

Consolidated Financial Statements of

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Justice Institute of British Columbia, and
To the Minister of Advanced Education, Skills and Training, Province of British Columbia

Opinion

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

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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, 2019 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants

Vancouver, Canada

June 6, 2019

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash	\$ 13,330,284	\$ 13,046,862
Investments (note 3)	2,000,000	1,500,000
Accounts receivable	2,784,595	2,604,316
Inventories for resale	108,779	115,592
	<u>18,223,658</u>	<u>17,266,770</u>
Liabilities		
Accounts payable and accrued liabilities	5,304,064	5,505,274
Employee future benefits (note 4(b))	1,117,000	900,000
Deferred revenue	7,330,267	7,235,373
Deferred capital contributions (note 5)	20,739,036	22,264,338
	<u>34,490,367</u>	<u>35,904,985</u>
Net debt	(16,266,709)	(18,638,215)
Non-financial assets		
Tangible capital assets (note 6)	38,368,152	39,455,206
Inventories held-for-use	171,444	203,430
Prepaid expenses	424,229	461,582
	<u>38,963,825</u>	<u>40,120,218</u>
Contractual obligations (note 9)		
Accumulated surplus	<u>\$ 22,697,116</u>	<u>\$ 21,482,003</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Sukhminder Virk
Chair

Jackie Gorton
Finance and Audit Committee Chair

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	Budget (note 2(b))	2019	2018
Revenue:			
Province of British Columbia annual grant	\$ 12,797,590	\$ 13,277,172	\$ 11,433,301
Province of British Columbia contract services	7,798,271	8,315,180	7,493,402
Tuition and student fees	13,502,401	14,135,702	14,079,339
Sales of goods and services	1,090,660	1,479,441	1,102,475
Donations, non-government grants and contracts	10,985,390	12,605,276	15,255,804
Investment income	90,000	272,106	153,705
Amortization of deferred capital contributions (note 5)	2,909,753	2,045,693	2,064,837
Other	604,776	556,924	481,818
	<u>49,778,841</u>	<u>52,687,494</u>	<u>52,064,681</u>
Expenses:			
Ancillary operations	1,535,904	1,542,328	1,303,587
Instructional/educational	47,138,382	49,228,501	48,760,565
Sponsored research	824,555	701,552	915,658
	<u>49,498,841</u>	<u>51,472,381</u>	<u>50,979,810</u>
Annual surplus	280,000	1,215,113	1,084,871
Accumulated surplus, beginning of year	21,482,003	21,482,003	20,397,132
Accumulated surplus, end of year	<u>\$ 21,762,003</u>	<u>\$ 22,697,116</u>	<u>\$ 21,482,003</u>

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Changes in Net Debt

Year ended March 31, 2019, with comparative information for 2018

	Budget (note 2(b))	2019	2018
Annual surplus	\$ 280,000	\$ 1,215,113	\$ 1,084,871
Acquisition of tangible capital assets	(1,699,894)	(1,976,149)	(1,963,392)
Proceeds from disposal of tangible capital assets	-	-	12,692
Amortization of tangible capital assets	2,909,753	3,063,203	3,029,766
Gain on disposal of tangible capital assets	-	-	(12,062)
Acquisition of inventories held-for-use	-	(194,956)	(249,824)
Consumption of inventories held-for-use	-	226,942	264,924
Acquisition of prepaid expenses	-	(1,624,051)	(1,817,290)
Use of prepaid expenses	-	1,661,404	1,905,164
Decrease in net debt	1,489,859	2,371,506	2,254,849
Net debt, beginning of year	(18,638,215)	(18,638,215)	(20,893,064)
Net debt, end of year	\$ (17,148,356)	\$ (16,266,709)	\$ (18,638,215)

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,215,113	\$ 1,084,871
Items not involving cash:		
Amortization of tangible capital assets	3,063,203	3,029,766
Gain on disposal of tangible capital assets	-	(12,062)
Amortization of deferred capital contributions	(2,045,693)	(2,064,837)
Amortization of deferred lease inducement	-	(51,750)
Change in employee future benefits	217,000	(65,000)
Changes in non-cash operating working capital:		
Increase in accounts receivable	(180,279)	(195,120)
Decrease in inventories held for resale	6,813	19,172
Increase (decrease) in accounts payable and accrued liabilities	(201,210)	517,305
Increase in deferred revenue	94,894	1,143,534
Decrease in inventories held for use	31,986	15,100
Decrease in prepaid expenses	37,353	87,874
Net change in cash from operating activities	2,239,180	3,508,853
Capital activities:		
Proceeds from disposal of tangible capital assets	-	12,692
Cash used to acquire tangible capital assets	(1,976,149)	(1,963,392)
Net change in cash from capital activities	(1,976,149)	(1,950,700)
Investing activities:		
Redemption (purchase) of investments	(500,000)	500,000
Net change in cash from investing activities	(500,000)	500,000
Financing activities:		
Repayment of obligation under capital lease	-	(296,578)
Deferred capital contributions received	520,391	1,401,190
Net change in cash from financing activities	520,391	1,104,612
Net change in cash	283,422	3,162,765
Cash, beginning of year	13,046,862	9,884,097
Cash, end of year	\$ 13,330,284	\$ 13,046,862

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. Purpose of the Institute:

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 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:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the Institute and JI Ventures Inc., an organization that is wholly-owned by the Institute. JI Ventures Inc. was incorporated on January 18, 2017 and had no financial activity in the years ended March 31, 2019 and 2018.

The consolidated 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 consolidated 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 PS4200 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.
- (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.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

2. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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 PS3410; 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 PS3100.

As a result, revenue recognized in the consolidated statement of operations 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 2019 budget approved by the Board of Governors of the Institute on March 29, 2018. The budget is reflected in the consolidated statement of operations and accumulated surplus and the consolidated statement of changes in net debt and may include adjustments to conform to the consolidated 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 re-measurement gains and losses until such time that the financial asset is de-recognized due to disposal or impairment. At the time of de-recognition, 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, 2019. As a result, the Institute does not have a statement of re-measurement gains and losses.
- (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 investments.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

2. Significant accounting policies (continued):

(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:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- 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 the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

2. Significant accounting policies (continued):

(g) 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. Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets. Donated assets are recorded at fair value at the date of donation. In unusual circumstances where fair value cannot be reasonably determined, the tangible capital asset would be recognized at nominal value.

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.

Interest costs directly attributable to construction projects and major capital acquisitions are capitalized from the commencement of the capital outlays until the assets are placed into service.

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.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

2. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(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.

(h) Revenue recognition:

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured. Fees received prior to the year-end where the course is delivered subsequent to the year-end are recorded as deferred revenue.

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 and grants 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 in revenue in the year in which the stipulation or restriction on the contribution have been met.

Investment income includes interest recorded on an accrual basis.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

2. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of the consolidated 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. Key areas where management has made estimates and assumptions include those related to the fair value of donated tangible capital assets, useful lives of tangible capital assets, accrued losses on contracts, employee future benefits payable and provision for contingencies. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(j) 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.

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 re-measurement gains and losses. There are no unrealized gains or losses as at March 31, 2019. As a result, the Institute does not have a statement of re-measurement gains and losses.

3. Investments:

Investments are comprised of guaranteed investment certificates that earn interest at rates between 2.20% and 2.63% (2018 - 1.64% and 2.00%) and mature between May 27, 2019 and March 25, 2020 (2018 - July 28, 2018 and March 20, 2019).

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 (together referred to as the "Plans"). The boards of trustees for these Plans representing plan members and employers, are responsible for the management of the Plans including investment of the assets and administration of benefits. The Plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. As at August 31, 2018, the College Pension Plan has about 14,000 active members, and approximately 8,000 retired members. As at December 31, 2017, the Municipal Pension Plan has about 197,000 active members, including approximately 6,000 from colleges.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

4. Employee future benefits (continued):

(a) Pension benefits (continued):

The most recent actuarial valuation for the College Pension Plan as at August 31, 2015 indicated a \$67 million surplus for basic pension benefits on a going concern basis. The next valuation will be as at August 31, 2018 with results available in 2019. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018 with results available in 2019.

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 the Plans in aggregate, with the result that there is no consistent and reliable basis for allocating the obligations, assets and costs to individual entities participating in the Plans.

During the year ended March 31, 2019, the Institute paid \$2,130,797 (2018 - \$2,001,042) for employer contributions to the Plans.

(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, 2019.

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

	2019	2018
Accrued benefit obligation, beginning of year	\$ 842,000	\$ 914,000
Current service and interest cost	83,000	82,000
Benefit payments	(72,000)	(71,000)
Actuarial loss (gain)	223,000	(83,000)
Accrued benefit obligation, end of year	1,076,000	842,000
Unamortized net actuarial gain	41,000	58,000
Accrued benefit liability	\$ 1,117,000	\$ 900,000

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

4. Employee future benefits (continued):

(b) Other employee future benefits (continued):

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

	2019	2018
Discount rate	2.805%	2.712%
Expected future rate of compensation increase	2.00%	1.00%
Expected average remaining service life of active members	12 years	12 years

5. Deferred capital contributions:

	2019	2018
Balance, beginning of year	\$ 22,264,338	\$ 22,927,985
Contributions received during the year	520,391	1,401,190
Amortization of deferred capital contributions	(2,045,693)	(2,064,837)
Balance, end of year	\$ 20,739,036	\$ 22,264,338

Included in the balance at March 31, 2019 are unspent deferred capital contributions of \$285,000 (2018 - \$745,000).

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

6. Tangible capital assets:

Cost	Balance at March 31, 2018	Additions, net of transfers	Disposals	Balance at March 31, 2019
Land	\$ 10,416,476	\$ -	\$ -	\$ 10,416,476
Site improvements	1,281,208	-	(93,835)	1,187,373
Buildings	42,918,705	1,002,084	-	43,920,789
Furniture, equipment and vehicles	6,607,752	1,454,648	(855,459)	7,206,941
Personal computer equipment and peripherals	751,550	173,824	(164,406)	760,968
Computer software	1,540,636	170,288	-	1,710,924
Leasehold improvements	1,444,861	-	(511,081)	933,780
Work in process	824,695	(824,695)	-	-
	\$ 65,785,883	\$ 1,976,149	\$ (1,624,781)	\$ 66,137,251

Accumulated amortization	Balance at March 31, 2018	Amortization expense	Disposals	Balance at March 31, 2019
Site improvements	\$ 816,022	\$ 105,206	\$ (93,835)	\$ 827,393
Buildings	20,096,721	1,253,324	-	21,350,045
Furniture, equipment and vehicles	3,573,233	1,254,373	(855,459)	3,972,147
Personal computer equipment and peripherals	407,454	201,227	(164,406)	444,275
Computer software	314,396	172,568	-	486,964
Leasehold improvements	1,122,851	76,505	(511,081)	688,275
Total	\$ 26,330,677	\$ 3,063,203	\$ (1,624,781)	\$ 27,769,099

	Net book value March 31, 2018	Net book value March 31, 2019
Land	\$ 10,416,476	\$ 10,416,476
Site improvements	465,186	359,980
Buildings	22,821,984	22,570,744
Furniture, equipment and vehicles	3,034,519	3,234,794
Personal computer equipment and peripherals	344,096	316,693
Computer software	1,226,240	1,223,960
Leasehold improvements	322,010	245,505
Work in process	824,695	-
Total	\$ 39,455,206	\$ 38,368,152

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

7. 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.

8. Related organization:

The Justice Institute of B.C. Foundation (the "Foundation") was formed to raise funds for furthering the interests of the Institute. The Foundation is governed by an independent board of directors, the voting members of which can include employees of the Institute. The fund balances and results of operations of the Foundation have not been included in these consolidated financial statements.

During 2019, the Foundation contributed \$965,649 (2018 - \$662,030) in training equipment and student / applied research awards to the Institute. Administrative services, including salary costs, amounting to approximately \$177,845 (2018 - \$146,000), 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 for the years ended March 31, 2019 and 2018:

	2019	2018
Total assets	\$ 1,934,023	\$ 1,716,624
Fund balances	\$ 1,934,023	\$ 1,716,624
Total revenues	\$ 1,322,144	\$ 566,324
Total expenses	1,104,743	671,886
Excess (deficiency) of revenue over expenses	\$ 217,401	\$ (105,562)

9. 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:

2020	\$ 524,355
2021	507,597
2022	383,520
2023	218,414
	\$ 1,633,886

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

10. Contractual rights:

The Institute's contractual rights arise from contracts with the Province of British Columbia 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.

11. Expenses by object:

The following is a summary of expenses by object:

	2019	2018
Business development and promotion	\$ 1,070,235	\$ 1,264,435
Contract instruction and program development	4,627,080	4,781,456
Facilities and equipment	4,178,617	3,630,326
Professional services	2,583,346	2,014,779
Salaries and employee benefits	31,199,815	28,996,541
Staff and faculty travel and meetings	1,131,841	1,115,672
Student travel and activities	696,852	707,636
Supplies - instructional	1,175,419	1,370,021
Supplies - office	659,274	773,722
Other	1,086,699	3,295,456
Amortization of tangible capital assets	3,063,203	3,029,766
	<u>\$ 51,472,381</u>	<u>\$ 50,979,810</u>

12. WorkSafe BC:

During fiscal 2019, WorkSafe BC provided funding of \$1,438,858 (2018 - \$1,428,350) that was recognized in contracts, grants and donations revenue for the operation of the Occupational Road Safety Initiatives Program.

13. 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, investments and accounts receivable. The Institute assesses these financial assets, on a continuous basis for any amounts that are not collectible or realizable.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

13. Financial risk management (continued):

(b) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect 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 or interest rate 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 2018.