

**LAW REFORM COMMISSION OF SASKATCHEWAN**

**FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2015**



## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Law Reform Commission, which comprise the statement of financial position as at March 31, 2015, 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 Law Reform Commission as at March 31, 2015, 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 14, 2015

Judy Ferguson, FCPA, FCA  
Provincial Auditor

**LAW REFORM COMMISSION OF SASKATCHEWAN**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

	<u>2015</u>	<u>2014</u>
<b>Financial Assets</b>		
Cash	\$ 41,813	\$ 39,091
Short-term investments (Note 4)	102,283	102,282
Accounts receivable	<u>902</u>	<u>722</u>
Total Financial Assets	<u>144,998</u>	<u>142,095</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>6,779</u>	<u>10,111</u>
<b>Net Financial Assets</b> (Statement 3)	138,219	131,984
<b>Non-financial Assets</b>		
Prepaid expenses	<u>608</u>	<u>2,427</u>
<b>Accumulated surplus</b> (Statement 2)	<u>\$ 138,827</u>	<u>\$ 134,411</u>
Commitments (Note 7)		

(See accompanying notes to the financial statements)

**LAW REFORM COMMISSION OF SASKATCHEWAN**  
**STATEMENT OF OPERATIONS**  
For the Year Ended March 31

	Budget (Note 8)	2015	2014
<b>Revenue</b>			
Ministry of Justice - grant	\$ 60,000	\$ 60,000	\$ 60,000
Law Foundation - grant (Note 6)	60,000	\$ 56,670	60,000
Interest and miscellaneous	<u>1,000</u>	<u>\$ 1,086</u>	<u>887</u>
Total revenue	<u>121,000</u>	<u>\$ 117,756</u>	<u>120,887</u>
<b>Expenses</b>			
Salaries and employee benefits	103,245	\$ 87,878	97,803
Worker's compensation board premium	-	\$ 222	46
Contract labour	10,400	\$ 7,181	21,777
Conference and travel	6,800	\$ 3,191	8,235
Commissioner's honoraria	3,500	\$ 155	235
Office supplies and services	2,500	\$ 756	667
Online Research	1,200	\$ 1,270	1,232
Marketing	1,000	\$ -	-
Professional fees	12,000	\$ 8,208	3,000
Office rent	3,875	\$ 3,581	4,225
Miscellaneous	2,000	\$ 667	1,625
Website design and admin	<u>-</u>	<u>\$ 231</u>	<u>3,571</u>
Total expenses	<u>146,520</u>	<u>\$ 113,340</u>	<u>142,416</u>
<b>Surplus (Deficit) for the year</b>	<u>\$ (25,520)</u>	\$ 4,416	(21,529)
Accumulated surplus, beginning of year		<u>\$ 134,411</u>	<u>155,940</u>
<b>Accumulated surplus, end of year</b> (Statement 1)		<u>\$ 138,827</u>	<u>\$ 134,411</u>

(See accompanying notes to the financial statements)

**LAW REFORM COMMISSION OF SASKATCHEWAN**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
For the Year Ended March 31

	<u>2015</u>	<u>2014</u>
<b>Surplus (Deficit) for the year</b>	\$ 4,416	\$ (21,529)
Addition to prepaid expense	<u>1,819</u>	<u>(43)</u>
Increase (decrease) in net financial assets	6,235	(21,572)
Net financial assets, beginning of year	<u>131,984</u>	<u>153,556</u>
<b>Net financial assets, end of year</b> (Statement 1)	<u>\$ 138,219</u>	<u>\$ 131,984</u>

(See accompanying notes to the financial statements)

**LAW REFORM COMMISSION OF SASKATCHEWAN**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31**

	<u>2015</u>	<u>2014</u>
<b>Cash used in operating activities</b>		
Ministry of Justice - grant	\$ 60,000	\$ 60,000
Law Foundation - grant	56,670	60,000
Interest and miscellaneous revenue	906	1,115
Cash paid to suppliers and employees	<u>(114,854)</u>	<u>(136,663)</u>
Cash used in operating activities	<u>\$ 2,722</u>	<u>\$ (15,548)</u>
<b>Cash used in investing activities</b>		
Purchase of short-term investments	(102,283)	(102,283)
Proceeds from disposal and redemption of investments	<u>102,283</u>	<u>101,274</u>
Cash used in investing activities	<u>\$ -</u>	<u>\$ (1,009)</u>
Increase (decrease) in cash	2,722	(16,557)
Cash, beginning of year	<u>39,091</u>	<u>55,648</u>
Cash, end of year	<u>\$ 41,813</u>	<u>\$ 39,091</u>

(See accompanying notes to the financial statements)

**LAW REFORM COMMISSION OF SASKATCHEWAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2015**

**1. Incorporation**

The *Law Reform Commission Act* was amended effective November 6, 1987. At that date the Commission became a body corporate and continued the operation of the Law Reform Commission of Saskatchewan.

The purpose of the Commission is to review all the laws of the Province with a view to its systematic development and reform and generally the simplification and modernization of the law.

The Commission is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards. The Commission is responsible to maintain a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

**2. Significant Accounting Policies**

Pursuant to standards established by the Public Sector Accounting Board of CPA Canada, the Commission is classified as an other government organization. Accordingly, these financial statements have been prepared in accordance with Canadian public sector accounting (PSA) standards, as published by CPA Canada.

**a) Basis of accounting**

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

**b) Revenue Recognition**

The Commission recognizes contributions as revenue when received and receivable.

The Law Foundation grant is intended to cover half of the Commission's current year expenses. Any amount in excess of half of the Commission's expenses for the year is returnable to the Law Foundation at year end.

**c) Financial Instruments**

***Classification***

Cash and short-term investments are classified in the fair value category. Accounts receivable, and accounts payable and accrued liabilities are carried at amortized cost. Due to their short-term nature, the amortized cost of these instruments approximate their fair value. Carrying amounts are in each instance disclosed in the Statement of Financial Position.

***Significant terms and conditions***

There are no significant terms and conditions related to the financial instruments that may affect the amount, timing and certainty of future cash flows.

***Interest rate risk***

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

The Commission does not have any long-term investments that may be affected by market pressures.

The Commission's receivables and payables are non-interest bearing.

***Credit risk***

The Commission is exposed to credit risk from potential non-payment of accounts receivable or investment income and principal.

The Commission rarely has accounts receivable. Most of the Commission's receivables are from provincial agencies, federal government and commission members; therefore credit risk is minimal.

All investments are purchased from and held with major banks; therefore, credit risk for investments and related accrued interest receivables is minimal.

**d) Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting 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. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

**e) Remeasurement gains and losses**

The Commission has no transactions that would result in remeasurement gains and losses therefore a statement of remeasurement gains and losses has not been prepared.

### 3. Designated Assets

The Commission has designated assets to finance future research projects and initiatives at the discretion of the Commission. These designated assets are not available for other purposes without approval of the Commission.

<u>Research Projects and Initiatives</u>	<u>2015</u>	<u>2014</u>
Balance at Beginning of Year	\$ 73,346	\$ 89,700
Disbursements	<u>(13,617)</u>	<u>(16,354)</u>
Balance at End of Year	<u>\$ 59,729</u>	<u>\$ 73,346</u>

### 4. Short-term investments

Short-term investments consist of a guaranteed income certificate with an effective interest rate of 1.0% (2014 - 0.8%).

### 5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Commission by virtue of common control by the Government of Saskatchewan and non-Crown agencies subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

Routine operating transactions with related parties are recorded at agreed upon exchange amounts and settled under normal trade terms.

Other related party transactions at year-end are as follows:

	<u>2015</u>	<u>2014</u>
Revenues		
Ministry of Justice	60,000	60,000
Expenses		
Saskatchewan Archives Board	15	-
Saskatchewan Workers' Compensation Board	222	46
Saskatchewan Queen's Printer	57	112
University of Saskatchewan	3,681	4,667

In addition, the Commission pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as a part of the cost of those purchases.

**6. Law Foundation Grant**

The Commission received a grant in 2014-15 from the Law Foundation of Saskatchewan for \$60,000 (2013-14 - \$60,000). As the grant covered more than half of the Commission's 2014-15 expenses \$3,330 of this grant is refundable and is included in liabilities (see note 2b).

**7. Commitments**

The Commission has entered into an agreement to lease office space from the University of Saskatchewan. The lease is for a period of 1 year, expiring on February 28, 2016. The future minimum lease payment is as follows:

2015-16	\$3,222
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**8. Budget**

The Commission approved the 2014-15 budget on January 21, 2014.