canada A1C 6C9
T: +1 (709) 722 3883, F: +1 (709) 722 5874

“PwC” refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.
Law Society of Newfoundland and Labrador
Balance Sheet
As at December 31, 2011

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<td>Cash (note 3)</td>
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<td>Members fees</td>
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<td>Other</td>
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<td>Prepaid expenses</td>
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<td>Due from Lawyers’ Insurance Programme</td>
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<td>Due from the General Assurance Fund</td>
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<td>Due from Law Society of Upper Canada</td>
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<td><strong>Liabilities</strong></td>
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<td><strong>Current liabilities</strong></td>
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<td>Accounts payable</td>
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<td>Due to Lawyers’ Insurance Programme</td>
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<td>Provision for risk sharing on 2003 and 2004 claims</td>
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</tr>
<tr>
<td><strong>Members’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus</td>
<td>3,144,155</td>
<td>2,885,158</td>
</tr>
<tr>
<td>General Assurance Fund (note 8)</td>
<td>3,445,820</td>
<td>4,047,686</td>
</tr>
<tr>
<td></td>
<td>982,604</td>
<td>990,435</td>
</tr>
<tr>
<td></td>
<td>4,428,424</td>
<td>5,038,121</td>
</tr>
<tr>
<td><strong>Contingency</strong> (note 12)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approved on behalf of the Society</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

President [Signature]
Vice-President [Signature]
Law Society of Newfoundland and Labrador
Statement of Surplus
For the year ended December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus – Beginning of year, as previously reported</td>
<td>$2,885,158</td>
<td>$2,518,178</td>
</tr>
<tr>
<td>Change due to error in accounting for input tax credits (note 12)</td>
<td>-</td>
<td>$(40,000)</td>
</tr>
<tr>
<td>Surplus – Beginning of year, as restated</td>
<td>$2,885,158</td>
<td>$2,478,178</td>
</tr>
<tr>
<td>Excess of revenue over expenses (restated)</td>
<td>$258,997</td>
<td>$406,980</td>
</tr>
<tr>
<td>Surplus – End of year</td>
<td>$3,144,155</td>
<td>$2,885,158</td>
</tr>
</tbody>
</table>
Law Society of Newfoundland and Labrador
Statement of Revenue and Expenses
For the year ended December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration fee (LIP)</td>
<td>120,000</td>
<td>120,000</td>
</tr>
<tr>
<td>(note 9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admission fees (note 7)</td>
<td>48,125</td>
<td>38,755</td>
</tr>
<tr>
<td>Annual fees - certificates</td>
<td>1,226,310</td>
<td>1,286,403</td>
</tr>
<tr>
<td>Audit program</td>
<td>74,170</td>
<td>46,824</td>
</tr>
<tr>
<td>Bar admission course</td>
<td>70,369</td>
<td>74,516</td>
</tr>
<tr>
<td>Capital levy fund recovery</td>
<td>-</td>
<td>241,968</td>
</tr>
<tr>
<td>Continuing legal education</td>
<td>31,500</td>
<td>29,901</td>
</tr>
<tr>
<td>Copy machines</td>
<td>4,317</td>
<td>2,237</td>
</tr>
<tr>
<td>Custodianships (LIP)</td>
<td>25,300</td>
<td>72,047</td>
</tr>
<tr>
<td>(note 9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest – membership fees</td>
<td>68,760</td>
<td>70,641</td>
</tr>
<tr>
<td>Interest – other</td>
<td>18,354</td>
<td>9,271</td>
</tr>
<tr>
<td>Litigation recovery</td>
<td>-</td>
<td>40,339</td>
</tr>
<tr>
<td>Loss prevention (LIP)</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>(note 9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Law Foundation of</td>
<td>65,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Newfoundland and Labrador</td>
<td></td>
<td></td>
</tr>
<tr>
<td>grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,458</td>
<td>-</td>
</tr>
<tr>
<td>Process fees (Supreme Court)</td>
<td>13,149</td>
<td>12,609</td>
</tr>
<tr>
<td>Project Daisy</td>
<td>1,940</td>
<td>675</td>
</tr>
<tr>
<td>Sales tax recovery</td>
<td>-</td>
<td>61,899</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>2,019,752</td>
<td>2,423,085</td>
</tr>
</tbody>
</table>

| **Expenses**              |        |        |
| AGM (dinner/dance)        | 6,958  | 6,822  |
| Audit program             | 73,071 | 75,409 |
| Bar admission course      | 17,823 | 9,903  |
| Benchers’ convocations    | 23,668 | 31,987 |
| Benchers’ receptions      | 4,934  | 9,763  |
| Committees                | 34,602 | 12,765 |
| Continuing legal education| 17,699 | 14,413 |
| Contributions             | 1,143  | 363    |
| Copy machines             | 25,004 | 39,485 |
| Courier                   | 15,302 | 10,538 |
| Custodianships (professional fees/storage/courier) | 25,300 | 72,047 |
| Disciplines               | 3,563  | 35,055 |
| Federation of Law Societies’ fees | 38,672 | 34,127 |
| Interest and bank charges | 9,685  | 9,878  |
| Input tax credit adjustment (note 12) | 21,000 | 24,000 |
| Libraries                 | 204,282| 253,797|
| Loss on disposal of investments | 2,288 | -      |
| Offsite storage – Atlantic Place | 7,500 | 6,375 |
| Postage                   | 9,586  | 8,710  |
| Professional development  | 22,155 | 22,615 |
| Professional fees         | 77,911 | 124,650|
| Property costs - amortization of building, furniture and equipment | 86,014 | 88,860 |
| Property costs - operating building | 128,035 | 126,041 |
| Project Daisy             | 1,573  | (74)   |
| Provision for risk sharing on 2003 and 2004 claims | 5,532 | (55,751) |
| Salaries and employee benefits | 808,000 | 973,305 |
| Supplies and equipment    | 65,649 | 55,422 |
| Telephone                 | 23,806 | 25,560 |
| **Total Expenses**        |        |        |
| **Excess of revenue over expenses** | 1,760,755 | 2,016,105 |
|                           | 258,997| 406,980|

34
Law Society of Newfoundland and Labrador  
Statement of Cash Flows  
For the year ended December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>258,997</td>
<td>406,980</td>
</tr>
<tr>
<td>Item not affecting cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>86,014</td>
<td>88,880</td>
</tr>
<tr>
<td></td>
<td>345,011</td>
<td>495,860</td>
</tr>
<tr>
<td><strong>Change in non-cash working capital balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in accounts receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members fees</td>
<td>12,706</td>
<td>26,508</td>
</tr>
<tr>
<td>Other</td>
<td>8,568</td>
<td>169,559</td>
</tr>
<tr>
<td>Increase in prepaid expenses</td>
<td>(457)</td>
<td>(17,723)</td>
</tr>
<tr>
<td>Increase in due from Lawyers’ Insurance Programme</td>
<td>(25,300)</td>
<td>-</td>
</tr>
<tr>
<td>Decrease in due from General Assurance Fund</td>
<td>377,111</td>
<td>34,493</td>
</tr>
<tr>
<td>Decrease in due from Law Society of Upper Canada</td>
<td>27,985</td>
<td>-</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>52,410</td>
<td>35,352</td>
</tr>
<tr>
<td>Increase (decrease) in due to Lawyers’ Insurance Programme</td>
<td>(903,273)</td>
<td>84,806</td>
</tr>
<tr>
<td>Decrease in provision for risk sharing on 2003 and 2004 claims</td>
<td>(10,000)</td>
<td>(55,751)</td>
</tr>
<tr>
<td>Decrease in insurance levy</td>
<td>-</td>
<td>(352,664)</td>
</tr>
<tr>
<td>Decrease in capital fund levy</td>
<td>-</td>
<td>(241,968)</td>
</tr>
<tr>
<td></td>
<td>(115,259)</td>
<td>178,472</td>
</tr>
<tr>
<td><strong>Investing activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(22,110)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net change in cash during the year</strong></td>
<td>(137,369)</td>
<td>178,472</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents – Beginning of year</strong></td>
<td>2,134,476</td>
<td>1,956,004</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents – End of year</strong></td>
<td>1,997,107</td>
<td>2,134,476</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents is comprised of:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1,997,107</td>
<td>1,330,165</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>-</td>
<td>804,311</td>
</tr>
<tr>
<td></td>
<td>1,997,107</td>
<td>2,134,476</td>
</tr>
<tr>
<td><strong>Additional information required:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>9,685</td>
<td>9,878</td>
</tr>
</tbody>
</table>
Law Society of Newfoundland and Labrador
Notes to Financial Statements
December 31, 2011

1 Basis of presentation

These financial statements reflect the accounts and operations of the Law Society of Newfoundland and Labrador – General Fund and General Assurance Fund. The operations of the General Assurance Fund are not reflected in the statement of revenue, expenses and surplus of the Law Society of Newfoundland and Labrador – General Fund, but are disclosed in note 8 to these financial statements.

Effective January 1, 2011, the Law Society of Newfoundland and Labrador’s operations were combined with the Law Society of Newfoundland and Labrador Self-Insurance Funds (1995 to 2004, 1988 to 1994 and 1983 to 1987). As the predecessor reporting entities were under common control, this combination did not result in a change in ownership. Accordingly, the comparative figures for the predecessor entities have been combined in these financial statements.

2 Significant accounting policies

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the society and the amount of revenue can be measured reliably. Revenue from annual fees – certificates is recognized over the course of the calendar year. Revenue from various other services provided by the society are recognized over time as the services are provided.

Amortization

Property, plant and equipment are carried at cost less contributions received and are amortized using the following methods and rates:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Method</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>Straight-line</td>
<td>4</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>Declining balance</td>
<td>25</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>Straight line</td>
<td>33</td>
</tr>
</tbody>
</table>

Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.
Law Society of Newfoundland and Labrador
Notes to Financial Statements
December 31, 2011

Provision for unpaid claims

Lawyers’ Professional Indemnity Company (LawPRO) is an insurance company that is licensed to provide professional liability insurance and title insurance in numerous jurisdictions across Canada. This insurance applies to acts or omissions committed by an Insured in connection with his/her practice as a member of the Law Society of Newfoundland and Labrador, provided the original claim or suit for damages is brought during the policy period.

The 2003 and 2004 insurance program insures all practising members up to $1,000,000 per claim, after an individual deductible of at least $5,000 per member per claim, to a maximum annual limit of $2,000,000 per insured.

The program is responsible for all claims and legal and adjusting expenses above the members deductible and has arranged for 80% quota share reinsurance above the members’ deductible, retaining the other 20% for its own account. The Law Society of Newfoundland and Labrador has agreed to share equally in this 20% retention.

The determination of the provisions for unpaid claims includes reported claims, legal, and adjusting fees, less recoveries.

3 Cash

The cash account earns interest calculated on the consolidated average daily balance at the Toronto Dominion Bank’s weighted average prime lending rates less 2½%. This is the rate paid on investments of less than one year. Interest on the cash account is paid monthly.

4 Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost $</td>
<td>Accumulated amortization $</td>
</tr>
<tr>
<td>Land</td>
<td>73,429</td>
<td>-</td>
</tr>
<tr>
<td>Building</td>
<td>1,935,378</td>
<td>736,099</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>278,513</td>
<td>252,717</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>22,110</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,309,428</td>
<td>988,726</td>
</tr>
</tbody>
</table>
Law Society of Newfoundland and Labrador
Notes to Financial Statements
December 31, 2011

5  Trust Funds

The assets of the Law Society of Newfoundland and Labrador do not include cash received from law firms for funds unclaimed in trust accounts. At the balance sheet date, the amounts received from law firms and held in trust is $164,042 (2010 - $155,986).

6  Obligations under operating leases

The following is an analysis of the future minimum lease payments on operating leases, expiring 2012 to 2015:

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>20,000</td>
</tr>
<tr>
<td>2013</td>
<td>5,600</td>
</tr>
<tr>
<td>2014</td>
<td>800</td>
</tr>
<tr>
<td>2015</td>
<td>200</td>
</tr>
</tbody>
</table>

7  Admission fees

Admission fees consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Articled clerks</td>
<td>9,900</td>
<td>11,100</td>
</tr>
<tr>
<td>Call-to-bar</td>
<td>23,125</td>
<td>18,750</td>
</tr>
<tr>
<td>Other</td>
<td>15,100</td>
<td>8,905</td>
</tr>
</tbody>
</table>

**Total**  48,125  38,755
8 General Assurance Fund

During the year, the following transactions occurred in this fund:

<table>
<thead>
<tr>
<th></th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members</td>
<td>35,275</td>
<td>34,492</td>
</tr>
<tr>
<td>Interest</td>
<td>42,530</td>
<td>43,853</td>
</tr>
<tr>
<td></td>
<td>77,805</td>
<td>78,345</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance expense</td>
<td>62,648</td>
<td>62,548</td>
</tr>
<tr>
<td>Claims</td>
<td>11,057</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>11,931</td>
<td>14,993</td>
</tr>
<tr>
<td></td>
<td>85,636</td>
<td>77,541</td>
</tr>
<tr>
<td>Excess of revenue over expenses (expenses over revenue)</td>
<td>(7,831)</td>
<td>804</td>
</tr>
<tr>
<td>Surplus – Beginning of year</td>
<td>990,435</td>
<td>989,631</td>
</tr>
<tr>
<td>Surplus – End of year</td>
<td>982,604</td>
<td>990,435</td>
</tr>
<tr>
<td>Comprised of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>93,072</td>
<td>152,692</td>
</tr>
<tr>
<td>Receivables</td>
<td>4,167</td>
<td>3,298</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>31,109</td>
<td>31,540</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>849,497</td>
<td>904,053</td>
</tr>
<tr>
<td>Due from Lawyers' Insurance Programme</td>
<td>4,759</td>
<td>275,087</td>
</tr>
<tr>
<td>Due to the General Fund</td>
<td>-</td>
<td>(376,235)</td>
</tr>
<tr>
<td></td>
<td>982,604</td>
<td>990,435</td>
</tr>
</tbody>
</table>

9 Related party transactions

During the year, the society earned revenues from the Lawyers' Insurance Programme as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration fee</td>
<td>120,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Custodianships</td>
<td>25,300</td>
<td>72,047</td>
</tr>
<tr>
<td>Loss prevention</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td></td>
<td>395,300</td>
<td>442,047</td>
</tr>
</tbody>
</table>

These transactions are considered to be in the normal course of business and are measured at exchange amounts being the amounts established and agreed to by the related parties.
10 Financial instruments

Fair value

Financial instruments consist of cash, accounts receivable, due from Lawyers’ Insurance Programme, due from the General Assurance Fund, accounts payable, provision for claims, and due to Lawyers’ Insurance Programme. The fair values of financial instruments approximate their carrying amounts due to their short-term maturity.

Credit risk

The society is exposed to credit risk in the event of non-performance by counterparties, but does not anticipate such non-performance. The company monitors the credit risk and credit standing of counterparties on a regular basis. The maximum credit risk is the fair value of the accounts receivable.

11 Comparative figures

Certain comparative figures have been reclassified to be consistent with the current year’s financial statement presentation.

12 Contingency and prior period adjustments

During the year, management undertook a review of the Society’s Harmonized Sales Tax (“HST”) filings and discovered that its input tax credits for 2011 and prior periods were overstated, and as a result, the Society was refunded HST in excess of its entitlement. The Society is in the process of initiating a voluntary disclosure process with Canada Revenue Agency (“CRA”) to rectify this situation, and currently estimates the liability to approximate $85,000. This amount has been accrued in these financial statements as an adjustment to current year expenses ($21,000), 2010 expenses ($24,000) and an adjustment to the opening surplus ($40,000) for periods prior to 2010. Until the voluntary disclosure is processed and final assessments are issued by CRA, any further adjustments to the estimated liability cannot be determined at this time. Should final assessments exceed the provision of $85,000, it will be recorded in a subsequent period.
Lawyers' Insurance Programme of Newfoundland and Labrador

Financial Statements
December 31, 2011
May 1, 2012

Independent Auditors’ Report

To the Members of
Lawyers’ Insurance Programme of Newfoundland and Labrador

We have audited the accompanying financial statements of Lawyers’ Insurance Programme of Newfoundland and Labrador, which comprise the balance sheet as at December 31, 2011 and the statements of revenue and expenses, surplus, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor’s responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers LLP, Chartered Accountants
Atlantic Place, 215 Water Street, Suite 802, Box 75, St. John’s, Newfoundland and Labrador, Canada A1C 6C9
T: +1 (709) 722 3889, F: +1 (709) 722 5874

*PwC* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.
Basis for qualified opinion
The Programme derives revenues from transaction levies, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Programme. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows for the year ended December 31, 2011, and current assets and surplus as at December 31, 2011. Our audit opinion on the financial statements for the year ended December 31, 2011 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion
In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Lawyers’ Insurance Programme of Newfoundland and Labrador as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants
Lawyers' Insurance Programme of Newfoundland and Labrador
Balance Sheet
As at December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**Assets**

**Current assets**
- Cash and cash equivalents: 7,568,244
- Transaction levy receivable: 400,000
- Accounts receivable: 9,478
- Accrued interest receivable: 7,496
- Due from CLIA (note 7): 3,470,459
- Prepaid insurance premiums: 263,424
- Due from the Law Society of Newfoundland and Labrador (note 3): -

**Total Current assets:** 11,719,101

**Liabilities**

**Current liabilities**
- Accounts payable: 26,470
- Reserve for claims and related costs (note 5): 2,047,078
- Due to the Law Society of Newfoundland and Labrador General Assurance Fund (note 3): 4,759
- Due to the Law Society of Newfoundland and Labrador (note 3): 25,300

**Total Current liabilities:** 2,103,607

**Surplus**
- 9,615,494

**Total:** 11,719,101

---

Approved on behalf of the Society

President

Vice-President

Chair of the Insurance Committee
Lawyers' Insurance Programme of Newfoundland and Labrador

Statement of Surplus

For the year ended December 31, 2011
(with comparative figures for the eighteen-month period ended December 31, 2010)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus – Beginning of year</td>
<td>$9,547,017</td>
<td>$5,302,196</td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>$68,477</td>
<td>$4,244,821</td>
</tr>
<tr>
<td>Surplus – End of year</td>
<td>$9,615,494</td>
<td>$9,547,017</td>
</tr>
</tbody>
</table>
Lawyers' Insurance Programme of Newfoundland and Labrador

Statement of Revenue and Expenses

For the year ended December 31, 2011
(with comparative figures for the eighteen-month period ended December 31, 2010)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transaction levies</td>
<td>1,445,050</td>
<td>2,260,411</td>
</tr>
<tr>
<td>Insurance levy</td>
<td>-</td>
<td>352,664</td>
</tr>
<tr>
<td>Interest</td>
<td>67,404</td>
<td>78,984</td>
</tr>
<tr>
<td>Member assessments</td>
<td>914,848</td>
<td>2,185,406</td>
</tr>
<tr>
<td>Premium credit (note 7)</td>
<td>80,110</td>
<td>3,390,349</td>
</tr>
<tr>
<td></td>
<td>2,507,412</td>
<td>8,267,814</td>
</tr>
<tr>
<td>Insurance premiums</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CLIA premiums</td>
<td>641,835</td>
<td>1,110,712</td>
</tr>
<tr>
<td>Voluntary excess insurance premiums</td>
<td>-</td>
<td>1,474</td>
</tr>
<tr>
<td></td>
<td>641,835</td>
<td>1,112,186</td>
</tr>
<tr>
<td>Net revenue</td>
<td>1,865,577</td>
<td>7,155,628</td>
</tr>
<tr>
<td>Claims and custodianship expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for claims and related costs (note 5)</td>
<td>1,127,296</td>
<td>2,054,802</td>
</tr>
<tr>
<td>Custodianship expenses</td>
<td>25,300</td>
<td>104,662</td>
</tr>
<tr>
<td></td>
<td>1,152,596</td>
<td>2,159,464</td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial fees</td>
<td>33,939</td>
<td>38,891</td>
</tr>
<tr>
<td>Administrative charges</td>
<td>120,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Bank charges</td>
<td>437</td>
<td>1,037</td>
</tr>
<tr>
<td>Loss prevention to the Law Society of Newfoundland and Labrador</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>181</td>
<td>(3,931)</td>
</tr>
<tr>
<td>Office</td>
<td>1,840</td>
<td>11,824</td>
</tr>
<tr>
<td>Professional fees</td>
<td>31,709</td>
<td>32,504</td>
</tr>
<tr>
<td>Salaries</td>
<td>178,799</td>
<td>223,740</td>
</tr>
<tr>
<td>Software</td>
<td>17,718</td>
<td>-</td>
</tr>
<tr>
<td>Training</td>
<td>1,048</td>
<td>1,893</td>
</tr>
<tr>
<td>Travel and conferences</td>
<td>8,833</td>
<td>15,385</td>
</tr>
<tr>
<td></td>
<td>644,504</td>
<td>751,343</td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>68,477</td>
<td>4,244,821</td>
</tr>
</tbody>
</table>
Lawyers' Insurance Programme of Newfoundland and Labrador

Statement of Cash Flows

For the year ended December 31, 2011
(with comparative figures for the eighteen-month period ended December 31, 2010)

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**Cash provided by (used in)**

**Operating activities**

Excess of revenue over expenses 68,477 4,244,821

Change in non-cash working capital balances:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in transaction levy receivable</td>
<td>(24,935)</td>
<td>(28,865)</td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable</td>
<td>51,751</td>
<td>(6,965)</td>
</tr>
<tr>
<td>Decrease (increase) in accrued interest receivable</td>
<td>(6,192)</td>
<td>51,018</td>
</tr>
<tr>
<td>Increase in due from CLIA</td>
<td>(80,110)</td>
<td>(3,390,349)</td>
</tr>
<tr>
<td>Decrease (increase) in prepaid insurance premiums</td>
<td>116,016</td>
<td>(12,490)</td>
</tr>
<tr>
<td>Decrease (increase) in due from the Law Society of Newfoundland and Labrador</td>
<td>903,273</td>
<td>(80,546)</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>5,996</td>
<td>2,887</td>
</tr>
<tr>
<td>Increase in reserve for claims and related costs</td>
<td>481,352</td>
<td>1,333,841</td>
</tr>
<tr>
<td>Decrease in due to the Law Society of Newfoundland and Labrador General Assurance Fund</td>
<td>(270,328)</td>
<td>(157,764)</td>
</tr>
<tr>
<td>Increase in due to the Law Society of Newfoundland and Labrador</td>
<td>25,300</td>
<td>-</td>
</tr>
</tbody>
</table>

Net change in cash and cash equivalents during the year 1,270,600 1,955,598

Cash and cash equivalents – Beginning of year 6,297,644 4,342,046

Cash and cash equivalents – End of year 7,568,244 6,297,644

Cash and cash equivalents comprised of:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>2,509,063</td>
<td>1,286,602</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>5,059,181</td>
<td>5,011,042</td>
</tr>
</tbody>
</table>

7,568,244 6,297,644
1 Description of operations

The Lawyers' Insurance Programme of Newfoundland and Labrador (the "Programme") is an unincorporated entity affiliated with the Law Society of Newfoundland and Labrador (the "Law Society"). The Programme commenced on January 1, 2005 and has been a member of the Canadian Lawyers' Insurance Association (CLIA), a reciprocal insurance exchange, since the 2005 policy year. The Programme's purpose is to administer a professional liability program for members of the Law Society whereby professional liability insurance is provided to the members of the Law Society by CLIA.

The Programme derives its revenue from annual insurance premiums charged to members of the Law Society. In addition, effective October 1, 2005, the Programme commenced the collection of transaction levies. The levies are collected from members of the Law Society on certain legal transactions and are then reported and remitted to the Programme on a quarterly basis.

The Programme is a not-for-profit entity and, as such, is exempt from the payment of income tax.

2 Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments comprised of term deposits that mature within 90 days and are readily convertible to known amounts of cash and have an insignificant risk of change in value.

Revenue recognition

Revenues are recorded in the accounts of the Programme on an accrual basis. Member assessments revenue is recognized over the term of the related policy year. Transaction levies are recorded on a quarterly basis as reported by and collected from the individual lawyers and firms.

Reserve for claims and related costs

The provision for claims and related costs is based upon the change from year to year in the reserve for claims and related costs. The reserve value is based on the greater of the Programme's estimate of incurred costs of claims during the current year and the actuarial computed discounted costs of possible claims for the current year.
The Programme's actuary is engaged to provide an annual valuation of the reserve for claims and related costs in accordance with the standards of practice adopted by the Canadian Institute of Actuaries. For the purpose of the actuarial valuation, the actuary is making use of certain information contained in the Programme's financial records.

Claims and related costs of the Programme are subject to specific maximum limits set out in the insurance policy with CLIA as follows:

a) Up to June 30, 2009: CLIA's liability is limited to $1,000,000 per occurrence, and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs but does not retain any responsibility for the indemnification of claims.

b) July 1, 2009 to June 30, 2010: CLIA's liability is limited to $1,000,000 per occurrence, and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs and for the indemnification of claims to specified limits. Limits include $100,000 per occurrence for damages and defense costs, to an aggregate annual limit of $900,000.

c) July 1, 2010 to June 30, 2011: CLIA's liability is limited to $1,000,000 per occurrence, and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs and for the indemnification of claims to specified limits. Limits include $100,000 per occurrence for damages and defense costs, to an aggregate annual limit of $1,000,000.

d) July 1, 2011 to July 1, 2012: CLIA's liability is limited to $1,000,000 per occurrence, and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs and for the indemnification of claims to specified limits. Limits include $200,000 per occurrence for damages and defense costs, to an aggregate annual limit of $1,350,000.

Recoveries

Recoveries for claims and related costs from insurers and other parties are recorded when they can be reasonably estimated and collectability is reasonably assured. Otherwise, the recovery is recorded when received.

Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.
3 Related parties

The Programme is subject to oversight by the Insurance Committee of The Law Society of Newfoundland and Labrador and is therefore related to The Law Society of Newfoundland and Labrador as well as the General Assurance Fund of the Society.

During the year, the Programme had the following transactions with the Law Society:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration charges</td>
<td>120,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Custodianship expenses</td>
<td>25,300</td>
<td>104,662</td>
</tr>
<tr>
<td>Loss prevention expenses</td>
<td>250,000</td>
<td>250,000</td>
</tr>
</tbody>
</table>

These transactions are considered to be in the normal course of business and are measured at exchange amounts being the amounts established and agreed to by the related parties.

In addition to the above transactions, the Law Society collects assessments from its members on behalf of the Programme.

Amounts due from and to related parties are non-interest bearing and have no set repayment terms.

4 Financial instruments

Fair value

Financial instruments consist of cash and cash equivalents, transaction levy receivable, interest receivable, due from CLIA, due to the Law Society, accounts payable, and due to the Law Society General Assurance Fund. The fair values of these financial instruments approximate their carrying amounts due to their short-term maturity.

Interest rate risk

The Programme is not exposed to any significant interest rate risk due to the short-term nature of its financial instruments.

Credit risk

The Programme is exposed to credit risk in the event of non-performance by counterparties, but does not anticipate such non-performance. The Programme monitors the credit risk and credit standing of counterparties on a regular basis. The maximum credit risk is the fair value of the accounts receivable.
5 Reserve for claims and related costs

The change in the reserve for claims and related costs is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for claims and related costs – Beginning of year</td>
<td>1,565,726</td>
<td>231,885</td>
</tr>
<tr>
<td>Current year expense</td>
<td>1,127,296</td>
<td>2,054,002</td>
</tr>
<tr>
<td></td>
<td>2,693,022</td>
<td>2,286,687</td>
</tr>
<tr>
<td>Claims paid during the year</td>
<td>(645,944)</td>
<td>(720,961)</td>
</tr>
<tr>
<td>Provision for claims and related costs – End of year</td>
<td>2,047,078</td>
<td>1,565,726</td>
</tr>
</tbody>
</table>

6 Excess insurance program

The insurance premiums represent only basic insurance policy fees paid to the Canadian Lawyers’ Insurance Association (“CLIA”). CLIA also offers optional excess insurance coverage to members of the Law Society, the provision of which is facilitated by the Programme. These excess insurance levies are collected from members and remitted directly to CLIA in their entirety.

7 Equity in Canadian Lawyers’ Insurance Program

The Programme is a subscriber to the Canadian Lawyers’ Insurance Association (CLIA), a reciprocal insurance exchange through which the law societies of ten provinces and territories (or their associated liability insurance entities) enter into agreements of mutual indemnification. CLIA maintains separate reserves for each participating entity with regards to risks assumed, and the Programme has an interest in the surpluses of these reserves. CLIA prepares annual Subscriber Accounts as of December 31, which represents the end of their fiscal year, which are reviewed and approved by CLIA’s Advisory Board. These accounts include a reserve for claims liabilities on a discounted basis. The Subscribers Accounts of CLIA as of December 31, 2011 show the Programme’s subscriber’s equity to be $5,250,448 (2010 - $5,156,115) of which $3,470,459 (2010 - $3,390,349) has been set up at as a receivable from CLIA. This amount receivable reflects a refund due of previous years’ mandatory premiums from an accumulation of excess premiums paid over claims and related investment income for a number of years. The remaining equity balance is not reflected in these financial statements.

8 Comparative figures

Certain comparative figures have been reclassified to be consistent with the current year’s financial statement presentation.