



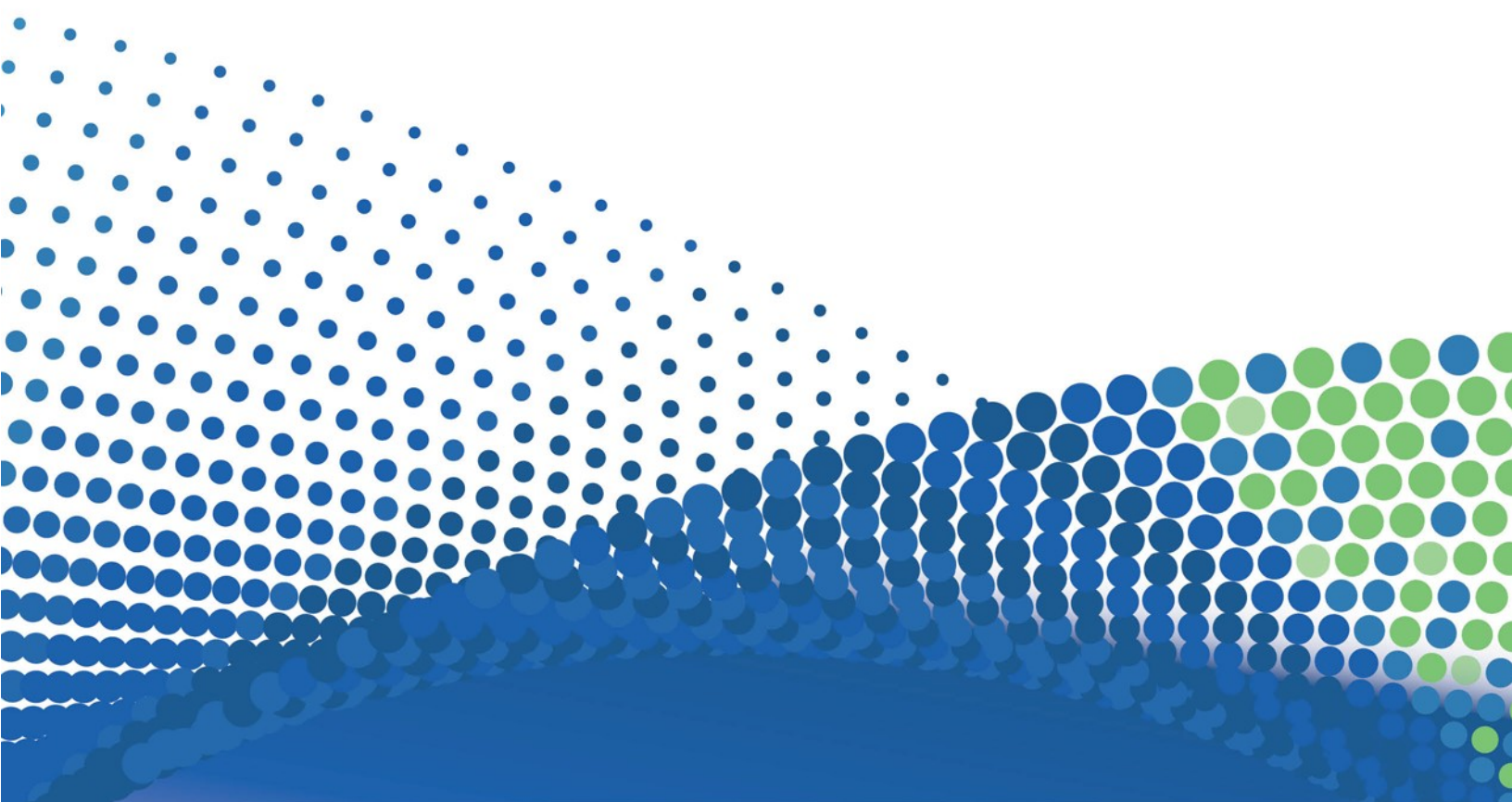
Financial Consumer
Agency of Canada

Agence de la consommation
en matière financière du Canada

FINANCIAL CONSUMER AGENCY OF CANADA

FUTURE-ORIENTED STATEMENT OF OPERATIONS

For the years ending March 31, 2019 and 2020



April 2019

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STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

Responsibility for the compilation, content and presentation of the Future-Oriented Statement of Operations and the accompanying notes for the years ending March 31, 2019 and 2020 rests with the Financial Consumer Agency of Canada's (FCAC, the Agency) management, including the appropriateness of the underlying assumptions. This Future-Oriented Statement of Operations has been prepared by management based on the best information available and assumptions adopted as at February 1, 2019, in accordance with Government of Canada's accounting policies and is based on Canadian public sector accounting standards.

The actual results achieved for the fiscal years covered in the accompanying Future-Oriented Statement of Operations will vary from the forecast information presented, and these variations may be material.

The Future-Oriented Statement of Operations has not been audited.

Lucie M.A. Tedesco,
Commissioner
Financial Consumer Agency of Canada

Lesley Ryan, CPA, CA
Managing Director Corporate Services
Chief Financial Officer

Ottawa, Canada

February 27, 2019

FINANCIAL CONSUMER AGENCY OF CANADA

Future-Oriented Statement of Operations (unaudited)

For the year ending March 31

	Forecast results 2018-19	Planned results 2019-20
Expenses		
Supervision and promotion	\$ 5,562,369	\$ 8,804,416
Financial literacy	6,414,159	6,496,979
Internal services	15,803,587	23,111,352
Total expenses	27,780,114	38,412,747
Revenues		
Assessments	22,779,502	33,412,747
Other revenues	613	-
Total revenues	22,780,114	33,412,747
Net cost of operations before government funding, transfers and administrative monetary penalties	(5,000,000)	(5,000,000)
Government funding	5,000,000	5,000,000
Net results of operations before administrative monetary penalties	-	-
Administrative monetary penalties	425,000	-
Administrative monetary penalties earned on behalf of the government	(425,000)	-
Net results of operations	\$ -	\$ -

The accompanying notes form an integral part of this Future-Oriented Statement of Operations.

FINANCIAL CONSUMER AGENCY OF CANADA

Notes to the Future-Oriented Statement of Operations (unaudited)

For the year ending March 31

1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of the government priorities and the plans of the Agency as described in FCAC's 2019-20 business plan.

The information in the forecast results for the fiscal year 2018-19 is based on actual results as at September 30, 2018 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2019-20.

The significant assumptions are as follows:

- (a) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience and trends, as well as known new requirements.
- (b) FCAC's full-time equivalent (FTE) staffing level is forecast to increase by fifty-three FTEs in the year ending March 31, 2020.
- (c) The employee benefit rate for 2018-19 is estimated to be 24.0% of salaries and for 2019-20 is estimated to be 24.5% of salaries.
- (d) Salary economic adjustments for 2018-19 and 2019-20 represent FCAC's best estimates at the time this Future-Oriented Statement of Operations was prepared.
- (e) FCAC's funding model will not change over the planning period.

These assumptions are made as at February 1, 2019.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2018-19 and for 2019-20, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, FCAC has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical financial statements of operations include:

- (a) the timing in filling new and vacant positions
- (b) the timing and amount of contracts put in place to support the Agency's many projects and initiatives
- (c) implementation of new terms and conditions of employment

FINANCIAL CONSUMER AGENCY OF CANADA

Notes to the Future-Oriented Statement of Operations (unaudited)

For the year ending March 31

2. Variations and changes to the forecast financial information (continued)

- (d) further changes to the operating budget to respond to supervisory and regulatory reforms and additional demands related to the mandate of the Agency
- (e) fluctuations in the discount rate used to calculate actuarial gain/loss on the severance and sick leave liabilities
- (f) changes in FCAC's responsibilities, as determined by the Minister of Finance or Parliament

Once the business plan is presented and approved, FCAC will not be updating the forecasts for any changes in financial resources. Variances will be explained in the Annual Report.

3. Summary of significant accounting policies

The Future-Oriented Statement of Operations of FCAC has been prepared using the Government of Canada's accounting policies in effect for the fiscal year 2018-19, and is based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Expenses

The Agency records expenses on an accrual basis.

Expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional services, rental, information, machinery and equipment, transportation, communication, materials and supplies, interest, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets and liabilities, such as the provision for bad debts, as well as the utilization of prepaid expenses are other are also included in the other expenses.

Amortization is recorded using the straight-line method over the estimated useful lives of the assets.

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under the terms of employment.

(b) Revenue recognition

FCAC recognizes revenue so as to recover its expenses. Revenue is recorded in the accounting period in which it is earned (service provided) whether or not it has been billed or collected. FCAC assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. FCAC has concluded that it is acting as a principal in all of its revenue arrangements.

FINANCIAL CONSUMER AGENCY OF CANADA

Notes to the Future-Oriented Statement of Operations (unaudited)

For the year ending March 31

3. Summary of significant accounting policies (continued)

Assessments:

Revenue from assessments is recognized based on actual costs incurred. The assessments are charged to recover costs and all costs are considered recoverable.

(c) Administrative monetary penalties

The Commissioner may issue administrative monetary penalties when violations to consumer provisions occur. These penalties are imposed in cases where the Commissioner believes that there has been either a violation of the consumer provisions or non-compliance with any Compliance Agreement entered into pursuant to an act listed in Schedule 1 of the Financial Consumer Agency of Canada Act. The penalty amount may be as high as \$50,000 for an individual and \$500,000 for an institution. Penalties levied by FCAC are non-respondable and are to be remitted to the Consolidated Revenue Fund (CRF). The funds are not available to FCAC and, as a result, the penalties do not reduce the amount that FCAC assesses the industry in respect of its operating costs.

4. Parliamentary authorities

FCAC's authorities are set out in sections 13(2) and 13(3) of the FCAC Act. Financial reporting of authorities provided to the department differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the department has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

FINANCIAL CONSUMER AGENCY OF CANADA

Notes to the Future-Oriented Statement of Operations (unaudited)

For the year ending March 31

4. Parliamentary authorities (continued)

a) Reconciliation of cost of operations to requested authorities

	Forecast results 2018-19	Planned results 2019-20
Cost of operations	\$ 27,780,114	\$ 38,412,747
Adjustment for items affecting the cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(513,170)	(608,073)
Allowance for bad debt	3,000	-
Gain (loss) on disposal of tangible capital assets	(12,952)	-
Increase in employee future benefits	(152,918)	(194,836)
Adjustment for items not affecting the cost of operations but affecting authorities:		
Acquisition of tangible capital assets	589,940	792,900
Requested authorities	\$ 27,694,014	\$ 38,402,738

b) Authorities requested

	Forecast results 2018-19	Planned results 2019-20
Authorities requested		
Payments under Section 13 of the Financial Consumer Agency of Canada Act	\$ 27,694,014	\$ 38,402,738
Total authorities requested	\$ 27,694,014	\$ 38,402,738