

CANADIAN CENTRE FOR OCCUPATIONAL
HEALTH AND SAFETY

Future Oriented Financial Statements
for the year ended March 31, 2010

Canadian Centre for Occupational Health and Safety

Statement of Management Responsibility

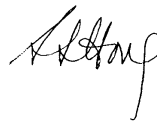
Responsibility for the compilation, content, and presentation of the accompanying future-oriented financial information for the year ended March 31, 2010 rests with CCOHS management. The future-oriented financial information has been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector. The future-oriented financial information is submitted for Part III of Estimates (Report on Plans and Priorities), and will be used in the department's Departmental Performance Report to compare with actual results.

Management is responsible for the integrity and objectivity of the information contained in future-oriented financial information and for the process of developing assumptions. Assumptions and estimates are based upon information available and known to management at the time of development, reflect current business and economic conditions, and assume a continuation of current governmental priorities and consistency in departmental mandate and strategic objectives. Much of the future-oriented financial information is based on these assumptions, best estimates, and judgment and gives due consideration to materiality. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. However, as with all such assumptions, there is a measure of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

The actual results achieved for the fiscal years covered in the accompanying future-oriented financial information will vary from the information presented and the variations may be material. *(note: CCOHS is preparing these statements as part of a two year pilot project and readers should be cautioned that this is the first year of the pilot).*



Bonnie Easterbrook, CGA,
Controller
Hamilton, Ontario
January 31, 2009



S. Len Hong, President and Chief
Executive Officer
Hamilton, Ontario
January 31, 2009

Canadian Centre for Occupational Health and Safety

FUTURE ORIENTED STATEMENT OF FINANCIAL POSITION

At March 31

| Assets | 2009 | 2010 |
|--|-------------|-------------|
| | \$ | \$ |
| Financial assets: | | |
| Due from the Consolidated Revenue Fund | 345,807 | 397,307 |
| Inventory for resale | 100,000 | 100,000 |
| Accounts receivable | 403,021 | 450,000 |
| | <hr/> | <hr/> |
| | 848,828 | 947,307 |
| Non-financial assets: | | |
| Tangible capital assets | 205,519 | 145,519 |
| | <hr/> | <hr/> |
| | 1,054,347 | 1,092,826 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 520,000 | 340,000 |
| Deferred revenues | 21,192 | 21,192 |
| Vacation pay | 383,241 | 400,000 |
| Employee severance benefits (note 7) | 1,537,536 | 1,400,000 |
| Deferred revenues - donations (note 6) | 95,807 | 97,307 |
| | <hr/> | <hr/> |
| | 2,557,776 | 2,258,499 |
| Equity of Canada | <hr/> | <hr/> |
| | (1,503,429) | (1,165,673) |
| | <hr/> | <hr/> |
| | 1,054,347 | 1,092,826 |
| | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes form an integral part of these future oriented financial statements.

Canadian Centre for Occupational Health and Safety

FUTURE ORIENTED STATEMENT OF OPERATIONS

For the year ended March 31

| | 2009 | 2010 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Revenues | | |
| Proceeds from sales | 2,600,000 | 2,750,000 |
| Projects and collaborative agreements | 1,000,586 | 1,000,000 |
| Total revenues | 3,600,586 | 3,750,000 |
| Expenses | | |
| Operations | | |
| Salaries and employee benefits | 7,233,778 | 7,537,736 |
| Professional and special services | 1,125,379 | 900,000 |
| Accommodation | 713,537 | 713,537 |
| Information | 146,515 | 150,000 |
| Transportation and communications | 161,763 | 160,000 |
| Purchased repair and upkeep | 126,402 | 130,000 |
| Utilities, materials and supplies | 108,965 | 120,000 |
| Rentals | 31,298 | 50,000 |
| | 9,647,637 | 9,761,273 |
| Administration | | |
| Salaries and employee benefits | 284,303 | 300,000 |
| Governors and committees | 12,609 | 13,000 |
| Travel | 37,050 | 38,000 |
| Professional and special services | - | 1,700 |
| Utilities, materials and supplies | 300 | 300 |
| | 334,262 | 353,000 |
| Other expenses | | |
| Amortization of tangible capital assets | 212,027 | 225,000 |
| | 212,027 | 225,000 |
| Total expenses | 10,193,926 | 1,0339,273 |
| Net cost of operations | (6,593,340) | (6,589,273) |

The accompanying notes form an integral part of these future oriented financial statements.

STATEMENT OF EQUITY OF CANADA

For the year ended March 31

| | 2009 | 2010 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Equity of Canada, beginning of year | (1,394,212) | (1,503,429) |
| Net cost of operations | (6,593,340) | (6,589,273) |
| Services received without charge from other government | | |
| Departments (note 8) | 1,190,033 | 1,196,737 |
| Net cash provided by Government | 5,245,375 | 5,678,792 |
| Change in due from the Consolidated Revenue Fund | 48,715 | 51,500 |
| Equity of Canada, end of year | (1,503,429) | (1,165,673) |

The accompanying notes form an integral part of these future oriented financial statements.

Canadian Centre for Occupational Health and Safety

FUTURE ORIENTED STATEMENT OF CASH FLOW

For the year ended March 31

| | 2009 | 2010 |
|---|-------------|-------------|
| | \$ | \$ |
| Operating Activities | | |
| Net cost of operations | 6,593,340 | 6,589,273 |
| Non-cash items: | | |
| Amortization of tangible capital assets | (212,027) | (225,000) |
| Loss on disposal of tangible capital assets | | |
| Services received without charge from other government departments (note 8) | (1,190,033) | (1,196,737) |
| Variations in Statement of Financial Position: | | |
| Decrease (increase) in accounts payable and deferred revenue | 52,308 | 180,000 |
| Decrease (increase) in liability for vacation pay and compensatory leave | - | (16,759) |
| (Increase) in liability for employee severance benefits | - | 137,536 |
| Increase in accounts receivable | (74,914) | 46,979 |
| (Decrease) increase in inventory | 8,808 | - |
| (Increase) in deferred revenue - donations | (1,750) | (1,500) |
| Cash used by operating activities | 5,175,732 | 5,513,792 |
| Capital investment activities | | |
| Acquisitions of tangible capital assets (note 5) | 69,643 | 165,000 |
| Financing activities | | |
| Net cash provided by Government of Canada | 5,245,375 | 5,678,792 |

The accompanying notes form an integral part of these future oriented financial statements.

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Notes to the Future Oriented Financial Statements – March 31, 2010

1. Authority and Objectives

The Canadian Centre for Occupational Health and Safety (CCOHS) was established in 1978 under the *Canadian Centre for Occupational Health and Safety Act* and is a departmental corporation named in Schedule II to the *Financial Administration Act*. The objectives of CCOHS are to promote the right of Canadians to a healthy and safe working environment and to enhance the physical and mental health of workers. CCOHS' operating expenditures are funded in part by its operating revenue and by a budgetary lapsing appropriation.

CCOHS has two program activities for reporting purposes. The main activity is occupational health and safety information development, delivery services and tripartite collaboration. In addition, CCOHS has a new program activity, Internal Services, as required by Treasury Board Secretariat (TBS). This activity captures administrative costs as defined by TBS. This is the first year for segregating this activity and estimated costs are \$2,652,000 for 2009-10. The financial statements are presented in standard objected format for all expenses, as this is the most meaningful presentation.

2. Underlying Assumptions

These future-oriented statements have been prepared:

- As at December 31, 2008
- On the basis of government policies, government priorities and external environment at the time the future-oriented financial information was finalized
- According to the requirements of the Treasury Board Accounting policies which are based on Canadian generally accepted accounting principles for the public sector.
- On the basis that the resources provided will enable CCOHS to deliver the expected results specified in the Report on Plans and Priorities
- On the basis of historical costs.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results from 2008/09 to 2009/10, actual results achieved are likely to vary from the forecast information presented, and this variation could be material.

Once the Report on Plans and Priorities is presented, CCOHS will not be updating the forecasts for any changes to appropriations or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

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4. Significant Accounting Policies

These financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector and year-end instructions issued by the Office of the Comptroller General. Significant accounting policies are as follows:

a) Parliamentary appropriations

CCOHS is financed in part by the Government of Canada through Parliamentary appropriations. Appropriations provided to CCOHS do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 5 provides a high-level reconciliation between the bases of reporting.

b) Due from the Consolidated Revenue Fund and net cash provided by government

CCOHS operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by CCOHS is deposited to the CRF and all cash disbursements made by CCOHS are paid from the CRF. Due from the CRF represents the amount of cash that CCOHS is entitled to draw from the CRF, without further appropriations, in order to discharge its liabilities. Net cash provided by government is the difference between all cash receipts and all cash disbursements including transactions with departments of the federal government.

c) Forecasted Revenues

Revenues are accounted for in the period in which the underlying transaction or event occur that give rise to the revenues. Subscriptions revenues are recognized in the period when the initial shipment is made or web access is given. Subscriptions are for information products delivered on CD-ROM, DVD or web access. Subscriptions are based upon the right to use the information for a specified period. Information may be updated during the subscription period.

Revenues that have been received but not yet earned are recorded as deferred revenue. The deferred revenue represents cash received in advance of initial product delivery or granting of web access. The majority of cash received is for CCOHS' subscription information products. These products are shipped in subsequent periods.

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d) Forecasted Expenses – Expenses are recorded on the accrual basis:

Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and audit services are recorded as operating expenses at their estimated cost.

e) Employee future benefits

(i) Pension benefits: Eligible employees contribute to the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. CCOHS' contributions to the Plan are charged to expenses in the year incurred and represent CCOHS' total obligation to the Plan. Current legislation does not require CCOHS to make contributions for any actuarial deficiencies of the Plan.

(ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them and are estimated based on employees' salaries, duration of service and age.

f) Accounts receivable

Accounts receivable are stated at amounts expected to be ultimately realized. An allowance is made for receivables from external parties where recovery is considered uncertain.

g) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

h) Foreign currency transactions

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange in effect on March 31st. Gains and losses resulting from foreign currency transactions are included in the statement of operations according to the activities to which they relate.

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i) Inventories for resale

Inventories are valued at the lower of cost and net realizable value. Inventories are primarily print materials held for resale.

j) Tangible capital assets

All tangible capital assets and leasehold improvements with an acquisition cost of \$1,000 or more are capitalized at cost. Tangible capital assets are amortized over their estimated useful life on a straight-line basis, as follows:

| Asset Class | Amortization Period |
|-------------------------|----------------------------|
| Computer equipment | 3 years |
| Furniture and equipment | 5 years |
| Software | 1-5 years |
| Leasehold improvements | 5 years |
| Measuring equipment | 5 years |

k) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector and year-end instructions issued by the Office of the Comptroller General requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The liability for employee future benefits and the estimated useful life of tangible capital assets are the most significant items where estimates are used. Actual results could differ significantly from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

5. Parliamentary Appropriations

CCOHS receives its funding through annual Parliamentary appropriations and external revenues. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, CCOHS has different net results of operations for the year on a government funding basis than on an accrual accounting basis. These differences are reconciled in the following tables:

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a) Reconciliation of net cost of operations to current year appropriations used:

| | 2009 | 2010 |
|---|-------------|-------------|
| | \$ | \$ |
| Net cost of operations | 6,593,340 | 6,589,273 |
| Adjustments for items affecting net cost of operations but not affecting appropriations | | |
| Less | | |
| Amortization of tangible capital assets | (212,027) | (225,000) |
| Services provided without charge from other Government departments | (1,190,033) | (1,196,737) |
| Loss on disposal of tangible capital assets - Bad debts | - | - |
| | 5,191,280 | 5,167,536 |
| Changes in accounts not affecting current year use of appropriations | | |
| Add (Less) | | |
| Inventory for resale | 8,808 | - |
| Employee severance benefits - | | 137,536 |
| Vacation pay and compensatory leave - | | (16,759) |
| Revenue not available for spending | (107,797) | (82,883) |
| | 5,092,291 | 5,205,430 |
| Adjustment for item not affecting net cost of operations but affecting appropriations | | |
| Add | | |
| Acquisition of tangible capital assets | 69,643 | 165,000 |
| Current year appropriations used (forecast) | 5,161,934 | 5,370,430 |

b) Appropriations provided and used:

| | 2009 | 2010 |
|---|-------------|-------------|
| | \$ | \$ |
| Human Resources and Social Development Canada – Vote 35 | 3,682,000 | 3,828,000 |
| Human Resources and Social Development Canada - statutory | 1,031,000 | 1,027,000 |
| Human Resources and Social Development Canada – Vote 35A | 368,105 | 192,998 |
| Treasury Board – Vote 15 – collective agreements | 194,155 | 150,000 |
| Treasury Board – Vote 23 – payroll shortfalls | 79,672 | 200,000 |
| | 5,354,932 | 5,397,998 |
| Less: | | |
| Lapsed appropriations – operating | (192,998) | (27,568) |
| Current year appropriations used (forecast) | 5,161,934 | 5,370,430 |

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| c) Reconciliation of net cash provided by Government to current year appropriation used: | 2009 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| Net cash provided by Government | 5,245,375 | 5,678,792 |
| Revenue not available for spending | (107,797) | (82,883) |
| Bad debts | - | - |
| Decrease in accounts receivable | 74,914 | (46,979) |
| Increase in accounts payable and deferred revenue | (52,308) | (180,000) |
| Increase (decrease) in deferred revenue - donations | 1,750 | 1,500 |
| Current year appropriations used (forecast) | 5,161,934 | 5,370,430 |

6. Deferred Revenue - Donations

CCOHS, by virtue of subsection 6(3) of its Act, may acquire money or other property by gift or otherwise and expend or dispose of those donations subject to their terms, if any. We estimate CCOHS will receive \$1,500 in donations in 2009/2010 (2008/09 - \$1,750). The balance at March 31, 2010 is estimated at \$97,307 (2009 - \$95,807).

7. Employee Benefits

a) Pension Benefits

CCOHS employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and CCOHS contribute to the cost of the Plan. The 2009/10 expenses are estimated at \$725,000 (2008/09 - \$718,000), which represents approximately 2.6 times the contributions by employees.

CCOHS' responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

b) Employee Severance Benefits

CCOHS provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. In future years, it is estimated that the amounts will decrease as many employees retire and receive payment. Information about the severance benefits, estimated at March 31, is as follows:

| | 2009 | 2010 |
|---|-------------|-------------|
| | \$ | \$ |
| Accrued benefit obligation, beginning of year | 1,537,536 | 1,537,536 |
| Expense for the year | 70,639 | 62,464 |
| Benefits paid during the year | (70,639) | (200,000) |
| | <hr/> | <hr/> |
| Accrued benefit obligation, end of year | 1,537,536 | 1,400,000 |
| | <hr/> | <hr/> |

8. Related Party Transactions

CCOHS is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. CCOHS enters into transactions with these entities in the normal course of business. Revenues will include approximately \$400,000 (2009 - \$400,000) from transactions with various Canadian government departments. The transactions with related parties are carried out on similar terms and conditions with those applicable to transactions with external parties.

In addition to transactions previously disclosed, during the year ended March 31, 2010:

- a) CCOHS will receive accommodations provided without charge from Public Works and Government Services Canada will be \$713,537, based upon current agreements. (2009 - \$713,537).
- c) Employer's contribution to the health and dental insurance plans paid by the Treasury Board Secretariat are estimated at \$483,200 (2009 - \$476,496), based upon 8% of salaries costs.

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included in CCOHS' Statement of Operations because no estimate is currently available.