



Financial Statements

Organized Crime Agency of
British Columbia Society

March 31, 2023

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**ORGANIZED
CRIME
AGENCY
of
BRITISH COLUMBIA**

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OCABC Audit for the Period Ending March 31, 2023

Statement of Management Responsibility

Scope of Responsibility

Management has supervised preparation of the accompanying financial statements and related note disclosures and is responsible for their integrity and objectivity. The financial statements of Organized Crime Agency of British Columbia. (OCABC) have been prepared by management in accordance with the financial reporting provisions prescribed by the Province of British Columbia pursuant to Section 23.1 of the Budget Transparency and Accountability Act (see Note 3).

We believe that these financial statements present fairly OCABC's financial position as at March 31, 2023 and the statement of operations, change in net financial assets, and cash flows for the year ending March 31, 2023 and that the other information contained in the Company's annual report is consistent with the financial statements as presented.

Internal Controls

Management is responsible for the integrity of the financial statements and has established systems of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to facilitate the preparation of the financial statements in a timely manner. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. We believe our system of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the financial statements are prevented or detected in the normal course of business.

Board of Governance

The Board of Governance is responsible for reviewing and approving the financial statements and overseeing management's discharge of its financial reporting responsibilities. The Board of Governance reviews the adequacy of internal controls, audit process and financial reporting with management and with the external auditors.

Independent Auditors

Grant Thornton has performed an independent audit of the financial statements of Organized Crime Agency of British Columbia. The Auditor's Report, as attached, outlines the scope of this independent audit and expresses an opinion on the financial statements of Organized Crime Agency of British Columbia.



2023/05/25

Name Michelle Soo
Position Director of Finance

Independent Auditor's Report

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To the Members of the Board of Governance of [Organized Crime Agency of British Columbia Society](#)

To the Minister of Public Safety and Solicitor General, [Province of British Columbia](#)

Report on the financial statements

Opinion

We have audited the financial statements of Organized Crime Agency of British Columbia Society (the "Society"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting

We draw attention to Note 3 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
May 23, 2023



Chartered Professional Accountants

Organized Crime Agency of British Columbia Society

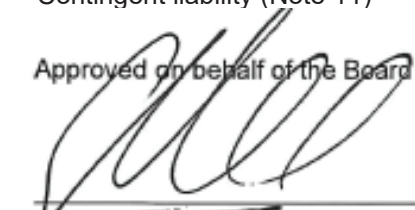
Statement of Financial Position

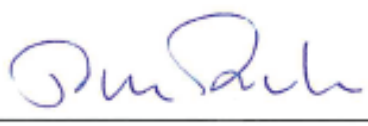
March 31	2023	2022
Financial assets		
Cash	\$ 1,753,244	\$ 2,239,532
Accounts receivable (Note 4)	226,193	232,721
Due from RCMP (Note 2)	2,512,709	963,326
	<u>4,492,146</u>	<u>3,435,579</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	2,976,499	2,318,734
Due to other government organizations (Note 5)	792,466	363,445
Deferred contributions (Note 6)	2,383,902	2,477,522
	<u>6,152,867</u>	<u>5,159,701</u>
Net financial liabilities	<u>(1,660,721)</u>	<u>(1,724,122)</u>
Non-financial assets		
Capital assets (Note 7)	1,537,984	1,264,593
Prepaid expenses	132,368	59,071
	<u>1,670,352</u>	<u>1,323,664</u>
Accumulated surplus (deficit)	<u>\$ 9,631</u>	<u>\$ (400,458)</u>

Economic dependence (Note 2)

Contingent liability (Note 11)

Approved on behalf of the Board


 Director
 ADAM PALMER
 2023-05-23


 Director
 Mark Rosen
 2023-05-23

Organized Crime Agency of British Columbia Society

Statement of Operations

Year Ended March 31	2023	2022
Revenues		
RCMP contributions (Note 2)	\$ 11,200,000	\$ 10,537,307
Salaries, wages and benefits recovered (Note 9)	13,867,733	12,955,767
Provincial funding	2,091,208	1,090,162
Investment income	83,434	4,176
	27,242,375	24,587,412
Expenses		
Salaries, wages and benefits (Note 9)	25,550,642	23,791,296
Contracted and consulting services	613,279	200,903
Training and development	280,985	5,590
Amortization	150,447	74,287
Systems - computer software	54,953	-
Occupancy costs	43,245	47,150
Professional services	30,000	29,393
Investigative	25,000	101,462
Insurance	18,000	18,000
Supplies	17,486	2,801
Kit and clothing	15,719	77,847
R&M equipment	7,110	1,753
Membership	6,362	4,506
Systems	5,886	6,287
Bank charges and interest	5,194	3,616
Travel and meal	4,015	2,544
Miscellaneous	3,963	883
	26,832,286	24,368,318
Annual surplus	410,089	219,094
Accumulated deficit, beginning of year	(400,458)	(619,552)
Accumulated surplus (deficit), end of year	\$ 9,631	\$ (400,458)

See accompanying notes to the financial statements.

Organized Crime Agency of British Columbia Society

Statement of Changes in Net Financial Assets

Year Ended March 31	2023	2022
Annual surplus	\$ 410,089	\$ 219,094
Acquisition of capital assets	(423,838)	(429,454)
Amortization of capital assets	150,447	74,287
Acquisition of prepaid expenses	(187,403)	(85,872)
Use of prepaid expenses	<u>114,106</u>	<u>40,090</u>
Decrease (Increase) in net financial liabilities	63,401	(181,856)
Net financial liabilities, beginning of year	<u>(1,724,122)</u>	<u>(1,542,266)</u>
Net financial liabilities, end of year	<u>\$ (1,660,721)</u>	<u>\$ (1,724,122)</u>

Organized Crime Agency of British Columbia Society

Statement of Cash Flows

Year Ended March 31

2023

2022

Cash provided by (used in)

Operating activities

Annual surplus	\$	410,089	\$	219,094
Items not affecting cash				
Amortization of capital assets		150,447		74,287
Amortization of deferred contributions		(2,091,208)		(1,090,162)

(1,530,672) (796,781)

Change in non-cash operating working capital

Accounts receivable		6,528		(24,998)
Due from RCMP		(1,549,383)		556,107
Prepaid expenses		(73,297)		(45,783)
Accounts payable and accrued liabilities		657,765		149,886
Due to other government organizations		429,021		16,956

(2,060,038) (144,613)

Financing activities

Receipt of deferred contributions		1,997,588		2,635,255
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Investing activities

Purchase of capital assets		(423,838)		(429,454)
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Net (decrease) increase in cash (486,288) 2,061,188

Cash balance, beginning of year 2,239,532 178,344

Cash balance, end of year \$ 1,753,244 \$ 2,239,532

Organized Crime Agency of British Columbia Society

Notes to the Financial Statements

March 31, 2023

1. Nature of operations

The Organized Crime Agency of British Columbia Society (the "Society") is incorporated under the Societies Act of British Columbia (the "Act") to facilitate the disruption and suppression through the Combined Forces Special Enforcement Unit ("CFSEU-BC") of organized crime which affects British Columbians. The Society was also established as a Designated Policing and Law Enforcement Unit on March 23, 1999, under the Police Act. The Society is exempt from income taxes.

The Society has a Board of Governance. The directors are appointed by the British Columbia Minister of Public Safety and Solicitor General.

2. Economic dependence and related party transactions

On July 4, 2006, a Memorandum of Understanding ("MOU") between all parties was signed with respect to financial, administrative, and operational policies and procedures of CFSEU-BC. Under the MOU, the Society is dependent on the Royal Canadian Mounted Police ("RCMP") to fund their financial obligations in the areas of salaries, wages and benefits of the Society's employees.

Total funding contributions from the RCMP for the year ended March 31, 2023 amounts to \$11,200,000 (2022 - \$10,537,307). Amounts due from the RCMP as at March 31, 2023 amounts to \$2,512,709 (2022 - \$963,326). Outstanding accounts receivable are for refundable expenses related to criminal investigations that will be reimbursed to the Society by the RCMP.

3. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia which requires accounting policies which are consistent with Canadian public sector accounting standards except in regard to the accounting for restricted capital contributions.

Under Section 23.1 of the Budget Transparency and Accountability Act and its related regulations, the Society is required to recognize restricted capital contributions as a liability and recognize them into revenue on the same basis as the related amortization expense.

Under Canadian public sector accounting standards, those transfers with stipulations that have been met or that do not contain stipulations that create a liability, are fully recognized into revenue.

Use of estimates

The preparation of these financial statements requires 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 revenues and expenses during the year. Actual results could differ from those reported.

Organized Crime Agency of British Columbia Society

Notes to the Financial Statements

March 31, 2023

3. Summary of significant accounting policies (continued)

Revenue recognition

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured. Contributions restricted for specific types of operations or specific periods are deferred and recognized when the restrictions have been met.

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreements are met. Restricted contributions used for the purchase of capital assets are deferred and recognized as revenue at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted transfers from governments are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

Employee future benefits

The Society and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

Budget figures

A budget has not been presented as there was no budget approved by the Board of Governance for the current year.

Segment disclosure and functional presentation of expenses

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. Management believes that the Society's activities comprise of only one segment and hence no additional disclosure is required. Furthermore, as the operations of the Society are comprised of one single function, the statement of operations presents expenses by object.

Capital assets

Capital assets are recorded at cost less accumulated depreciation. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows commencing when the assets are available for use:

Mobile ballistics lab and equipment	20 years
Software	3 years
Computers – software	3 years
3D system	10 years
Microscope	20 years
High speed camera	10 years
Computer hardware	5 years

Organized Crime Agency of British Columbia Society

Notes to the Financial Statements

March 31, 2023

3. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by the transition costs incurred on acquisition and financing fees, which are amortized using the effective interest rate method.

There are no financial instruments carried at fair value as at March 31, 2023, and as a result, a statement of re-measurement gains and losses has not been prepared.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations. Any reversals of previously recognized impairment losses are recognized in the statement of operations in the year the reversal occurs.

Management believes that the Society is not exposed to significant market, credit and liquidity risks.

4. Accounts receivable	<u>2023</u>	<u>2022</u>
Advance receivable	\$ 200,000	\$ 200,000
GST receivable	<u>26,193</u>	<u>32,721</u>
	<u>\$ 226,193</u>	<u>\$ 232,721</u>

An advance was made to an employee for use in paying for criminal investigation expenses, the reimbursement for which are made by the RCMP and, accordingly, such expenses are not reflected in these financial statements. There is no fixed repayment date and this receivable bears no interest.

5. Accounts payable and accrued liabilities	<u>2023</u>	<u>2022</u>
Trade payables	\$ 58,629	\$ 33,564
Salaries and benefits payable	1,485,391	717,316
Vacation pay	<u>1,432,479</u>	<u>1,567,854</u>
	<u>\$ 2,976,499</u>	<u>\$ 2,318,734</u>

In addition to the above noted accounts payable and accrued liabilities, the Society has \$792,466 (2022 - \$363,445) owing to other government organizations at March 31, 2023 with respect to government remittances.

Organized Crime Agency of British Columbia Society

Notes to the Financial Statements

March 31, 2023

6. Deferred contributions

Deferred contributions consist of contributions received from the Province for tangible capital assets and various staffing and operational expenses. Deferred contributions are comprised of the following:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 2,477,522	\$ 932,429
Contributions received during the year	1,997,588	2,635,255
Amounts amortized to revenue	<u>(2,091,208)</u>	<u>(1,090,162)</u>
Balance, end of year	<u>\$ 2,383,902</u>	<u>\$ 2,477,522</u>

Organized Crime Agency of British Columbia Society

Notes to the Financial Statements

March 31, 2023

7. Capital assets

Cost	<u>2022</u>	<u>Additions</u>	<u>2023</u>
Mobile ballistics			
lab and equipment	\$ 822,970	\$ -	\$ 822,970
Bullet recovery system	72,147	-	72,147
3D Systems	164,955	82,579	247,534
Microscope	76,180	181,888	258,068
High speed camera	188,319	-	188,319
Software	88,597	-	88,597
Computer hardware	-	159,371	159,371
	<u>\$ 1,413,168</u>	<u>\$ 423,838</u>	<u>\$ 1,837,006</u>
Accumulated amortization	<u>2022</u>	<u>Amortization</u>	<u>2023</u>
Mobile ballistics			
lab and equipment	\$ 82,298	\$ 41,149	\$ 123,447
Bullet recovery system	7,214	3,607	10,821
3D systems	-	17,528	17,528
Microscope	-	7,925	7,925
High speed camera	-	18,832	18,832
Software	59,063	29,532	88,595
Computer hardware	-	31,874	31,874
	<u>\$ 148,575</u>	<u>\$ 150,447</u>	<u>\$ 299,022</u>
Net book value	<u>2022</u>		<u>2023</u>
Mobile ballistics			
lab and equipment	\$ 740,672		\$ 699,523
Bullet recovery system	64,933		61,326
3D systems	164,955		230,006
Microscope	76,180		250,143
High speed camera	188,319		169,487
Software	29,534		2
Computer hardware	-		127,497
	<u>\$ 1,264,593</u>		<u>\$ 1,537,984</u>

Organized Crime Agency of British Columbia Society

Notes to the Financial Statements

March 31, 2023

8. Employee future benefits

The Society and its employees contribute to the Municipal Pension Plan (the “Plan”), a jointly trustee pension plan. The Board of Trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit plan. Basic pension benefits provided are based on a formula. As at December 31, 2021, the Plan had approximately 217,408 active members and approximately 118,286 retired members.

Every three years, an independent actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2021 indicates a funding surplus of \$3,761 million. The next valuation will be as at December 31, 2024.

The Society paid \$1,630,563 (2022 - \$1,683,678) for employer contributions, and \$1,401,968 for employee contributions to the Plan.

9. Remuneration

For the fiscal year ending March 31, 2023, total salaries, wages and benefits expense is \$25,550,642 (2022 - \$23,791,296). The Society paid remuneration of \$2,743,873 (2022 - \$2,437,948) to the top ten employees, each of whom received total annual remuneration of \$75,000 or greater.

\$13,867,733 (2022 - \$12,955,767) of salaries, wages and benefits expense is recovered from other policing agencies.

10. Funds held-in-trust

During fiscal 2016, the Society entered into an agreement with the British Columbia Ministry of Justice (the “Ministry”) to act as a Financial Administrator. As the Financial Administrator, the Society bills and collects funds for biology casework analysis on behalf of the Ministry. As at March 31, 2023, the Society has collected and holds \$67,557 (2022 - \$39,901) and has billed but not yet collected \$1,880,286 (2022 - \$783,136), which have not been included within the financial statements of the Society.

11. Contingent liability

As at March 31, 2023, there exists a contingent liability in respect to backpay for payroll compensation. The occurrence of the event and amount of the contingent liability is not determinable.
