

MILITARY POLICE COMPLAINTS COMMISSION
Future-oriented Financial Statements (unaudited)

Statement of Management Responsibility

Departmental management is responsible for these future-oriented financial statements, including responsibility for the appropriateness of the assumptions on which these statements are prepared. These statements are based on the best information available and assumptions adopted as at January 31, 2012 and reflect the plans described in the Report on Plans and Priorities.

The future-oriented financial statements for the Military Police Complaints Commission have not been audited.

Glenn Stannard
Chairman

Sylvain Roy
Chief Financial Officer

Ottawa, Canada
Date:

MILITARY POLICE COMPLAINTS COMMISSION
Future-oriented Statement of Financial Position (unaudited)
As at March 31
(in dollars)

	Estimated Results 2012	Forecast 2013
Assets		
<i>Financial Assets</i>		
Due from the Consolidated Revenue Fund	\$678,910	\$699,277
Accounts receivable and advances (note 6)	32,738	33,720
Total financial assets	<u>711,648</u>	<u>732,997</u>
<i>Non-financial Assets</i>		
Tangible capital assets (note 7)	110,371	145,159
Total non-financial assets	<u>110,371</u>	<u>145,159</u>
Total	<u><u>\$822,019</u></u>	<u><u>\$878,156</u></u>
Liabilities		
Accounts payable and accrued liabilities (note 8)	\$794,785	\$818,629
Vacation pay and compensatory leave	58,111	85,990
Employee future benefits (note 9)	284,909	289,895
Total liabilities	<u>1,137,805</u>	<u>1,194,514</u>
<i>Equity of Canada</i>	<u>(315,786)</u>	<u>(316,358)</u>
Total	<u><u>\$822,019</u></u>	<u><u>\$878,156</u></u>

Contractual obligations (note 10)

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

MILITARY POLICE COMPLAINTS COMMISSION
Future-oriented Statement of Operations (*unaudited*)
For the Year Ending March 31
(*in dollars*)

	Estimated Results 2012	Forecast 2013
Expenses		
Complaints Resolution	\$2,788,450	\$3,270,867
Internal services	1,892,977	1,446,956
Total expenses	4,681,427	4,717,823
Net Cost of Operations	\$4,681,427	\$4,717,823

Segmented information (note 12)

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

MILITARY POLICE COMPLAINTS COMMISSION
Future-oriented Statement of Equity of Canada (*unaudited*)
For the Year Ending March 31
(in dollars)

	Estimated Results 2012	Forecast 2013
Equity of Canada, beginning of year	(\$167,157)	(\$315,786)
Net cost of operations	(4,681,427)	(4,717,823)
Net cash provided by government	4,373,010	4,550,859
Change in due from the Consolidated Revenue Fund	19,774	20,367
Services received without charge by other government departments (note 11)	140,014	146,025
Equity of Canada, end of year	(\$315,786)	(\$316,358)

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

MILITARY POLICE COMPLAINTS COMMISSION

Future-oriented Statement of Cash Flow (unaudited)

For the Year Ending March 31

(in dollars)

	Estimated Results 2012	Forecast 2013
Operating Activities		
Net cost of operations	\$4,681,427	\$4,717,823
Non-cash items:		
Services provided without charge by other government departments (note 11)	(140,014)	(146,025)
Amortization of tangible capital assets	(50,914)	(60,213)
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable and advances	(65,104)	982
Decrease (increase) in accounts payable and accrued liabilities	(23,149)	(23,844)
Decrease (increase) in vacation pay	(17,108)	(27,878)
Decrease (increase) in employee future benefits	(30,568)	(4,986)
Cash used by operating activities	<u>4,354,568</u>	<u>4,455,859</u>
Capital investment activities		
Acquisitions of tangible capital assets	18,442	95,000
Cash used by capital investment activities	<u>18,442</u>	<u>95,000</u>
Net cash provided by Government of Canada	<u>(\$4,373,010)</u>	<u>(\$4,550,859)</u>

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

MILITARY POLICE COMPLAINTS COMMISSION

Notes to the Future-oriented Financial Statements (unaudited)

For the year ending March 31, 2012

1. Authority and Objectives

The Military Police Complaints Commission (Complaints Commission) is a quasi-judicial agency, which reports to Parliament through the Minister of National Defence. It is a civilian body, external and independent of the Department of National Defence (DND) and the Canadian Forces (CF). The Complaints Commission was established in the fall of 1999 under Part IV of the National Defence Act (Sections 250.1 to 250.53). Its mandate is to monitor and review complaints about the conduct of the military police in performance of their policing duties or functions and to deal with complaints of interference in military police investigations.

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 Complaints Commission as described in the Report on Plans and Priorities.

The main assumptions are as follows:

- (a) The Complaints Commission'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.
- (c) Estimated year-end information for 2011-12 is used as the opening position for the 2012-13 forecasts.

These assumptions are adopted as at January 31, 2012.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to forecast final results for the remainder of 2011-12 and for 2012-13, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing these future-oriented financial statements the Complaints Commission 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 financial statements and the historical financial statements include:

- (a) The timing and amounts of acquisitions and disposals of property, plant and equipment 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.
- (d) The actual number of complaints received and the expenses that are directly related to them.

Once the Report on Plans and Priorities is presented, the Complaints Commission 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 financial statements have been prepared in accordance with the Treasury Board accounting policies in effect for the 2011-2012 fiscal year. These accounting policies, stated below, 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 Complaints Commission is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Complaints Commission 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 Future-oriented Statement of Operations and the Future-oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a high-level reconciliation between the bases of reporting.

(b) Net Cash Provided by Government

The Complaints Commission operates within the Consolidated Revenue Fund (CRF) which is administered by the Receiver General for Canada. All cash received by the Complaints Commission is deposited to the CRF and all cash disbursements made by the Complaints Commission 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 Consolidated Revenue Fund

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 Complaints Commission is entitled to draw from the CRF without further parliamentary expenditure authorities to discharge its liabilities.

(d) Expenses

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

Services provided without charge by another government department for the employer contributions 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 plan administered by the Government of Canada. The Complaints Commission contributions to the Plan are charged to expenses in the year incurred and represent its total obligation to the Plan. Current legislation does not require the Complaints Commission 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 the services necessary to earn them. 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) Accounts Receivable

Accounts receivable are stated at the lower of cost and net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

(g) Tangible Capital Assets

All tangible capital assets and leasehold improvements having an initial cost of \$3,000 or more are recorded at their acquisition cost. The Complaints Commission 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 years
Software	3 years

Equipment	3 - 5 years
Leasehold improvements	10 years

5. Parliamentary Authorities

The Complaints Commission receives its funding through expenditure authorities provided by Parliament. Items recognized in the Future-oriented Statement of Operations and the Future-oriented Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Complaints Commission 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	Estimated Results 2012	Forecast 2013
	(in dollars)	
Authorities Requested		
Vote 20 - Operating expenditures	\$4,388,419	\$4,271,363
Supplementary Votes	2,081,900	-
Transfer from Treasury Board Votes for program expenditures	290,802	-
Statutory amounts	240,599	302,357
Forecast Authorities Available	<u>\$7,001,720</u>	<u>\$4,573,720</u>

(b) Reconciliation of Net Cost of Operations to Requested Authorities:

	Estimated Results 2012	Forecast 2013
	(in dollars)	
Net cost of operations	\$4,681,427	\$4,717,822
Adjustments for items affecting net cost of operations but not affecting authorities		
Services provided without charge by other government departments	(140,014)	(146,025)
Amortization of tangible capital assets	(50,914)	(60,213)
Increase in employee future benefits	(30,568)	(4,986)
Revenue not available for spending	66	-
Increase in vacation pay and compensatory leave	(17,108)	(27,878)
Other	32	-
	<u>4,442,920</u>	<u>4,478,720</u>
Adjustments for items not affecting net cost of operations		

but affecting authorities		
Acquisition of tangible capital assets	18,442	95,000
	<u>4,461,362</u>	<u>4,573,720</u>
Forecast current year lapse	2,540,358	-
	<u>2,540,358</u>	<u>-</u>
Forecast Authorities Available	<u><u>\$7,001,720</u></u>	<u><u>\$4,573,720</u></u>

6. Accounts Receivable and Advances

	Estimated Results 2012	Forecast 2013
	(in dollars)	
The following table presents details of accounts receivable and advances		
Receivables from other government departments and agencies	\$32,239	\$33,220
Petty cash advance	500	500
	<u>500</u>	<u>500</u>
Total	<u><u>\$32,738</u></u>	<u><u>\$33,720</u></u>

7. Tangible Capital Assets (in dollars)

Capital Asset Class	Cost			
	Opening Balance	Acquisitions	Disposals and write- offs	Closing Balance
Informatics hardware	\$329,897	\$20,000	-	\$349,897
Software	53,574	25,000	-	78,574
Equipment	193,442	-	-	193,442
Leasehold improvements	136,194	50,000	-	186,194
Total	<u>\$713,107</u>	<u>\$95,000</u>	<u>-</u>	<u>\$808,107</u>
Capital Asset Class	Accumulated Amortization			
	Opening Balance	Amortization	Disposals and write- offs	Closing Balance
Informatics hardware	\$329,897	\$6,667	-	\$336,564
Software	35,485	26,191	-	61,676
Equipment	184,706	8,736	-	193,442
Leasehold improvements	52,647	18,619	-	71,266
Total	<u>\$602,735</u>	<u>\$60,213</u>	<u>-</u>	<u>\$662,948</u>

	Net Book Value	
	2012	2013
Informatics hardware	\$0	\$13,333
Software	18,089	16,898
Equipment	8,736	0
Leasehold improvements	83,547	114,928
Total	<u>\$110,372</u>	<u>\$145,159</u>

8. Accounts Payable and Accrued Liabilities

The following table presents details of accounts payable and accrued liabilities	Estimated	Forecast
	Results 2012	2013
	(in dollars)	
Accounts payable to other government departments and agencies	\$593,030	\$610,821
Accounts payable to external parties	41,991	43,251
	<u>635,021</u>	<u>654,072</u>
Accrued liabilities	159,764	164,557
	<u>794,785</u>	<u>\$818,629</u>
Total		

9. Employee Future Benefits

a) Pension benefits

The Complaints Commission'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/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Complaints Commission contribute to the cost of the Plan. The forecast expenses are \$136,380 in 2011-12 and \$146,025 in 2012-13, representing approximately 1.9 times the contribution by employees.

The Complaints Commission'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 Complaints Commission 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, estimated at the date of these statements, is as follows.

	Estimated Results 2012	Forecast 2013
	(in dollars)	
Accrued benefit obligation, beginning of the year	\$254,341	\$284,909
Expense for the year	75,698	4,986
Expected benefit payments during the year	(45,130)	-
Accrued benefit obligation, end of the year	<u>\$284,909</u>	<u>\$289,895</u>

10. Contractual Obligations

The nature of the Complaints Commission's activities can result in some large multi-year contracts and obligations whereby the Commission will be obligated to make future payments when the goods and services are received. The significant contractual obligation that can be reasonably estimated is summarized as follows:

<u>Fiscal Period</u>	<u>Amount</u> (in dollars)
Occupancy instrument	
2011-12	\$257,011
2012-13 (expires May 31, 2012)	\$319,306

11. Related party transactions

The Complaints Commission is related as a result of common ownership to all Government of Canada departments, agencies and Crown Corporations. The Complaints Commission enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, the Complaints Commission has an agreement with the Department of Public Works and Government Services for the provision of certain human resource services. Also, during the year, the Complaints Commission received common services which were obtained without charge from another Government department as disclosed below.

a) Common Services Provided Without Charge by Other Government Departments

During the year the Complaints Commission received services without charge from a common service organization related to the employers' contribution to the health and dental insurance plans. These services provided without charge have been recorded in the Complaints Commission's Future-oriented Statement of Operations as follows:

	Estimated Results 2012	Forecast 2013
	(in dollars)	
Employer's contribution to the health and dental plans provided by Treasury Board	\$140,014	\$146,025

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of its 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 cost of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada are not included in the Complaints Commission's Future-oriented Statement of Operations.

b) Other Transactions with Related Parties

	Estimated Results 2012	Forecast 2013
	(in dollars)	
Expenses - other government departments and agencies	\$598,543	\$616,499

12. Segmented Information

Presentation by segment is based on the Tribunal'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 for the main program activities, by major object of expenses. The segment results for the period are as follows:

	2012 Total	2013		
		Complaints Resolution	Internal Services	Total
Operating Expenses				
Salaries and employee benefits	1,740,228	1,319,512	879,674	2,199,186
Professional and special services	2,347,488	1,629,102	325,736	1,954,838
Accommodation	257,011	190,445	128,861	319,306
Transportation and telecommunications	156,187	80,408	20,102	100,510
Amortization of tangible capital assets	50,914	-	60,213	60,213
Utilities, materials and supplies	65,434	17,400	11,600	29,000
Information	48,855	15,600	10,400	26,000

Repair and maintenance	1,943	9,000	6,000	15,000
Rentals	13,367	9,400	4,369	13,769
Net Cost of Operations	<u>4,681,427</u>	<u>3,270,868</u>	<u>1,446,955</u>	<u>4,717,822</u>