

Financial statements of

Legal Aid BC

March 31, 2026

Legal Aid BC

March 31, 2026

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Management's Report

Management's Responsibility for the Legal Aid BC Financial Statements

The financial statements of Legal Service Society, which is referred to in these financial statements under its operating name of Legal Aid BC as at and for the year ended March 31, 2026 (the "financial statements") have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information in the financial statements. A summary of the significant accounting policies is described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for the preparation of the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Finance Committee. The Board of Directors reviews internal financial statements on a quarterly basis and external audited financial statements yearly. The Board of Directors also discusses any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the annual financial statements. The external auditors have full and free access to the financial records of Legal Aid BC and meet with management and the Board of Directors when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Legal Aid BC



Steven Veinot
Vice President, Corporate Services & Chief Financial Officer

Independent Auditor's Report

To the Directors of Legal Aid BC

Opinion

We have audited the financial statements of Legal Aid BC (the "Society"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements of the Society for the year ended March 31, 2026 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Society in complying with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The signature of Deloitte LLP is written in a cursive, handwritten style.

Chartered Professional Accountants
June 4, 2026
Vancouver, British Columbia

Statement of financial position

as at March 31, 2026

	2026	2025
Financial assets		
Cash and Cash Equivalents <i>(note 16)</i>	\$ 27,695,120	\$ 26,349,917
Accounts receivable <i>(note 16)</i>		
Government of British Columbia <i>(note 13)</i>	13,526,395	5,794,783
Government of Canada	1,597,966	1,619,130
Other	4,291,703	8,187,790
Total financial assets	47,111,184	41,951,620
Liabilities		
Accounts payable and accrued liabilities <i>(note 16)</i>		
General <i>(note 4a)</i>	5,115,610	3,478,511
Tariff <i>(note 4b)</i>	23,382,459	20,082,337
Deferred Contributions <i>(note 8)</i>	26,982,788	23,111,833
Employee future benefits <i>(notes 5(b) and 16)</i>	186,700	174,700
Long-term liabilities <i>(notes 6 and 16)</i>	236,113	360,373
Total liabilities	55,903,670	47,207,754
Net debt	(8,792,486)	(5,256,134)
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	9,204,427	5,750,781
Prepaid expenses	527,526	444,820
Total non-financial assets	9,731,953	6,195,601
Accumulated surplus <i>(note 7)</i>	\$ 939,467	\$ 939,467
Contractual obligations <i>(note 12)</i>		
Economic dependence <i>(note 14)</i>		
Contingent liabilities <i>(note 15)</i>		

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

Approval of the financial statements by:



Tom Arbogast
Chair of the Board of Directors



Sarf Ahmed
Chair of the Finance & Technology Committee

Statement of operations and accumulated surplus
for the year ended March 31, 2026

	Budget (note 11)	2026	2025
Revenue			
Government of British Columbia (notes 8 and 13)	\$ 143,809,000	\$ 153,517,514	\$ 147,233,982
Federal Government	11,340,000	10,347,464	10,719,650
Law Foundation	5,180,000	5,257,741	4,199,191
Department of Justice — Canada	—	—	9,110
Notary Foundation	984,500	1,029,100	—
Investment	1,200,000	996,852	1,279,890
Miscellaneous	995,000	741,408	869,708
Total revenue	163,508,500	171,890,079	164,311,531
Expenses (notes 9, 13)			
Criminal tariff	69,520,694	73,071,566	73,853,707
Family tariff	44,047,281	48,720,104	44,989,564
Child protection tariff	6,663,511	8,894,217	7,813,849
Immigration and refugee tariff	11,338,406	10,347,464	10,719,658
Justice Initiatives (note 10 a)	13,297,700	11,355,033	10,440,234
Publications	485,115	510,774	538,141
Community engagement	2,312,285	2,237,203	2,210,103
Administration (note 10 b)	15,843,508	16,753,718	13,746,275
Total expenses	163,508,500	171,890,079	164,311,531
Surplus / (Deficit) for the year	—	—	—
Accumulated surplus at beginning of year	939,467	939,467	939,467
Accumulated surplus at end of year (note 7)	\$ 939,467	\$ 939,467	\$ 939,467

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

Statement of changes in net debt
for the year ended March 31, 2026

	Budget <i>(note 11)</i>	2026	2025
Surplus / (Deficit) for the year	\$ —	\$ —	—
Acquisition of tangible capital assets	(9,346,000)	(4,737,649)	(3,138,845)
Amortization	2,087,619	1,284,002	1,118,205
	(7,258,381)	(3,453,647)	(2,020,640)
Acquisition of prepaid expenses	—	(554,598)	(539,322)
Use of prepaid expenses	—	471,893	470,714
	—	(82,705)	(68,608)
Increase in net debt	(7,258,381)	(3,536,352)	(2,089,248)
Net debt at beginning of year	(5,256,134)	(5,256,134)	(3,166,886)
Net debt at end of year	(12,514,515)	(8,792,486)	(5,256,134)

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

Statement of cash flows
for the year ended March 31, 2026

	2026	2025
Cash provided by (applied to) operating activities		
Deficit for the year	\$ —	\$ —
Items not involving cash:		
Amortization	1,284,002	1,118,205
Long-term liabilities	(124,260)	(126,010)
<i>Changes in non-cash working capital:</i>		
Accounts receivable	(3,814,361)	(787,761)
Accounts payable, accrued liabilities and deferred contributions	8,808,177	11,921,505
Prepaid expenses	(82,706)	(68,607)
Employee future benefits	12,000	(8,300)
Total change from Operating activities	6,082,852	12,049,032
Cash applied to capital activities		
Purchase of tangible capital assets	(4,737,649)	(3,138,845)
Total change from Capital activities	(4,737,649)	(3,138,845)
Increase in cash	1,345,203	8,910,187
Cash and Cash Equivalents at beginning of year	26,349,917	17,439,730
Cash and Cash Equivalents at end of year	\$ 27,695,120	\$ 26,349,917
Supplemental disclosure of non-cash transactions		
Deferred contributions not yet received	\$ 3,140,000	\$ 5,290,000

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

Notes to the Financial Statements

for the year ended March 31, 2026

1. Nature of Operations

The Legal Services Society, referred to in these financial statements under its operating name of Legal Aid BC, was established under the *Legal Services Society Act*. In addition to the *Legal Services Society Act*, a Memorandum of Understanding (“MOU”) with the Province of British Columbia outlines the roles, budget, planning processes, and prioritization for allocating funding. The purpose of Legal Aid BC is to:

- assist eligible individuals in resolving 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.

Legal Aid BC is governed by a Board of Directors, of which five are appointed by the Province of British Columbia, and four are appointed by the Law Society of British Columbia. While Legal Aid BC operates independently from the Province of British Columbia and the Law Society of British Columbia, it is accountable to the Ministry of Attorney General for the expenditure of funds and for providing criminal, family, and child protection legal aid services to meet the needs of low-income individuals. Legal Aid BC also has an agreement with the Government of Canada to provide legal aid services for clients with immigration and refugee needs.

2. Basis of presentation

These financial statements are prepared by management in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act*. This section requires government organizations' accounting policies and practices to conform to generally accepted accounting principles for senior governments in Canada, as modified by any alternative standard or guideline made by the Treasury Board.

In November 2011, a Treasury Board regulation was issued that requires taxpayer-supported organizations to adopt the accounting policies for restricted contributions described in note 3(a). These accounting policies significantly differ from Canadian Public Sector Accounting Standards (“PSAS”), which require government transfers with stipulations to be recognized as revenue when the transfer is authorized. All eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Such liability is reduced, and an equivalent amount of revenue is recognized as the liability is settled.

2. Basis of presentation (continued)

The accounting policy described in note 3(a) is different from PSAS with respect to the timing of revenue recognition for government transfers. The impact on the financial statements of Legal Aid BC as of and for the year ended March 31, 2026, is significant as aggregate contributions of \$26,982,788 (2025 - \$23,111,833) have been deferred.

3. Significant accounting policies

(a) Revenue recognition

Revenues are recognized in the period in which the transactions or events that give rise to the revenues occur. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers received to develop or acquire a depreciable tangible capital asset are deferred and recognized as revenue at the same rate as the amortization and any impairment of the tangible capital asset. Other government transfers are recognized as revenue in the period they are authorized, when any eligibility criteria are met, and when any stipulation or restriction the transfer is subject to is met.

Restricted contributions received or receivable are deferred and amortized into revenue as the related expenses are incurred.

(b) Expenses

Expenses are reported on an accrual basis. The cost of services incurred during the year is expensed.

(c) Tariff expenses

Tariff expenses include amounts billed by lawyers and an estimate of services performed by lawyers, but not yet billed to Legal Aid BC.

(d) Employee future benefits

Legal Aid BC employees belong to the Municipal Pension Plan ("MPP"), a multi-employer, jointly-trusted pension plan following defined-contribution pension plan accounting. Legal Aid BC expenses the employer contributions as incurred.

The cost of non-vested sick leave benefits is actuarially determined using the projected benefit method and management's best estimate of salary escalation, future utilization of the benefits, long-term inflation rates, and discount rates.

(e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts directly related to the acquisition, design, construction, development, improvement, or betterment of the asset.

The estimated useful lives of assets are reassessed on an annual basis. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

3. Significant accounting policies (continued)

Assets	Per year
Furniture	10 – 20%
Equipment	20%
Computer equipment	25 – 33%
Computer software	20 – 33%
Client Information System	20%
Leasehold improvements	Lower of lease term and useful life

Tangible capital assets are written down when conditions indicate that they no longer contribute to Legal Aid BC's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs (if any) are accounted for as expenses in the statement of operations.

(f) Lease inducements

Lease inducements are recognized on a straight-line basis over the lease term as a reduction in premises expense.

(g) Prepaid expenses

Prepaid expenses include computer software licenses and deposits. These items are charged to expense over the periods expected to benefit from them.

(h) Financial instruments

Legal Aid BC's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Accounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and subsequently measured at cost. Investments, which may comprise guaranteed investment certificates, provincial bonds, corporate bonds, and structured bank notes, are initially recorded at fair value and subsequently measured at amortized cost. Any premium or discount related to a financial instrument measured at amortized cost is amortized over the expected life of the instrument using the effective interest method.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

The fair values of Legal Aid BC's cash, accounts receivable, accounts payable, and accrued liabilities generally approximate their carrying amounts due to their short term to maturity.

3. Significant accounting policies (continued)

(i) Measurement uncertainty

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 tariff liabilities and expenses (note 17). Other areas where estimates are made include allowances for doubtful accounts receivable, estimated useful lives of tangible capital assets and the resulting amortization, non-vested sick leave benefits, and contingent liabilities.

Estimates are based on the best information available when financial statements are prepared and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from those estimates.

4. Accounts payable and accrued liabilities

(a) General

	2026	2025
Trade payables	\$ 2,776,375	\$ 1,471,239
Payroll payables	2,339,235	2,007,272
Total	\$ 5,115,610	\$ 3,478,511

(b) Tariff

	2026	2025
Submittals approved, not paid	\$ 1,369,482	\$ 1,395,531
Submittals not approved	5,907,580	2,620,860
Accrual (note 17)	16,105,397	16,065,946
Total	\$ 23,382,459	\$ 20,082,337

Legal Aid BC uses an actuarial model to estimate legal services performed but not billed to Legal Aid BC. Management estimated this liability to be approximately \$16,105,397 (2025 - \$16,065,946). This estimate, included in the above table, incorporates average case costs and service billings for similar cases, based on historical experience over two years. Actual costs could differ from this estimate (notes 3(i) and 17).

4. Accounts payable and accrued liabilities (continued)

Legal Aid BC does not record a liability and related accounts receivable for certain legal services performed but not yet billed, as the amount cannot be estimated reliably. For these legal cases, the related costs are fully reimbursed to Legal Aid BC based on the terms of agreements with either the Province of British Columbia or the Government of Canada.

5. Employee future benefits

(a) Pension plan

Legal Aid BC and its employees contribute to the Municipal Pension Plan (“MPP”) (jointly trusted pension plan), a multi-employer defined benefit pension plan in accordance with the *Pension (Municipal) Act*.

An actuarial valuation is performed every three years to assess the MPP's financial position and funding adequacy.

The most recent valuation, conducted as of December 31, 2024, showed that the MPP carried a surplus of \$2.68 billion. The next valuation for the MPP will be as of December 31, 2027, with results available in 2028.

Legal Aid BC paid \$2,020,983 (2025 — \$1,583,755) for employer contributions to the MPP during the year ended March 31, 2026.

(b) Non-vested sick leave

Employees are credited with ten days per year, for use as paid absences in the year due to illness or injury. Employees can accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreements.

Accumulated credits may be used in future years if the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment, and the employee's unused sick bank is not paid out at retirement. The benefit-cost and liabilities related to the plan are included in the financial statements.

6. Long-term liabilities

Lease inducements

Lease inducements were provided under an operating lease by the property owner to finance tenant improvements.

	2026	2025
Leasehold inducements	\$ 236,113	\$ 360,373
Less: current portion	(124,260)	(124,260)
Long-term portion	\$ 111,853	\$ 236,113

7. Accumulated surplus

The accumulated surplus is restricted by the *Legal Services Society Act* and approval by the Board of Directors.

8. Restricted contributions

2026

	Opening deferred contribution	Approved budget	Additional contributions	Recognized in operations	Closing deferred contribution
Government of British Columbia — Category B	\$ —	\$ 3,292,000	\$ 1,508,125	\$ 4,800,125	\$ —

2025

	Opening deferred contribution	Approved budget	Additional contributions	Recognized in operations	Closing deferred contribution
Government of British Columbia — Category B	\$ —	\$ 3,292,000	\$ 1,764,254	\$ 5,056,254	\$ —

Legal Aid BC's Memorandum of Understanding (MOU) with the Ministry of the Attorney General provides restricted funding for exceptional matters commencing with the 2003 fiscal year. The MOU was renewed effective April 1, 2020, and clarifies criminal case classification and funding of these cases.

There are now three categories:

- **Category A:** Within the approved budget, within which a case will be accounted for, where the total of the fees and disbursements is less than or equal to \$75,000.
- **Category B:** Within the approved budget within which a case will be accounted for, where the total of the fees and disbursements exceeds \$75,000 and is less than or equal to \$175,000, or where it is a court-appointed counsel case or a charter-required counsel case.

8. Restricted contributions (continued)

A restricted contribution funds these cases, and any surplus is transferred to deferred contributions. In the case of an annual shortfall in Criminal Category B cases, Legal Aid BC must first apply any eligible base criminal tariff surplus to the shortfall and then to deferred contributions.

- **Category C:** Within the approved budget within which a case will be accounted for, where the total fees and disbursements exceed \$175,000, or where the case is one where the rate payable to counsel exceeds Legal Aid BC's enhanced fee rate. These cases are funded through a special funding agreement with the Ministry of Attorney General.

In addition to the contributions described above, in 2026, Legal Aid BC recognized and deferred contributions of \$3,870,955 (2025 - \$9,304,509) related to projects for which the associated expenditure has not yet occurred.

9. Expenses by object

The following is a summary of expenses by object:

	2026 Budget	2026 Actual	2025 Actual
Lawyer fees	\$ 84,083,379	\$ 93,679,435	\$ 88,435,770
Duty counsel fees	18,087,198	17,369,662	17,265,806
Disbursements	9,627,263	10,970,932	10,341,502
Total tariff costs	111,797,840	122,020,029	116,043,078
Salaries and benefits	32,084,733	31,548,917	27,384,544
Grants and contracted services	7,232,903	6,996,076	9,751,239
Computers	2,885,127	3,147,328	3,247,272
Premises	3,695,706	3,319,562	3,196,941
Local agents	1,669,550	1,617,494	1,601,007
Amortization	2,087,619	1,284,002	1,118,205
Office	875,417	1,025,987	886,046
Miscellaneous	149,250	91,252	181,187
Board expenses	362,120	210,979	339,451
Travel	668,235	628,453	562,561
Total	\$ 163,508,500	\$ 171,890,079	\$ 164,311,531

10. Expense Details

(a) Justice Initiatives expense

The Justice Initiative expense includes the following expenditures in support of legal aid:

	2026	2025
Family Early Resolution	\$ 957,371	\$ 545,340
Family Law Centers	3,886,232	3,436,602
Family Law Line	440,844	408,235
Parents Legal Centers	6,070,586	6,050,057
Total	\$ 11,355,033	\$ 10,440,234

(b) Administration expense

The administration expense includes the following expenditures in support of legal aid:

	2026	2025
Executive Office	\$ 2,027,574	\$ 2,481,798
Finance and Office Services	4,308,759	3,022,353
Strategic Policy, Planning and Human Resources	3,675,879	2,138,868
IT Operation Services	3,368,237	3,017,908
Truth and Reconciliation	1,316,316	1,000,329
Office Lease	2,056,953	2,085,020
Total	\$ 16,753,718	\$ 13,746,275

11. Budgeted figures

The operating budgeted figures, presented on a basis consistent with that used for actual results, were approved by the Board of Directors on May 1, 2025, submitted to the Ministry of Attorney General on May 5, 2025, and were approved on May 30, 2025.

12. Contractual obligations

Legal Aid BC has the following contractual obligations.

	Premises leases	Operating costs	Total
2027	\$ 2,113,558	\$ 8,980,500	\$ 11,094,058
2028	2,007,777	63,180	2,070,957
2029	1,518,762	56,590	1,575,352
2030	1,068,145	50,000	1,118,145
Thereafter	-	50,000	50,000
Total	\$ 6,708,242	\$ 9,200,270	\$ 15,908,512

Operating costs are service delivery contracts that are renewed over several years.

At year-end, management estimates the liability for the future costs of legal services to be performed beyond the fiscal year, for which Legal Aid BC is currently committed, to be approximately \$62.5 million (2025 — \$55.1 million). This estimate uses the same methodology described in note 5 for tariff payables.

13. Related parties

Legal Aid BC 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 \$153,517,514 (2025 — \$147,233,982), and Legal Aid BC is responsible for providing legal aid to individuals throughout British Columbia. At year-end, the province owed Legal Aid BC \$13,526,395 (2025 — \$5,794,783).

Certain members of the Board of Directors provide tariff services to the Legal Aid BC. 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 \$558,825 (2025 — \$349,058). All payments to Board members are reviewed by the finance committee on a quarterly basis.

14. Economic dependence

In 2026, Legal Aid BC received 89% (2025— 90%) of its total revenue from the Province of British Columbia.

15. Contingent liabilities

The nature of Legal Aid BC's activities is such that there is usually pending or prospective litigation against Legal Aid BC at any time. With respect to claims on March 31, 2026, management believes Legal Aid BC has valid defenses and appropriate insurance coverage in place. Accordingly, no provision has been made in these financial statements for any liability that may result. If any of these claims are successful, management believes they will not have a material effect on Legal Aid BC's financial position or results from operations.

16. Risk management

Credit risk

Credit risk is the risk of loss resulting from the failure of an individual or group to honour their financial obligations. Legal Aid BC accounts receivable are due primarily from government organizations and other organizations with limited credit risk. Legal Aid BC cash is held at Canadian chartered banks and financial institutions. In management's opinion, Legal Aid BC is not exposed to significant credit risk.

Legal Aid BC regularly assesses the collectability of its receivables. At year-end, no significant accounts receivable were past due or impaired. To the extent Legal Aid BC identifies an account where the collection is doubtful, an allowance will be recorded as appropriate.

Legal Aid BC's maximum exposure to credit risk is represented by aggregate financial assets of \$47,111,184 (2025 - \$41,951,620).

Liquidity risk

Liquidity risk is the risk that Legal Aid BC will not be able to meet its financial obligations as they fall due. Legal Aid BC's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow to fund operations and settle liabilities when due. Additionally, Legal Aid BC has a line of credit available with a maximum authorized limit of up to \$1.0 million with a Canadian chartered bank. The interest rate per annum is the bank's prime rate.

As of March 31, 2026, Legal Aid BC has \$nil drawn against this line (2025 — \$nil).

The maturity of Legal Aid BC's financial assets and liabilities as at year-end was as follows:

2026

	On demand	Up to 1 year	1 to 3 years	Total
Financial assets				
Cash	\$ 27,695,120	\$ -	\$ -	\$ 27,695,120
Accounts receivable	\$ -	\$ 19,416,064	\$ -	\$ 19,416,064
Total financial assets	\$ 27,695,120	\$ 19,416,064	\$ -	\$ 47,111,184
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 12,392,672	\$ -	\$ 12,392,672
Tariff accrual	\$ -	\$ 16,105,397	\$ -	\$ 16,105,397
Other liabilities	\$ -	\$ 27,293,748	\$ 111,853	\$ 27,405,601
Total liabilities	\$ -	\$ 55,791,817	\$ 111,853	\$ 55,903,670

16. Risk management (continued)**Liquidity risk (continued)****2025**

	On demand	Up to 1 year	1 to 3 years	Total
Financial assets				
Cash	\$ 26,349,917	\$ -	\$ -	\$ 26,349,917
Accounts receivable	\$ -	\$ 15,601,703	\$ -	\$ 15,601,703
Total financial assets	\$ 26,349,917	\$ 15,601,703	\$ -	\$ 41,951,620
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 7,494,903	\$ -	\$ 7,494,903
Tariff accrual	\$ -	\$ 16,065,946	\$ -	\$ 16,065,946
Other liabilities	\$ -	\$ 23,410,792	\$ 236,113	\$ 23,646,905
Total liabilities	\$ -	\$ 46,971,641	\$ 236,113	\$ 47,207,754

Market risk

Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Legal Aid BC is not exposed to significant currency risk.

(b) Interest rate risk

Interest rate risk is the risk that Legal Aid BC's cash flow will change due to future fluctuations in market interest rates. A change of 1% in market interest rates would impact interest revenue by approximately \$270,000.

(c) Other price risk

Another price risk is the risk that a financial instrument's fair value or future cash flow will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Legal Aid BC is not exposed to significant other price risk.

17. Measurement uncertainty

Program area		Amount reported	Measurement uncertainty	Range
Tariff accrual (<i>note 4b</i>)	Min	\$ 16,105,397	(1,610,540)	\$ 14,494,857
	Max	\$ 16,105,397	1,610,540	\$ 17,715,937
Tariff and transcript expenses (<i>note 9</i>)	Min	\$ 122,020,029	(1,610,540)	\$ 120,409,489
	Max	\$ 122,020,029	1,610,540	\$ 123,630,569

Variability in the tariff accrual can arise from the rate at which cases proceed and unanticipated changes in the average cost per case. In management's opinion, the tariff accrual and corresponding tariff expenses are subject to change within a range of plus or minus ten percent from the amounts recorded in these financial statements due to uncertainties regarding both timing and costs. The estimate of this level of variability is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance.

Schedule 1 – Tangible Capital Assets

2026

Cost

(\$000)	Balance, beginning of the year	Additions ¹	Disposals	Balance, end the of year
Furniture	1,107			1,107
Equipment	688			688
Computer equipment	1,396			1,396
Computer software	9,182	3,723		12,905
Client Information System	5,811			5,811
Leasehold improvements	3,993	1,014		5,007
Total	22,177	4,737		26,914

¹Computer software additions represent work in progress and therefore are not amortized in the current fiscal year.

Accumulated amortization

(\$000)	Balance, beginning of the year	Additions	Disposals	Balance, end the of year
Furniture	(1,107)			(1,107)
Equipment	(688)			(688)
Computer equipment	(1,385)	(11)		(1,396)
Computer software	(4,267)	(924)		(5,191)
Client Information System	(5,811)			(5,811)
Leasehold improvements	(3,168)	(349)		(3,517)
Total	(16,426)	(1,284)		(17,710)

Net Book Value

(\$000)	2026	2025
Furniture	-	-
Equipment	-	-
Computer equipment	-	11
Computer software	7,714	4,915
Client Information System	-	-
Leasehold improvements	1,490	825
Total	9,204	5,751

Schedule 1 – Tangible Capital Assets (continued)

2025

Cost

(\$000)	Balance, beginning of the year	Additions ¹	Disposals	Balance, end the of year
Furniture	1,107			1,107
Equipment	688			688
Computer equipment	1,396			1,396
Computer software	6,143	3,039		9,182
Client Information System	5,811			5,811
Leasehold improvements	3,893	100		3,993
Total	19,038	3,139		22,177

¹Computer software additions represent work in progress and therefore are not amortized in the current fiscal year.

Accumulated amortization

(\$000)	Balance, beginning of the year	Additions	Disposals	Balance, end the of year
Furniture	(1,107)			(1,107)
Equipment	(688)			(688)
Computer equipment	(1,361)	(24)		(1,385)
Computer software	(3,597)	(670)		(4,267)
Client Information System	(5,811)			(5,811)
Leasehold improvements	(2,743)	(425)		(3,168)
Total	(15,307)	(1,119)		(16,426)

Net Book Value

(\$000)	2025	2024
Furniture	-	-
Equipment	-	-
Computer equipment	11	34
Computer software	4,915	2,546
Client Information System	-	-
Leasehold improvements	825	1,150
Total	5,751	3,730