

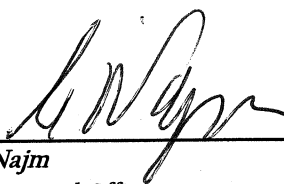
STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for these future-oriented financial statements, including responsibility for the appropriateness of the assumptions (see Note 2 for detail) on which these statements are prepared. These statements are based on the best information available and assumptions adopted as at April 11, 2012 and reflect the plans described in the Report on Plans and Priorities except for new items identified in the Budget 2012. The future-oriented financial information 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.



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*Paul Boothe*  
Deputy Minister  
Gatineau, Canada



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*Carol Najm*  
Chief Financial Officer  
Gatineau, Canada

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April 11, 2012

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April 11, 2012

*Environment Canada*

**FUTURE ORIENTED STATEMENT OF OPERATIONS (UNAUDITED)**

For the year ended March 31  
(in thousands of dollars)

	2012	2011
<b>Expenses</b>		
Conservation of Canada's natural environment	335,601	307,646
Weather information	292,291	278,473
Threats from pollution minimized	251,293	350,230
Internal Services	363,306	208,960
<b>Total Expenses</b>	<b>1,242,491</b>	<b>1,145,309</b>
<b>Revenues</b>		
Conservation of Canada's natural environment	23,193	27,082
Weather information	49,402	49,002
Threats from pollution minimized	3,343	3,101
Internal Services	-	200
<b>Total Revenues</b>	<b>75,938</b>	<b>79,385</b>
<b>NET COST OF OPERATIONS</b>	<b>1,166,553</b>	<b>1,065,924</b>

Segmented information (Note 12)

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

*Environment Canada*

**FUTURE ORIENTED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

At March 31

(in thousands of dollars)

	2 012	2 011
<b>ASSETS</b>		
Financial assets		
Due from Consolidated Revenue Fund	213,865	161,468
Accounts receivable and advances	15,184	15,225
<b>Total financial assets</b>	<b>229,049</b>	<b>176,693</b>
Non-financial assets		
Prepaid expenses	1,554	1,553
Inventory	4,551	4,933
Tangible capital assets (Note 6)	371,944	368,303
<b>Total non-financial assets</b>	<b>378,049</b>	<b>374,789</b>
<b>TOTAL</b>	<b>607,098</b>	<b>551,482</b>
<b>LIABILITIES AND EQUITY OF CANADA</b>		
Liabilities		
Accounts payable and accrued liabilities (Note 7)	221,457	169,080
Vacation pay and compensatory leave	32,178	28,727
Deferred revenue	7,429	10,669
Lease obligation for tangible capital assets (Note 8 and 13)	12,937	12,365
Employee severance benefits (Note 9)	92,556	91,012
Environmental liabilities	101,373	101,373
Other liabilities	3,134	2,277
<b>Total Liabilities</b>	<b>471,064</b>	<b>415,503</b>
Equity of Canada	136,034	135,979
<b>TOTAL</b>	<b>607,098</b>	<b>551,482</b>

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

*Environment Canada*

**FUTURE ORIENTED STATEMENT OF EQUITY OF CANADA (UNAUDITED)**

For the year ended March 31  
(in thousands of dollars)

	2 012	
Equity of Canada, beginning of year	148,201	136,034
•Net cost of operations	(1,166,553)	(1,065,924)
Change in due from the Consolidated Revenue Fund	32,890	(52,397)
Net cash provided by Government	1,021,276	1,021,724
Services provided without charge from other government departments (Note 11)	100,700	96,542
Transfer of assets and liabilities to Shared Services Canada (Note 13)	(480)	
<b>EQUITY OF CANADA, END OF YEAR</b>	<b>136,034</b>	<b>135,979</b>

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

*Environment Canada*

**FUTURE ORIENTED STATEMENT OF CASH FLOW (UNAUDITED)**

For the year ended March 31  
(in thousands of dollars)

	2 012	
<b>OPERATING ACTIVITIES</b>		
Net cost of operations	1,166,553	1,065,924
Non-cash items:		
Amortization of tangible capital assets (Note 7)	(42,705)	(41,217)
Services provided without charge by other government departments	(100,700)	(96,542)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable, advances and loans	(15,063)	41
Increase (decrease) in prepaid expenses	41	(1)
Increase in inventory	257	382
Decrease (increase) in liabilities other than lease obligation for tangible capital assets	(20,042)	54,989
<b>Cash used in operating activities</b>	<b>988,341</b>	<b>983,576</b>
<b>CAPITAL INVESTING ACTIVITIES</b>		
Net acquisitions of tangible capital assets (Note 7)	36,758	37,576
Transfer of tangible capital assets to Shared Services Canada (Note 13)	(11,289)	
<b>Cash used in capital investing activities</b>	<b>25,469</b>	<b>37,576</b>
<b>FINANCING ACTIVITIES</b>		
Lease payments for tangible capital assets	6,986	572
<b>Cash used in capital investing activities</b>	<b>6,986</b>	<b>572</b>
Transfer of assets and liabilities to Shared Services Canada (Note 13)	480	-
<b>NET CASH PROVIDED BY GOVERNMENT OF CANADA</b>	<b>1,021,276</b>	<b>1,021,724</b>

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

NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**I. Authority and Objectives**

Environment Canada was established under legislation by the *Department of the Environment Act*. Under this Act, the powers, duties and functions of the Minister of the Environment extend to and include matters relating to:

- ✓ The preservation and enhancement of the quality of the natural environment (including water, air and soil quality);
- ✓ Renewable resources, including migratory birds and other non-domestic flora and fauna;
- ✓ Water;
- ✓ Meteorology;
- ✓ Enforcement of any rules or regulations made by the International Joint Commission relating to boundary
- ✓ Coordination of the policies and programs of the Government of Canada respecting the preservation and enhancement of the quality of the natural environment.

Environment Canada delivers its mandate through the following Strategic Outcomes and supported by their Internal services program activity:

- ✓ Canada's natural environment is conserved and restored for present and future generations;
- ✓ Canadians are equipped to make informed decisions on changing weather, water and climate conditions;
- ✓ Threats to Canadians and their environment from pollution are minimized;
- ✓ Internal Services

In addition, Environment Canada has authority under numerous pieces of legislation which affect how the Department operates. Significant Acts include:

- ✓ *Antarctic Environmental Protection Act*
- ✓ *Canada Water Act*
- ✓ *Canada Wildlife Act*
- ✓ *Canadian Environmental Assessment Act*
- ✓ *Canadian Environmental Protection Act, 1999*
- ✓ *Department of the Environment Act*
- ✓ *Fisheries Act (Sections 36-42)*
- ✓ *International River Improvements Act*
- ✓ *Migratory Birds Convention Act, 1994*
- ✓ *Species at Risk Act*
- ✓ *Weather Modification Information Act*
- ✓ *Kyoto Protocol Implementation Act (2007, c.30)*
- ✓ *Federal Sustainable Development Act (2008, c. 33)*

## NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

### 2. Significant assumptions

The future-oriented financial statements have been prepared on the basis of the government priorities and the plans of the Department as described in the Report on Plans and Priorities. These statements have been prepared based on instructions provided by the Treasury Board Secretariat.

The main assumptions are as follows:

- (a) The Department's activities, in accordance with the Program Activity Architecture, will remain substantially the same as for the previous year with exception of activities transferred to Shared Services Canada (SSC).
- (b) These FOFS are prepared to cover two fiscal years, i.e. 2011-2012 (projected as of December 31, 2011) and 2012-2013 (full fiscal year). Expenses, revenues, assets and liabilities, including the determination of amounts internal and external to the government, are based on historical data and trends, up-to-date Annual Reference Level Update (ARLU) information, supplementary Estimates, expert information from within the Department and requests to other departments for information (ex. Services provided without charge).
- (c) Allowances for uncollectability are based on historical experience and trend analysis. The general historical pattern is expected to continue.
- (d) Estimated year end information for 2011-12 is used as the opening position for the 2012-13 forecasts.
- (e) Internal settlements.

These assumptions are adopted as at April 11, 2012.

### 3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately 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 financial statements, Environment Canada has made estimates and assumptions concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements 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) 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 presented, Environment Canada 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.

NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**4. Summary of Significant Accounting Policies**

The future-oriented financial statements have been prepared in accordance with the Treasury Board accounting policy TBAS 1.2 and other policies stated below, which 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 appropriations***

Environment Canada is financed by the Government of Canada through Parliamentary appropriations. The cash accounting basis is used to recognize transactions affecting parliamentary appropriations. The future-oriented financial statements are based on accrual accounting. Consequently, items presented in the Future-oriented Statement of Operations and the Future-oriented Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 5 provides a reconciliation between the bases of reporting.

***(b) Net Cash Provided by Government***

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

Amounts due 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 Department is entitled to draw from the CRF without further appropriations to discharge its liabilities.

***(d) Revenues***

Revenues from regulatory fees are recognized in the accounts based on the services provided in the year. Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred. Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenue takes place. Funds that have been received are recorded as deferred revenues, provided the Department has an obligation to other parties for the provision of goods, services or the use of assets in the future.



NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

4. Summary of Significant Accounting Policies (continued)

*(e) Expenses*

Expenses are presented on an accrual basis:

- ✓ Grants are recognized in the year in which the conditions for payment are met. In the case of grants which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements;
- ✓ Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement, provided that the transfer is authorized and a reasonable estimate can be made;
- ✓ Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment;
- ✓ Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, legal services and worker's compensation are recorded as operating expenses at their estimated cost. The providers of these services determine the estimated costs to be recorded by the departments.

*(f) Employee future benefits*

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer pension plan administered by the Government. Environment Canada'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 Environment Canada 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.

*(g) Accounts and loans receivables*

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

*(h) Contingent liabilities*

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

## *Environment Canada*

### NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

#### 4. Summary of Significant Accounting Policies (continued)

*(i) Environmental liabilities*

Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when Environment Canada becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of Environment Canada's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

*(j) Inventory*

Inventory consists of parts, material and supplies held for future program delivery. Inventory is valued at cost using the average cost method. If there is no longer any service potential, inventory is valued at the lower of cost or net realizable value.

*(k) Tangible capital assets*

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Environment Canada 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:

<u>Asset class</u>	<u>Amortization period</u>
Buildings	25 to 40 years
Works and infrastructure	20 to 40 years
Machinery and equipment	2 to 30 years
Vehicles	3 to 25 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement
Leased tangible capital assets	Over term of lease/useful life

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.

NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**5. Parliamentary Authorities**

Environment Canada receives most of its funding through annual Parliamentary authorities. Items recognized in the future-oriented statement of operations in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, Environment Canada 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*

(in thousands of dollars)

	2012	2011
Authorities requested		
Vote 1 - Operating expenditures	903,591	802,195
Vote 5 - Capital expenditures	56,550	50,225
Vote 10 - Grants & Contributions	107,666	120,202
Statutory amounts	33,773	24,108
<b>Total</b>	<b>1,101,580</b>	<b>996,730</b>

Forecast authorities requested for the year ending March 31, 2013 are the planned spending amounts presented in the 2012-2013 Report on Plans and Priorities. Estimated authorities requested for the year ending March 31, 2012 include amounts presented in the 2011-2012 Main Estimates and Supplementary Estimates (A) and (B), planned for presentation in Supplementary Estimates (C) and estimates of amounts to be allocated at year-end from Treasury Board central votes.

*Environment Canada*

NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

5. Parliamentary Authorities (continued)

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

(in thousands of dollars)

	2012	2011
Net cost of operations	1,166,553	1,065,924
Adjustments for items affecting net cost of operations but not affecting appropriations:		
<i>Add (Less):</i>		
Services provided without charge by other government departments (Note 11)	(100,700)	(96,542)
Amortization of tangible capital assets (Note 6)	(42,705)	(41,217)
Expenses not being charged to Appropriations <sup>1</sup>	33,695	24,030
Revenues not available for spending	11,154	11,555
Increase in employee severance benefits	(8,070)	(9,000)
Decrease (increase) in vacation pay and compensatory leave	(2,389)	3,451
Other	298	381
	(108,717)	(107,342)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
<i>Add (Less):</i>		
Acquisitions of tangible capital assets (Note 6)	36,758	37,576
Capital lease payments	6,986	572
	43,744	38,148
Authorities requested	1,101,580	996,730

1. This amount represents monies that are kept in trust by Environnement Canada for Nature Conservancy of Canada

6. Tangible capital assets

(in thousands of dollars)

	2012	2011
Opening balance	389,180	371,944
Acquisition of tangible capital assets	36,758	37,576
less: Current year amortization	(42,705)	(41,217)
less: Assets transferred to Shared Services Canada	(11,289)	
Net Book Value	371,944	368,303

NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

7. Accounts payable and accrued liabilities

(in thousands of dollars)

	2012	2011
Accounts payable to other government departments and agencies	19,369	17,377
Accounts payable to external parties	111,475	68,461
	130,844	85,838
Accrued liabilities	90,613	83,242
<b>Total</b>	<b>221,457</b>	<b>169,080</b>

8. Lease obligation for tangible capital assets

(in thousands of dollars)

	2012	2011
2013	1,300	
2014	1,300	1,300
2015	1,300	1,300
2016	1,300	1,300
2017	1,300	1,300
2018		1,300
2018 and thereafter	13,000	
2019 and thereafter		11,700
<b>Total future minimum lease payments</b>	<b>19,500</b>	<b>18,200</b>
Less: imputed interest (5.63%)	6,563	5,835
<b>Total</b>	<b>12,937</b>	<b>12,365</b>

**NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)**

**9. Employee Benefits**

**(a) Pension benefits:**

Environment Canada'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% 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 Environment Canada contribute to the cost of the Plan. The forecast expenses are \$67,028,939 in 2012-2013 and \$60,317,271 in 2011-2012, which represents approximately 1.9 times the contributions by employees.

Environment Canada'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:**

Environment Canada 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, measured as at March 31, is as follows:

(in thousands of dollars)

	2012	2011
Accrued benefit obligation, beginning of year	114,431	92,556
Expense for the year	8,070	9,000
Expected benefits payments during the year	(29,945)	(10,544)
Accrued benefit obligation, end of year	92,556	91,012

NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**10. Contingent liabilities**

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into two categories as follows:

*a) Contaminated sites*

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where Environment Canada is obligated or likely to be obligated to incur such costs. As at the date of the preparation of these future-oriented consolidated financial statements, the Department has estimated a liability of \$101,373,000 which is reflected in these statements. Additional new sites, changes in the remediation approach or material changes in amounts accrued or not accrued are not forecasted for the future years presented in these statements. However, Environment Canada's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by Environment Canada in the year in which they become known.

*b) Claims and litigations*

Claims have been made against the Department in the normal course of operations. As at the date of the preparation of these future-oriented financial statements, legal proceedings for claims totalling approximately \$36,550,000 are pending. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the consolidated financial statements.

*Environment Canada*

NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**II. Related party transactions**

Environment Canada is related as a result of common ownership to all Government departments, agencies, and Crown corporations. Environment Canada enters into transactions with these entities in the normal course of business and on normal trade terms. Environment Canada is forecasted to receive common services without charge from other Government departments as disclosed below.

*(a) Common services provided without charge by other government departments*

During the year, Environment Canada is forecasted to receive without charge from other departments, accommodation, legal fees, workers' compensation coverage and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in Environment Canada's future-oriented statement of operations as follows:

(in thousands of dollars)

	2012	2011
Employer's contribution to the health and dental insurance plans	47,558	42,796
Accommodation	48,609	48,754
Workers' compensation	1,327	1,141
Legal services	3,206	3,851
<b>Total</b>	<b>100,700</b>	<b>96,542</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 and audit services provided by the Office of the Auditor General, are not included as an expense in Environment Canada's future-oriented statement of operations.



NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

12. Segmented information

(in thousands of dollars)

	2012					
Transfer payments	95,796	41,182	4,134	74,886	-	120,202
<b>Operating Expenses</b>						
Salaries and employee benefits	703,346	160,392	160,392	186,055	134,730	641,569
Professional and special services	112,468	22,631	16,841	24,501	26,551	90,524
Accommodation	55,402	14,380	14,609	15,511	10,896	55,396
Other contracted services	58,833	11,668	8,550	12,592	13,861	46,671
Travel	20,609	2,766	4,275	2,161	5,164	14,366
Machinery & equipment	18,211	6,859	10,288	6,369	980	24,496
Amortization	42,705	5,602	20,394	7,067	8,155	41,218
Rentals	25,907	13,273	4,903	1,246	366	19,788
Materials and supplies	33,165	8,766	9,680	5,488	2,630	26,564
Telecommunications	44,772	11,527	9,007	8,757	3,228	32,519
Equipment repair and maintenance	15,097	4,154	10,431	3,278	1,020	18,883
Postage	5,685	1,076	1,985	455	830	4,346
Information services – communications	4,291	1,285	424	869	342	2,920
Acquisition of land, buildings and works	1,582	155	233	144	22	554
Other	4,623	1,930	2,327	851	185	5,293
<b>Total operating expenses</b>	<b>1,146,696</b>	<b>266,464</b>	<b>274,339</b>	<b>275,344</b>	<b>208,960</b>	<b>1,025,107</b>
<b>Total expenses</b>	<b>1,242,492</b>	<b>307,646</b>	<b>278,473</b>	<b>350,230</b>	<b>208,960</b>	<b>1,145,309</b>
<b>Revenues</b>	<b>75,938</b>	<b>27,082</b>	<b>49,002</b>	<b>3,101</b>	<b>200</b>	<b>79,385</b>
<b>Net Cost of Continuing Operations</b>	<b>1,166,554</b>	<b>280,564</b>	<b>229,471</b>	<b>347,129</b>	<b>208,760</b>	<b>1,065,924</b>
Operations transferred to Shared Services Canada	480					
<b>Net Cost of Operations</b>	<b>1,167,034</b>	<b>280,564</b>	<b>229,471</b>	<b>347,129</b>	<b>208,760</b>	<b>1,065,924</b>

NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**13. Transfer to Shared Services Canada**

Effective November 16, 2011, the Department transferred responsibility for some IM/IT and related internal services to Shared Services Canada in accordance with Order-in-Council 2011-1297, including the stewardship responsibility for the assets and liabilities related to the program. Accordingly, the Department estimates the following assets and liabilities related to IM/IT and related services were transferred to Shared Service Canada on November 16, 2011:

(in thousands of dollars)

	2012
<b>Assets</b>	
Due from the Consolidated Revenue Fund*	1,090
Accounts receivable	10
Tangible Capital Assets	11,289
<b>Total</b>	<b>12,389</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,100
Vacation pay, compensatory leave, and employee future benefits	4,363
Lease obligation for tangible capital assets	6,446
<b>Total</b>	<b>11,909</b>
<b>Adjustment to Equity of Canada</b>	<b>480</b>

\* Difference between accounts receivables and payables transferred to SSC