



Financial Consumer
Agency of Canada

Agence de la consommation
en matière financière du Canada



FUTURE ORIENTED STATEMENT OF OPERATIONS

FOR THE YEARS
ENDING MARCH 31
2024 AND 2025





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STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

Responsibility for the compilation, content and presentation of the Future-Oriented Statement of Operations and the accompanying notes for the years ending March 31, 2024 and 2025 rests with the Financial Consumer Agency of Canada's (FCAC, the Agency) management, including the appropriateness of the underlying assumptions. This Future-Oriented Statement of Operations has been prepared by management based on the best information available and assumptions adopted as at December 4, 2023, in accordance with Government of Canada's accounting policies and is based on Canadian public sector accounting standards.

The actual results achieved for the fiscal years covered in the accompanying Future-Oriented Statement of Operations will vary from the forecast information presented, and these variations may be material.

The Future-Oriented Statement of Operations has not been audited.

Werner Liedtke, CPA, CMA
Interim Commissioner and Chief Financial Officer

Ottawa, Canada
April 15, 2024



Future-Oriented Statement of Operations (unaudited)

For the year ending March 31

(in dollars)

	Forecast results 2023-24	Planned results 2024-25
Expenses		
Supervision and Enforcement	\$ 12,216,113	\$ 15,906,985
Research, Policy and Education	9,393,635	9,775,194
Internal services	35,697,566	39,167,820
Total expenses	57,307,314	64,849,999
Revenues		
Assessments	52,307,082	59,849,999
Other revenues	232	-
Total revenues	52,307,314	59,849,999
Net cost of operations before government funding, transfers and administrative monetary penalties	(5,000,000)	(5,000,000)
Government funding	5,000,000	5,000,000
Net cost of operations before administrative monetary penalties	-	-
Administrative monetary penalties	3,600,000	-
Administrative monetary penalties earned on behalf of the government	(3,600,000)	-
Net cost of operations	\$ -	\$ -

The accompanying notes form an integral part of this Future-Oriented Statement of Operations.

Notes to the Future-Oriented Statement of Operations (unaudited)

For the year ending March 31

1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared based on the government priorities and the plans of the Agency as described in FCAC's 2024-25 Business Plan.

The information in the forecast results for the fiscal year 2023-24 is based on actual results as at August 31, 2023 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2024-25.

The significant assumptions are as follows:

- a. Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience and trends, as well as known new requirements.
- b. FCAC's full-time equivalent (FTE) staffing level is forecasted to remain at 259 in the year ending March 31, 2025.
- c. The employee benefit rate for 2023-24 and 2024-25 is in line with the rate prescribed by the Treasury Board of Canada Secretariat.
- d. Salary economic adjustments for 2023-24 and 2024-25 represent FCAC's best estimates at the time this Future-Oriented Statement of Operations was prepared.
- e. FCAC's funding model will not change over the planning period.

These assumptions are made as at December 4, 2023.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2023-24 and for 2024-25, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, FCAC has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical financial statements of operations include:

- a. The timing of filling new and vacant positions.
- b. The timing and amount of contracts to support the Agency's projects and initiatives.
- c. Implementation of new terms and conditions of employment.
- d. Further changes to the operating budget to respond to supervisory and regulatory reforms and additional demands related to the mandate of the Agency.
- e. Fluctuations in the discount rate used to calculate actuarial gain/loss on the severance and sick leave liabilities.
- f. Changes in FCAC's responsibilities, as determined by the Minister of Finance or Parliament.
- g. The timing and amounts of acquisition of capital assets may affect amortization expenses.

Once the Business Plan is approved by the Minister of Finance, FCAC will not be formally reporting any updates to this forecast. Variances will be explained in the Annual Report.

3. Summary of significant accounting policies

The Future-Oriented Statement of Operations of FCAC has been prepared using the Government of Canada's accounting policies in effect for the fiscal year 2023-24 and is based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

a. Expenses

The Agency records expenses on an accrual basis.

Expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional services, rental, information, machinery and equipment, transportation, communication, materials and supplies, interest, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets and liabilities, such as the provision for bad debts, as well as the utilization of prepaid expenses are also included in expenses.

Amortization is recorded using the straight-line method over the estimated useful lives of the assets.

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under the terms and conditions of employment.

b. Revenue recognition

FCAC recognizes revenue so as to recover its expenses. Revenue is recorded in the accounting period in which it is earned (service provided) whether or not it has been billed or collected.

FCAC assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. FCAC has concluded that it is acting as a principal in all of its revenue arrangements.

Assessments:

Revenue from assessments is recognized based on actual costs incurred. The assessments are charged to recover costs and all costs are considered recoverable.

c. Administrative monetary penalties

The Commissioner may impose penalties for violations of consumer provisions or compliance agreement requirements. The maximum penalty for a violation committed on or after April 30, 2020 is \$1,000,000 where the violation is committed by a natural person, and \$10,000,000 where it is committed by a financial institution. Penalties are paid to the Receiver General for Canada.

4. Authorities

FCAC is a federal government agency that recovers its costs mainly through assessments against the financial entities it supervises. In addition to revenues from assessments, FCAC receives an annual statutory authority of a maximum of \$5,000,000 to support the financial literacy of Canadians.

FCAC has the authority to spend revenues received through the conduct of its operations as per section 13(2) of the *FCAC Act*, and to spend any funding available through the Minister of Finance per section 13(3).

Financial reporting of authorities provided to the Agency differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through FCAC's authorities in prior, current or future years. Accordingly, the department has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

4. Authorities (continued)

a) Reconciliation of cost of operations to requested authorities (in dollars)

	Forecast results 2023-24	Planned results 2024-25
Cost of operations	\$ 57,307,314	\$ 64,849,999
Adjustment for items affecting the cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1,983,226)	(2,461,238)
Allowance for bad debt	-	-
Gain (loss) on disposal of tangible capital assets	-	-
Increase in employee future benefits	(838,948)	(685,546)
Adjustment for items not affecting the cost of operations but affecting authorities:		
Acquisition of tangible capital assets	3,103,538	2,120,000
Requested authorities forecasted to be used	\$ 57,588,678	\$ 63,823,215

b) Authorities requested (in dollars)

	Forecast results 2023-24	Planned results 2024-25
Authorities requested		
Payments under Section 13 of the <i>Financial Consumer Agency of Canada Act</i>	\$ 57,588,678	\$ 63,823,215
Total authorities requested	\$ 57,588,678	\$ 63,823,215