

# Legal Services Society Financial Statements 2009/2010

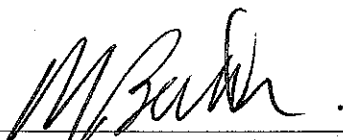
## Legal Services Society Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the society's financial statements. 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 maintains a system of internal controls that ensures that all material agreements and transactions of the society are properly recorded. The society's financial statements for the year ended March 31, 2010, have been examined by KPMG LLP. Their examination was made in accordance with Canadian generally

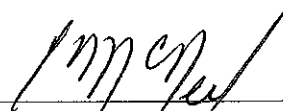
accepted auditing standards, and included obtaining a sufficient understanding of the society's internal controls to plan the audit.

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 board of directors meets with staff of KPMG LLP 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.



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Mark Benton, QC  
Executive Director



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Catherine McNeil, CA  
Director, Finance and Corporate  
Services



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**Chartered Accountants**  
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## AUDITORS' REPORT

To the Board of Directors,  
Legal Services Society, and,

To the Attorney General,  
Province of British Columbia

We have audited the balance sheet of the Legal Services Society (the "Society") as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants

Burnaby, Canada  
May 5, 2010


# Legal Services Society Balance Sheet

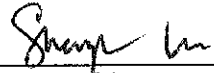
For the year ended March 31, 2010 with comparative figures for 2009

|  | 2010                 | 2009                 |
|--|----------------------|----------------------|
| <b>Assets</b>                            |                      |                      |
| <b>Current assets</b>                    |                      |                      |
| Cash                                     | \$ 1,622,646         | \$ 1,403,842         |
| Short-term investments (note 4)          | 11,319,580           | 6,308,022            |
| Accounts receivable                      |                      |                      |
| Government of British Columbia           | 1,391,797            | 1,414,156            |
| Government of Canada                     | 2,047,456            | 2,780,691            |
| Other                                    | 608,943              | 1,205,637            |
| Prepaid expenses                         | 219,471              | 642,925              |
| <b>Total current assets</b>              | <b>17,209,893</b>    | <b>13,755,273</b>    |
| Long-term investments (note 4)           | 3,970,970            | 11,207,140           |
| Capital assets (note 5)                  | 3,567,286            | 4,803,007            |
| <b>Total assets</b>                      | <b>\$ 24,748,149</b> | <b>\$ 29,765,420</b> |
| <b>Liabilities</b>                       |                      |                      |
| <b>Current liabilities</b>               |                      |                      |
| Accounts payable and accrued liabilities |                      |                      |
| General                                  | \$ 2,777,515         | \$ 2,706,950         |
| Tariff (note 6)                          | 13,004,778           | 14,959,702           |
| Deferred contributions (note 7a)         | 1,370,892            | 1,017,123            |
| <b>Total current liabilities</b>         | <b>17,153,185</b>    | <b>18,683,775</b>    |
| Deferred capital contribution (note 7b)  | 464,737              | 588,218              |
| Long-term liabilities (note 9)           | 375,004              | 576,652              |
| <b>Surplus in net assets</b>             |                      |                      |
| Invested in capital assets (note 11)     | 2,865,549            | 3,920,789            |
| Internally restricted (note 12)          | 3,675,819            | 5,945,077            |
| Unrestricted                             | 213,855              | 50,909               |
|  | <b>6,755,223</b>     | <b>9,916,775</b>     |
| <b>Total liabilities and surplus</b>     | <b>\$ 24,748,149</b> | <b>\$ 29,765,420</b> |
| Commitments (note 13)                    |                      |                      |
| Contingencies (note 16)                  |                      |                      |

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

Approved by:

  
 \_\_\_\_\_  
 D. Mayland McKimm, QC  
 Chair of the Board of Directors

  
 \_\_\_\_\_  
 Sheryl N. Lee, CA  
 Chair of the Finance Committee

## Legal Services Society Statement of Changes in Net Assets

For the year ended March 31, 2010

|   | Invested in<br>capital assets<br>(note 11) | Unrestricted | Internally<br>restricted<br>(note 12) | Total        |               |
|---|--|--------------|---------------------------------------|--------------|---------------|
|   |  |              |                                       | 2010         | 2009          |
| Balance, beginning<br>of year   | \$ 3,920,789                               | \$ 50,909    | \$ 5,945,077                          | \$ 9,916,775 | \$ 13,967,374 |
| Deficiency of revenue over<br>expenses for the year                           | (1,339,912)                                | (1,624,990)  | (69,258)                              | (3,034,160)  | (4,178,581)   |
| Investment in capital<br>assets   | 284,672                                    | (284,672)    | -                                     | -            | -             |
| Change in market value<br>of investment classified as<br>"available-for-sale" | -  | (127,392)    | -                                     | (127,392)    | 127,982       |
| Internal transfer   | -  | 2,200,000    | (2,200,000)                           | -            | -             |
| Balance, end of year  | \$ 2,865,549                               | \$ 213,855   | \$ 3,675,819                          | \$ 6,755,223 | \$ 9,916,775  |

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

# Legal Services Society Statement of Operations

For the year ended March 31, 2010 with comparative figures for 2009

|  | 2010                  | 2009                  |
|--|-----------------------|-----------------------|
| <b>Revenue</b>                             |                       |                       |
| <b>Grants</b>                              |                       |                       |
| Government of British Columbia (note 14)   | \$ 69,546,926         | \$ 69,415,029         |
| Law Foundation                             | 4,958,386             | 4,891,561             |
| Notary Foundation                          | 347,171               | 1,654,214             |
|  | <u>74,852,483</u>     | <u>75,960,804</u>     |
| <b>Other income</b>                        |                       |                       |
| Interest                                   | 664,775               | 1,019,053             |
| Miscellaneous                              | 760,811               | 880,829               |
|  | <u>1,425,586</u>      | <u>1,899,882</u>      |
| <b>Total income</b>                        | <u>\$ 76,278,069</u>  | <u>\$ 77,860,686</u>  |
| <b>Expenses</b>                            |                       |                       |
| Amortization                               | 1,463,393             | 706,261               |
| Local agents                               | 1,132,535             | 784,708               |
| Board expenses                             | 158,280               | 161,077               |
| Computers                                  | 1,289,030             | 1,364,267             |
| Duty counsel                               | 8,628,350             | 8,420,675             |
| Grants and contracted services             | 3,783,417             | 3,897,299             |
| Libraries                                  | 128,857               | 147,486               |
| Miscellaneous                              | 726,638               | 419,314               |
| Office                                     | 594,602               | 904,578               |
| Premises                                   | 2,135,229             | 2,051,458             |
| Salaries and benefits                      | 15,654,992            | 16,010,113            |
| Tariffs                                    | 42,596,476            | 46,395,667            |
| Transcripts                                | 823,993               | 592,725               |
| Travel                                     | 196,437               | 183,639               |
|  | <u>\$ 79,312,229</u>  | <u>\$ 82,039,267</u>  |
| <b>Deficiency of revenue over expenses</b> | <u>\$ (3,034,160)</u> | <u>\$ (4,178,581)</u> |

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

## Legal Services Society Statement of Cash Flows

For the year ended March 31, 2010 with comparative figures for 2009

|  | 2010                       | 2009                       |
|--|----------------------------|----------------------------|
| <b>Cash flows from (to):</b>                     |                            |                            |
| <b>Operating activities</b>                      |                            |                            |
| Deficiency of revenue over expenses for the year | \$ (3,034,160)             | \$ (4,178,581)             |
| Items not involving the outlay of cash           |                            |                            |
| Amortization                                     | 1,463,393                  | 706,261                    |
| Accretion expense                                | 15,000                     | 15,000                     |
| Leasehold inducements                            | (108,648)                  | (27,708)                   |
| Amortization of deferred capital contributions   | (123,481)                  | (105,714)                  |
|  | <u>\$ (1,787,896)</u>      | <u>\$ (3,590,742)</u>      |
| <b>Changes in non-cash operating items</b>       |                            |                            |
| Accounts receivable                              | 1,352,288                  | 1,753,333                  |
| Prepaid expenses                                 | 423,454                    | 49,943                     |
| Accounts payable                                 | (1,884,359)                | 62,748                     |
| Deferred contributions                           | 353,769                    | (452,577)                  |
|  | <u>\$ (1,542,744)</u>      | <u>\$ (2,177,295)</u>      |
| <b>Financing activities</b>                      |                            |                            |
| Long-term liabilities                            | (93,000)                   | 31,000                     |
| Deferred capital contributions received          | -                          | 184,862                    |
|  | <u>\$ (93,000)</u>         | <u>\$ 215,862</u>          |
| <b>Investment activities</b>                     |                            |                            |
| Short-term investments                           | (5,011,558)                | 7,757,637                  |
| Capital asset additions                          | (242,672)                  | (2,266,961)                |
| Long-term investments                            | 7,108,778                  | (3,033,493)                |
|  | <u>\$ 1,854,548</u>        | <u>\$ 2,457,183</u>        |
| <b>Net increase in cash position</b>             | <b>218,804</b>             | <b>495,750</b>             |
| <b>Cash, beginning of year</b>                   | <b>1,403,842</b>           | <b>908,092</b>             |
| <b>Cash, end of year</b>                         | <u><b>\$ 1,622,646</b></u> | <u><b>\$ 1,403,842</b></u> |

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

# Legal Services Society Notes to the Financial Statements

For the year ended March 31, 2010

## 1. Overview

The Legal Services Society (the society) was established under the Legal Services Society Act on October 1, 1979, and was revised on May 31, 2007. The society is governed by a board of directors, of which five are appointed by the province of British Columbia (the province) and four are appointed by the Law Society. The purpose of the society is to:

- assist individuals to resolve their legal problems and facilitate access to justice,
- establish and administer an effective and efficient system for providing legal aid to individuals in British Columbia, and
- provide advice to the Attorney General respecting legal aid and access to justice for individuals in British Columbia.

The society is not subject to income taxes.

## 2. Change in Accounting Policies

### a) Revisions to not-for-profit accounting standards:

Effective April 1, 2009, the society adopted the amendments to CICA Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations*, and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments removed the requirement to disclose net assets invested in capital assets, clarified capital asset recognition criteria and amortization, expanded interim financial statement requirements to not-for-profit organizations that prepare interim financial statements, and added a requirement for disclosure of allocated fundraising and general support expenses by not-for-profit organizations and a requirement to follow Handbook Section 1540, *Cash Flow Statements*. The application of these amendments did not have any impact on the society's financial statements.

b) Financial instruments: During the society's 2009 fiscal year, the CICA announced that not-for-profit organizations could elect to continue to apply Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, in place of Handbook Sections 3862, *Financial Instruments – Disclosure*

and 3863, *Financial Instruments – Presentation*. The society has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

### Future changes in accounting policies:

The society is classified as a not-for-profit organization. The Accounting Standards Board and Public Sector Accounting Board have released exposure drafts relating to the future of financial reporting by not-for-profit organizations. The society is in the process of reviewing the potential impact of the proposals on its reporting framework and financial statements.

## 3. Significant Accounting Policies

### (a) Basis of accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

### (b) Financial instruments

The society's cash, short-term investments, and long-term investments have been classified as available-for-sale and are carried at market value with the changes in market value recorded in unrestricted surplus in net assets.

Accounts receivable have been classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities have been classified as other financial liabilities and are measured at amortized cost.

### (c) Capital assets

Capital assets are recorded at cost and are amortized on a straight-line basis as follows:

|                        | Per year                            |
|------------------------|-------------------------------------|
| Furniture              | 10–20%                              |
| Equipment              | 20%                                 |
| Computer equipment     | 25–33%                              |
| Computer software      | 20–33%                              |
| Case Management System | 10%                                 |
| Leasehold improvements | lower of lease term and useful life |

**(d) Deferred lease inducements**

Tenant inducements received for leased premises are deferred and amortized on a straight-line basis over the term of the lease.

**(e) Asset retirement obligation**

The society recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. The society concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset.

The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted, risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in the Statement of Operations as an operating expense using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is depreciated over the remaining life of the asset.

**(f) Pension plan**

The society participates in a multi-employer contributory pension plan. The cost of the defined contributions is recognized based on the contributions required to be made during each period.

**(g) Revenue recognition**

The society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be

reasonably estimated and collection is reasonably assured. Restricted contributions for expenses that will be incurred in future periods are deferred and recognized in the period in which the related expenses are incurred.

**(h) Donated services**

Donated services are recorded at fair value when they would normally be purchased by the society and when fair value can be estimated for the services. If fair value cannot be reasonably estimated, the services are not recorded.

**(i) Tariff expenses**

Tariff expenses include amounts billed by the lawyers to the society and an estimate of amounts of services performed by lawyers but not yet billed to the society.

**(j) Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas where estimates are significant to the financial statements include the valuation of accounts receivable, amortization of capital assets, asset retirement obligations, tariff liabilities, and contingent liabilities. Actual results could differ from those estimates.

**4. Investments**

All investments are classified as available-for-sale. The combined carrying value of the society's short- and long-term investments is \$15,290,550 (2009—\$17,515,162). Included in investments is \$183,291 for accrued interest (2009—\$246,952). Investments are comprised of Guaranteed Investments Certificates (GIC) and Provincial Bonds, with maturities from June 2010 to December 2012 and rates of return ranging from 1.49% to 3.75%.



## 5. Capital Assets

|                        | Cost         | Accumulated<br>amortization | Net book value |              |
|------------------------|--------------|-----------------------------|----------------|--------------|
|                        |              |                             | 2010           | 2009         |
| Furniture              | \$ 1,000,302 | \$ (553,625)                | \$ 446,677     | \$ 533,681   |
| Equipment              | 506,250      | (317,303)                   | 188,947        | 287,873      |
| Computer equipment     | 739,717      | (331,206)                   | 408,511        | 470,790      |
| Computer software      | 2,222,297    | (1,233,573)                 | 988,724        | 1,317,892    |
| Case Management System | 1,126,527    | (1,126,527)                 | -              | 9,397        |
| Leasehold improvements | 2,418,461    | (884,034)                   | 1,534,427      | 2,183,374    |
|                        | \$ 8,013,554 | \$ (4,446,268)              | \$ 3,567,286   | \$ 4,803,007 |

## 6. Accounts Payable and Accrued Liabilities—Tariff

|  | 2010          | 2009          |
|--|---------------|---------------|
| Balance, beginning of year             | \$ 14,959,702 | \$ 13,977,564 |
| Duty counsel                           | 8,628,350     | 8,420,675     |
| Tariffs                                | 42,596,476    | 46,395,667    |
| Less: tariff payments made during year | (53,179,750)  | (53,834,204)  |
| Balance, end of the year               | \$ 13,004,778 | \$ 14,959,702 |

The society uses an actuarial model to estimate legal services performed but not yet billed to the society. Management estimated the liability to be approximately \$11,162,000 (2009—\$11,826,000). This estimate included in the above table incorporates average case costs and service billings for similar cases, based on historical experience over a two-year period. Actual costs could differ from this estimate.

## 7. Deferred Contributions

(a) Contributions that are restricted to funding specific expenses are deferred and amortized to operations as the related expenses are incurred.

|  | Balance,<br>beginning<br>of year | Restricted<br>contributions | Criminal<br>tariff<br>surplus | Amortized<br>to<br>operations | Balance,<br>end of<br>year |
|--|----------------------------------|-----------------------------|-------------------------------|-------------------------------|----------------------------|
| Law Foundation   | \$ 137,825                       | \$ 1,121,880                | \$ -                          | \$ 1,235,153                  | \$ 24,552                  |
| Ministry<br>of Children<br>and Family<br>Development           | 227,440                          | -                           | -                             | 169,100                       | 58,340                     |
| Government of<br>British Columbia<br>(exceptional<br>matters*) | 651,858                          | 4,700,000                   | -                             | 4,063,858                     | 1,288,000                  |
| Total  | \$ 1,017,123                     | \$ 5,821,880                | \$ -                          | \$ 5,468,111                  | \$ 1,370,892               |

\* The society's Memorandum of Understanding with the Attorney General of British Columbia provides for restricted funding for exceptional matters commencing with the 2003 fiscal year. In the case of an annual shortfall, the society must first apply the shortfall to any surplus in the criminal tariff. Any remaining shortfall is then applied to the deferred contribution. Exceptional matters are cases that meet one or more of the following criteria:

- A court has ordered that counsel be provided.
- The complexity of the legal matter requires payment of fees in excess of the standard rate.
- Legal fees or disbursements exceed \$50,000.
- Several individuals are involved in a similar or related legal proceeding.

(b) Deferred capital contribution represents the unamortized amount of externally restricted grants and other funding received for the purchase of capital assets. Amortization of capital contribution is included in Law Foundation revenue in the statement of operations.

|  | 2010       | 2009       |
|--|------------|------------|
| Balance, beginning of year                     | \$ 588,218 | \$ 509,070 |
| Contributions received                         | -          | 184,862    |
| Amortization of deferred capital contributions | (123,481)  | (105,714)  |
| Balance, end of year                           | \$ 464,737 | \$ 588,218 |

## 8. Pension Plan

The society and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006, indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The society paid \$805,064 for employer contributions to the plan in fiscal 2010 (2009 — \$846,613).

## 9. Long-Term Liabilities

|                                  | 2010       | 2009       |
|----------------------------------|------------|------------|
| Asset retirement obligations (a) | \$ 307,000 | \$ 400,000 |
| Lease inducements                | 68,004     | 176,652    |
|                                  | \$ 375,004 | \$ 576,652 |

**(a) Asset retirement obligation**

Included within long-term liabilities is the society's accrual for its asset retirement obligation for the estimated costs of restoring certain leased facilities to their original condition at the end of the lease terms. The following is a reconciliation of the changes in the asset retirement obligation during the year:

|                            | 2010       | 2009       |
|----------------------------|------------|------------|
| Balance, beginning of year | \$ 400,000 | \$ 385,000 |
| Accretion expense          | 15,000     | 15,000     |
| Less: liabilities settled  | (108,000)  | —          |
| Balance, end of year       | 307,000    | 400,000    |
| Long-term portion          | \$ 307,000 | \$ 400,000 |

The accretion expense is included in the premises expense. The undiscounted estimated cash flows required to settle the obligation ongoing to 2019 is \$472,000. The cash flows are discounted using a credit-adjusted, risk-free rate of 5% (2009—5%).

**10. Capital**

The society receives its principal source of capital through funding received from the Ministry of Attorney General. The society defines capital to be net assets and deferred capital contributions.

The society's objective when managing capital is to fund its operations and capital asset additions. The society manages the capital structure in conjunction with the Ministry of Attorney General and makes adjustments based on available government funding and economic conditions. Currently, the society's strategy is to monitor expenditures to reduce capital in accordance with budgets approved by the Ministry of Attorney General.

The society is not subject to debt covenants or any other capital requirements.

**11. Invested in Capital Assets**

|  | 2010           | 2009         |
|--|----------------|--------------|
| (a) Net assets invested in capital assets are calculated as follows:       |                |              |
| Capital assets   | \$ 3,567,286   | \$ 4,803,007 |
| Amounts financed by: Asset retirement obligation, net of accretion expense | (237,000)      | (294,000)    |
| Deferred capital contribution  | (464,737)      | (588,218)    |
| Balance, end of year   | \$ 2,865,549   | \$ 3,920,789 |
| (b) Deficiency of revenue over expenses:                                   |                |              |
| Amortization of capital assets   | \$ (1,463,393) | \$ (706,261) |
| Less amortization of deferred capital contribution                         | 123,481        | 105,714      |
|  | \$ (1,339,912) | \$ (600,547) |
| (c) Net change in investment in capital assets:                            |                |              |
| Net increase in capital assets   | \$ 227,672     | \$ 2,251,961 |
| Change in asset retirement obligation                                      | 57,000         | —            |
| Investment in capital assets   | \$ 284,672     | \$ 2,251,961 |

## 12. Internally Restricted Net Assets

|                    | Child protection | Board-directed strategic initiatives | Total        |
|--------------------|------------------|--------------------------------------|--------------|
| Opening balance    | \$ 69,258        | \$ 5,875,819                         | \$ 5,945,077 |
| Less: expenditures | (69,258)         | —                                    | (69,258)     |
| Transfer           | —                | (2,200,000)                          | (2,200,000)  |
|                    | \$ —             | \$ 3,675,819                         | \$ 3,675,819 |

The board of directors has authorized the following restrictions of the surplus in net assets:

- On March 31, 2003, the restriction of \$600,000 for a child protection pilot project.
- On December 15, 2006, the restriction of \$11 million for board-directed strategic initiatives.
- The board approved the transfer of \$2.2 million during fiscal 2010 from the restricted net assets to unrestricted net assets.

These internally restricted amounts are not available for other purposes without approval by the board of directors.

## 13. Commitments

The society has the following commitments for long-term leases of its office premises:

|            |    |           |
|------------|----|-----------|
| 2011       | \$ | 643,695   |
| 2012       |    | 687,554   |
| 2013       |    | 734,013   |
| 2014       |    | 774,792   |
| 2015       |    | 798,094   |
| Thereafter |    | 4,316,695 |

At fiscal year-end, the liability for future costs of legal services to be performed beyond the fiscal year, for which the society is currently committed, is estimated by management to be approximately \$18 million. This estimate uses the same methodology as described in note 6 for tariff payables.

## 14. Related Parties

The society is related to the Province of British Columbia and its ministries, agencies, and crown corporations. In this relationship, the Province provided funding in the amount of \$69,546,926 (2009—\$69,415,029) and the society is responsible for providing legal aid to individuals throughout BC. At year-end, the province owed the society \$1,391,797 (2009—\$1,414,156).

Certain members of the board of directors provide tariff services to the society. These services are provided in the regular course of business under the same terms and conditions as other

lawyers. The total amount paid for their services during the year was \$112,928 (2009—\$227,696). All payments to board members are reviewed by the finance committee on a quarterly basis.

## 15. Economic Dependence

In 2010, the society received 91% (2009—89%) of its operating revenue from the province, and 7% (2009—6%) from the Law Foundation of British Columbia. The society depends on funding from these sources for the continuance of its operations.

## 16. Contingencies

The nature of the society's activities is such that there is usually pending or prospective litigation at any time against the society. With respect to claims at March 31, 2010, management believes the society has valid defenses and appropriate insurance coverage in place. In the event that any of these claims are successful, management believes they will not have a material effect on the society's financial position.

## 17. Financial Instruments

Accounts receivable and accounts payable and accrued liabilities approximate their fair values due to their immediate or short term to maturity.

## 18. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.