

**Legal Aid Manitoba**  
**L'Aide Juridique du Manitoba**

# **Annual Report** **2010 2011**

**serving manitoba**  
**for 39 years**

## quick facts

- Legal Aid Manitoba (LAM) provides legal help to people with low-incomes and is fundamental to a fair and balanced justice system.
- LAM opened its doors to clients in 1972. About half our cases are handled by staff lawyers with the other half being completed by private lawyers who are paid a fee for each case.
- Staff provided assistance on a formal or informal basis to 76,259 people in 2010/11.
- For those who qualify, LAM helps:
  - people with family issues such as divorce, child custody, maintenance enforcement and child protection matters;
  - adults and youth who are facing criminal charges;
  - people with disputes involving employment income assistance, workers compensation or disability benefits; and
  - groups and individuals with test cases in the areas of consumer, poverty, environmental, Aboriginal and Charter of Rights challenges.
- LAM has offices in Winnipeg, Brandon, Dauphin, Thompson and The Pas. Staff travel to more than 40 rural and northern communities on a regular basis. Approximately 190 people are employed by LAM across the province.
- The *Legal Aid Manitoba Act* is provincial legislation that established LAM as an independent organization operating at arms length from government. A Management Council of seven to nine people appointed by Cabinet offers strategic and financial direction.
- Funding is provided by the Province of Manitoba, the Government of Canada, the Manitoba Law Foundation and fees paid by clients.



**Legal Aid Manitoba**  
**L'Aide Juridique du Manitoba**

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**THIRTY-NINTH ANNUAL REPORT**  
**LEGAL AID MANITOBA**  
**Fiscal Year Ending March 31, 2011**

The Honourable Andrew Swan  
Minister of Justice  
Attorney General  
Room 104 – Legislative Building  
Winnipeg MB R3C 0V8

Dear Sir:

Pursuant to Section 28 of the *Legal Aid Manitoba Act*, I am pleased to submit the Thirty-Ninth Annual Report for the year ending March 31, 2011.

Detailed statistical information relating to clients, cases and costs is included. The report of the Auditor General and financial statements are attached. Also included is the Audited Statement of Compensation Paid to Council Members and Employees and the Statement of Private Bar Fees and Disbursements in excess of \$50,000 in accordance with Section 2 and 4 of the *Public Sector Compensation Disclosure Act*.

Respectfully submitted,

**MARIO SANTOS**  
Chair  
Legal Aid Manitoba Management Council

**letter to the  
minister**



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## message from the chair

Legal Aid Manitoba (LAM) is an independent body corporate created by an Act of the Manitoba Legislature for the purpose of providing a limited range of legal services to financially eligible Manitobans. LAM is primarily funded by the Manitoba Government with partial funding from the Federal Government, the Manitoba Law Foundation and client contributions.

On December 9th 2004, the Manitoba Legislature unanimously voted to adopt the new *Legal Aid Manitoba Act* after much thoughtful debate by all political parties. The Legislature's archived debates clearly indicate that expectations were high for LAM's new management structure. The Board of Directors was abolished and replaced with a Management Council, a first and to our knowledge only one in Manitoba for a government agency. I would like to say, with great pride and humility, that after six years LAM has been transformed. LAM represents an organization that now strives for greater access to justice by Manitobans, all the while adhering to a new vision of professional excellence, consistency, efficiency, accountability and independence in resource allocation.

I would be remiss if I did not acknowledge that the change in the organization's management structure was not without its unique challenges. Management Council had to deal with vested interests and individuals that did not support LAM's new vision. By working collaboratively with all stakeholders, we have been able to deal with challenges that arose and today we are a transformed organization. Through our activities, Management Council and the Executive Management Committee strive to

consciously steward LAM's resources and maintain open lines of communication and accountability with all our stakeholders.

Reflecting on the past fiscal year leads Management Council to remember the broader and more profound functions that legal aid funded counsel perform. A notable issue that we routinely hear are some Manitobans' concerns about why hard-earned tax dollars are being spent on representing people alleged to have committed criminal offences. It is with great respect that Management Council wishes to highlight that state-sanctioned representation in criminal matters is not a guaranteed right. While LAM has no control over the volume of applications received from clients seeking legal aid counsel, all applications are rigorously scrutinized pursuant to *Legal Aid Manitoba's Act* and Regulations as well as policies, all of which are readily accessible and open to public scrutiny. Legal counsel is not automatic, as all applicants must meet rigorous financial and merit tests to receive legal representation.

LAM's services represent a fundamental cornerstone to the effective/efficient administration of the criminal justice system in Manitoba. While our clientele include individuals that many in society may consider unsavoury, they should be mindful that accused are presumed innocent until they are convicted in a court of law. Everyone is entitled to their day in court with or without legal assistance to respond to the charges laid against them. The thought of having innocent people wrongfully convicted, should be a constant

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reminder to all Manitobans of the importance of funding LAM, especially where citizens have neither the capacity to represent themselves nor the financial resources to independently hire competent legal counsel.

Moreover, LAM's activities are not solely limited to advancing access to justice in the criminal field. Work within family courts would be seriously disrupted and families would be denied much needed financial support without LAM's ongoing commitment to representing clientèle dealing with spousal/child support, child protection and/or poverty law issues. LAM's coverage in domestic, child protection and poverty law matters allows a broad cross-section of Manitobans to access financial support, housing, immigration and other basic human needs. Additional information can be found in this annual report highlighting the services and how many Manitobans were assisted during the 2010/11 fiscal year.

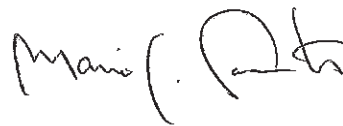
LAM receives a significant portion of its financial resources from public funds. LAM strives to make the best use of the resources that we are so fortunate to receive. The continuous commitment from the Manitoba Government is greatly appreciated. We are also pleased with Government's response concerning our expressed goal of obtaining greater independence from Government in areas such as human resources and budgeting. We are very pleased that our concerns were addressed positively during this fiscal year. Today, LAM enjoys a greater degree of independence than ever before.

We are thankful to and want to assure the Government of Manitoba and the Legislature that their confidence in LAM is well placed. We are mindful of this significant responsibility bestowed upon the organization. Together with all our stakeholders, we are confident that LAM is up to the task of fulfilling the high expectations that greater independence demands.

More specifically, we are fortunate to have at our disposal a talented and dedicated core of staff employees and private bar counsel that will ensure that LAM will be able to effectively continue to deliver legal aid services in

Manitoba. On behalf of Management Council, I would like to extend thanks and recognition to all LAM staff and the private bar for their ongoing commitment on behalf of LAM. I would also like to thank all staff that have worked within LAM and who have retired during the past year.

Finally, I would like to thank the Minister of Justice for his support and understanding of the needs of the Manitobans to whom LAM provides legal services. In light of these uncertain economic times, we are thankful for the Provincial Government's unwavering support and confidence in LAM's ability to conscientiously deliver legal aid services to Manitobans.



Mario Santos  
Chair, Management Council

## message from the executive director

I am pleased to report that we completed the 2010/11 fiscal year without having to implement service cuts or reduce financial eligibility. The Province of Manitoba undertook to provide supplementary funding to Legal Aid Manitoba (LAM) in order to maintain services at 2009/10 levels.

The following highlights some of the significant operational developments for the fiscal year 2010/11:

- LAM introduced a \$250,000 cap on the amount individual private bar lawyers can bill in a given fiscal year.
- LAM converted its poverty law delivery model from using lawyers to utilizing paralegals. In many cases, having paralegals trained in specific areas, such as residential tenancies, social assistance, workers compensation, etc., provides excellent results at a fraction of the cost of retaining lawyers. In addition, some tribunals appear more responsive to paralegals than lawyers.
- LAM implemented the use of video conferencing across the province to reduce the cost of staff travelling into Winnipeg for meetings. The estimated savings per meeting is \$5,000 once travel and down time are factored into the cost.
- LAM successfully recruited articling students and junior lawyers in northern Manitoba and phased out contracts instituted in 2007/08 to provide services to northern regions from Winnipeg.
- LAM completed training of all supervisors as a part of its commitment to team development. This training will assist with restructuring the administration and community law offices to better serve the public.

- LAM announced the creation of a Winnipeg Application/Duty Counsel Centre which will act independently from our community offices.

The dramatic reduction in the Manitoba Law Foundation funding continues to present a significant challenge for the upcoming fiscal year. The coming year will bring many challenges as we completely restructure the delivery of criminal and family law in Winnipeg and begin utilizing smaller independent community offices.

I will continue to work with our Executive Management team, our Management Council and other LAM stakeholders to meet this and other challenges as they arise. I would like to thank the staff and the private bar for their ongoing commitment to LAM.



Gil Clifford  
Executive Director

# about us

Legal Aid Manitoba (LAM) provides legal help to people with low-incomes, working to ensure that all Manitobans have the protections guaranteed in Canada by the *Charter of Rights and Freedoms*. Our service is fundamental to a fair and balanced justice system. We strive to serve all clients with respect and dignity.

In the 1930s and 1940s, the Law Society of Manitoba set up Canada's first program for low-income citizens, so they might get free legal help. Lawyers volunteered their time, but demand for legal services grew rapidly and lawyers quickly became overburdened with cases.

LAM became a legislated program in 1971 and opened its doors to clients a year later. LAM operates at arms length from government. We are mainly funded by the Province of Manitoba, the Government of Canada, the Manitoba Law Foundation and fees paid by clients.

LAM is governed by the *Legal Aid Manitoba Act*, which requires that we:

- provide quality legal advice and representation to eligible individuals;
- administer the delivery of legal aid in a cost-effective and efficient manner; and
- provide advice to the Minister on legal aid generally and on the specific legal needs of low-income individuals.

We do not handle real estate transactions, wills and estates, adoptions, corporate and commercial matters, or civil litigation matters, such as people suing each other.

## Executive Management Committee

Gil Clifford  
Executive Director

Sam Raposo  
Deputy Executive Director

Bruce Gammon  
Legal Director

Robin Dwarka  
Director of Finance

Cathy Sherman  
Deputy Area Director

## Regional Directors

Lorne Giesbrecht  
Westman

Peter Kingsley  
(Acting) Parklands

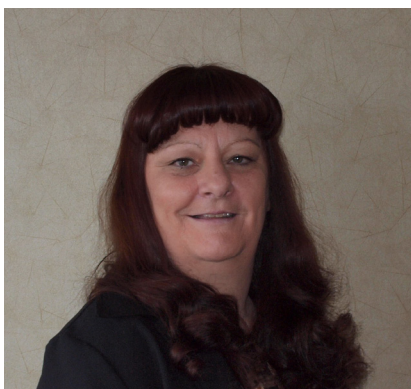
Theresa McDonald  
Northlands



Mario Santos, B.A., LL.B., Chair  
Barrister & Solicitor



Wendy Whitecloud, Vice-Chair  
Director, Academic Support Program  
Faculty of Law, University of Manitoba



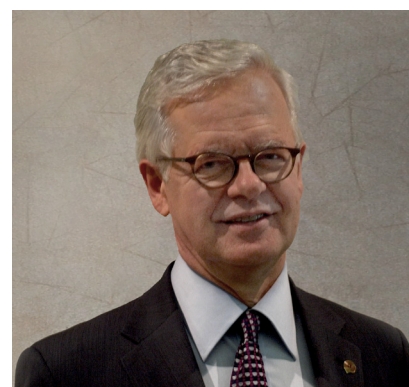
Rose Buss



Luis Martinez, R.T.



Kim Milne  
Comptroller



Herbert Peters  
Barrister & Solicitor  
Partner; Aikins, MacAulay & Thorvaldson LLP



Sandra Phillips  
Barrister & Solicitor



Diane Stevenson  
Barrister & Solicitor  
Stevenson & Desrochers Law Corporation

**management  
council**

# management council committees



Back row (from left to right): Jennifer Dunik, Zita Lopes, Dianna McGavin, Anna Padzierski, Leandre Buisse  
Front row: Ernie Blais, Gerri Wiebe, Mike Paluk, John Hutton  
Missing: Aimée Craft (resigned October 2010), Christian Monnin (effective October 2010)

## **Advisory**

Ernie Blais, Chair  
John Hutton, Vice-Chair  
Leandre Buisse  
Aimée Craft -  
(resigned October 2010)  
Jennifer Dunik  
Zita Lopes  
Dianna McGavin  
Christian Monnin -  
(effective October 2010)  
Anna Padzierski  
Mike Paluk  
Gerri Wiebe

## **Appeals - Client**

Rose Buss  
Luis Martinez  
Mario Santos, ex-officio

## **Appeals - Taxation**

Kim Milne  
Diane Stevenson  
Mario Santos, ex-officio

## **Finance/Audit/Human Resources**

Luis Martinez, Chair  
Kim Milne  
Mario Santos, ex-officio

## **Governance**

Herbert Peters, Chair  
Luis Martinez  
Sandra Phillips  
Mario Santos, ex-officio

## **Policy/Services**

Wendy Whitecloud, Chair  
Rose Buss  
Kim Milne  
Mario Santos, ex-officio

## management council appeal process

The Management Council Appeal Committee and its procedures are established as part of the *Legal Aid Manitoba Act* and Regulations. The Committee reviews matters where clients are appealing the Executive Director's decisions made regarding the rejection of their legal aid application, conditions or restrictions imposed on the provision of legal aid services and/or cancellations of an applicant's legal aid coverage. The Committee also hears tariff appeals where lawyers are appealing the amount he or she was paid for providing legal aid services.

For any appeal, the client/applicant must sign the appeal form and provide reasons why they are appealing Legal Aid Manitoba's (LAM's) decision to refuse their legal aid application or cancellation of certificate coverage. The client/applicant must submit their appeal in writing within 30 days of the Executive Director refusing their initial appeal concerning legal aid coverage. For taxation appeals, notification must be filed in writing within 30 days of payment to counsel.

Appeals are typically heard by a three member panel chaired by the Chair of Management Council. The remaining two members of the panel are comprised of councillors from Management Council. A representative of the Executive Director also attends appeal hearings for client/applicant and taxation matters. Client/applicant appeals can be heard in front of a panel of fewer than three councillors; however, this is only accommodated under exceptional circumstances. Most client/applicant appeals concern family or criminal matters, therefore substantive knowledge in these two areas of law is required of at least one member sitting on the Appeal Committee panel. The Chair of Management Council may hear limited numbers of appeals alone when the client/applicant is in custody awaiting trial. In all cases, where the panel consists of one member, he or she must be a lawyer.

The Committee's appeal processes are relatively informal.

The Appeal Committee renders its decisions based on client/applicant and Executive Director representations at the appeal hearing and reviewing file documentation from LAM's administrative file. Copies of the file documentation being reviewed by the Committee is provided to the client/applicant at least two weeks before the hearing. Client/applicant appeal hearings are governed by the rules of natural justice. Rules of evidence do not apply at appeal hearings. During individual appeal hearings, the Executive Director's representative will advise the Committee why the appeal should not be granted and the client/applicant will counter with why the appeal should be allowed.

Prior to the establishment of the Committee in 2005, LAM did not provide reasons for its appeal decisions. The Committee has been issuing written decisions to clients/applicants since 2007/08. The written decisions provide reasons for the Committee's decision to grant or deny an appeal. Written decisions are also kept by the Committee so that they may be reviewed by third parties and clients/applicants.

In the fiscal year of 2010/11, the Committee heard 122 client/applicant appeals. Of these appeals, 20 were granted, 101 were dismissed and 1 was adjourned for additional information. Clients/applicants appeal LAM's decisions for a variety of reasons. For the most part, refusals heard at the Committee involve issues surrounding a clients' financial eligibility or the merits of the legal matter(s) for which they are seeking legal aid coverage.

Over the last five years, there have been few appeals concerning payments received by private bar lawyers. This has led the Committee to conclude that although lawyers are unhappy with legal aid rates, they know that the taxation process is fair and transparent and LAM can only provide limited additional funds when extremely unusual circumstances exist. Most taxation appeals in the last five years have been denied.

Throughout the appeal process, LAM must be convinced that there is merit to the appeal. Management Council needs to manage LAM within the allocated resources. For example, the Committee may consider whether a prudent person of reasonable means would expend the funds necessary to pursue a certain course of action. This particularly holds true where LAM is being asked to fund appeals to the Court of

Appeal or Supreme Court. Coverage to these courts are no longer automatic. These applications are closely vetted by the Executive Director at first instance. For all Court of Appeal matters, be it at the Executive Director or Management Council level, the client/applicant must show that there are legal issues or significant errors in order to be successful.

### ***Hard Work, Patience and Faith Pays Off***

*"R. L. was a client whose girlfriend became pregnant. He wanted to be a father to the child but she made it very difficult for him to do so. Despite his consistent devotion to his child, the mother reduced his visitation and ultimately planned to leave Winnipeg, without telling him, ending his relationship with his child. Because of his past criminal record and mental health issues, she expected and demanded from the court that she get sole custody.*

*I met with him. We created a game plan. He was scared, but I told him to have some faith.*

*He stuck with the game plan.*

*Over a dozen documents were filed leading up to the interim hearing for custody. He was given supervised visits and over time, he earned the trust of the court.*

*His mental health practitioners were cross-examined; he was part of 2 assessments - back to back. He attended about a half dozen case conferences.*

*He stuck to the game plan, had a little faith and in the end, he was awarded joint custody of his daughter, secondary care and control, 20 hours per week. He has a job and pays his child support.*

*He has the court's respect as well as mine. These are the types of battles you get your call to the bar for and why Legal Aid can be so valuable to people."*

*Clay Stewart  
Attorney, Agassiz Law Office*



# whistleblower protection act

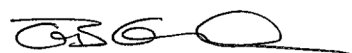
The *Public Interest Disclosure (Whistleblower Protection) Act* came into effect in April 2007. This law gives employees a clear process for disclosing concerns about significant and serious matters (wrongdoing) in the Manitoba public service, and strengthens protection from reprisal. The Act builds on protections already in place under other statutes, as well as collective bargaining rights, policies, practices and processes in the Manitoba public service.

Wrongdoing under the Act may be: contravention of federal or provincial legislation; an act or omission that endangers public safety, public health or the environment; gross mismanagement; or, knowingly directing or counselling a person to commit a wrongdoing. The Act is not intended to deal with routine operational or administrative matters.

A disclosure made by an employee in good faith, in accordance with the Act, and with a reasonable belief that wrongdoing has been or is about to be committed is considered to be a disclosure under the Act, whether or not the subject matter constitutes wrongdoing. All disclosures receive careful and thorough review to determine if action is required under the Act, and must be reported in a department's annual report in accordance with section 18 of the Act.

There were no disclosures under section 10 or section 14 of the *Whistleblower Protection Act* during the period between April 1, 2010 and March 31, 2011. The activity under this Act is set forth in the disclosure reporting matrix below:

Information required annually (per section 18 of the Act)	Fiscal year 2010/11
The number of disclosures received and the number acted on and not acted on. subsection 18(2)(a)	NIL
The number of investigations commenced as a result of a disclosure. subsection 18(2)(b)	NIL
In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations or corrective actions taken in relation to the wrongdoing, or the reasons why no correction action was taken. subsection 18(2)(c)	NIL



Bruce Gammon  
Legal Director & Designated Officer under the *Whistleblower Protection Act*  
Legal Aid Manitoba



Monique DeCarie, LAM file clerk for over 36 years, retired in December 2010!

With the implementation of Legal Aid Manitoba's (LAM) revised Area Director's Manual, changes were made to how certificate matters will be reported internally/externally to key stakeholders. Starting April 1, 2009, all criminal and youth certificates issue with a separate paragraph identifying each Criminal Code Information. Common offence notices are typically attached to the Criminal Code matter out of which they arise. Where charges on an Information warrant separate coverage (re. matters can proceed to trial by themselves), these charges will be highlighted as a separate legal matter having a distinct identifying number under a client's certificate. This provides counsel with the ability to bill legal matters separately after disposition so long as they were not jointly disposed of with other legal matters on the client's certificate.

Consequently, LAM will now be reporting the number of legal matters issued instead of certificate counts. The adopted tracking methods simplifies both the certificate issuance and billing processes thereby increasing their transparency. This is not a change to the tariff of fees and is revenue neutral.

**tracking  
work issued**

<b>Service Delivery Volumes</b>	<b>2010/11</b>	<b>2009/10</b>
<b>Application Services</b>		
Applications Received <sup>1</sup>	30,294	30,629
Applications Refused	8,055	7,353
<b>Legal Matters Issued (Opened Cases)</b>		
Criminal Adult	15,527	16,541
Criminal Youth	3,977	4,174
Family	5,332	5,867
Other Civil	137	243
<i>Total Legal Matters Issued<sup>2</sup> (a)</i>	<i>24,973</i>	<i>26,825</i>
<i>LM issued to Private Bar</i>	<i>14,433</i>	<i>15,411</i>
<i>LM issued to Staff</i>	<i>10,540</i>	<i>11,414</i>
<b>Legal Matters Closed</b>		
Criminal Adult	15,611	13,586
Criminal Youth	3,816	3,660
Family	5,494	5,594
Other Civil	169	134
<i>Total Legal Matters Closed</i>	<i>25,090</i>	<i>22,974</i>
<i>LM closed by Private Bar</i>	<i>14,077</i>	<i>13,387</i>
<i>LM closed by Staff</i>	<i>11,013</i>	<i>9,587</i>
<b>Other Services</b>		
Duty Counsel Assists (b)	42,265	38,664
Drop-In and Phone Assists (c)	9,021	9,885
<b>Appeal Services</b>		
Appeals to Management Council		
Criminal (includes Adult and Youth matters)	52	35
Family	52	32
Civil	18	9
<i>Total Management Council Appeals<sup>3</sup></i>	<i>122</i>	<i>76</i>
<b>TOTAL ASSISTS (a + b + c)<sup>4</sup></b>	<b>76,259</b>	<b>75,374</b>

# statistics

## Notes:

1 Statistics include applications and non-initial legal matters. Non-initial legal matters are any subsequent legal matter that may attract coverage under an existing (open) client certificate. Non-initial legal matters are subject to the same eligibility criteria applied to all applications.

2 LAM uses a mixed-model service delivery system. In 2010/11, the ratio of private bar to staff services was 58:42 (57:43).

3 Management Council refused 101 (56) appeals, granted legal coverage in 20 (19) appeals and adjourned 1 (1) appeal.

4 In 2010/11 a total of 76,259 (75,374) people were assisted either on a formal or informal basis. This represents an increase of 1.2% over the previous fiscal year.

## Community Law Office Statistics

	Agassiz Law Office	Criminal Law Office	Kelsey Office	Northlands Community Law Centre	Parklands Community Law Centre	Public Interest Law Centre	Somerset Law Office	Thompson Community Law Centre	University Law Centre	Westman Community Law Centre	Winnipeg Law Office	All Community Law Offices
Supervising Attorney	1	3	1	1	1	1	3	1	0	1	1	14
Staff Lawyer	3	17	1	2	3	2	9	2	0	3	7	49
Paralegal	1	6	0	1	3	3	1	1	0	1	0	17
Articling Student	1	3	0	2	0	1	3	2	0	0	1	13
Office Manager	0	1	0	0	0	0	0	0	0	0	0	1
Support Staff	3	7	1	2	2	2	9	1	1	3	5	36
Total	9	37	3	8	9	9	25	7	1	8	14	130

# financial overview

## Sources of Funding

During 2010/2011, Legal Aid Manitoba (LAM) received funding from three sources:

1. Funds appropriated by the Provincial Government through Manitoba Justice.
2. Statutory and discretionary grants from the Manitoba Law Foundation.
3. Client contributions, costs awarded by the Court on behalf of clients, interest earned on monies invested, and miscellaneous receipts.

The Government of Canada reimbursed the Province for some of the legal aid expenditures on federal criminal matters (adult and youth). The contribution agreement was renewed to March 31, 2011.

## Distribution of Funding

LAM divides its budget into two general areas of direct legal service and administration. The table below shows the distribution.

### Significant Pressures on LAM

Low interest rates continue to negatively affect statutory grant revenue from the Manitoba Law Foundation.

LAM's operating costs are expected to increase substantially in 2011/12 and beyond related to lease negotiations. Market demand has driven up the cost of office space in Winnipeg by as much as 50% since the Corporation last entered into leases for office space.

	2011 (\$000's)	2010 (\$000's)
Operating Revenue:		
Province of Manitoba Appropriation	\$24,666	\$26,645
Other	2,581	3,676
Total Revenue	27,247	30,321
Operating Expense:		
Private bar <sup>1</sup>	9,546	10,805
Direct legal services <sup>2</sup>	17,843	19,279
Administration <sup>3</sup>	1,451	1,416
Total Expense	28,840	31,500
Excess Expense over Revenue	(\$1,593)	(\$1,179)

<sup>1</sup> Private bar fees and disbursements include an accrual for outstanding cases at the end of the year.

<sup>2</sup> Direct legal services expenditures include salaries and benefits, travel, provision of legal services, taxation, collection and other legal expenses.

<sup>3</sup> Administration includes Management Council, the Executive Management Committee, and other administrative expenses for Winnipeg.

### ***Fighting for Consumers - \$320 Million Rebate for Manitoba Motorists***

*In a case that attracted national media scrutiny, Manitoba motorists received good news in March 2011, when the Public Utilities Board ordered Manitoba Public Insurance to rebate \$320 million in excess auto insurance premiums. On average, each policy holder received a rebate of over \$500. While Manitoba Public Insurance sought to restrict the rebate to \$70 million, the Public Interest Law Centre acting on behalf of Manitoba consumer organizations successfully argued that Corporate reserves in the range of \$3 billion dollars were excessive in the face of unreasonable reserving practices.*

*Byron Williams  
Director, Public Interest Law Centre*



The accompanying financial statements of Legal Aid Manitoba are the responsibility of management and have been prepared in accordance with the accounting policies stated in Note 2 to the financial statements for the year ended March 31, 2011.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The responsibility of the Auditor General is to express an independent professional opinion on whether the financial statements are fairly presented in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

A handwritten signature in black ink, appearing to read 'Gil Clifford'.

Gil Clifford  
Executive Director  
Legal Aid Manitoba

August 23, 2011

**responsibility for  
financial reporting**

# auditor's report



## INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba  
To the Management Council of Legal Aid Manitoba

We have audited the accompanying financial statements of Legal Aid Manitoba, which comprise the balance sheet as at March 31, 2011, and the statements of revenue and expense, changes in net assets and cash flow 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 generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Legal Aid Manitoba as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Office of the Auditor General*

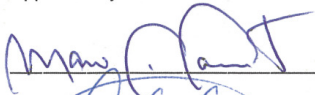
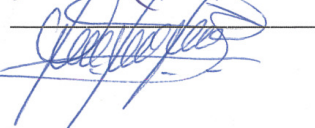
Office of the Auditor General  
August 23, 2011  
Winnipeg, Manitoba

# LEGAL AID MANITOBA

Balance Sheet  
as at March 31

	2011	2010
<b>ASSETS</b>		
Current Assets		
Cash	\$ 895,144	\$ 877,765
Short-term investment	-	1,400,000
Client accounts receivable (Note 3)	246,344	235,669
Receivable from the Province of Manitoba	4,635,000	5,237,000
Receivable from the Government of Canada	124,541	110,396
Other receivables (Note 4)	188,308	103,848
Prepaid expenses	301,215	181,680
	6,390,552	8,146,358
Capital Assets (Note 5)	203,657	294,369
Long-term receivable - charges on land (Note 6)	768,803	714,505
Long-term receivable - severance - Province of Manitoba (Note 7)	716,166	716,166
Long-term receivable - pension - Province of Manitoba (Note 14)	18,185,771	16,629,700
	\$ 26,264,949	\$ 26,501,098
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 4,377,871	\$ 4,797,734
Accrued vacation pay	1,078,918	992,192
Deferred revenue from clients	376,607	406,357
Deferred contribution from Province of Manitoba	30,000	30,000
	5,863,396	6,226,283
Severance liability (Note 8)	1,883,129	1,719,000
Provision for employee pension benefits (Note 14)	18,185,771	16,629,700
	20,068,900	18,348,700
Net Assets		
Invested in Capital Assets	203,657	294,368
Restricted Net Assets (Note 15)	78,559	78,559
Unrestricted Net Assets	50,437	1,553,188
	332,653	1,926,115
	\$ 26,264,949	\$ 26,501,098

Approved by the Council

 Chair  
 Council Member

**financial  
statements**

## LEGAL AID MANITOBA

### Statement of Revenue and Expense for the year ended March 31

	2011	2010
<b>Revenue</b>		
Province of Manitoba (Note 9)	\$ 24,666,304	\$ 26,645,026
Manitoba Law Foundation (Note 10)	766,350	2,147,184
Contributions from clients	1,145,601	1,089,291
Recoveries from third parties	710,671	428,831
Government of Canada	132,130	110,396
Judgment costs and settlements	100,282	78,517
Interest income	12,925	52,383
Other	10,363	6,265
	\$ 27,544,626	\$ 30,557,893
<b>Expense</b>		
Private bar fees and disbursements (Note 13)		
Legal aid certificates	\$ 8,829,857	\$ 9,941,105
Duty counsel services	670,970	806,424
Transcripts	45,143	57,141
	9,545,970	10,804,670
Community Law Centres, Schedule 1	12,046,360	11,782,461
Public Interest Law Centre, Schedule 1	1,114,586	1,082,053
University Law Centre, Schedule 1	114,903	116,071
General and Administrative, Schedule 1	6,316,269	7,951,382
	\$ 29,138,088	\$ 31,736,637
<b>Excess of Revenue (Expense)</b>	<b>\$ (1,593,462)</b>	<b>\$ (1,178,744)</b>

## LEGAL AID MANITOBA

### Statement of Changes in Net Assets for the year ended March 31

	Invested in Capital Assets	Restricted Net Assets (Note 15)	Unrestricted Net Assets	Total <b>2011</b>	<b>2010</b>
Balance, Beginning of Year	\$ 294,369	\$ 78,559	\$ 1,553,187	\$ 1,926,115	\$ 3,104,859
Restricted Net Assets Expenses	-	-	-	-	-
Excess of Revenue (Expense)	(104,017)	-	(1,489,445)	(1,593,462)	(1,178,744)
Capital Asset Additions	29,675	-	(29,675)	-	-
Capital Asset Disposals	(16,370)	-	16,370	-	-
Balance, End of Year	\$ 203,657	\$ 78,559	\$ 50,437	\$ 332,653	\$ 1,926,115

# LEGAL AID MANITOBA

## Statement of Cash Flow for the year ended March 31

	2011	2010
Cash Flow Provided by (Used In) Operating Activities:		
Excess of Revenue (Expense)	\$ (1,593,462)	\$ (1,178,744)
Add items not affecting cash		
Amortization	104,017	112,492
Loss on disposal of capital assets	16,370	-
Changes in working capital:		
Client accounts receivable	(10,675)	(43,083)
Province of Manitoba receivable	602,000	(1,193,700)
Government of Canada receivable	(14,145)	(110,396)
Other receivables	(84,460)	38,221
Prepaid expenses	(119,535)	1,036
Accounts payable and accrued vacation pay	(333,137)	728,501
Deferred revenue	(29,750)	(11,530)
Charges on land	(54,298)	43,044
Long-term funding commitments - pension	(1,556,071)	(3,385,114)
Severance liability	164,129	81,400
Provision for employee pension benefits	1,556,071	3,385,114
	(1,352,946)	(1,532,759)
Cash Flow Provided by (Used In) Investing Activities:		
Redemption of short-term investment	1,400,000	-
Purchase of capital assets	(29,675)	(86,064)
	1,370,325	(86,064)
Net Increase (Decrease) in Cash for the Year	17,379	(1,618,823)
Cash - Beginning of Year	877,765	2,496,588
Cash - End of Year	\$ 895,144	\$ 877,765
Supplemental Cash Flow Information		
Interest Received	\$ 12,925	\$ 52,383

LEGAL AID MANITOBA												SCHEDULE 1
Schedule of Expenses												
for the year ended March 31												
	COMMUNITY LAW CENTRES		PUBLIC INTEREST LAW CENTRE		UNIVERSITY LAW CENTRE		GENERAL AND ADMINISTRATIVE		TOTAL			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,749	\$ 30,357	\$ 28,749	\$ 30,357	\$ 28,749	\$ 30,357
Amortization	56,925	69,024	3,165	3,781	1,886	1,452	42,041	38,235	104,017	38,235	104,017	112,492
Bad debts	-	-	-	-	-	-	287,601	231,026	287,601	231,026	287,601	231,026
Bank charges	-	-	-	-	-	-	2,250	2,172	2,250	2,172	2,250	2,172
Collection costs	-	-	-	-	-	-	9,817	5,996	9,817	5,996	9,817	5,996
Computer costs	30,656	15,756	107	114	-	-	28,509	12,219	59,272	12,219	59,272	28,089
Council expenses	-	-	-	-	-	-	157,328	147,240	157,328	147,240	157,328	147,240
Duty counsel	260,903	244,925	3,032	5,228	-	-	1,825	1,207	265,760	1,207	265,760	251,360
Equipment maintenance	95,341	103,419	10,689	9,858	1,346	939	43,762	42,486	151,138	42,486	151,138	156,702
File disbursements	327,634	361,104	306,991	181,406	1,163	806	27,691	24,131	663,479	24,131	663,479	567,447
Library	75,396	62,437	7,342	12,103	198	120	1,980	2,913	84,916	2,913	84,916	77,573
Meetings	9,695	17,702	1,772	443	1,124	3,221	9,510	18,735	22,101	18,735	22,101	40,101
Office expenses	199,932	193,240	21,557	19,232	5,573	4,657	107,731	122,231	334,793	122,231	334,793	339,360
Office relocation	19,605	856	-	1,226	-	-	-	1,415	19,605	1,415	19,605	3,497
Pension costs (Note 14)	-	-	-	-	-	-	2,272,232	4,063,251	2,272,232	4,063,251	2,272,232	4,063,251
Premise costs	683,059	668,396	23,737	23,004	41	112	168,224	166,108	875,061	166,108	875,061	857,620
Professional fees	155,422	144,748	12,302	12,447	703	570	126,897	110,012	295,324	110,012	295,324	267,777
Salaries, benefits and levy	9,810,819	9,528,420	702,517	792,416	90,740	93,494	2,676,966	2,658,445	13,281,042	2,658,445	13,281,042	13,072,775
Severance benefits	-	-	-	-	-	-	217,482	170,333	217,482	170,333	217,482	170,333
Staff development	86,337	117,757	4,395	3,699	-	-	8,026	16,112	98,758	16,112	98,758	137,568
Staff recruitment	27,613	21,782	870	129	-	10	2,981	1,521	31,464	1,521	31,464	23,442
Telephone	98,944	103,195	7,950	7,593	2,524	3,207	74,962	60,109	184,380	60,109	184,380	174,104
Transcripts	29,110	26,370	-	75	327	327	-	-	29,437	-	29,437	26,772
Travel	78,969	103,330	8,160	9,299	9,278	7,156	19,705	25,128	116,112	25,128	116,112	144,913
TOTAL	\$ 12,046,360	\$ 11,782,461	\$ 1,114,586	\$ 1,082,053	\$ 114,903	\$ 116,071	\$ 6,316,269	\$ 7,951,382	\$ 19,592,118	\$ 7,951,382	\$ 19,592,118	\$ 20,931,967

## Notes to Financial Statements for the year ended March 31, 2011

### 1. Nature of the Corporation

Legal Aid Manitoba (the Corporation) was established by an Act of the Legislative Assembly of Manitoba.

The purpose of the Corporation, as set out in the Act, is to service the public interest by:

- a) Providing quality legal advice and representation to eligible low-income individuals;
- b) Administering the delivery of legal aid in a cost-effective and efficient manner; and
- c) Providing advice to the Minister on legal aid generally and on the specific legal needs of low-income individuals.

The Corporation is economically dependent upon the Province of Manitoba. Other revenue sources include the Manitoba Law Foundation, individual clients, and third party agencies.

### 2. Significant Accounting Policies

#### a) General

The financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for not-for-profit entities.

#### b) Financial Instruments and Risk Management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Corporation are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash	Held for trading	Fair value
Short-term investment	Held for trading	Fair value
Client accounts receivable	Loans and receivables	Amortized cost
Receivable from the Province of Manitoba	Loans and receivables	Amortized cost

Notes to Financial Statements  
for the year ended March 31, 2011

Financial Asset/Liability	Category	Subsequent Measurement
Receivable from the Government of Canada	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Long-term receivables:		
• Charges on land	Loans and receivables	Amortized cost
• Severance – Province of Manitoba	Loans and receivables	Amortized cost
• Pension – Province of Manitoba	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of revenue and expense in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of revenue and expense for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in statement of changes in net assets until realized, at which time they are recorded in the statement of revenue and expense.

c) 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 contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

d) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

e) Recognition of Contributions from Clients

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by the Corporation based on the clients' ability to pay.

### Notes to Financial Statements for the year ended March 31, 2011

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i) Agreements to Pay

Clients who are able to pay, sign an agreement to pay for their portion of the applicable legal costs. The amount the client is required to pay is specified on the Legal Aid Certificate. The revenue and receivable are recognized when the service is provided.

ii) Expanded Eligibility

Under terms of expanded eligibility, clients are required to pay all of the legal costs and an administration fee of 25% of the Corporation's cost of the case up to a maximum of \$250. The revenue and receivable are recognized based on the date of the lawyer's billing.

iii) Charges on Land

Charges on land are registered under section 17 of the *Corporations Act* in a land titles office against property owned by clients. The revenue and receivable are recognized at the later of the date the lien is filed or the date of the lawyer's billing. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

f) Allowance for Doubtful Accounts

The allowances for doubtful accounts are determined annually based on a review of individual accounts. The allowances represent management's best estimate of probable losses on receivables. Where circumstances indicate doubt as to the ultimate collectability of an account, specific allowances are established for individual accounts. In addition to the allowances identified on an individual account basis, the Corporation establishes a further allowance representing management's best estimate of additional probable losses in the remaining accounts receivable.

g) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization of capital assets is recorded on a straight-line basis over the estimated useful lives of the capital assets as follows:

- Furniture and office equipment – 10 years
- Computer hardware & software – 4 years
- Leasehold improvements – over the term of the lease

Notes to Financial Statements  
for the year ended March 31, 2011

Work in progress assets are not amortized until the asset is available to be put into service.

h) Pension Plan

Employees of the Corporation are pensionable under the *Civil Service Superannuation Act*. The Civil Service Superannuation Plan is a defined benefit pension plan. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on actuarial calculations. When actual experience varies from actuarial estimates, the adjustment needed is recognized immediately in net revenue (expense) in the year that the actuarial gain or loss arises.

i) Future Accounting Changes - accounting standards for government not-for-profit organizations

In December 2010, the Accounting Standards Board issued new accounting standards and guidelines applicable for not-for-profit organizations ("NPOs") and changes for government not-for-profit organizations ("GNPOs"). The Corporation has concluded that it is a GNPO and therefore will adopt the standards for GNPOs. A GNPO whose financial statements comply with the revised Canadian Institute of Chartered Accounts Public Sector Accounting handbook will state that its financial statements are in compliance with Canadian generally accepted accounting principles for GNPOs. The standards and guidelines will apply for fiscal years beginning on or after January 1, 2012 and will require retroactive application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Corporation is currently considering the impact of the adoption of such standards and guidelines.

3. Client Accounts Receivable

	2011	2010
Agreements to pay	\$ 64,606	\$ 64,751
Expanded eligibility	609,727	570,705
	674,333	635,456
Less: Allowance for Doubtful Accounts	427,989	399,787
Client accounts receivable	\$ 246,344	\$ 235,669

Notes to Financial Statements  
for the year ended March 31, 2011

4. Other Receivables

	2011	2010
Court costs	\$ 181,422	\$ 216,009
Child and Family Services agencies	61,495	4,419
Employment and Income Assistance	114,623	53,736
Employee advances, GST recoverable, and miscellaneous	8,070	42,216
	365,610	316,380
Less: Allowance for Doubtful Accounts	177,302	212,532
Other receivables	\$ 188,308	\$ 103,848

5. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and office equipment	\$ 239,178	\$ 139,397	\$ 239,178	\$ 115,595
Computer hardware & software	269,529	182,989	239,854	137,783
Leasehold improvements	289,436	272,100	314,736	246,021
	\$ 798,143	\$ 594,486	\$ 793,768	\$ 499,399
Net book value		\$ 203,657		\$ 294,369

6. Charges on Land

	2011	2010
Charges on land	\$ 1,515,045	\$ 1,394,003
Less: Allowance for Doubtful Accounts	746,242	679,498
Charges on land	\$ 768,803	\$ 714,505

7. Long-term Receivable - Severance Benefits

The amount recorded as a receivable from the Province of Manitoba for severance pay was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at March 31, 1998. Subsequent to March 31, 1998, the Province provides annual grant funding for severance expense. As a result, the change

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Notes to Financial Statements  
for the year ended March 31, 2011

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in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

8. Severance Liability

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized immediately in net revenue (expense) in the year that the actuarial gain or loss arises.

An actuarial report was completed for the severance pay liability as at March 31, 2011 by Ellement & Ellement Consulting Actuaries. The Corporation's actuarially determined net liability for accounting purposes as at March 31, 2011 was \$1,883,129 (2010 - \$1,719,000). The report provides a formula to update liability on an annual basis.

Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. The maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of 9 years of service and that the employee is retiring from the Corporation.

Significant long-term actuarial assumptions used in the March 31, 2011 valuation, and in the determination of the March 31, 2011 present value of the accrued severance benefit obligation were:

	2011	2010
Annual rate of return		
Inflation component	2.00%	2.50%
Real rate of return	4.00%	4.00%
	6.00%	6.50%
Assumed salary increase rates		
Annual productivity increase	0.75%	0.75%
Annual general salary increase	2.00%	2.50%
	2.75%	3.25%

Notes to Financial Statements  
for the year ended March 31, 2011

9. Revenue from the Province of Manitoba

	2011	2010
Grant	\$ 11,587,624	\$ 14,052,743
Salaries and other payments	11,220,418	10,866,910
Health and post secondary education tax levy	238,946	230,541
Employer portion of employee benefits	1,533,066	1,464,832
Other government agencies	86,250	30,000
	\$ 24,666,304	\$ 26,645,026

Grant revenue from the Province of Manitoba includes the Corporation's share of provisions recorded for unfunded pension liabilities.

10. Revenue from the Manitoba Law Foundation

	2011	2010
Statutory grant	\$ 500,350	\$ 1,881,184
Public Interest Law Centre	180,000	180,000
University Law Centre	86,000	86,000
	\$ 766,350	\$ 2,147,184

A statutory grant, pursuant to subsection 90(1) of the *Legal Profession Act*, is received annually from the Manitoba Law Foundation. The Corporation's share under the Act is 50% of the total interest on lawyers' trust accounts as received by the Foundation or a minimum of \$1,007,629, whichever is greater. In the event that interest received by the Foundation in the preceding year, after deduction of the Foundation's operational expenses, is not sufficient to pay the statutory minimum of \$1,007,629 to the Corporation, the Act provides for pro-rata sharing of the net interest. Therefore, in the current year \$500,350 was received because earnings were below the statutory minimum.

Other grants from the Manitoba Law Foundation are received pursuant to subsection 90(4) of the *Legal Profession Act*. These grants are restricted for the Public Interest Law Centre and the University Law Centre. At March 31, 2011, there were no funds remaining from these grants for the current year.

## LEGAL AID MANITOBA

### Notes to Financial Statements for the year ended March 31, 2011

#### 11. Commitments

##### a) Lease

The Corporation rents facilities under operating leases. Unpaid remaining commitments under the leases, which expire at varying dates are:

2012	\$	688,333
2013		554,183
2014		474,557
2015		433,954
2016		642,235
Thereafter		6,193,803
	\$	8,987,065

##### b) Private Bar

Estimated total commitments for future billings on outstanding Legal Aid Certificates amount to \$1,494,000 as at March 31, 2011 (2010 - \$2,063,000).

#### 12. Related Parties Transactions

The Corporation is related in terms of common ownership to all Province of Manitoba created departments, agencies and crown corporations. The Corporation enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

#### 13. Private Bar Fees and Disbursements

			<b>Total</b>	
	<b>Fees</b>	<b>Disbursements</b>	<b>2011</b>	<b>2010</b>
Legal aid certificates	\$ 8,287,693	\$ 542,164	\$ 8,829,857	\$ 9,941,105
Duty counsel services	670,970	0	670,970	806,424
Transcripts	0	45,143	45,143	57,141
	\$ 8,958,663	\$ 587,307	\$ 9,545,970	\$ 10,804,670

Notes to Financial Statements  
for the year ended March 31, 2011

14. Provision for Employee Pension Benefits

Pension costs consist of benefits accrued, interest accrued on benefits and experience (gain) loss. This liability is determined by an actuarial valuation every three years with the balances for the intervening years being determined by a formula provided by the actuary. The most recent valuation was completed as at December 31, 2010 by Ellement & Ellement Consulting Actuaries. The actuary has projected the pension obligation to March 31, 2011.

	2011	2010
Balance at beginning of year	\$ 16,629,700	\$ 13,244,586
Benefits accrued	772,095	656,047
Interest accrued on benefits	1,082,749	978,127
Benefits paid	(716,161)	(678,137)
Experience loss	417,388	2,429,077
Balance at end of year	\$ 18,185,771	\$ 16,629,700

The Corporation's pension costs consist of the following:

	2011	2010
Benefits accrued	\$ 772,095	\$ 656,047
Interest accrued on benefits	1,082,749	978,127
Experience loss	417,388	2,429,077
	\$ 2,272,232	\$ 4,063,251

The key actuarial assumptions were a rate of return of 6.00% (2010 – 6.50%), 2.00% inflation (2010 – 2.50%), salary rate increases of 3.75% (2010 – 4.25%) and post retirement indexing 1/3 of the inflation rate. The projected benefit method was used and the liability has been extrapolated to March 31, 2011 using a formula provided by the actuary.

The Province of Manitoba has accepted responsibility for funding of the Corporation's pension liability and related expense which includes an interest component. The Corporation has therefore recorded a receivable from the Province equal to the estimated value of its actuarially determined pension liability \$18,185,771 (2010 – \$16,629,700), and has recorded revenue for 2010/11 equal to its increase in the unfunded pension liability during the year of \$1,556,071 (2010 – \$3,385,114). The Province makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

### Notes to Financial Statements for the year ended March 31, 2011

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#### 15. Restricted Net Assets - Wrongful Conviction Cases

During the fiscal year ended March 31, 2006 the Province of Manitoba approved a reallocation of \$130,000 from the Corporation's unrestricted net assets. This funding was provided for section 696 applications under the Criminal Code for wrongful conviction appeals. In the current fiscal year, the Corporation did not incur any expenses (2010 - nil) for private bar fees and disbursements related to wrongful conviction cases. The balance remaining is \$78,559.

#### 16. Capital Management

The Corporation's objective when managing capital is to maintain sufficient capital to cover its costs of operations.

The Corporation's capital consists of the total of the various net asset balances in the amount of \$332,653 (2010 - \$1,926,115).

The Corporation is not subject to externally imposed capital requirements.

There were no changes in the Corporation's approach to capital management during the period.

#### 17. Public Sector Compensation Disclosure

For the purposes of the *Public Sector Compensation Disclosure Act*, all compensation for employees, Management Council members, and the private bar fees and disbursements from the Corporation is disclosed in a separate statement.

#### 18. Legal Aid Manitoba Application System (LAMAS)

A new software application system was installed and implemented fiscal 2006/07 at a cost of \$764,850. The system was paid for by the Department of Justice and therefore, a capital asset has not been recorded in these financial statements nor has any amortization expense been recorded.

#### 19. Fair Value of Financial Instruments

The fair value of a financial instrument is the estimated amount that the Corporation would receive or pay to settle a financial asset or financial liability as at the reporting date.

Notes to Financial Statements  
for the year ended March 31, 2011

Due to the redeemable nature of cash and short-term investment, carrying value is considered to be fair value.

The fair values of the client accounts receivable, receivable from the Province of Manitoba, receivable from the Government of Canada, other receivables and accounts payable approximates their carrying values due to their short-term maturity.

The fair value of the long-term receivable – Charges on land approximates the carrying value because it is estimated from an analysis of expected recoveries based on recent experience and discounted to reflect the time value of money.

The fair value of the long-term receivable from the Province of Manitoba - severance approximates its carrying value as the receivable includes an interest component as described in Note 7.

The fair value of the long-term receivable from the Province of Manitoba - pension approximates its carrying value as the receivable includes an interest component as described in Note 14.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

Financial Asset/Liability	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	\$ 895,144	\$ 895,144	\$ 877,765	\$ 877,765
Short-term investment	0	0	1,400,000	1,400,000
Client accounts receivable	246,344	246,344	235,669	235,669
Receivable from the Province of Manitoba	4,635,000	4,635,000	5,237,000	5,237,000
Receivable from the Government of Canada	124,541	124,541	110 396	110 396
Other receivables	188,308	188,308	103,848	103,848
Long-term receivables:				
• Charges on land	768,803	768,803	714,505	714,505
• Severance - Province of Manitoba	716,166	716,166	716,166	716,166
• Pension - Province of Manitoba	18,185,771	18,185,771	16,629,700	16,629,700
Accounts payable	4,377,871	4,377,871	4,797,733	4,797,733

**Financial risk management – overview**

The Corporation has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;

### Notes to Financial Statements for the year ended March 31, 2011

- Market risk;
- Interest rate risk; and
- Foreign currency risk

The Corporation manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Corporation's Management Council has overall responsibility for the establishment and oversight of the Corporation's objectives, policies and procedures for measuring, monitoring and managing these risks.

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Corporation to credit risk consist principally of cash, term deposits and accounts receivable.

The maximum exposure of the Corporation to credit risk at March 31, 2011 is:

Cash and short-term investment	\$	895,144
Client accounts receivable		246,344
Receivable from the Province of Manitoba		4,635,000
Receivable from the Government of Canada		124,541
Other receivables		188,308
Long-term receivables:		
• Charges on land		768,803
• Severance - Province of Manitoba		716,166
• Pension - Province of Manitoba		18,185,771
	\$	25,760,077

Cash and short-term investment: The Corporation is not exposed to significant credit risk as the cash and short-term investment are held by a large financial banking institution.

Client accounts receivable includes clients that contribute toward the cost of their case under the agreements to pay and expanded eligibility payment programs based on a contract. The Corporation manages its credit risk on these accounts receivables which are primarily small amounts held by a large client base. It is typically expected that clients will settle their account based on their payment program. The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses.

Receivable from the Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivable is from the provincial government.

### Notes to Financial Statements for the year ended March 31, 2011

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Receivable from the Government of Canada: The Corporation is not exposed to significant credit risk as the receivable is from the federal government.

Other receivables include court costs, Child and Family Services agencies, Employment and Income Assistance, and miscellaneous. The Corporation is exposed to significant credit risk related to court costs and therefore, an allowance of 95% is set up to recognize the likelihood of collection. In the case of receivables from Child and Family Services agencies and Employment and Income Assistance, they are funded through the Province of Manitoba. Miscellaneous includes employee advances, GST and other recoverable costs. Employee advances are usually paid within one month, GST is received quarterly and other recoverable costs are usually paid within 90 days of receipt of an order to pay by the courts or other authority.

Long-term receivable – charges on land: The Corporation manages its credit risk on these accounts receivables which primarily consists of small amounts held by a large client base for which payment is secured by a lien on property. The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is calculated on a specific identification basis and a general provision based on historical experience.

Long-term receivables – severance and pension – Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivables are with the provincial government.

#### **Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due.

The Corporation manages liquidity risk by maintaining adequate cash balances. The Corporation prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. Identified funding requirements are requested, reviewed and approved by the Minister of Finance to ensure adequate funding will be received to meet the obligations. The Corporation continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Corporation's income or the fair values of its financial instruments. The significant market risks the Corporation is exposed to are: interest rate risk and foreign currency risk.

Notes to Financial Statements  
for the year ended March 31, 2011

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**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash, short-term investment and accounts payable.

The interest rate risk is considered to be low on cash and short-term investment because of their short-term nature and low on accounts payable because they are typically paid when due.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

20. Comparative Figures

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



# auditor's report

## INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba  
To the Management Council of Legal Aid Manitoba

We have audited the Statement of Compensation Paid to Council Members and Employees and the Statement of Private Bar Fees and Disbursements in Excess of \$50,000 of Legal Aid Manitoba for the year ended March 31, 2011. The statements have been prepared by management in accordance with Sections 2 and 4 of *The Public Sector Compensation Disclosure Act*.

### Management's Responsibility for the Statements

Management is responsible for the preparation of these statements in accordance with Sections 2 and 4 of *The Public Sector Compensation Disclosure Act* and for such internal control as management determines is necessary to enable the preparation of the statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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, if any, made by management, as well as evaluating the overall presentation of the statements.

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

### Opinion

In our opinion, the financial information in the statements of public sector compensation of Legal Aid Manitoba for the year ended March 31, 2011 is prepared, in all material respects, in accordance with Section 2 and 4 of *The Public Sector Compensation Disclosure Act*.

### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the statements, which describe the basis of accounting. The statements are prepared to assist the entity to meet the requirements of Sections 2 and 4 of *The Public Sector Compensation Disclosure Act*. As a result, the statements may not be suitable for another purpose.

*Office of the Auditor General*

Office of the Auditor General  
August 23, 2011  
Winnipeg, Manitoba

## LEGAL AID MANITOBA

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### Note to Financial Information for the year ended March 31, 2011

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1. Basis of Presentation

a) Private Bar Fees and Disbursements of \$50,000 or More

The financial information discloses every person who received \$50,000 or more during the fiscal year ended March 31, 2011 for providing legal aid. The amounts are calculated in accordance with the *Public Sector Compensation Disclosure Act* of Manitoba.

b) Aggregate Compensation to Council Members

The financial information discloses the amount of the payments, in aggregate, to the Council Members during the fiscal year ended March 31, 2011. The amounts are calculated in accordance with the *Public Sector Compensation Disclosure Act* of Manitoba.

c) Compensation of \$50,000 or More

The financial information lists employees and Council Chair who received compensation of \$50,000 or more during the fiscal year ended March 31, 2011. The amounts are calculated in accordance with the *Public Sector Compensation Disclosure Act* of Manitoba.

**Legal Aid Manitoba**  
**Statement of Private Bar Fees and Disbursements in Excess of \$50,000**  
**for the year ended March 31, 2011**  
**(Prepared in accordance with Section 4 of the *Public Sector Compensation Disclosure Act*)**

Name of Lawyer	Amount	Name of Lawyer	Amount
Robbins, Jon	\$ 281,505.74	Ostapiw, Jody	\$ 99,153.95
Zaman, Saheel	257,653.76	Champagne, Gisele	98,237.05
Vandongen, Lori	252,670.58	Soldier, Stacey	97,122.79
Skinner, John	240,753.36	Newman, Scott	96,422.61
Sawchuk, Darren	230,625.80	Sigurdson, Chris	94,782.05
Phillips, Cory	228,316.68	Nichols, Jeffrey	94,719.00
Smith, Pamela	214,064.83	Bright, Michelle	93,496.34
Harrison, Robert	205,933.78	Martin-White, Wendy	91,713.65
Coggan, Derek	205,838.33	Glazer, Martin	91,642.09
Phillips, David	194,015.98	Campbell, Roberta	87,295.37
Malcolm, William	191,538.87	Sims, Norm	83,361.72
Sinder, Barry	183,688.84	Wasyliv, Mark	76,150.32
Ramsay, John	178,837.10	Eagle, Judith	74,730.60
Bretecher, Jacqueline	169,386.78	Webb, Karen	73,148.38
Cam, Monique	163,298.56	Manning, Daniel	69,025.17
Corona, John	158,745.55	Buzza, Timothy	66,797.85
Mokriy, Don	145,027.72	Kreklewich, Daniel	65,586.32
Wiebe, Geraldine	142,394.45	Bauman, Greg	64,864.33
Armstrong, Bill	140,328.06	Mariash, Theodore	63,233.50
Bueti, Katherine	139,159.51	Amy, Ryan	60,448.75
Cellitti, Antonio	138,005.12	Benevides, Shannon	60,183.65
Thatcher, Regan	136,383.20	Kostiuk, Jeremy	59,257.30
Brodsky, Greg	131,310.98	Dunn, Catherine	58,412.96
Dawson, Roy	129,844.11	Ryzniczuk, Lynn	58,209.97
Schaan, Chad	124,655.08	Murphy, Edmond	57,838.75
Poole, Richard	122,445.41	LaBossiere, Lisa	57,501.32
Bonney, Bruce	116,159.61	Inness, Sarah	54,800.73
Cook, Michael	115,677.48	Boucher, Nolan	53,957.73
Davids, Michael	113,287.93	Histed, Ian	50,315.98
Antila, Crystal	112,696.67	Buisse, Leandre	50,118.52
Purvis, Darcy	101,457.92	Bhangu, Mandeep	50,093.50

**public sector  
compensation  
disclosure**

**Legal Aid Manitoba**  
**Statement of Compensation Paid to Council Members and Employees**  
**for the year ended March 31, 2011**  
*(Prepared in accordance with Section 2 of the Public Sector Compensation Disclosure Act)*

Paid to Council Members:

In aggregate  
Santos, Mario

Council Chair

\$ 24,861.00  
77,340.12

Paid to employees in excess of \$50,000:

<b>Name</b>	<b>Position</b>	<b>Amount</b>
Clifford, G.	Executive Director	\$ 145,666.79
Bates, G.D.	Supervising Attorney	139,907.53
McDonald, T.	Area Director/Supervising Attorney	138,869.64
Giesbrecht, L.D.	Area Director/Supervising Attorney	138,775.37
Sansregret, A.	Staff Attorney	137,463.42
Cadloff, K.A.	Staff Attorney	137,212.98
Kingsley, P.	Acting Area Director/Supervising Attorney	136,065.88
Brecht, R.B.	Staff Attorney	135,989.78
Sherman, C.D.	Winnipeg Area Director	134,823.78
Williams, J.B.	Director, PILC	134,288.57
Joyce, D.	Supervising Attorney	133,706.98
Paluk, M.D.	Supervising Attorney	133,369.78
Pauls, C.	Supervising Attorney	132,483.78
Walker, M.	Supervising Attorney	132,483.78
Hawrysh, G.B.	Supervising Attorney	132,311.29
Robinson, G.B.	Assistant Supervising Attorney	131,361.84
Raposo, S.	Deputy Executive Director	130,952.08
Woodman, R.	Staff Attorney	130,716.98
Libman, A.	Staff Attorney	130,633.03
Gammon, G.B.	Legal Director	130,525.53
Van Schie, S.	Staff Attorney	130,319.97
Dzydz, D.	Assistant Supervising Attorney	129,493.78
MacAulay, G.G.	Staff Attorney	129,493.78
McAmmond, J.	Staff Attorney	129,493.78
Tailleur, L.J.	Assistant Supervising Attorney	129,483.78
Lovegrove, C.	Supervising Attorney	128,259.20
Birks, C.G.	Supervising Attorney	127,196.54
Loney, A.	Staff Attorney	125,269.20
Sneesby, K.	Staff Attorney	120,729.26
Stewart, C.	Staff Attorney	120,476.96
Janis, R.	Staff Attorney	118,527.31
Horst, A.	Supervising Attorney	116,793.08
Stewart, W.	Staff Attorney	114,330.83
Pellettier, M.	Staff Attorney	113,638.88
Hwozdulych, B.A.	Staff Attorney	112,415.68
Paler, S.	Staff Attorney	112,415.68
Schwartz, B.	Staff Attorney	110,196.29
Laham-Szutiak, M.	Staff Attorney	106,249.55
Kennedy, C.	Staff Attorney	105,364.52
Bowman, M.	Staff Attorney	104,814.19
Cottam, G.	Staff Attorney	102,323.46
Pitts, H.	Supervising Attorney	99,814.54
Strang, K.	Staff Attorney	96,584.53

Name	Position	Amount
Froese, B.	Staff Attorney	\$ 96,426.07
Nygaard, D.	Staff Attorney	95,249.14
Aniceto, L.	Staff Attorney	94,161.70
Anderson, L.	Staff Attorney	93,948.65
Tait, C.	Staff Attorney	93,056.60
Dowle, K.	Staff Attorney	89,743.36
Koshy, S.	Staff Attorney	87,483.87
Dwarka, R.	Director of Finance	84,755.50
Balneaves, S.	Information Technologist	82,927.25
Henderson, D.	Staff Attorney	80,161.28
Ferens, M.	Staff Attorney	78,742.63
Tonge, P.	Staff Attorney	75,266.77
Valcourt, G.	Information Technologist	74,066.41
Colquhoun, L.J.	Staff Attorney	72,274.04
Laberge, C.	Staff Attorney	70,717.30
Wiebe, C.	Information Technologist	69,874.90
Craft, A.	Staff Attorney	69,325.61
Puranen, S.	Staff Attorney	68,594.72
Perchal, J.M.	Accountant	67,220.48
McNaught, I.	Staff Attorney	66,878.74
Hanslip, M.	Staff Attorney	66,272.36
Fazenda, N.	Staff Attorney	65,926.56
White, D.	Staff Attorney	64,743.90
Swait, M.	Policy Analyst	64,367.08
Dorion, D.	Staff Attorney	63,652.08
Tasche, H.	Staff Attorney	62,047.01
Makar, L.C.	Intake Officer	60,977.94
Simpson, P.	Information Technologist	60,505.00
Unger, J.	Intake Officer	60,499.44
Williams, M.	Intake Officer	60,435.78
Settee, S.	Intake Officer	59,852.44
Sieklicki, P.	Staff Attorney	57,590.46
Loreth, L.M.	Intake Officer	57,363.54
McFadgen, P.	Staff Attorney	56,499.51
Drewniak, B.	Intake Officer	56,297.70
Riezebos, S.	Staff Attorney	55,637.94
Mitchell, M.	Staff Attorney	55,390.19
Clifford-Johnson, T.	Administrative Law Advocate	55,063.15
Fawcett, R.	Staff Attorney	53,139.81
Chastellaine, M.	Paralegal	52,648.18
Lagimodiere, M.	Paralegal	51,251.10
Ross, M.	Paralegal	51,251.10
Settee, L.	Paralegal	50,913.90
Villanueva, C.	Legal Accounts Supervisor	50,745.90
Bakker, N.	Paralegal	50,027.90
Beatty, M.	Paralegal	50,027.90
Langford, K.	Paralegal	50,027.90
Laquette, J.J.	Paralegal	50,027.90
Maloney, M.E.	Paralegal	50,027.90
McRae, C.M.	Paralegal	50,027.90
Vlaming, D.	Paralegal	50,027.90

**Administration Office & Winnipeg Area Office**  
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Fax: (204) 944-8582

**Agassiz Law Office**  
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Fax: (204) 622-7029

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Fax: (204) 627-4840

**Northlands Community Law Centre**  
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