
Canadian Human Rights Tribunal
Notes to the Financial Statements (unaudited)
For the year ended March 31

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, new human rights issues, unexplored 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. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with the Treasury Board accounting policies stated below, which 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 differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

- a) **Parliamentary authorities** – The Canadian Human Rights Tribunal is primarily financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Canadian Human Rights 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 Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting.
- b) **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.

- c) Amounts due from/to the CRF are the result of timing differences at year-end between when a transaction affects the authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Canadian Human Rights Tribunal is entitled to draw from the CRF without further appropriations to discharge its liabilities.

d) Revenues

Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

- e) **Expenses** – Expenses are recorded on the accrual basis:

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

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

f) Employee future benefits

- i. **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer pension 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.
- 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. 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.

- g) **Accounts and loans receivable** are stated at the lower of cost and net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

- h) Tangible capital assets** – All tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded at their acquisition cost. The Canadian Human Rights 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 collections.

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 & software | 3 years |

- i) Measurement uncertainty** —The preparation of these financial statements 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 most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ 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.

3. Parliamentary Authorities

The Canadian Human Rights Tribunal receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Canadian Human Rights 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) Reconciliation of net cost of operations to current year authorities used:

| | | 2011 | 2010 |
|---|--|------------------|------------------|
| | | (in dollars) | |
| Net cost of operations | | 5,589,537 | 5,410,850 |
| Adjustments for items affecting net cost of operations but not affecting authorities: | | | |
| | Services provided without charge | (1,117,823) | (1,130,008) |
| | Amortization of tangible capital assets | (82,655) | (56,366) |
| | Variation in vacation pay and compensatory leave | (7,704) | (11,273) |
| | Variation in employee future benefits | 54,044 | 67,197 |
| | Revenue not available for spending | 90 | 55 |
| | Refund of previous year expenses | 742 | 3,743 |
| Adjustments for items not affecting net cost of operations but affecting authorities: | | | |
| | Acquisitions of tangible capital assets | 0 | 30,482 |
| | Variation in prepaid expenses | 296 | 0 |
| Current year authorities used | | 4,436,527 | 4,314,680 |

b) Authorities provided and used

| | Authorities Provided | |
|---|-----------------------------|------------------|
| | 2011 | 2010 |
| | (in dollars) | |
| Vote 15 – Program expenditures | 4,452,615 | 4,500,721 |
| Statutory Amounts | 324,558 | 377,254 |
| Less: | | |
| Lapsed appropriations: Operating | (340,646) | (563,295) |
| Current year appropriations used | 4,436,527 | 4,314,680 |

4. Accounts Receivable and Advances

The following table presents details of the Canadian Human Rights' accounts receivable and advance balances:

| | 2011 | 2010 |
|--|----------------|---------------|
| | (in dollars) | |
| Receivables from other government departments and agencies | 96,052 | 5,489 |
| Receivables from external parties | 4,799 | 5,230 |
| Employee Advances | 500 | 500 |
| Total | <u>101,351</u> | <u>11,219</u> |

5. Tangible Capital Assets (in dollars)

| Capital asset class | Cost | | | | Accumulated amortization | | | | Net Book Value | |
|-----------------------------------|-----------------|--------------|--------------------------|-----------------|--------------------------|--------------|--------------------------|-----------------|----------------|---------|
| | Opening balance | Acquisitions | Disposals and write-offs | Closing balance | Opening Balance | Amortization | Disposals and write-offs | Closing balance | 2011 | 2010 |
| Machinery and equipment | 12,796 | 0 | 0 | 12,796 | (9,136) | (1,078) | 0 | (10,214) | 2,582 | 3,660 |
| Furniture and fixtures | 21,863 | 0 | 0 | 21,863 | (18,764) | (774) | 0 | (19,538) | 2,325 | 3,099 |
| Informatics hardware and software | 608,932 | 0 | 0 | 608,932 | (458,443) | (80,803) | 0 | (539,246) | 69,686 | 150,490 |
| Total | 643,591 | 0 | 0 | 643,591 | (486,343) | (82,655) | 0 | (568,998) | 74,593 | 157,249 |

6. Accounts Payable and Accrued Liabilities

The following table presents details of the Canadian Human Rights' accounts payable and accrued liabilities:

| | 2011 | 2010 |
|---|-----------------------|-----------------------|
| | (in dollars) | |
| Accounts payable to other government departments and agencies | 154,437 | 110,386 |
| Accounts payable to external parties | 315,414 | 134,951 |
| | <u>469,851</u> | <u>245,337</u> |
| Accrued liabilities | 55,503 | 29,388 |
| Total | <u><u>525,354</u></u> | <u><u>274,725</u></u> |

7. Employee Future 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. 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 2010-11 expense amounts to \$227,840 (\$272,378 in 2009-10), which represents approximately 1.9 times (1.9 in 2009-10) the 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 authorities. Information about the severance benefits, measured as at March 31, is as follows:

| | 2011 | 2010 |
|---|-----------------------|-----------------------|
| | (in dollars) | |
| Accrued benefit obligation, beginning of year | 439,995 | 507,192 |
| Expense for the year | 17,544 | 38,010 |
| Benefits paid during the year | (71,588) | (105,207) |
| Accrued benefit obligation, end of year | <u><u>385,951</u></u> | <u><u>439,995</u></u> |

8. Contractual Obligations

The nature of the Canadian Human Rights Tribunal 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:

| | 2012 | 2013 and thereafter | Total (in dollars) |
|--------------------|---------|---------------------|--------------------|
| Goods and services | 207,852 | 0 | 207,852 |

9. Related party transactions

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

Common services provided without charge by other government departments:

During the year the Canadian Human Rights Tribunal received without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Canadian Human Rights Tribunal Statement of Operations as follows:

| | 2011 | 2010 |
|--|--------------|-----------|
| | (in dollars) | |
| Accommodation | 951,368 | 946,857 |
| Employer's contribution to the health and dental insurance plans | 166,455 | 183,151 |
| Total | 1,117,823 | 1,130,008 |

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 the payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included in the Canadian Human Rights Tribunal's Statement of Operations.

10. Adoption of new accounting policies

During the year, the Canadian Human Rights Tribunal adopted the revised Treasury Board accounting policy TBAS 1.2: department and Agency Financial Statements which is effective for the Canadian Human Rights Tribunal for the 2010-11 fiscal year. The major change in the accounting policies required by the adoption of the revised TBAS1.2 is the recording of amounts due from the Consolidated Revenue fund as an asset on the Statement of Financial Position.

The adoption of the new Treasury Board accounting policies have been accounted for retroactively with the following impact on comparatives for 2009-2010:

| | 2010 | | 2010 |
|----------------------------------|-----------------------------|--------------------------|-----------------|
| | As previously stated | Effect of changes | Restated |
| | (in dollars) | | |
| Statement of Financial Position: | | | |
| Assets | 183,478 | 268,736 | 452,214 |
| Equity of Canada | (629,630) | 268,736 | (360,894) |