

**MINISTRY OF JUSTICE**

**VICTIMS' FUND**

**FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2017**

**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, 2017, and the statement 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 the Victims' Fund as at March 31, 2017, 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  
February 9, 2018

Judy Ferguson, FCPA, FCA  
Provincial Auditor

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

	<b>2017</b>	<b>2016 Restated (Note 12)</b>
<b>Financial Assets</b>		
Due from General Revenue Fund (Note 6)	\$ 5,138,756	\$ 7,039,554
Accounts receivable (Note 7)	7,418,554	6,518,408
Due from Public Guardian and Trustee (Note 8)	<u>6,417,497</u>	<u>6,051,145</u>
Total Financial Assets	<u>18,974,807</u>	<u>19,609,107</u>
<b>Liabilities</b>		
Accounts payable (Note 9)	101,362	1,777,308
Employee leave entitlement	<u>49,793</u>	<u>50,430</u>
Total liabilities	<u>151,155</u>	<u>1,827,738</u>
<b>Net Financial Assets</b> (Statement 3)	18,823,652	17,781,369
<b>Non-financial Assets</b>		
Tangible capital assets (Note 4)	<u>65,984</u>	<u>84,900</u>
<b>Accumulated surplus</b> (Statement 2)	<u>\$ 18,889,636</u>	<u>\$ 17,866,269</u>
Commitments (Note 9)		

(See accompanying notes to the financial statements)

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

	Budget 2017  (Note 11)	Actual 2017	Actual 2016 Restated (Note 12)
<b>Revenue</b>			
Surcharge revenue (Note 2 & 3)	\$ 13,000,000	\$ 13,856,620	\$ 15,041,541
Investment income (Note 8)	300,000	393,939	386,453
Proceeds of crime (Note 10)	-	46,077	-
Federal cost sharing revenue	-	398,038	542,429
Other	-	1,615,176	690,700
Total revenue	<u>13,300,000</u>	<u>16,309,850</u>	<u>16,661,123</u>
<b>Expenses</b>			
Administration costs	892,000	904,630	937,332
Bad debt	1,000,000	2,075,856	2,465,068
Crime prevention grants	305,000	305,640	315,600
Crisis intervention services	4,118,000	4,302,704	4,648,762
Court-based programs	646,000	627,295	644,595
Compensation payments	892,000	944,170	597,921
Domestic violence courts	633,000	663,941	656,550
Proceeds of crime (Note 10)	-	873,977	1,876,693
Restitution program	336,000	203,387	194,374
Research, evaluation, and prevention	1,028,000	1,091,391	1,255,563
Education and training	133,000	84,944	126,798
Sexual Assault Services	1,200,000	1,200,000	1,200,000
IVA Programs	2,075,000	2,008,548	911,215
COR and ICE	-	-	1,302,620
Total expenses (Schedule 1)	<u>13,258,000</u>	<u>15,286,483</u>	<u>17,133,091</u>
<b>Surplus (Deficit) for the year</b>	<u>\$ 42,000</u>	1,023,367	(471,968)
Accumulated surplus, beginning of year		<u>17,866,269</u>	<u>18,338,237</u>
<b>Accumulated surplus, end of year (Statement 1)</b>		<u>\$ 18,889,636</u>	<u>\$ 17,866,269</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**

	<b>2017</b>	<b>2016 Restated (Note 12)</b>
<b>Surplus (Deficit) for the year</b>	\$ 1,023,367	\$ (471,968)
Amortization of tangible capital assets	<u>18,916</u>	<u>18,916</u>
Increase (Decrease) in net financial assets	\$ 1,042,283	\$ (453,052)
Net financial assets, beginning of year	<u>17,781,369</u>	<u>18,234,421</u>
<b>Net financial assets, end of year</b> (Statement 1)	<u><u>\$ 18,823,652</u></u>	<u><u>\$ 17,781,369</u></u>

(See accompanying notes to the financial statements)

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

	<u>2017</u>	<u>2016</u>
<b>Operating activities</b>		
Cash received from:		
Surcharge	\$ 10,297,571	\$ 11,454,572
Interest	27,587	40,153
Other	<u>2,642,339</u>	<u>1,009,519</u>
	<u>12,967,497</u>	<u>12,504,244</u>
Cash paid for:		
Salaries	1,437,308	1,426,921
Other	<u>13,430,987</u>	<u>11,688,282</u>
	<u>14,868,295</u>	<u>13,115,203</u>
Cash provided by operating activities	(1,900,798)	(610,959)
<b>Increase (decrease) in cash and cash equivalents</b>	(1,900,798)	(610,959)
Due from General Revenue Fund, beginning of year	<u>7,039,554</u>	<u>7,650,513</u>
<b>Due from General Revenue Fund, end of year (Statement 1)</b>	<u>\$ 5,138,756</u>	<u>\$ 7,039,554</u>

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE  
VICTIMS' FUND  
NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2017**

**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 CPA Canada, the Fund 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**

**i) Fine surcharge and other sources**

Fine surcharges are recorded as revenue when imposed. Government grants are recognized when received or receivable. 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 fine surcharges is calculated based on past history (see Note 7).

**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.

Note that revenue for the latter half of the year is an estimate as the revenue reports were not available due to a ministry-wide systems change.

#### **f) New Accounting Standards Not Yet in Effect**

A number of new Canadian public sector accounting standards and amendments to standards are not yet effective for the Fund and have not been applied in preparing these financial statements. The following standards will become effective as follows:

(i) PS 2200 Related Party Disclosures (effective April 1, 2017), a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions.

(ii) PS 3210 Assets (effective April 1, 2017), a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets.

(iii) PS 3320 Contingent Assets (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contingent assets.

(iv) PS 3380 Contractual Rights (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contractual rights.

(v) PS 3420 Inter-Entity Transactions (effective April 1, 2017), a new standard establishing guidance on accounting for and reporting on transactions between organizations in the government reporting entity.

The Fund plans to adopt these new and amended standards on the effective date and is currently analyzing the impact this will have on these financial statements.



### **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,
- Employee Leave Entitlement.

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 who 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  
Employee Leave Entitlement

The fair value of Due from Public Guardian and Trustee (PGT) at March 31, 2017 approximates its carrying value as the amount reflects market values of the underlying investments (see Note 8).

#### 4. Tangible Capital Assets

	2017	2016
Opening costs of tangible capital assets	\$ 189,163	\$ 189,163
Additions during the year	-	-
Closing costs of tangible capital assets	189,163	189,163
Opening accumulated amortization	104,263	85,347
Annual amortization	18,916	18,916
Closing accumulated amortization	123,179	104,263
Net book value of tangible capital assets	\$ 65,984	\$ 84,900

Tangible capital assets consist of audio/visual equipment.

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

#### 5. Related Party Transactions

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").

Routine operating transactions with related parties are recorded at agreed upon exchange amounts and settled under normal trade terms. Amounts expensed to related parties in the 2016-17 fiscal year consists of the following:

Expenses	2017	2016
SaskTel	\$ 23,680	\$ 23,116
Ministry of Central Services	55,939	71,779
Saskatchewan Polytechnic	20,251	32,841
	\$ 99,870	\$ 127,736

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.

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 and are due to the Victims' Fund from 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 2017 was 0.54% (2016 – 0.60%).

#### **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:

	2017	2016 Restated (Note 12)
Total Surcharge receivable	\$ 20,391,999	\$ 16,832,950
Allowance for Doubtful Accounts	(13,377,953)	(11,302,098)
Net Surcharge Receivable	7,014,046	5,530,852
Federal/Provincial Cost Sharing Agreement receivable	398,038	977,764
Other accounts receivable	6,470	9,792
Total accounts receivable	<u>\$ 7,418,554</u>	<u>\$ 6,518,408</u>

#### **8. Due from Public Guardian and Trustee (PGT)**

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 the due from PGT balance in the same amount.

## 9. Commitments

The Fund is committed to provide \$6,606,498 in 2017-18 to victim services programs throughout the Province.

The Fund also pays Interpersonal Violence and Abuse (IVA) program payments to various organizations throughout the Province. In 2017-18, the Fund is committed to provide \$10,040,430 for these programs, of which \$6,765,000 for the Transition House Program is to be transferred from the General Revenue Fund (GRF) to the Victims' Fund.

The Fund also pays Crime Prevention Grants to various organizations to help provide crime prevention programs throughout the Province. The Fund is committed to provide \$340,400 in crime prevention grants for 2017-18.

Contractual payments to funded agencies, which have not satisfied all contractual obligations, have not been recognized as payables. The amount of outstanding contractual payments is \$250,666. Payments will be made once the agencies have met the reporting requirements.

## 10. 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 be 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 Fund and included in the net financial assets of the 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.

	Beginning Of Year	Receipts	Disbursements	End of year
Federal Proceeds of Crime	\$ 1,106,173	\$ 46,077	\$ (873,977)	\$ 278,273

## 11. Budget

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

## 12. Accounting Change - Correction of Misstatement in Period

Subsequent to the year ended March 31, 2016, misstatements were identified in the recognition of surcharge revenue, other revenue, and the accrual of accounts payable.

Due to these misstatements the Fund's 2016 Accumulated surplus, Net financial assets, Accounts receivable, Surplus (Deficit) for the year, Surcharge revenue, Other revenue, and Total revenue were overstated, and Accounts payable, Crisis intervention services expense, Research, evaluation, and prevention expense, and Total expenses were understated. To correct these misstatements, the Net Financial Assets and Accumulated Surplus balances at March 31, 2016, and March 31, 2017, comparative amounts have been restated from those previously reported.

The correction of these misstatements has impacted the Fund's financial statements as follows:

	Mar 31, 2016 Previously Reported	Correction	Reclass	Mar 31, 2016 As Restated
Accounts receivable	\$ 7,209,815	\$ (691,407)	\$ -	\$ 6,518,408
Accounts payable	1,650,489	126,819	-	1,777,308
Net financial assets	18,599,595	(818,226)	-	17,781,369
Accumulated surplus	18,684,495	(818,226)	-	17,866,269
Surcharge revenue	15,409,269	(367,728)	-	15,041,541
Other revenue	1,008,550	(317,850)	-	690,700
Total revenue	17,346,701	(685,578)	-	16,661,123
Crime prevention grants	340,400	(24,800)	-	315,600
Crisis intervention services	4,984,952	80,896	(417,086)	4,648,762
Domestic violence courts	432,064	-	224,486	656,550
Research, evaluation, and prevention	1,047,031	15,932	192,600	1,255,563
Total expense	17,061,063	72,028	-	17,133,091
Surplus (Deficit) for the year	285,638	(757,606)	-	(471,968)
Accumulated surplus, beginning of year	18,398,857	(60,620)	-	18,338,237

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

	<u>2017</u>	<u>2016</u>
Expense:		
Community grants	\$ 6,363,676	\$ 6,759,865
Salaries	1,436,671	1,439,655
Proceeds of crime program	873,977	1,876,693
Compensation awards	944,170	597,921
Administration	357,935	556,803
Systems expenses	6,734	4,336
Amortization	18,916	18,916
IVA	3,208,548	2,111,214
COR & ICE	-	1,302,620
Bad debt expense	<u>2,075,856</u>	<u>2,465,068</u>
	<u><u>\$ 15,286,483</u></u>	<u><u>\$ 17,133,091</u></u>

## Personal Services

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

Bichel, Lee A	\$ 61,197
Cummings-Chapman, Carlene	63,988
Fitch, Lindsay	57,366
Goulet, Melvina	85,930
Hala, Kim	73,248
Hassard, Sharon P	84,837
Hourie, Trisha	83,053
Hunter, Darren A	68,738
Knoblauch, Kelly John	59,040
Lawrence, Dwight M	125,115
Mckendrick, Rod	88,823
Roesler, Carla	67,518
Weigl, Konstantina Dena N	57,294

## Transfers

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

Battlefords & Area Sexual Assault Centre Inc.	\$ 233,740
Battlefords Victim Services Inc.	179,801
Catholic Family Services Of Prince Albert Inc.	84,747
Catholic Family Services Of The Battlefords Inc.	181,824
Circle Project Association Inc	133,925
Community Safety Knowledge Alliance	300,000
Envision Counselling & Support Centre Inc.	316,569
Estevan Police Service	61,279
Family Service Regina Inc.	522,202
Family Service Saskatoon Inc.	557,268
Gateway Regional Victim Services Inc.	289,543
Hudson Bay Family & Support Centre	70,240
Kanaweyimik Child & Family Services Inc.	68,283
Keewatin Yatthe Regional Health Authority	71,523
La Ronge Native Womens Council	58,580
Lloydminster Sexual Assault & Information Centre Inc.	102,700
Mamawetan Churchill River Regional Health Authority	78,562
Midwest Victim Services	94,082
Minister of Finance - Ministry of Justice (PGT)	90,000
Moose Jaw Police Service	83,600
Moose Jaw Transition House	59,623
Moose Jaw Women's Transition Assoc. Inc.	67,730
North East Outreach And Support Services Inc.	299,260
North Sask Victim Services Inc.	1,529,968
Northeast Regional Victim Services Inc.	204,917
NW Friendship Centre Inc.	86,520
P.A. Outreach Program Inc.	127,000
PA Indian Metis Friendship Centre	59,883
Parkland Victims Services Inc.	200,386
Partners Family Services Inc.	50,470
Prince Albert Mobile Crisis Unit Co-Operative Ltd.	111,010
Prince Albert Police Service	272,837
Rainbow Youth Centre Inc.	83,300
Receiver General For Canada R.C.M.P.	148,913
Regina Palliative Care, Inc.	97,000
Regina Police Services	504,298
Regina Region Victim Services Inc.	151,514
Regina Sexual Assault Centre Inc.	311,822
Sask Central Victim Services Inc.	223,803
Saskatoon Indian & Metis Friendship Centre Inc.	130,102
Saskatoon Police Service	408,037
Saskatoon Sexual Assault & Information Centre Inc.	488,952
Sexual Assault Services of SK Inc.	61,477
Society For The Involvement Of Good Neighbors Inc.	181,255
South West Crisis Services Inc.	100,350
South West Victim Services Inc	143,703



Southeast Regional Victim Services Inc.	150,522
STC Urban First Nations Services Inc.	80,400
Street Worker's Advocacy Project Regina Inc.	68,699
West Central Crisis & Family Support Centre Inc.	157,210
Yorkton Women in Need Inc.	65,870
Young Women's Christian Association Of Regina	88,584

## Supplier Payments

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

(Unaudited)

Minister Of Finance-Ministry Of Central Services	\$	55,939
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