



REPRESENTATIVE FOR
CHILDREN AND YOUTH

Financial Statements 2017/18

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STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying financial statements of the Office of the Representative for Children and Youth are the responsibility of the management.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it considers most appropriate in the circumstances to ensure that the financial statements are presented fairly in all material respects.

We have developed and maintain systems of internal control that give reasonable assurance that the office has:

- operated within its authorized limits;
- safeguarded assets; and,
- kept complete and accurate financial records.

The Office of the Auditor General audited the accounts of the office for the year ended March 31, 2018.



Bernard Richard
Representative



Dianne Buljat
Chief Financial Officer

Victoria, British Columbia
July 26, 2018



INDEPENDENT AUDITOR'S REPORT

To the Representative for Children and Youth, Province of British Columbia

I have audited the accompanying financial statements of the Office of the Representative for Children and Youth (“the entity”), which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net debt, 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, 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 judgement, 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 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.

In my view, 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 Office of the Representative for Children and Youth as at March 31, 2018, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Victoria, British Columbia
July 26, 2018

Carol Bellringer, FCPA, FCA
Auditor General

OUR FINANCES

STATEMENT OF FINANCIAL POSITION

| As at March 31, 2018 | Note | 2018 | 2017 |
|--|------|----------------|----------------|
| Financial assets | | | |
| Petty cash | | 1,150 | 800 |
| Accounts receivable | | 32,304 | 0 |
| Due from Consolidated Revenue Fund | 3 | 584,707 | 444,505 |
| Total financial assets | | <u>618,161</u> | <u>445,305</u> |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 8 | 623,548 | 448,440 |
| Total liabilities | | <u>623,548</u> | <u>448,440</u> |
| Net debt | | <u>(5,387)</u> | <u>(3,135)</u> |
| Non-financial assets | | | |
| Tangible capital assets | 4 | 132,333 | 117,450 |
| Prepaid expenses | 5 | 5,387 | 3,135 |
| Total non-financial assets | | <u>137,720</u> | <u>120,585</u> |
| Net asset balance | 6 | <u>132,333</u> | <u>117,450</u> |

Approved by:



Bernard Richard
Representative



Dianne Buljat
Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

OUR FINANCES

STATEMENT OF OPERATIONS

| For the fiscal year ended March 31, 2018 | Note | 2018 | | 2017 |
|--|------|------------------|------------------|------------------|
| | 7 | Budget | Actual | Actual |
| Operating Revenue | | | | |
| Operating appropriation | | 8,970,000 | 8,914,477 | 8,703,030 |
| Expenses | | | | |
| Service delivery | 12 | <u>8,970,000</u> | <u>8,914,477</u> | <u>8,703,030</u> |
| Net operating cost | | <u>0</u> | <u>0</u> | <u>0</u> |
| Capital Revenue | | | | |
| Capital appropriation | | 50,000 | 49,784 | 44,304 |
| Expenses | | | | |
| Purchase of tangible capital assets | | <u>50,000</u> | <u>49,784</u> | <u>44,304</u> |
| Net capital cost | | <u>0</u> | <u>0</u> | <u>0</u> |

STATEMENT OF CHANGES IN NET DEBT

| For the fiscal year ended March 31, 2018 | 2018 | 2017 |
|--|----------------|-----------------|
| Acquisition of prepaid expenses | (5,387) | (3,135) |
| Use of prepaid expenses | <u>3,135</u> | <u>47,611</u> |
| | <u>2,252</u> | <u>44,476</u> |
| Increase in net debt | 2,252 | 44,476 |
| Net debt at beginning of year | <u>(3,135)</u> | <u>(47,611)</u> |
| Net debt at end of year | <u>(5,387)</u> | <u>(3,135)</u> |

The accompanying notes are an integral part of these financial statements.

OUR FINANCES

STATEMENT OF CASH FLOW

| For the fiscal year ended March 31, 2018 | Note | 2018 | 2017 |
|---|------|--------------------|--------------------|
| Operating transactions | | | |
| Paid to employees | | (6,142,830) | (6,468,336) |
| Paid to suppliers | | (2,591,051) | (2,275,405) |
| Miscellaneous receipts | 10 | 24,028 | 11,902 |
| Cash used in operations | | <u>(8,709,853)</u> | <u>(8,731,839)</u> |
| Capital transactions | | | |
| Acquisition of tangible capital assets | | (49,784) | (44,304) |
| Appropriation for tangible capital assets | | 49,784 | 44,304 |
| | | <u>0</u> | <u>0</u> |
| Financing transactions | | | |
| Current year appropriation | | <u>8,850,055</u> | <u>8,721,692</u> |
| Increase in due from Consolidated Revenue Fund | | 140,202 | (10,147) |
| Due from Consolidated Revenue Fund, beginning of year | | <u>444,505</u> | <u>454,652</u> |
| Due from Consolidated Revenue Fund, end of year | | <u>584,707</u> | <u>444,505</u> |

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2018

1. Nature of operations

The Representative for Children and Youth is an Officer of the Legislature of British Columbia appointed under the *Representative for Children and Youth Act* upon unanimous recommendation of a special committee. The Representative must be appointed for a term of five years and may be reappointed to one additional five-year term. The Representative meets with the Select Standing Committee on Children and Youth to present an *Annual Report and Service Plan*, and to present reports on the work of the office in three areas mandated under the *Act*:

- Advocacy – providing information, advice and assistance to children, youth, young adults and their families who need help dealing with designated or prescribed services or programs provided or funded by government, and promoting and facilitating the development of advocacy services within communities.
- Monitoring – undertaking research, review, evaluation and audit of government-funded services and programs to identify and make recommendations for change to improve the effectiveness and responsiveness of these services.
- Critical Injury and Death Reviews and Investigations – conducting reviews and undertaking investigations of critical injuries and deaths of children and youth who have received reviewable services to identify and make recommendations for improvements to services to prevent similar injuries or deaths in the future.

Funding for the operation of the office of the Representative for Children and Youth (the office) comes from a voted appropriation (Vote 9) of the Legislative Assembly.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

a. Legislative appropriations

The office is funded by the Legislative Assembly through a voted appropriation. The vote provides separately for operating expenses and capital acquisitions. Any unused appropriation cannot be carried forward for use in subsequent years.

b. Financial instruments

The office has designated its financial instruments as follows:

- Accounts payable and accrued liabilities as other financial liabilities are measured at amortized costs.

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- Due from (to) Consolidated Revenue Fund is classified as either loans and receivables or other financial liabilities and is measured at amortized cost.
- It is management's opinion that the office is not exposed to significant interest, currency or credit risk arising from these instruments.
- A statement of re-measurement gains and losses has not been prepared as it is not considered to provide useful information.

c. Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated depreciation. Depreciation begins when the assets are put into use and is recorded in the straight-line method over the estimated useful lives of the assets as follows:

| | |
|--------------------------------|------------------------------------|
| Information systems | 5 years |
| Office furniture and equipment | 5 years |
| Tenant improvements | lesser of 5 years or term of lease |
| Vehicles | 7 years |

d. Employee future benefits

- i) Pension benefits
All eligible employees participate in a multi-employer, defined pension plan. Defined contribution plan accounting has been applied to this plan as the Office has insufficient information to apply defined benefit plan accounting. Accordingly, the Office's contributions are expensed in the year in which the services are rendered, and represent its total pension obligation.
- ii) Other future benefits
Eligible employees are entitled to post-employment health care and other benefits as provided under the terms of employment or collective agreements. The cost of these benefits is accrued as employees render the services necessary to earn them.
- iii) Leave liability
Eligible employees are entitled to accumulated earned, unused vacation and other eligible leave entitlements as provided under terms of employment or collective agreements. The liability for the leave is managed and held by the BC Public Service Agency.

e. Measurement uncertainty

These financial statements are prepared in accordance with Canadian public sector accounting standards, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed annually and, as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

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3. Due from (to) the Consolidated Revenue Fund

The office does not have its own bank account or hold cash or cash equivalents. All financial transactions of the office are processed through the Consolidated Revenue Fund of the Province of British Columbia.

4. Tangible capital assets

| | Information systems | Office furniture & equipment | Tenant improvements | Vehicles | Total |
|----------------------------------|---------------------|------------------------------|---------------------|----------|----------------|
| Year ended March 31, 2018 | | | | | |
| Opening net book value | 42,898 | 2,219 | 72,333 | 0 | 117,450 |
| Additions | 20,792 | 0 | 28,993 | 0 | 49,785 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Amortization expense | (6,402) | (500) | (28,000) | 0 | (34,902) |
| | <u>57,288</u> | <u>1,719</u> | <u>73,326</u> | <u>0</u> | <u>132,333</u> |
| Accumulated amortization | | | | | |
| Cost | 75,063 | 72,673 | 168,993 | 65,908 | 382,637 |
| Accumulated amortization expense | (17,775) | (70,954) | (95,667) | (65,908) | (250,304) |
| Closing net book value | <u>57,288</u> | <u>1,719</u> | <u>73,326</u> | <u>0</u> | <u>132,333</u> |
| Year ended March 31, 2016 | | | | | |
| Opening net book value | 565 | 1,197 | 100,333 | 0 | 102,095 |
| Additions | 42,898 | 1,406 | 0 | 0 | 44,304 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Amortization expense | (565) | (384) | (28,000) | 0 | (28,949) |
| | <u>42,898</u> | <u>2,219</u> | <u>72,333</u> | <u>0</u> | <u>117,450</u> |
| Accumulated amortization | | | | | |
| Opening balance | 261,721 | 72,673 | 140,000 | 65,908 | 540,302 |
| Accumulated amortization expense | (218,823) | (70,954) | (67,667) | (65,908) | (422,852) |
| Closing net book value | <u>42,898</u> | <u>2,219</u> | <u>72,333</u> | <u>0</u> | <u>117,450</u> |

In March 2018, the office de-recognized \$207,450 for our information management system. The information management system was fully amortized in October 2006.

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5. Prepaid expenses

| | March 31, 2018 | March 31, 2017 |
|----------|-------------------|-------------------|
| Training | 2,295 | 0 |
| Travel | 2,792 | 3,135 |
| Other | 300 | 0 |
| Total | <u>5,387</u> | <u>3,135</u> |

6. Net asset balance

The net asset balance represents tangible capital assets that have been funded through appropriations.

7. Voted, unused and used appropriation

The office receives approval from the Legislative Assembly to spend funds through an appropriation that includes two components: operating and capital. Any unused appropriations lapse at the fiscal year-end.

The budget shown on the Statement of Operations is based on the budgeted expenses that the Select Standing Committee on Finance and Government Services approved on December 8, 2016. The following table compares the office's actual expenditures to the approved budgets:

| Year ended March 31 | 2018 | | 2017 | |
|-------------------------------|------------------|---------------|------------------|---------------|
| | Operating | Capital | Operating | Capital |
| Appropriation (Vote 9) | 8,970,000 | 50,000 | 8,830,000 | 50,000 |
| Total appropriation available | <u>8,970,000</u> | <u>50,000</u> | <u>8,830,000</u> | <u>50,000</u> |
| Total operating expenses | (8,914,477) | 0 | (8,703,030) | 0 |
| Capital acquisitions | 0 | (49,784) | 0 | (44,304) |
| Unused appropriation | <u>55,523</u> | <u>216</u> | <u>126,970</u> | <u>5,696</u> |

8. Accounts payable and accrued liabilities

| | 2018 | 2017 |
|-------------------------------------|----------------|----------------|
| Accounts payable | 623,548 | 412,157 |
| Other accrued estimated liabilities | 0 | 36,283 |
| Total | <u>623,548</u> | <u>448,440</u> |

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9. Employee future benefits

The Office and its eligible employees contribute to the Public Service Pension Plan (the Plan) in accordance with the *Public Sector Pension Plan Act*. The British Columbia Pension Corporation administers the plan, including payments of pension benefits to employees to whom the *Act* applies. A board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of assets and administration of benefits. The Plan is a multi-employer, defined benefit and joint trustee plan.

The Plan is contributory, and its basic benefits are based on length of service, highest five-year average earnings and plan members' age at retirement. Under joint trusteeship, the risks and rewards associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The latest actuarial valuation as at March 31, 2017 reported the fund was 108% funded. The next valuation will be as at March 31, 2020 with results available mid-2020.

10. Miscellaneous receipts

Miscellaneous receipts included the repayment of funds to the Office for expenditures made to employees and suppliers.

The office also has seconded employees to other organizations and received repayment of their salaries and benefits during the exchange.

11. Commitments

The office currently holds three operating leases for premises in Victoria, Burnaby and Prince George. These leases are scheduled to expire on March 31, 2027, March 31, 2019 and Sept. 30, 2018 respectively.

As of March 31, 2018, the office is committed to payments under these leases as follows:

| Fiscal Year | Commitment |
|---------------------|------------------|
| 2018/19 | 484,427 |
| 2019/20 | 366,417 |
| 2020/21 | 373,472 |
| 2021/22 | 380,687 |
| 2022/23 | 388,063 |
| Payments thereafter | 1,700,406 |
| Total | <u>3,693,472</u> |

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12. Service delivery

Classification of service delivery expenses by object:

| Year Ended March 31 | 2018 | | 2017 |
|--|------------------|------------------|------------------|
| | Budget | Actual | Actual |
| Salaries and benefits | 6,312,000 | 6,257,684 | 6,124,561 |
| Building occupancy | 920,000 | 857,877 | 855,368 |
| Information technology | 500,000 | 562,349 | 447,305 |
| Research grants | 5,000 | 388,190 | 383,086 |
| Office & business expenses | 418,000 | 287,740 | 241,457 |
| Professional services | 437,000 | 285,480 | 362,526 |
| Travel | 300,000 | 233,729 | 242,426 |
| Amortization | 43,000 | 34,902 | 28,949 |
| Other | 20,000 | 30,954 | 704 |
| Vehicles | 8,000 | 7,527 | 9,793 |
| Utilities, materials & supplies | 7,000 | 3,828 | 5,890 |
| Advertising | 0 | 500 | 965 |
| Salaries and benefits prior year overaccrual | 0 | (36,283) | 0 |
| Total | <u>8,970,000</u> | <u>8,914,477</u> | <u>8,703,030</u> |

13. Related party transactions

The office is related, as a result of common ownership, to all B.C. government ministries, agencies, Crown corporations and all other public sector entities. Transactions with entities are recorded on an accrual basis, and are considered to be in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.