



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, 2013 and 2014 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).

Management is responsible for the integrity and objectivity of the information contained in these future-oriented financial statements 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 statements will vary from the information presented and the variations may be material.

The Future-Oriented Statements for Canadian Forces Grievance Board (Board) have not been audited.

Cynthia Beeman, Chief Financial Officer

Ottawa

March 15, 2013

Bruno Hamel, Chairperson

Ottawa

March 15, 2013



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

(in thousands of dollars)

	<u>Forecast 2013</u>	<u>Forecast 2014</u>
Liabilities		
Accounts Payables and accrued liabilities (note 7)	338	307
Vacation pay and compensatory leave	123	125
Future employee benefits (note 9)	304	241
Total liabilities	766	674
Financial assets		
Due from Consolidated Revenue Fund	327	297
Accounts receivable and advances (note 6)	12	10
Total net financial assets	338	307
Departmental net debt	428	366
Non-financial assets		
Tangible capital assets (note 8)	231	237
Departmental net financial position	\$ (196)	\$ (129)

Contractual obligations (note 10)

Totals may not add due to rounding

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



**Canadian Forces Grievance Board
Future-oriented Statement of Operations and Departmental Net Financial
Position (Unaudited)**

For the Year Ended March 31

(in thousands of dollars)

	Forecast 2013	Forecast 2014
Expenses		
Review of Canadian Forces Grievances	\$ 4,661	\$ 4,506
Internal Services	2,626	2,538
Total expenses	7,288	7,044
Net cost of operations before government funding	7,288	7,044
Government funding		
Net cash provided by government	7,082	6,851
Change in due from consolidated revenue fund	(86)	(29)
Services provided without charge by other government departments (note 11)	312	290
Total Government funding	7,308	7,111
Net cost (revenue) after government funding	(20)	(67)
Departmental net financial position – Beginning of year	(216)	(196)
Departmental net financial position – End of year	\$ (196)	\$ (129)

Segmented information (note 12)

Totals may not add due to rounding

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



Canadian Forces Grievance Board
Future-oriented Statement of Change in Departmental Net Debt (Unaudited)
For the year ended March 31

(in thousands of dollars)

	Forecast 2013	Forecast 2014
Net cost of operations after government funding	\$ (20)	\$ (67)
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 8)	113	108
Amortization of tangible capital assets (note 8)	(68)	(103)
Total changes due to tangible capital assets	45	5
Net increase (decrease) in departmental net debt	25	(62)
Departmental net debt – Beginning of year	401	426
Departmental net debt – End of year	\$ 426	\$ 365

Totals may not add due to rounding

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



Canadian Forces Grievance Board
Future-oriented Statement of Cash Flow (Unaudited)
For the Year Ended March 31

(in thousands of dollars)

	<u>Forecast 2013</u>	<u>Forecast 2014</u>
Operating Activities		
Net Cost of Operations before government funding	\$ 7,288	\$ 7,044
Non-cash items		
Amortization of tangible capital assets (note 8)	(68)	(103)
Services provided without charge by other government departments (note 11)	(312)	(290)
Variations in Statement of Financial Position		
Decrease (increase) in accounts payables and accrued liabilities	64	31
Increase (decrease) in receivables and advances	1	(2)
Decrease (increase) in vacation pay and compensatory leave	(4)	(1)
Decrease (increase) in future employee benefits	0	63
Cash used in operating activities	<u>6,968</u>	<u>6,743</u>
Capital Investing Activities		
Acquisitions of tangible capital assets (note 8)	113	108
Cash used in capital investing activities	<u>113</u>	<u>108</u>
Net cash provided by Government of Canada	<u>\$ 7,082</u>	<u>\$ 6,851</u>

Totals may not add due to rounding

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



Canadian Forces Grievance Board Notes to the Future-Oriented Financial Statements (Unaudited)

1. Mandate and Objectives

The Canadian Forces Grievance Board (the Board) is an independent arms-length organization that was created through amendments to the National Defence Act (NDA) approved by Parliament on December 10, 1998. The amendments that were made to the NDA were aimed at modernizing and strengthening the military justice system, making the whole grievance review process simpler and shorter for members of the Canadian Forces. The Board's mandate is to review grievances in order to render fair and impartial findings and recommendations in a timely and informal manner to the Chief of Defence staff and the grievor.

The Board operates under the following programs.

- Review of Canadian Forces grievances referred by the Chief of the Defence Staff to conduct fair, transparent and timely reviews of grievances referred to the Board.
- Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Materiel Services; Acquisition Services; and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

2. Methodology and Significant Assumptions

The future-oriented financial statements have been prepared on the basis of the government priorities and the plans of the Organization as described in the Report on Plans and Priorities.

The main assumptions are as follows:

- a) the Organization's activities will remain substantially the same as for the previous year.
- b) expenses, including the determination of amounts internal and external to the government, are based on historical experience, trend analysis and other analytical methodologies. The general historical pattern is expected to continue.
- 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.



Canadian Forces Grievance Board Notes to the Future-Oriented Financial Statements (Unaudited)

3. Variations and Changes to the Forecast Financial information

While every attempt has been made to accurately forecast final results for the fiscal years 2012-13 and 2013-14, actual results achieved are likely to vary from the forecast information presented and this variation could be material.

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

Significant accounting policies are as follows:

- (a) **Parliamentary appropriations** – the Canadian Forces Grievance Board is financed by the Government of Canada through Parliamentary appropriations. Financial reporting of authorities provided to the organization do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items presented in the Future-Oriented Statement of Operations and Departmental Net Financial Position and in 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** - (if applicable) 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 accrued as the benefits are earned by 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. 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.
- **Severance Benefits:** Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. 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.

(g) Accounts receivable 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

	Forecast 2013	Forecast 2014
	<i>(in thousands of dollars)</i>	
Vote 15 - Program expenditures	6,407	6,087
Statutory amounts	610	608
Forecast authorities available	7,017	6,695

Forecast authorities requested for the year ending March 31, 2014 are the planned spending amounts presented in the 2013-14 Report on Plans and Priorities. Estimated authorities requested for the year ending March 31, 2013 include amounts presented in the 2012-13 Main Estimates, the 2011-12 operating budget carry forward and the reimbursement of severance paid out.

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

	Forecast 2013	Forecast 2014
	<i>(in thousands of dollars)</i>	
Net Cost of Operations before Government funding	7,288	7,044
<i>Adjustments for items affecting net cost of operations but not affecting authorities</i>		
Services provided without charge by other Government departments (note 11)	(312)	(290)
Amortization of tangible capital assets (note 8)	(68)	(103)
Increase in Vacation pay and compensatory leave	(4)	(1)
Decrease in future employee benefits	-	(63)
Total	(384)	(457)
<i>Adjustments for items not affecting net cost of operations but affecting appropriations</i>		
Acquisitions of tangible capital assets	113	108
Forecast authorities available	7,017	6,695



Canadian Forces Grievance Board
Notes to the Future-Oriented Financial Statements (Unaudited)

6. Accounts receivable and advances

	Forecast 2013	Forecast 2014
	<i>(in thousands of dollars)</i>	
Receivables from other Federal Government departments and agencies	11	9
Employee Advances	1	1
Total	12	10

7. Accounts payable and accrued liabilities

	Forecast 2013	Forecast 2014
	<i>(in thousands of dollars)</i>	
Accrued salaries and wages	141	128
Accounts payable – External parties	126	115
Accounts payable – Other government departments	71	65
Total	338	307

8. Tangible Capital Assets

(In thousands of dollars)

Capital asset class	Cost			Accumulated amortization			Net book value	
	Opening balance	Acquisitions	Closing balance	Opening balance	Amortization	Closing balance	Forecast 2013	Forecast 2014
Informatics Hardware	665	93	758	491	77	568	173	190
Informatics Software	70	10	80	39	21	60	33	20
Other Equipment	40	5	45	14	4	18	25	27
Total	775	108	883	543	103	646	231	237

*amounts may not add due to rounding

Amortization expense for the year ended March 31, 2013 is **\$67,928** and for 2012 - **\$91,000**.

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 \$436,000 in 2012-13 and \$434,000 in 2013-14.

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. Information about the severance benefits, estimated as at the date of these statements, is as follows:

	Forecast 2013	Forecast 2014
	<i>(in thousands of dollars)</i>	
Accrued benefit obligation, beginning of year	304	304
Expense for the year	0	63
Accrued benefit obligation, end of year	304	241

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>	2012	2013	2014	2015	2016
Operating Lease*	587	593	599	606	612

*The operating lease is due for renewal at the end of 2015

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.

During the year the Board is forecasted to receive without charge 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:

	Forecast 2013	Forecast 2014
	<i>(in thousands of dollars)</i>	
Employers contribution to the health and dental insurance plans	312	290



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)

	Forecast 2013	Forecast 2014		Total
	Total	Internal Services	Review of CF Grievances	
Operating expenses				
Salary and employee benefits	4,435	1,336	3,117	4,453
Professional and special services	1,601	434	1,012	1,445
Rental of office space and equipment	620	186	434	620
Transportation and telecommunications	331	60	140	200
Amortization of tangible capital assets	68	31	72	103
Other	233	67	156	223
Total operating expenses	7,288	2,113	4,931	7,044
Revenues	-	-	-	-
Net cost of operations before Government funding	7,288	2,113	4,931	7,044

*Totals may not add due to rounding