

# **The Law Society of Alberta**

Financial Statements  
**October 31, 2006**

June 9, 2007

## **Auditors' Report**

### **To the Members of The Law Society of Alberta**

We have audited the balance sheet of **The Law Society of Alberta** as at October 31, 2006 and the statements of revenue, expenses and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at October 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

# The Law Society of Alberta

## Balance Sheet

As at October 31, 2006

	General Fund \$	Assurance Fund \$	Viscount Bennett Trust Fund \$	2006 \$	2005 \$
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4,544,167	611,257	80,740	5,236,164	4,530,156
Accounts receivable	402,706	16,130	-	418,836	273,906
Accrued interest	15,285	65,930	9,583	90,798	68,400
Prepaid expenses	116,009	134,624	-	250,633	131,285
Interfund balances	549,252	(549,258)	6	-	-
	5,627,419	278,683	90,329	5,996,431	5,003,747
<b>Investments</b> – at cost (market value \$8,811,394; 2005 – \$8,419,192)	20	5,552,637	852,035	6,404,692	5,932,844
<b>Reinsurance recoverables</b> (notes 2 and 5)	-	5,884,287	-	5,884,287	2,933,000
<b>Trust assets</b> (note 3)	394,259	-	-	394,259	425,911
<b>Capital assets</b> (note 4)	1,553,531	-	-	1,553,531	1,707,174
	7,575,229	11,715,607	942,364	20,233,200	16,002,676
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	919,214	348,809	-	1,268,023	652,698
Due to The Alberta Lawyers Insurance Association	215,546	-	-	215,546	2,823
Deferred contribution	100,000	-	-	100,000	-
	1,234,760	348,809	-	1,583,569	655,521
<b>Reserve for claims and related costs</b> (note 5)	-	8,860,083	-	8,860,083	6,268,000
<b>Pension Plan payable</b> (note 7)	338,353	(5,917)	-	332,436	320,441
<b>Trust liabilities</b> (note 3)	394,259	-	-	394,259	425,911
<b>Deferred lease inducement</b>	678,752	-	-	678,752	761,864
	2,646,124	9,202,975	-	11,849,099	8,431,737
<b>Fund balances</b>					
Invested in capital assets	1,553,531	-	-	1,553,531	1,707,174
Externally restricted funds (note 6)					
Contingency reserve	-	2,512,632	-	2,512,632	2,156,651
Scholarship reserve	-	-	942,364	942,364	855,003
Unrestricted funds	3,375,574	-	-	3,375,574	2,852,111
	4,929,105	2,512,632	942,364	8,384,101	7,570,939
	7,575,229	11,715,607	942,364	20,233,200	16,002,676
<b>Commitments</b> (note 8)					

Approved by the Benchers

\_\_\_\_\_ Bencher

\_\_\_\_\_ Bencher

# The Law Society of Alberta

## Statement of Revenue, Expenses and Fund Balances

For the year ended October 31, 2006

	General Fund \$	Assurance Fund \$	Viscount Bennett Trust Fund \$	2006 \$	2005 \$
<b>Revenue</b>					
Practice fees	8,817,383	3,329,704	-	12,147,087	10,324,813
Investment income	224,822	1,025,072	106,053	1,355,947	1,098,816
Management fee (note 9)	798,610	-	-	798,610	750,137
Enrolment and application fees	348,493	-	-	348,493	264,800
Other	89,868	-	-	89,868	63,776
Fines and penalties	39,851	-	-	39,851	47,360
	<u>10,319,027</u>	<u>4,354,776</u>	<u>106,053</u>	<u>14,779,856</u>	<u>12,549,702</u>
<b>Expenses</b>					
Corporate costs					
Premises operating costs	898,942	-	-	898,942	874,409
General corporate costs	511,733	4,521	-	516,254	399,299
Amortization	672,945	-	-	672,945	590,035
Outside services	198,798	45,002	3,692	247,492	277,710
Computer operating costs	250,284	-	-	250,284	332,378
Indemnity bond fees	-	490,894	-	490,894	231,460
Recovery costs	-	19,526	-	19,526	2,867
Departments, programs and committees					
Secretariat	1,048,493	-	-	1,048,493	975,209
Counsel	1,066,820	-	-	1,066,820	887,385
Member Audits	-	1,298,464	-	1,298,464	836,394
Complaints	848,051	-	-	848,051	806,870
Assurance and Custodianships	-	863,385	-	863,385	789,118
Membership	747,798	-	-	747,798	633,397
Administration and Human Resources	599,978	-	-	599,978	553,103
Information Technology	326,841	-	-	326,841	363,136
Accounting	374,643	-	-	374,643	346,454
Practice Advisor	357,295	-	-	357,295	340,563
Investigations	470,579	-	-	470,579	286,014
Communications	311,074	-	-	311,074	281,847
Privacy and Records Management	268,842	-	-	268,842	259,698
Member Regulation Administration	318,355	-	-	318,355	254,920
Practice Review	214,257	-	-	214,257	183,862
Unauthorized Practice of Law	84,777	-	-	84,777	75,441
Grants and contributions	1,248,055	-	-	1,248,055	1,114,512
Provision for claims and related costs (note 5)	-	493,377	-	493,377	1,928,895
Scholarships	-	-	15,000	15,000	15,000
	<u>10,818,560</u>	<u>3,215,169</u>	<u>18,692</u>	<u>14,052,421</u>	<u>13,639,976</u>
Less recovered costs	77,648	8,079	-	85,727	43,568
	<u>10,740,912</u>	<u>3,207,090</u>	<u>18,692</u>	<u>13,966,694</u>	<u>13,596,408</u>
<b>(Deficiency) excess of revenue over expenses for the year</b>	(421,885)	1,147,686	87,361	813,162	(1,046,706)
<b>Fund balance – beginning of year</b>	4,559,285	2,156,651	855,003	7,570,939	8,617,645
<b>Interfund transfers</b>					
Management fee	791,705	(791,705)	-	-	-
<b>Fund balance – end of year</b>	<u>4,929,105</u>	<u>2,512,632</u>	<u>942,364</u>	<u>8,384,101</u>	<u>7,570,939</u>

# The Law Society of Alberta

## Statement of Cash Flows

For the year ended October 31, 2006

	General Fund \$	Assurance Fund \$	Viscount Bennett Trust Fund \$	2006 \$	2005 \$
<b>Cash provided by (used in)</b>					
<b>Operating activities</b>					
(Deficiency) excess of revenue over expenses for the year	(421,885)	1,147,686	87,361	813,162	(1,046,706)
Items not affecting cash					
Amortization	672,945	-	-	672,945	590,035
Gain on sale of investments	-	(716,785)	(67,519)	(784,304)	(628,672)
Provision for claims and related costs (note 5)	-	493,377	-	493,377	1,928,895
Increase (decrease) in Pension Plan payable	13,189	(1,194)	-	11,995	(96,205)
(Decrease) increase in lease inducement	(83,112)	-	-	(83,112)	761,864
	181,137	923,084	19,842	1,124,063	1,509,211
Change in non-cash working capital items	137,819	519,524	(15,978)	641,365	19,979
Claims and related costs paid – net of recoveries (note 5)	-	(852,581)	-	(852,581)	(1,530,895)
	318,956	590,027	3,864	912,847	(1,705)
<b>Investing and financing activities</b>					
Proceeds on disposal of investments	-	2,540,735	196,102	2,736,837	3,896,031
Purchase of investments	(20)	(2,222,779)	(201,575)	(2,424,374)	(2,481,683)
Purchase of capital assets	(519,302)	-	-	(519,302)	(1,531,794)
	(519,322)	317,956	(5,473)	(206,839)	(117,446)
<b>(Decrease) increase in cash and cash equivalents</b>	(200,366)	907,983	(1,609)	706,008	(119,151)
<b>Cash and cash equivalents – beginning of the year</b>	3,952,828	494,979	82,349	4,530,156	4,649,307
Interfund transfers	791,705	(791,705)	-	-	-
<b>Cash and cash equivalents – end of the year</b>	4,544,167	611,257	80,740	5,236,164	4,530,156
<b>Cash and cash equivalents are comprised of</b>					
Cash	1,139,003	562,776	449	1,702,228	274,267
Treasury bills	3,405,164	48,481	80,291	3,533,936	4,255,889
	4,544,167	611,257	80,740	5,236,164	4,530,156

# The Law Society of Alberta

Notes to Financial Statements

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## 1 General

The Law Society of Alberta (the "Society") operates under the authority of the Legal Profession Act, Chapter L-8, Revised Statutes of Alberta 2000. The Society administers programs which help promote a high standard of legal services and professional conduct through governance and regulation of the independent legal profession.

## 2 Summary of significant accounting policies

### Fund accounting

The Society has the following funds:

#### General Fund

The General Fund is an unrestricted fund which provides for the administration and governance of the Society's day to day business.

#### Assurance Fund

The Assurance Fund is a restricted fund which is maintained to reimburse, at the discretion of the Benchers, the principal amount of those losses caused by a member through the misappropriation or wrongful conversion of money or other property entrusted to or received by a member in the member's capacity as a barrister and solicitor and in the course of the member's practice as a barrister and solicitor in Alberta.

In addition, the Assurance Fund is maintained to provide for the cost of review of members' trust accounts, custodianships and the investigation of claims.

#### Viscount Bennett Trust Fund

The Viscount Bennett Trust Fund is a restricted fund, the principal of which was gifted to the Society by the Right Honourable Viscount Bennett. The income generated by this fund is to be used for scholarships, medals and prizes for students-at-law, resident in Alberta.

### Revenue recognition

Members' fees set by the Benchers, which are billed in February, are recognized in the General Fund, as revenue in the fiscal period in which they are due. The Assurance Fund levy is also set by the Benchers and is billed at the same time as members' fees. The levy is recognized, in the Assurance Fund, as revenue in the fiscal period in which they are due. Members' fees and the levy are included in the line item titled practice fees. Investment income earned on resources is recognized in the fund to which the resources are maintained.

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Notes to Financial Statements

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## **Recoveries**

Recoveries from insurers and other third parties are recorded as revenue when they can be reasonably estimated and collectibility is reasonably assured. Otherwise, the recovery is recorded when received.

## **Provision for claims and related costs**

The provision for claims and related costs of the Assurance Fund is based upon the change from year to year in the reinsurance recoverables and reserve for claims and related costs. The reserve value is based on the greater of the Society's value and the Actuary's discounted value.

The Society's actuary is engaged to provide an annual valuation of the reserve for claims and related costs for the Assurance Fund in accordance with the standards of practice adopted by the Canadian Institute of Actuaries. For the purpose of this actuarial valuation, the actuary is making use of certain information contained in the Society's financial records.

## **Reinsurance recoverables**

In the normal course of business, the Society seeks to limit exposure to losses on large risks by purchasing reinsurance from reinsurers. The amounts reported in the balance sheet include estimates of amounts expected to be recovered from reinsurers on incurred losses that have not yet been paid.

The provision for claims and related costs have been disclosed on a gross basis with an offsetting asset reflecting the reinsurance recoverables.

## **Cash and cash equivalents**

Cash and cash equivalents include cash and short-term investments that are highly liquid and are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

## **Investments**

Investments are long-term investments and are recorded at cost and are written down to market value only if there is a permanent impairment in value.

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Notes to Financial Statements

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## Capital assets

Capital assets are recorded at cost net of accumulated amortization. Amortization is calculated on a straight-line basis at the following annual rates:

Furniture and equipment	20%
Computer	33-1/3%
Leasehold improvements	Over lease term

## Deferred lease inducement

The deferred lease inducement, representing the benefit of cash inducements, is amortized over the remaining term of the lease.

## Income taxes

The Society meets the qualifications of a non-profit organization as defined in the Income Tax Act and as such, is exempt for income taxes.

## Donated services

A portion of the Society's work is dependent on the voluntary service of many members, particularly the significant contribution of the Benchers. These services are not normally purchased by the Society and due to the difficulty in determining their fair value, donated services are not recognized in these financial statements.

## Use of estimates

Some items in the financial statements are measured using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action. It is possible, based on existing knowledge, that changes in the future conditions would require a material change in the recognized amounts of certain items.

## Comparative figures

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

## 3 Trust assets and liabilities

The Legal Profession Act provides that lawyers' trust funds which cannot be disbursed may be forwarded to the Society. In 2006, approximately \$62,000 (2005 – \$66,400) was received. The Society holds the funds in trust for a five year period and thereafter forwards any unclaimed funds to the Alberta Law Foundation. Amounts forwarded to the Alberta Law Foundation during 2006 were approximately 93,000 (2005 – \$48,400).



# The Law Society of Alberta

Notes to Financial Statements

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## 4 Capital assets

	2006		2005
	Cost \$	Accumulated amortization \$	Net \$
Furniture and equipment	371,982	181,853	190,129
Computer	1,708,002	1,134,264	573,738
Leasehold improvements	1,016,546	226,882	789,664
	<u>3,096,530</u>	<u>1,542,999</u>	<u>1,553,531</u>
			<u>1,707,174</u>

## 5 Reserve for claims and related costs

The change in reinsurance recoverables is summarized as follows:

	2006 \$	2005 \$
Reinsurance recoverables – beginning of year	2,933,000	1,722,000
Increase due to claims experience	<u>2,951,287</u>	<u>1,211,000</u>
Reinsurance recoverables – end of year	<u>5,884,287</u>	<u>2,933,000</u>

The change in the reserve for claims and related costs is summarized as follows:

	2006 \$	2005 \$
Reserve for claims and related costs – beginning of year	6,268,000	4,659,000
Claims paid	(892,092)	(1,255,526)
Related costs paid and accrued	(10,475)	(393,503)
Recoveries from members and third parties	<u>49,986</u>	<u>118,134</u>
	5,415,419	3,128,105
Increase due to claims experience	<u>3,444,664</u>	<u>3,139,895</u>
Reserve for claims and related costs – end of year	<u>8,860,083</u>	<u>6,268,000</u>

# The Law Society of Alberta

## Notes to Financial Statements

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A portion of the reserve for claims and related costs is expected to be paid within the next fiscal year. This amount cannot be reasonably determined and therefore has not been included in current liabilities.

In summary, the net exposure is summarized as follows:

	2006 \$	2005 \$
Reserve for claims and related costs – beginning of year	6,268,000	4,659,000
Reinsurance recoverable – beginning of year	(2,933,000)	(1,722,000)
Net exposure – beginning of year	3,335,000	2,937,000
Claims paid	(892,092)	(1,255,526)
Related costs paid and accrued	(10,475)	(393,503)
Recoveries from members and third parties	49,986	118,134
	2,482,419	1,406,105
Provision for claims and related costs	493,377	1,928,895
Net exposure – end of year	2,975,796	3,335,000
Reserve for claims and related costs – end of year	8,860,083	6,268,000
Reinsurance recoverable – end of year	(5,884,287)	(2,933,000)
Net exposure – end of year	2,975,796	3,335,000

The discount rate applied by the actuary at October 31, 2006 is 4.75% (2005 – 5.5%). The undiscounted reserve balance at October 31, 2006 is \$8.615 million.

Claims which took place prior to March 10, 1986 and reported by March 10, 1987 are insured by bond, subject to a \$250,000 annual aggregate deductible, to the extent of \$15,000,000 for each occurrence. Claims occurring after March 10, 1986 and before November 1, 1997 are not insured by bond coverage. Effective November 1, 1997, the Society purchased an indemnity bond of \$2,000,000 annual aggregate with a \$1,000,000 annual aggregate deductible. Effective November 1, 2001, the Society purchased an indemnity bond of \$10,000,000 annual aggregate with a \$1,000,000 annual aggregate deductible.

Effective November 1, 1993, amended in 1999 and in 2002, the Benchers approved the implementation of a “cap” on the aggregate amounts of claims to be paid in any one fiscal year. The cap will be limited to \$11,000,000.

# The Law Society of Alberta

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## 6 Restricted funds

### Contingency reserve

The Contingency reserve is for future liabilities that may arise as a result of significant adverse claims experience. In the current year, revenues of the Assurance Fund were in excess of expenses and management fees by \$355,981, and therefore this amount was added to the contingency reserve (2005 – \$1,651,609 of the contingency reserve was utilized).

### Scholarship reserve

The Scholarship reserve is for scholarships, medals and prizes for students-at-law, resident in Alberta. In the current year revenues of the Viscount Bennett Trust Fund were in excess of expenses by \$87,361, and therefore this amount was allocated to the Scholarship reserve (2005 – \$84,900).

## 7 Pension plan

The Society provides a non-contributory defined benefit pension plan to eligible management employees based on earnings and years of service. On advice of its actuary as of October 31, 2006, the details of the pension plan are as follows:

	2006 \$	2005 \$
<b>Reconciliation of fair value of plan assets</b>		
Fair value of plan assets – Beginning	2,524,623	2,553,819
Society contributions during period	149,627	195,928
Actual return on plan assets	279,215	313,425
Less benefits paid during period	(144,012)	(538,549)
<b>Fair value of plan assets – Ending</b>	<b>2,809,453</b>	<b>2,524,623</b>
<b>Reconciliation of the accrued benefit obligation</b>		
Accrued benefit obligation – Beginning	2,814,398	2,716,767
Current service cost	140,392	107,422
Interest on accrued benefit obligation	150,473	150,072
Actuarial loss (gain) during period	(87,370)	378,686
Less benefits paid during period to retirees	(144,012)	(538,549)
<b>Accrued benefit obligations – Ending</b>	<b>2,873,881</b>	<b>2,814,398</b>
<b>Plan deficit</b>	<b>(64,428)</b>	<b>(289,775)</b>

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	2006 \$	2005 \$
<b>Pension cost</b>		
Current service cost	140,392	107,422
Interest cost on accrued benefit obligation	150,473	150,072
Expected return on plan assets	(164,283)	(178,688)
Amortization of transitional obligation	15,873	15,873
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<b>Pension cost recognized during period</b>	<b>142,455</b>	<b>94,679</b>
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<b>Accrued benefit asset</b>		
Beginning balance – Accrued benefit asset (liability)	59,589	(41,660)
Plus contributions in the period	149,627	195,928
Less pension cost recognized during period	(142,455)	(94,679)
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<b>Ending balance – Accrued benefit asset</b>	<b>66,761</b>	<b>59,589</b>
	<hr/>	<hr/>
<b>Reconciliation of accrued benefit asset (liability)</b>		
Funded status (plan deficit)	(64,428)	(289,775)
Unamortized transitional obligation	68,253	84,125
Unamortized net actuarial loss	62,936	265,239
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<b>Accrued benefit asset</b>	<b>66,761</b>	<b>59,589</b>
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## Plan assets

The plan assets are invested in a variety of financial instruments from money market to primarily a mix of fixed income and equity securities.

Fixed income	34.80%
Foreign equities	34.20%
Canadian equity	29.40%
Cash and cash equivalents	1.60%
	<hr/>
	100%
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## Assumptions

The actuary used the following rates in its calculations:

	2006	2005
Discount rate – Beginning	5.35%	6.00%
Discount rate – Ending	5.35%	5.35%
Expected long rate of return on plan assets	6.50%	7.50%
Rate of compensation increase	3.50%	3.50%

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## Supplemental Retirement Plan and top-up payment

The Society provides to eligible management employees a non-funded Supplemental Retirement Plan (SRP). The SRP is based on earnings and years of service, and has been implemented to top-up the pension payments for those that are above the Canada Revenue Agency ("CRA") maximum.

	2006 \$	2005 \$
<b>Reconciliation of the accrued benefit obligation</b>		
Accrued benefit obligation – Beginning	443,438	366,687
Current service cost	16,504	6,683
Interest on accrued benefit obligation	23,540	21,647
Actuarial loss during period	16,923	66,926
Less benefits paid during period for retirees	(23,378)	(18,505)
<b>Accrued benefit obligation – Ending</b>	<u>477,027</u>	<u>443,438</u>
<b>Pension cost</b>		
Current service cost	16,504	6,683
Interest cost on accrued benefit obligation	23,540	21,647
Amortization of net actuarial losses	2,357	-
<b>Pension cost recognized during period</b>	<u>42,401</u>	<u>28,330</u>
<b>Accrued benefit liability</b>		
Beginning balance – accrued benefit liability	(376,512)	(366,687)
Plus contributions in the period	23,378	18,505
Less pension cost recognized during period	(42,401)	(28,330)
<b>Ending balance – Accrued benefit liability</b>	<u>(395,535)</u>	<u>(376,512)</u>
<b>Reconciliation of accrued benefit liability</b>		
Funded status (plan deficit)	(477,027)	(443,438)
Unamortized net actuarial loss	81,492	66,926
<b>Accrued benefit liability</b>	<u>(395,535)</u>	<u>(376,512)</u>

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## Top-up payment

The Society provided a one-time pension top-up to plan members as a result of a 1.1% shortfall due to CRA maximums, and was only provided until the SRP was implemented. This amount is held and accrues 4% interest annually until the member retires \$3,662 (2005 – \$3,518)

## 8 Commitments

The Society is committed to lease office space and equipment for various periods up to the year 2014. Future minimum lease payments are as follows:

	\$
2007	1,087,229
2008	1,100,217
2009	1,086,895
2010	1,171,090
2011 and thereafter	4,184,031

## 9 Related party transactions

The Alberta Lawyers Insurance Association (“ALIA”) was incorporated on June 6, 1988 under Part 9 of the Companies Act of Alberta, chapter C-21, RSA 2000. On January 30, 2006, ALIA, by application to the Court of Queen’s Bench, was converted from a company limited by guarantee to a company limited by shares. As a result of this conversion, share capital of \$20 was issued representing four common shares; three shares issued to the Society and one common share issued to the person from time to time holding the office of Executive Director of the Society, as bare trustee for the Society. ALIA is now a wholly owned subsidiary of the Society.

ALIA administers a program under which members have mandatory coverage for errors and omissions of \$1,000,000 per occurrence, with an annual aggregate limit of \$2,000,000. ALIA has contracted with the Canadian Lawyers Insurance Association (“CLIA”) for group coverage subject to premiums and other assessments that may arise from the agreement with CLIA. ALIA meets the qualifications of a non-profit organization as defined by the Income Tax Act and such is exempt from taxes.

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The Society does not consolidate, in its financial statements, the results of ALIA. A summary of ALIA's financial information at the year ended June 30, 2006 is as follows:

	\$
Assets	82,432,439
Liabilities	56,493,405
Net assets	25,939,034
Revenue	23,901,310
Expenses	<u>15,256,551</u>
<b>Excess of revenue over expenses</b>	<b><u>8,644,759</u></b>
Cash flows from Operating Activities	(18,823)
Cash flows from Investing and Financing Activities	<u>(2,403,909)</u>
<b>Decrease in cash and cash equivalents</b>	<b><u>(2,422,732)</u></b>

During the year ended October 31, 2006, the Society has received from ALIA an amount of \$798,610 (2005 – \$750,137) for management fees. As at October 31, 2006, an amount of \$215,546 (2005 – \$2,823) was due to ALIA and is non-interest bearing and due on demand. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

## 10 Financial instruments

The Society's financial instruments are cash and cash equivalents, accounts receivable, accrued interest, investments, reinsurance recoverables, accounts payable, due to the Alberta Lawyers Insurance Association, reserve for claims and related costs and pension plan payable.

The fair market value of all instruments, excluding investments, reinsurance recoverables, reserve for claims and related costs and pension plan payable, approximate book value due to their short term nature. The fair market value of investments has been disclosed on the balance sheet. The fair value of reinsurance recoverables and reserve for claims and related costs has not been determined due to the difficulty in estimating their value. The fair value of pension plan payables approximates book value.

# The Law Society of Alberta

Notes to Financial Statements

October 31, 2006

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## Interest rate risk

The Society is exposed to interest rate risk on its investments.

Treasury bills have a maturity date within a year of the balance sheet date and bear an interest rate of 4.15% – 4.20%. Included in investments are fixed income bonds in the amount of \$4,227,427. The maturity dates and interest rates are as follows:

<b>Maturity date from balance sheet date</b>	<b>Interest rate range</b>	<b>Amount \$</b>
Greater than one year, but less than five years	3.55% – 11.00%	960,915
Greater than five years	4.5% – 5.89%	<u>3,266,512</u>
		<u>4,227,427</u>

## Credit risk

It is the opinion of management that the Society is not subject to significant credit risk, as the Society does not grant credit to members.



