

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

**FUTURE-ORIENTED
STATEMENT OF OPERATIONS**

For the year ended March 31, 2012

Statement of Management Responsibility

Management is responsible for this future-oriented statement of operations, including responsibility for the appropriateness of the assumptions on which this statement is prepared. This statement is based on the best information available and assumptions adopted as at December 15, 2010 and reflect the plans described in the Report on Plans and Priorities.

Approved by:

Chad Gaffield, PhD, FRSC
President

Jaime Pitfield
Vice-President, Common Administrative Services
Chief Financial Officer

Ottawa, Canada

Date: _____

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Future-Oriented Statement of Operations For the year ended March 31 (in thousands of dollars)

| | Estimated Results 2011 | Forecast 2012 |
|--|---------------------------------------|------------------------------|
| | <u>2011</u> | <u>2012</u> |
| Expenses | | |
| Indirect Costs of Research | 329,699 | 322,729 |
| Fellowships, Scholarships and Prizes | 120,193 | 120,574 |
| Investigator-Framed Research | 82,296 | 87,778 |
| Canada Research Chairs | 61,118 | 61,093 |
| Strategic Research Development | 29,313 | 31,014 |
| Research Networking | 23,412 | 24,322 |
| Internal Services | 21,180 | 20,241 |
| Targeted Research and Training Initiatives | 20,135 | 9,837 |
| Research Dissemination and Knowledge Translation | 7,232 | 7,615 |
| Total expenses | <u>694,578</u> | <u>685,203</u> |
| Net cost of operations | <u><u>694,578</u></u> | <u><u>685,203</u></u> |

Information for the year ended March 31, 2011 includes actual amounts from April 1, 2010 to October 31, 2010.

Segmented information (Note 8)

The accompanying notes form an integral part of this future-oriented statement of operations

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Notes to the future-oriented statement of operations

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 objective is to promote and assist research and scholarship in the social sciences and humanities. SSHRC delivers its objective through nine program activities which are described in the Report on Plans and Priorities.

SSHRC's grants, scholarships and operating expenditures are funded by budgetary lapsing authorities. Employee benefits are funded by statutory authorities.

2. Significant assumptions

The future-oriented statement of operations has been prepared on the basis of the government priorities and the plans of SSHRC as described in the Report on Plans and Priorities.

The main assumptions are as follows:

- (a) SSHRC's activities will remain substantially the same as for the previous year.
- (b) Expenses, including the determination of amounts internal and external to the government, are based on historical experience. The general historical pattern is expected to continue.

These assumptions are adopted as at December 15, 2010.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2010-2011 and for 2011-2012, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing this statement of operations SSHRC has made estimates and 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 historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The factor that could lead to material differences between the future-oriented statement of operations and the historical statements of operations include:

- (a) Further changes to the budget through additional new initiatives or technical adjustments later in the year.

Once the Report on Plans and Priorities is presented, SSHRC will not be updating the forecasts for any changes to authorities or forecast financial information made in ensuing supplementary estimates.

4. Summary of significant accounting policies

The future-oriented statement of operations has 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:

SSHRC is financed by the Government of Canada through Parliamentary authorities. The cash accounting basis is used to recognize transactions affecting parliamentary authorities. The future-oriented statement of operations is based on accrual accounting. Consequently, items presented in this future-oriented statement of operations is not necessarily the same as the one provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.

b) Expenses are presented on an 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.
- Services provided without charge by other government departments and agencies for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

c) Employee future benefits

Pension benefits: Eligible employees of SSHRC participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. SSHRC's contributions to the Plan are charged to expenses in the year incurred and represent SSHRC's total obligation to the Plan. Current legislation does not require SSHRC to make contributions for any actuarial deficiencies of the Plan.

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 of Canada as a whole.

d) Tangible capital assets

All tangible capital and leasehold improvements with an acquisition cost of \$2,500 or more are capitalized at cost as well as the standard furniture, equipment and desktop personal computer assigned to each employee due to the material number of such items. SSHRC does not capitalize intangibles.

Amortization of capital assets is done on a straight-line basis over the estimated useful life of the capital 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 vehicle | 7 years |
| Leasehold improvements | Lesser of their useful life or the term of the lease |

5. Parliamentary Authorities

SSHRC receives most of its funding through expenditure authorities provided by Parliament. Items recognized in the statement of operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, SSHRC 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 2011 | Forecast 2012 |
|----------------------------------|---------------------------|------------------|
| | (in thousands of dollars) | |
| Authorities requested | | |
| Vote 90 – Operating Expenditures | 25,343 | 23,485 |
| Vote 95 – Grants & Scholarships | 662,698 | 654,690 |
| Statutory amounts | <u>2,927</u> | <u>2,929</u> |
| Forecast authorities available | <u>690,968</u> | <u>681,104</u> |

Forecast authorities requested for the year ending March 31, 2012 include the planned spending amounts presented in the 2011-2012 Report on Plans and Priorities and estimates of amounts to be allocated at year-end from Treasury Board central votes. Estimated authorities requested for the year ending March 31, 2011 include amounts presented in the 2010-2011 Main Estimates and Supplementary Estimates (A) and (B), planned for presentation in

Supplementary Estimates (C) and estimates of amounts to be allocated at year-end from Treasury Board central votes.

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

| | Estimated 2011 | Forecast 2012 |
|--|---------------------------|------------------|
| | (in thousands of dollars) | |
| Net cost of operations | 694,578 | 685,203 |
| Adjustments for items affecting net cost of operations but not affecting appropriations: | | |
| Services provided without charge by other government departments | (3,773) | (3,961) |
| Amortization of tangible capital assets | (630) | (480) |
| Decrease (increase) in employee future benefits | 373 | (23) |
| Adjustment for item not affecting net cost of operations but affecting authorities: | | |
| Acquisitions of tangible capital assets | 420 | 365 |
| Forecast authorities available | 690,968 | 681,104 |

6. Employee benefits

Employees of SSHRC are entitled to specific benefits on or after termination or retirement, as provided for under various collective agreements or conditions of employment.

a) Pension benefits

SSHRC's employees 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 Plan benefits and are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The forecast expenses are \$2,090,912 in 2010-2011 and \$2,114,738 in 2011-2012, representing approximately 1.7 times the contributions of 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 of Canada, as the Plan's sponsor.

b) Severance benefits

SSHRC 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 severance benefits, estimated as at the date of this statement of operations, is as follows:

| | Estimated Results 2011 | Forecast 2012 |
|---|------------------------------|------------------|
| | (in thousands of dollars) | |
| Accrued benefit obligation, beginning of year | 3,674 | 3,301 |
| Expense for the year | (73) | 273 |
| Expected benefits payments during the year | (300) | (250) |
| Accrued benefit obligation, end of year | <u>3,301</u> | <u>3,324</u> |

7. Related party transactions

SSHRC is related, as a result of common ownership, to all Government of Canada 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 which were obtained without charge from other Government departments as disclosed below.

a) Common provided without charge by other government departments

During the year, SSHRC is forecasted to receive without charge from other government departments accommodation, audit services and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the future-oriented statement of operations as follows:

| | Estimated Results 2011 | Forecast 2012 |
|--|------------------------------|------------------|
| | (in thousands of dollars) | |
| Accommodations provided by Public Works and Government Services Canada | 2,320 | 2,519 |
| Audit Services provided by the Office of the Auditor General | 88 | 88 |
| Contributions covering the employer's share of employees' medical and dental insurance premiums provided by Treasury Board Secretariat | 1,365 | 1,354 |
| Total | <u>3,773</u> | <u>3,961</u> |

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included as an expense in SSHRC's statement of operations.

b) Administration of programs on behalf of other government departments

SSHRC administers funds received from other federal government departments and agencies to issue grants, scholarships and related payments on their behalf. SSHRC estimates that it will administer \$231,681,255 in 2011-2012 (\$220,814,588 in 2010-2011) in funds for grants and scholarships. These expenses are not reflected in SSHRC's statement of operations but rather are recorded in the statement of operations of the departments or agencies that provided the funds

SSHRC also recovers administrative fees in some circumstances where a significant administrative burden is incurred by SSHRC for the administration of certain funds on behalf of other federal government departments and agencies. SSHRC estimates to recover \$128,600 in 2011-2012 (\$128,600 in 2010-2011). These estimated amounts were netted against SSHRC's operating expenses.

8. Segmented information
(in thousands of dollars)

| | 2011 | 2012 | | | | | | | | | |
|-----------------------------------|---------|----------------------------|--------------------------------------|------------------------------|-----------------------|--------------------------------|---------------------|-------------------|--|--|---------|
| | TOTAL | Indirect Costs of Research | Fellowships, Scholarships and Prizes | Investigator-Framed Research | Canada Research Chair | Strategic Research Development | Research Networking | Internal Services | Targeted Research and Training Initiatives | Research Dissemination and Knowledge Translation | TOTAL |
| Transfer payments | | | | | | | | | | | |
| Grants & Scholarships | 662,698 | 322,403 | 118,829 | 84,407 | 59,205 | 30,189 | 23,990 | 0 | 8,350 | 7,317 | 654,690 |
| Total transfer payments | | | | | | | | | | | |
| Operating expenses | | | | | | | | | | | |
| Salaries and employee benefits | 21,075 | 278 | 1,605 | 2,958 | 1,411 | 702 | 296 | 12,361 | 1,257 | 263 | 21,131 |
| Transportation and communications | 1,813 | 10 | 104 | 316 | 147 | 75 | 15 | 571 | 136 | 16 | 1,390 |
| Information | 573 | 0 | 1 | 3 | 28 | 2 | 2 | 442 | 4 | 2 | 484 |
| Professional and special services | 4,804 | 38 | 31 | 65 | 289 | 43 | 17 | 3,246 | 87 | 15 | 3,831 |
| Accommodation and rentals | 2,513 | 0 | 4 | 29 | 13 | 3 | 2 | 2,685 | 2 | 2 | 2,740 |
| Repair and maintenance | 275 | 0 | 0 | 0 | 0 | 0 | 0 | 303 | 0 | 0 | 303 |
| Utilities, materials and supplies | 197 | 0 | 0 | 0 | 0 | 0 | 0 | 153 | 1 | 0 | 154 |
| Amortization | 630 | 0 | 0 | 0 | 0 | 0 | 0 | 480 | 0 | 0 | 480 |
| Total operating expenses | 31,880 | 326 | 1,745 | 3,371 | 1,888 | 825 | 332 | 20,241 | 1,487 | 298 | 30,513 |
| Total expenses | 694,578 | 322,729 | 120,574 | 87,778 | 61,093 | 31,014 | 24,322 | 20,241 | 9,837 | 7,615 | 685,203 |