

Consolidated Financial Statements of

JUSTICE INSTITUTE OF BRITISH COLUMBIA

And Independent Auditor's Report thereon

Year ended March 31, 2023



STATEMENT OF MANAGEMENT RESPONSIBILITY

The consolidated 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. The integrity and objectivity of these consolidated financial statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements. The preparation of conso

Dr. Michel Tarko
President and CEO

June 15, 2023

Director, Finance and Operations
Vice-President



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Justice Institute of British Columbia, and to the Minister of
the Ministry of Post-Secondary Education and Future Skills, Province of British
Columbia

Opinion

We have audited the consolidated financial statements of Justice Institute of British
Columbia (the "Institute"), which comprise:

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Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated.

Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with



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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- x 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.

- x 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 Institute's internal control.
- x Evaluate the appropriateness of accounti

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Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2023, with comparative information for 2022

	Budget	2023	2022
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Consolidated Statement of Changes in Net Debt

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Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
		(Restated – note 3)
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 798,953	\$ (2,941)
Items not involving cash:		
Amortization of tangible capital assets	3,022,802	3,004,400
Write-down of tangible capital assets	142,153	135,681
Amortization of deferred capital contributions	(1,898,409)	(1,816,720)
Change in employee future benefits	110,000	42,000
Accretion and other adjustments for asset retirement obligations	149,131	42,990
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	1,036,853	(1,946,375)
Increase in inventories held-for-resale	(2,126)	(11,979)
Increase in accounts payable and accrued liabilities	1,984,959	2,318,722
Increase (decrease) in deferred revenue	1,271,134	(116,154)
Decrease (increase) in inventories held-for-use	50,433	(221,889)
Decrease (increase) in prepaid expenses	40,677	(42,555)
Net change in cash from operating activities	6,706,560	1,385,180
Capital activities:		
Cash used to acquire tangible capital assets	(2,229,162)	(3,315,068)
Net change in cash from capital activities	(2,229,162)	(3,315,068)
Financing activities:		
Deferred capital contributions received	1,884,403	2,140,547
Net change in cash from financing activities	1,884,403	2,140,547
Net change in cash	6,361,801	210,659
Cash, beginning of year	15,397,516	15,186,857
Cash, end of year	\$ 21,759,317	\$ 15,397,516

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements

Year ended March 31, 2023

1. Operations:

The Justice Institute of British Columbia (the “Institute”) is a post-secondary educational institution established in 1978 by the Province of British Columbia (the “Province”) under the provisions of the College and Institute Act. The Institute is a registered charity under the Income Tax Act and is exempt from income tax under Section 149 of the Income Tax Act. The mission of the Institute is to provide learning opportunities for practitioners

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Notes to Consolidated Financial Statements (continued)

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(g) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and,

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(j) Revenue recognition (continued):

Contract revenues are recognized in the period in which the related activities are performed. The zero profit margin method is used when a contract's financial outcome is not reasonably determinable. This method of accounting requires that equal amounts of revenue and expense be recognized until the financial outcome of a contract can be reasonably estimated. Provision for anticipated losses is made in the period in which they become evident.

Unrestricted donations, grants and other income are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(i)

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(l) Foreign currency translation (continued):

Any gain or loss resulting from a change in rates between the transaction date and the settlement date or statement of financial position date is recognized in the consolidated statement of remeasurement gains and losses. There are no unrealized gains or losses as at March 31, 2023. As a result, the Institute does not have a statement of remeasurement gains and losses.

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3. Change in accounting policy:

On April 1, 2022, the Institute adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The new accounting standard was adopted using the modified retroactive

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

5. Employee future benefits (continued):

(b) Other employee future benefits:

Certain employees are entitled to earned benefits related to retirement allowances, vacation in year of retirement benefits, and continuation of benefits to employees on long-term disability. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future rate of compensation increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefit.

The Institute engaged the services of an actuarial firm to evaluate its employee future benefits. The liabilities reported are based on an actuarial valuation as at March 31, 2023.

Information regarding the Institute's obligations for these benefits is as follows:

	2023	2022
Accrued benefit obligation, beginning of year	\$ 1,294,000	\$ 1,348,000
Current service and interest cost	115,000	109,000
Plan amendments	40,000	-
Benefit payments	(140,000)	(127,000)
Actuarial (gain) loss	103,000	(36,000)
Accrued benefit obligation, end of year	1,412,000	1,294,000
Unamortized net actuarial loss	(50,000)	(42,000)
Accrued benefit liability	\$ 1,362,000	\$ 1,252,000

The significant actuarial assumptions adopted in measuring the Institute's accrued benefit liability are as follows:

2023 2022

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

6. Deferred capital contributions:

	2023	2022
Balance, beginning of year	\$ 19,615,818	\$ 19,291,991
Contributions received during the year	1,884,403	2,140,547
Amortization of deferred capital contributions	(1,898,409)	(1,816,720)
Balance, end of year	\$ 19,601,812	\$ 19,615,818

Included in the balance at March 31, 2023 are unspent deferred capital contributions of \$1,100,000 (2022 - \$191,620).

7. Asset retirement obligations:

The Institute's asset retirement obligations include asbestos and lead paint in buildings, and restoration clauses in lease agreements related to portable buildings, training equipment, leasehold improvements and soil contamination that occurred for the normal use of leased land.

2023	2022
	(Restated)

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

8. Tangible capital assets:

	Balance, March 31, 2022	Additions	Disposals, write-downs and transfers	Balance, March 31, 2023
Cost	(Restated – note 3)			

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

9. Credit facility:

The Institute has available a demand operating loan up to a maximum of \$250,000, which bears interest at bank prime per annum, and a letter of credit facility up to a maximum of \$50,000, for its ongoing operating requirements. No amounts are outstanding under these banking facilities as at March 31, 2023 (2022 - nil).

10. Related organizations:

(a) The Justice Institute of B.C. Foundation:

The purpose of the Justice Institute of B.C. Foundation (the "Foundation") is to improve the quality of justice and public safety through the advancement of education, training and community service by soliciting, managing and disbursing funds to the Institute. The Foundation is governed by an independent Board of Directors. The fund balances and results of operations of the Foundation have not been included in these consolidated financial statements.

During fiscal 2023, the Foundation contributed \$653,004 (2022 - \$752,695) in support of student awards and bursaries, specialized training equipment and new initiatives to the Institute. Administrative services, including salary costs, amounting to approximately \$183,445 (2022 - \$180,688), included in instruction/educational expense, were provided to the Foundation by the Institute on a no charge basis.

The following is a summary of the financial information of the Foundation as at March 31, 2023 and 2022 and for the years then ended:

	2023	2022
Total assets	\$ 2,052,578	\$ 2,090,785
Total liabilities	-	50,809
Fund balances	\$ 2,052,578	\$ 2,039,976
Total revenue	\$ 693,622	\$ 737,235
Total expenses	681,020	776,248
Excess (deficiency) of revenue over expenses	\$ 12,602	\$ (39,013)

(b) Government reporting entities:

The Institute is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities and crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

11. Contractual obligations:

The nature of the Institute's activities can result in multiyear contracts and obligations whereby the Institute will be committed to make future payments. Future payments relating to significant contractual obligations for operations, including lease commitments for facilities and office equipment, that can be reasonably estimated are as follows:

2024	\$	573,933
2025		397,344
2026		246,227
2027		246,227
2028		246,227
Thereafter		902,833
	\$	2,612,791

12. Contractual rights:

The Institute's contractual rights arise from contracts with the Province and other funders to deliver certain programs. The revenue from these agreements cannot be quantified because it is dependent on the program costs incurred and certain terms and conditions in the agreements.

13. Expenses by object:

The following is a summary of expenses by object:

	2023	2022
		(Restated – note 3)
Business development and promotion	\$ 978,537	\$ 767,443
Contract instruction and program development	3,988,495	3,717,820
Facilities and equipment	4,186,908	4,085,641

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

14. WorkSafe BC:

During fiscal 2023, WorkSafe BC provided funding of \$1,583,559 (2022 - \$1,454,081) that was recognized in contracts, grants and donations revenue for the operation of the Occupational Road Safety Initiatives Program.

15. Financial risk management:

The Institute has exposure to the following risks from its use of financial instruments: credit risk, market risk, and liquidity risk. The Board of Governors ensures that the Institute has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk:

Credit risk is the risk of financial loss to the Institute if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Institute consisting of cash and accounts receivable. The Institute assesses these financial assets on a continuous basis for any amounts that are not collectible or realizable.