

CANADIAN CENTRE FOR OCCUPATIONAL
HEALTH AND SAFETY

Future Oriented Financial Statements
for the year ended March 31, 2012

Canadian Centre for Occupational Health and Safety

Statement of Management Responsibility

Responsibility for the compilation, content, and presentation of the accompanying future-oriented financial information for the year ended March 31, 2012 rests with CCOHS management. The future-oriented financial information has been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector. The future-oriented financial information is submitted for Part III of Estimates (Report on Plans and Priorities), and will be used in the department's Departmental Performance Report to compare with actual results.

Management is responsible for the integrity and objectivity of the information contained in future-oriented financial information and for the process of developing assumptions. Assumptions and estimates are based upon information available and known to management at the time of development, reflect current business and economic conditions, and assume a continuation of current governmental priorities and consistency in departmental mandate and strategic objectives. Much of the future-oriented financial information is based on these assumptions, best estimates, and judgment and gives due consideration to materiality. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. However, as with all such assumptions, there is a measure of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

The actual results achieved for the fiscal years covered in the accompanying future-oriented financial information will vary from the information presented and the variations may be material.



Bonnie Easterbrook, CGA,
Controller
Hamilton, Ontario
January 31, 2011



S. Len Hong, President and Chief Executive
Officer
Hamilton, Ontario
January 31, 2011

Canadian Centre for Occupational Health and Safety

FUTURE ORIENTED STATEMENT OF FINANCIAL POSITION

At March 31

Assets	2012	2011	2010
	\$	\$	\$
Financial assets:			
Due from the Consolidated Revenue Fund	420,807	370,807	494,597
Accounts receivable	300,000	200,000	213,453
	<u>720,807</u>	<u>570,807</u>	<u>708,050</u>
Non-financial assets:			
Inventory for resale	65,000	65,000	68,042
Tangible capital assets	224,315	199,315	255,508
	<u>289,315</u>	<u>264,315</u>	<u>323,550</u>
	<u>1,010,122</u>	<u>835,122</u>	<u>1,031,600</u>
Liabilities			
Accounts payable and accrued liabilities	400,000	374,194	412,533
Deferred revenues	725,000	686,861	910,976
Vacation pay	380,000	400,000	401,221
Employee severance benefits (note 7)	1,744,640	1,744,640	1,774,640
Deferred revenues - donations (note 6)	95,807	95,807	95,807
Contributions to inquiries service received in advance	-	-	108,000
	<u>3,345,447</u>	<u>3,301,502</u>	<u>3,703,177</u>
Equity of Canada	<u>(2,335,325)</u>	<u>(2,466,380)</u>	<u>(2,671,577)</u>
	<u>1,010,122</u>	<u>835,122</u>	<u>1,031,600</u>

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

Canadian Centre for Occupational Health and Safety

FUTURE ORIENTED STATEMENT OF OPERATIONS

For the year ended March 31

	2012	2011	2010
	\$	\$	\$
Revenues			
Proceeds from sales	3,100,000	2,971,579	2,853,382
Projects and collaborative agreements	900,000	800,000	1,005,363
Total revenues	4,000,000	3,771,579	3,858,745
Expenses			
Operations			
Salaries and employee benefits	7,924,843	7,923,562	7,709,163
Professional and special services	1,050,000	983,004	1,166,666
Accommodation	713,537	713,537	713,537
Transportation and communications	100,000	85,084	147,877
Information	110,000	136,946	125,538
Purchased repair and upkeep	125,000	121,725	112,165
Utilities, materials and supplies	100,000	86,344	105,331
Rentals	25,000	35,881	56,116
	10,148,380	10,086,083	10,136,393
Administration			
Salaries and employee benefits	275,000	351,205	292,862
Governors and committees	18,000	16,286	19,787
Travel	21,000	27,512	16,915
Professional and special services	500	2,407	386
Utilities, materials and supplies	50	-	20
	314,550	397,410	329,970
Other expenses			
Amortization of tangible capital assets	75,000	114,117	128,694
Loss on disposal of tangible capital assets	-	-	106
	75,000	114,117	128,800
Total expenses	10,537,930	10,597,610	10,595,163
Net cost of operations	(6,537,930)	(6,826,031)	(6,736,418)

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

STATEMENT OF EQUITY OF CANADA

For the year ended March 31

(in dollars)

	2012	2011	2010
	\$	\$	\$
Equity of Canada, beginning of year	(2,466,380)	(2,671,577)	(2,586,238)
Net cost of operations	(6,537,930)	(6,826,031)	(6,736,418)
Services received without charge from other government departments (note 8)	1,301,677	1,297,181	1,294,601
Net cash provided by Government	5,317,308	5,857,837	5,257,960
Change in due from the Consolidated Revenue Fund	50,000	(123,790)	98,518
Equity of Canada, end of year	(2,335,325)	(2,466,380)	(2,671,577)

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

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FUTURE ORIENTED STATEMENT OF CASH FLOW

For the year ended March 31

(in dollars)

	2012	2011	2010
	\$	\$	\$
Operating Activities			
Net cost of operations	6,537,930	6,826,031	6,736,418
Non-cash items:			
Amortization of tangible capital assets	(75,000)	(114,117)	(128,694)
Loss on disposal of tangible capital assets		-	(106)
Services received without charge from other government departments (note 8)	(1,301,677)	(1,297,181)	(1,294,601)
Variations in Statement of Financial Position:			
(Increase) in accounts payable and deferred revenue	(63,945)	262,454	79,587
(Increase) in liability for vacation pay and compensatory leave	20,000	1,221	4,224
(Increase) in liability for employee severance benefits	-	30,000	(41,522)
(Decrease) increase in accounts receivable	100,000	(13,453)	(95,554)
Increase (decrease) in inventory	-	(3,042)	(25,333)
Contributions to inquiries received in advance	-	108,000	(63,000)
Cash used by operating activities	5,217,308	5,799,913	5,171,419
Capital investment activities			
Acquisitions of tangible capital assets	100,000	57,924	86,541
Financing activities			
Net cash provided by Government of Canada	5,317,308	5,857,837	5,257,960

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

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Notes to the Future Oriented Financial Statements – March 31, 2012

1. Authority and Objectives

The Canadian Centre for Occupational Health and Safety (CCOHS) was established in 1978 under the *Canadian Centre for Occupational Health and Safety Act* and is a departmental corporation named in Schedule II to the *Financial Administration Act*. The objectives of CCOHS are to promote the right of Canadians to a healthy and safe working environment and to enhance the physical and mental health of workers. CCOHS' operating expenditures are funded in part by its operating revenue and by a budgetary lapsing appropriation.

CCOHS has two program activities for reporting purposes. The main activity is occupational health and safety information development, delivery services and tripartite collaboration. In addition, CCOHS has a new program activity, Internal Services, as required by Treasury Board Secretariat (TBS). This activity captures administrative costs as defined by TBS. This is the second year for segregating this activity and estimated costs are \$2,706,000 for 2010-11. The financial statements are presented in standard object format for all expenses, as this is the most meaningful presentation.

2. Underlying Assumptions

These future-oriented statements have been prepared:

- As at December 31, 2010.
- On the basis of government policies, government priorities and external environment at the time the future-oriented financial information was finalized
- According to the requirements of the Treasury Board Accounting policies which are based on Canadian generally accepted accounting principles for the public sector.
- On the basis that the resources provided will enable CCOHS to deliver the expected results specified in the Report on Plans and Priorities
- On the basis of historical costs.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results from 2010/11 to 2011/12, actual results achieved are likely to vary from the forecast information presented, and this variation could be material.

Once the Report on Plans and Priorities is presented, CCOHS 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.

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4. Significant Accounting Policies

These financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector and year-end instructions issued by the Office of the Comptroller General. Significant accounting policies are as follows:

a) Parliamentary appropriations

CCOHS is financed in part by the Government of Canada through Parliamentary appropriations. Appropriations provided to CCOHS do not parallel financial reporting according to generally accepted accounting principles since appropriations 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 appropriations from Parliament. Note 5 provides a high-level reconciliation between the bases of reporting.

b) Due from the Consolidated Revenue Fund and net cash provided by government

CCOHS operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by CCOHS is deposited to the CRF and all cash disbursements made by CCOHS are paid from the CRF. Due from the CRF represents the amount of cash that CCOHS is entitled to draw from the CRF, without further appropriations, in order to discharge its liabilities. Net cash provided by government is the difference between all cash receipts and all cash disbursements including transactions with departments of the federal government.

c) Forecasted Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. Subscriptions revenues are recognized in the period when the initial shipment is made for all physical goods, such as CD-ROM, and DVD. Revenues for subscriptions of internet based products are recognized over the term of the subscription.

Subscriptions are based upon the right to use the information for a specified period. Information may be updated during the subscription period.

Contributions to inquiries service received in advance are recognized in the next fiscal year as this relates to the service period for the contribution.

Cash that have been received but not yet earned is recorded as deferred revenue. The deferred revenue represents cash received in advance of initial and ongoing product delivery or granting of website - access.

d) Forecasted Expenses – Expenses are recorded on the accrual basis:

Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

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

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e) Employee future benefits

- (i) Pension benefits: Eligible employees contribute to the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. CCOHS' contributions to the Plan are charged to expenses in the year incurred and represent CCOHS' total obligation to the Plan. Current legislation does not require CCOHS 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 and are estimated based on employees' salaries, duration of service and age.

f) Accounts receivable

Accounts receivable are stated at amounts expected to be ultimately realized. An allowance is made for receivables from external parties where recovery is considered uncertain.

g) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

h) Foreign currency transactions

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange in effect on March 31st. Gains and losses resulting from foreign currency transactions are included in the statement of operations according to the activities to which they relate.

i) Inventories for resale

Inventories are valued at the lower of cost and net realizable value. Inventories are primarily print materials held for resale.

j) Tangible capital assets

All tangible capital assets and leasehold improvements with an acquisition cost of \$1,000 or more are capitalized at cost. Tangible capital assets are amortized over their estimated useful life on a straight-line basis, as follows:

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Asset Class	Amortization Period
Computer equipment	5 years
Furniture and equipment	5 years
Software	1-5 years
Leasehold improvements	5 years
Measuring equipment	5 years

k) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector and year-end instructions issued by the Office of the Comptroller General 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 liability for employee future benefits and the estimated useful life of tangible capital assets are the most significant items where estimates are used. Actual results could differ significantly 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.

5. Parliamentary Appropriations

CCOHS receives its funding through annual Parliamentary appropriations and external revenues. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, CCOHS has different net results of operations for the year on a government funding basis than on an accrual accounting basis. These differences are reconciled in the following tables:

	2012	2011	2010
	\$	\$	\$
Net cost of operations	6,537,930	6,826,031	6,736,418
Adjustments for items affecting net cost of operations but not affecting appropriations			
Less			
Amortization of tangible capital assets (note 4)	(75,000)	(114,117)	(128,694)
Services provided without charge from other			
Government departments	(1,301,677)	(1,297,181)	(1,294,601)
Loss on disposal of tangible capital assets	-	-	(106)
Bad debts	-	-	(-)
	<u>5,161,253</u>	<u>5,414,733</u>	<u>5,313,017</u>
Changes in accounts not affecting current year use of appropriations			
Add (Less)			
Inventory for resale	-	(3,042)	(25,333)
Employee severance benefits	-	30,000	(41,522)
Vacation pay and compensatory leave	20,000	1,221	4,224
Revenue not available for spending	(72,588)	102,659	(90,946)
	<u>5,108,665</u>	<u>5,545,571</u>	<u>5,159,440</u>
Adjustments for items not affecting net cost of operations but affecting appropriations			
Add			
Acquisition of tangible capital assets	100,000	57,924	86,541
	<u>5,208,665</u>	<u>5,603,495</u>	<u>5,245,981</u>

b) Appropriations provided and used:			
	2012	2011	2010
Human Resources Social Development Canada – Vote 35	3,853,172	3,999,573	3,828,048
Human Resources Social Development Canada - statutory	1,156,531	1,055,967	1,116,586
Human Resources Social Development Canada – Vote 35A	820	323,525	399,100
Treasury Board – Vote 15 – collective agreements	-	(86,510)	85,124
Treasury Board – Vote 23 – payroll shortfalls	200,000	311,760	150,024
	<u>5,210,523</u>	<u>5,604,315</u>	<u>5,578,882</u>
Less:			
Lapsed appropriations – operating	1,858	820	332,901
Current year appropriations used	<u>5,208,665</u>	<u>5,603,495</u>	<u>5,245,981</u>

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6. Deferred Revenue - Donations

CCOHS, by virtue of subsection 6(3) of its Act, may acquire money or other property by gift or otherwise and expend or dispose of those donations subject to their terms, if any. We estimate CCOHS will receive NIL in donations in 2011/2012 (2010/2011 - \$NIL). The balance at March 31, 2011 is estimated at \$95,807).

7. Employee Benefits

a) Pension Benefits

CCOHS 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/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and CCOHS contribute to the cost of the Plan. The 2011/2012 expenses are estimated at \$ 835,015 (2010/2011 - \$762,408), which represents approximately 2.6 time the contributions by employees.

CCOHS' 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) Employee Severance Benefits

CCOHS 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. In future years, it is estimated that the amounts will decrease as many employees retire and receive payment. Information about the severance benefits, estimated at March 31, is as follows:

	2012	2011
	\$	\$
Accrued benefit obligation, beginning of year	1,744,640	1,774,640
Expense for the year	200,000	199,558
Benefits paid during the year	(200,000)	(229,558)
	<hr/>	<hr/>
Accrued benefit obligation, end of year	<u>1,744,640</u>	<u>1,744,640</u>

8. Related Party Transactions

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

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

	2012	2011
	\$	\$
Employer's contribution to health and dental insurance plans	546,140	541,644
Accommodation	713,537	713,537
Audit services	42,000	42,000
	<hr/>	<hr/>
Total	<u>1,301,677</u>	<u>1,297,181</u>

The Government has centralized 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 in CCOHS' Statement of Operations.