

**Office of the Commissioner for Federal Judicial Affairs Canada  
Statement of Management Responsibility**

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2010 and all information contained in these statements rests with the Office of the Commissioner for Federal Judicial Affairs (FJA) Canada management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with 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 fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of FJA's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in FJA's Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal controls designed to provide reasonable assurance that financial administration is reliable, that assets are safeguarded and that transactions are in accordance with the Financial Administration Act, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout FJA.

The financial statements of the Office of the Commissioner for Federal Judicial Affairs Canada have not been audited.

(the original version was signed by)  
Claude Provencher  
Commissioner

Ottawa, Canada  
August 3, 2010

(the original version was signed by)  
Marc Giroux  
Deputy Commissioner  
Chief Financial Officer

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Statement of Operations (Unaudited)**  
**For the Year Ended March 31**  
(in dollars)

				<b>2010</b>	<b>2009</b>
	<b>Federal Judicial Affairs</b>	<b>Canadian Judicial Council</b>	<b>Statutory Expenses</b>	<b>Total</b>	<b>Total</b>
<b>Operating Expenses</b>					
Salaries and employee benefits	6,328,992	1,137,625	393,023,974	400,490,591	380,365,106
Transportation and telecommunications	804,430	146,533	28,660,439	29,611,402	30,902,580
Professional and special services	2,195,939	284,996	607,811	3,088,746	4,698,249
Accommodation	884,271	225,269	-	1,109,540	1,110,820
Utilities, materials and supplies	86,670	28,307	310	115,287	138,430
Communication	39,906	8,636	19,386	67,928	106,874
Repairs and maintenance	217,792	103,496	-	321,288	128,479
Rentals	52,031	21,470	26,506	100,007	91,122
Amortization (Note 5)	53,895	-	-	53,895	72,531
Machinery and equipment	164,342	48,085	-	212,427	130,382
Loss on write-down of capital assets	-	-	-	-	3,953
Other expenses	63,826	-	5,179,508	5,243,334	5,539,369
<b>Total operating expenses</b>	<b>10,892,094</b>	<b>2,004,417</b>	<b>427,517,934</b>	<b>440,414,445</b>	<b>423,287,895</b>
<b>Total Expenses</b>	<b>10,892,094</b>	<b>2,004,417</b>	<b>427,517,934</b>	<b>440,414,445</b>	<b>423,287,895</b>
<b>Revenues</b>					
Pension Contribution Credited to Revenue	-	-	(13,062,794)	(13,062,794)	(12,581,374)
User charges	(140,068)	-	-	(140,068)	(216,924)
<b>Total Revenues</b>	<b>(140,068)</b>	<b>-</b>	<b>(13,062,794)</b>	<b>(13,202,862)</b>	<b>(12,798,271)</b>
<b>Net Cost of Operations</b>	<b>10,752,026</b>	<b>2,004,417</b>	<b>414,455,140</b>	<b>427,211,583</b>	<b>410,489,624</b>

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

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Statement of Financial Position (Unaudited)**  
**For the Year Ended March 31**  
(in dollars)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>Financial assets</b>		
Receivables and advances (Note 4)	3,696,692	1,288,270
<b>Total financial assets</b>	<u>3,696,692</u>	<u>1,288,270</u>
<b>Non-financial assets</b>		
Prepaid expenses	146,504	296,502
Tangible capital assets (Note 5)	278,712	141,043
<b>Total non-financial assets</b>	<u>425,216</u>	<u>437,545</u>
<b>TOTAL</b>	<u><u>4,121,908</u></u>	<u><u>1,725,815</u></u>
<b>Liabilities</b>		
Accounts payable & accrued liabilities (Note 6)	1,829,343	2,248,390
Vacation pay and compensatory leave	323,353	238,426
Judges' Supplementary Retirement Benefits Account (Note 7)	157,221,586	147,909,311
Employee severance benefits (Note 8b)	1,334,119	1,066,271
<b>Total Liabilities</b>	<u>160,708,401</u>	<u>151,462,398</u>
<b>Equity of Canada</b>	<b>(156,586,493)</b>	<b>(149,736,583)</b>
<b>TOTAL</b>	<u><u>4,121,908</u></u>	<u><u>1,725,815</u></u>

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

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Statement of Equity of Canada (Unaudited)**  
**For the Year Ended March 31**  
(in dollars)

	<b>2010</b>	<b>2009</b>
<b>Equity of Canada, beginning of year</b>	<b>(149,736,583)</b>	<b>(139,689,189)</b>
Net cost of operations	(427,211,583)	(410,489,624)
Current year appropriations used (Note 3a)	438,330,560	421,427,469
Revenue not available for spending	(13,062,794)	(12,581,347)
Change in net position in the Consolidated Revenue Fund (Note 3c)	(6,491,333)	(9,951,315)
Services received without charge from other government departments (Note 9a)	1,585,240	1,547,423
<b>Equity of Canada, end of year</b>	<b><u>(156,586,493)</u></b>	<b><u>(149,736,583)</u></b>

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

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Statement of Cash Flows (Unaudited)**  
**For the Year Ended March 31**  
(in dollars)

	<u>2010</u>	<u>2009</u>
<b>Operating activities</b>		
Net cost of operations	427,211,583	410,489,624
Non-cash items:		
Amortization of tangible capital assets (Note 5)	(53,895)	(72,531)
Loss on write-down of capital assets		(3,953)
Services provided without charge by other government departments (Note 9)	(1,585,240)	(1,547,423)
Variations in Statement of Financial Position:		
Increase (decrease) in receivables and advances	2,408,422	84,860
Increase (decrease) in prepaid expenses	(149,998)	13,497
Decrease (increase) in liabilities	(9,246,003)	(10,140,435)
	<u>418,584,869</u>	<u>398,823,639</u>
<b>Cash used by operating activities</b>		
<b>Capital investment activities</b>		
Acquisition of tangible capital assets (Note 5)	191,564	71,168
<b>Financing activities</b>		
Net cash provided by Government of Canada (Note 3c)	<u><b>418,776,433</b></u>	<u><b>398,894,807</b></u>

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

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Notes to the Financial Statements (unaudited)**  
**Year ended March 31, 2010**

**1. Authority and Objectives**

The Office of the Commissioner for Federal Judicial Affairs (FJA) Canada was created in 1978 under the authority of the *Judges Act* to safeguard the independence of the Judiciary and to put federally appointed judges at arm's length from the administration of the Department of Justice. It exists to promote better administration of justice and focuses its efforts on providing a sound support role to the federal judiciary.

It administers three distinct and separate components that are funded from three very distinct sources. Statutory funding is allocated for the judges' salaries, allowances and annuities and surviving beneficiaries' benefits. Vote appropriations are provided in two separate votes to support the administrative activities of the Office of the Commissioner and the administrative activities of the Canadian Judicial Council.

The administration of the Office of the Commissioner is structured to reflect the distinctiveness of its role in supporting federal judicial activities. Under the Program Activity Architecture, the organization is broken down into three program activities: Payments Pursuant to the *Judges Act*; Canadian Judicial Council; and Federal Judicial Affairs (FJA).

These activities strive to meet our priorities of: developing organizational capacity; building a strong, integrated team; improving service delivery; enhancing communications; and managing information.

**2. Summary of Significant Accounting Policies**

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

- (a) Parliamentary appropriations - FJA is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to FJA do not parallel financial reporting according to generally accepted accounting principles since appropriations 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 appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.
- (b) Net Cash Provided by Government - FJA operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by FJA is deposited to the CRF and all cash disbursements made by departments are paid from the CRF. The net cash provided by the Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.
- (c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by the Government and appropriations used in a year. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.
- (d) Revenues - Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.
- (e) Expenses - Expenses are recorded on the accrual basis:
  - Vacation pay and compensatory leave are expenses as the benefits accrue to employees under their respective terms of employment.

- Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated costs.
- (f) Employee and federally appointed judges' future benefits
- (i) Pension benefits - Eligible employees participate in the Public Service Pension Plan (PSSA) multi-employer administered by the Government of Canada. FJA's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require FJA 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.
  - (iii) Federally appointed judges' pension benefits – Eligible federally appointed judges and their survivors are entitled to fully indexed annuities providing that the judges meet minimum age and service requirements. The main benefits paid from this plan are recorded on a pay-as-you-go basis. They are included in the Statement of Operations as a component of salaries and benefits, and the judges' contributions are credited to revenue. Contributions made by FJA and the judges pertaining to the portion of the plan that relates to indexation of benefits is recorded in a Supplementary Retirement Benefits Account, which is presented in the Statement of Financial Position. FJA's contribution towards indexation is expensed at the time it is accrued in accordance with the *Supplementary Retirement Benefits Act*. The actuarial liability associated with the judges' pension plan is recorded in the financial statements of the Government of Canada, the ultimate sponsor of the plan.
- (g) Accounts receivables are stated at amounts expected to be ultimately realized; a provision is made for external receivables where recovery is considered uncertain.
- (h) 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. FJA does not capitalize intangibles, works of art, and historical treasures that have cultural, aesthetic or historical value. Amortization of tangible capital assets is done on a straight-line basis with an assumed residual value of zero (\$0) over the estimated useful life of the capital asset as follows:

Asset Class	Amortization Period
Machinery and Equipment	5 to 10 years
Furnishings & Fixtures	10 years
Informatics Hardware & Software	3 years
Work-in-Progress (WIP) - Software	Once in service, in accordance with asset type

- (i) Measurement of uncertainty – The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector 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 Appropriations

FJA receives most of its funding through annual Parliamentary appropriations. 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, FJA 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 appropriations used

(in dollars)	2010	2009
<b>Net cost of operations</b>	427,211,583	410,489,624
Adjustment for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Services provided without charge (Note 9)	(1,585,240)	(1,547,423)
Employee severance benefits	(267,848)	(77,093)
Amortization of tangible capital assets (Note 5)	(53,895)	(72,531)
Loss on write-down of tangible capital assets	-	(3,953)
Vacation pay and compensatory leave	(84,927)	(27,167)
Judges' pension contributions	13,062,794	12,581,347
Clearing of prepaid accounts	(296,452)	(282,905)
Adjustment to prior year's expenses	6,527	-
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (Less):		
Acquisitions of tangible capital assets	191,564	71,168
Prepaid expenses	146,454	296,402
<b>Current year appropriations used</b>	<b>438,330,560</b>	<b>421,427,469</b>

#### (b) Appropriations provided and used

(in dollars)	Appropriations Provided	
	2010	2009
Vote 20 - Operating expenditures-FJA	8,910,897	9,130,990
Vote 25 - Operating expenditures-CJC	1,774,796	1,673,700
Statutory amounts	428,363,682	411,311,238
Less:		
Lapsed appropriations: Operating	(718,815)	(688,459)
<b>Current year appropriations used</b>	<b>438,330,560</b>	<b>421,427,469</b>

**(c) Reconciliation of net cash provided by Government to current year appropriations used**

(in dollars)	2010	2009
Net cash provided by Government	418,776,433	398,894,807
Revenue not available for spending	13,062,794	12,581,347
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and advances	(2,408,422)	(84,860)
Variation in accounts payable and accrued liabilities	9,246,003	10,140,435
Provision for employee benefits	(352,775)	(104,260)
Adjustment to prior year's expenditure	6,527	-
Subtotal	6,491,333	9,951,315
<b>Current year appropriations used</b>	<b><u>438,330,560</u></b>	<b><u>421,427,469</u></b>

**4. Accounts Receivable and Advances**

The following table presents details of Accounts Receivable and Advances:

(in dollars)	2010	2009
Receivables from other Federal Government Departments and agencies	2,007,061	116,049
Receivables from external parties	77,619	66,881
Advances	1,612,012	1,105,340
<b>Total</b>	<b><u>3,696,692</u></b>	<b><u>1,288,270</u></b>

**5. Tangible Capital Assets**

(in dollars)

Cost					Accumulated Amortization				Net Book Value	
	Capital asset class	Opening Balance	Acquisitions	Disposals and write-offs	Closing Balance	Opening Balance	Amortization	Disposals and write-offs	Closing Balance	2010
Machinery & Equipment	70,293	-	-	70,293	37,298	6,600	-	43,898	26,395	32,995
Informatics Hardware	424,726	36,369	(18,652)	442,443	334,244	37,691	(18,652)	353,283	89,160	90,482
Furnishings & Fixtures	19,552	-	-	19,552	15,641	1,955	-	17,596	1,956	3,911
Software	102,805	-	-	102,805	89,150	7,649	-	96,799	6,006	13,655
WIP S/Ware	-	155,195	-	155,195	-	-	-	-	155,195	-
<b>TOTAL</b>	<b>617,376</b>	<b>191,564</b>	<b>(18,652)</b>	<b>790,288</b>	<b>476,333</b>	<b>53,895</b>	<b>(18,652)</b>	<b>511,576</b>	<b>278,712</b>	<b>141,043</b>

Amortization expense for the year ended March 31, 2010 is \$ 53,895 (2009 - \$ 72,531).

**6. Accounts Payable and Accrued Liabilities**

The following table presents details of Accounts Payable and Accrued Liabilities:

(in dollars)	2010	2009
Payables to other Federal Government Departments and agencies	303,659	101,725
Payables to external parties	1,297,990	1,600,058
Accrued Salaries/Wages	227,694	546,607
<b>Total</b>	<b><u>1,829,343</u></b>	<b><u>2,248,390</u></b>

## 7. Judges' Supplementary Retirement Benefit Account

(in dollars)	2010	2009
Liability, beginning of year	147,909,311	138,248,550
Contributions	5,756,685	5,535,140
Interest	3,555,590	4,125,621
Liability, end of year	<b>157,221,586</b>	<b>147,909,311</b>

The pension plan for federally appointed judges provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits. Instead the full benefit amount is generally payable when the member has completed 15 years of pensionable service and the total of the member's age and years of service totals 80. Judges who elect Supernumerary Status or judges who qualify for retirement make required contributions of 1% of salary. All other judges make contributions of 7% of salary.

The main benefits from this plan are expensed on a pay-as-you-go basis. However, by virtue of the *Supplementary Retirement Benefits Act*, for the portion of the plan that relates to indexation of benefits, the 1% portion of salary contributed by the judges is recorded in a Supplementary Retirement Benefits Account, along with a matching contribution of 1% recorded by FJA. In addition, interest is accrued on the outstanding balance of the Account. The actuarial liability associated with the judges' pension plan is recorded in the financial statements of the Government of Canada.

## 8. Employee Benefits

- (a) Pension benefits: FJA's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. 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 FJA contribute to the cost of the Plan. The 2009-10 expense amount to \$ 718,991 (\$598,109 in 2008-09), which represents approximately 1.9 times (2.0 in 2008-09) the contributions by employees.

FJA'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: FJA 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 appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in dollars)	2010	2009
Accrued benefit obligation, beginning of year	1,066,271	989,178
Expense for the year	267,848	77,093
Accrued benefit obligation, end of year	<b>1,334,119</b>	<b>1,066,271</b>

## 9. Related party transactions

FJA is related in terms of common ownership to all Government of Canada departments and Crown Corporations. FJA enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services, as shown below, are provided without charge.

**(a) Services provided without charge:**

During the year, FJA received without charge from other departments accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in FJA's Statement of Operations as follows:

(in dollars)	2010	2009
Accommodation provided by Public Works and Government Services Canada	1,109,540	1,110,820
Contributions covering employer's share of employees' insurance premiums and costs paid by Treasury Board Secretariat	475,700	436,603
<b>Total</b>	<b>1,585,240</b>	<b>1,547,423</b>

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in FJA's Statement of Operations.

**(b) Payables and receivables outstanding at year-end with related parties:**

(in dollars)	2010	2009
Accounts receivable with other government departments and agencies (Note 4)	2,007,061	116,049
Accounts payable to other government departments and agencies (Note 6)	303,659	101,725