

November 26, 2015

Dear Grantees,

RE: UPDATED FUNDING GUIDELINES

Following the reductions in the prime interest rates in January and July 2015, and a reduction in the balances of lawyers' pooled trust accounts in the first part of 2015, the Foundation had forecast IOLTA revenues for 2015-16 to be approximately \$12.5 million, down \$6.7 million from last year. A number of factors were expected to further suppress Foundation revenues this year. These include continuing low oil prices leading to a slowdown in the housing sector and the economy in general, as well as recent changes in bank liquidity regulations which may reduce the amount of interest paid by banks to the Foundation.

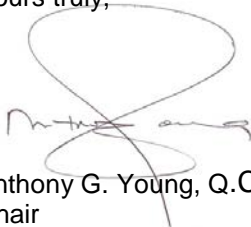
In light of the continuing deterioration in economic conditions in Alberta, the Foundation has recently reviewed its revenue and grant forecast for the next 3-5 years. It is now anticipated that total annual revenues for the current year ending March 31, 2016 will be reduced by approximately \$10 million, or 40%, compared to the previous year. As a result, we are expecting to end the year with a deficit of close to \$7 million.

Interest rates are not forecast to rise significantly in the near future, therefore it is anticipated that ALF revenue will remain flat over the next 3-5 years, and similar deficits will result if the level of grants remains unchanged.

The Foundation will be looking to balance its revenue/grant budget by 2020. This will necessitate a close review of all the grants and a prioritization over the coming years. Grantees should expect that certain grants may be reduced or held constant for the near future. To balance the budget in a gradual fashion, the Foundation will draw down reserves.

We encourage all grantees to exercise appropriate restraint in spending this year and budgeting for the next few years as we move through these difficult economic times.

Yours truly,



Anthony G. Young, Q.C.
Chair