

Financial Statements

Canadian Human Rights Tribunal

Financial Statements 2009-2010

Canadian Human Rights Tribunal

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2010 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.

Shirish Chotalia

Chairperson

Executive Director and Registrar

Ottawa, Canada

Date

Statement of Operations (unaudited)

For the Year Ended March 31
(in dollars)

	2010			2009
	Hearings of Complaints before the Tribunal	Internal Services	Total	Total
Expenses				
Operating Expenses				
Salaries and employee benefits	1,396,709	1,262,494	2,659,203	2,616,404
Rentals	110,148	969,748	1,079,896	1,112,118
Professional services	657,108	286,220	943,328	701,104
Transportation and telecommunications	300,798	184,815	485,613	384,196
Materials and supplies	264	96,264	96,528	59,163
Amortization	0	56,366	56,366	81,709
Communications	84	41,422	41,506	60,598
Repair and maintenance	0	34,198	34,198	30,921
Miscellaneous	0	14,267	14,267	12,269
			5,410,905	
Total Expenses	2,465,111	2,945,794		5,058,482
Revenues				
Miscellaneous revenues	0	55	55	696
Total Revenues	0	55	55	696

Net Cost of Operations

2,465,111

2,945,739

5,410,850

5,057,786

Statement of Financial Position (unaudited)
At March 31
(in dollars)

	2010	2009
ASSETS		
Financial assets		
Accounts receivable and advances (Note 4)	11,219	76,241
Total financial assets	<u>11,219</u>	<u>76,241</u>
Non-financial assets		
Prepaid expenses	15,010	15,010
Tangible capital assets (Note 6)	157,249	183,133
Total non-financial assets	<u>172,259</u>	<u>198,143</u>
TOTAL ASSETS	<u>183,478</u>	<u>274,384</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	274,725	428,450
Vacation pay and compensatory leave	98,388	87,116
Employee severance benefits (Note 7b)	439,995	507,192
TOTAL LIABILITIES	<u>813,108</u>	<u>1,022,758</u>
EQUITY OF CANADA	(629,630)	(748,374)
TOTAL LIABILITIES AND EQUITY OF CANADA	<u>183,478</u>	<u>274,384</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)

	2010	2009
Equity of Canada, beginning of year	(748,374)	(640,154)
Net cost of operations	(5,410,850)	(5,057,786)
Current year appropriations used (Note 3)	4,314,680	3,885,086
Revenue not available for spending	(55)	(696)
Refund of previous year expenses	(3,743)	(1,741)
Change in net position in the Consolidated Revenue Fund (Note 3)	88,704	(66,577)
Services received without charge from other government departments and agencies (Note 9)	<u>1,130,008</u>	<u>1,133,494</u>
Equity of Canada, end of year	<u>(629,630)</u>	<u>(748,374)</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)

	2010	2009
Operating activities		
Net cost of operations	5,410,850	5,057,786
Non-cash items:		
Amortization of capital assets	(56,366)	(81,709)
Services provided without charge by other government departments	(1,130,008)	(1,133,494)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivables and advances	(65,022)	24,607
Increase (decrease) in prepaid expenses	-	-

Canadian Human Rights Tribunal

		1,010
Increase (decrease) in liabilities	<u>209,650</u>	<u>(166,200)</u>
Cash used by operating activities	<u>4,369,104</u>	<u>3,702,000</u>
Capital investment activities		
Acquisitions of tangible capital assets	<u>30,482</u>	<u>114,072</u>
Financing Activities		
Net cash provided by Government of Canada	<u><u>4,399,586</u></u>	<u><u>3,816,072</u></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 spendable 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:

Asset Class	Amortization period
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:

		2010	2009
		(in dollars)	
Net cost of operations		5,410,850	5,057,786
Adjustments for items affecting net cost of operations but not affecting appropriations			
Add (Less):	Services provided without charge	(1,130,008)	(1,133,493)
	Amortization of tangible capital assets	(56,366)	(81,709)
	Variation in vacation pay and compensatory leave	(11,273)	(18,109)
	Variation in employee severance benefits	67,197	(56,908)
Add:	Revenue not available for spending	55	696
	Refund of previous year expenses	3,743	1,741
Adjustments for items not affecting net cost of operations but affecting appropriations			
Add:	Acquisitions of tangible capital assets	30,482	114,072
	Variation in prepaid expenses	0	1,010
Current year appropriations used		4,314,680	3,885,086

b) Appropriations provided and used

	Appropriations Provided	
	2010	2009
	(in dollars)	
Vote 15 – Program expenditures	4,500,721	4,334,277
Statutory Amounts	377,254	324,514
Less:		
Lapsed appropriations: Operating	(563,295)	(773,705)
Current year appropriations used	4,314,680	3,885,086

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

		2010	2009
		(in dollars)	
Net cash provided by Government		4,399,586	3,816,072
Revenue not available for spending		55	696
Refund of previous year expenses		3,743	1,741
Change in net position of the Consolidated Revenue Fund			
	Variation in accounts receivable and advances	65,022	(24,607)
	Variation in accounts payable and accrued liabilities	(153,726)	91,184
		(88,704)	66,577
Current year appropriations used		4,314,680	3,885,086

4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

	2010	2009
	(in dollars)	
Receivables from other Federal Government departments and agencies	5,489	64,269
Receivables from external parties	5,230	11,472
Employee Advances	500	500
Total	<u>11,219</u>	<u>76,241</u>

5. Accounts Payable and Accrued Liabilities

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

	2010	2009
	(in dollars)	
Accounts payable to other Federal Government departments and agencies	110,386	120,913
Other accounts payable and accrued liabilities	164,339	307,537
Total	<u>274,725</u>	<u>428,450</u>

6. Tangible Capital Assets (in dollars)

Capital asset class	Cost				Accumulated amortization				2010 Net book value	2009 Net book value
	Opening balance	Acquisi- tions	Disposals and write- offs	Closing balance	Opening Balance	Amortiz- ation	Disposals and write- offs	Closing balance		
Machinery and equipment	12,796	0	0	12,796	(7,834)	(1,302)	0	(9,136)	3,660	4,962
Furniture and fixtures	21,863	0	0	21,863	(17,844)	(920)	0	(18,764)	3,099	4,019
Informatics hardware and software	578,450	30,482	0	608,932	(404,298)	(54,144)	0	(458,442)	150,490	174,152
Total	613,109	30,482	0	643,591	(429,976)	(56,366)	0	(486,342)	157,249	183,133

Amortization expense for the year ended March 31, 2010 is \$56,366 (2009 - \$81,709)

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 2009-10 expense amounts to \$272,378 (\$234,299 in 2008-09), which represents approximately 1.9 times (2.0 in 2008-09) 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:

	2010	2009
	(in dollars)	
Accrued benefit obligation, beginning of year	507,192	450,284
Expense for the year	38,010	57,715
Benefits paid during the year	<u>(105,207)</u>	<u>(807)</u>
Accrued benefit obligation, end of year	<u>439,995</u>	<u>507,192</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:

	2011	2012 and thereafter	Total (in dollars)
Goods and services	130,131	10,058	140,189

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:

	2010	2009
	(in dollars)	
Accommodation	946,857	959,822
Employer's contribution to the health and dental insurance plans	183,151	173,672
Total	1,130,008	1,133,494

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.