

Canadian Forces Grievance Board Statement of Management Responsibility

Responsibility for the compilation, content, and presentation of the accompanying future-oriented financial statements for years ending March 31, 2011 and 2012 rests with the management of the Canadian Forces Grievance Board. These future-oriented 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. The future-oriented financial statements are submitted for Part III of Estimates (Report on Plans and Priorities). The information will be presented in the Board'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 the future-oriented statement of operations, 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 statements will vary from the information presented and the variations may be material.



Anne Sinclair, Chief Financial Officer

Ottawa

March 24, 2011



Bruno Hamel, Chairperson

Ottawa

March 24, 2011

Canadian Forces Grievance Board
Future-oriented Statement of Financial Position
At March 31
(in thousands of dollars)

Assets	2011	2012
Financial assets		
Due from Consolidated Revenue Fund	530	525
Accounts receivable and advances (note 6)	11	11
Total financial assets	541	536
Non-financial assets		
Tangible capital assets (note 8)	218	157
Total non-financial assets	218	157
Total	759	693
 Liabilities and equity of Canada		
Liabilities		
Accounts payable and accrued liabilities (note 7)	528	504
Employee severance benefits (note 9)	745	765
Vacation pay	107	105
Total Liabilities	1,380	1,374
 Equity of Canada	 (621)	 (681)
Total	759	693

Contractual obligations (note 10)

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

**Canadian Forces Grievance Board
Future-oriented Statement of Operations
For the Year Ended March 31
(in thousands of dollars)**

Operating expenses	2011	2012
Review of Canadian Forces grievances	3,875	4,684
Internal services	1,755	2,382
Total expenses	5,630	7,066
Total non-tax revenues	1	-
Net cost of operation	5,629	7,066

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

Canadian Forces Grievance Board
Future-oriented Statement of Equity of Canada
At March 31
(in thousands of dollars)

	2011	2012
Equity of Canada, beginning of year	(686)	(621)
Net cost of operations	(5,629)	(7,066)
Net cash provided by Government	5,330	6,708
Change in due from the Consolidated Revenue Fund	77	(5)
Services provided without charge by other government departments (note 11)	287	303
Equity of Canada, end of year	(621)	(681)

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

**Canadian Forces Grievance Board
Future-oriented Statement of Cash Flow
For the Year Ended March 31
(in thousands of dollars)**

	<u>2011</u>	<u>2012</u>
Operating Activities		
Net Cost of Operations	5,629	7,066
Non-cash items included in Net Results		
Amortization of tangible capital assets	(81)	(88)
Services provided without charges by other government departments	(287)	(303)
Provision for severance benefits	96	(20)
Adjustment for vacation pay	(2)	2
Variation in Statement of Financial Position		
Decrease (increase) in accounts payables and accrued liabilities	(64)	24
Increase (decrease) in receivables and advances	(3)	0
Cash used by operating activities	5,288	6,681
Capital Investment Activities		
Acquisitions of capital assets	42	27
Financing Activities		
Net cash provided by Government of Canada	<u>5,330</u>	<u>6,708</u>

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

Canadian Forces Grievance Board Notes to Future-oriented Financial Statements

1. Authority and Objectives

The Canadian Forces Grievance Board (CFGB) is an independent administrative tribunal reporting to Parliament through the Minister of National Defence.

The Board reviews military grievances referred to it and provides findings and recommendations (F&Rs) to the Chief of the Defence Staff (CDS) and the officer or non-commissioned member who submitted the grievance.

2. Underlying Assumptions

These future-oriented financial statements have been prepared:

(a) as at December 31, 2010;

(b) on the basis of government policies, government priorities, and external environment at the time the future-oriented financial information was finalized;

(c) according to the requirements of Treasury Board Accounting Policies which are based on Canadian generally accepted accounting principles for the public sector;

(d) on the basis that the resources provided will enable the Board to deliver the expected results specified in the Report on Plans and Priorities;

(e) 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 for the fiscal years 2010-11 and 2011-12, actual results achieved are likely to vary from the forecast information presented and this variation could be material.

In preparing these financial statements the Board has made estimates and assumptions concerning the future. These estimates and judgments may differ from the subsequent actual results. Estimates and judgments 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.

Once the Report on Plans and Priorities is presented, the Board will not be updating the forecast for any changes to appropriations or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

4. Summary of Significant Accounting Policies

The future-oriented 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. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Canadian Forces Grievance Board Notes to Future-oriented Financial Statements

Significant accounting policies are as follows:

(a) Parliamentary appropriations – the Canadian Forces Grievance Board is financed by the Government of Canada through Parliamentary appropriations. The cash accounting basis is used to recognize transactions affecting parliamentary appropriations. The future-oriented financial statements are based on accrual accounting. Consequently, items presented in the Future-oriented Statement of Operations and the Future-oriented Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 5 provides a reconciliation between the bases of reporting.

(b) Net Cash Provided by Government – The Board operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the board is deposited to the CRF and all cash disbursements made by the board 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 Government.

(c) Amounts due from/to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Board is entitled to draw from the CRF without further appropriations to discharge its liabilities.

(d) Revenues – are presented on an accrual basis:

- Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.
- Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) 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 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

- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The Board'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 Board 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 services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from results of the actuarially determined liability for employee severance benefits for the Government as a whole.

**Canadian Forces Grievance Board
Notes to Future-oriented Financial Statements**

(g) Accounts and loans receivables are stated at the lower of cost and net recoverable value; a valuation allowance is established for receivables where recovery is considered uncertain.

(h) Tangible capital assets – All tangible assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. The Board does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

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
Informatics Hardware	3 to 5 years
Informatics Software	3 years
Other Equipment	10 years

5. Parliamentary Appropriations

The Board receives most of its funding through expenditure authorities provided by Parliament. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Board 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

	<u>2011</u>	<u>2012</u>
	<i>(in thousands of dollars)</i>	
Vote 15 - Program expenditures	6,348	6,060
Statutory amounts	589	623
	<u>6,937</u>	<u>6,683</u>

Forecast authorities requested for the year ending March 31, 2012 are the planned spending amounts presented in the 2011-12 Report on Plans and Priorities. Estimated authorities requested for the year ending March 31, 2011 include amounts presented in the 2010-11 Main Estimates and the 2009-10 operating budget carry forward.

**Canadian Forces Grievance Board
Notes to Future-oriented Financial Statements**

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

	<u>2011</u>	<u>2012</u>
	<i>(in thousands of dollars)</i>	
Net Cost of Operations	5,629	7,066
Adjustments for items affecting net cost of operations but not affecting appropriations		
Add (Less): Services received without charge	(287)	(303)
Employee severance benefits	96	(20)
Amortization of tangible capital assets	(81)	(88)
Vacation pay and compensatory leave	(2)	2
Refunds of prior years expenditures	1	0
	<u>(273)</u>	<u>(410)</u>
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less):		
Acquisitions of tangible capital assets	42	27
	<u>42</u>	<u>27</u>
Forecast current year lapse	<u>1,539</u>	
Forecast authorities available	<u>6,937</u>	<u>6,683</u>

6. Accounts receivable and advances

	<u>2011</u>	<u>2012</u>
	<i>(in thousands of dollars)</i>	
Receivables from other Federal Government departments and agencies	11	11
Total	<u>11</u>	<u>11</u>

**Canadian Forces Grievance Board
Notes to Future-oriented Financial Statements**

7. Accounts payable and accrued liabilities

	<u>2011</u>	<u>2012</u>
	<i>(in thousands of dollars)</i>	
Accrued salaries and wages	195	186
Accounts payable – External parties	275	262
Accounts payable – Other government departments	59	56
Total	<u>529</u>	<u>504</u>

**Canadian Forces Grievance Board
Notes to the Future-oriented Financial Statements**

8. Tangible Capital Assets

(In thousands of dollars)

Capital asset class	Cost		Accumulated amortization		Net book value	
	Opening balance	Acquisitions	Opening balance	Amortization	2011	2012
Informatics Hardware	548	27	366	79	182	130
Informatics Software	17		12	5	5	0
Other Equipment	39		8	4	31	27
Total	604	27	386	88	218	157

Amortization expense for the year ended March 31, 2012 is \$88,000 (2011 - \$81,000).

**Canadian Forces Grievance Board
Notes to Future-oriented Financial Statements**

9. Employee Benefits

(a) Pension benefits: The Board'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 plans benefits and they are indexed to inflation.

Both the employees and the Board contribute to the cost of the Plan. The forecast expenses are \$426,000 in 2010-11 and \$438,000 in 2011-12.

The Board'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 Board 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, estimated as at the date of these statements, is as follows:

	<u>2011</u>	<u>2012</u>
	<i>(in thousands of dollars)</i>	
Accrued benefit obligation, beginning of year	841	745
Expense for the year	(96)	20
Accrued benefit obligation, end of year	<u>745</u>	<u>765</u>

10. Contractual obligations

The nature of the Board's activities can result in some large multi-year contracts and obligations whereby the Board 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:

<i>in thousands of dollars</i>	2011	2012	2013	2014	2015
Accommodation	581	587	593	599	606

11. Related party transactions

The Board is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Board enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Board will have received services obtained without charge from other Government departments as presented below:

Common services provided without charge by other government departments

During the year the Board is forecasted to receive without charge from other department legal fees and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Board's Statement of Operations as follows:

**Canadian Forces Grievance Board
Notes to Future-oriented Financial Statements**

	<u>2011</u>	<u>2012</u>
	<i>(in thousands of dollars)</i>	
Employers contribution to the health and dental insurance plans	278,979	291,567
Legal fees		9
Total	<u>278,979</u>	<u>291,576</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 and audit services provided by the Office of the Auditor General are not included as an expense in the department's Statement of operations.

12. Segmented information

(In thousands of dollars)	<u>2011</u>	<u>2012</u>		
	Total	Internal services	Review of CF Grievances	Total
Operating expenses				
Salary and employee benefits	4,172	1,292	3,108	4,400
Professional and special services	532	745	829	1,574
Rental of office space and equipment	611	186	434	620
Transportation and telecommunications	139	51	174	225
Amortization of tangible capital assets	81	27	62	88
Other	95	81	78	159
Total operating expenses	<u>5,630</u>	<u>2,382</u>	<u>4,685</u>	<u>7,066</u>
Revenues				
Miscellaneous	1	-	-	-
Total revenues	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cost of operations	<u>5,629</u>	<u>2,382</u>	<u>4,685</u>	<u>7,066</u>

