

## **Financial Statements**

### **Canadian Human Rights Tribunal *Financial Statements 2008-2009***

## Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2009 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

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 and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the Public Accounts of Canada and included in the department's Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the Financial Administration Act, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

The financial statements of the department have not been audited.

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J. Grant Sinclair

Chairperson

Ottawa, Canada

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Gregory M. Smith

Executive Director and Registrar

Date

## Statement of Operations (unaudited)

For the Year Ended March 31

(in dollars)

	2009	2008
<b>Expenses</b>		
Operating Expenses		
Salaries and employee benefits	2,616,404	2,606,198
Rentals	1,112,118	1,114,759
Professional services	701,104	890,934
Transportation and telecommunications	384,196	420,105
Amortization	81,709	67,589
Communications	60,598	26,855
Materials and supplies	59,163	62,392
Repair and maintenance	30,921	34,957
Miscellaneous	12,269	13,990
<b>Total Expenses</b>	<b>5,058,482</b>	<b>5,237,779</b>
<b>Revenues</b>		
Miscellaneous revenues	696	1,829
<b>Total Revenues</b>	<b>696</b>	<b>1,829</b>
<b>Net Cost of Operations</b>	<b>5,057,786</b>	<b>5,235,950</b>

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

## Statement of Financial Position on March 31 (unaudited)

(in dollars)

	2009	2008
<b>ASSETS</b>		
<b>Financial assets</b>		
Accounts receivable and advances (Note 4)	76,241	51,634
<b>Total financial assets</b>	<u>76,241</u>	<u>51,634</u>
<b>Non-financial assets</b>		
Prepaid expenses	15,010	14,000
Tangible capital assets (Note 6)	183,133	150,770
<b>Total non-financial assets</b>	<u>198,143</u>	<u>164,770</u>
<b>TOTAL ASSETS</b>	<u><b>274,384</b></u>	<u><b>216,404</b></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	428,450	337,267
Vacation pay and compensatory leave	87,116	69,007
Employee severance benefits (Note 7b)	507,192	450,284
<b>TOTAL LIABILITIES</b>	<u><b>1,022,758</b></u>	<u><b>856,558</b></u>
<b>EQUITY OF CANADA</b>	(748,374)	(640,154)
<b>TOTAL LIABILITIES AND EQUITY OF CANADA</b>	<u><b>274,384</b></u>	<u><b>216,404</b></u>

Contractual Obligations (Note 8)

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

## Statement of Equity of Canada (unaudited)

For the year ended March 31

(in dollars)

	<b>2009</b>	<b>2008</b>
<b>Equity of Canada, beginning of year</b>	(640,154)	(734,214)
Net cost of operations	(5,057,786)	(5,235,950)
Current year appropriations used (Note 3)	3,885,086	4,177,771
Revenue not available for spending	(696)	(1,829)
Refund of previous year expenses	(1,741)	(10)
Change in net position in the Consolidated Revenue Fund (Note 3)	(66,577)	43,899
Services received without charge from other government departments and agencies (Note 9)	<u>1,133,494</u>	<u>1,110,179</u>
<b>Equity of Canada, end of year</b>	<u>(748,374)</u>	<u>(640,154)</u>

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

## Statement of Cash Flow (unaudited)

For the year ended March 31

(in dollars)

	<b>2009</b>	<b>2008</b>
<b>Operating activities</b>		
Net cost of operations	5,057,786	5,235,950
Non-cash items:		
Amortization of capital assets	(81,709)	(67,589)
Services provided without charge by other government departments	(1,133,494)	(1,110,179)

Variations in Statement of Financial Position:

Increase (decrease) in accounts receivables and advances	24,607	(1,837)
Increase (decrease) in prepaid expenses	1,010	-
Increase (decrease) in liabilities	<u>(166,200)</u>	<u>41,781</u>
Cash used by operating activities	<u>3,702,000</u>	<u>4,098,126</u>
<b>Capital investment activities</b>		
Acquisitions of tangible capital assets	<u>114,072</u>	<u>121,705</u>
<b>Financing Activities</b>		
Net cash provided by Government of Canada	<u>3,816,072</u>	<u>4,219,831</u>

The accompanying notes and schedules form an integral part of these Statements

## Notes to the Financial Statements (unaudited)

### 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. The Commission resolves most cases without the Tribunal's intervention. 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 Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

- a) **Parliamentary appropriations** – The Canadian Human Rights Tribunal is primarily financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Canadian Human Rights Tribunal do not parallel financial reporting according to generally accepted accounting principles since they 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 3 provides a high-level 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 federal government.
- c) **Change in net position in the Consolidated Revenue Fund** is the difference between the net cash provided by Government and

appropriations used in a year, excluding the amount of non responsible revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

**d) Revenues** – These are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. The majority of revenues are for fees related to Access to Information Requests and for penalties levied against participants in hearings.

**e) 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 legal services 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 plan administered by the Government of Canada. 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 receivable and advances** are stated at amounts expected to be ultimately realized; a provision has not been made for receivables where recovery is considered uncertain since all receivables are considered to be recoverable.

- 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. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

<b>Asset Class</b>	<b>Amortization period</b>
Machinery and equipment	5 to 10 years
Furniture and fixtures	10 years
Informatics hardware & software	3 years

- i) 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 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 Appropriations***

The Canadian Human Rights Tribunal receives most of its funding through annual Parliamentary appropriations. 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, 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 appropriations used:**

		<b>2009</b>	<b>2008</b>
		(in dollars)	
<b>Net cost of operations</b>		<b>5,057,786</b>	<b>5,235,950</b>
Adjustments for items affecting net cost of operations but not affecting appropriations			
Add (Less):	Services provided without charge	(1,133,493)	(1,110,179)
	Amortization of tangible capital assets	(81,709)	(67,589)
	Variation in vacation pay and compensatory leave	(18,109)	14,504
	Variation in employee severance benefits	(56,908)	(18,459)
Add:	Revenue not available for spending	696	1,829
	Refund of previous year expenses	1,741	10
Adjustments for items not affecting net cost of operations but affecting appropriations			
Add:	Acquisitions of tangible capital assets	114,072	121,705
	Variation in prepaid expenses	1,010	0
<b>Current year appropriations used</b>		<b>3,885,086</b>	<b>4,177,771</b>

**b) Appropriations provided and used**

	Appropriations Provided	
	2009	2008
	(in dollars)	
Vote 15 – Program expenditures	4,334,277	4,102,548
Statutory Amounts	324,514	351,898
Less:		
Lapsed appropriations: Operating	(773,705)	(276,675)
<b>Current year appropriations used</b>	<b>3,885,086</b>	<b>4,177,771</b>

**c) Reconciliation of net cash provided by Government to current year appropriations used**

		2009	2008
		(in dollars)	
Net cash provided by Government		3,816,072	4,219,831
Revenue not available for spending		696	1,829
Refund of previous year expenses		1,741	10
Change in net position of the Consolidated Revenue Fund			
	Variation in accounts receivable and advances	(24,607)	1,837
	Variation in accounts payable and accrued liabilities	91,184	(45,736)
		66,577	(43,899)
<b>Current year appropriations used</b>		<b>3,885,086</b>	<b>4,177,771</b>

#### 4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

	2009	2008
	(in dollars)	
Receivables from other Federal Government departments and agencies	64,269	48,537
Receivables from external parties	11,472	2,597
Employee Advances	500	500
<b>Total</b>	<u>76,241</u>	<u>51,634</u>

#### 5. Accounts Payable and Accrued Liabilities

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

	2009	2008
	(in dollars)	
Accounts payable to other Federal Government departments and agencies	120,913	111,670
Other accounts payable and accrued liabilities	307,537	225,597
<b>Total</b>	<u>428,450</u>	<u>337,267</u>

#### 6. Tangible Capital Assets

(in dollars)

Capital asset class	Cost			
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance
Machinery and equipment	12,796	0	0	12,796
Furniture and fixtures	21,863	0	0	21,863
Informatics hardware and software	464,378	114,072	0	578,450
<b>Total</b>	499,037	114,072	0	613,109

Capital asset class	Accumulated amortization			
	Opening Balance	Amortization	Disposals and write-offs	Closing balance
Machinery and equipment	(6,532)	(1,302)	0	(7,834)
Furniture and fixtures	(15,323)	(2,521)	0	(17,844)

Informatics hardware and software	(326,412)	(77,886)	0	(404,298)
Total	(348,267)	(81,709)	0	(429,976)

<b>Capital asset class</b>	<b>2009 Net book value</b>	<b>2008 Net book value</b>
Machinery and equipment	4,962	6,264
Furniture and fixtures	4,019	6,540
Informatics hardware and software	174,152	137,966
Total	183,133	150,770

Amortization expense for the year ended March 31, 2009 is \$81,709 (2008 - \$67,589)

## 7. Employee 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 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 Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The 2008-09 expense amounts to \$234,299 (\$256,531 in 2007-08), which represents approximately 2.0 times (2.1 in 2007-08) 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 appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2009	2008
	(in dollars)	
Accrued benefit obligation, beginning of year	450,284	431,825
Expense for the year	57,715	53,560
Benefits paid during the year	<u>(807)</u>	<u>(35,101)</u>
Accrued benefit obligation, end of year	<u>507,192</u>	<u>450,284</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:

	2010	2011	2012 and thereafter	Total (in dollars)
Goods and services	133,641	5,532	3,252	142,425

## 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 services which were obtained without charge from other Government departments as presented below.

### Services provided without charge:

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:

	2009	2008
	(in dollars)	
Accommodation	959,822	962,962
Employer's contribution to the health and dental insurance plans	173,672	147,217
Total	1,133,494	1,110,179

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 the Canadian Human Rights Tribunal's Statement of Operations.