

Canadian Forces Grievance Board Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2011 and all information contained in these statements rests with the management of the Canadian Forces Grievance Board. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are based on 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 fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Canadian Forces Grievance Board's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Canadian Forces Grievance Board's *Departmental Performance Report* is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Canadian Forces Grievance Board.

The financial statements of the Canadian Forces Grievance Board have not been audited.

Bruno Hamel, Chairperson
Ottawa, Canada

Anne Sinclair, Chief Financial Officer

Date: _____

Date: _____

Canadian Forces Grievance Board
Statement of Financial Position (*Unaudited*)
As at March 31
(in dollars)

ASSETS	2011	2010
		Restated (Note 11)
Financial assets		
Due from Consolidated Revenue Fund	\$ 303,696	\$ 452,839
Accounts receivable and advances (note 4)	20,069	13,840
Total financial assets	323,765	466,679
Non-financial assets		
Tangible capital assets (note 5)	240,461	257,595
Total non-financial assets	240,461	257,595
	<u>\$ 564,226</u>	<u>\$ 724,274</u>
 LIABILITIES AND EQUITY OF CANADA		
Liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 334,001	\$ 464,467
Employee future benefits (note 7)	754,013	841,136
Vacation pay	118,525	105,109
Total Liabilities	\$ 1,206,539	\$ 1,410,712
 Equity of Canada	<u>(642,313)</u>	<u>(686,438)</u>
	<u>\$ 564,226</u>	<u>\$ 724,274</u>

Contractual obligations (note 8)

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

Bruno Hamel, Chairperson
Ottawa, Canada

Anne Sinclair, Chief Financial Officer

Canadian Forces Grievance Board
Statement of Operations (*Unaudited*)
For the Year Ended March 31
(in dollars)

	<u>2011</u>	<u>2010</u>
Expenses		
Review of Canadian Forces grievances	\$ 3,946,007	\$ 2,608,333
Internal services	1,804,101	3,363,770
Total expenses	<u>5,750,108</u>	<u>5,972,103</u>
Revenues		
Internal services	444	337
Total revenues	<u>444</u>	<u>337</u>
Net cost of operations	<u>\$ 5,749,664</u>	<u>\$ 5,971,766</u>

Segmented information (note 10)

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

Canadian Forces Grievance Board
Statement of Equity of Canada (*Unaudited*)
For the Year Ended March 31
(in dollars)

	2011		2010	
			Restated (Note 11)	
Equity of Canada, beginning of year	\$	(686,438)	\$	658,151)
Net cost of operations		(5,749,664)		(5,971,766)
Net cash provided by Government		5,654,126		5,709,869
Change in due from the Consolidated Revenue Fund		(149,143)		(45,369)
Services provided without charge by other government departments (note 9)		288,806		278,979
Equity of Canada, end of year	\$	642,313)	\$	686,438)

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

Canadian Forces Grievance Board
Statement of Cash Flow (*Unaudited*)
For the Year Ended March 31
(in dollars)

	<u>2011</u>	<u>2010</u>
Operating activities		
Net cost of operations	\$ 5,749,664	\$ 5,971,766
Non-cash items :		
Amortization of tangible capital assets	(80,482)	(46,797)
Services provided without charges by other government departments (note 9)	(288,806)	(278,979)
Variations in Statement of Financial Position :		
Decrease (increase) in accounts payable and accrued liabilities	130,466	69,005
Increase (decrease) in receivable and advances	6,229	(20,758)
Decrease (increase) in future employee benefits	87,123	(148,327)
Decrease (increase) in vacation pay	(13,416)	3,276
Cash used in operating activities	<u>5,590,778</u>	<u>5,549,187</u>
Capital investing activities :		
Acquisitions of tangible capital assets	<u>63,348</u>	<u>160,683</u>
Cash used in capital Investing activities	<u>63,348</u>	<u>160,683</u>
Net cash provided by Government of Canada	<u>\$ 5,654,126</u>	<u>\$ 5,709,869</u>

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

**Canadian Forces Grievance Board
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31**

1. Authority 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 program activities:

- Review of Canadian Forces grievances referred by the Chief of the Defence Staff: conduct fair, transparent and timely reviews of grievances referred to the Board.
- Internal services: support a common government-wide approach to planning, designing, budgeting, reporting and communicating.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with the Treasury Board accounting policies stated below, which are based on 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 authorities – the Board is financed by the Government of Canada through Parliamentary authorities. Financial reporting authorities provided to the Board do not parallel financial reporting according to Canadian generally accepted accounting principles since authorities 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 authorities from Parliament. Note 3 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 federal 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.

**Canadian Forces Grievance Board
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31**

2. Summary of Significant Accounting Policies - continued

(d) Revenues – 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 that gave rise to the revenue takes place.

(e) Expenses – 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 employer contributions 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 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 Board's obligation to the Plan. Current legislation does not require the Board 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 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 and loans receivables are stated at the lower of cost and net recoverable value; a valuation allowance is recorded 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. Some informatics equipment are accounted for as capital assets when the cost of each individual unit is equal to or greater than \$500. 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
Computer Hardware	3 to 5 years
Computer Software	3 years
Other Equipment	10 years

**Canadian Forces Grievance Board
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31**

2. Summary of Significant Accounting Policies - continued

(i) Measurement uncertainty - The preparation of these financial statements 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 Authorities

The Board receives most of its funding through annual Parliamentary authorities. 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 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) Reconciliation of net cost of operations to current year authorities used

	2011	2010
	<i>(in dollars)</i>	
Net cost of operations	\$ 5,749,664	\$ 5,971,766
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charges by other government department	(288,806)	(278,979)
Amortization of tangible capital assets	(80,482)	(46,797)
Revenue not available for spending	15	10
Refunds of prior years' expenditures	8,526	2,995
Decrease (increase) in future employee benefits	87,123	(148,327)
Decrease (increase) in vacation pay	(13,416)	3,276
	<u>(287,040)</u>	<u>(467,822)</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	63,348	160,683
Proceeds from disposal of non-capitalized assets	429	327
	<u>63,777</u>	<u>161,010</u>
Current year authorities used	<u>\$ 5,526,401</u>	<u>\$ 5,664,954</u>

**Canadian Forces Grievance Board
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31**

3. Parliamentary Authorities – continued

(b) Authorities provided and used

	2011		2010
	<i>(in dollars)</i>		
Authorities provided:			
Vote 15 - Operating expenditures	\$ 6,482,262	\$	6,606,337
Statutory amounts	571,570		570,977
Less:			
Authorities available for future years	-		(327)
Lapsed : Operating	(1,527,431)		(1,512,033)
Current year authorities used	<u>\$ 5,526,401</u>	<u>\$</u>	<u>5,664,954</u>

4. Accounts receivable and advances

The following table presents details of the Board's accounts receivable and advances balances:

	2011		2010
	<i>(in dollars)</i>		
Receivables from other government departments and agencies	\$ 19,569	\$	13,340
Employee advances	500		500
Total	<u>\$ 20,069</u>	<u>\$</u>	<u>13,840</u>

Canadian Forces Grievance Board
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31
(in dollars)

5. Tangible capital assets

Capital asset class	Cost			Accumulated amortization			Net book value	
	Opening balance	Acquisitions	Closing balance	Opening balance	Amortization	Closing balance	2011	2010
Computer hardware	505,225	35,603	540,828	294,345	70,364	364,709	176,119	210,880
Computer software	17,262	27,745	45,007	5,754	6,178	11,932	33,075	11,508
Other equipment	39,401		39,401	4,194	3,940	8,134	31,267	35,207
Total	\$561,888	\$63,348	\$625,236	\$304,293	\$80,482	\$384,775	\$240,461	\$257,595

**Canadian Forces Grievance Board
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31**

6. Accounts payable and accrued liabilities

The following table presents details of the Board's accounts payable and accrued liabilities:

	2011		2010
	<i>(in dollars)</i>		
Accounts payable – other government departments	\$ 0,273	\$	51,506
Accounts payable – external parties	118,733		241,556
	129,006		293,062
Accrued salaries to wages	204,995		171,405
Total	\$ 334,001	\$	464,467

7. Employee future benefits

(a) Pension benefits:

The Board's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government. 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 2010-11 expense amounts to \$400,711 (\$411,855 in 2009-10), which represents approximately 1.9 times (1.9 in 2009-10) the contributions by employees.

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 authorities. Information about the severance benefits, measured as at March 31, is as follows:

	2011		2010
	<i>(in dollars)</i>		
Accrued benefit obligation, beginning of year	\$ 841,136	\$	692,809
Expense for the year	(87,123)		148,327
Accrued benefit obligation, end of year	\$ 754,013	\$	841,136

**Canadian Forces Grievance Board
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31**

8. 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 dollars)</i>	2012	2013	2014	2015	2016 and thereafter	Total
Accommodation	\$ 586,611	592,956	599,301	605,900	0	\$ 2,384,768
Total	<u>\$ 586,611</u>	<u>592,956</u>	<u>599,301</u>	<u>605,900</u>	<u>0</u>	<u>\$ 2,384,768</u>

9. 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. In addition, during the year, the Board received common services which were obtained without charge from other Government departments as presented below:

(a) Common services provided without charge by other government departments

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

	2011	2010
	<i>(in dollars)</i>	
Employers contribution to the health and dental insurance plans	\$ 288,806	\$ 278,979

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the government uses central agencies and common service organisations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the 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 in the Board's Statement of Operations.

(b) Other transactions with related parties

	2011	2010
	<i>(in dollars)</i>	
Expenses - Other Government departments and agencies	\$ 991,897	\$ 991,015

Canadian Forces Grievance Board
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31
(in dollars)

10. Segmented information

Presentation by segment is based on the Board's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

	Review of CF Grievances	Internal services	2011 Total	2010 Total
Operating expenses				
Salary and employee benefits	\$,950,362	1,226,569	\$,176,931	\$ 4,276,562
Other professional services	99,049	88,981	188,030	413,919
Rental of office space and equipment	436,181	187,057	623,238	572,790
Informatics services	114,151	102,547	216,698	182,097
Accounting and legal services	52,248	46,936	99,184	106,500
Training and educational services	47,348	42,535	89,883	121,109
Telecommunication services	78,901	23,208	102,109	85,861
Amortization of tangible capital assets	56,425	24,057	80,482	46,797
Other	111,342	62,211	173,553	166,468
Total expenses	3,946,007	1,804,101	5,750,108	5,972,103
Revenues				
Miscellaneous revenues	-	444	444	337
Total revenues	-	444	444	337
Net cost of operations	\$ 3,946,007	\$ 1,803,657	\$ 5,749,664	\$ 5,971,766

**Canadian Forces Grievance Board
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31**

11. Adoption of new accounting policies

During the year, the Board adopted the revised Treasury Board accounting policy TBAS 1.2: Departmental and Agency Financial Statements which is effective for the Board for the 2010-11 fiscal year. The major change in the accounting policies of the Board required by the adoption of the revised TBAS 1.2 is the recording of amounts due from the Consolidated Revenue Fund as an asset on the Statement of Financial Position.

The adoption of the new Treasury Board accounting policies has been accounted for retroactively with the following impact on comparatives for 2009-2010:

	2010 As previously stated	Effect of changes	2010 Restated
	(in dollars)		
Statement of Financial Position :			
Assets	\$ 71,435	\$ 52,839	\$ 24,274
Equity of Canada	(1,139,278)	452,839	(686,438)

12. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.