



# Future Oriented Financial Statements

**for the year ended March 31, 2013**

## **STATEMENT OF MANAGEMENT RESPONSIBILITY**

Responsibility for the compilation, content, and presentation of the accompanying future-oriented financial information for the year ended March 31, 2013 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.



Bonnie Easterbrook, CGA, Controller  
Chief Financial Officer



Steve Horvath  
President and Chief Executive Officer

*Hamilton, Ontario*  
January 31, 2012

## FUTURE ORIENTED STATEMENT OF FINANCIAL POSITION

At March 31 (in dollars)

	2012 Estimated Results	2013 Planned Results
<b>ASSETS</b>		
<b>Financial assets:</b>		
Due from the Consolidated Revenue Fund	\$ 579,307	\$ 511,807
Accounts receivable	450,000	450,000
	<u>1,029,307</u>	<u>961,807</u>
<b>Non-financial assets:</b>		
Inventory for resale	40,000	40,000
Tangible capital assets	191,600	230,000
	<u>231,600</u>	<u>270,000</u>
	<u>1,260,907</u>	<u>1,231,807</u>
<b>LIABILITIES AND EQUITY OF CANADA</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	413,000	412,533
Deferred revenues	882,349	890,000
Vacation pay	380,000	350,000
Employee severance benefits (note 7)	1,639,134	1,339,134
Deferred revenues – donations (note 6)	97,807	97,807
Contributions to inquiries service received in advance	42,500	42,500
	<u>3,454,790</u>	<u>3,132,441</u>
<b>Equity of Canada</b>	<u>(2,193,883)</u>	<u>(1,900,634)</u>
	<u>1,260,907</u>	<u>1,231,807</u>

## FUTURE ORIENTED STATEMENT OF OPERATIONS

For the year ended March 31

	2012 Estimated Results	2013 Planned Results
<b>Revenues</b>		
Proceeds from sales	\$ 3,035,035	\$ 3,180,000
Projects and collaborative agreements	798,819	820,000
Total revenues	<u>3,833,854</u>	<u>4,000,000</u>
<b>Expenses</b>		
<b>Operations</b>		
Salaries and employee benefits	7,950,907	7,822,142
Professional and special services	970,153	805,600
Accommodation	713,537	713,537
Transportation and communications	112,493	110,000
Information	91,598	110,000
Purchased repair and upkeep	148,858	125,000
Utilities, materials and supplies	89,035	99,800
Rentals	33,176	25,000
	<u>10,109,757</u>	<u>9,811,079</u>
<b>Administration</b>		
Salaries and employee benefits	243,071	250,000
Governors and committees	15,094	16,000
Travel	29,692	40,000
Professional and special services	1,304	1,400
Utilities, materials and supplies	111	200
	<u>289,272</u>	<u>307,600</u>
<b>Other expenses</b>		
Amortization of tangible capital assets	82,392	111,600
	<u>82,392</u>	<u>111,600</u>
Total expenses	<u>10,481,421</u>	<u>10,230,279</u>
<b>Net cost of operations</b>	<u>6,647,567</u>	<u>6,230,279</u>

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## STATEMENT OF EQUITY OF CANADA

For the year ended March 31 (in dollars)

	<b>2012 Estimated Results</b>	<b>2013 Planned Results</b>
<b>Equity of Canada, beginning of year</b>	\$ (2,370,441)	\$ (2,193,883)
Net cost of operations	(6,647,567)	(6,230,279)
Services received without charge from other government departments (note 8)	1,318,257	1,314,677
Net cash provided by Government	5,405,029	5,276,351
Change in due from the Consolidated Revenue Fund	100,839	(67,500)
<b>Equity of Canada, end of year</b>	<u>(2,193,883)</u>	<u>(1,900,634)</u>

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

## FUTURE ORIENTED STATEMENT OF CASH FLOW

For the year ended March 31 (in dollars)

	<b>2012 Estimated Results</b>	<b>2013 Planned Results</b>
<b>Operating Activities</b>		
Net cost of operations	\$ 6,647,567	\$ 6,230,279
Non-cash items:		
Amortization of tangible capital assets	(82,392)	(111,600)
Services received without charge from other government departments (note 8)	(1,318,257)	(1,314,677)
Variations in Statement of Financial Position:		
(Increase) in accounts payable and deferred revenue	(83,102)	(7,651)
(Increase) in liability for vacation pay and compensatory leave	23,705	30,000
(Increase) in liability for employee severance benefits	106,000	300,000
(Decrease) increase in accounts receivable	24,468	—
Increase (decrease) in inventory	3,441	—
Cash used by operating activities	<u>5,321,430</u>	<u>5,126,351</u>
<b>Capital investment activities</b>		
Acquisitions of tangible capital assets	<u>83,599</u>	<u>150,000</u>
<b>Financing activities</b>		
Net cash provided by Government of Canada	<u>5,405,029</u>	<u>5,276,351</u>

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

## NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS

March 31, 2013

### 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. The financial statements are presented in standard object 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, 2011.
- 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 2011/12 to 2012/13, 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.

### 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 occurred that gave rise to the revenues. Subscriptions revenues are recognized in the period when the initial shipment is made for all physical goods, such as CD-ROM, and DVD. Revenues for subscriptions of internet based products are recognized over the term of the subscription.

Subscriptions are based upon the right to use the information for a specified period. Information may be updated during the subscription period.

Contributions to inquiries service received in advance are recognized in the next fiscal year as this relates to the service period for the contribution.

Cash that have been received but not yet earned is recorded as deferred revenue. The deferred revenue represents cash received in advance of initial and ongoing product delivery or granting of website access.

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.

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:

<b>Asset Class</b>	<b>Amortization Period</b>
Computer equipment	5 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:

	<b>2012 Estimated Results</b>	<b>2013 Planned Results</b>
Net cost of operations	\$ 6,647,567	\$ 6,230,279
Adjustments for items affecting net cost of Operations but not affecting appropriations		
Less		
Amortization of tangible capital assets (note 4)	(82,392)	(111,600)
Services provided without charge from other Government departments	(1,318,257)	(1,314,677)
Loss on disposal of tangible capital assets	—	—
Bad debts	—	—
	<u>5,246,918</u>	<u>4,804,002</u>
Changes in accounts not affecting current year use of appropriations		
Add (Less)		
Inventory for resale	3,441	—
Employee severance benefits	106,000	300,000
Vacation pay and compensatory leave	23,705	30,000
Revenue not available for spending	(87,221)	(50,000)
	<u>5,292,843</u>	<u>5,084,002</u>
Adjustment for items not affecting net cost of operations but affecting appropriations		
Add		
Acquisition of tangible capital assets	83,599	150,000
Current year appropriations used	<u>5,376,442</u>	<u>5,234,002</u>
 b) Appropriations provided and used:		
	<b>2012 Estimated Results</b>	<b>2013 Planned Results</b>
Human Resources and Social Development Canada – Vote 35	\$ 3,853,172	\$ 3,827,471
Human Resources and Social Development Canada – statutory	1,156,531	1,130,830
Human Resources and Social Development Canada – Vote 35A	202,283	399
Treasury Board – Vote 23 – payroll shortfalls	164,855	300,000
	<u>5,376,841</u>	<u>5,258,700</u>
Less:		
Lapsed appropriations – operating	(399)	(24,698)
Current year appropriations used	<u>5,376,442</u>	<u>5,234,002</u>

## 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 NIL in donations in 2012/2013 (2011/2012 - \$NIL). The balance at March 31, 2012 is estimated at \$97,807).

## 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 2012/2013 expenses are estimated at \$ 831,546 (2010/2011 - \$813,067), 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. In addition, due to recent changes to the collective agreement, no further benefits will accrue. Employees are entitled to an immediate payment or they may elect to receive the funds upon retirement. Information about the severance benefits, estimated at March 31, is as follows:

	<b>2012</b>	<b>2013</b>
	<b>Estimated Results</b>	<b>Planned Results</b>
Accrued benefit obligation, beginning of year	\$ 1,745,134	\$ 1,639,154
Expense for the year	—	—
Benefits paid during the year	(106,000)	(300,000)
Accrued benefit obligation, end of year	<u>1,639,134</u>	<u>1,339,134</u>

## 8. Related Party Transactions

The department is related as a result of common ownership to all Government departments, agencies, and Crown Corporations. The Department enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, CCOHS received common services which were obtained without charge from other Government departments as disclosed below.

During the year, CCOHS received services without charge from certain common service organizations, related to accommodation, legal services, the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in the Statement of Operations as follows:

	<b>2012</b>	<b>2013</b>
	<b>Estimated Results</b>	<b>Planned Results</b>
<i>Employer's contribution to health and dental insurance plans</i>	\$ 713,537	\$ 713,537
<i>Accommodation</i>	549,720	546,140
<i>Audit services</i>	55,000	55,000
<i>Total</i>	<u>1,318,257</u>	<u>1,314,677</u>

The Government has centralized 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.



## 9. Net Debt Indicator

The presentation of the net debt indicator and a statement of net debit is required under Canadian generally accepted accounting principles. Net debt is the difference between a government's liabilities and its financial assets and is meant to provide a measure of the future revenues required to pay for past transactions and events. A statement of change in net debt would show changes during the period in components such as tangible capital assets, prepaid expenses and inventories. Departments are financed by the Government of Canada through appropriations and operate within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by departments is deposited to the CRF and all cash disbursements made by departments are paid by the CRF. Under this government business model, assets reflected on the CCOHS' financial statements, with the exception of the Due from the CRF, are not available to use for the purpose of discharging the existing liabilities of the CCOHS. Future appropriations and any spendable revenues generated by CCOHS' operations would be used to discharge existing liabilities.

<b>Liabilities</b>	<b>2012 Estimated Results</b>	<b>2013 Planned Results</b>
Accounts payable and accrued liabilities	\$ 413,000	\$ 413,000
Deferred revenues – web based subscriptions	882,349	890,000
Vacation pay and compensated leave	380,000	350,000
Employee severance benefits	1,639,134	1,339,134
Deferred revenues – donations	97,807	97,807
Deferred revenues – contributions to inquiries service	42,500	42,500
<b>Total liabilities</b>	<u>3,454,790</u>	<u>3,132,441</u>
<b>Financial assets:</b>		
Due from the Consolidated Revenue Fund	579,307	511,807
Accounts receivable	450,000	450,000
<b>Total Financial Assets</b>	<u>1,029,307</u>	<u>961,807</u>
<b>Net Debt Indicator</b>	<u><b>(2,425,483)</b></u>	<u><b>(2,170,634)</b></u>