

POLAR KNOWLEDGE CANADA

Future-Oriented Statement of Operations (unaudited)

for the year ending March 31	Forecast	Planned
	results	results
(in dollars)	2022-23	2023-24
Expenses		
Polar Science and Knowledge	16,807,778	21,747,013
Internal Services	19,095,776	18,060,647
Total expenses	35,903,554	39,807,660
Revenues		
Lease and use of public property	287,079	301,433
Total revenues	287,079	301,433
Net cost of operations before government funding and transfers	35,616,475	39,506,227

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

Notes to Future-Oriented Statements 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 2022-23 is based on actual results as at November 30, 2022 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for the 2023-24 fiscal year.

The main assumptions underlying the forecasts are as follows:

- The activities of the organization will remain substantially the same as in the previous year; and
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.

These assumptions are made as at November 30, 2022.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2022-23 and for 2023-24, 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, Polar Knowledge Canada (POLAR) 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, transfers and disposals of property, plant and equipment, which may affect gains, losses and amortization expense;
- the implementation of new collective agreements;
- economic conditions, which may affect the amount of revenue earned;
- the COVID-19 pandemic could significantly impact the department's program delivery; and
- other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year.

After the Departmental Plan is tabled in Parliament, POLAR 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 2022-23, 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.

Transfer payments are recorded as an expense in the year the transfer is authorized, and all eligibility criteria have been met by the recipient.

Other expenses are recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities are also included.

b) Revenues

Revenues from the lease and use of public property are recognized in the period the event giving rise to the revenues occurred.

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Notes to Future-Oriented Statements of Operations (unaudited)

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:

	Forecast results 2022-23	Planned results 2023-24
(in dollars)		
Net cost of operations before government funding and transfers	35,616,475	39,506,227
Revenues received pursuant to subsection 6(2) of the <i>Canadian High Arctic Research Station Act</i>	287,079	301,433
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(301,859)	(7,537,937)
Services provided without charge by other government departments	(585,750)	(602,634)
Decrease (increase) in vacation pay and compensatory leave	(74,761)	(81,216)
Decrease (increase) in employee future benefits	4,931	6,946
Total items affecting net cost of operations but not affecting authorities	(957,439)	(8,214,841)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions and improvements to tangible capital assets	1,400,000	455,000
Increase (decrease) in prepaid expenses	1,655	(3,058)
Total items not affecting net cost of operations but affecting authorities	1,401,655	451,942
Requested authorities forecasted to be used	36,347,770	32,044,761

(b) Authorities provided / requested

	Forecast results 2022-23	Planned results 2023-24
(in dollars)		
Authorities provided / requested		
Vote 1 - Program expenditures	34,265,682	29,961,393
Statutory amounts		
Expenditures equivalent to revenue received pursuant to subsection 6(2) of the <i>Canadian High Arctic Research Station Act</i>	732,099	732,099
Contributions to employee benefits plan	1,795,009	1,781,935
Total authorities provided / requested	36,792,790	32,475,427
Less: Estimated unused authorities	445,020	430,666
Requested authorities forecasted to be used	36,347,770	32,044,761