

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

**UNAUDITED FUTURE-ORIENTED
STATEMENT OF OPERATIONS**

For the year ending March 31, 2015

Social Sciences and Humanities Research Council
Unaudited Future-Oriented Statement of Operations
For the year ending March 31

	Estimated Results 2013-14	Planned Results 2014-15
	(in thousands of dollars)	
Expenses		
Indirect Costs	332,085	332,587
Talent	173,661	173,903
Insight	141,565	142,974
Connection	34,010	27,422
Internal Services	19,204	18,502
Total Expenses	<u>700,525</u>	<u>695,388</u>
Revenues		
Miscellaneous revenues	0	0
Revenues earned on behalf of Government	0	0
Total Revenues	<u>0</u>	<u>0</u>
Net Cost of Operations Before Government Funding and Transfers	700,525	695,388
Government Funding and Transfers		
Net cash provided by Government	697,306	692,131
Change in due from the Consolidated Revenue Fund	353	0
Common services provided without charge by other government departments [Note 6]	4,320	4,497
Net Cost of Operations After Government Funding and Transfers	<u>(1,454)</u>	<u>(1,240)</u>

Information for the year ended March 31, 2014, includes actual amounts from April 1, 2013, to November 30, 2013.

Segmented information [Note 7]

The accompanying notes form an integral part of this future-oriented financial statement.

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Notes to the Unaudited Future-Oriented Statement of Operations

1. Authority and Objectives

The Social Sciences and Humanities Research Council (SSHRC) was established in 1977 by the *Social Sciences and Humanities Research Council Act*, and is a departmental corporation named in Schedule II to the *Financial Administration Act*. SSHRC's purpose is to promote and assist research and scholarship in the social sciences and humanities. SSHRC delivers its objectives under five program activities, which are described in the Report on Plans and Priorities.

SSHRC's grants, scholarships and operating expenditures are funded by budgetary lapsing authorities. Employee benefits are funded by statutory authorities.

2. Methodology and Significant Assumptions

The future-oriented statement of operations has been prepared on the basis of government priorities, and the plans of SSHRC as described in the Report on Plans and Priorities.

The information in the estimated results for fiscal year 2013-14 is based on actual results as at November 30, 2013, and on forecasts for the remainder of the fiscal year. Forecasts have also been made for the planned results for the 2014-15 fiscal year.

The main assumptions underlying the forecasts are as follows:

- a) SSHRC'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. The general historical pattern is expected to continue.

These assumptions are adopted as at November 30, 2013.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to forecast final results for the remainder of 2013-14 and for 2014-15, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing this future-oriented statement of operations, SSHRC has made estimates and assumptions concerning the future. These estimates and assumptions 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.

Factors that could lead to material differences between the future-oriented statement of operations and the historical statement of operations include the following:

- a) The timing and amounts of acquisitions and disposals of tangible capital assets may affect gains/losses and amortization expense.
- b) Implementation of new collective agreements.
- c) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year.

Once the Report on Plans and Priorities is tabled, SSHRC will not be updating the forecasts 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 statement of operations has been prepared using the government's accounting policies in effect for the 2013-14 fiscal year as of November 30, 2013. These accounting policies, stated below, are 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) **Parliamentary authorities**
SSHRC is financed by the government through parliamentary authorities. Financial reporting of authorities provided to SSHRC do not parallel financial reporting according to generally accepted accounting principles, since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Unaudited Future-Oriented Statement of Operations are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.
- b) **Net cash provided by government**
SSHRC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by SSHRC is deposited to the CRF, and all cash disbursements made by SSHRC 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 the Consolidated Revenue Fund**
Amounts due from 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 SSHRC is entitled to draw from the CRF without further parliamentary expenditure authorities to discharge its liabilities.

d) Expenses

Grants and scholarships are recognized in the year in which the entitlement of the recipient has been established, when the recipient has met the eligibility criteria, the commitment has been approved, and the payment is due before the end of the fiscal year.

Operating expenses are recorded on an accrual basis.

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

Services provided without charge by other government departments and agencies for accommodation, audit services and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

e) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the government. SSHRC's contributions to the Plan are charged to expenses in the year incurred and represent SSHRC's total obligation to the Plan. SSHRC'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, the Plan's sponsor.

(ii) 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. 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.

f) 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. SSHRC does not capitalize intangibles.

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 equipment, including standard software issued on desktop computers	3 years
Purchased network software and in-house developed software	5 years
Other equipment	5 years
Furniture	7 years
Motor vehicles	7 years
Leasehold improvements	Lesser of their useful life or the term of the lease

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

5. Parliamentary Authorities

SSHRC receives its funding through annual parliamentary authorities. Items recognized in the Unaudited Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, SSHRC 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 Requested Authorities:

	Estimated 2013-14	Planned 2014-15
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	700,525	695,388
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(329)	(388)
Services provided without charge by other government departments	(4,321)	(4,497)
Decrease (increase) in vacation pay and compensatory leave	17	9
Decrease (increase) in employee future benefits	(69)	(50)
Total items affecting net cost of operations but not affecting authorities	695,823	690,462
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	1,552	1,674
Increase (decrease) in prepaid expenses	(19)	0
Total items not affecting net cost of operations but affecting authorities	1,533	1,674
Forecast Authorities Available	697,356	692,136

Authorities presented reflect current forecasts of statutory items, approved initiatives included and expected to be included in Estimates documents and, when reasonable estimates can be made, estimates of amounts to be allocated from Treasury Board central votes.

b) **Authorities Requested**

	Estimated 2013-14	Planned 2014-15
	(in thousands of dollars)	
Authorities requested:		
Vote 95—Grants and Scholarships	670,856	666,664
Vote 90—Operating Expenditures	23,870	22,963
Statutory amounts	2,630	2,509
Forecast Authorities Available	697,356	692,136

6. Related Party Transactions

SSHRC is related as a result of common ownership to all government departments, agencies and Crown Corporations. SSHRC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, SSHRC received common services that were obtained without charge from other government departments as disclosed below:

a) **Common Services Provided Without Charge by Other Government Departments**

During the year, SSHRC is forecasted to receive services without charge from certain common service organizations, related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in SSHRC's Unaudited Future-Oriented Statement of Operations as follows:

	Estimated 2013-14	Planned 2014-15
	(in thousands of dollars)	
Accommodations	3,037	3,204
Employer's contribution to the health and dental insurance plans	1,283	1,293
Total	4,320	4,497

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 organizations 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 are not included in SSHRC's future-oriented statement of operations.

b) Administration of programs on behalf of other government departments

SSHRC administers funds received from other government departments and agencies to issue grants, scholarships and related payments on their behalf. SSHRC plans to incur expenses of \$213,269,525 in 2014-15 (\$213,269,525 in 2013-14) in funds for grants and scholarships. Forecast and incurred expenses are not reflected in SSHRC's future-oriented financial statements, but, rather, are recorded in the financial statements of the departments or agencies that provided the funds.

SSHRC also recovers administrative fees in some circumstances where a significant administrative burden is incurred by SSHRC for the administration of certain funds on behalf of other government departments and agencies. SSHRC estimates to recover \$99,238 in 2014-15 (\$99,238 in 2013-14). These estimated amounts were netted against SSHRC's operating expenses.

7. Segmented Information

Presentation by segment is based on SSHRC's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of Significant Accounting Policies in Note 4. The following table presents the forecasted expenses incurred for the main program activities, by major object of expenses. The segment results for the period are as follows:

	2013-14	2014-15					TOTAL
	TOTAL	Indirect Costs	Talent	Insight	Connection	Internal Services	
(in thousands of dollars)							
Transfer Payments							
Grants and Scholarships	670,856	332,403	169,744	138,765	25,752	0	666,664
Total – Transfer Payments							
Operating Expenses							
Salaries and employee benefits	19,433	163	3,757	3,453	1,350	10,640	19,363
Professional and special services	3,263	10	191	358	151	2,022	2,732
Accommodation and rentals	3,939	3	53	99	42	3,766	3,963
Transportation and communications	1,653	5	97	183	77	1,032	1,395
Amortization	329	0	0	0	0	388	388
Repair and maintenance	35	0	2	5	2	26	35
Information	893	3	52	98	42	554	749
Utilities, materials and supplies	124	0	7	13	6	74	100
Total Operating Expenses	29,669	184	4,159	4,209	1,670	18,502	28,725
Total Expenses	700,525	332,587	173,903	142,974	27,422	18,502	695,388