



Legal Aid Alberta

A Just Alberta – one person at a time

2015 Annual Report



Our Vision

An Alberta where everyone can access justice and achieve fair and lasting resolutions to their legal issues.

Our Mission

We are a leader in the provision of quality, efficient and integrated services that enable our clients to resolve their legal issues.

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Message from the Chair

Honourable Kathleen Ganley
Minister of Justice and Solicitor General
Province of Alberta
323 Legislature Building
10800 97 Avenue
Edmonton, AB T5K 2B6

James Eamon, QC
President
Law Society of Alberta
800 Bell Tower
10104 103 Avenue
Edmonton, AB T5J 0H8

Dear Honourable Minister Ganley and Mr. Eamon,

On behalf of Legal Aid Alberta's Board of Directors, I am pleased to present the 2015 Annual Report, in accordance with the requirements of the Governance Agreement, sections 12(b) and 13(b).

Over this past year, the Board of Directors has worked diligently to reconcile long-standing funding pressures with our vision for a sustainable and innovative legal aid plan. During a turbulent year in which our funding position became critical, and the subject of much debate, we worked closely with staff to align the financial needs with our rules, policies and financial eligibility guidelines to ensure the continued viability of the organization.

The Governance Agreement, which defines our governance structure, will expire in March 2016. With that expiry comes an opportunity to develop a modern system of governance that not only reflects our evolving organizational needs, but is also more responsive to the needs of our stakeholders and all Albertans. With our governance partners, the Law Society of Alberta and the Alberta Government, we look forward to discussing how Legal Aid Alberta can best serve Albertans, create greater access to justice, and develop a sustainable, adequate and predictable funding model.

Legal aid plans are changing as they continue to search for the most effective and efficient means of providing access to justice services, including the use of multi-level processes for clients to access information and legal services. In order to remain viable, Legal Aid Alberta is also looking at innovative ways of doing business, building on its strengths and utilizing the expertise of its employees, the private bar lawyers who assist our clients, and our stakeholders to develop a progressive plan for the future. Legal Aid Alberta will embrace the opportunities that exist in this new context, and continue working towards a future for Legal Aid Alberta where Albertans can count on it being there for them when they are at their most vulnerable and in the greatest need of assistance.

On behalf of my fellow Board members, I would like to thank the staff at Legal Aid Alberta and the roster of lawyers who support the organization for their commitment, their expertise, and for maintaining the highest quality of service as we worked through a year of uncertainty. The Board looks forward to again working with these dedicated individuals in the coming year. As this is my final message as Chair of the Board, I would also like to thank all of the Board members, past and present, who have been so committed to the organization and supportive of our work.

Sincerely,



Derek Cranna
Chair

Board of Directors

Derek Cranna, Chair

Lori Bokenfohr

Robert Calvert, QC

Peter Carter

Lance Clark

Linda Cook

Maria David-Evans

Jim Donihee

Graham Johnson

Deanna Steblyk

Martin West

Message from the President and CEO

It has been a year of change for Legal Aid Alberta that has focused on creating a more client-focused organization. This involved clearly articulating our vision, mission, values and guiding principles that define our core commitments and value proposition as an organization. This work was critical in informing how we approached our business operations and a move to enhance client service while becoming more efficient.

An examination of our intake, assessment, and the triage function resulted in the recognition that the way in which our clients were choosing to engage our services had shifted away from visiting our offices in person. In fact, more than ninety per cent of our clients were contacting us by telephone and the number of people attending at our regional offices was in steep decline. In response, we focused our efforts on improving our phone service and in-person intake in Edmonton, Red Deer, Calgary and Lethbridge where volumes continued to justify this mode of access. We undertook a province-wide reorganization that resulted in bringing the majority of our Legal Services Officers together in one location and the closure of a number of our regional offices. This allowed us to enhance our quality assurance program, streamline our processes and create a more efficient means for Albertans to obtain assistance while achieving significant reductions in our annual operating costs. This was all achieved against a backdrop of growing demand where we served more than 250,000 Albertans, which is more than ever before.

We also continued our review of our business processes and client service delivery opportunities. Various changes were made to our corporate services groups, technology systems and client service areas to create a more seamless client experience while making our processes more effective and efficient. This process improvement work is on-going as we strive to use our resources as effectively as possible in order to improve our client service.

One of our service objectives was to enhance our ability to work with our Aboriginal clients in a more culturally sensitive manner. To that end, in collaboration with Native Counselling Services of Alberta, we developed and implemented a corporate-wide Aboriginal Awareness training program tailored to the services we provide. All employees have gone through the program and it will continue to be provided to new employees as they join the organization.

In December 2014, we received additional funding from the Province to increase our financial eligibility guidelines so that more Albertans could qualify to have a lawyer appointed to represent them, including those in receipt of the Assured Income Support for the Severely Handicapped benefit. This adjustment allowed for a greater number of Albertans to meaningfully access justice, however, there remains a significant gap between our financial eligibility guidelines and the poverty line. As we move through the 2015-2016 fiscal year, our focus will be on securing adequate, sustainable and predictable funding to allow us to deliver the legal assistance to those who need it most.

Legal Aid Alberta's staff continues to prove their expertise and experience is vital to the legal well-being of Albertans through their involvement with their clients, the justice system, and advisory opportunities. We are supported by, and rely upon, a talented and dedicated roster of private bar lawyers who are critical to our ability to deliver our representational services. I am proud of this committed group of individuals who work every day to provide access to justice for Albertans.

Sincerely,



Suzanne Polkosnik, QC
President and CEO



Executive Team

Suzanne Polkosnik, QC,
President & CEO

Jan Archbold, VP
Communications & Public
Relations

Robert Brassard, VP
Finance & Technology

Deanne Friesen, VP
Client Services

Lyle Toop, VP
Human Resources



L to R: Naeem Rauf, Patti LaBoucane-Benson, Lisa Baylis, The Honourable Justice Thomas Cromwell, Kent Teskey, Dane Bullerwell, Lydia Babel

Celebrating Access to Justice!

In 2014, Legal Aid Alberta celebrated the 8th edition of the Access to Justice Awards, where six outstanding individuals were recognized for their contributions. The October event was attended by more than 250 guests who came to celebrate with the award recipients and to hear The Honourable Mr. Justice Thomas Albert Cromwell speak on the importance of ensuring that the rights of individuals are protected through their ability to access justice. It was an evening that brought issues to the forefront, while honouring those who continue to work to ensure Albertans can access justice. The awards dinner is made possible through sponsor funding.

Congratulations to the 2014 award recipients:

Naeem Rauf	Practicing in the area of criminal law
Lydia Babel	Practicing in the area of family law
Lisa Baylis	Offering client services in support of access to justice
Patti LaBoucane-Benson	Offering support to a Legal Aid Alberta program

A special award was presented to lawyers Kent Teskey and Dane Bullerwell whose efforts lead to a legal decision and clarification on court ordered counsel for vulnerable Albertans. Kent and Dane received an Access to Justice Advocates of the Year award.

Access to justice can be defined as the right of individuals and groups to obtain a quick, effective and fair response to protect their rights, prevent or solve disputes and control the abuse of power, through a transparent and efficient process, in which mechanisms are available, affordable and accountable. In the absence of access to justice, people are unable to have their voice heard, exercise their rights, challenge discrimination or hold decision-makers accountable. Rule of law is the foundation for both justice and security. – United Nations Development Programme

A young man with short dark hair is shown in profile, looking out a window. His right hand is pressed against the glass, and he has a thoughtful or contemplative expression. The background outside the window is a soft-focus green landscape. The overall mood is one of hope and reflection.

Stories of SERVICE

The team at Legal Aid Alberta assisted more than 250,000 Albertans this past fiscal year, which means there are just as many individual stories. We have included four of these stories in this report to provide an insight into the work we do and the impact it has on the lives of those we serve. It is through these stories that we can, collectively, begin to understand the breadth and depth of the issues experienced by Legal Aid Alberta clients.



Helping Albertans NAVIGATE Their LEGAL JOURNEY

“We spend the time to find out what they need, and connect them to the best service possible. That’s how we make a difference.”

They answer more than 600 inquiries from Albertans every day, and for a majority of callers it is at a time in their life when they are most vulnerable. Phoning Legal Aid Alberta’s Legal Services Officers is often the first call people make when they have a legal issue and need support. The team speaks to thousands of Albertans every year who have never

experienced a legal issue before and they understand how not having access to justice can cause lives to spiral out of control. “People call us because they don’t know what to do,” says Brittany. “They fear what will happen to them next, so when you explain what they can do you can hear the relief in their voice.” It’s a sentiment echoed by this front-line team, who call their work humbling.

Legal Services Officers begin by completing an assessment of the issue to help determine the best services to meet the need. The issues range in complexity—some are resolved through information and referrals, and other files are passed to a lawyer for advice or representation. “It’s not a one-size fits all or drive-through type of service,” says Shelby. “We spend the time to find out what they need, and connect them to the best service possible. That’s how we make a difference.”

The team is trained to help the caller problem solve, to understand the resources available to help resolve the issue, and to guide the caller towards finding resolution to their legal concern. Some of the most difficult, yet most rewarding calls, are those when they are able to support people who feel victimized or threatened because they don’t know the steps to take in asserting their rights.

“When the person calling is provided with the right steps, you can hear the empowerment in their voice,” says Wesley. “The threats can be set aside. You can’t be easily intimidated when you are informed.”

Their assistance supports people in finding ways to help themselves, and that often includes helping their families. “We get calls from people who start crying when we explain what they can do, because so many things

have gone wrong for their family and they finally see something going right,” adds Brooke.

There are often multiple things transpiring in a person’s life at the same time that they are facing a legal issue, which is why the team listens carefully to what the caller shares. Shelby observes “Sometimes we are talking to a client who is also battling addictions and it’s at a time when they want to make changes to deal with the addiction. Once we know the issue, we can make referrals to where they can get help.” It is a holistic approach to legal well-being. When you’re battling addictions, resolving a legal issue can seem overwhelming. If people have support in dealing with both, the odds are much higher that they will find lasting resolution to their legal issues.

More than ninety per cent of clients contact Legal Aid Alberta through the toll-free phone service, creating access for people in every corner of the province. Albertans can also visit our walk-in Legal Services Centre in Edmonton, Red Deer, Calgary and Lethbridge. Whether through visiting an office or calling, the team knows their role in helping people navigate the system will help set a course of action for Albertans to access justice.



Legal Services Officers who contributed content (l to r): Michele; Shelby; Brittany; Jamie; Brooke; Wesley

Second

CHANCES



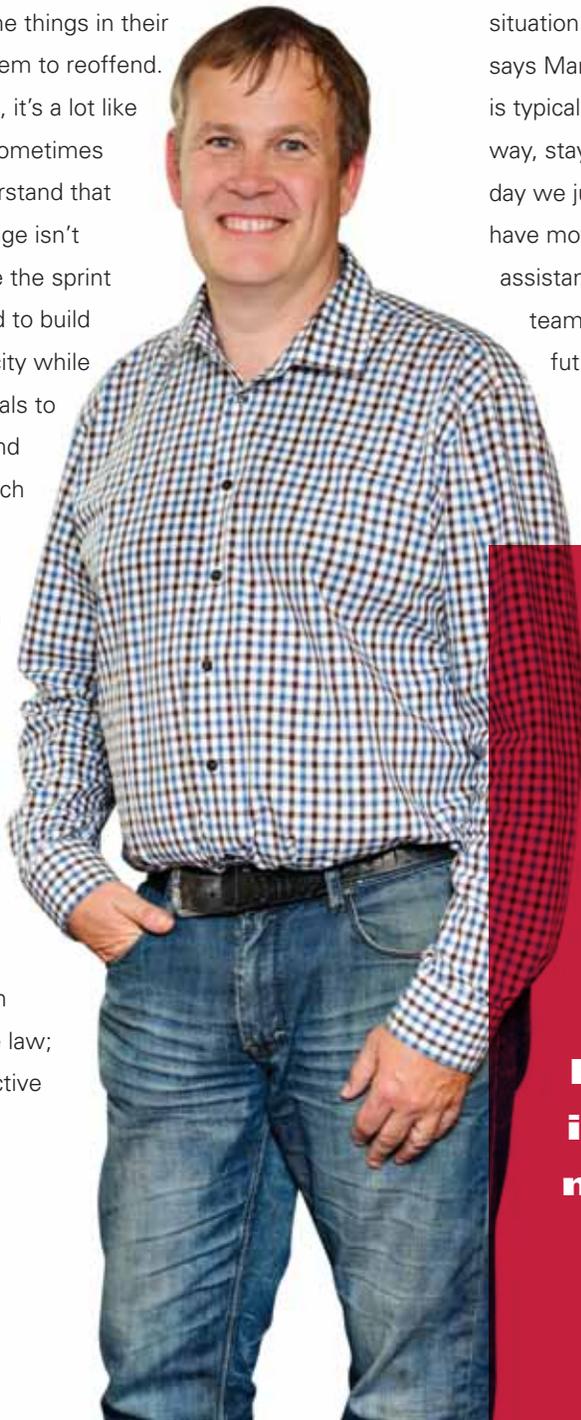
Life began to spiral downward for Natasha* when she was 14 years of age and headed for her first stint in a group home on probation. “I tried to drink away my problems, but they just got worse,” says Natasha. “I didn’t have any family and for a long time there wasn’t anybody to help me.” Her words are full of hurt and also a haunting disappointment in herself and in the world

around her. Natasha bumped along a difficult road spending time in the Edmonton Young Offender Centre (EYOC), foster care and group homes until she decided it was time for change. “As you get older you want a second chance, and I had a reason to get sober,” she adds. Natasha found out she was pregnant and was determined to stay sober and give her baby a healthy start.

She created a plan and made personal changes to make that happen. Natasha also had people working with her and supporting her with respect to her legal issues. “I had a chance to get it right with good lawyers and Mark. I was in EYOC and Mark sat down with me and we talked like friends about what I needed to do to get it right. What he said meant a lot to me.”

The Mark to whom Natasha refers is Mark Cherrington, a Youth Worker with Legal Aid Alberta’s Youth Criminal Defence Office (YCDO). The lawyers and youth workers in this area specialize in helping kids in conflict with the law and work to address the things in their lives that cause them to reoffend.

According to Mark, it’s a lot like running a race, “Sometimes people don’t understand that motivation to change isn’t enough. That’s like the sprint in a race, you need to build tenacity and capacity while setting realistic goals to go the distance, and it’s different for each kid.” For Natasha, she was focused on sobriety and on finishing school. She upgraded and graduated grade 12 and is now in college. “We know that education can change the life trajectory for youth in conflict with the law; it’s the best protective



factor a young person can have in life and there’s all kinds of research to prove the statistics.”

“Natasha came to a crossroads in her life; it was time to go after her dreams,” says Mark. When she was younger, Natasha wanted to be a nurse and has now decided to go into social services; both helping and healing professions that can give people a chance for change. She has many of her own experiences to draw from and will use these in becoming a strong advocate for people who are motivated to change and may one day look to her for the help they need to go the distance. “People think this is an atypical situation because they don’t often hear the success stories,” says Mark. “But for many of our clients, achieving success is typical. We work with the kids until they are on their way, staying with them through the process, and then one day we just don’t hear from them anymore because they have moved on in their lives.” Because of the support and assistance she received from Legal Aid Alberta’s YCDO team, Natasha has a successful, healthy and fulfilling future ahead of her.

**Not her real name.*

“I had a chance to get it right with good lawyers and Mark. I was in EYOC and Mark sat down with me and we talked like friends about what I needed to do to get it right. What he said meant a lot to me.”

STRENGTH TO MOVE ON



There were twinges of uncertainty from the very beginning of the relationship that Monica wishes she would have paid attention to before entering into marriage. It wasn't long after the wedding that the abuse and bullying began. "If there was one message I would share with women in this same situation, it would be to listen to your 'spidey senses', no matter how hard it may

seem at the time. It's never too late to turn around and go back," says Monica, a former Legal Aid Alberta client. "Stay strong and talk to someone who can help."

Life changed overnight for Monica when she left her matrimonial home with a bag and a baby in her arms. Within a few short months, she had exhausted her savings.

The legal fees resulting from numerous complex legal actions brought forward by her estranged husband had drained her resources. Eventually Monica ended up at the doors of Legal Aid Alberta, desperate to protect herself and her baby.

Diane Harms is one of the private bar lawyers that represent Legal Aid Alberta clients and she accepted the complex case. Monica remembers the day she met Diane vividly and believes that it was the turning point when things began to look brighter. "Diane never gave up on me or in fighting for my rights. When it was apparent that my estranged husband was going to try every possible means to take my son or prevent me having the ability to provide for him, I wondered if she would find it too difficult to continue." Diane didn't give up, even though she describes it as one of the most challenging files she has experienced in her career. "Her former husband tried every angle, but Monica is a highly principled person in terms of her priorities and that meant protecting her son. She would not be bullied."

The financial scales were significantly out of balance in this case, with the former husband having access to substantial resources, in contrast to Monica who had little or no financial means. "There are many other Monica's out there who deserve to be able to put the past behind them and move on, and that would not be possible without Legal Aid Alberta," says Diane. It was over a seven year period, that Diane and Monica stuck together working their way through action after action brought by the former husband and his family. "The actions taken against Monica were appalling to me. It couldn't

be allowed. I believe in our rule of law, our courts and our judges. They shouldn't be abused or used as a weapon to defeat the legitimate rights of family law litigants."

For people living in the daily turmoil of the unknown it can be a battle to find strength, so it is difficult to imagine the inner fortitude Monica needed to muster day after day. "I was determined to keep a positive mindset and I am forever grateful for the love and support of my family, friends, lawyer and Legal Aid Alberta. Most importantly, I found strength by focusing on the journey of motherhood and the joys of watching my beautiful son grow," says Monica.

Now at the helm of a company that supports women in the community, Monica is focused on empowering professional women, inspiring others to be "difference makers" in the world, and staying positive and focused on creating the best life possible for herself and her son. "The only thing I can do to thank Diane for everything she did to help me is to do well." According to Diane, that is exactly what Monica is doing.



"There are many other Monica's out there who deserve to be able to put the past behind them and move on, and that would not be possible without Legal Aid Alberta," says Diane.

Building trust



Grace Auger is described by her colleagues in the Criminal Resolution Office of Legal Aid Alberta as being caring and empathetic to the challenges experienced by her First Nation clients, which mirrors Grace's own description of her approach when working with this often marginalized group.

"I understand what it is like to be afraid to defend yourself and to speak up," says Grace who is from the Bigstone Cree First Nation in the Treaty 8 territory in northern Alberta. It was something she learned from childhood. "My Mom didn't want me to speak up. She was so afraid I would be punished or get into trouble.

Mom was not allowed to speak up and was forced to learn this as a child taught by nuns in the day school she attended. It's just one of the many reasons our people don't have the courage to speak up. We have been oppressed for many generations."

Grace believes that history has created the foundation for the many legal issues faced by First Nations people. "It began when parents were forced to send their children away to residential schools. They had no choice; if they didn't concede to this demand, parents were sent to jail. The consequences are many for First Nations people. Generations lost their cultural identity, their language, spiritual beliefs and practices, family values and their role as part of a family. This made children and future adults ashamed of who they are, because they didn't know who they were as a First Nations person." You can hear the hurt in Grace's voice as she recalls her mom saying she was told as a young child that, "Anything Indian was the devil and dirty. When everything is taken away and you lose your rights and your voice to speak up without retribution, you learn not to trust."

It is because of her own experiences that Grace understands the importance of building trusting relationships in order to effectively assist Aboriginal clients. She will discourage a client from pleading guilty to charges until she has had an opportunity to sit down with them, begin building that trust, and explain their rights. "Many First Nations people don't understand that they have rights, they just want to get out of the courthouse and away from authority, so they will plead themselves guilty when they haven't even committed the crime." Grace encourages clients to come to her office at Siksika Nation to meet with her where it is less stressful for them, rather than meeting in the courthouse.



Legal Aid Alberta at Siksika Nation is a joint program with the Siksika Nation Justice Department. "Legal Aid Alberta has taken a leadership role in establishing an office at Siksika Nation, and other First Nation communities have come from across Canada to see how our program works," says Grace. "It is a prime example of how to begin making changes within the judicial system."

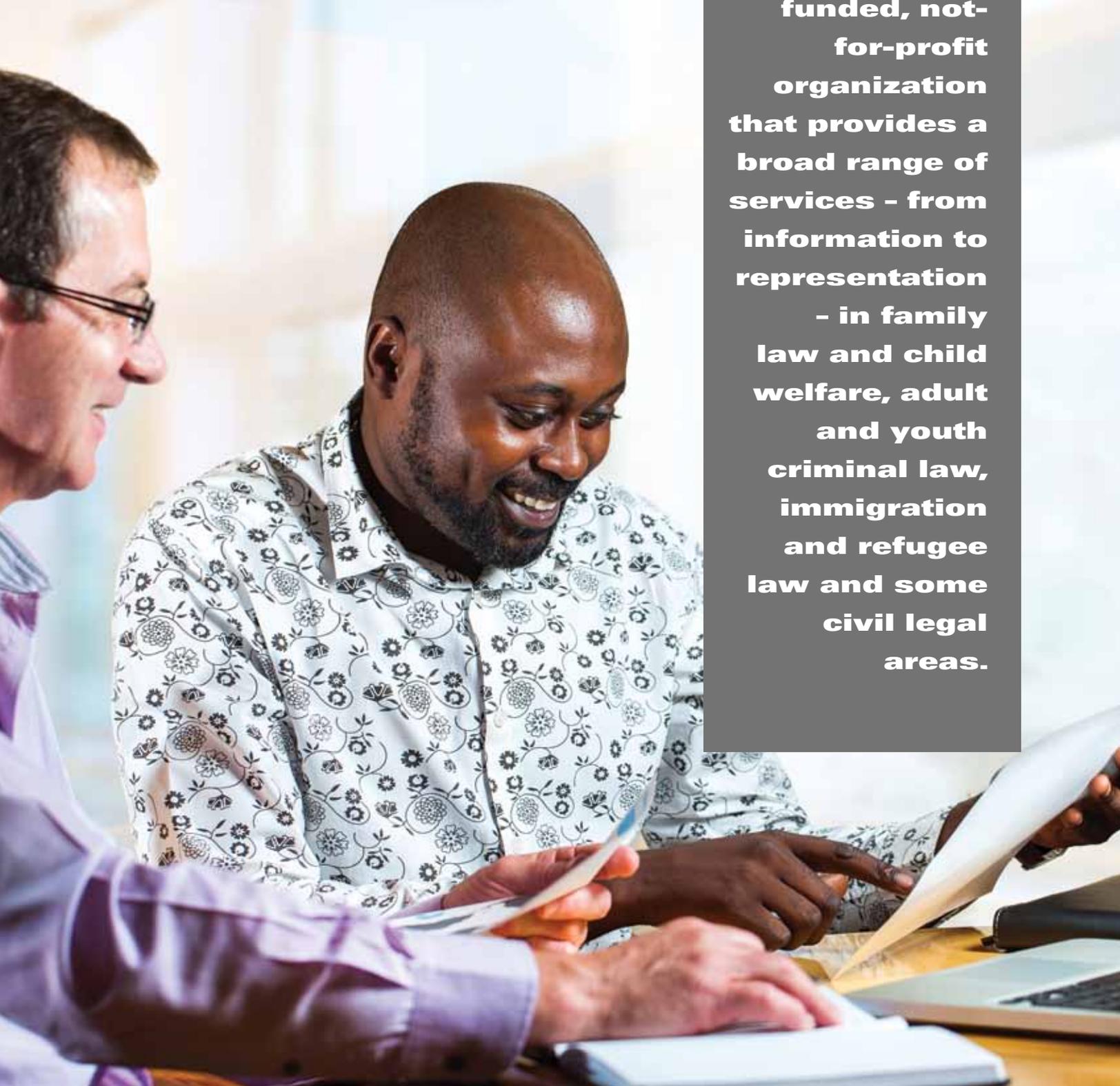
When Grace is not at Siksika, she is at the Turner Valley courthouse, where seventy-five per cent of the people are from Eden Valley First Nation, or at the Tsuu T'ina First Nation court, where more than ninety per cent of the people are from the Tsuu T'ina First Nation.

Legal Aid Alberta is proud to have talented lawyers like Grace on its team and recognizes the benefit of the culturally specific approach she brings to the table. To ensure all staff is aware of the role Aboriginal culture plays in our ability to best assist our clients, Legal Aid Alberta worked with Native Counselling Services of Alberta to create an Aboriginal Awareness training program. Every employee is engaged in learning more about the history, culture and challenges Aboriginal people face today. As Albertans continue to learn and to work together in resolving issues faced by Aboriginal people in the province, we know individuals like Grace will be there to help navigate the journey.

"Legal Aid Alberta has taken a leadership role in establishing an office at Siksika Nation, and other First Nation communities have come from across Canada to see how our program works," says Grace.

Advancing Our Strategy

Legal Aid Alberta is an independent, publicly funded, not-for-profit organization that provides a broad range of services - from information to representation - in family law and child welfare, adult and youth criminal law, immigration and refugee law and some civil legal areas.

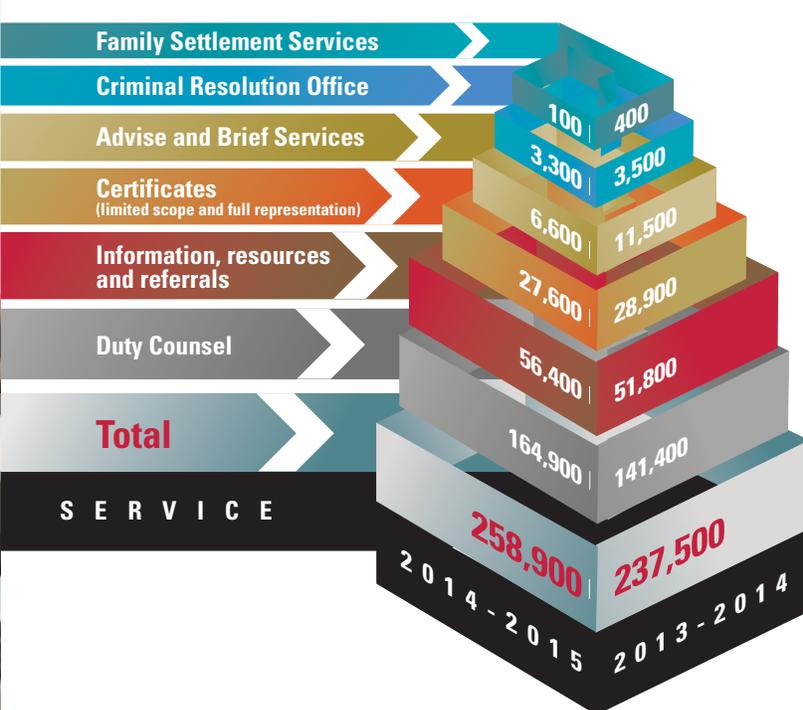


The 2014-2015 fiscal year was a year of evolution and refinement. A great deal was accomplished to further implement our strategic plan.

In June 2014, Legal Aid Alberta launched its new brand. Input from staff, the Board of Directors and numerous stakeholders was used in developing the brand platform, which is now being used to inform Legal Aid Alberta's business direction. Being client-focused was recognized as an important element to consider when addressing efficiencies and effective operations. This focus has helped align work throughout the organization and improve on our reporting processes this past year, which is a significant step in advancing our strategy of being a client-centered service delivery organization.

More Albertans than ever before are turning to Legal Aid Alberta for information, resources and referrals. The demand for Duty Counsel assistance continues to grow and is a service offered to Albertans at every courthouse throughout the province. In July 2014, the Family Settlement Services pilot project ended and was not renewed as the service was underutilized. The human and financial resources required to maintain the program were reallocated to support other programs. The certificates and brief services numbers are lower this year as a result of stricter adherence to our financial eligibility guidelines.

Number of services provided (rounded to the nearest 100)



Client Services

The Client Services department was created to encompass those business units that support clients through their Legal Aid Alberta journey and includes: Legal Services Centre, Certificate Administration and Advisory Services, and Client Payment. This alignment of services ensures a more seamless and consistent client experience and ensures that operational changes are made in the context of client impact at every stage of service.

Through our on-going business review process, statistics showed that more than ninety per cent of Legal Aid Alberta clients were choosing to access the Legal Services Centre (LSC) by telephone and the number of clients using the in-person services was in steep decline.

To enhance the efficiency of client services, Legal Aid Alberta's Legal Services Officers were centralized in Edmonton, with in-person services continuing to be provided in Edmonton, Red Deer, Calgary and Lethbridge. These changes were made in July 2014. This allowed for the development and implementation of a comprehensive training program and a complementary quality assurance program to help us build our capacity to meet the needs of Albertans.

Currently, the LSC telephone centre is averaging 600 calls daily and our client survey results show that ninety-one per cent of our clients agree that our team listened carefully and was interested in helping to resolve their legal issue. Clients are offered a service plan to help them understand their legal issue and the steps and/or resources they can access in resolving their legal issue. Ninety-five percent of our clients found this service and the information helpful. These statistics demonstrate the value Legal Aid Alberta's Legal Services Centre triage services continue to provide Albertans.

The expertise of the staff working in this area was demonstrated further when Legal Services Officer, Lisa Baylis, was announced as the recipient of the 2014 Access to Justice Award *Offering Client Services in Support of Access to Justice* for her exceptional client service.

Eligible clients can be referred to lawyers working in the LSC who provide brief services and legal advice. One of the benefits of this service is that in providing legal support early, matters may be resolved without unnecessary escalation of issues and litigation. This fiscal year Legal Aid Alberta lawyers specializing in immigration and refugee matters moved from the Legal Services Centre to the Family Law Office to better assist clients requiring these services, many of whom have overlapping legal issues. This alignment of services is beneficial to the client and to the Legal Aid Alberta lawyers assigned to handle the matters.

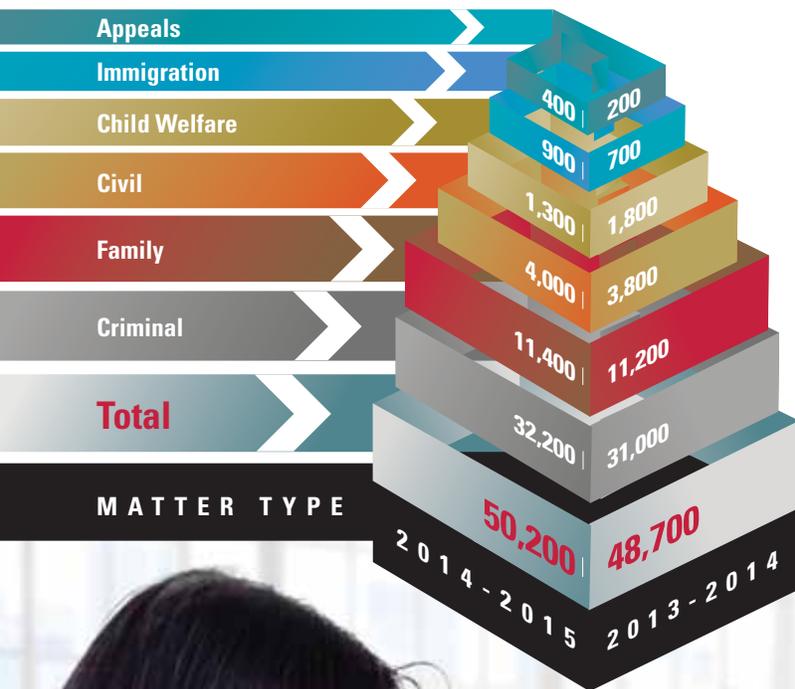
Business Snapshot

Legal Services Centre (LSC)

The LSC is most often the first contact point for individuals requiring assistance in resolving their legal issues. It offers free legal information and referrals to all Albertans. Legal Services Officers work with clients to complete an assessment and determine the type of service that best suits the legal issue.

New matters handled by the LSC continue to increase. Legal Aid Alberta's broad range of services continues to offer Albertans the support they need when they need it the most.

New Matters by type (rounded to the nearest 100)

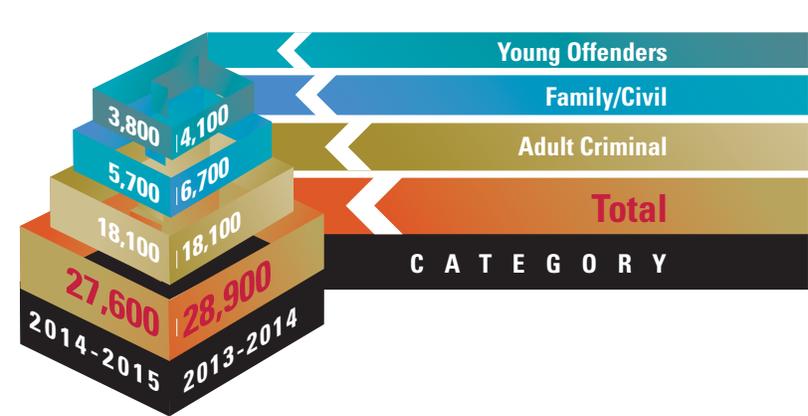


Lawyer Appointing: Certificate Administration and Advisory Services

This business unit is responsible for appointing lawyers to eligible clients. A majority (87% in 2014-2015) of the legal representation services are provided by private bar lawyers. At the end of this fiscal year, there were 986 lawyers on the Legal Aid Alberta roster, with 756 accepting certificates during the year.

Certificate Administration and Advisory Services also assigns counsel when Court Ordered, which increased from less than five in 2013-2014 to 323 this fiscal year.

Number of Legal Aid Alberta certificates issued by category (staff and roster, rounded to the nearest 100)



Client Payments

Legal representation services that are provided by Legal Aid Alberta are not free. This team works to create payment plans that are manageable and do not create undue hardship for clients. This is an important source of revenue that contributes to Legal Aid Alberta's operational budget.



Duty Counsel—Legal Assistance at Court

In fiscal 2014-2015, the responsibility for appointing duty counsel was moved to Certificate Administration and Advisory Services. This created significant operational efficiencies and allowed for more equitable distribution of certificates with all lawyer appointments, from duty counsel to full representation, being administrated centrally.

Business Snapshot

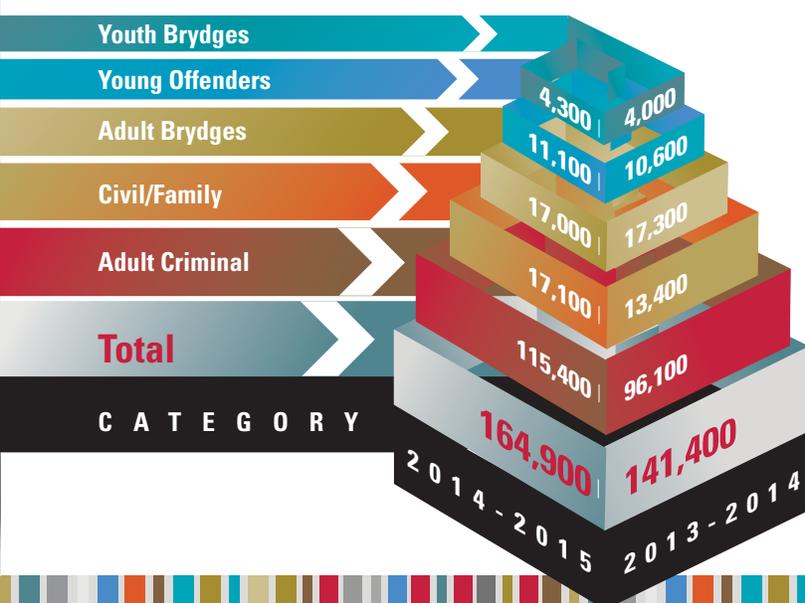
Duty counsel plays a critical role in the judicial system throughout Alberta. These lawyers provide information, guidance and advice to people who are unrepresented at their initial court appearances. There is no financial eligibility requirement to receive this assistance, and it is free to all Albertans.

Legal Aid Alberta assigns duty counsel in docket courts in Alberta in criminal (adult and youth); Drug Treatment Court (Calgary and Edmonton); disciplinary hearings at correctional facilities; applications for confirmations and breaches of Emergency Protection Orders; Mental Health Review panel hearings; Provincial Court for family and child welfare (Calgary and Edmonton); and in Court of Queen’s Bench for family matters (Calgary and Edmonton).

Legal Aid Alberta also provides Brydges Duty Counsel. This is a telephone service offered free of charge on a 24-hour basis to individuals under arrest and detained, or under active investigation by law enforcement authorities who need immediate legal advice on their charter rights. Translation services in support of this service are available in 110 languages.

Legal Aid Alberta’s Youth Criminal Defence Office provides Brydges Duty Counsel to youth in Edmonton and Calgary on a 24-hour basis. As these lawyers specialize in youth matters, they are often called on to contact other individuals on behalf of the client, such as family, caregivers, youth workers, social workers, police, and probation. They may also participate in teleconferences and in-person hearings. The statistics do not capture these additional calls required when dealing with this specific age group.

Number of duty counsel services by category (rounded to the nearest 100)



Legal Representation

Legal representation for clients is provided by a lawyer in one of Legal Aid Alberta’s law offices or by a private bar lawyer appointed by Legal Aid Alberta.

Criminal Resolution Office (CRO)

CRO expanded its operations this year and now has offices in Fort McMurray, Lethbridge, Siksika Nation and Medicine Hat, in addition to Calgary, Edmonton, Red Deer and Wetaskiwin. CRO contributes significantly to duty counsel throughout the province, and with this expansion, now provides duty counsel in youth courts (outside Calgary and Edmonton), as well as taking on youth resolution files in those locations.

With the expansion of services to Siksika Nation, CRO was also able to support clients at the Tsuu T’ina Nation Court and at the Turner Valley Court, both of which service Aboriginal communities. CRO also expanded into Canmore, Cochrane and Airdrie, and these courts serve the Stoney Nakoda Nation. All Legal Aid Alberta employees attend Aboriginal Awareness training, however, the two CRO lawyers who assist clients at these locations self-identify as Aboriginal and their skill along with their in-depth understanding of Aboriginal people further supports the legal services being provided in a manner that gives meaningful consideration to Aboriginal culture and values.

Two CRO lawyers were recognized for their outstanding work in support of Aboriginal Albertans. Grace Auger was formally recognized by the former Premier for her significant contribution to the *First Nations Women’s Economic Security Council*, and David Paul was recognized by Native Counselling Services of Alberta for his *Outstanding Contributions to the Aboriginal Community*.

Business Snapshot

CRO provides representation to those clients seeking assistance in reaching an early and effective resolution in relation to lower level criminal matters. Eligible clients are referred to CRO through the Legal Services Centre.

The CRO team also provides duty counsel at many court houses in the province, which includes the Drug Treatment Court in Edmonton and Calgary. CRO lawyers provide assistance and are there to support and help guide drug treatment participants throughout the process.

CRO and Legal Aid Alberta’s Family Law Office work together in combining the skills of CRO lawyers and a Family Resource Facilitator (social worker) in supporting clients who attend docket court and the Legal Aid Alberta office in Red Deer. This collaborative approach benefits the client as it supports resolving the underlying issues clients face that often bring them into conflict with the criminal justice system. From the projects implementation in January 2014 to the end of fiscal 2013-2014 at March 31 2014, this joint service assisted 260 duty counsel clients and 51 CRO clients. In fiscal 2014-2015 the service has grown substantially and assisted 765 duty counsel clients and 133 CRO clients.

Family Law Office (FLO)

Members of the FLO team often work on matters of domestic violence through their involvement in Emergency Protection Order (EPO) programs in Edmonton and Calgary and the representation of children in high conflict cases. Their expertise has made them a leader in this area.

Matters involving children removed from Canada by a parent inappropriately draws on a particular skill set. A FLO lawyer was successful in having children being held in Pakistan against their wishes, returned to Canada to their mother. The advocacy and hard work of FLO on this file was complimented by the presiding Queen’s Bench Justice.

FLO lawyer, Lydia Bubel, was the 2014 Access to Justice Award recipient for a *Lawyer Practicing in the area of Family Law*. Her outstanding work was acknowledged, which included child welfare matters where children die in care and contentious end of life decisions. Her advocacy for clients in these matters led to legislative changes and jurisprudence to ensure there is a fair and consistent process for families facing these difficult situations.

Significant work continues to be undertaken by FLO with respect to domestic violence. Deb Miller, Senior Counsel at FLO, was the recipient of the United Cultures of Canada Association *Peace in Families Lifetime Award 2014* for outstanding work to end domestic violence, and both the Edmonton EPO Program and Calgary EPO Program were the recipients of the 2014 Government of Alberta Inspiration Award for *Group/Organization Leadership in Family Violence Prevention*. These awards exemplify the spectrum of work done by FLO. They worked to help victims of violence obtain EPOs, developed a glossary of terminology for use in family violence matters, and collaborated with the Police Advisory Commission on the administration of EPOs.

The EPO program has recently been expanded to be available in Lethbridge in addition to Calgary and Edmonton.

Business Snapshot

FLO, which has offices in Edmonton, Calgary, Lethbridge, Red Deer and Wetaskiwin, specializes in assisting clients who may have a variety of family legal problems, which include divorce, custody and access, parenting, child and or spousal support, child welfare or property issues.

Family Resource Facilitators are available in all FLO locations, and work as part of the legal team to assist clients. The Facilitators help clients address personal problems through identifying options and strategies to cope with their issues that have served to contribute to their legal problem. The Family Resource Facilitators ensure clients understand the legal process and what is expected of client them to resolve their legal problem. This is a client-focused service, but it also benefits the justice system by ensuring clients receive assistance from a holistic perspective to address their legal, social and financial issues to assist in preventing their future involvement with the Courts.

FLO helps victims of family violence through its EPO Program. There are no financial eligibility requirements to obtain or confirm protection orders. The EPO Program provides ongoing information, risk assessment to address the threat of imminent harm, and safety plans to victims of family violence.

Number of EPOP clients by location (rounded to the nearest 100)



Youth Criminal Defence Office (YCDO)

As specialists in the realm of youth criminal law and the issues that bring youth into conflict with the law, the YCDO lawyers and youth workers often work with government and community groups in advancing supportive programs for youth and in collaborating on youth oriented crime prevention programs.

This past year YCDO lawyers collaborated with iHuman and LINKS (a mental health initiative funded by the Federal Government) in providing preliminary legal advice to youth in an effort to prevent their entry, or re-entry, into the criminal justice system. They assisted *Just us Girls* and the *Youth Restorative Action Project*, which are youth justice committees that hold court ordered sentencing (sharing) circles and make sentencing recommendations to the courts, by providing training and support to their volunteers. YCDO also collaborated with the Children’s Advocates Office in Edmonton and Calgary, to determine ways they could work together on issues related to youth. In the fourth quarter, a new process was established to more thoroughly capture statistics related to youth worker activity in assisting YCDO, duty counsel and Legal Aid Alberta and private bar lawyers. This system allows YCDO to track the most common issues and the associated work completed by youth workers in assisting youth in addressing their issues. Youth workers provided more than 6,000 assists in 2014-2015.

Business Snapshot

YCDO provides legal representation to young people facing criminal charges in the Calgary and Edmonton Youth Courts. Each office is supported by youth workers. Youth in conflict with the law often have a number of issues that impact their wellbeing. These may contribute to their involvement with the justice system. Youth Workers can assist young persons with finding housing, accessing treatment, education or work programs and counselling. They also advocate for young persons within the justice, child welfare, health care or education systems. Their role is to work with youth to address the issues the youth is facing that underlie their criminal behavior.

Community Outreach

University of Alberta (U of A)

The success of the *Low Income Individuals and the Law* clinical placement course is a collaborative effort of Legal Aid Alberta, the U of A Law School and the Edmonton Community Legal Clinic (ECLC). The focus of the program is to successfully educate students in the practice of law, experiential learning with substantive and theoretical knowledge, professional responsibility, and understanding the social, economic and cultural context of the law and legal service delivery. The 2014-2015 school year saw 11 students accepted to the course, with seven students placed at Legal Aid Alberta in the CRO, YCDO, FLO and the LSC.

Pro Bono Students Canada

This collaborative program between the University of Calgary and the FLO began in 2012, and provides an opportunity for an average of six law students to attend Calgary Provincial Court to assist with FLO's EPO Program. In developing interview skills, analyzing client information in a legal context and completing the related forms, students gain valuable practice experience. This triage role readies clients to meet with EPO Duty Counsel lawyers for their court appearance.

Student Legal Services (SLS)

Legal Aid Alberta has two partnership programs with SLS. The partnership between the FLO lawyers and SLS at the University of Alberta provides SLS law student volunteers with practical experience and guidance that is beneficial to the students' education.

Students record the information they receive and the referrals they provide to clients in logs. These are routinely reviewed by FLO lawyers to ensure the information students are providing is accurate and in keeping with legal standards. This process also allows for a significant mentorship opportunity for the student. The students carry active child support files in Provincial Court and, at times, in Court of Queen's Bench. These files are reviewed weekly by FLO lawyers, along with files when responding to parenting matters.

FLO lawyers also supervise the students at four annual Do-Your-Own-Divorce clinics provided by SLS at the University, where students assist individuals with completing necessary forms; the ECLC family law seminars at the Edmonton Public Library; and during the family summary advice sessions at the ECLC.

Throughout the year, FLO lawyers will provide guidance and mentor an average of 30 students, including those involved in the summer program.

A partnership also operates with the Calgary SLS and the LSC lawyers. Students are trained to do triage/intake for self-represented litigants in the Queen's Bench Court-Family Division. This opens the door for students to learn about family law legislation, how to interview self-represented litigants in high conflict matters and court procedures. All work is reviewed by the LSC lawyers.



Financial Report

Management's Discussion and Analysis

The following discussion of the Legal Aid Society of Alberta's (the Society or Legal Aid Alberta) financial results for the year ended March 31, 2015 should be read in conjunction with the Society's audited financial statements. The financial statements have been

prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

The following includes a discussion of estimates of future financial information. The difference between those estimates and actual results may be material.

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year. All amounts are in thousands of Canadian dollars unless otherwise indicated, consistent with the financial statement presentation.

Summary

Legal Aid Alberta began the 2015 fiscal year with a cash position¹ of \$7.9 million, a budgeted deficiency of revenue over expenses for the fiscal year ended March 31, 2015 of \$5.3 million, and a budgeted decrease in cash position of \$4.5 million.

Table 1 - Comparison of 2014-15 actual to budgeted results

	Actual 2014-15	Budget 2014-15	Change
Revenue	\$ 75,346	\$ 69,912	\$ 5,434
Expenses:			
Private bar	37,327	37,024	(303)
Other program expenses	35,335	38,212	2,877
Surplus (Deficiency)	\$ 2,684	\$ (5,324)	\$ 8,008

Actual results for the year yielded a surplus of \$2.7 million (Budget – \$5.3 million deficiency) and cash position of \$10.8 million (Budget – \$3.4 million) at March 31, 2015; an increase in cash position of \$7.4 million compared to budget.

The surplus was \$8.0 million more than budgeted due principally to:

- \$5.4 million higher than budgeted revenues due to \$5.7 million in additional funding received from the Province of Alberta and \$0.1 million in investment income, offset by a \$0.4 million shortfall in recoveries and contributions from clients;
- \$0.3 million higher than budgeted private bar expenses of \$37.3 million (Budget – \$37.0 million) largely due to payments on high cost cases of \$4.5 million (Budget – \$3.0 million) offset in part by cost reductions of \$1.2 million related to approximately 2,300 fewer certificates issued during the year than budgeted;
- \$1.8 million lower than budgeted salary and benefit expenses of \$28.6 million (Budget – \$30.4 million) largely due to lower than budgeted staffing levels, offset by \$1.9 million for unbudgeted employee severance expenses related to organizational restructuring; and
- \$1.0 million lower than budgeted administration expenses of \$6.7 million (Budget – \$7.7 million).

¹ Cash position is defined in this report as cash and term deposits, short term investments and investments.

Table 2 - Revenue and expenses

	2014-15	2013-14	2012-13	2011-12	2010-11
Revenue	\$ 75,346	\$ 69,259	\$ 76,303	\$ 66,822	\$ 65,141
Expenses	72,662	77,497	73,771	69,486	71,224
Surplus (Deficiency)	\$ 2,684	\$ (8,238)	\$ 2,532	\$ (2,664)	\$ (6,083)

Revenue

The Society's revenues for the 2015 fiscal year were \$75.3 million, representing a \$6.1 million increase over the prior year. In November 2014, the

Minister of Justice and Solicitor General (the Minister) advised the Society it would receive an additional \$5.5 million in grant funding. This funding was used

to address the increase in private bar expenses during the 2015 fiscal year as a result of an 18% increase in the Financial Eligibility Guidelines.

Table 3 - Legal Aid Alberta revenue sources

Source	2014-15	2013-14	2012-13	2011-12	2010-11
Province of Alberta	\$ 64,475	\$ 58,810	\$ 65,810	\$ 56,310	\$ 58,810
Alberta Law Foundation	6,000	5,500	5,500	5,500	1,138
Recoveries and contributions from clients	4,302	4,296	4,474	4,501	4,798
Interest & other	569	653	519	511	395
Total	\$ 75,346	\$ 69,259	\$ 76,303	\$ 66,822	\$ 65,141

Provincial funding

Legal Aid Alberta presents its annual budget to the Minister and generally receives approval at the start of each fiscal year. Once the budget has been approved, the Minister provides Legal Aid Alberta with a letter confirming funding for the year. Funding from the Alberta Government provides the largest portion of the Society's revenue and represented 86% of total revenue in fiscal 2015 (2014 – 85%). The March 2015 tabled budget approved a funding increase to \$66.0 million for the next fiscal year.

Federal funding

The Federal Government contributed \$0.5 million (2014 – \$0.5 million) to the Alberta Government for immigration and refugee matters. The Federal Government also contributed to the Alberta Government \$10.4 million

(2014 – \$10.4 million) for youth and adult criminal matters. These funds are transferred from the Federal Government to the Province, and are included with the Alberta Government's annual grant to Legal Aid Alberta.

Alberta Law Foundation (ALF) funding

Funding from ALF represented 8% (2014 – 8%) of total revenue.

In February 2012, the First Amending Agreement to the Governance Agreement dated February 14, 2011 was signed, and provided for minimum annual funding by ALF to Legal Aid Alberta of not less than \$5.5 million. The First Amending Agreement was applicable to Legal Aid Alberta's 2012 to 2014 fiscal years. In September 2013, the Second Amended and Restated Governance Agreement dated August 8, 2013 was signed and provides for minimum annual

funding by ALF to Legal Aid Alberta of \$6 million, applicable to the 2015 and 2016 fiscal years.

Had the First Amending Agreement not been in place, ALF would have contributed approximately \$4.5 million to the Society in fiscal 2015 (2014 – \$3.7 million) based on the funding formula of 25% of the interest earned on Alberta lawyers' general trust accounts, pursuant to the Legal Profession Act.

Recoveries and contributions from clients

In cases where repayment will not cause undue hardship, Legal Aid Alberta expects clients to repay the cost of their legal services. In 2015, recoveries and contributions from clients totaled \$4.3 million (2014 – \$4.3 million), providing a very valuable source of revenue.

Table 4 - Recoveries and contributions from clients

	2014-15	2013-14	2012-13	2011-12	2010-11
Recoveries from clients	\$ 4,302	\$ 4,296	\$ 4,474	\$ 4,501	\$ 4,798
As a % of recoverable expenses	12%	12%	13%	14%	12%

Interest and other income

Legal Aid Alberta receives its annual provincial funding generally in two equal installments and its funding from ALF in September of each year. Legal

Aid Alberta invests available cash in term deposits with a Canadian financial institution. Interest earned on these deposits in fiscal 2015 was \$0.4 million (2014 – \$0.4 million). Legal Aid Alberta also received funding in fiscal 2015

from the Alberta Government for its Emergency Protection Order Program of \$0.2 million (2014 – \$0.2 million). This program is administered by Legal Aid Alberta's Family Law Office.

Expenses

In 2015, Legal Aid Alberta's expenses decreased by \$4.8 million to \$72.7 million compared to the prior year. The significant change was attributable to a decrease in private bar expense of \$1.2 million, a \$2.7 million decrease in salaries and benefits and a decrease in administration expenses of \$0.9 million.

Private bar

Private bar expenses were \$37.3 million (2014 – \$38.6 million), representing a 3% decrease compared to the prior year.

Effective December 4, 2014, Legal Aid Alberta implemented an 18% increase in the Financial Eligibility Guidelines (FEGs). This served to increase the

volume of new certificates issued to the private bar by 19% in the months following the change. There was not a commensurate increase in the amount of private bar certificate expenditures as a significant portion of the current years' private bar expenditures were for certificates issued in prior years.

Table 5 - Private bar expense by certificate case type

Case type	2014-15	2013-14	2012-13	2011-12	2010-11
Criminal adult	\$ 22,465	\$ 21,853	\$ 20,457	\$ 18,921	\$ 20,156
Civil	10,527	12,034	11,535	10,834	13,075
Duty counsel	2,413	2,488	2,316	2,182	2,246
Young offenders	1,699	1,865	1,940	1,993	2,173
Court-ordered counsel	455	352	319	192	216
Provincial	68	63	81	48	50
Other ²	(300)	(100)	250	450	(450)
Total	\$ 37,327	\$ 38,555	\$ 36,898	\$ 34,620	\$ 37,466

Private bar expenditures related to adult criminal matters were \$22.5 million (2014 – \$21.9 million); an increase of \$0.6 million largely due to a \$0.7 million increase in expenditures on certificates identified as high cost cases of \$4.5 million (2014 – \$3.8 million).

Civil certificates include family, immigration and non-family civil matters. Expenditures on civil certificates

decreased \$1.5 million to \$10.5 million in 2015 (2014 – \$12 million) due primarily to a 17% decrease in the number of civil certificates issued during 2015 compared to the prior year.

Expenditures on Young Offenders certificates decreased \$0.2 million to \$1.7 million (2014 – \$1.9 million) as Legal Aid Alberta issued 13% fewer certificates to the private bar during 2015 compared to

the prior year. This is partially offset by an increase in certificates issued to Legal Aid Alberta lawyers at its Youth Criminal Defense Offices.

Court-ordered counsel expenditures continued to increase during 2015 to \$0.5 million (2014 – \$0.4 million) as fewer Albertans qualified for certificate services based on FEGs.

² Other represents the increase (decrease) in the provision for unbilled services provided on outstanding private bar certificates.

Table 6 - Amounts paid to the private bar for high cost cases

2014-15	2013-14	2012-13	2011-12	2010-11
\$4,546	\$ 3,818	\$ 2,582	\$ 2,029	\$ 1,793

Legal Aid Alberta monitors the progress of high cost cases (defined as cases with expected cumulative expenditures in excess of \$25 thousand). Consistent with prior years, most high cost cases are criminal adult matters and are principally drug conspiracy, provincial fraud, murder and manslaughter cases.

In order to mitigate these increasing costs, Legal Aid Alberta retains a criminal trial lawyer on an annual contract to act as High Cost Case

Manager. This individual assesses counsels' defense strategy and provides recommendations to Legal Aid Alberta in an effort to control the amount expended on high cost cases. The average cost of a high cost case that was completed during fiscal 2015 is \$53 thousand (2014 – \$48 thousand). Legal Aid Alberta has 144 outstanding high cost cases at March 31, 2015 (2014- 80 cases). While growth in the volume and cost of these cases is a concern, we note that as a percent of

total private bar expenses, high cost cases represented 12% (2014 – 10%) of private bar expenses.

Table 7 below provides the average cost of certificates completed (closed) in each year, regardless of the year the certificate was issued. The average cost of completed certificates excludes certificates classified as high cost case certificates. The overall weighted average certificate cost has remained relatively consistent over the past four years.

Table 7 - Average cost per completed legal aid certificate, by case type (whole dollar amounts)

Case type	2014-15	2013-14	2012-13	2011-12	2010-11
Adult Criminal	\$ 1,082	\$ 1,026	\$ 1,034	\$ 1,007	\$ 909
Civil	\$ 2,118	\$ 1,944	\$ 1,788	\$ 1,984	\$ 1,816
Young Offenders	\$ 787	\$ 776	\$ 823	\$ 855	\$ 770
Weighted Average	\$ 1,254	\$ 1,205	\$ 1,203	\$ 1,212	\$ 1,109

Other program expenses

Other program expenses include all non-private bar related expenses of

operating Legal Aid Alberta programs and services. These expenses totaled \$35.3 million in fiscal 2015 (2014 –

\$38.9 million), representing a \$3.6 million decrease compared to the prior year.

Table 8 - Other program expenses

	2014-15	2013-14	2012-13	2011-12	2010-11
Salaries and benefits	\$ 28,605	\$ 31,300	\$ 28,957	\$ 27,072	\$ 25,381
Administration	5,511	5,854	5,914	5,673	6,143
Amortization	1,219	1,788	2,002	2,121	2,234
Total	\$ 35,335	\$ 38,942	\$ 36,873	\$ 34,866	\$ 33,758

Salary and benefit expenses for fiscal 2015 were \$28.6 million (2014 – \$31.3 million); a decrease of \$2.7 million.

In July 2014, Legal Aid Alberta implemented its restructuring plan for its Legal Service Centres across the province. With a shift to more than 90% of Albertans accessing Legal Aid Alberta services by telephone, the need for regional in-person offices was

dramatically reduced. Legal Aid Alberta reduced the number of Legal Service Centres to four from eleven, which resulted in a reduction of 41 regional positions. Sixteen of the positions were redeployed to the Edmonton Legal Service Centre to centralize intake and client assessments. In addition, six corporate positions were eliminated as a result of the organizational restructuring. Legal Aid Alberta reduced the average

full-time equivalent (FTE) positions to 249 FTEs during fiscal 2015 (2014 – 291 FTEs). The cost savings recognized through a permanent decrease in FTEs was offset by \$1.9 million in severance costs related to the organizational restructuring. We estimate that the restructuring will result in permanent annual salary and benefit savings of \$2.1 million in 2016 and thereafter.

An average of 72 (2014 – 84) of Legal Aid Alberta's full-time employees were members of the Alberta Union of Public Employees (AUPE) and accordingly the terms of their employment are governed by a negotiated collective agreement. The three-year collective agreement expiring March 31, 2015 was signed in September 2012, and provides for 3% cost of living adjustments in each of the first 2 years and a wage negotiation in fiscal 2015. The terms and conditions of the collective agreement are currently under review, including compensation.

Legal Aid Alberta continues to review its compensation program, and management anticipates that this review will be completed during the 2016 fiscal year. As part of this review, Legal Aid Alberta suspended the variable pay program and accordingly has not recognized variable pay expense in 2015 (2014 – \$0).

Administration expenses, excluding amortization were \$5.5 million (2014 – \$5.9 million). Legal Aid Alberta recorded a modest increase in rent (\$0.1 million)

and purchased services (\$0.1 million) compared to fiscal 2014. This was offset by a decrease in travel (\$0.3 million), legal disbursements on Legal Aid Alberta lawyer certificates (\$0.2 million) and computer costs (\$0.1 million).

Amortization expense of \$1.2 million decreased \$0.6 million from \$1.8 million in fiscal 2014. Amortization expense is comprised principally of amortization of costs associated with Legal Aid Alberta's investments in information technology.

Table 9 - Client Services expenses by program

Category	2014-15	2013-14	2012-13	2011-12	2010-11
Legal Service Centres	\$ 8,312	\$ 9,873	\$ 9,177	\$ 8,577	\$ 8,349
Criminal Resolution Office and Duty Counsel	3,743	3,109	2,741	2,226	1,991
Family Law Office ³	9,707	10,488	9,997	9,222	8,887
Youth Criminal Defense Office	3,549	4,080	3,865	3,888	3,906
Other Programs ³	1,881	2,173	1,959	1,938	1,285
Sub-total	\$ 27,192	\$ 29,723	\$ 27,739	\$ 25,851	\$ 24,418
Amortization	337	569	572	642	744
Total	\$ 27,529	\$ 30,292	\$ 28,311	\$ 26,493	\$ 25,162

The Legal Service Centres (LSCs) incurred expenses of \$8.3 million (2014 – \$9.9 million). The \$1.6 million decrease was primarily due to a net decrease of 25 FTEs as a result of an organizational restructure that included reducing the Legal Service Centre offices to four from eleven LSCs in fiscal 2015. Sixteen of 41 terminated LSC positions were redeployed to the Edmonton LSC to centralize intake and client assessments.

The Criminal Resolution Office (CRO), operating in eight locations with the addition of offices in Fort McMurray and Siksika in fiscal 2015, incurred expenses of \$3.7 million in 2015 (2014 – \$3.1 million). CRO also provides Duty Counsel services. The \$0.6 million increase in operating costs is attributable

to further expansion of CRO services and the addition of eight FTEs to 29 staff at March 31, 2015 (2014 – 21 FTEs).

The Family Law Office (FLO), operating in five locations, incurred expenses of \$9.7 million in 2015 (2014 – \$10.5 million). The \$0.8 million decrease in expenses was largely due to permanent staff reductions related to the voluntary employee severance program in fiscal 2014 and higher than usual unfilled positions throughout fiscal 2015; particularly in FLO Calgary.

The Youth Criminal Defense Office (YCDO) incurred expenses of \$3.5 million in 2015 (2014 – \$4.0 million). The \$0.5 million decrease in expenses is largely due to a reduction in salaries and benefits from permanent staff

reductions related to the voluntary employee severance program in fiscal 2014. YCDO had 20 FTEs at March 31, 2015 compared to 26 FTEs at the end of the prior year.

Other client service expenses were \$1.9 million in fiscal 2015 (2014 – \$2.2 million). The \$0.3 million decrease was largely due to: (1) a permanent reduction of staff during fiscal 2014 related to the voluntary employee severance program; and (2) gradual discontinuance of the Family Settlement Services and Legal Clinic Calgary projects during fiscal 2015. The combined cost reduction in fiscal 2015 for these projects was \$0.1 million with a permanent savings of approximately \$0.3 million in fiscal 2016 and beyond.

³ Other programs consist of Certificate Management, Brydges, Family Settlement Services and Legal Clinic Calgary. The Family Law Office includes the Immigration Program.

Table 10 - Management and administration expenses

Category	2014-15	2013-14	2012-13	2011-12	2010-11
Human Resources	\$1,097	\$ 973	\$ 1,062	\$ 875	\$ 805
Finance	1,793	1,967	1,874	1,861	1,797
Information Technology	2,208	1,895	1,973	2,110	2,131
Policy, Stakeholder Relations & Executive Office	1,826	2,596	2,228	2,048	2,373
Sub-total	\$ 6,924	\$ 7,431	\$ 7,137	\$ 6,894	\$ 7,106
As a % of total expenses (excluding amortization)	10%	10%	10%	10%	10%
Amortization	882	1,219	1,430	1,479	1,489
Total	\$ 7,806	\$ 8,650	\$ 8,567	\$ 8,373	\$ 8,595

Management and administration expenses in fiscal 2015 were \$7.8 million (2014 – \$8.7 million), a decrease of \$0.9 million compared to the prior year. The decrease was due to: (1) \$0.5 million in salaries and benefits as six positions were not replaced permanently as a result of the voluntary employee separation program in fiscal 2014 and the organizational restructuring that occurred during fiscal 2015; (2) \$0.2 million savings for travel expenses that were not incurred in fiscal 2015 related to a staff conference; (3) \$0.3 million amortization and; (4) \$0.1 million for computer expenses. The following expense categories increased compared to the prior year: (1) \$0.1 million purchased services; and (2) \$0.1 million in occupancy costs due to operating cost escalations.

Management continues to examine Legal Aid Alberta's cost structure and is committed to limiting the growth in non-

front line service expenses as evidenced by the ratio of Management and Administration expenses of ten percent over the last five years as a percentage of total expenses before amortization.

Capital expenditures

Legal Aid Alberta spent \$0.5 million in 2015 (2014 – \$1.2 million) on additions to capital assets. Approximately \$0.1 million (2014 – \$0.3 million) of the year's expenditures was for the ongoing development and implementation of Legal Aid Alberta's Client Relationship Management Software (CRM) that is utilized for the initial intake, management and documenting service delivery to our clients. Management decided in April 2015 to focus efforts on implementation of CRM 2015 rather than continue plans to implement CRM 2011. Legal

Aid Alberta anticipates implementation of CRM 2015 will be completed in the spring of 2016. Legal Aid Alberta also invested \$0.2 million in other application software in fiscal 2015 including a \$0.1 million upgrade to its Call Centre software. An additional \$0.2 million (2014 – \$0.6 million) was spent for computer hardware including desktop replacement. The desktop replacement was completed in fiscal 2015.

Financial outlook

Legal Aid Alberta submitted its 2015-16 budget for approval by the Minister in December 2014 and received written approval of the budget by letter dated March 31, 2015. The contents of the approved 2016 budget compared to actual results for fiscal 2015 is summarized below.

Table 11 - Comparison of the fiscal 2016 budget to fiscal 2015 actual results

	Budget 2015-16	Actual 2014-15	Change
Revenue	\$ 77,004	\$ 75,346	\$ 1,658
Expenses:			
Private bar	38,445	37,327	1,118
Other program expenses	35,828	35,335	493
Surplus	\$ 2,731	\$ 2,684	\$ 47

Legal Aid Alberta budgeted a moderate increase in funding compared to fiscal 2015, which is largely attributable to a \$1.6 million increase in the grant from the Alberta Government. Alberta Law Foundation (ALF) has also agreed to continue funding Legal Aid Alberta a minimum of \$6 million in 2016. If actual annual funding from ALF is more than \$6 million based on 25 per cent of investment income earned on trust accounts, Legal Aid Alberta will establish a special reserve with the excess funding for use on new and innovative pilot projects with the Minister's approval. Legal Aid Alberta also budgeted a modest increase of \$0.1 million in investment income, offset by a \$0.1 million decrease in recoveries and contributions from clients.

Budgeted expenses, excluding amortization of \$1.4 million (actual 2015 – \$1.2 million) are \$74.3 million (actual 2015 – \$72.7 million), representing a \$1.6 million (or 2%) increase compared to 2015.

Private bar expenses are budgeted at \$38.4 million (actual 2015 – \$37.3 million) and reflects an increase in issued certificates in fiscal 2016 related in part to the 18% increase in FEGs and an increase in the average per certificate costs in 2016. The budget for fiscal 2016 also addresses the need to increase the hourly tariff rate in effort to recruit and retain private bar lawyers. These expenditure increases will be partially offset by continued expansion of non-certificate services offered by staff programs such as Criminal Resolution Office (CRO) services and brief services, and reduced expenditures on 6% fewer outstanding certificates at March 31, 2015 compared to a year earlier.

Other program expenses are budgeted to increase \$0.5 million compared to fiscal 2015. This increase is due to:

1. Budgeted salary and benefit increases for union and non-unionized staff, reflecting a 2 per cent cost-of-living adjustment (\$0.5 million) and step increases for those staff on salary grids (\$0.6 million). Legal Aid Alberta budgeted 272 FTEs in fiscal 2016 compared

to an average 249 FTEs in the prior year. Included in the budget for 2016 are four new positions for CRO services. These increases are mostly absorbed by estimated savings of \$2.1 million in salaries and benefits as a result of the organizational restructuring that occurred during fiscal 2015. Salaries and benefits increased \$0.2 million overall in Budget 2016 compared to fiscal 2015 actuals.

2. \$0.1 million increase in administration expenses (excluding amortization), is attributable to increases of \$0.2 million in purchased services related to information technology projects and \$0.1 million in travel offset by \$0.2 million in rent due to closure of Legal Service Centres in fiscal 2015.
3. \$0.2 million increase in amortization expense.

Legal Aid Alberta will begin the 2016 fiscal year with a cash position of \$10.8 million, and based on budgeted capital expenditures of \$3.9 million and the surplus above (less amortization expense of \$1.4 million), we are anticipating a cash position of \$11.0 million at March 31, 2016. Under the Governance Agreement Legal Aid Alberta is required to maintain a contingent reserve of \$2.5 million. Legal Aid Alberta requires Ministerial approval to drawdown on the contingent reserve.

Budgeted expenditures for the 2016 fiscal year are funded with current year revenues including grants from the Alberta Government and ALF, and recoveries and contributions from clients allowing Legal Aid Alberta to maintain a modest cash reserve. Consequently, we are budgeting a \$0.2 million increase in our cash position during the year. Cash requirements are projected to increase in 2017 and 2018 as program expenses, principally salaries and benefits expenses grow due to projected cost-of-living

adjustments, population growth and a continued increase in demand for certificate services provided by the private bar. To maintain our current projected cash reserve beyond fiscal 2016, Legal Aid Alberta has projected that it will require an increase in funding of approximately \$6.2 million in fiscal 2017 and \$10.1 million in fiscal 2018.

In preparing the Budget for fiscal 2016 and subsequent two-year projection, we have assumed the following:

1. review of the current Financial Eligibility Guidelines (FEGs) and increased tariff rates;
2. maintaining status quo in programs and services and continue to refine operations to improve client outcomes and cost efficiencies;
3. development and implementation of a plan for the recruitment and retention of private bar lawyers;
4. continue to work collaboratively with other agencies to more effectively and efficiently provide services to our clients; and
5. implement a technology driven solution to support the increase in demand for services and to provide critical services to all Albertans.

Additional Funding

In February 2013, the Legal Aid Foundation of Alberta (the Foundation), an entity that is controlled by the Society, was incorporated and subsequently granted charitable status with Canada Revenue Agency in August 2013.

While Legal Aid Alberta's Board and management are supportive of developing alternative funding initiatives to ensure the sustainability of the legal aid plan in Alberta, any such initiatives must be implemented in conjunction with an agreement with our existing funders that they will continue to bear their proportionate share of the cost of operating the legal aid plan in Alberta.

Risks

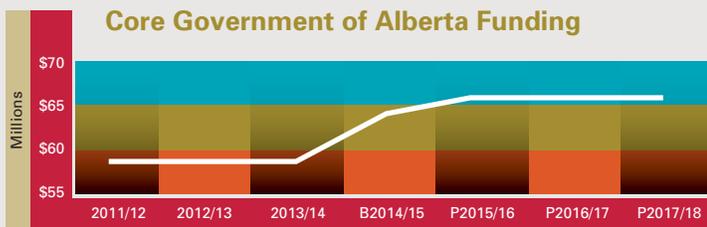
The following is a discussion of risks and uncertainties affecting Legal Aid Alberta. It is not meant to be an exhaustive list nor will the strategies discussed mitigate all risks and uncertainties.

Provincial funding

To help ensure a sustainable legal aid plan in Alberta, Legal Aid Alberta has identified the following issues that need to be addressed through adequate funding:

1. an increase in Legal Aid Alberta’s financial eligibility guidelines (FEGs) to more closely align our FEGs with the Low Income Cut-Off (LICO). The impact of LICO based FEGs would allow Legal Aid Alberta to issue approximately 1,200 additional certificates to provide full representation to clients, estimated to cost \$1.8 million annually. The FEG was increased 18% in December 2014 and the Alberta Government increased core funding by \$5.5 million in November 2014, which was used to fund the additional certificate services.
2. an increase in the base hourly rate paid to private bar lawyers, as there has not been an increase in the \$84 hourly rate since February 2008. Included in Legal Aid Alberta’s 2016 fiscal budget is a proposal to increase the tariff of fees.

The Alberta Government has approved the Society’s fiscal 2016 budget, but has not approved budget proposals provided by the Society for the 2017 and 2018 fiscal years. Legal Aid Alberta received the first installment of \$33.0 million from the Alberta Government in April 2015.



Alberta Law Foundation (ALF) funding

The Legal Profession Act of the Province of Alberta governs ALF funding of the Society. Prior to the signing of the two amending agreements to the Governance Agreement that have provided predictable funding since fiscal 2012, the Society enjoyed and then suffered under dramatic swings in funding as illustrated in the graph below.



Significant reductions in funding levels occurred with the downturn in real estate activity in fiscal 2011. The reduction in funding received from ALF in 2011 and the necessity to enter into an Amending Agreement in 2012 was precipitated by a low interest rate environment and reduction in real estate activity in Alberta. As the Second Amending Agreement signed in 2013 is applicable only to ALF funding for the Society’s 2015 and 2016 fiscal years, the graph illustrates a return to formula based funding; estimated by the Society at \$3 million for fiscal years 2017 and 2018.

Private bar expenditures

In February 2014, the Society introduced Legal Aid Alberta Rules 2014 (the Rules), which replaced the rules in place since April 2004, and board and administrative policies. The Rules and administrative policy governing financial eligibility have restricted the exercise of discretion when a clients’ allowed income exceeds the FEGs. In the months following the introduction, there was an approximate 7% decrease in the volume of issued certificates compared to the prior year. There has also been an increase in the number of adult court-ordered counsel certificates. In fiscal 2015, the Alberta Government made provisions to fund the cost of these orders recognizing that Legal Aid Alberta had denied these applicants service, frequently on the basis of income in excess of the FEGs.

Budgeted private bar expenditures for the coming year were based on assumptions of issued certificate volumes, the average cost of certificates and timing of payments to the private bar. The FEGs were increased 18% in December 2014. The actual impact on certificate volumes was unknown at the time the budget for fiscal 2016 was submitted to the Alberta Government for approval. High cost cases can also have a significant impact on the financial resources available to provide services. High cost cases were \$4.5 million in fiscal 2015 (2014 -\$3.8 million). The actual amounts incurred in 2016 may be materially different from the budgeted amount due to changes in the economic and legal environment in which Legal Aid Alberta operates.

Lawyer recruitment and retention

Legal Aid Alberta relies heavily on private bar lawyers for the delivery of services through the lawyer appointing (certificate) program. In areas of law such as family practice, it is at times particularly difficult to attract private bar lawyers, which has contributed to the growth at Legal Aid Alberta’s Family Law Offices over the years. Legal Aid Alberta continues to take steps to mitigate this risk by focusing on recruitment, retention and development of private bar lawyers.

Management's Responsibility for Financial Information

The Management of Legal Aid Alberta is responsible for the preparation of the Society's financial statements, Management's Discussion and Analysis and all other information contained in this Annual Report. This responsibility includes maintaining the integrity and objectivity of the Society's financial records, and presenting the Society's financial statements in accordance with Canadian generally accepted accounting principles.

Management has developed and maintains a system of internal controls and financial reporting to provide reasonable assurance that the Society's assets are safeguarded, that all material agreements and transactions of the Society are properly recorded, and that reliable financial information is produced on a timely basis.

The Directors of the Society's Board are not employees of the Society. The Board of Directors is responsible for determining that management fulfills its responsibilities in the preparation of the financial statements and the control of the Society's financial operations. The Audit Committee of the Board of Directors meets with staff of the Society's auditors, Ernst & Young LLP, periodically over the course of the year to discuss their audit work, the Society's internal controls, and the financial statements. The Board of Directors is responsible for approving the financial statements.

Ernst & Young LLP has audited the accompanying financial statements for the year ended March 31, 2015. Its audit was conducted in accordance with Canadian generally accepted auditing standards, and included obtaining sufficient understanding of the Society's internal controls to plan the audit. The Auditors' Report outlines the scope of the audit and the opinion.



Suzanne Polkosnik, QC
President and CEO
June 2, 2015



Robert Brassard
VP, Finance and Technology
June 2, 2015

Independent Auditors' Report

To the Board of Directors of
The Legal Aid Society of Alberta

We have audited the accompanying financial statements of **The Legal Aid Society of Alberta**, which comprise the statement of financial position as at March 31, 2015 and the statements of changes in net assets, revenue and expenses and cash flows for the year then ended, and 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 auditors consider 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, these financial statements present fairly, in all material respects, the financial position of **The Legal Aid Society of Alberta** as at March 31, 2015, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Canada,
June 2, 2015

Ernst + Young LLP
Chartered Accountants

Statement Of Financial Position

As at March 31
(in thousands of dollars)

	2015	2014
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	1,502	—
Short-term investments <i>[note 3]</i>	6,762	5,523
Accounts receivable	324	61
Prepaid expenses	492	498
Goods and Services Tax rebates receivable	361	576
Total current assets	9,441	6,658
Investments <i>[note 4]</i>	2,511	2,521
Capital assets <i>[note 5]</i>	2,981	3,673
	14,933	12,852
LIABILITIES AND NET ASSETS		
Current		
Outstanding cheques in excess of related bank balances	—	64
Accounts payable and accrued liabilities	2,593	2,441
Government remittances payable	2	6
Accrued vacation pay	1,101	1,373
Current portion of deferred lease inducements	101	106
Provision for unbilled services provided on outstanding certificates <i>[note 6]</i>	3,500	3,800
Total current liabilities	7,297	7,790
Deferred contributions <i>[note 4]</i>	2,500	2,500
Deferred lease inducements	29	139
Total liabilities	9,826	10,429
Commitments and contingencies <i>[notes 6 and 7]</i>		
Net assets	5,107	2,423
	14,933	12,852

See accompanying notes

On behalf of the Board:



Derek Cranna
Chair



Lance Clark
Director

Statement Of Changes In Net Assets

Year ended March 31
(in thousands of dollars)

	2015		
	Internally funded	Unrestricted	Total
	capital assets		
	\$	\$	\$
Balance, beginning of the year	3,673	(1,250)	2,423
Excess of revenue over expenses	—	2,684	2,684
Purchases of capital assets	547	(547)	—
Amortization of capital assets	(1,219)	1,219	—
Retirement of capital assets	(21)	21	—
Balance, end of the year	2,980	2,127	5,107

	2014		
	Internally funded	Unrestricted	Total
	capital assets		
	\$	\$	\$
Balance, beginning of the year	4,255	6,406	10,661
Deficiency of revenue over expenses	—	(8,238)	(8,238)
Purchases of capital assets	1,206	(1,206)	—
Amortization of capital assets	(1,788)	1,788	—
Balance, end of the year	3,673	(1,250)	2,423

See accompanying notes

Statement Of Revenue And Expenses

Year ended March 31
(in thousands of dollars)

	2015	2014
	\$	\$
REVENUE		
Province of Alberta	64,475	58,810
Alberta Law Foundation grant	6,000	5,500
Recoveries and contributions from clients	4,302	4,296
Interest and other	569	653
Total revenue	75,346	69,259
EXPENSES		
Private bar		
Legal aid fees and disbursements <i>[note 9]</i>		
Criminal adult	22,465	21,853
Civil	10,527	12,034
Duty counsel	2,413	2,488
Young offenders	1,699	1,865
Court-ordered counsel	455	352
Provincial	68	63
	37,627	38,655
Decrease in provision for unbilled services on outstanding certificates <i>[note 6]</i>	(300)	(100)
	37,327	38,555
Other program expenses <i>[note 8]</i>		
Client Services	27,529	30,292
Management and Administration	7,806	8,650
	35,335	38,942
Total expenses	72,662	77,497
Excess (deficiency) of revenue over expenses	2,684	(8,238)

See accompanying notes

Statement Of Cash Flows

Year ended March 31
(in thousands of dollars)

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Received from the Province of Alberta	64,310	58,810
Received from the Alberta Law Foundation	6,000	5,500
Recoveries and contributions from clients	4,302	4,296
Interest and other income received	588	659
Fees and disbursements paid to private bar	(37,752)	(38,667)
Salaries and benefits paid to employees	(28,879)	(31,538)
Payments to suppliers and service providers	(5,206)	(6,498)
Cash provided by (used in) operating activities	3,363	(7,438)
INVESTING ACTIVITIES		
Purchases of capital assets	(547)	(1,206)
Proceeds on disposal of capital assets	—	6
Purchases of short-term investments	(47,750)	(37,250)
Proceeds on disposal of short-term investments	46,500	44,250
Purchases of investments	(7,500)	(2,500)
Proceeds on disposal of investments	7,500	2,500
Cash provided by (used in) investing activities	(1,797)	5,800
Net increase (decrease) in cash during the year	1,566	(1,638)
Cash and cash equivalents, beginning of the year	(64)	1,574
Cash and cash equivalents, end of the year	1,502	(64)
Represented by:		
Cash and cash equivalents	1,502	—
Outstanding cheques in excess of related bank balances	—	(64)
	1,502	(64)

See accompanying notes

Notes to Financial Statements

March 31, 2015
(dollar amounts in thousands)

1. The Organization

The Legal Aid Society of Alberta [the "Society"], registered as a society under the laws of the Province of Alberta, operates by agreement between the Society, the Law Society of Alberta and the Ministry of Justice and Solicitor General of the Province of Alberta. The Society provides a broad range of services to enable Albertans to resolve their legal issues in the following areas of law: criminal, family, child welfare, youth criminal, refugee/immigration, and civil. The current governance agreement became effective on April 1, 2011 and expires on March 31, 2016. Under the provisions of the Income Tax Act (Canada), the Society is exempt from income tax.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada, and include the significant accounting policies described hereafter.

Revenue recognition

The Society's primary sources of funding are contributions from the Province of Alberta and the Alberta Law Foundation, recoveries and contributions from clients, and interest and other income.

The Society follows the deferral method of accounting for contributions. Contributions are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Recoveries and contributions from client recipients of legal aid services cannot be reasonably estimated in advance due to the uncertainty of collection. Accordingly, these recoveries and contributions are recorded as revenue when received.

Interest and other income are recognized as revenue when earned.

Expense recognition

Legal aid fees and disbursements are eligible for payment in respect of services authorized on issued legal aid certificates. The Society records the estimated value of services provided, but not submitted for payment, on outstanding certificates in the period in which the services are provided. These expenses include amounts billed to the Society by lawyers and an estimate of amounts for work performed but not yet billed.

Allocation of other program expenses

The expenses of each function include personnel and other expenses that are directly related to the function. General support and other expenses are not allocated, except for rent, which is allocated by head count to select functions.

Financial instruments

Investments are recorded at fair value. Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

March 31, 2015
(dollar amounts in thousands)

Controlled entities

Controlled not-for-profit entities are not consolidated by the Society. Instead, summarized financial information is disclosed.

Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with periods to initial maturity dates of less than 90 days.

Short-term investments

Short-term investments consist of term deposits with initial maturity dates between 90 and 365 days.

Investments

Investments consist of term deposits with initial maturity dates in excess of 365 days.

Capital assets

Purchased tangible and intangible capital assets are recorded at acquisition cost. Contributed tangible and intangible capital assets are recorded at fair value at the date of the contribution. Amortization is determined using annual rates and methods over the estimated useful lives of the assets as follows:

Tangible assets

Furniture	10% declining balance
Equipment	20% declining balance
Computer hardware	Straight-line over 4 years
Leasehold improvements	Straight-line over term of lease

Intangible assets

Computer software	Straight-line over 5 years
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Deferred lease inducements

Deferred lease inducements represent leasehold improvement allowances paid or payable by landlords. Such inducements are amortized on a straight-line basis over the remaining term of the lease and recorded as a reduction of rent expense.

Contributed materials and services

Contributed materials and services are not recognized in the financial statements.

March 31, 2015
(dollar amounts in thousands)

3. Short-Term Investments

	2015	2014
	\$	\$
Term deposits	6,750	5,500
Accrued interest	12	23
	6,762	5,523

Term deposits bear interest at rates ranging from 0.91% to 1.40% [2014 – 1.57% to 1.59%] with maturity dates ranging from July 14, 2015 to September 30, 2015 [April 15, 2014 to September 2, 2014].

4. Investments

The Province of Alberta requires that a contingent reserve of at least \$2,500 be held as restricted cash for non-forecasted or unbudgeted costs, with use below the \$2,500 minimum amount requiring advance approval and subsequent replenishment. Additional restrictions on annual surpluses and funding received from the Alberta Law Foundation would also be required if certain conditions were met in a fiscal year.

The minimum restricted cash requirement has been met with an investment in a term deposit, which matures on December 4, 2015 and earns interest at a rate of 1.41%. Interest on the investment is paid annually.

	2015	2014
	\$	\$
Term deposit	2,500	2,500
Accrued interest	11	21
	2,511	2,521

March 31, 2015
(dollar amounts in thousands)

5. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Tangible assets				
Furniture	960	548	971	509
Equipment	520	394	526	369
Computer hardware	2,639	2,086	2,523	1,920
Leasehold improvements	5,461	5,191	5,497	4,936
	9,580	8,219	9,517	7,734
Intangible assets				
Computer software	7,239	5,619	6,825	4,935
	16,819	13,838	16,342	12,669
Net book value	2,981		3,673	

Equipment of nil [2014 – \$4], leasehold improvements of nil [2014 – \$12] and computer software of \$638 [2014 – \$235] were not available for use at the year-end and amortization has not yet commenced.

6. Provision for Unbilled Services Provided on Outstanding Certificates

The provision for unbilled services provided on outstanding certificates by members of the private bar is estimated at year-end using a method that incorporates historical median costs and time frames to complete similar cases. As at March 31, 2015, the Society had approximately 21,600 [2014 – 23,000] outstanding certificates issued to the private bar with an estimated liability of \$3,500 [2014 – \$3,800].

The estimated liability is subject to measurement uncertainty. Measurement uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount. Due to the uncertainty involved in the estimation process, there will likely be a difference between the estimated and actual liability and the difference may be material.

In addition to the liability for unbilled services provided to March 31, 2015 on outstanding private bar certificates, the Society estimates the future costs to complete private bar and the Society staff counsel certificate files. As at March 31, 2015, there is an estimated \$23,400 [2014 – \$21,700] that will be incurred on approximately 24,200 [2014 – 25,700] outstanding certificates issued to the private bar and the Society's staff counsel over and above both the billings paid to date and work performed but not yet billed. Due to the uncertainty in the estimation process, there will likely be a difference between the estimated and actual costs to complete outstanding certificates and the difference may be material.

March 31, 2015
(dollar amounts in thousands)

7. Commitments and Contingencies

[a] Commitments

The Society is committed under operating leases for office premises to make annual payments in the following amounts for the next five years:

	\$
2016	2,534
2017	1,894
2018	1,382
2019	1,206
2020	10
	<u>7,026</u>

[b] Contingencies

During the ordinary course of business activities, the Society may be contingently liable for litigation and claims from clients, suppliers and former employees. Management believes that adequate provisions have been made in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse effect on the financial position or results of operations of the Society.

March 31, 2015
(dollar amounts in thousands)

8. Other Program Expenses

Other program expenses reflected in the statement of revenue and expenses, classified by object, are as follows:

	2015	2014
	\$	\$
Salaries and benefits	28,605	31,300
Rent	2,704	2,600
Amortization of capital assets	1,219	1,788
Purchased services	721	660
Office and sundry	604	604
Computer operations and maintenance	524	589
Travel and allowances	279	531
Legal disbursements	239	430
Non-rebateable Goods and Services Tax	159	184
Other	281	256
	35,335	38,942

A portion of rent expense has been allocated where office space is shared as follows:

	2015	2014
	\$	\$
Client Services	948	982
Management and Administration	439	400
	1,387	1,382

March 31, 2015
(dollar amounts in thousands)

9. Related Parties

Certain members of the Board of Directors provide certificate services to the Society. These legal services are provided in the regular course of business under the same tariff of fees as other lawyers. During the year, directors provided certificate services of approximately \$401 [2014 – \$218] to the Society and their respective firms provided additional certificate services of approximately \$640 [2014 – \$131].

10. Legal Aid Foundation Of Alberta

Legal Aid Foundation of Alberta [the “Foundation”] was incorporated on February 7, 2013 under the Business Corporations Act of Alberta. The Society controls the Foundation, the purpose of which is to raise philanthropic and sponsorship funds. The Society appoints the majority of the Foundation’s Board of Directors and, according to Foundation bylaws, all resources of the Foundation must be provided to the Society or used for the Society’s benefit. The Foundation is a registered charity and under the provisions of the Income Tax Act (Canada), the Foundation is exempt from income taxes.

There were no fundraising activities or business transactions related to the Foundation for the years ended March 31, 2015 and 2014, and as at March 31, 2015, the Foundation had no assets.

11. Financial Instruments

Credit risk

The Society is exposed to credit risk in connection with its accounts receivable and its fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Society monitors outstanding balances regularly and allows for uncollectible amounts when determined.

Interest rate risk

The Society is subject to interest rate risk with respect to its short-term and long-term investments because the fair value will fluctuate due to changes in market interest rates. The risk is expected to be low given the highly liquid nature of the instruments and their relatively short terms to maturity.

Liquidity risk

The Society is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

Legal Aid Alberta Offices

Provincial Office

400, 10320 102 Avenue
Edmonton T5J 4A1
Phone: 780.644.4971
Fax: 780.415.2618

Legal Services Centres

Phone: 1.866.845.3425

Edmonton

300, 10320 102 Avenue, T5J 4A1

Calgary

1800, 639 5 Avenue SW T2P 0M9

Red Deer

200, 4802 51 Avenue, T4N 4H3

Lethbridge

244, 200 4 Avenue, South T1J 4C9

Criminal Resolution Office

Edmonton

300, 10320 102 Avenue, T5J 4A1

Calgary

1800, 639 5 Avenue SW T2P 0M9

Red Deer

200, 4802 51 Avenue, T4N 4H3

Lethbridge

244, 200 4 Avenue, South, T1J 4C9

Wetaskiwin

5201 50 Avenue, T9A 0S7

Fort McMurray

717 – 9915 Franklin Ave, T9H 3Z4

Medicine Hat

304, 346 3 Street, T1A 0G6

Siksika Nation

On reserve

Family Law Office

Edmonton

700, 10310 Jasper Avenue, T5J 2W4

Calgary

4th floor, 665 8 Street SW, T2P 3K7

Red Deer

202, 4802 51 Avenue, T4N 4H3

Lethbridge

243, 200 4 Avenue South, T1J 4C9

Wetaskiwin

221, 5201 50 Avenue, T9A 0S7

Youth Criminal Defence Office

Edmonton

600, 10310 Jasper Avenue, T5J 2W4

Calgary

600, 444 5 Avenue SW, T2P 2T8



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