



FUTURE-ORIENTED STATEMENT OF OPERATIONS

(Unaudited)

for the year ended March 31, 2018



Future-Oriented Statement of Operations (unaudited)
for the year ending March 31
(in thousands of dollars)

	Forecast results 2016-17	Planned results 2017-18
Expenses		
Business Development	75,510	67,620
Regional Economic Development	29,949	29,855
Strengthening of Community Economies	88,982	103,146
Internal Services	19,578	21,217
Expenses incurred on behalf of government	(12,097)	(6,605)
Total expenses	201,922	215,233
Revenues		
Interest income	425	276
Miscellaneous revenues	118	82
Revenues earned on behalf of government	(543)	(358)
Total revenues	0	0
Net cost of operations before government funding and transfers	201,922	215,233

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

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

1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for fiscal year 2016-17 is based on actual results as at November 30, 2016 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2017-18.

The main assumptions underlying the forecasts are as follows:

- The department's activities will remain substantially the same as in the previous year.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience.
- Expenses take into consideration some reductions in the operating budget and in the grants and contributions budget, in light of some initiatives and temporary programs.
- The projected breakdown by activity of transfer payments is based on established priorities.
- Allowances for uncollectability are estimated in the light of historical experience.

These assumptions are adopted as at November 30, 2016.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2016-17 and for 2017-18, 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, Canada Economic Development for Quebec Regions (CED) 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 statement of operations include:

- the timing and the amount of acquisitions and disposals of property and equipment, which may affect gains, losses and amortization expenses;
- the implementation of new collective agreements;
- economic conditions, which may affect both the amount of revenue earned and the collectability of loan receivables;
- other changes to the budget, such as new initiatives or technical adjustments later in the fiscal year.

After the Departmental Plan is tabled in Parliament, CED will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

3. Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2016-17, 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 department records expenses on an accrual basis.

Expenses for the department's operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employer contributions to health and dental insurance plans, legal services and workers' compensation, which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued, and expenses are recorded as the benefits are earned by employees under their terms of employment.

Transfer payments are recorded as expenses when the recipients have met all the eligibility criteria and the transfers are authorized by March 31. In the case of transfers that do not form part of an existing program, the transfers are considered to be authorized when the government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debt on accounts receivable, provision for valuation on loans and advances or liabilities, including contingent liabilities and environmental liabilities, to the extent the future event is likely to occur and a reasonable estimate can be made.

Expenses also include amortization of tangible capital assets, which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.

b) Revenues

Revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place, except for the item listed below. Loans are non-interest bearing and, due to the uncertainty as to ultimate collection, interest income is only charged on overdue amounts when received. Other revenues consist of other fees and gains on the disposal of capital and non-capital assets.

Revenues that are non-responsible are not available to discharge the department's liabilities. Although the deputy head is expected to maintain accounting control, he has no authority over the disposition of non-responsible revenues. As a result, non-responsible revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the department's gross revenues.

4. Parliamentary authorities

The department is financed by the Government of Canada through parliamentary authorities. 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:

a) Reconciliation of net cost of operations to requested authorities (in thousands of dollars)

	Forecast results 2016-17	Planned results 2017-18
Net cost of operations before government funding and transfers	201,922	215,233
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(350)	(454)
Services provided without charge by other government departments	(5,414)	(5,350)
Decrease in vacation pay and compensatory leave	119	29
Repayment of previous years' contributions and expenses	4,663	6,038
Other	202	298
Total items affecting net cost of operations but not affecting authorities	(780)	561
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	511	0
Loans issued on behalf of government	116,011	88,022
Total items not affecting net cost of operations but affecting authorities	116,522	88,022
Requested authorities	317,664	303,816

b) Authorities requested (in thousands of dollars)

	Forecast results for 2016-17	Planned results for 2017-18
Authorities requested		
Vote 1 - operating expenditures	39,785	36,755
Vote 5 - grants and contributions	275,462	262,729
Statutory amounts	4,917	4,332
Less:		
Lapsed: operating and grants and contributions	(2,500)	
Total authorities requested	317,664	303,816