

MINISTRY OF JUSTICE

VICTIMS' FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2013



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Ministry of Justice – Victims' Fund, which comprise the statement of financial position as at March 31, 2013, and the statements of operations, changes in net financial assets and 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 Ministry of Justice – Victims' Fund as at March 31, 2013, 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.

Bonnie Lysyk, MBA, CA
Provincial Auditor

Regina, Saskatchewan
July 22, 2013

**MINISTRY OF JUSTICE
VICTIMS' FUND
STATEMENT OF FINANCIAL POSITION
As at March 31**

	2013	2012
Financial assets		
Due from General Revenue Fund (Note 6)	\$ 9,374,787	\$ 8,297,500
Accounts receivable (Note 7)	2,828,800	2,548,238
Due from Public Guardian and Trustee (Note 8)	968,614	916,689
Total financial assets	<u>13,172,201</u>	<u>11,762,427</u>
Liabilities		
Accounts payable	606,626	139,254
Employee leave entitlement	41,305	49,532
Total liabilities	<u>647,931</u>	<u>188,786</u>
Net financial assets (Note 11)	12,524,270	11,573,641
Non-financial assets		
Tangible capital assets (Notes 2d and 4)	<u>141,648</u>	<u>111,903</u>
Accumulated surplus	<u>\$ 12,665,918</u>	<u>\$ 11,685,544</u>
Commitments (Note 10)		

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE
VICTIMS' FUND
STATEMENT OF OPERATIONS
For the Year Ended March 31**

	Budget 2013	Actual 2013	Actual 2012
	(Note 12)		
Revenue:			
Surcharge revenue	\$ 6,300,000	\$ 8,206,535	\$ 7,775,182
Grant – Ministry of Justice (Note 9)	159,000	159,200	317,000
Investment income (Note 8)	--	143,274	116,061
Proceeds of Crime	--	--	1,318,969
Federal Cost Sharing revenue	466,000	363,808	251,100
Other	--	31,031	39,418
	<u>6,925,000</u>	<u>8,903,848</u>	<u>9,817,730</u>
Expense:			
Administration costs	830,000	1,087,230	924,389
Bad Debt	--	603,143	449,497
Crime Prevention Grants	305,000	335,600	330,300
Crisis intervention services	4,702,000	3,230,386	3,119,403
Court based programs	646,000	506,507	403,039
Compensation payments	892,000	478,968	379,319
Domestic Violence Courts	412,000	416,910	399,238
Proceeds of Crime (Note 11)	--	116,656	--
Restitution program	336,000	212,549	189,665
Research, evaluation and prevention	605,000	830,956	722,388
Education and training	133,000	104,569	160,371
	<u>8,861,000</u>	<u>7,923,474</u>	<u>7,077,609</u>
Surplus for the year	<u>\$ (1,936,000)</u>	980,374	2,740,121
Accumulated surplus, beginning of year		<u>11,685,544</u>	<u>8,945,423</u>
Accumulated surplus, end of year		<u>\$ 12,665,918</u>	<u>\$ 11,685,544</u>

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE
VICTIMS' FUND
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31**

	2013	2012
	<u> </u>	<u> </u>
Surplus for the year	\$ 980,374	\$ 2,740,121
Acquisition of tangible capital assets	(48,662)	(40,653)
Amortization of tangible capital assets	18,917	14,050
	<u>(29,745)</u>	<u>(26,603)</u>
Increase in net financial assets	950,629	2,713,518
Net financial assets, beginning of year	<u>11,573,641</u>	<u>8,860,123</u>
Net financial assets, end of year	<u>\$ 12,524,270</u>	<u>\$ 11,573,641</u>

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE
VICTIMS' FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31**

	<u>2013</u>	<u>2012</u>
Operating activities		
Cash received from:		
Surcharge	\$ 7,576,622	\$ 6,936,191
Interest	91,349	71,401
Other	<u>352,172</u>	<u>970,861</u>
	<u>8,020,143</u>	<u>7,978,453</u>
Cash paid for:		
Salaries	1,382,224	1,182,806
Other	<u>5,460,045</u>	<u>5,434,990</u>
	<u>6,842,269</u>	<u>6,617,796</u>
Cash provided by operating activities	1,177,874	1,360,657
Capital activities		
Purchase of tangible capital assets	(48,662)	(40,653)
Investing activities		
Purchase of investments through Public Guardian and Trustee	<u>(51,925)</u>	<u>(44,660)</u>
Increase in cash and cash equivalents	1,077,287	1,275,344
Due from General Revenue Fund, beginning of year	<u>8,297,500</u>	<u>7,022,156</u>
Due from General Revenue Fund, end of year	<u>\$ 9,374,787</u>	<u>\$ 8,297,500</u>

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE
VICTIMS' FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2013**

1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act*, and continues under the authority of *The Victims of Crime Act, 1995 (Act)*. The Fund receives all provincial and federal fine surcharges assessed under the Act and under the *Criminal Code of Canada*. The Ministry of Justice collects surcharges on behalf of the Fund. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; conduct research and distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the Fund is classified as an other government organization. The fund uses Canadian public sector accounting standards. The following accounting standards are considered to be significant.

a) Basis of accounting

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

b) Revenue

i) Surcharge and other sources

Surcharges are recorded as revenue when imposed. 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.

Valuation allowance for the imposed surcharges is calculated based on past history.

ii) Federal cost sharing revenue

From time to time, the Fund makes cost sharing agreements with the Federal government to provide enhancements to victims' programs in Saskatchewan. In accordance with the agreements, the Fund recognizes revenue when the related expenses are incurred.

c) Community grants expense

Grants are expensed when approved and the recipient has met eligibility criteria.

d) Tangible capital assets

Tangible capital assets are recorded at cost and are amortized on a straight-line basis over the assets useful life of 10 years.

e) Use of estimates

These statements are prepared in accordance with Canadian public sector accounting standards. These standards 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.

The allowance for doubtful accounts on the surcharge receivable is the most significant estimate in the financial statements (see note 7).

3. Financial Instruments

The Fund has the following financial instruments:

- due from General Revenue Fund,
- due from Public Guardian and Trustee (PGT),
- accounts receivable,
- accounts payable.

The following paragraphs provide information about the risks associated with these financial instruments and the fair values of those instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk as the value of its financial instruments fluctuates due to changes in market interest rates.

The Fund's cash is held in the General Revenue Fund (a related party) and interest is paid at standard rates paid by the Government of Saskatchewan (see Note 6).

As market interest rates fluctuate, the market value of the Fund's investments held with PGT moves in the opposite direction. This risk may affect the price the Fund could get for the investments prior to maturity. To mitigate this risk PGT works with an investment advisor that actively manages asset class allocations through a balanced approach.

The Fund's receivables and payables are non-interest bearing and as a result there is no interest rate risk associated with these financial instruments.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund (GRF), accounts receivable and due from PGT. Because both GRF and PGT are related parties the Fund's credit risk is minimal.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fine surcharges which will eventually be collected is difficult to measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fine surcharges which will be collected, based on the Fund's past experience.

c) Fair value

For the following instruments, the fair values approximate their carrying value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable

The fair value of Due from Public Guardian and Trustee (PGT) at March 31, 2013 approximates its carrying value as the amount reflects market values of the underlying investments (see Note 8).

4. Tangible Capital Assets

	2013	2012
Opening costs of tangible capital assets	\$ 140,501	\$ 99,848
Additions during the year	48,662	40,653
Closing costs of tangible capital assets	189,163	140,501
Opening accumulated amortization	28,598	14,548
Annual amortization	18,917	14,050
Closing accumulated amortization	47,515	28,598
Net book value of tangible capital assets	<u>\$141,648</u>	<u>\$111,903</u>

Tangible capital assets consist of audio/visual equipment.

Annual amortization is included in administration costs in the Statement of Operations.

5. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). During the year, the Fund received certain administrative services from the Ministry of Justice and the Ministry of Finance without charge.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, use of certain tangible capital assets and certain administrative costs. These costs have been absorbed by various ministerial appropriations and therefore no provision for such costs is reflected in these financial statements.

Amounts expensed to related parties in the 2012-13 fiscal year consists of the following:

SaskTel	\$ 21,372
Ministry of Central Services	48,453
Saskatchewan Government Insurance	1,520
Saskatchewan Institute of Applied Science & Technology	14,020
Information Technology Office	<u>160,386</u>
	<u>\$245,751</u>

Amounts payable to related parties in the 2012-13 fiscal year consists of the following:

Information Technology Office	\$ 80,929
	<u>\$ 80,929</u>

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and related notes.

6. Due from General Revenue Fund

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

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty day borrowing rate and the Fund's average daily bank account balance. The Government's average 30 day borrowing rate in 2013 was 1.09% (2012 – 1.05%).

7. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid, by individuals, and miscellaneous receivables. The balance at March 31 consists of:

	<u>2013</u>	<u>2012</u>
Total Surcharge receivable	\$ 9,254,916	\$ 8,625,004
Allowance for Doubtful Accounts	<u>(7,040,032)</u>	<u>(6,436,890)</u>
Net Surcharge Receivable	2,214,884	2,188,114
Federal/Provincial Cost Sharing Agreement receivable	539,973	341,822
Other accounts receivable	<u>73,943</u>	<u>18,302</u>
Total accounts receivable	<u>\$ 2,828,800</u>	<u>\$ 2,548,238</u>

8. Due from Public Guardian and Trustee

The Fund invests a portion of its surplus funds through PGT. PGT invests these monies, together with monies it administers for its other clients. PGT allocates income earned together with part of the changes in market values of investments, annually to its clients, including the Fund.

The Fund records amounts PGT allocates as investment income or loss and adjusts the carrying value of due from PGT in the same amount.

9. Grant from Ministry of Justice

The grant from the Ministry of Justice reflects funding for victims' programs to manage and pay for certain programs.

10. Commitments

The Fund is committed to provide \$901,612 to police-based victim services programs throughout the Province for each of the next two fiscal years.

The Fund also pays the Crime Prevention Grants to various organizations to help provide crime prevention programs throughout the Province. The Fund is committed to provide crime prevention grants amounting to \$258,560 for each of next two fiscal years.

11. Designated Net Assets

Under the federal *Seized Property Management Act* and the Forfeited Property Sharing Regulations, the Federal Government receives monies from seizures made by police during drug and other illegal activity investigations. On April 17, 2000 the Province entered into an agreement with the Federal Government that requires these

proceeds are used to support crime prevention, issues of substance abuse, and law enforcement.

Proceeds of Crime transfers from the Federal Government are assigned as designated net assets in the Victims' Fund. These funds are to be used for police operations directed at organized crime and police-based crime prevention activities, at the discretion of the Saskatchewan Proceeds of Crime Management Committee. In 2012-13, the committee approved funding of \$116,656.

	Beginning of Year	Receipts	Disbursements	End of year
Monies for RCMP operations directed at organized crime	\$ 1,259,170	--	(\$ 116,656)	\$ 1,142,514
Monies for public education and crime prevention	59,799	--	--	59,799
Total	\$ 1,318,969	--	(\$ 116,656)	\$ 1,202,313

12. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Fund's budget annually.

**MINISTRY OF JUSTICE
VICTIMS' FUND
SCHEDULE OF EXPENSE BY OBJECT
For the Year Ended March 31**

	<u>2013</u>	<u>2012</u>
Expense:		
Community grants	\$ 4,837,852	\$ 4,617,962
Salaries	1,373,995	1,187,481
Proceeds of Crime program	116,656	--
Compensation awards	478,968	379,319
Administration	332,040	283,051
Systems expenses	161,903	146,249
Amortization	18,917	14,050
Bad Debt Expense	603,143	449,497
	<u>\$ 7,923,474</u>	<u>\$ 7,077,609</u>

Personal Services

Listed are individuals who received payments for salaries, wages, honorariums, etc. which total \$50,000 or more.

(Audited)

Fritshaw, Jessica	\$	50,778
Goulet, Melvina		79,948
Hala, Kim		63,762
Hassard, Sharon		79,964
Hourie, Trisha		68,507
Jones, Katherine		54,071
Knoblauch, Kelly		52,894
Lawrence, Dwight		107,777
McKendrick, Rod		85,586
Roesler, Carla		58,462
Thiele, Patrick		117,857

Transfers

Listed are transfers to recipients who received \$50,000 or more.
(audited)

Battlefords Victim Services Inc.	\$ 204,511
Buffalo Regional Victim Services Inc.	79,032
Catholic Family Services of Prince Albert Inc.	82,354
Catholic Family Services of Saskatoon Inc.	58,943
Catholic Family Services of The Battlefords Inc.	91,398
Churchill River Regional Victim Services Inc.	159,503
Circle Project Association Inc.	125,436
Envision Counselling and Support Centre Inc	57,778
Family Service Regina Inc.	368,923
Family Service of Saskatoon	249,334
Kanaweyimik Child and Family Services Inc.	86,185
Mamawetan Churchill River Region	74,859
Midwest Victim Services	56,063
Moose Jaw Police Service	75,984
Moose Jaw Transition House Inc.	62,283
North Sask Victims Services Inc.	104,679
Northeast Regional Victim Services Inc.	197,597
Northern Region Victim Services	155,060
Northwest Regional Victim Services Inc.	82,514
P.A. Outreach Program Inc.	127,600
Parkland Victims Services Inc.	196,131
Prince Albert Police Service	104,553
Prince Albert Regional Victim Services Inc.	139,425
Rainbow Youth Centre	58,100
Regina Police Service	270,635
Regina Region Victim Services Inc.	147,422
Regina Sexual Assault Centre Inc.	75,465
Saskatoon Indian & Metis Friendship Centre Inc.	126,468
Saskatoon Police Service	369,870
Saskatoon Sexual Assault & Information Centre Inc.	86,116
Society for the Involvement of Good Neighbours Inc.	61,732
South West Victim Services Inc.	106,692
Southeast Regional Victim Services Inc.	113,264
Street Worker's Advocacy Project	58,211
Young Women's Christian Association of Regina	86,412

Supplier Payments

Listed are payees who received more than \$50,000 for the provision of goods and services.
(Audited)

Minister Of Finance - Ministry Of Information Technology Office	\$ 160,386
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