Consolidated Financial Statements of

JUSTICE INSTITUTE OF BRITISH COLUMBIA

And Independent Auditor's Report thereon

Year ended March 31, 2023

JUSTICE INSTITUTE *of* BRITISH COLUMBIA

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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

On behalf of Justice Institute of British Columbia:

Dr. Michel Tarko
President and CEO

Mike Proud
Vice-President, Finance and Operations

June 15, 2023

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

- the consolidated statement of financial position as at March 31, 2023
- 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, 2023 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.

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 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 15, 2023

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022 (Restated – note 3)
Financial Assets		
Cash	$ 21,759,317	$ 15,397,516
Accounts receivable (note 4)	2,790,912	3,827,765
Assets held for sale	5,792,321	-
Inventories held-for-resale	111,377	109,251
	30,453,927	19,334,532
Liabilities		
Accounts payable and accrued liabilities	11,816,928	9,831,969
Employee future benefits (note 5(b))	1,362,000	1,252,000
Deferred revenue	8,559,389	7,288,255
Deferred capital contributions (note 6)	19,601,812	19,615,818
Asset retirement obligations (note 7)	1,570,001	1,420,870
	42,910,130	39,408,912
Net debt	(12,456,203)	(20,074,380)
Non-Financial Assets		
Tangible capital assets (note 8)	29,113,399	35,841,513
Inventories held for use	607,324	657,757
Prepaid expenses	697,772	738,449
	30,418,495	37,237,719
Accumulated surplus	$ 17,962,292	$ 17,163,339

Contractual obligations (note 11)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Stephen Gamble
Chair

per Len Goerke
Finance and Audit Committee Chair

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Operations and Accumulated Surplus

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

	Budget (Note 2(b))	2023	2022 (Restated – note 3)
Revenue:			
Province of British Columbia annual grant	$ 15,434,210	$ 16,196,652	$ 15,557,621
Province of British Columbia contract services	7,560,554	7,041,511	8,257,006
Tuition and student fees	19,764,838	19,722,330	18,189,825
Sales of goods and services	757,916	629,544	598,231
Donations, non-government grants and contracts	8,970,775	13,088,545	9,571,626
Investment income	75,000	617,513	103,588
Amortization of deferred capital contributions (note 6)	2,138,808	1,898,409	1,816,720
Other	110,121	256,103	487,570
	54,812,222	59,450,607	54,582,187
Expenses (note 13):			
Ancillary operations	1,163,106	1,060,151	996,869
Instructional/educational	55,475,702	56,667,610	52,389,607
Sponsored research	1,173,414	923,893	1,198,652
	57,812,222	58,651,654	54,585,128
Annual surplus (deficit)	(3,000,000)	798,953	(2,941)
Accumulated surplus, beginning of year	17,163,339	17,163,339	18,305,870
Adjustment on adoption of the asset retirement obligations standard (note 3)	-	-	(1,139,590)
Accumulated surplus, beginning of year, as restated	17,163,339	17,163,339	17,166,280
Accumulated surplus, end of year	$ 14,163,339	$ 17,962,292	$ 17,163,339

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Changes in Net Debt

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

	Budget (Note 2(b))	2023	2022 (Restated – note 3)
Annual surplus (deficit)	$ (3,000,000)	$ 798,953	$ (2,941)
Acquisition of tangible capital assets	(4,451,907)	(2,229,162)	(3,315,068)
Amortization of tangible capital assets	3,276,764	3,022,802	3,004,400
Write-down of tangible capital assets	-	142,153	135,681
Reclassification of assets held for sale		5,792,321	-
Acquisition of inventories held-for-use	-	(332,886)	(998,640)
Consumption of inventories held-for-use	-	383,319	776,751
Acquisition of prepaid expenses	-	(2,116,343)	(2,106,970)
Use of prepaid expenses	-	2,157,020	2,064,415
Decrease (increase) in net debt	(4,175,143)	7,618,177	(442,372)
Net debt, beginning of year	(20,074,380)	(20,074,380)	(18,254,128)
Adjustment on adoption of the asset retirement obligations standard (note 3)	-	-	(1,377,880)
Net debt, beginning of year, as restated	(20,074,380)	(20,074,380)	(19,632,008)
Net debt, end of year	$ (24,249,523)	$ (12,456,203)	$ (20,074,380)

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

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.

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 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, 2023 and 2022.

These 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 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.

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 consolidated 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 2023 budget approved by the Board of Governors of the Institute on March 24, 2022. 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 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, 2023. As a result, the Institute does not have a statement of remeasurement gains and losses.

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 investments.

(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.

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 1(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.

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 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.

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 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.

(k) 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. 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.

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.

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 transitional provisions, which results in the restatement of the comparative information as at and for the year ended March 31, 2022 as follows:

	As previously stated	Adjustment	As restated
Consolidated statement of financial position:			
Asset retirement obligations	$ -	$ 1,420,870	$ 1,420,870
Tangible capital assets	35,631,512	210,001	35,841,513
Accumulated surplus	18,374,208	(1,210,869)	17,163,339
Consolidated statement of operations and accumulated surplus:			
Instructional/educational expenses	52,318,328	71,279	52,389,607
Annual surplus (deficit)	68,338	(71,279)	(2,941)
Accumulated surplus, beginning of year	18,305,870	(1,139,590)	17,166,280
Accumulated surplus, end of year	18,374,208	(1,210,869)	17,163,339
Consolidated statement of changes in net debt:			
Annual surplus (deficit)	68,338	(71,279)	(2,941)
Amortization of tangible capital assets	2,976,111	28,289	3,004,400
Net debt, beginning of year	(18,254,128)	(1,377,880)	(19,632,008)
Net debt, end of year	(18,653,510)	(1,420,870)	(20,074,380)
Consolidated statement of cash flows:			
Cash flows from operating activities:			
Annual surplus (deficit)	68,338	(71,279)	(2,941)
Amortization of tangible capital assets	2,976,111	28,289	3,004,400
Accretion and other adjustments for asset retirement obligations	-	42,990	42,990

4. Accounts receivable:

	2023	2022
Gross receivables	$ 3,048,143	$ 4,099,519
Allowance for doubtful accounts	(257,231)	(271,754)
	$ 2,790,912	$ 3,827,765

5. Employee future benefits:

(a) Pension benefits:

The Institute and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusteed pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2022, the College Pension Plan has about 16,600 active members, and approximately 10,100 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, with results available in 2025.

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 $2,277,156 (2022 - $2,460,732) for employer contributions to the plans in fiscal 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
Discount rate	3.72%	2.78%
Expected future rate of compensation increase	2.00-6.75%	2.00%
Expected average remaining service life of active members	10 years	11 years

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 – note 3)
Balance, beginning of year	$ 1,420,870	$ 1,377,880
Accretion expense	44,331	42,990
Adjustment to estimated remediation costs	104,800	-
Balance, end of year	$ 1,570,001	$ 1,420,870

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 $2,818,588 (2022 - $2,684,569) to be paid between fiscal 2024 and fiscal 2055 (2022 – fiscal 2023 and fiscal 2055). The estimated cash flows were discounted using a rate of 3.12% (2022 – 3.12%).

8. Tangible capital assets:

Cost	Balance, March 31, 2022 (Restated – note 3)	Additions	Disposals, write-downs and transfers	Balance, March 31, 2023
Land	$ 10,416,476	$ -	$ (3,756,339)	$ 6,660,137
Site improvements	940,619	-	(10,603)	930,016
Buildings	44,435,627	-	(6,118,051)	38,317,576
Furniture, equipment and vehicles	6,622,271	1,576,233	(748,363)	7,450,141
Personal computer equipment and peripherals	1,273,727	313,482	(173,824)	1,413,385
Computer software	1,661,371	-	-	1,661,371
Leasehold improvements	933,780	-	(925,915)	7,865
Work-in-progress	1,507,469	339,447	-	1,846,916
	$ 67,791,340	$ 2,229,162	$ (11,733,095)	$ 58,287,407

Accumulated amortization	Balance, March 31, 2022 (Restated – note 3)	Amortization expense	Disposals and transfers	Balance, March 31, 2023
Site improvements	$ 844,421	$ 38,834	$ (9,204)	$ 874,051
Buildings	25,436,838	1,273,150	(3,941,315)	22,768,673
Furniture, equipment and vehicles	2,984,459	1,193,757	(748,363)	3,429,853
Personal computer equipment and peripherals	725,699	332,496	(173,824)	884,371
Computer software	1,026,326	183,779	-	1,210,105
Leasehold improvements	932,084	786	(925,915)	6,955
	$ 31,949,827	$ 3,022,802	$ (5,798,621)	$ 29,174,008

	Net book value March 31, 2022 (Restated – note 3)	Net book value March 31, 2023
Land	$ 10,416,476	$ 6,660,137
Site improvements	96,198	55,965
Buildings	18,998,789	15,548,903
Furniture, equipment and vehicles	3,637,812	4,020,288
Personal computer equipment and peripherals	548,028	529,014
Computer software	635,045	451,266
Leasehold improvements	1,696	910
Work-in-progress	1,507,469	1,846,916
	$ 35,841,513	$ 29,113,399

In fiscal 2023, there were write-downs of tangible capital assets totaling $142,153 (2022 - $135,681).

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.

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
Professional services		2,021,372		2,407,163
Salaries and employee benefits		37,539,570		35,496,960
Staff and faculty travel and meetings		593,837		324,500
Student travel and activities		740,099		989,812
Supplies – instructional		1,511,976		1,206,219
Supplies – office		1,125,692		948,473
Other		2,942,366		1,636,697
Amortization of tangible capital assets		3,022,802		3,004,400
	$	58,651,654	$	54,585,128

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.

(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 2022.