

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL**

**CRIMINAL PROPERTY FORFEITURE FUND**

**FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2012**



## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Criminal Property Forfeiture Fund, which comprise the statement of financial position as at March 31, 2012, and the statement of operations, statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, 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.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Criminal Property Forfeiture Fund as at March 31, 2012, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan  
July 19, 2012

Bonnie Lysyk, MBA, CA  
Provincial Auditor

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL  
CRIMINAL PROPERTY FORFEITURE FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31**

	<u>2012</u>	<u>2011</u>
<b>Financial assets</b>		
Due from General Revenue Fund (Note 3)	\$ 512,041	\$ 14,072
Accounts receivable (Note 4)	<u>269,341</u>	<u>26,788</u>
	<u>781,382</u>	<u>40,860</u>
<b>Financial liabilities</b>		
Accounts payable	<u>227,838</u>	<u>-</u>
<b>Net financial assets</b>	<u>553,544</u>	<u>40,860</u>
<b>Non-financial assets</b>		
Prepaid expenses (Note 2(b) )	<u>132</u>	<u>-</u>
<b>Accumulated surplus (Statement 2)</b>	<u><u>\$ 553,676</u></u>	<u><u>\$ 40,860</u></u>

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL  
CRIMINAL PROPERTY FORFEITURE FUND  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31**

	<u>2012</u>	<u>2011</u> (Note 7)
<b>Revenues</b>		
Forfeitures	\$ 750,821	\$ 43,146
Awarded costs	4,809	1,406
Interest	<u>2,489</u>	<u>68</u>
Total revenue	<u>758,119</u>	<u>44,620</u>
<b>Expenses</b>		
Commissions	10,830	1,385
Legal Fees	2,492	-
Personal property registration	347	111
Process serving	1,648	525
Property management (Note 8)	225,136	-
Third-party interest payouts	-	2,041
Towing and storage	<u>4,850</u>	<u>539</u>
Total expenses	<u>245,303</u>	<u>4,601</u>
<b>Surplus for the year</b>	512,816	40,019
Accumulated surplus, beginning of year	<u>40,860</u>	<u>841</u>
<b>Accumulated surplus, end of year (Statement 1)</b>	<u><u>\$ 553,676</u></u>	<u><u>\$ 40,860</u></u>

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL  
CRIMINAL PROPERTY FORFEITURE FUND  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31**

	<u>2012</u>	<u>2011</u>
<b>Surplus for the year</b>	<u>\$ 512,816</u>	<u>\$ 40,019</u>
Acquisition of prepaid expenses	(332)	-
Use of prepaid expenses	<u>200</u>	<u>-</u>
Change in Prepaids	<u>(132)</u>	<u>-</u>
Increase in net financial assets	512,684	40,019
Net financial assets, beginning of year	<u>40,860</u>	<u>841</u>
<b>Net financial assets, end of year</b>	<u><u>\$ 553,544</u></u>	<u><u>\$ 40,860</u></u>

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL  
CRIMINAL PROPERTY FORFEITURE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31**

	<u>2012</u>	<u>2011</u> (Note 7)
<b>Operating Activities</b>		
Cash received from:		
Forfeitures	\$ 510,500	\$ 17,800
Awarded costs	3,851	-
Interest	1,213	32
	<u>515,564</u>	<u>17,832</u>
Cash paid for:		
Commissions	1,345	1,385
Legal Fees	2,492	-
Personal property registration	347	111
Process serving	1,647	525
Property management	6,915	-
Third-party interest payouts	-	2,041
Towing and storage	4,849	539
	<u>17,595</u>	<u>4,601</u>
Cash provided by operating activities	497,969	13,231
<b>Investing Activities</b>		
Purchase of investments	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	497,969	13,231
Due from General Revenue Fund, beginning of year	<u>14,072</u>	<u>841</u>
Due from General Revenue Fund, end of year	<u>\$ 512,041</u>	<u>\$ 14,072</u>

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE AND ATTORNEY GENERAL  
CRIMINAL PROPERTY FORFEITURE FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012

**1. Legislative Authority and Purpose**

The Criminal Property Forfeiture Fund (Forfeiture Fund) was established under section 30(1) of *The Seizure of Criminal Property Act, 2009* (Act). The Forfeiture Fund receives all revenue related to the sale of property that has been forfeited to the Crown pursuant to subsection 27(2) of the Act and pays for costs related to bringing applications for forfeiture, managing and selling forfeited assets, and the Forfeiture Fund administration. Also, at the direction of the Minister responsible for the Act and the Minister responsible for *The Police Act, 1990*, money in the Forfeiture Fund may be used, on an equal basis, for police operations and the Victims' Fund, which was established by *The Victims of Crime Act* and continues under the authority of *The Victims of Crime Act, 1995*.

**2. Significant Accounting Policies**

Pursuant to standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the Forfeiture Fund is classified as an other government organization. These financial statements are prepared in accordance with Canadian public sector accounting standards applicable to governments. The following accounting policies are considered to be significant.

(a) Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

(b) Prepaid expenses

Prepaid expenses include amounts paid for utilities related to the management of forfeited real estate property and are recognized an expense over the periods expected to benefit from it.

(c) Revenue

Forfeiture and other sources of revenue are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Use of estimates

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in the period when they are identified.

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL  
CRIMINAL PROPERTY FORFEITURE FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

**3. Due from General Revenue Fund**

The monies of the Forfeiture Fund are deposited in the General Revenue Fund.

The Forfeiture Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Forfeiture Fund using the Government's thirty day borrowing rate and the Forfeiture Fund's average daily bank account balance. The Government's average 30 day borrowing rate in 2012 was 1.05% (2011 - 0.80%).

**4. Accounts Receivable**

Amounts due to the Forfeiture Fund consist of court ordered forfeitures, awarded costs and other miscellaneous receivables. The balance at March 31 consists of:

	2012	2011
	<hr/>	<hr/>
Forfeitures	\$ 265,665	\$ 25,345
Awarded costs	2,363	1,406
Other receivables	<hr/> 1,313	<hr/> 37
	<hr/> <b>\$ 269,341</b> <hr/>	<hr/> <b>\$ 26,788</b> <hr/>

**5. Related Parties**

During the period, the Forfeiture Fund received certain services from the Ministry of Justice and Attorney General and the Ministry of Finance without charge.

**6. Budget**

Budget amounts have not been disclosed as the Forfeiture Fund has not been in operation for a sufficient period of time to provide a basis for relevant and reliable budget amounts to be reasonably determined.

**7. Comparative figures**

Certain of the prior period's figures may have been reclassified to conform with the current period's financial statement presentation.

**8. Property Management Expenses**

Property management expenses include repayment of mortgages/liens and taxes for properties forfeited under *The Seizure of Criminal Property Act, 2009*.