
Canadian Human Rights Tribunal Notes to the Future-Oriented Financial Statements

1. Authority and Objectives

The Canadian Human Rights Tribunal (the Tribunal) is a quasi-judicial body created by Parliament under the *Canadian Human Rights Act* to inquire into complaints of discrimination and to decide if particular practices have contravened the *Act*. The Tribunal may only inquire into complaints referred to it by the Canadian Human Rights Commission, usually after a full investigation by the Commission. Cases referred to the Tribunal generally involve complicated legal issues, human rights issues, various areas of discrimination, or multifaceted evidentiary complaints that must be heard under oath.

The Tribunal's mandate also includes hearing matters under the *Employment Equity Act* (EEA).

2. Significant Assumptions

These future-oriented financial statements have been prepared as at February 29, 2012, on the basis of government priorities and the plans of the Canadian Human Rights Tribunal as described in the Tribunal's *Report on Plans and Priorities*.

The main assumptions are that:

- i) The Tribunal's activities will remain substantially the same as for the previous year with no provision made for an increase in caseload resulting from a change in the CHRA that enables First Nations and their members to file human rights complaints with the Commission that could be subsequently referred to the Tribunal.
- ii) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience with no provision made for an increase in caseload as noted in point (i) above; and
- iii) Estimated year-end information for 2011-2012 is used as the opening position for the 2012-2013 forecast.

These assumptions are adopted as at February 29, 2012.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2011-2012 and for 2012-2013, the actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing these future-oriented financial statements the Tribunal has made assumptions concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the future-oriented financial statements and the historical financial statements include:

- a) Implementation of new collective agreements.
- b) Further changes to the operating budget through technical adjustments later in the year.

Once the *Report on Plans and Priorities* is presented, the Canadian Human Rights Tribunal 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. Summary of Significant Accounting Policies

The future-oriented financial statements have been prepared in accordance with the Treasury Board accounting policies in effect for the 2011-2012 fiscal year. These accounting policies, stated below, are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant difference from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

- i) **Parliamentary authorities** – The Canadian Human Rights Tribunal is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Tribunal do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Future-oriented Statement of Operations and Future-oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.

-
- ii) Net Cash Provided by Government** – The Canadian Human Rights Tribunal operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Canadian Human Rights Tribunal is deposited to the CRF and all cash disbursements made by the Canadian Human Rights Tribunal are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the government.
- iii) Amounts due/from the CRF are the result of timing differences at year-end** between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Tribunal is entitled to draw from the CRF without further parliamentary expenditure authorities to discharge its liabilities.
- iv) Revenues** – These are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. The majority of revenues are for fees related to access to information requests.
- v) Expenses** – Expenses are recorded on the accrual basis:
- a) Vacation pay and compensatory leave are accrued as the benefits are earned under the respective terms of employment.
 - b) Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are reported as operating expenses at their estimated cost.
- vi) Employee future benefits**
- a) **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government. The Canadian Human Rights Tribunal's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the department to make contributions for any actuarial deficiencies of the Plan.
 - b) **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. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.
- vii) Accounts receivable and advances** – These are stated at the lower of cost and net recoverable value; a valuation allowance is established for receivables where recovery is considered uncertain.

viii) Tangible Capital Assets – All tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded and their acquisition cost. The Tribunal does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collection.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization period
Machinery and Equipment	10 years
Furniture and Fixtures	10 years
Informatics Hardware and Software	3 years

Assets under construction are recorded in the applicable asset class in the year that they become available for use and are not amortized until they become available for use.

5. Parliamentary Authorities

The Canadian Human Rights Tribunal receives funding through expenditure authorities provided by Parliament. Items recognized in the Future-oriented Statement of Operations and Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Tribunal has different net results 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) Authorities requested

	Estimated	Forecast
	2011-2012	2012-2013
	(dollars)	
Vote 15 – Program expenditures	5,231,597	4,104,650
Statutory Amounts	414,781	405,970
Forecast authorities available	5,646,378	4,510,620

Authorities presented reflect current forecasts of statutory items, approved initiatives included and expected to be included in the Estimates documents, and when reasonable estimates can be made, estimates of amounts to be allocated for Treasury Board central votes.

b) Reconciliation of net cost of operations to requested authorities:

		Estimated 2011-2012	Forecast 2012-2013
		(in dollars)	
Net cost of operations		6,749,730	5,741,858
<i>Adjustments for items affecting net cost of operations but not affecting authorities</i>			
Add (Less):	Services provided without charge by other government departments	(1,140,503)	(1,138,272)
	Amortization of tangible capital assets	(32,716)	(33,667)
	(Loss) Gain on write-down of tangible capital assets	(8,339)	-
	Variation in vacation pay and compensatory leave	(66,613)	28,400
	Variation in employee future benefits	(29,464)	(97,699)
	Refunds of Prior Year's Expenses	74,939	-
	Revenue not available for spending	70	-
<i>Adjustments for items not affecting net cost of operations but affecting authorities</i>			
Add (Less):	Acquisitions of tangible capital assets	-	10,000
	Variation in prepaid assets	(296)	-
Forecast current year lapse		99,570	-
Forecast authorities available		5,646,378	4,510,620

6. Accounts Receivable and Advances

	Forecast 2011-2012	Forecast 2012-2013
	(dollars)	
Receivables from other Federal Government departments and agencies	4,680	4,680
Receivables from external parties	0	0
Employee Advances	500	500
Total	<u>5,180</u>	<u>5,180</u>

7. Accounts Payable and Accrued Liabilities

	Forecast 2011-2012	Forecast 2012-2013
	(dollars)	
Accounts payable to other Federal Government departments and agencies	170,000	168,000
Other accounts payable and accrued liabilities	196,000	196,000
Total	<u>366,000</u>	<u>364,000</u>

8. Tangible Capital Assets (in dollars)

Capital asset class	Cost				Accumulated amortization				Forecast 2012 Net book value	Forecast 2013 Net book value
	Opening balance	Acquisi- tions	Disposals and write- offs	Closing balance	Opening Balance	Amortiz- ation	Disposals and write- offs	Closing balance		
Machinery and equipment	12,796	0	0	12,796	(10,214)	(632)	0	(10,846)	1,950	1,318
Furniture and fixtures	21,863	0	0	21,863	(19,539)	(774)	0	(20,313)	1,550	776
Informatics hardware and software	608,933	0	(18,390)	590,543	(539,245)	(31,310)	10,051	(560,504)	30,039	7,778
Total	643,592	0	(18,390)	625,202	(568,998)	(32,716)	10,051	(591,663)	33,539	9,872

9. Employee Benefits

a) Pension benefits: Employees of the Canadian Human Rights Tribunal 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/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The forecast expenses are \$75,075 in 2011-2012 and \$73,481 in 2012-2013, representing the employer's matching share of contributions by employees.

The department's 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) Severance benefits: The Canadian Human Rights Tribunal 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. Information about the severance benefits, estimated as at December 31, is as follows:

	Forecast 2011-2012	Forecast 2012-2013
	(dollars)	
Accrued benefit obligation, beginning of year	385,951	415,415
Expense for the year	179,913	218,222
Benefits paid during the year	<u>(150,449)</u>	<u>(120,523)</u>
Accrued benefit obligation, end of year	<u>415,415</u>	<u>513,114</u>

10. Contractual Obligations

The nature of the Tribunal's activities can result in some large multi-year contracts and obligations whereby the department will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in dollars)	2011-2012	2012-2013 and onwards	Total
Goods and services	510,005	831,506	1,341,151

11. Related party transactions

As a result of common ownership, the Canadian Human Rights Tribunal is related to all Government of Canada departments, agencies, and Crown corporations. The Tribunal enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Canadian Human Rights Tribunal received common services which were obtained without charge from other government departments as disclosed in the following table:

Service Description	Forecast 2011-2012	Forecast 2012-2013
	(dollars)	
Accommodation	958,779	950,401
Employer's contribution to the health and dental insurance plans	181,724	187,871
Total	1,140,503	1,138,272

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as payroll and cheque issuance services provided by Public Works and Government Services Canada on behalf of the Receiver General and audit services provided by the Office of the Auditor General are not included as an expense in the Tribunal's Future-oriented Statement of Operations.

12. Segmented information

Presentation by segment is based on the Canadian Human Rights Tribunal's program activity architecture, and is based on the same accounting policies as described in the Summary of significant accounting policies (note 4). The following table presents the forecasted expenses incurred and the forecasted revenues generated by major object of expenses and by major type of revenues. The segmented results for the period are as follows:

(in dollars)	2012		2013	
	Total	Hearings of Complaints before the Tribunal	Internal Services	Total
Operating Expenses				
Salaries and Employee benefits	2,847,654	1,310,874	1,658,916	2,969,790
Professional and Special Services	2,119,783	542,130	719,870	1,262,000
Rentals	1,008,348	40,000	986,401	1,026,401
Travel and telecommunications	332,340	100,000	225,000	325,000
Other	223,896	-	-	0
Materials and Supplies	92,363	-	35,000	35,000
Repair and Maintenance	51,792	-	45,000	45,000
Information	40,908	-	45,000	45,000
Amortization	32,716	-	33,667	33,667
Total Operating Expenses	6,749,800	1,993,004	3,748,854	5,741,858
Total Expenses	6,749,800	1,993,004	3,748,854	5,741,858
Revenues				
Miscellaneous	70	0	0	0
Total Revenues	70	0	0	0
Net Cost of Operations	6,749,730	1,993,004	3,748,854	5,741,858