

**Office of the Commissioner of Lobbying**  
FINANCIAL STATEMENTS (unaudited)  
For the year ended March 31, 2009

## Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2009 and all information contained in these statements rests with departmental 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 judgement 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 the department's financial transactions. Financial information submitted to *the Public Accounts of Canada* and included in the department's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information 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 the department.

The Office of the Commissioner of Lobbying has an independent audit committee. The responsibilities of the committee are to provide the Commissioner of Lobbying with objective guidance on risk management, control framework and reporting practices.

The financial statements of the Office of the Commissioner of Lobbying have not been audited.

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Karen E. Shepherd  
Commissioner of Lobbying

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Johanne Blais  
Chief Financial Officer

Ottawa, Ontario

July 20, 2009

**Office of the Commissioner of Lobbying  
Statement of Operations (unaudited)  
For the year ended March 31, 2009**

<b>(in dollars)</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Expenses (note 4)</b>		
Registration of Lobbyists	\$1,836,166	\$1,729,539
Education and Research	1,507,349	1,005,362
Reviews and Investigations under the <i>Lobbying Act</i> and the <i>Lobbyists' Code of Conduct</i>	<u>1,726,125</u>	<u>882,671</u>
<b>Total Expenses</b>	<u><b>5,069,640</b></u>	<u><b>3,617,572</b></u>
<b>Revenues</b>		
Registration of Lobbyists	-	1,011
Education and Research	<u>5</u>	<u>10</u>
<b>Total Revenues</b>	<u><b>5</b></u>	<u><b>1,021</b></u>
<b>Net Cost of Operations</b>	<u><b>\$5,069,635</b></u>	<u><b>\$3,616,551</b></u>

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

**Office of the Commissioner of Lobbying  
Statement of Financial Position (unaudited)  
At March 31, 2009**

<b>(in dollars)</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Assets</b>		
<b>Financial Assets</b>		
Accounts receivable and advances (Note 5)	\$ <u>77,246</u>	\$ <u>68,145</u>
<b>Total Financial Assets</b>	<u><b>77,246</b></u>	<u><b>68,145</b></u>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 6)	<u>1,966,612</u>	<u>2,057,220</u>
<b>Total Non-financial Assets</b>	<u><b>1,966,612</b></u>	<u><b>2,057,220</b></u>
<b>Total Assets</b>	<u><b>\$2,043,858</b></u>	<u><b>\$2,125,365</b></u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 260,347	\$ 241,551
Vacation pay and compensatory leave	93,224	93,224
Employee future benefits (Note 8)	<u>445,075</u>	<u>352,434</u>
<b>Total liabilities</b>	<u><b>798,646</b></u>	<u><b>687,209</b></u>
<b>Equity of Canada</b>	<u><b>1,245,212</b></u>	<u><b>1,438,156</b></u>
<b>Total Liabilities and Equity of Canada</b>	<u><b>\$2,043,858</b></u>	<u><b>\$2,125,365</b></u>

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

**Office of the Commissioner of Lobbying  
Statement of Equity of Canada (unaudited)  
For the year ended March 31, 2009**

<b>(in dollars)</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Equity of Canada, beginning of year</b>	<b>\$ 1,438,156</b>	<b>\$ 493,037</b>
Net cost of operations	(5,069,635)	(3,616,551)
Current year appropriations used (Note 3)	4,466,438	4,186,928
Change in net position in the Consolidated Revenue Fund (Note 3)	(11,464)	(391)
Revenue not available for spending (Note 3)	(5)	(1,021)
Services provided without charge (Note 9)	<u>421,721</u>	<u>376,154</u>
<b>Equity of Canada, end of year</b>	<b><u>\$ 1,245,212</u></b>	<b><u>\$ 1,438,156</u></b>

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**Office of the Commissioner of Lobbying  
Statement of Cash Flow (unaudited)  
For the year ended March 31, 2009**

<b>(in dollars)</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Operating activities</b>		
Net cost of operations	\$5,069,635	\$3,616,551
<b>Non-cash items:</b>		
Services provided without charge	(421,721)	(376,154)
Amortization of tangible capital assets	(149,489)	(155,090)
Loss on disposal and write down of tangible assets	(703,220)	-
<b>Variations in Statement of Financial Position:</b>		
Increase in assets	9,101	68,145
Increase in liabilities	<u>(111,437)</u>	<u>(111,364)</u>
<b>Cash used by operating activities</b>	<u><b>3,692,869</b></u>	<u><b>3,042,088</b></u>
<b>Capital investment activities</b>		
Assets in development	-	1,083,881
Acquisitions of tangible capital assets	<u>762,100</u>	<u>59,547</u>
<b>Cash used by capital investment activities</b>	<u><b>762,100</b></u>	<u><b>1,143,428</b></u>
<b>Financing activities</b>		
Net cash provided by Government of Canada (Note 3)	<u><b>\$4,454,969</b></u>	<u><b>\$4,185,516</b></u>

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

**Office of the Commissioner of Lobbying  
Notes to the Financial Statements (unaudited)  
For the year ended March 31, 2009**

**1. Authority and Objectives**

The mandate of the Office of the Commissioner of Lobbying (OCL) is derived from the *Lobbying Act*. Its purpose is to ensure transparency and accountability in the lobbying of public office holders in order to contribute to confidence in the integrity of government decision-making.

Registration of Lobbyists

Lobbying the federal government is a legitimate activity but it must be done transparently. The *Lobbying Act* requires that individuals who are paid to lobby public office holders must disclose certain details of their lobbying activities. OCL approves lobbyists' registrations and makes them available for searching in an electronic registry that is accessible on the Internet.

Education and Research

OCL develops and implements educational and research programs to foster awareness of the requirements of the *Lobbying Act* and the *Lobbyists' Code of Conduct*. The primary audiences for programs are lobbyists, their clients and public office holders.

Reviews and Investigations under the *Lobbying Act* and the *Lobbyists' Code of Conduct*

OCL validates information provided by registered lobbyists to ensure accuracy. Allegations of non-registration or misconduct by lobbyists are reviewed and formal investigations are carried out when required.

**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 – OCL is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to OCL 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 – OCL operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by OCL is deposited to the CRF and all cash disbursements made by OCL 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 federal government.
- (c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by OCL. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.
- (d) Revenues: Revenues from registration are recognized in the accounts based on the services provided in the year.
- (e) Expenses are recorded on the accrual basis:
- i. Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
  - ii. 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 cost.
- (f) Employee future benefits:
- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. OCL'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 OCL 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 receivable are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.
- (h) Tangible capital assets: All tangible capital assets having an initial cost of \$2,000 or more are recorded at their acquisition cost. OCL 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:

<b>Asset class</b>	<b>Amortization period</b>
Machinery and equipment	10 years
Furniture and fixtures	10 years
Informatics software	10 years
Assets in development	Once in service, in accordance with asset type

(i) Measurement 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**

OCL 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, OCL 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**

<b>(in dollars)</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Net cost of operations</b>	<b>\$5,069,635</b>	<b>\$3,616,551</b>
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Deduct):		
Services provided without charge (Note 9)	(421,721)	(376,154)
Revenue not available for spending	5	1,021
Employee severance benefits (Note 8)	(92,641)	(45,391)
Amortization of tangible capital assets (Note 6)	(149,489)	(155,090)
(Loss) gain on disposal and write-down of tangible capital assets	(703,220)	-
Vacation pay and compensatory leave	-	3,839
Refund of previous year expenditures	957	-
Other adjustments	812	(1,276)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (Deduct):		
Acquisition of tangible capital assets	<u>762,100</u>	<u>1,143,428</u>
	<u>(603,197)</u>	<u>570,377</u>
<b>Current year appropriations used</b>	<b><u>\$4,466,438</u></b>	<b><u>\$4,186,928</u></b>

**(b) Appropriations provided and used**

<b>(in dollars)</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Vote 45 (2008: Vote 30) - Operating expenditures	\$4,526,168	\$4,296,292
Statutory amounts	368,298	301,304
Less:		
Lapsed appropriations: Operating	<u>(428,028)</u>	<u>(410,668)</u>
<b>Current year appropriations used</b>	<b><u>\$4,466,438</u></b>	<b><u>\$4,186,928</u></b>

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

<b>(in dollars)</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Net cash provided by Government of Canada	\$4,454,969	\$4,185,516
Revenue not available for spending	5	1,021
Change in net position in the Consolidated Revenue Fund		
Variation in accounts payable and accrued liabilities	18,796	69,812
Variation in accounts receivable and advances	(9,101)	(68,145)
Variation in vacation pay and compensatory leave	-	(3,839)
Refund of previous year expenditures	957	-
Other adjustments	<u>812</u>	<u>2,563</u>
	<u>11,464</u>	<u>391</u>
<b>Current year appropriations used</b>	<b><u>\$4,466,438</u></b>	<b><u>\$4,186,928</u></b>

**4. Expenses**

<b>(in dollars)</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Salaries and employee benefits	\$3,017,969	\$2,297,001
Professional and special services	776,258	556,445
Loss on disposal of tangible capital asset	703,220	-
Accommodation (Note 9 (a))	255,419	252,992
Amortization	149,489	155,090
Information services	60,689	11,400
Travel	33,322	23,552
Utilities, materials and supplies	31,179	44,969
Telecommunications services	26,214	24,317
Repair and maintenance	5,929	205,857
Rental	8,952	6,400
Furniture and equipment	<u>1,000</u>	<u>39,549</u>
<b>Total Expenses</b>	<b><u>\$5,069,640</u></b>	<b><u>\$3,617,572</u></b>

## 5. Accounts Receivable and Advances

(in dollars)	<u>2009</u>	<u>2008</u>
Receivables from other Federal Government departments and agencies	\$ 77,046	\$ 65,979
Receivables from external parties	-	1,966
Employee advances	<u>200</u>	<u>200</u>
<b>Total accounts receivable and advances</b>	<b><u>\$ 77,246</u></b>	<b><u>\$ 68,145</u></b>

## 6. Tangible Capital Assets

(in dollars)	Cost				
Capital asset class	Opening balance	Acquisitions	Disposals	Work in progress transfers	Closing balance
Machinery and equipment	\$ 21,788	\$ 2,100	-	-	\$ 23,888
Furniture and fixtures	53,687	-	-	-	53,687
Informatics software	1,015,279	-	(1,015,279)	1,995,881	1,995,881
Assets in development	1,235,881	760,000	-	(1,995,881)	-
<b>Total</b>	<b>\$ 2,326,635</b>	<b>\$ 762,100</b>	<b>\$ (1,015,279)</b>	<b>\$ -</b>	<b>\$ 2,073,456</b>

(in dollars)	Accumulated amortization				2009	2008	
Capital asset class	Opening balance	Amortization	Disposals	Other	Closing balance	Net book value	Net book value
Machinery and equipment	\$ 5,013	\$ 2,179	-	-	\$ 7,192	\$ 16,696	\$ 16,774
Furniture and fixtures	2,572	5,369	-	-	7,941	45,746	51,115
Informatics software	261,829	141,941	(312,059)	-	91,711	1,904,170	753,450
Assets in development	-	-	-	-	-	-	1,235,881
<b>Total</b>	<b>\$ 269,414</b>	<b>\$ 149,489</b>	<b>\$ (312,059)</b>	<b>\$ -</b>	<b>\$ 106,844</b>	<b>\$ 1,966,612</b>	<b>\$ 2,057,220</b>

Informatics software was retired during the year, replaced by assets previously in development. The amortization expense for the year ended March 31, 2009 is \$149,489 (\$155,090 in 2008).

## 7. Accounts Payable and Accrued Liabilities

(in dollars)	<u>2009</u>	<u>2008</u>
<b>External</b>		
Accounts payable	\$ -	\$ 71,699
Accrued liabilities	66,820	3,216
Accrued salaries and wages	<u>183,322</u>	<u>105,075</u>
<b>Total External</b>	<b><u>250,142</u></b>	<b><u>179,990</u></b>
<b>Internal</b>		
Accounts payable to other Federal Government departments and agencies	<u>10,205</u>	<u>61,561</u>
<b>Total accounts payable and accrued liabilities</b>	<b><u>\$ 260,347</u></b>	<b><u>\$ 241,551</u></b>

## 8. Employee Future Benefits

a) Pension benefits: OCL 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, multiplied by the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and are indexed to inflation.

Both the employees and OCL contribute to the cost of the Plan. The 2008-09 expense amounts to \$265,911 (\$219,650 in 2007-08), which represents approximately 2.0 times (2.1 times for 2007-08) the contributions by employees.

OCL'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: OCL 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)	<u>2009</u>	<u>2008</u>
Accrued benefit obligation, beginning of year	\$ 352,434	\$ 307,043
Expense for the year	181,831	45,391
Benefits paid during the year	<u>(89,190)</u>	<u>-</u>
<b>Accrued benefit obligation, end of year</b>	<b><u>\$ 445,075</u></b>	<b><u>\$ 352,434</u></b>

## 9. Related party transactions

The Office of the Commissioner of Lobbying is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. OCL enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, OCL received services, which were obtained without charge from other Government departments as presented in part (a).

### (a) Services provided without charge:

During the year OCL 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 the OCL Statement of Operations as follows:

<b>(in dollars)</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Accommodation	\$ 255,419	\$ 252,992
Employer's contribution to insurance plans	<u>166,302</u>	<u>123,162</u>
<b>Total</b>	<b><u>\$ 421,721</u></b>	<b><u>\$ 376,154</u></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 the OCL Statement of Operations.

## 10. Comparative Information

Comparative figures have been reclassified to conform to the current year's presentation.