

# Annual Report 2017



Legal Aid Alberta  
*A Just Alberta – one person at a time*

# Vision

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

# Mission

We are a leader in the provision of quality, effective legal advice and representation that enables 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  
424 Legislature Building  
10800 97 Avenue  
Edmonton, AB T5K 2B6

Anthony Young, QC  
President  
Law Society of Alberta  
Suite 500  
919 11th Avenue SW  
Calgary, Alberta T2R 1P3

Dear Honourable Minister Ganley and Mr. Young:

On behalf of the Board of Directors of Legal Aid Alberta (LAA), it is my pleasure to present the 2016/17 Annual Report in accordance with the requirements of Sections 12(b) and 13(b) of the Governance Agreement.

Legal Aid Alberta focused on the fundamentals last year. Our organization is a vital part of Alberta's justice system and provides essential services to Albertans, often during some of the most stressful times of their lives. After several years of transition and organizational change, last year was spent refocusing on the quality of our services, and on ensuring efficiency in the way we deliver them.

LAA worked to increase the capacity of employees while at the same time ensuring their well-being. It did excellent work building strong partnerships while also continuing to assert the crucial independence of our organization.

The Board continues to monitor finances and performance against benchmarks set out in our three year business plan. As a Board we are very pleased to report that the LAA management team and all employees have made significant progress in many of our priority areas, including the delivery of programs and services, improved collaboration with partners, and the careful and prudent management of expenses and risks.

An excellent start was also made on the development of a new governance agreement for LAA. This important work will lay the foundation for the future of our organization, and we remain dedicated to working collaboratively with our partners to arrive at an agreement that ensures the long-term stability and viability of LAA.

We are confident that our community is being well served by LAA staff as they demonstrate daily their commitment to helping Albertans achieve fair and lasting resolutions to their legal issues. The Board would also like to acknowledge and express our appreciation for the tremendous contribution Alberta's roster lawyers make in our province. The professionalism and dedication shown by these trusted partners is a key factor in the success of LAA.

The enclosed report highlights the contribution Legal Aid Alberta makes in providing essential services to Albertans in need. We thank you for the support you have shown our organization, and our shared vision of ensuring access to justice for all Albertans.

*Original signed by*

Robert Calvert

# Message from the Interim President and CEO

It is with great pride that I report on the service provided to Albertans by Legal Aid Alberta this year. Clients of our organization received professional and compassionate service that truly helped them achieve fair and lasting resolutions to their legal issues. All Albertans benefited from the dedication of Legal Aid Alberta employees to ensuring value for each dollar spent, and the innovation directed towards improving efficiencies across the organization.

Albertans turned to Legal Aid Alberta for help in historically high numbers last year, with nearly 195,000 calls handled in our Legal Services Centres, resulting in over 60,000 new client matters created.

To foster legal well-being for so many Albertans, our organization worked diligently to ensure our scarce resources are being used judiciously, and every possible efficiency is being achieved. Business process improvements, careful reviews of staffing levels, and innovative models of service delivery are just a few of the measures implemented to continue minimizing costs without sacrificing service levels.

Legal Aid Alberta is integral to justice in Alberta, alongside and in partnership with many other organizations and individuals. For that reason, a renewed focus was placed on building and strengthening collaborative relationships with Legal Aid Alberta stakeholders, partners and funders. Significant progress was made towards identifying common goals and probing for innovative ways to collaborate.

Many years of continual change, unpredictable funding and increasing workloads for employees has placed a great deal of stress on many staff. This year a significant effort was undertaken to rebuild employee morale and create a respectful, unified and open corporate culture that truly values professionalism, accountability, fairness and innovation.

I am very thankful for my time as Interim President and CEO. I would like to extend my sincere appreciation to the Legal Aid Alberta staff, Roster Lawyers, Board of Directors, and to all our valued partners in the justice system. Together we provide an invaluable service to Albertans, and I am very proud of the help we are able to provide Albertans, and the positive contribution we make in Alberta communities.

*Original signed by*

**Maria David-Evans**

# Board of Directors



Robert Calvert (lawyer), Chair

Deanna Steblyk (lawyer), Vice-Chair

Lori Bokenfohr (lawyer)

Ryan Callioux (related lawyer)

Peter A. Carter (public)

Linda Cook (public)

Derek Cranna (lawyer), Past Chair

Jim Donihee (public)

Graham Johnson (related lawyer)

Nancy Peck (public)

Hilary Rose (public)

# Management Team



Gianpaolo Panusa

**President and CEO:**

Gianpaolo (John) Panusa  
(June 2017 to present)

**Interim President and CEO:**

Maria David-Evans  
(October 2016 to May 2017)

**VP Corporate and Client Services:**

Lyle Toop

**VP Finance and Technology:**

Steve Burford

**VP Legal Representation and Advice:**

Tyler Tollefson

# Governance

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Established on July 1, 1970, Legal Aid in Alberta was created by an agreement between the Law Society of Alberta and the Alberta Attorney General. Legal Aid Alberta was incorporated in 1973, and in 1979 the Law Society of Alberta delegated administration of the legal aid plan to Legal Aid Alberta. The current governance agreement, signed in November 2015 by the Government of Alberta, the Law Society of Alberta, and Legal Aid Alberta, was extended in 2017 and recognizes Legal Aid Alberta as an equal partner in the delivery of the legal aid program.



Legal Aid Alberta is a registered society incorporated under the provincial Societies Act and is an organization independent from government but accountable to Alberta's Minister of Justice and Solicitor General and to the Law Society of Alberta.

Legal Aid Alberta's funding comes primarily from the Government of Alberta through the Minister of Justice and Solicitor General. Funding from the Government of Canada is also received, mainly intended to support those with criminal and immigration or refugee matters, by way of reimbursing the Government of Alberta for a portion of its legal aid expenditures. Legal Aid Alberta also receives an annual grant from the Alberta Law Foundation in the amount of a percentage of the money contributed each year from interest earned on lawyers' trust accounts. Accountability is achieved through a budget and business planning process that ensures Legal Aid Alberta demonstrates it is properly managing its resources and effectively meeting its mandate. Monthly reports and unaudited financial statements are provided to the Alberta government, and an annual report is provided including the audited financial statements. A three year business plan is also provided to government to clarify the Key Performance Indicators (KPIs) the organization will focus on, and the manner in which they will be accomplished.

The effective functioning of Alberta's justice system is the responsibility of Alberta's Ministry of Justice and Solicitor General, so Legal Aid Alberta works with government throughout the year to monitor the contribution that Legal Aid Alberta makes to the system and ensure it is effectively meeting the needs of Albertans as part of the larger justice system.

# Making a Difference

Everything we do at Legal  
Aid Alberta is focused on  
one thing: Helping Albertans.

The Legal Aid Alberta vision describes an Alberta where everyone can access justice and achieve fair and lasting resolutions to their legal issues. This is something we never lose sight of, and something that guides everything we do.

At the same time, we realize we can't get there alone. That's why we continually work to build bridges to other organizations, agencies, departments and individuals who are involved in the administration of justice in our province. This collaborative approach ensures Legal Aid Alberta is contributing appropriately and effectively in helping Albertans achieve just resolutions to their legal matters.

We constantly review what we are doing and the way we are doing it to ensure we are having a significant impact by helping the most Albertans possible in efficient and impactful ways.

This has led us to dramatically change the services we provide and the way we provide them since our creation in 1970. Legal Aid Alberta now provides support to eligible Albertans in its core service areas of:

- Family law and child welfare,
- Emergency protection orders and domestic violence,
- Adult criminal law,
- Youth criminal law,
- Immigration and refugee law,
- Income supports, government benefits, and adult guardianship/trusteeship,
- Services at the Siksika Nation, and
- Duty counsel, including Brydges duty counsel available by telephone.

It is well known that in some areas of service there are financial and other eligibility requirements for receiving assistance from Legal Aid Alberta. What is not as well known is that all Albertans, without any financial or other qualifications, are assisted in some key areas such as Emergency Protection Orders, Youth Criminal Law, and Duty Counsel if they are in need of these services.

Over time Legal Aid Alberta has also developed unique services that support the effective and efficient functioning of the legal system, and that provide more comprehensive support to Albertans with legal issues.

# Touching Lives

Many of the people who come to Legal Aid Alberta (LAA) for help are reaching out at one of the most difficult times in their lives. They could be fleeing domestic abuse, facing criminal charges, or they may be facing deportation to a country they fled because they were being persecuted. In many cases Legal Aid Alberta doesn't just provide legal services, it provides a just resolution that allows people to get their lives back on track, and helps build Albertans' faith in our justice system.

*(Names used in each story have been changed to protect privacy)*



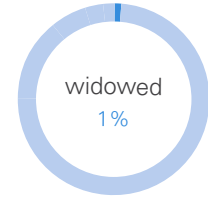
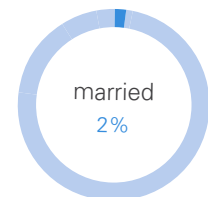
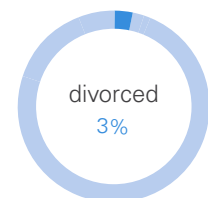
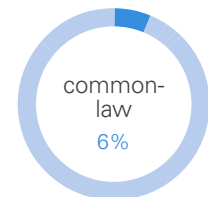
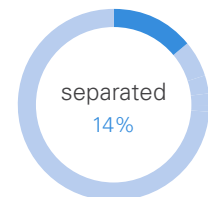
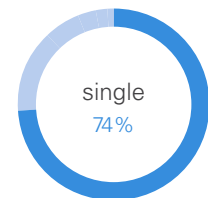
### Olivia's Story

Olivia's marriage was falling apart. Her relationship with her husband had gone from strained to horrible, and then to the point where she no longer felt safe. Thankfully Olivia decided she needed help, and she turned to Legal Aid Alberta.

Olivia went to a Provincial Court House where she met a LAA Duty Counsel Lawyer who works as part of the LAA Emergency Protection Order Program (EPOP). Being in a situation where you turn to EPOP for help is often very stressful, but it was clear Olivia was extremely upset – and with good reason. Just 30 minutes before coming to LAA for help she had received threatening text messages from her spouse that left her feeling terrified for her safety.

Fortunately, a LAA Family Resource Facilitator was there to work with Olivia and provide her with extensive safety planning that helped her to feel safe, and to offer hope for her to escape this terrible situation. With the assistance of the local police, Legal Aid Alberta was able to get Olivia the protection and support she needed to overcome this abusive situation and start to rebuild her life.

### Marital Status of LAA Clients



## Liam's Story

Liam was a young Albertan who had made a mistake, a very serious mistake. He had been found guilty of a crime and sentenced to probation that included regular meetings with a counsellor. The problem was that Liam didn't like the counsellor he had been assigned to, and like so much else in Liam's life he had decided he didn't care enough to bother going to his counselling. Liam was on track to breach his probation and end up back in court, which, given his circumstances, would have likely resulted in jail time.

But before that happened, he met with a Legal Aid Alberta youth worker who could see the path that Liam was on and knew she could help.

The LAA youth worker met with Liam's probation officer to develop a plan for Liam that included regular sessions with a new counsellor. The youth worker told Liam that as long as he was committed to his rehabilitation, he would get the support he needed to be successful in turning his life around.

For six weeks a LAA youth worker took Liam to his counselling, and talked to him about how school was going and how things were at home. The youth worker found that Liam's mother was single and struggled with English, and that the family had very little income and was having trouble with their Assured Income for the Severely Handicapped (AISH) application. The youth worker helped the family with that application and spent time with Liam outside of counselling to help him understand how important it is to attend school regularly, and even to take part in activities like school sports.

At the end of six weeks Liam had another hearing, and based on the significant improvement in his attitude and his demonstrated commitment to rehabilitation he was deemed be a very low risk to reoffend, which allowed him to stay out of court, out of jail, and to keep working at getting his life back on track.

## William's Story

For the first time in William's life he was facing criminal charges. He had been charged with three counts of spousal assault. It was the lowest point in his life, and as he watched his life crumble around him he realized he had done something terrible, and that he was about to lose his job and his wife.

Fortunately for William that's when he turned to Legal Aid Alberta, and when he came into contact with one of the LAA duty counsel lawyers. The lawyer determined that William, a member of a First Nation, was eligible for a mediation program developed specifically for situations like William's. Through that program, and with the support of the LAA lawyer, William went for alcohol addiction counselling as well as anger management counselling. He was determined to turn his life around, and when his wife saw his commitment to changing she even went with him to some of the counselling sessions.

In the end, after completing the mediation program and all the associated steps that are a part of that program, William was able to get his life back on track. When presented with the extensive measures he had taken to get help and resolve the problems he was facing, the Crown Prosecutor withdrew the charges against him, and he was able to keep his job, and keep his family together.

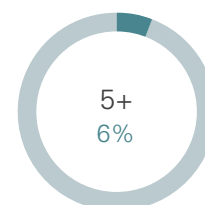
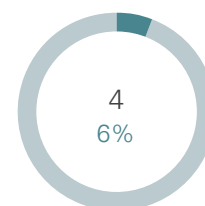
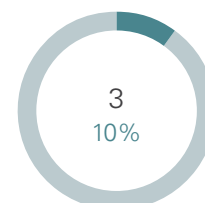
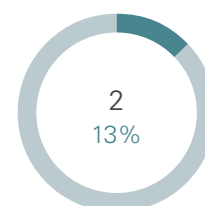
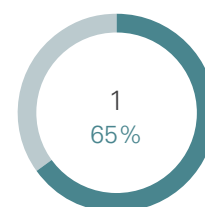
### Sarah's Story

Sarah is a single mother who came to Canada from Pakistan looking for protection. In her home country Sarah was married, and worked developing educational programs for women. In 2011 Sarah's husband passed away suddenly, and the opposition her in-laws had always had to their marriage because of religious differences became acute.

The family of her deceased husband tried to get her fired from her job, filed numerous lawsuits over matrimonial property, and even attempted to kidnap her son from his school. Sarah was unable to get support and protection from local law enforcement, so not knowing where else to turn she and her son eventually escaped to the safety of Canada.

Upon arriving in Canada in 2012 Sarah promptly filed a refugee claim. She waited to hear about her fate and that of her son, but couldn't get an answer. Sarah came to Legal Aid for help, and in 2016 her case was finally heard. Sarah and her son were both granted refugee status, and they are now able to lead a safe and prosperous life in Canada. Sarah said she "thanks God" that she was able to find LAA when she did, and get the help she needed to start building a future for her and her son.

### LAA Clients' Family Size





# Improving the System for All Albertans



Legal Aid Alberta (LAA) employees do remarkable work helping Albertans when they need it most, but the organization also makes a very significant contribution to the broader justice system.

In Alberta, as in many other jurisdictions, court time is a very valuable and very scarce resource. That's why at Legal Aid Alberta numerous initiatives have been developed to aid in the fair resolution of matters, while greatly reducing the amount of court time required.

The services provided by Legal Aid Alberta's duty counsel lawyers, for instance, are available to any Albertan charged with a crime regardless of income or circumstances, and provide a very significant savings in Alberta court time.

Duty counsel lawyers work in courtrooms to assist Albertans who have been accused of a crime and who are appearing in court for the first time but who do not yet have legal representation. They also provide similar assistance to Albertans dealing with family or child welfare matters and who do not have representation.

These lawyers serve two important purposes. They help many Albertans who are coming into contact with the legal system for the first time to understand what is required of them and how the process will work. At the same time, by facilitating these proceedings they enable the smooth and efficient functioning of the courts and prevent countless hours of wasted court time.

Further, many matters can be resolved quickly and it is the role of duty counsel to provide legal advice in order to ensure that Albertans obtain the best outcomes possible. Where matters can be quickly resolved in this manner it is of benefit to all parties involved.

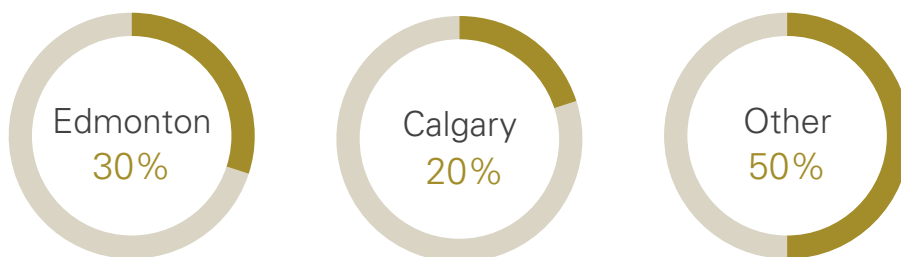
Legal Aid Alberta duty counsel lawyers also facilitate the diversion of many matters where those accused of crimes are directed out of courtrooms and into alternative processes where justice can be served in a way that is more appropriate to the circumstance, while also saving enormous amounts of court time. These diversions can include matters where significant mental health issues are a factor, for example, or where the matters involved would be more appropriately served by Alberta's Adult Alternative Measures Program.

Legal Aid Alberta also works to ease the burden on the court system by assigning youth workers to deal with many of our young clients in an effort to get them the support they need to break the all-too-common cycle of reoffending. Some of these Albertans come into contact with our courts numerous times, so by helping even a small number get the help they need to become productive members of society, many hours of court time can be avoided.

In fact, last year a Legal Aid Alberta youth worker also provided an excellent example of the kind of proactive collaboration that is a focus at LAA and that has a very positive impact on the justice system.

The youth worker noticed people were being released from the Edmonton Remand Centre and being transported to downtown Edmonton at any time of day or night. This often resulted in leaving vulnerable people at risk of exploitation as there were no resources they could access in the middle of the night. The youth worker brought together several different agencies, including John Howard, Elizabeth Fry and the Alberta Ministry of Justice and Solicitor General to try find solutions. Through this process a reasonable and effective solution was found to facilitate a safe transition from custody back into the community.

#### LAA Client Locations



# Advancing our Strategy

Legal Aid Alberta (LAA) has a strategic and business planning process that ensures the organization stays focused on its priorities. Substantial work was done in 2015/16 on improving data collection and enhancing reporting so LAA is better able to determine where efforts are being successful and where improvements are needed. Numerous measurements are currently used for evaluation and assessment of LAA's work, and more, specific Key Performance Indicators (KPIs) are being developed to even better measure progress in LAA's three main strategic focuses:

- Client-Centered Service Delivery Organization
- Qualified and Skilled Service Providers
- A Sustainable Organization

## Client-Centered Service Delivery Organization

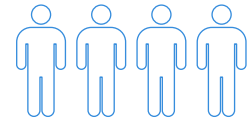
The entire Legal Aid Alberta organization is focused on providing the highest quality services for Albertans in the most effective and efficient ways possible. Last year Legal Aid Alberta continued to take meaningful steps to improve the quality of services offered and the ways in which those services are delivered.

One highlight of those efforts is the Family Triage Initiative that was launched to improve the way Legal Aid Alberta supports those looking for help with relatively straightforward child support and custody matters. Previously, eligible Albertans were assigned lawyers and went through the regular court process to resolve these matters. As part of this new program, LAA lawyers work with these clients to find early, quick resolution to these issues through mediation and other, more appropriate channels. This provides clients with a much quicker and simpler resolution to their matter, without having to pay legal fees, and without using precious time in Alberta courtrooms. If for some reason these efforts are not effective, LAA still provides a lawyer to work through the regular court process.

Legal Aid Alberta also undertook a significant training initiative to improve service levels and consistency for Albertans looking for help across the province. One of the organization's largest business units is generally the first point of contact for most Legal Aid Alberta clients, and in this area refresher training was provided to all employees to ensure each is aware of the full complement of services now offered by LAA, as well as the appropriate circumstances and processes for offering those services. With that consistent training across the entire business unit, LAA is moving closer to being able to offer Albertans the same response and the same type of service regardless of where they are or how they contact Legal Aid Alberta.

Numerous internal process improvements and enhancements were also made last year, each intended to improve efficiency and reduce wait times for LAA clients. These include an upgrade to the current version of the Client Relationship Management (CRM) application so LAA employees can better record and access important client information. LAA also moved its legal document management system to a new, more efficient application that further enhances this ability to quickly access vital records. As part of a large technology implementation, a significant upgrade was also made to legacy network equipment that modernized LAA's system so the tools employees use to serve clients run quicker with fewer outages and less downtime.

## Legal Aid Alberta Employees by the Numbers



249 Employees



70% Female  
24% Male

44

Average age

7

Average years  
of service

## Qualified and Skilled Service Providers

After an extended period operating under a hiring freeze, some of Legal Aid Alberta's highest priority vacant positions were filled last year. This allowed some parts of the organization that were severely understaffed to return to the levels of service previously provided in an effort to serve more Albertans quicker.

Employee engagement was a significant focus at Legal Aid Alberta last year. Years of frequent change and heavy workloads, along with increasing demands, were just a few of the items that were identified as potential issues effecting employee engagement. To determine the overall level of employee satisfaction a survey was developed and conducted across the organization.

The results of that survey will be used to guide a larger program of continual improvements that strive to make Legal Aid Alberta one of the most rewarding workplaces in Alberta.

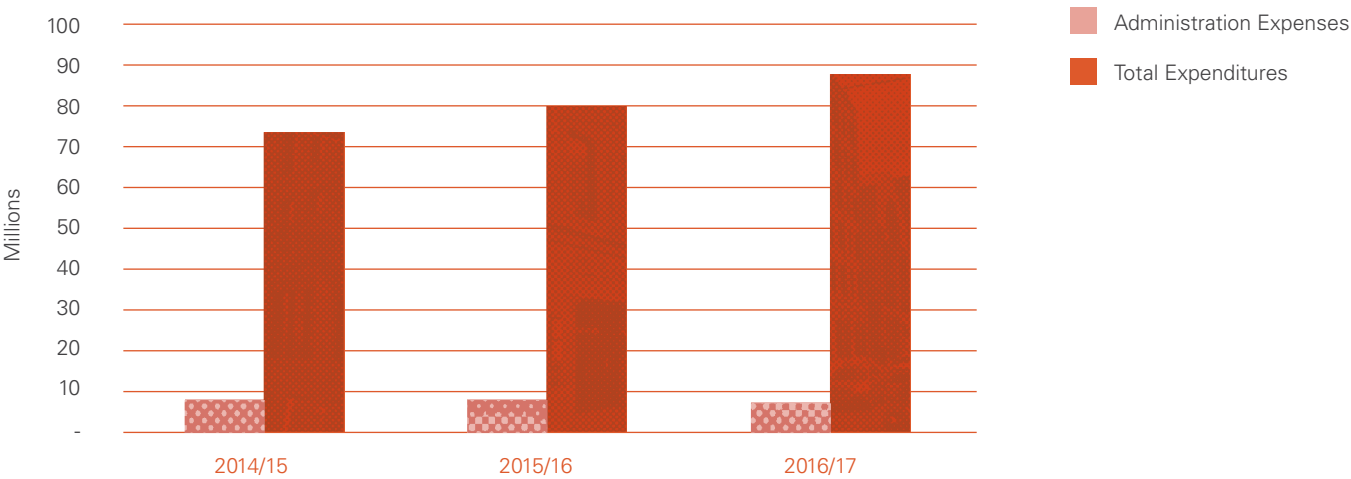
## A Sustainable Organization

As an organization funded primarily by government, Legal Aid Alberta recognizes the tremendous importance of using scarce resources as effectively as possible.

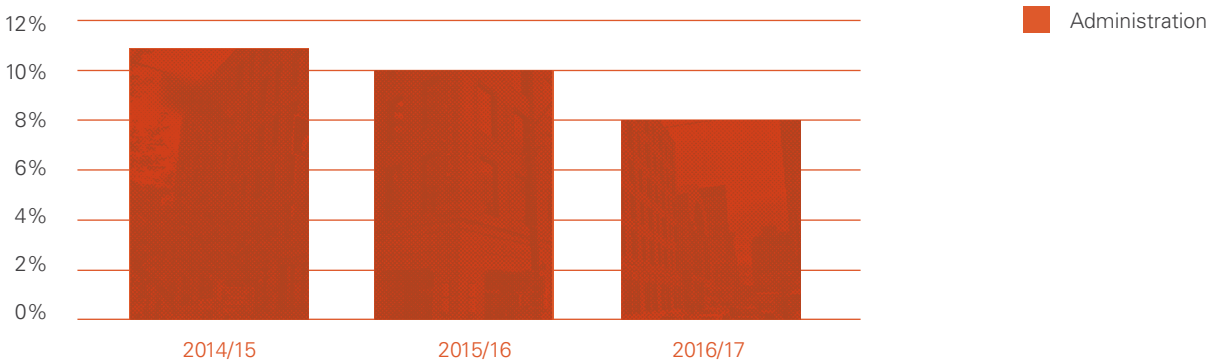
To that end significant work has been done to minimize corporate overhead and ensure that over 90% of total LAA spending goes directly to the provision of services to Albertans – a remarkably low percentage of operating costs for an organization of this size.

At the same time, LAA has also taken several steps to improve internal efficiencies. A duty counsel referral program was established, for example, to enlist the assistance of duty counsel lawyers to do early pre-screening of potential Legal Aid Alberta clients and help prioritize those who had matters that definitely would qualify for LAA assistance. Keeping in mind this commitment to low overhead and scarce resources, extensive work was also undertaken to improve modeling, forecasting, and data collection to allow LAA to develop more comprehensive plans based on more detailed data. This trend towards improved business intelligence will continue as it is also an important part of the organization's efforts to carefully scrutinize and manage its budget.

Administration Expenses vs. Total Expenditures



Administration as a Percentage of Total Costs



# Performance Highlights

## Client Services

The Client Services area of Legal Aid Alberta (LAA) is responsible for managing the initial contact with most LAA clients. Employees in this area are responsible for answering calls from Albertans looking for assistance, and then for assigning lawyers to those who are eligible.

Calls Presented	2016/17	2015/16	2014/15
General	170,879	173,721	131,580
From Remand	61,394	56,269	39,823
Brydges Duty Counsel	19,886	21,139	21,300
Total	252,159	251,129	192,703

The number of matters that lawyers were assigned to increased again last year, with the majority of matters in the areas of criminal or family law.

New Matters by Type	2016/17	2015/16	2014/15
Immigration	823	861	876
Child Welfare	1,861	1,469	1,335
Civil	3,997	4,791	4,026
Family	14,690	13,866	11,368
Criminal	38,900	38,593	32,140
Total	60,271	59,580	50,158

## Legal Representation

Legal Aid Alberta provides legal representation for clients by assigning the matter to a LAA staff lawyer or to a roster lawyer appointed by Legal Aid Alberta.

	2016/17	2015/16
Years of Call of LAA Lawyers	12	12
	2016/17	2015/16
Average Active Certificates	42	61
<b>Locations</b>	<b>2016/17</b>	<b>2015/16</b>
Edmonton	36%	36%
Calgary	35%	35%
Other	29%	29%
Total Active Lawyers	1,032	1,192

In December 2015, the Financial Eligibility Guidelines (FEG) increased by 3 per cent, regardless of family size. In 2015/16 this was one of the main factors that resulted in a 37 per cent increase from the previous year in certificates being issued to Albertans who qualified for LAA services. The FEG did not change in 2016/17, but LAA still provided 14 percent more certificates than 2016/17.

Certificates Issues by Category and Type	2016/17	2015/16	2014/15
Child Welfare	1,480	-	- <sup>1</sup>
Civil	82	-	-
Criminal Adult	30,904	26,746	18,569
Criminal Youth	3,178	3,477	3,539
Family	7,661	8,066	5,783
Immigration	509	-	-
Total Certificates	43,814	38,289	27,891

Note<sup>1</sup>: In 2016/17 greatly enhanced business intelligence systems were implemented in an effort to more accurately analyze and assess the kind and amount of work done by Legal Aid Alberta. For that reason some data available in 2016/17 may not be available for previous years.

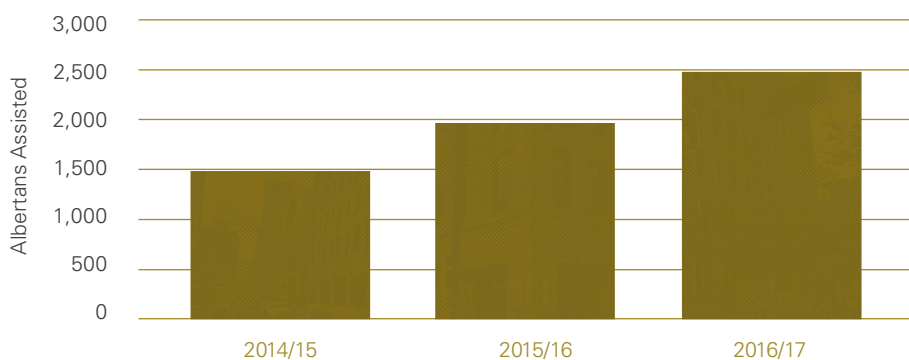
Included in the certificates issued in 2016/17 are 646 that were issued as part of the new Discretionary Coverage Process (DCP). There were 108 certificates issued through the process in 2015/16, the year the program was fully implemented.

The DCP is intended to reduce the burden on the courts to have formal applications heard for Court Ordered Counsel. If a client meets the LAA service eligibility criteria, but does not qualify under the FEG, the matter is automatically referred to the DCP in certain cases where it is likely that a court would appoint counsel. A recommendation regarding service is provided by LAA to Alberta Justice and Solicitor General who retains the final authority to direct LAA to appoint counsel. This project has decreased the time it takes for counsel to be appointed, and will avoid the need for clients and lawyers to make application to the courts.

Another program that continues to see an increase in services provided by LAA is in the area of Emergency Protection Orders (EPO). EPOs are issued when there is violence or threatening behaviour between family members, and immediate protection is needed. LAA helps clients obtain EPOs in order to keep them safe.

In 2016/17 files in this area increased by more than 26 percent from the previous year.

### Emergency Protection Order Files



# 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 statement for the year ended March 31, 2017. Its audit was conducted in accordance with Canadian general accepted auditing standards, and included obtaining sufficient understanding of the Society's internal controls to plan the audit. The auditor's Report outlines the scope of the audit and the opinion.



# 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, 2017 and the statements of changes in net assets (liabilities), 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, 2017, 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.

*Original signed by*

Edmonton, Canada  
June 2, 2017

**Ernst + Young LLP**  
Chartered Professional Accountants

## Statement of financial position

As of March 31  
(in thousands of dollars)

	2016/17	2015/16
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	238	887
Accounts receivable	542	1,142
Goods and Services Tax rebate receivable	614	525
Prepaid expenses	388	363
<b>Total current assets</b>	1,782	2,917
Investments [note 3]	—	2,511
Capital assets [note 4]	9,304	7,078
	11,086	12,506
<b>Liabilities and net assets (liabilities)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	4,388	1,869
Government remittances payable	2	1
Accrued vacation pay	1,080	1,161
Current portion of deferred lease inducements	267	105
Deferred revenue	—	167
Provision for unbilled services provided on outstanding certificates [note 5]	7,650	3,200
<b>Total current liabilities</b>	13,387	6,503
Deferred contributions [note 3]	—	2,500
Deferred capital contributions [note 6]	420	—
Deferred lease inducements	2,341	1,159
<b>Total liabilities</b>	16,148	10,162
Commitments and contingencies [notes 5 and 7]		
<b>Net assets (liabilities)</b>		
Internally funded capital assets	9,220	7,078
Unrestricted	(14,282)	(4,734)
<b>Net assets (liabilities)</b>	(5,062)	2,344
	11,086	12,506

See accompanying notes

On behalf of the Board:

Original signed by

Robert Calvert  
Chair

Original signed by

Hilary Rose  
Director

**Statement of changes in net assets (liabilities)**As of March 31  
(in thousands of dollars)

<b>2017</b>	Internally funded capital assets (\$)	Unrestricted (\$)	Total (\$)
<b>Balance, beginning of the year</b>	7,078	(4,734)	2,344
Deficiency of revenue over expenses	—	(7,406)	(7,406)
Purchases of capital assets	4,187	(4,187)	—
Purchases of capital assets using restricted contributions	(84)	84	—
Amortization of capital assets	(1,872)	1,872	—
Retirement of capital assets	(89)	89	—
<b>Balance, end of the year</b>	9,220	(14,282)	(5,062)

<b>2016</b>	Internally funded capital assets (\$)	Unrestricted (\$)	Total (\$)
<b>Balance, beginning of the year</b>	2,981	2,126	5,107
Deficiency of revenue over expenses	—	(2,763)	(2,763)
Purchases of capital assets	5,141	(5,141)	—
Amortization of capital assets	(1,042)	1,042	—
Retirement of capital assets	(2)	2	—
<b>Balance, end of the year</b>	7,078	(4,734)	2,344

*See accompanying notes*

## Statement of revenue and expenses

As of March 31  
(in thousands of dollars)

	2016/17	2015/16
<b>Revenue</b>		
Province of Alberta <i>[note 3]</i>	80,558	66,340
Alberta Law Foundation grant	3,317	6,000
Recoveries and contributions from clients	3,365	3,968
Interest and other	515	702
<b>Total revenue</b>	<b>87,755</b>	<b>77,010</b>
<b>Expenses</b>		
Private bar		
Legal aid fees and disbursements <i>[note 9]</i>		
Criminal adult	35,509	27,544
Civil	16,313	11,867
Duty counsel	2,890	2,830
Young offenders	1,645	1,742
Court-ordered counsel	1,354	828
Provincial	108	101
	57,819	44,912
Increase (decrease) in provision for unbilled services provided on outstanding certificates <i>[note 5]</i>	4,450	(300)
	62,269	44,612
Other program expenses <i>[note 8]</i>		
Client Services	25,229	27,235
Management and administration	7,663	7,926
	32,892	35,161
<b>Total expenses</b>	<b>95,161</b>	<b>79,773</b>
<b>Deficiency of revenue over expenses</b>	<b>(7,406)</b>	<b>(2,763)</b>

See accompanying notes

## Statement of cash flows

As of March 31  
(in thousands of dollars)

	2016/17	2015/16
<b>Operating activities</b>		
Received from the Province of Alberta	78,353	66,482
Received from the Alberta Law Foundation	3,317	6,000
Recoveries and contributions from clients	3,365	3,968
Interest and other income received	246	398
Fees and disbursements paid to private bar	(55,807)	(45,587)
Salaries and benefits paid to employees	(26,080)	(28,539)
Payments to suppliers and service providers	(5,034)	(5,491)
<b>Cash used in operating activities</b>	<b>(1,640)</b>	<b>(2,769)</b>
<b>Investing activities</b>		
Purchases of capital assets	(4,187)	(5,141)
Purchases of short-term investments	—	(19,600)
Proceeds on disposal of short-term investments	—	26,350
Purchases of investments	(5,000)	(2,500)
Proceeds on disposal of investments	7,500	2,500
<b>Cash provided by (used in) investing activities</b>	<b>(1,687)</b>	<b>1,609</b>
<b>Financing activities</b>		
Proceeds from lease inducements	2,258	545
Restricted contributions received for capital assets	420	—
<b>Cash provided by financing activities</b>	<b>2,678</b>	<b>545</b>
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(649)</b>	<b>(615)</b>
Cash and cash equivalents, beginning of the year	887	1,502
<b>Cash and cash equivalents, end of the year</b>	<b>238</b>	<b>887</b>

See accompanying notes

# Notes to Financial Statements

(all dollar amounts in thousands)

## 1. The organization

The Legal Aid Society of Alberta [the “Society”], is 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 Attorney General of the Province of Alberta to assist individuals of modest means in obtaining legal services in criminal and civil matters. The current governance agreement, which became effective on April 1, 2011 and expired on March 31, 2016, was initially extended to March 31, 2017 and subsequently extended to March 31, 2019. 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 constitutes 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.

Externally restricted contributions for the acquisition of capital assets are recorded as deferred capital contributions and recognized as revenue as the related assets are amortized over their useful lives. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as a direct increase in net assets.

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. Legal 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 to functions by head count.

### 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.

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

### 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.

## 3. Investments and deferred contributions

As part of the current governance agreement effective as at April 1, 2016, the Province of Alberta requires that at least \$2,500 of its funding be deferred and 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.

On February 28, 2017, the Society received approval from the Province of Alberta to utilize the cash balance of \$2,500 for operations.

	2017	2016
Term deposits	\$ -	2,500
Accrued interest	\$ -	11
	-	2,511

Accordingly, the \$2,500 balance was removed from deferred contributions and recognized as Province of Alberta revenue for the year ended March 31, 2017.

Subsequent to the year end, the sections of the governance agreement pertaining to the replenishment of the \$2,500 funding deferral were amended. For the fiscal year ending March 31, 2018 only, the Society is required to defer \$1,000 of its funding and hold this amount as restricted cash. Use below the \$1,000 minimum amount will continue to require advance approval from the Province of Alberta.

#### 4. Capital assets

2017			2016	
	Cost	Accumulated amortization	Cost	Accumulated amortization
<b>Tangible assets</b>				
Furniture	\$ 941	613	941	578
Equipment	\$ 466	388	466	368
Computer hardware	\$ 2,051	1,223	2,256	1,156
Leasehold improvements	\$ 6,955	4,606	6,678	5,326
	<b>10,413</b>	<b>6,830</b>	<b>10,341</b>	<b>7,428</b>
<b>Intangible assets</b>				
Computer software	\$ 9,081	3,360	6,803	2,638
	\$ 19,494	10,190	17,144	10,066
Net book value	\$	<b>9,304</b>		<b>7,078</b>

Leasehold improvements with a cost of \$333 [2016 – \$276], computer software with a cost of \$1,148 [2016 – \$3,236] and computer hardware with a cost of \$31 [2016 - nil] were not available for use at the year-end and amortization has not yet commenced.

## 5. Provision for unbilled services provided on outstanding certificates

The provision for services provided by members of the private bar that have not been billed on outstanding certificates is estimated at year end using a method that incorporates historical median costs and time frames to complete similar cases. At March 31, 2017, the Society had approximately 25,100 [2016 – 24,200] outstanding certificates issued to the private bar with an estimated liability of \$7,650 [2016 – \$3,200].

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, 2017 on outstanding private bar certificates, the Society estimates the future costs to complete private bar and the Society staff counsel certificate files. At March 31, 2017, there is an estimated \$29,875 [2016 – \$24,400] that will be incurred on approximately 30,300 [2016 – 27,000] 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.

## 6. Deferred capital contributions

		2017		2016	
		Deferred capital contributions	Expended capital contributions	Total	Total
Balance, beginning of the year	\$	-	-	-	-
Amounts received during the year	\$	420	-	420	-
Amounts used to purchase capital assets	\$	(84)	84	-	-
Amounts recognized as revenue during the year	\$	-	-	-	-
Balance, end of the year	\$	336	84	420	-

## 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 and thereafter:

	\$
2018	2,647
2019	2,536
2020	2,327
2021	2,334
2022	2,345
Thereafter	3,626
	15,815

### [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.

## 8. Other program expenses

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

	2017 (\$)	2016 (\$)
Salaries and benefits	26,001	28,174
Rent	2,369	2,538
Amortization of capital assets	1,872	1,042
Purchased services	676	797
Office and sundry	413	559
Computer operations and maintenance	591	1,019
Travel and allowances	242	265
Legal disbursements	153	263
Non-rebateable Goods and Services Tax	280	284
Other	295	220
	<b>32,892</b>	<b>35,161</b>

Rent expense has been allocated to other program expenses as follows:

	2017 (\$)	2016 (\$)
Client services	398	351
Management and administration	1,971	2,187
	<b>2,369</b>	<b>2,538</b>

## 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 \$526 [2016 – \$376] to the Society and their respective firms provided additional certificate services of \$630 [2016 – \$573].

## 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) is exempt from income taxes.

Prior to March 31, 2016, the Foundation had no fundraising or business transactions, and as at March 31, 2016, the Foundation had no assets. During the year ended March 31, 2017, the Foundation received a donation for \$1 [2016 – nil], and as at March 31, 2017, had assets of \$1.



## 11. Financial instruments

### Credit risk

The Society's exposure to credit risk represented by the carrying amount of accounts receivable, results from 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 investments because the fair value will fluctuate due to changes in market interest rates. The risk is low given the high 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.

## 12. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

# Contact --- Information

## To Apply For Legal Aid in Person:

### **Edmonton**

Revillon Building, Suite 600  
10320 102 Avenue T5J 4A1

### **Calgary**

1100 Dominion Centre  
665 - 8 Street SW T2P 3K7

### **Siksika Nation**

Siksika Nation Tribal Administration  
Building Justice Department  
P.O. Box 1609 T0J 3W0

## To Apply for Legal Aid by Phone:

**Main Phone:** 866.845.3425

**Fax:** 780.415.2618

## To Apply for Legal Aid or to obtain information about the Emergency Protection Order Program:

Providing legal information,  
services and support for people  
seeking help because of family  
violence.

**Calgary Phone:** 403.297.5260

**Edmonton Phone:** 780.422.9222

**Lethbridge and Area Phone:**  
403.388.3162

