

**SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL**

**FINANCIAL STATEMENTS**

For the year ended March 31, 2013



## INDEPENDENT AUDITOR'S REPORT

To the Social Sciences and Humanities Research Council and the Minister of Industry

I have audited the accompanying financial statements of the Social Sciences and Humanities Research Council, which comprise the statement of financial position as at 31 March 2013, and the statement of operations and net financial position, statement of change in net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Social Sciences and Humanities Research Council as at 31 March 2013, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Marise Bédard, CPA, CA  
Principal  
for the Auditor General of Canada

17 June 2013  
Ottawa, Canada

## **Statement of Management Responsibility Including Internal Control Over Financial Reporting**

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2013 and all information contained in these statements rests with the management of the Social Sciences and Humanities Research Council (SSHRC). These financial statements have been prepared by management using the government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, with due consideration given to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of SSHRC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in SSHRC's *Departmental Performance Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout SSHRC; and through the conducting of an annual risk-based assessment of the effectiveness of the ICFR system.

The ICFR system is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess the effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the ICFR system for the year ended March 31, 2013 was completed in accordance with the Treasury Board *Policy on Internal Control*. The results and action plans are summarized in the annex.

The Office of the Auditor General, the independent auditor for the Government of Canada, has expressed an opinion on the fair presentation of the financial statements of SSHRC that does not include an audit opinion on the annual assessment of the effectiveness of SSHRC's internal controls over financial reporting.

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Chad Gaffield, PhD, FRSC  
President

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Jaime W. Pitfield  
Chief Financial Officer

Ottawa, Canada

June 17, 2013

# SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

## Statement of Financial Position

As at March 31

(thousands of dollars)

	<u>2013</u>	<u>2012</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities [Note 4]	2,346	2,439
Vacation pay and compensatory leave	860	906
Deferred Revenue [Note 5]	502	496
Employee future benefits [Note 6]	619	3,395
<b>Total net liabilities</b>	<u>4,327</u>	<u>7,236</u>
<b>Financial assets</b>		
Due from the Consolidated Revenue Fund	2,288	2,664
Accounts receivable [Note 7]	1,489	1,503
Advances	15	11
<b>Total net financial assets</b>	<u>3,792</u>	<u>4,178</u>
<b>Net debt</b>	<u>535</u>	<u>3,058</u>
<b>Non-financial assets</b>		
Prepaid expenses	209	186
Tangible capital assets [Note 8]	2,367	1,281
<b>Total non-financial assets</b>	<u>2,576</u>	<u>1,467</u>
<b>Net financial position [Note 9]</b>	<u>2,041</u>	<u>(1,591)</u>

Contractual obligations [Note 10]

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

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Chad Gaffield, PhD, FRSC  
President

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Jaime W. Pitfield  
Chief Financial Officer

Ottawa, Canada

June 17, 2013

**SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL**

**Statement of Operations and Net Financial Position**

**For the year ended March 31**

(thousands of dollars)

	2013 Planned Results	2013	2012
<b>Expenses</b>			
Indirect Costs of Research	332,855	332,096	332,161
Talent	178,319	169,968	176,897
Insight	130,358	139,211	130,875
Connection	30,692	35,320	41,157
Internal Services	20,241	17,655	19,976
Expenses incurred on behalf of Government	0	0	(1)
<b>Total Expenses</b>	692,465	694,250	701,065
<b>Revenues</b>			
Miscellaneous revenues	0	8	2
Revenues earned on behalf of Government	0	(8)	(2)
<b>Total Revenues</b>	0	0	0
<b>Net cost of operations before government funding and transfers</b>	692,465	694,250	701,065
<b>Government funding and transfers</b>			
Net cash provided by Government of Canada	691,120	693,812	696,695
Change in due from the Consolidated Revenue Fund	0	(376)	(308)
Common services provided without charge by other government departments [Note 11a)]	4,322	4,446	4,063
Transfer of assets to other government departments	0	0	(12)
<b>Net cost of operations after government funding and transfers</b>	(2,977)	(3,632)	627
<b>Net financial position - Beginning of year</b>	(1,017)	(1,591)	(964)
<b>Net financial position - End of year</b>	1,960	2,041	(1,591)

Segmented information [Note 12]

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

**SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL**

**Statement of Change in Net Debt  
For the year ended March 31  
(thousands of dollars)**

	2013 Planned Results	2013	2012
<b>Net cost of operations after government funding and transfers</b>	(2,977)	(3,632)	627
<b>Change due to tangible capital assets</b>			
Acquisition of tangible capital assets	969	1,493	412
Amortization of tangible capital assets	(494)	(400)	(647)
Proceeds from disposal of tangible capital assets	0	(13)	0
Net gain (loss) on disposal of tangible capital assets including adjustments	0	6	(3)
Transfer of assets to other government departments	0	0	(12)
<b>Total change due to tangible capital assets</b>	475	1,086	(250)
<b>Change due to prepaid expenses</b>	0	23	12
<b>Net increase (decrease) in net debt</b>	(2,502)	(2,523)	389
<b>Net debt - Beginning of year</b>	3,004	3,058	2,669
<b>Net debt - End of year</b>	502	535	3,058

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

**SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL**

**Statement of Cash Flows**  
**For the year ended March 31**  
(thousands of dollars)

	2013	2012
<b>Operating activities</b>		
Net cost of operations before government funding and transfers	694,250	701,065
Non-cash items:		
Amortization of tangible capital assets [Note 8]	(400)	(647)
Gain (loss) on disposal of tangible capital assets	6	(3)
Common services provided without charge by other government departments [Note 11a]	(4,446)	(4,063)
Variations in Statement of Financial Position:		
Decrease in accounts receivable	(14)	(732)
Increase (decrease) in advances	4	(8)
Increase in prepaid expenses	23	12
Decrease in accounts payable and accrued liabilities	93	714
Decrease (increase) in vacation pay and compensatory leave	46	(181)
Increase in deferred revenue	(6)	(4)
Decrease in employee future benefits	2,776	130
<b>Cash used in operating activities</b>	<b>692,332</b>	<b>696,283</b>
<b>Capital investing activities</b>		
Acquisition of tangible capital assets	1,493	412
Proceeds from disposal of tangible capital assets	(13)	0
<b>Cash used in capital investing activities</b>	<b>1,480</b>	<b>412</b>
<b>Financing activities</b>	0	0
<b>Net cash provided by Government of Canada</b>	<b>693,812</b>	<b>696,695</b>

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



# **SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended March 31**

### **1. Authority and Objectives**

The Social Sciences and Humanities Research Council (SSHRC) was established in 1977 by the *Social Sciences and Humanities Research Council Act*, and is a departmental corporation named in Schedule II to the *Financial Administration Act*. SSHRC's purpose is to promote and assist research and scholarship in the social sciences and humanities. SSHRC's grants, scholarships and operating expenditures are funded by budgetary lapsing authorities. Employee benefits are funded by statutory authorities. SSHRC delivers its objectives under five programs:

#### **a) Indirect Costs of Research**

This program provides support to institutions in the form of grants in the social sciences and humanities, natural sciences and engineering, and health. This program is necessary to build institutional capacity for the conduct of research and research-related activities to maximize the investment of publicly funded academic research. This program helps to offset the central and departmental administrative costs that institutions incur in supporting research, which are not attributable to specific research projects.

#### **b) Talent**

This program provides support to graduate students and postdoctoral fellows in the form of fellowships, and to researchers in postsecondary institutions in the form of grants that cover salary and the direct costs of research. This program is necessary in order to attract, retain and develop talent in the social sciences and humanities, to cultivate leaders within academia and across the public, private and not-for-profit sectors, and to build centres of world-class research excellence at Canadian postsecondary institutions.

#### **c) Insight**

This program provides grants to support research in the social sciences and humanities conducted by scholars and researchers working as individuals, in teams and in formal partnerships among the academic, public, private and/or not-for-profit sectors and to support the building of institutional research capacity. This program is necessary to build knowledge and understanding about people, societies and the world, as well as to inform the search for solutions to societal challenges.

#### **d) Connection**

This program provides funding (grants and operational) to support the multidirectional flow, exchange and co-creation of knowledge in the social sciences and humanities among researchers and diverse groups of policy-makers, business leaders, community groups, educators and the media working as individuals, in teams, in formal partnerships and in networks. This program is necessary to help stimulate leading-edge, internationally competitive research in areas critical to Canada, build multisectoral partnerships and accelerate the use of multidisciplinary research results by organizations that can harness them for Canadian economic and social development.

#### e) Internal Services

Internal Services provide support to the organization as whole in the form of operation and maintenance funds. They are necessary to support the delivery of programs and other corporate obligations. Internal Services include activities such as resource management, governance and asset management that apply across the organization, rather than those that support a specific program.

## 2. Summary of Significant Accounting Policies

These financial statements have been prepared using the government's accounting policies stated below, which are 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) Parliamentary authorities

SSHRC is financed by the government through parliamentary authorities. Financial reporting of authorities provided to SSHRC 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 Financial Position and in the Statement of Operations and Net Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the Statement of Operations and Net Financial Position as well as the Statement of Change in Net Debt are the amounts reported in the future-oriented financial statements included with SSHRC's *2012-13 Report on Plans and Priorities*.

Liquidity risk is the risk that the SSHRC will encounter difficulty in meeting its obligations associated with financial liabilities. SSHRC's objective for managing liquidity risk is to manage operations and cash expenditures within the appropriation authorized by Parliament or allotment limits approved by the Treasury Board.

Each year, SSHRC presents information on planned expenditures to Parliament through the tabling of Estimates publications. These estimates result in the introduction of supply bills (which, once passed into legislation, become appropriation acts) in accordance with the reporting cycle for government expenditures. SSHRC exercises expenditure initiation processes such that unencumbered balances of budget allotments and appropriations are monitored and reported on a regular basis to help ensure sufficient authority remains for the entire period and appropriations are not exceeded.

Consistent with Section 32 of the *Financial Administration Act*, SSHRC's policy to manage liquidity risk is that no contract or other arrangement providing for a payment shall be entered into with respect to any program for which there is an appropriation by Parliament or an item included in estimates then before the House of Commons to which the payment will be charged unless there is a sufficient unencumbered balance available out of the appropriation or item to discharge any debt that, under the contract or other arrangement, will be incurred during the fiscal year in which the contract or other arrangement is entered into.

SSHRC's risk exposure and its objectives, policies and processes to manage and measure this risk did not change significantly from the prior year.

b) Net cash provided by government of Canada

SSHRC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by SSHRC is deposited to the CRF, and all cash disbursements made by SSHRC 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 the Consolidated Revenue Fund

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 SSHRC is entitled to draw from the CRF without further authorities to discharge its liabilities. This amount is not considered to be a financial instrument.

d) Revenues

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

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred.

Revenues that are non-respendable are not available to discharge SSHRC's liabilities. While the President is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the government and are therefore presented in reduction of the entity's gross revenues.

e) Expenses

Expenses are recorded on the accrual basis.

Grants and scholarships are recognized in the year in which the entitlement of the recipient has been established, when the recipient has met the eligibility criteria, the commitment has been approved, and the payment is due before the end of the fiscal year.

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, audit services and employer contributions 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. SSHRC's contributions to the Plan are charged to expenses in the year incurred and represent SSHRC's total obligation to the Plan. SSHRC'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, the Plan's sponsor.

(ii) Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. 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 receivables

Accounts receivables are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables where recovery is considered uncertain.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. SSHRC is not exposed to significant credit risk. Accounts receivable are due on demand. The majority of accounts receivable are due from Canadian universities and other government of Canada departments and agencies where there is minimal potential risk of loss. The maximum exposure the entity has to credit risk equal to the carrying value of its accounts receivables.

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. SSHRC does not capitalize intangibles.

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
Informatics equipment, including standard software issued on desktop computers	3 years
Purchased network software and in-house developed software	5 years
Other equipment	5 years
Furniture	7 years
Motor vehicles	7 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement

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

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 future 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, are recorded in the financial statements in the year in which they become known.

### 3. Parliamentary Authorities

SSHRC receives its funding through annual parliamentary authorities. Items recognized in the Statement of Financial Position and in the Statement of Operations and Net Financial Position one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, SSHRC has a 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 current year authorities used:

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Net cost of operations before government funding and transfers	694,250	701,065
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(400)	(647)
Gain (loss) on disposal of tangible capital assets	6	(3)
Services provided without charge by other government department:	(4,446)	(4,063)
Decrease (increase) in vacation pay and compensatory leave	46	(181)
Decrease in employee future benefits	2,776	130
Refunds of prior years' expenditures	2,691	1,128
Other adjustments	<u>0</u>	<u>(1)</u>
Total items affecting net cost of operations but not affecting authorities	694,923	697,428
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	1,493	412
Proceeds from disposal of tangible capital asset	(13)	0
Increase in prepaid expenses	<u>23</u>	<u>12</u>
Total items not affecting net cost of operations but affecting authorities	1,503	424
<b>Current year authorities used</b>	<u><u>696,426</u></u>	<u><u>697,852</u></u>

## b) Authorities provided and used

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Authorities provided:		
Vote 95 - Grants	670,769	671,107
Less: Lapse	<u>(2,118)</u>	<u>(108)</u>
Grants expenditures	668,651	670,999
Vote 90 – Operating expenditures	26,054	24,981
Less: Operating lapse	(973)	(922)
Frozen allotment	<u>(257)</u>	<u>(123)</u>
Operating expenditures	24,824	23,936
Statutory contributions to employee benefit plans	2,951	2,917
<b>Current year authorities used</b>	<u><u>696,426</u></u>	<u><u>697,852</u></u>

## 4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are measured at cost, the majority of which are due within six months of year-end.

The following table presents details of SSHRC's accounts payable and accrued liabilities:

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Accounts payable - Other government departments and agencies	1,035	937
Accounts payable - External parties	<u>766</u>	<u>774</u>
Total accounts payable	1,801	1,711
Accrued liabilities	545	728
<b>Total accounts payable and accrued liabilities</b>	<u><u>2,346</u></u>	<u><u>2,439</u></u>

## 5. Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming from amounts received from external parties and are restricted in order to fund the expenditures related to specific research projects and stemming from amounts received for fees prior to services being performed. Revenue is recognized in the period in which these expenditures are incurred or in which the service is performed. Details of the transactions related to this account are as follows:

### a) Queen's Fellowship Endowment Fund

The Queen's Fellowship Endowment Fund consists of a \$250,000 endowment that is restricted for specific purposes in the net financial position (see Note 9). The interest generated on the endowment is used to fund scholarships to graduate students in certain fields of Canadian studies. Details of the transactions related to the endowment are as follows:

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
<b>Opening balance</b>	109	107
Interest Received	<u>4</u>	<u>2</u>
<b>Closing balance</b>	<u><u>113</u></u>	<u><u>109</u></u>

### b) Restricted gifts, donations and bequests

Private restricted gifts, donations and bequests consist of funds received for social sciences and humanities research activity special projects. These funds and interest generated thereon are earmarked for these projects. Details of the operations related to the restricted gifts, donations and bequests are as follows:

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
<b>Opening balance</b>	387	385
Interest Received	<u>2</u>	<u>2</u>
<b>Closing balance</b>	<u><u>389</u></u>	<u><u>387</u></u>

## 6. Employee Future Benefits

### a) Pension benefits

SSHRC's employees 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 two per cent 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 are indexed to inflation.

Both the employees and SSHRC contribute to the cost of the Plan. The 2012-13 expense amounts to \$ 2,107,075 (\$2,097,681 in 2011-12), which represents approximately 1.7 times (1.8 times in 2011-12) the contributions by employees.

SSHRC'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, the Plan's sponsor.

**b) Severance benefits**

SSHRC provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities.

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation. Information about the severance benefits, measured as at March 31, is as follows:

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
<b>Accrued benefit obligation - Beginning of year</b>	3,395	3,526
Expense (gain) for the year	(355)	431
Benefits paid during the year	<u>(2,421)</u>	<u>(562)</u>
<b>Accrued benefit obligation - End of year</b>	<u><u>619</u></u>	<u><u>3,395</u></u>

**7. Accounts Receivable**

The following table presents details of SSHRC's accounts receivable balances:

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Receivables - Other government departments and agencies	544	261
Receivables - External parties	<u>945</u>	<u>1,243</u>
Subtotal	1,489	1,504
Allowance for doubtful accounts on receivables from external parties	0	(1)
<b>Net accounts receivable</b>	<u><u>1,489</u></u>	<u><u>1,503</u></u>



**8. Tangible Capital Assets**  
(thousands of 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	2013	2012
Informatics	2,974	42	(20)	2,996	2,651	217	(20)	2,848	148	323
Software	1,402	29	0	1,431	1,225	72	0	1,297	134	177
Other equipment	212	28	0	240	208	3	0	211	29	4
Furniture	2,056	0	(3)	2,053	1,577	104	(3)	1,678	375	479
Leasehold improvements	1,374	3	0	1,377	1,374	0	0	1,374	3	0
Motor vehicles	58	0	(31)	27	24	4	(24)	4	23	34
Assets under construction	264	1,391	0	1,655	0	0	0	0	1,655	264
<b>Total</b>	<b>8,340</b>	<b>1,493</b>	<b>(54)</b>	<b>9,779</b>	<b>7,059</b>	<b>400</b>	<b>(47)</b>	<b>7,412</b>	<b>2,367</b>	<b>1,281</b>

## 9. Net Financial Position

A portion of SSHRC's net financial position is used for a specific purpose. Related revenues and expenses are included in the Statement of Operations and Net Financial Position.

The Queen's Fellowship Endowment Fund is an endowment of \$250,000 established by Parliament by Vote 45a, *Appropriation Act No. 5*, in 1973-74. The interest generated from the endowment is included in deferred revenue [see Note 5 a)]. The endowment itself does not represent a liability to third parties but is restricted for special purposes. Activity in the account is as follows:

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Queen's Fellowship Endowment Fund	250	250
Net financial position excluding Endowment Fund	<u>1,791</u>	<u>(1,841)</u>
Net financial position	<u><u>2,041</u></u>	<u><u>(1,591)</u></u>

## 10. Contractual Obligations

Payments of grants and scholarships extending into future years are subject to the provision of funds by Parliament. As of March 31, 2013, the commitments for future years' awards, including \$332,403,000 in 2013-14 for the Indirect Costs Program, are payable as follows:

	(thousands of dollars)
2013-14	636,031
2014-15	193,726
2015-16	120,951
2016-17	70,767
2017-18 and subsequent years	<u>45,752</u>
<b>Total</b>	<u><u>1,067,227</u></u>

In addition, the nature of SSHRC's operating activities can result in some large multiyear contracts and obligations whereby SSHRC will be committed to make future payments when the services or goods are rendered. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	(thousands of dollars)
2013-14	36
2014-15	10
2015-16	0
2016-17	0
2017-18 and subsequent years	<u>0</u>
<b>Total</b>	<u><u>46</u></u>

## 11. Related Party Transactions

SSHRC is related as a result of common ownership to all government departments, agencies and Crown corporations. SSHRC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, SSHRC received common services that were obtained without charge by other government departments as disclosed below.

### a) Common services provided without charge by other government departments

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

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Accommodations	2,879	2,512
Employer's contribution to the health and dental insurance plans	1,476	1,461
Audit Services	91	90
<b>Total</b>	<u><u>4,446</u></u>	<u><u>4,063</u></u>

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 are not included in SSHRC's Statement of Operations and Net Financial Position.

### b) Administration of programs on behalf of other government departments

SSHRC administers funds received from other government departments and agencies to issue grants, scholarships and related payments on their behalf. During the year, SSHRC administered \$230,178,892 (\$231,670,279 in 2011-12) in funds for grants and scholarships. These expenses are reflected in the financial statements of the departments or agencies that provided the funds and are not recorded in these financial statements.

## 12. Segmented Information

Presentation by segment is based on SSHRC's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in Note 2. The following table presents the expenses incurred for the main program, by major object of expenses. The segment results for the period are as follows:

	Indirect Costs	Talent	Insight	Connection	Internal Services	2013 Total	2012 Total
(thousands of dollars)							
<b>Transfer payments</b>							
Grants & Scholarships	331,630	165,774	135,005	33,722	0	666,131	669,937
<b>Operating expenses</b>							
Salaries and employee benefits	391	3,823	3,663	1,465	10,712	20,054	22,386
Accommodation and rentals	0	1	2	0	3,264	3,267	2,767
Professional and special services	34	162	101	43	2,247	2,587	3,455
Transportation and communications	36	179	433	83	410	1,141	1,102
Amortization of tangible capital assets	0	0	0	0	400	400	647
Information	5	29	7	7	318	366	286
Utilities, materials and supplies	0	0	0	0	276	276	412
Repair and maintenance	0	0	0	0	28	28	71
Loss on disposal of tangible capital assets	0	0	0	0	0	0	3
Expenses incurred on behalf of government	0	0	0	0	0	0	(1)
<b>Total operating expenses</b>	466	4,194	4,206	1,598	17,655	28,119	31,128
<b>Total expenses</b>	332,096	169,968	139,211	35,320	17,655	694,250	701,065
<b>Revenues</b>							
Miscellaneous revenues	0	2	0	0	6	8	2
Revenues earned on behalf of government	0	(2)	0	0	(6)	(8)	(2)
<b>Total revenues</b>	0	0	0	0	0	0	0
<b>Net cost from continuing operations</b>	332,096	169,968	139,211	35,320	17,655	694,250	701,065

### **13. Comparative Information**

Comparative figures have been reclassified to conform to the current year's presentation.