



Future-Oriented Statement of Operations

For the year ending March 31, 2016

March 2015



Canadian Nuclear Safety Commission

STATEMENT OF MANAGEMENT RESPONSIBILITY

Responsibility for the compilation, content, and presentation of the accompanying future-oriented statement of operations (FOSO) for the year ending March 31, 2016 rests with departmental management. The FOSO has 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 FOSO is submitted for Part III of Estimates (Report on Plans and Priorities), and will be used in the CNSC's Departmental Performance Report to compare with actual results.

Management is responsible for the objectivity of the information contained in the FOSO and for the process of developing assumptions. Assumptions and estimates are based upon information available and known to management as at October 31, 2014, reflect current business and economic conditions, assume a continuation of current governmental priorities, and are consistent with the CNSC's mandate and strategic objectives. Much of the FOSO is based on these assumptions, best estimates, and judgment, and give due consideration to materiality. At the time of preparation of the FOSO, 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 into the future.

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

Michael Binder

President

Stéphane Cyr

Vice-President, Corporate Services Branch
and Chief Financial Officer

Canadian Nuclear Safety Commission

Future-Oriented Statement of Operations (Unaudited)

For the year ended March 31 (in thousands of dollars)	Estimated Results 2015	Planned Results 2016
Expenses		
Salaries and employee benefits	\$ 109,973	\$ 112,811
Professional and special services	23,684	23,219
Accommodation	9,407	10,897
Travel and relocation	4,650	4,650
Amortization	3,642	2,042
Furniture, repairs and rentals	292	206
Communication and information	1,150	1,150
Grants and contributions	1,549	1,770
Utilities, materials and supplies	600	600
Other	150	150
Total expenses	155,097	157,495
Revenues		
Licence fees	103,922	105,269
Special projects	1,593	1,514
Total revenues	105,515	106,783
Net cost of operations	49,582	50,712

The accompanying notes form an integral part of these future-oriented statement of operations.

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

1. Methodology and significant assumptions

The future-oriented statement of operations has been prepared on the basis of the government priorities and the plans of the CNSC as described in the 2015-16 *Report on Plans and Priorities*.

The information in the estimated results for fiscal year 2014-2015 is based on actual results as at October 31, 2014 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for the 2015-2016 fiscal year.

The main assumptions underlying the forecasts are as follows:

- (a) The CNSC's activities will remain substantially the same as in the previous year.
- (b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on experience. The general historical pattern is expected to continue.
- (c) Allowances for uncollectibility are based on historical experience. The general historical pattern is expected to continue.
- (d) Estimated year-end information for 2014-2015 is used as the opening position for the 2015-2016 planned results.

These assumptions are adopted as at October 31, 2014.

2. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2014-2015 and for 2015-2016, 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, the Canadian Nuclear Safety 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 statement of operations and the historical statement of operations include the following:

- (a) Changes to the operating budget, new initiatives or technical adjustments later in the year may affect both revenue and expenditure levels.
- (b) Economic conditions may affect both the amount of revenue earned and the collectability of accounts receivables.
- (c) The timing and value of capital asset acquisitions and disposals may affect gains and losses on the disposition of capital assets and amortization expenses.

Once the *Report on Plans and Priorities* is presented, the Canadian Nuclear Safety 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*.

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

3. Summary of Significant Accounting Policies

The future-oriented statement of operations has been prepared using the government's accounting policies in effect for the 2014-2015 fiscal year, which 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) Expenses

Expenses are recorded on an accrual basis. Expenses for the CNSC's operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employee contributions to health and dental insurance plans, legal services and worker's compensation, which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued and expenses are recorded as the benefits are earned by employees under their respective terms of employment.

Transfer payments are recorded as expenses when the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement or, in the case of transactions which do not form part of an existing program, when the Government announces a decision to make non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statement. Transfer payments that become repayable as a result of conditions specified in the contribution agreement that have come into being are recorded as a reduction to transfer payment expense and as a receivable.

Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debt on accounts receivable, provision for valuation on loans, investments and advances and inventory obsolescence or liabilities, including contingent liabilities and environmental liabilities to the extent the future event is likely to occur and a reasonable estimate can be made. Expenses also include amortization of tangible capital assets, which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.

(b) Forecasted Revenue

Revenue is recognized in the period in which the underlying transaction or event that gave rise to the revenue takes place. Licence fee revenue is recognized on a straight-line basis over the period to which the fee payment pertains (normally three months or one year). Licence fees received for future year licence periods are recorded as deferred revenue.

Certain educational institutions, not-for-profit research institutions wholly owned by educational institutions, publicly funded health care institutions, not-for-profit emergency response organizations and federal government departments and agencies are not subject to the *Canadian Nuclear Safety Commission Cost Recovery Fees Regulations* (Regulations). The CNSC provides licences to these organizations free of charge. The value of licences provided free of charge is calculated on the same basis as licence fees for organizations subject to the Regulations. The CNSC does not include the foregone revenue associated with these licences in the Statement of Operations.

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

4. Parliamentary Authorities

The CNSC receives its funding through parliamentary and statutory authorities. Items recognized in the future-oriented statement of operations in one year may be funded through authorities in prior, current and future years. Accordingly, the CNSC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. These differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to requested authorities

(in thousands of dollars)	Estimated Results 2015	Planned Results 2016
Net cost of operations before government funding	\$ 49,582	\$ 50,712
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (Less):		
Services provided without charge by other government departments	(13,822)	(14,558)
Amortization of tangible capital assets	(3,642)	(2,042)
Revenues pursuant to Subsection 21(3) of the Nuclear Safety and Control Act	105,515	106,783
Increase in employee future benefits	(610)	(122)
Decrease (increase) in vacation pay and compensatory leave	357	(245)
	87,798	89,816
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (Less):		
Acquisitions of tangible capital assets	2,608	2,777
	2,608	2,777
Authorities forecasted to be used	\$ 139,988	\$ 143,305

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

4. Parliamentary Authorities (continued)

(b) Authorities requested

(in thousands of dollars)	Estimated Results 2015	Planned Results 2016
Authorities requested		
Vote 1	\$ 40,651	\$ 39,799
Statutory Amounts		
Expenditures pursuant to Subsection 21(3) of the Nuclear Safety and Control Act	88,446	90,689
Contributions to employee benefit plans	14,494	15,396
Authorities requested	143,591	145,884
Less:		
Lapsed Vote 1 - CNSC program expenditures	878	388
Deferred revenue available in future years	2,725	2,967
Authorities forecasted to be used	\$ 139,988	\$ 143,305