

Financial Statements of

JUSTICE INSTITUTE OF BRITISH COLUMBIA

And Independent Auditor's Report thereon

Year ended March 31, 2024

STATEMENT OF MANAGEMENT RESPONSIBILITY

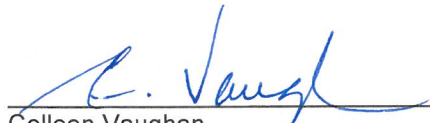
The financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. The integrity and objectivity of these financial statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained 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 preparation of the financial statements.

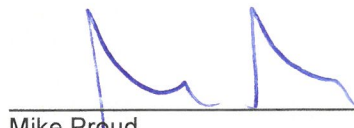
The Justice Institute of British Columbia Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Finance and Audit Committee. The Finance and Audit Committee reviews financial information on a quarterly basis and external audited financial statements yearly.

The Justice Institute of British Columbia's external auditor, KPMG LLP, conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the financial statements. The external auditor has full and free access to financial management of the Justice Institute of British Columbia and meets 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 Justice Institute of British Columbia:



Colleen Vaughan
Interim President and CEO



Mike Proud
Vice-President, Finance and Operations

June 3, 2024



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

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 financial statements of Justice Institute of British Columbia (the "Institute"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2024 of the Institute 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. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Institute 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 – 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.

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 Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute'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 generally accepted auditing standards 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 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:

- 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 Institute'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 Institute'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 Institute to cease to continue as a going concern.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Vancouver, Canada
June 3, 2024

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Cash	\$ 27,856,895	\$ 21,759,317
Accounts receivable (note 3)	2,404,849	2,790,912
Assets held for sale	5,792,321	5,792,321
Inventories held-for-resale	101,184	111,377
	<u>36,155,249</u>	<u>30,453,927</u>
Liabilities		
Accounts payable and accrued liabilities	9,630,124	11,816,928
Employee future benefits (note 4(b))	1,378,000	1,362,000
Deferred revenue	11,893,205	8,559,389
Deferred capital contributions (note 5)	21,166,443	19,601,812
Asset retirement obligations (note 6)	1,671,411	1,570,001
	<u>45,739,183</u>	<u>42,910,130</u>
Net debt	(9,583,934)	(12,456,203)
Non-Financial Assets		
Tangible capital assets (note 7)	28,634,630	29,113,399
Inventories held for use	352,202	607,324
Prepaid expenses	555,120	697,772
	<u>29,541,952</u>	<u>30,418,495</u>
Accumulated surplus	\$ 19,958,018	\$ 17,962,292

Contractual obligations (note 10)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Maria Prevolos
Chair



Mary Ellen Thorburn
Finance and Audit Committee Chair

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Statement of Operations and Accumulated Surplus

Year ended March 31, 2024, with comparative information for 2023

	Budget 2024 (Note 2(b))	2024	2023
Revenue:			
Province of British Columbia annual grant	\$ 16,367,686	\$ 16,738,384	\$ 16,196,652
Province of British Columbia contract services	7,408,891	7,411,476	7,041,511
Tuition and student fees	21,348,940	22,284,299	19,722,330
Sales of goods and services	718,000	641,949	629,544
Donations, non-government grants and contracts	13,306,799	13,653,712	13,088,545
Interest income	520,000	1,416,163	617,513
Amortization of deferred capital contributions (note 5)	2,042,031	2,346,247	1,898,409
Other	97,280	241,531	256,103
	<u>61,809,627</u>	<u>64,733,761</u>	<u>59,450,607</u>
Expenses (note 12):			
Ancillary operations	1,170,088	1,176,115	1,060,151
Instructional/educational	59,533,264	60,673,269	56,667,610
Sponsored research	1,106,275	888,651	923,893
	<u>61,809,627</u>	<u>62,738,035</u>	<u>58,651,654</u>
Annual surplus	-	1,995,726	798,953
Accumulated surplus, beginning of year	17,962,292	17,962,292	17,163,339
Accumulated surplus, end of year	<u>\$ 17,962,292</u>	<u>\$ 19,958,018</u>	<u>\$ 17,962,292</u>

See accompanying notes to financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Statement of Changes in Net Debt

Year ended March 31, 2024, with comparative information for 2023

	Budget 2024 (Note 2(b))	2024	2023
Annual surplus	\$ -	\$ 1,995,726	\$ 798,953
Acquisition of tangible capital assets	(3,775,682)	(2,645,357)	(2,229,162)
Amortization of tangible capital assets	3,456,248	3,124,126	3,022,802
Write-down of tangible capital assets	-	-	142,153
Reclassification of assets held for sale	-	-	5,792,321
Acquisition of inventories held-for-use	-	(348,285)	(332,886)
Consumption of inventories held-for-use	-	603,407	383,319
Acquisition of prepaid expenses	-	(2,464,077)	(2,116,343)
Use of prepaid expenses	-	2,606,729	2,157,020
Decrease (increase) in net debt	(319,434)	2,872,269	7,618,177
Net debt, beginning of year	(12,456,203)	(12,456,203)	(20,074,380)
Net debt, end of year	\$ (12,775,637)	\$ (9,583,934)	\$ (12,456,203)

See accompanying notes to financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,995,726	\$ 798,953
Items not involving cash:		
Amortization of tangible capital assets	3,124,126	3,022,802
Write-down of tangible capital assets	-	142,153
Amortization of deferred capital contributions	(2,346,247)	(1,898,409)
Change in employee future benefits	16,000	110,000
Accretion and other adjustments for asset retirement obligations	101,410	149,131
Changes in non-cash operating working capital:		
Decrease in accounts receivable	386,063	1,036,853
Decrease (increase) in inventories held-for-resale	10,193	(2,126)
(Decrease) increase in accounts payable and accrued liabilities	(2,186,804)	1,984,959
Increase in deferred revenue	3,333,816	1,271,134
Decrease in inventories held-for-use	255,122	50,433
Decrease in prepaid expenses	142,652	40,677
Net change in cash from operating activities	4,832,057	6,706,560
Capital activities:		
Cash used to acquire tangible capital assets	(2,645,357)	(2,229,162)
Net change in cash from capital activities	(2,645,357)	(2,229,162)
Financing activities:		
Deferred capital contributions received	3,910,878	1,884,403
Net change in cash from financing activities	3,910,878	1,884,403
Net change in cash	6,097,578	6,361,801
Cash, beginning of year	21,759,317	15,397,516
Cash, end of year	\$ 27,856,895	\$ 21,759,317

See accompanying notes to financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2024

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 and the public that lead to improved justice and public safety services, and safer communities.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the Institute. The wholly-owned subsidiary of the Institute, JI Ventures Inc., was dissolved on August 15, 2022, and had no financial activity in the year ended March 31, 2023.

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province supplemented by Regulations 257/2010 and 198/2011 issued by the Province Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS 4200 standards for government not-for-profit organizations.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and, referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- (ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- Government transfers that do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS 3410; and
- Externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS 3100.

As a result, revenue recognized in the statement of operations and accumulated surplus, and certain related deferred capital contributions, would be recorded differently under Canadian public sector accounting standards.

(b) Budget figures:

Budget figures have been provided for comparative purposes and reflect the fiscal 2024 budget approved by the Board of Governors of the Institute on March 23, 2023. The budget is reflected in the statement of operations and accumulated surplus and the statement of changes in net debt and may include adjustments to conform to the financial statement presentation.

(c) Financial instruments:

Financial instruments are classified into two categories: fair value or cost.

- (i) Fair value category: Includes investments that are quoted in an active market and derivative instruments reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets would be recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and accumulated surplus. There are no unrealized gains or losses as at March 31, 2024 or March 31, 2023. As a result, the Institute does not have a statement of remeasurement gains and losses.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(c) Financial instruments (continued):

(ii) Cost category: Gains and losses are recognized in the statement of operations and accumulated surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related instrument.

(d) Inventories for resale:

Inventories held for resale, including books and gift shop items, are recorded at the lower of cost or net realizable value. Cost is determined based on weighted average costing. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. When conditions indicate that losses previously recognized have been recovered, the loss is reversed to the extent of the amount recovered.

(e) Employee future benefits:

The Institute and its employees make contributions to the College Pension Plan and Municipal Pension Plan, which are multi-employer joint trustee plans. These plans are defined benefit plans. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions of the Institute to the plans are expensed as incurred.

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 obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service life of the employees. The employee future benefits are unfunded.

(f) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and an environmental standard exists, contamination exceeds the environmental standard, the Institute is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The liability is recognized as management's estimate of costs directly attributable to remediation activities, including the cost of post-remediation operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

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,
- A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities.

If the tangible capital asset is in productive use, the estimated obligation is recorded as a liability and increase to the related tangible capital asset. The increase to the tangible capital asset is amortized in accordance with the amortization accounting policy outlined in note 2(i)(i). The carrying value of the liability is reviewed at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligations liability and related tangible capital asset.

If the tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed. The carrying value of the liability is reviewed at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligations liability and expense.

(h) Assets held for sale:

The carrying value of long-lived assets are classified as held for sale when the Institute commits to a plan to sell the assets, the assets are in a condition to be sold, the assets are publicly seen to be for sale, there is an active market for the asset, there is a plan in place to sell the assets, and it is reasonably anticipated that the sale to a third-party purchaser will be completed within one year of the financial reporting date.

(i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed assets are recorded at fair value at the date of contribution. In unusual circumstances where fair value cannot be reasonably determined, the tangible capital asset would be recognized at nominal value.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(i) Tangible capital assets (continued):

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives shown below:

Asset	Rate
Site improvements	10 years
Buildings	20 to 40 years
Furniture, equipment and vehicles (including computer equipment)	3 to 10 years
Personal computer equipment and peripherals	3 years
Computer software	10 years
Leasehold improvements	Lesser of lease term and useful life

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Institute's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value.

(ii) Leased tangible capital assets:

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(iii) Inventories held-for-use:

Inventories held-for-use are recorded at the lower of cost and replacement value. Cost includes the original purchase cost. Replacement value is the estimated current price to replace the items.

(j) Revenue recognition:

Tuition fees are recognized as revenue on a straight-line basis over the course or semester and collection is reasonably assured. Student fees are recognized as revenue when the services to which they relate are provided and collection is reasonably assured. Fees received prior to the year-end for courses delivered subsequent to the year-end are recorded as deferred revenue.

Sales of goods and services are recognized as revenue when the goods or services are provided and collection is reasonably assured.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

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) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for the acquisition or development of a depreciable tangible capital asset are recorded as deferred revenue and recognized as revenue in the year in which the stipulation or restriction on the contribution have been met.

Interest income includes interest earned on cash accounts that is recorded on an accrual basis.

(k) Use of estimates:

The preparation of the financial statements prepared in accordance with the basis of accounting described in note 2(a) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(l) Foreign currency translation:

The Institute's functional currency is the Canadian dollar. Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

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 statement of remeasurement gains and losses. There are no unrealized gains or losses as at March 31, 2024 or March 31, 2023. As a result, the Institute does not have a statement of remeasurement gains and losses.

(m) Adoption of new accounting standards:

(i) PS 3400 Revenue:

On April 1, 2023, the Institute adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The adoption of this new standard did not have an impact on the amounts presented in the financial statements.

(ii) PSG-8 Purchased Intangibles:

On April 1, 2023, the Institute adopted Canadian public sector accounting guideline PSG-8 Purchased Intangibles. The new accounting guideline permits recognition of purchased intangibles that are acquired through an arm's length exchange transaction between willing parties provided the purchased intangible meets the recognition criteria for an asset. The adoption of this new guideline did not have an impact on the amounts presented in the financial statements.

(iii) PS 3160 Public Private Partnerships:

On April 1, 2023, the Institute adopted Canadian public sector accounting standard PS 3160 Public Private Partnerships. The new accounting standard includes requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The adoption of this new standard did not have an impact on the amounts presented in the financial statements.

3. Accounts receivable:

	2024	2023
Gross receivables	\$ 2,697,054	\$ 3,048,143
Allowance for doubtful accounts	(292,205)	(257,231)
	<u>\$ 2,404,849</u>	<u>\$ 2,790,912</u>

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Employee future benefits:

(a) Pension benefits:

The Institute and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investment of assets and administration of benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2023, the College Pension Plan has about 17,200 active members, and approximately 10,700 retired members. As at December 31, 2022, the Municipal Pension Plan has about 240,000 active members, including approximately 7,000 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2021, indicated a \$202 million surplus for basic pension benefits on a going concern basis. The next valuation for the College Pension Plan will be as at August 31, 2024.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. The next valuation for the Municipal Pension Plan will be December 31, 2024.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The Institute paid \$2,860,809 (2023 - \$2,277,156) for employer contributions to the plans in fiscal 2024.

(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.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Employee future benefits (continued):

(b) Other employee future benefits:

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, 2024.

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

	2024	2023
Accrued benefit obligation, beginning of year	\$ 1,412,000	\$ 1,294,000
Current service and interest cost	119,000	115,000
Plan amendments	-	40,000
Benefit payments	(175,000)	(140,000)
Actuarial loss (gain)	52,000	(103,000)
Accrued benefit obligation, end of year	1,408,000	1,412,000
Unamortized net actuarial loss	(30,000)	(50,000)
Accrued benefit liability	\$ 1,378,000	\$ 1,362,000

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

	2024	2023
Discount rate	4.18%	3.72%
Expected future rate of compensation increase	2.00 to 3.00%	2.00 to 6.75%
Expected average remaining service life of active members	10 years	10 years

5. Deferred capital contributions:

	2024	2023
Balance, beginning of year	\$ 19,601,812	\$ 19,615,818
Contributions received during the year	3,910,878	1,884,403
Amortization of deferred capital contributions	(2,346,247)	(1,898,409)
Balance, end of year	\$ 21,166,443	\$ 19,601,812

Included in the balance at March 31, 2024 are unspent deferred capital contributions of \$1,441,961 (2023 - \$1,100,000).

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. 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 from the normal use of leased land.

	2024	2023
Balance, beginning of year	\$ 1,570,001	\$ 1,420,870
Accretion expense	48,984	44,331
Adjustment to estimated remediation costs	52,426	104,800
Balance, end of year	\$ 1,671,411	\$ 1,570,001

Accretion expense is included in ancillary/instructional expenses in the statement of operations and accumulated surplus. The undiscounted cash flows required to settle the obligations are \$2,883,036 (2023 - \$2,818,588) to be paid between fiscal 2025 and fiscal 2055 (2023 – fiscal 2024 and fiscal 2055). The estimated cash flows were discounted using a rate of 3.12% (2023 – 3.12%).

7. Tangible capital assets:

Cost	Balance, March 31, 2023	Additions and transfers	Disposals	Balance, March 31, 2024
Land	\$ 6,660,137	\$ -	\$ -	\$ 6,660,137
Site improvements	930,016	2,319	(623,047)	309,288
Buildings	38,317,576	-	-	38,317,576
Furniture, equipment and vehicles	7,450,141	1,277,885	(793,923)	7,934,103
Personal computer equipment and peripherals	1,413,385	322,902	(467,581)	1,268,706
Computer software	1,661,371	1,720,128	-	3,381,499
Leasehold improvements	7,865	-	-	7,865
Work-in-progress	1,846,916	(677,877)	-	1,169,039
	\$ 58,287,407	\$ 2,645,357	\$ (1,884,551)	\$ 59,048,213

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Tangible capital assets (continued):

Accumulated amortization	Balance, March 31, 2023	Amortization expense	Disposals	Balance, March 31, 2024
Site improvements	\$ 874,051	\$ 25,144	\$ (623,047)	\$ 276,148
Buildings	22,768,673	976,757	-	23,745,430
Furniture, equipment and vehicles	3,429,853	1,450,663	(793,923)	4,086,593
Personal computer equipment and peripherals	884,371	311,444	(467,581)	728,234
Computer software	1,210,105	359,332	-	1,569,437
Leasehold improvements	6,955	786	-	7,741
	\$ 29,174,008	\$ 3,124,126	\$ (1,884,551)	\$ 30,413,583

	Net book value, March 31, 2023	Net book value, March 31, 2024
Land	\$ 6,660,137	\$ 6,660,137
Site improvements	55,965	33,140
Buildings	15,548,903	14,572,146
Furniture, equipment and vehicles	4,020,288	3,847,510
Personal computer equipment and peripherals	529,014	540,472
Computer software	451,266	1,812,062
Leasehold improvements	910	124
Work-in-progress	1,846,916	1,169,039
	\$ 29,113,399	\$ 28,634,630

In fiscal 2024, there were no write-downs of tangible capital assets (2023 - \$142,153).

8. 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, 2024 (2023 - nil).

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

9. 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 financial statements.

During fiscal 2024, the Foundation contributed \$918,365 (2023 - \$653,004) in support of student awards and bursaries, specialized training equipment and new initiatives to the Institute. Administrative services, including salary costs, amounting to approximately \$163,932 (2023 - \$183,445), 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, 2024 and 2023 and for the years then ended:

	2024	2023
Total assets	\$ 2,159,253	\$ 2,052,578
Total liabilities	-	-
Fund balances	\$ 2,159,253	\$ 2,052,578
Total revenue	\$ 1,048,588	\$ 693,622
Total expenses	941,913	681,020
Excess (deficiency) of revenue over expenses	\$ 106,675	\$ 12,602

(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.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Contractual obligations:

The nature of the Institute's activities can result in multi-year 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:

2025	\$	476,094
2026		305,290
2027		246,227
2028		246,227
2029		246,227
Thereafter		656,606
	\$	2,176,671

11. 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.

12. Expenses by object:

The following is a summary of expenses by object:

	2024	2023
Business development and promotion	\$ 1,177,223	\$ 978,537
Contract instruction and program development	4,240,325	3,988,495
Facilities and equipment	4,007,027	4,186,908
Professional services	2,501,164	2,021,372
Salaries and employee benefits	41,573,770	37,539,570
Staff and faculty travel and meetings	786,878	593,837
Student travel and activities	1,012,876	740,099
Supplies – instructional	1,685,353	1,511,976
Supplies – office	1,341,018	1,125,692
Other	1,288,275	2,942,366
Amortization of tangible capital assets	3,124,126	3,022,802
	\$ 62,738,035	\$ 58,651,654

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. WorkSafe BC:

During fiscal 2024, WorkSafe BC provided funding of \$1,806,926 (2023 - \$1,583,559) that was recognized in contracts, grants and donations revenue for the operation of the Occupational Road Safety Initiatives Program.

14. 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.

(b) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the Institute's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on investment. It is management's opinion that the Institute is not exposed to significant market risk arising from its financial instruments.

(c) Liquidity risk:

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

The Institute manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation.

There has been no change to any of the risk exposures from fiscal 2023.