Consolidated Financial Statements of

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Year ended March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Justice Institute of British Columbia, and
To the Minister of the Ministry of Advanced Education, Skills and Training, Province of British Columbia.

We have audited the accompanying consolidated financial statements of the Justice Institute of British Columbia, which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Justice Institute of British Columbia as at March 31, 2018 and for the year then ended are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 2(a) to the consolidated financial statements which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

Burnaby, Canada
June 6, 2018

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash and cash equivalents	$ 13,046,862	$ 9,884,097
Investments (note 3)	1,500,000	2,000,000
Accounts receivable	2,604,316	2,409,196
Inventories for resale	115,592	134,764
	17,266,770	14,428,057
Liabilities		
Accounts payable and accrued liabilities	5,505,274	4,987,969
Employee future benefits (note 4(b))	900,000	965,000
Deferred revenue	7,235,373	6,091,839
Deferred capital contributions (note 5)	22,264,338	22,927,985
Deferred lease inducement (note 6)	-	51,750
Obligation under capital lease (note 7)	-	296,578
	35,904,985	35,321,121
Net debt	(18,638,215)	(20,893,064)
Non-financial assets		
Tangible capital assets (note 8)	39,455,206	40,522,210
Inventories held-for-use	203,430	218,530
Prepaid expenses	461,582	549,456
	40,120,218	41,290,196
Contractual obligations (note 11)		
Accumulated surplus	$ 21,482,003	$ 20,397,132

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Robert G. Kroeker
Chair

Jackie Gorton
Finance and Audit Committee Chair

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2018, with comparative information for 2017

	Budget (note 2(b))	2018	2017
Revenue:			
Province of British Columbia annual grant	$ 12,235,462	$ 11,433,301	$ 12,027,542
Province of British Columbia contract services	6,463,482	7,493,402	6,640,965
Tuition and student fees	14,446,364	14,079,339	13,865,838
Sales of goods and services	1,122,064	1,102,475	1,144,293
Donations, non-government grants and contracts	13,314,519	15,255,804	10,747,384
Investment income	75,000	153,705	101,796
Amortization of deferred capital contributions (note 5)	2,064,416	2,064,837	2,100,853
Other	116,054	481,818	206,793
	49,837,361	52,064,681	46,835,464
Expenses:			
Ancillary operations	1,286,917	1,303,587	1,207,496
Instructional/educational	47,536,676	48,760,565	43,479,439
Sponsored research	1,013,768	915,658	1,161,887
	49,837,361	50,979,810	45,848,822
Annual surplus	-	1,084,871	986,642
Accumulated surplus, beginning of year	20,397,132	20,397,132	19,410,490
Accumulated surplus, end of year	$ 20,397,132	$ 21,482,003	$ 20,397,132

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Changes in Net Debt

Year ended March 31, 2018, with comparative information for 2017

	Budget (note 2(b))	2018	2017
Annual surplus	$ -	$ 1,084,871	$ 986,642
Acquisition of tangible capital assets	(1,365,361)	(1,963,392)	(1,100,868)
Proceeds from disposal of tangible capital assets	-	12,692	15,222
Write-down of tangible capital assets	-	-	36,349
Amortization of tangible capital assets	3,067,924	3,029,766	3,116,072
Gain on disposal of tangible capital assets	-	(12,062)	(8,241)
Acquisition of inventories held for use	-	(249,824)	(176,348)
Consumption of inventories held for use	-	264,924	232,557
Acquisition of prepaid expenses	-	(1,817,290)	(1,733,514)
Use of prepaid expenses	-	1,905,164	1,626,147
Decrease in net debt	1,702,563	2,254,849	2,994,018
Net debt, beginning of year	(20,893,064)	(20,893,064)	(23,887,082)
Net debt, end of year	$ (19,190,501)	$ (18,638,215)	$(20,893,064)

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 1,084,871	$ 986,642
Items not involving cash:		
Amortization of tangible capital assets	3,029,766	3,116,072
Write-down of tangible capital assets	-	36,349
Gain on disposal of tangible capital assets	(12,062)	(8,241)
Amortization of deferred capital contributions	(2,064,837)	(2,100,853)
Revenue recognized from deferred capital contributions	(145,000)	(145,000)
Amortization of deferred lease inducement	(51,750)	(69,000)
Change in employee future benefits	(65,000)	36,000
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(195,120)	45,693
Decrease in inventories held for resale	19,172	3,489
Increase (decrease) in accounts payable and accrued liabilities	517,305	(62,675)
Increase in deferred revenue	1,143,534	522,596
Decrease in inventories held for use	15,100	56,209
Decrease (increase) in prepaid expenses	87,874	(107,367)
Net change in cash from operating activities	3,363,853	2,309,914
Capital activities:		
Proceeds from disposal of tangible capital assets	12,692	15,222
Cash used to acquire tangible capital assets	(1,963,392)	(1,100,868)
Net change in cash from capital activities	(1,950,700)	(1,085,646)
Investing activities:		
Redemption (purchase) of investments	500,000	(2,000,000)
Net change in cash from investing activities	500,000	(2,000,000)
Financing activities:		
Repayment of obligation under capital lease	(296,578)	(289,702)
Deferred capital contributions received	1,546,190	1,126,555
Net change in cash from financing activities	1,249,612	836,853
Net change in cash and cash equivalents	3,162,765	61,121
Cash and cash equivalents, beginning of year	9,884,097	9,822,976
Cash and cash equivalents, end of year	$ 13,046,862	$ 9,884,097

See accompanying notes to consolidated financial statements.

1. Purpose of the Institute:

The Justice Institute of British Columbia (the “Institute”) is a post-secondary educational institution established in 1978 by the Province of British Columbia (the “Province”) under the provisions of the College and Institute Act. The Institute is exempt from income tax under Section 149 of the Income Tax Act. The mission of the Institute is to provide learning opportunities for practitioners and the public that lead to improved justice and public safety services, and safer communities.

2. Significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity which is comprised of all organizations that are controlled or owned by the Institute, including JI Ventures Inc. which was incorporated on January 18, 2017. JI Ventures Inc. had no financial activity in the years ended March 31, 2018 and 2017.

The consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province supplemented by Regulations 257/2010 and 198/2011 issued by the Province Treasury Board.

The Budget Transparency and Accountability Act requires that the consolidated financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 standards for Government Not-for-Profit Organizations.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and, referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

(ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

2. Significant accounting policies (continued):

(a) Basis of accounting (continued):

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- Government transfers that do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- Externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue recognized in the consolidated statement of operations and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Budget figures:

Budget figures have been provided for comparative purposes and reflect the fiscal 2018 budget approved by the Board of Governors of the Institute on March 23, 2017. The budget is reflected in the consolidated statement of operations and accumulated surplus and the consolidated statement of changes in net debt and may include adjustments to conform to the consolidated financial statement presentation.

(c) Financial instruments:

Cash and cash equivalents and investments are measured at fair value. Accounts receivable are recorded at amortized cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt. Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method, which approximates fair value due to the short terms to maturity.

(d) Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with original maturities of three months or less at the date of acquisition.

(e) Inventories for resale:

Inventories held for resale, including books and gift shop items, are recorded at the lower of cost or net realizable value. Cost is determined based on weighted average costing. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. When conditions indicate that losses previously recognized have been recovered, the loss is reversed to the extent of the amount recovered.

2. Significant accounting policies (continued):

(f) Employee future benefits:

The Institute and its employees make contributions to the College Pension Plan and Municipal Pension Plan, which are multi-employer joint trustee plans. These plans are defined benefit plans. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions of the Institute to the plans are expensed as incurred.

Certain employees are entitled to earned benefits related to retirement allowances, vacation in year of retirement benefits, and continuation of benefits to employees on long-term disability. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future rate of compensation increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service life of the employees. The employee future benefits are unfunded.

(g) Liability for contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard;
- The Institute is directly responsible or accepts responsibility;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

2. Significant accounting policies (continued):

(h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets. Donated assets are recorded at fair value at the date of donation. In unusual circumstances where fair value cannot be reasonably determined, the tangible capital asset would be recognized at nominal value.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives shown below:

Asset	Rate
Site improvements	10 years
Buildings	20 to 40 years
Furniture, equipment and vehicles (including computer equipment)	3 to 10 years
Personal computer equipment and peripherals	3 years
Computer software	10 years
Leasehold improvements	Lesser of lease term and useful life

Assets under construction are not amortized until the asset is available for productive use.

Interest costs directly attributable to construction projects and major capital acquisitions are capitalized from the commencement of the capital outlays until the assets are placed into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Institute's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value.

(ii) Leased tangible capital assets:

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

2. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(*iii*) Inventories held for use:

Inventories held for use are recorded at the lower of cost and replacement value. Cost includes the original purchase cost. Replacement value is the estimated current price to replace the items.

(i) Revenue recognition:

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured. Fees received prior to the year-end where the course is delivered subsequent to the year-end are recorded as deferred revenue.

Contract revenues are recognized in the period in which the related activities are performed. The zero profit margin method is used when a contract's financial outcome is not reasonably determinable. This method of accounting requires that equal amounts of revenue and expense be recognized until the financial outcome of a contract can be reasonably estimated. Provision for anticipated losses is made in the period in which they become evident.

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

(ii) Contributions restricted for specific purposes other than for the acquisition or development of a depreciable tangible capital asset are recorded as deferred revenue and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

Investment income includes interest recorded on an accrual basis.

2. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of the consolidated financial statements prepared in accordance with the basis of accounting described in note 2(a) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to the fair value of donated tangible capital assets, useful lives of tangible capital assets, accrued losses on contracts, employee future benefits payable and provision for contingencies. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

3. Investments:

Investments are comprised of guaranteed investment certificates that earn interest at rates between 1.64% and 2.0% (2017 - 1.05% and 1.25%) and mature between July 28, 2018 and March 20, 2019 (2017 - April 21, 2017 and January 16, 2018).

4. Employee future benefits:

(a) Pension benefits:

The Institute and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusteed pension plans (together referred to as the "Plans"). The boards of trustees for these Plans representing plan members and employers, are responsible for the management of the Plans including investment of the assets and administration of benefits. The Plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. As at August 31, 2017, the College Pension Plan has about 14,000 active members, and approximately 7,500 retired members. As at December 31, 2016, the Municipal Pension Plan has about 193,000 active members, including approximately 5,800 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2015 indicated a $67 million surplus for basic pension benefits on a going concern basis. The next valuation will be as at August 31, 2018 with results available in 2019. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015 indicated a $2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the Plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plans record accrued liabilities and accrued assets for the Plans in aggregate, with the result that there is no consistent and reliable basis for allocating the obligations, assets and costs to individual entities participating in the Plans.

During the year ended March 31, 2018, the Institute paid 2,001,042 (2017 - $1,941,626) for employer contributions to the Plans.

4. Employee future benefits (continued):

(b) Other employee future benefits:

Certain employees are entitled to earned benefits related to retirement allowances, vacation in year of retirement benefits, and continuation of benefits to employees on long-term disability. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future rate of compensation increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefit.

The Institute engaged the services of an actuarial firm to evaluate its employee future benefits. The liabilities reported are based on an actuarial valuation as at March 31, 2018.

Information regarding the Institute's obligations for these benefits is as follows:

	2018	2017
Accrued benefit obligation, beginning of year	$ 914,000	$ 883,000
Current service and interest cost	82,000	83,000
Benefit payments	(71,000)	(67,000)
Actuarial loss (gain)	(83,000)	15,000
Accrued benefit obligation, end of year	842,000	914,000
Unamortized net actuarial gain	58,000	51,000
Accrued benefit liability	$ 900,000	$ 965,000

The significant actuarial assumptions adopted in measuring the Institute's accrued benefit liability are as follows:

	2018	2017
Discount rate	2.712%	2.488%
Expected future rate of compensation increase	1.00%	1.00%

5. Deferred capital contributions:

Changes in the deferred capital contributions balance are as follows:

	2018	2017
Balance, beginning of year	$ 22,927,985	$ 24,047,283
Contributions received during the year	1,546,190	1,126,555
Amortization of deferred capital contributions	(2,064,837)	(2,100,853)
Revenue recognized from deferred capital contributions	(145,000)	(145,000)
Balance, end of year	$ 22,264,338	$ 22,927,985

Included in the balance at March 31, 2018 are unspent deferred capital contributions of $745,000 (2017 - $500,000).

6. Deferred lease inducement:

Total payments under an operating lease for the premises at 810 Fort Street, Victoria are recorded as an expense on a straight-line basis over the term of the lease. As part of this lease, an inducement of $483,001 was received during fiscal 2011. The amount of the inducement has been recorded as deferred lease costs and is being amortized to the consolidated statement of operations and accumulated surplus on a straight-line basis over the term of the lease, being seven years. During the year ended March 31, 2018, amortization of deferred lease inducement was $51,750 (2017 - $69,000).

7. Obligation under capital lease:

In 2013, the Institute entered into a capital lease with an imputed interest rate of 3.68%, repayable in monthly principal and interest payments of $24,311 expiring in March 2018.

As at March 31, 2018, the Institute's capital lease obligations has been fully repaid.

8. Tangible capital assets:

Cost	Balance at March 31, 2017	Additions, net of transfers	Disposals and write-down	Balance at March 31, 2018
Land	$ 10,416,476	$ -	$ -	$ 10,416,476
Site improvements	1,882,611	-	(601,403)	1,281,208
Buildings	42,890,432	28,273	-	42,918,705
Furniture, equipment and vehicles	7,040,643	764,808	(1,197,699)	6,607,752
Personal computer equipment and peripherals	721,946	257,808	(228,204)	751,550
Computer software	1,294,146	246,490	-	1,540,636
Leasehold improvements	1,444,861	-	-	1,444,861
Work in process	158,679	666,016	-	824,695
	$ 65,849,794	$ 1,963,395	$ (2,027,306)	$ 65,785,883

Accumulated amortization	Balance at March 31, 2017	Amortization expense	Disposals	Balance at March 31, 2018
Land	$ -	$ -	$ -	$ -
Site improvements	1,293,521	123,904	(601,403)	816,022
Buildings	18,885,849	1,210,872		20,096,721
Furniture, equipment and vehicles	3,572,666	1,197,633	(1,197,066)	3,573,233
Personal computer equipment and peripherals	458,538	177,120	(228,204)	407,454
Computer software	161,212	153,184	-	314,396
Leasehold improvements	955,798	167,053	-	1,122,851
Total	$ 25,327,584	$ 3,029,766	$ (2,026,673)	$ 26,330,677

	Net book value March 31, 2017	Net book value March 31, 2018
Land	$ 10,416,476	$ 10,416,476
Site improvements	589,090	465,186
Buildings	24,004,583	22,821,984
Furniture, equipment and vehicles	3,467,977	3,034,519
Personal computer equipment and peripherals	263,408	344,096
Computer software	1,132,934	1,226,240
Leasehold improvements	489,063	322,010
Work in process	158,679	824,695
Total	$ 40,522,210	$ 39,455,206

Work in process with a historical cost of $824,695 (2017 - $158,679) has not been amortized. Amortization of these assets will commence when the assets are available for use.

As at March 31, 2018, leased tangible capital assets with a cost of $1,649,976 (2017 - $1,649,976) and accumulated amortization of $495,772 (2017 - $413,273) are included in buildings.

9. Credit facility:

The Institute has available a demand operating loan up to a maximum of $250,000 which bears interest at bank prime per annum, and a letter of credit facility up to a maximum of $50,000, for its ongoing operating requirements. No amounts are outstanding under these banking facilities.

10. Related organization:

The Justice Institute of B.C. Foundation (the "Foundation") was formed to raise funds for furthering the interests of the Institute. The net assets and results of operations of the Foundation have not been included in these consolidated financial statements.

The balance due from the Foundation, included in accounts payable and accrued liabilities, at March 31, 2018 is $955 (included in accounts receivable in 2017 - $52,267).

During 2018, the Foundation contributed $663,130 (2017 - $979,384) in training equipment and student / applied research awards to the Institute. Administrative services, including salary costs, amounting to approximately $146,000 (2017 - $137,000), included in Instruction/Educational expense, were provided to the Foundation by the Institute on a no charge basis.

The following is a summary of financial information of the Foundation for the year ended March 31, 2018 and 2017:

	2018	2017
Total assets	$ 1,716,624	$ 1,874,276
Total liabilities	-	52,434
Fund balances	$ 1,716,624	$ 1,821,842
Total revenues	$ 566,324	$ 1,019,031
Total expenses	671,886	992,287
Excess (deficiency) of revenue over expenses	$ (105,562)	$ 26,744

11. Contractual obligations:

The nature of the Institute's activities can result in multiyear contracts and obligations whereby the Institute will be committed to make future payments. Future payments relating to significant contractual obligations for operations, including lease commitments for facilities and office equipment, that can be reasonably estimated are as follows:

2019	$ 466,358
2020	426,480
2021	430,722
2022	348,645
Thereafter	195,630
	$ 1,867,835

12. Expenses by object:

The following is a summary of expenses by object:

	2018	2017
Business development and promotion	$ 1,264,435	$ 970,937
Contract instruction and program development	4,781,456	3,816,856
Facilities and equipment	3,630,326	3,362,297
Professional services	2,014,779	2,327,794
Salaries and employee benefits	28,996,541	27,954,721
Staff and faculty travel and meetings	1,115,672	903,368
Student travel and activities	707,636	628,136
Supplies - instructional	1,370,021	1,343,012
Supplies - office	773,722	639,839
Other	3,295,456	785,790
Amortization of tangible capital assets	3,029,766	3,116,072
	$ 50,979,810	$ 45,848,822

13. WorkSafe BC:

During fiscal 2018, WorkSafe BC provided funding of $1,428,350 (2017 - $1,423,507) that was recognized as revenue and included in contracts, grants and donations revenue for the operation of the Occupational Road Safety Initiatives Program.

14. Financial risk management:

The Institute has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Board of Governors ensures that the Institute has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk:

Credit risk is the risk of financial loss to the Institute if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Institute consisting of cash, cash equivalents, investments and accounts receivable. The Institute assesses these financial assets, on a continuous basis for any amounts that are not collectible or realizable.

(b) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect Institute's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. It is management's opinion that the Institute is not exposed to significant market or interest rate risk arising from its financial instruments.

(c) Liquidity risk:

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they become due.

The Institute manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation.