

Auditor's Report and Financial Statements

Canadian Institutes of Health Research

Statement of Management Responsibility Including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2013, and all information contained in these statements rests with the management of the Canadian Institutes of Health Research (CIHR). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

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 fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of CIHR's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in CIHR's *Departmental Performance Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout CIHR and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

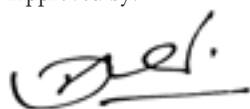
The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2013, was completed in accordance with the Treasury Board *Policy on Internal Control*, and the results and action plans are summarized in the annex.¹

The effectiveness and adequacy of CIHR's system of internal control is documented by the Chief Financial Officer, who conducts periodic assessments of different areas of CIHR's operations, and reviewed by CIHR's Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the President of CIHR and its Governing Council.

The Office of the Auditor General of Canada, the independent auditor for the Government of Canada, has expressed an opinion on the fair presentation of the financial statements of CIHR which does not include an audit opinion on the annual assessment of the effectiveness of CIHR's internal controls over financial reporting.

Approved by:



Alain Beaudet, MD, PhD
President

Ottawa, Canada
June 25, 2013



Thérèse Roy, CPA, CA (Quebec)
Chief Financial Officer
Vice-President, Resource Planning and Management

¹ Summary of the Assessment of Effectiveness of the Systems of Internal Control over Financial Reporting and the Action Plan of the Canadian Institutes of Health Research for the Fiscal Year 2012-13 (Unaudited) www.cihr-irsc.gc.ca/e/47009.html.



Independent Auditor's Report

To the Canadian Institutes of Health Research and the Minister of Health

I have audited the accompanying financial statements of the Canadian Institutes of Health Research, which comprise the statement of financial position as at 31 March 2013, and the statement of operations and departmental net financial position, statement of change in departmental net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Institutes of Health Research as at 31 March 2013, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lissa Lamarche, CA
Principal
for the Auditor General of Canada

25 June 2013
Ottawa, Canada

Statement of Financial Position

As at March 31

(in thousands of dollars)	2013	2012
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 4,268	\$ 3,872
Vacation pay and compensatory leave	2,084	1,544
Deferred revenue (note 5)	3,961	6,357
Employee future benefits (note 6)	1,771	3,285
Total liabilities	12,084	15,058
Financial assets		
Due from the Consolidated Revenue Fund	\$ 8,221	\$ 10,221
Accounts receivable and advances (note 7)	1,108	554
Total financial assets	9,329	10,775
Departmental Net Debt	\$ 2,755	\$ 4,283
Non-financial assets		
Prepaid expenses	\$ 606	\$ 595
Tangible capital assets (note 8)	2,491	3,172
Total non-financial assets	3,097	3,767
Departmental net financial position	\$ 342	\$ (516)

Contractual obligations (note 9)

Contingent liabilities (note 10)

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

Approved by:



Alain Beaudet, MD, PhD
President

Ottawa, Canada
June 25, 2013



Thérèse Roy, CPA, CA (Quebec)
Chief Financial Officer
Vice-President, Resource Planning and Management

Statement of Operations and Departmental Net Financial Position

For the Year Ended March 31

(in thousands of dollars)	2013	2013	2012
	Planned Results (note 2)		
Expenses			
Health Knowledge	\$ 455,902	\$ 478,346	\$ 469,075
Health and Health Services Advances	264,185	276,591	283,056
Health Researchers	197,045	172,767	181,672
Health Research Commercialization	42,451	52,709	55,984
Internal Services	31,349	31,511	30,685
Total expenses	990,932	1,011,924	1,020,472
Revenues			
Health Knowledge	\$ 6,023	\$ 96	\$ 85
Health and Health Services Advances	3,389	15,813	14,584
Health Researchers	2,621	100	86
Health Research Commercialization	567	-	2
Total revenues	12,600	16,009	14,757
Net cost of operations before government funding	\$ 978,332	\$ 995,915	\$ 1,005,715
Government funding			
Net cash provided by Government	\$ 974,164	\$ 991,792	\$ 1,005,601
Change in due from the Consolidated Revenue Fund	(400)	(2,000)	(2,568)
Services provided without charge by other government departments (note 11)	6,389	6,981	7,113
Net cost of operations after government funding	(1,821)	(858)	(4,431)
Departmental net financial position – Beginning of year	(260)	(516)	(4,947)
Departmental net financial position – End of year	\$ 1,561	\$ 342	\$ (516)

Segmented information (note 12)

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

Statement of Change in Departmental Net Debt

For the Year Ended March 31

(in thousands of dollars)	2013	2013	2012
	Planned Results (note 2)		
Net Cost of Operations after government funding	\$ (1,821)	\$ (858)	\$ (4,431)
Change due to tangible capital assets			
Acquisition of tangible capital assets	800	853	414
Amortization of tangible capital assets	(958)	(1,534)	(1,224)
Total change due to tangible capital assets	(158)	(681)	(810)
Change due to prepaid expenses:	–	11	(204)
Net decrease in departmental net debt	(1,979)	(1,528)	(5,445)
Departmental net debt – Beginning of year	4,283	4,283	9,728
Departmental net debt – End of year	\$ 2,304	\$ 2,755	\$ 4,283

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

Statement of Cash Flows

For the Year Ended March 31

(in thousands of dollars)	2013	2012
Operating activities		
Net cost of operations before government funding	\$ 995,915	\$ 1,005,715
Non-cash items:		
Amortization of tangible capital assets	(1,534)	(1,224)
Services provided without charge by other government departments (note 11)	(6,981)	(7,113)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	554	(147)
Increase (decrease) in prepaid expenses	11	(204)
Decrease (increase) in accounts payable and accrued liabilities	(396)	1,335
Increase in vacation pay and compensatory leave	(540)	(37)
Decrease in deferred revenue	2,396	1,233
Decrease in future employee benefits	1,514	5,629
Cash used in operating activities	990,939	1,005,187
Capital activities		
Acquisitions of tangible capital assets	853	414
Proceeds on disposal of capital assets	-	-
Cash used in capital activities	853	414
Net cash provided by Government of Canada	\$ 991,792	\$ 1,005,601

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

Notes to the Financial Statements

For the Year Ended March 31, 2013

1. Authority and Objectives

The Canadian Institutes of Health Research (CIHR) was established in June 2000 under the *Canadian Institutes of Health Research Act*, replacing the former Medical Research Council of Canada. It is listed in Schedule II to the *Financial Administration Act* as a departmental corporation.

CIHR's objective is to excel, according to international standards of scientific excellence, in the creation of new knowledge, and its translation into improved health, more effective health services and products, and a strengthened Canadian health care system. CIHR achieves these objectives through its strategic outcome of being a world-class health-research enterprise that creates, disseminates and applies new knowledge across all areas of health research. The strategic outcome is based on four program activities. The first program activity is Health Knowledge; these programs aim to support the creation of new knowledge across all areas of health research to improve health and the health system. The second, Health and Health Services Advances, aims to support the creation of new knowledge in strategic priority areas and its translation into improved health and a strengthened health system. The third program activity, Health Researchers, aims to build health research capacity to improve health and the health system by supporting the training and careers of excellent health researchers. The fourth, Health Research Commercialization, aims to support and facilitate the commercialization of health research to improve health and the health system.

CIHR is led by a President who is the Chairperson of a Governing Council of not more than eighteen members appointed by the Governor in Council. The Governing Council sets overall strategic direction, goals and policies and oversees programming, resource allocation, ethics, finances, planning and accountability.

CIHR has thirteen Institutes that focus on identifying the research needs and priorities for specific health areas, or for specific populations, then developing strategic initiatives to address those needs. Each Institute is led by a Scientific Director who is guided by an Institute Advisory Board, which strives to include representation of the public, researcher communities, research funders, health professionals, health policy specialists and other users of research results.

CIHR's grants, awards and operating expenditures are funded by budgetary authorities. Employee benefits are funded by statutory authorities.

2. Summary of Significant Accounting Policies

These financial statements have been prepared using the Government's accounting policies stated below, 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) Parliamentary authorities – CIHR is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to CIHR does not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of

reporting. The planned results amounts in the Statement of Operations and Departmental Net Financial Position are the amounts reported in the future-oriented financial statements included in the 2012–13 Report on Plans and Priorities (Unaudited).

(b) Net cash provided by Government – CIHR operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by CIHR is deposited to the CRF and all cash disbursements made by CIHR 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 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 CIHR is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

- 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.
- Funds that have been received are recorded as deferred revenue, provided CIHR has an obligation to other parties for the provision of goods, services, or the use of assets in the future.
- Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

(e) Expenses – Expenses are recorded on the accrual basis:

- Grants and awards (transfer payments) are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses 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.
- 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 and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) Refunds of previous years' expenses – These amounts include the return of grants and awards funds to CIHR in the current fiscal year for expenses incurred in previous fiscal years due to cancellations; refunds of previous years' expenses related to goods or services; and adjustments of previous years' accounts payable. These refunds and adjustments are presented against the related expenses in the financial statements but are recorded as revenue in accordance with accounting policies and therefore are excluded when determining current year authorities used.

(g) Employee future benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer defined benefit pension plan administered by the Government. CIHR's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. CIHR'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.

- **Severance benefits – CIHR executives and non-represented employees:** Prior to October 2, 2011, CIHR executives and non-represented employees were entitled to severance benefits under labour contracts or conditions of employment for voluntary and involuntary departures. These benefits were accrued as employees rendered the services necessary to earn them. Effective October 2, 2011, CIHR non-represented employees and executives were no longer eligible to accrue severance benefits for voluntary departures (e.g. resignation and retirement). Employees were provided with three options in relation to the severance termination provisions, such as the immediate payout of the accumulated weeks of severance at their current rate of pay, retain the accumulated weeks of severance with a payout upon termination of employment with CIHR or retirement at their exit rate of pay, or a combination thereof. These changes have been reflected in the calculation of the outstanding severance benefit obligation. Severance benefits continue to accrue for involuntary departures, however, benefits payable would be reduced by the severance termination option exercised for service up to and including October 1, 2011, should an involuntary departure occur.

(h) Accounts receivable and advances are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables and advances where recovery is considered uncertain.

(i) Contingent liabilities – Contingent liabilities are potential liabilities that 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.

(j) Tangible capital assets – All tangible capital assets having an individual initial cost of \$5,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the capital asset as follows:

Asset class	Amortization period
Informatics hardware	3–5 years
Informatics software	3–10 years
Office equipment	10 years
Vehicles	5 years

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.

(k) Measurement uncertainty – The preparation of these financial statements 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 contingent liabilities, the liability for employee future 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 Authorities

CIHR receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, CIHR 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 authorities used

(in thousands of dollars)	2013	2012
Net cost of operations before government funding	\$ 995,915	\$ 1,005,715
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1,534)	(1,224)
Services provided without charge by other government departments	(6,981)	(7,113)
Increase in vacation pay and compensatory leave	(540)	(37)
Decrease in employee future benefits	1,514	5,629
Refunds of previous years' grants and awards	7,616	5,825
Other adjustments	200	85
	275	3,165
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	853	414
Increase (decrease) in prepaid expenses	11	(204)
	864	210
Current year authorities used	\$ 997,054	\$ 1,009,090

(b) Authorities provided and used

(in thousands of dollars)	2013	2012
Authorities provided:		
Vote 20 - Operating expenditures	\$ 52,860	\$ 55,908
Vote 25 - Grants	949,075	952,647
Statutory amounts	6,133	6,662
Less:		
Authorities available for future years	(2,453)	(2,117)
Frozen allotments	-	(2,093)
Reprofiled Grants	(7,748)	-
Lapsed: Operating	(260)	-
Lapsed: Grants	(553)	(1,917)
Current year authorities used	\$ 997,054	\$ 1,009,090

4. Accounts Payable and Accrued Liabilities

The following table presents details of CIHR's accounts payable and accrued liabilities:

(in thousands of dollars)	2013	2012
Accounts payable -		
Other government departments and agencies	\$ 214	\$ 1,493
Accounts payable - External parties	1,661	914
Total accounts payable	1,875	2,407
Accrued liabilities	2,393	1,465
Total accounts payable and accrued liabilities	\$ 4,268	\$ 3,872

5. Deferred Revenue

Deferred revenue represents the balance at year end of unearned revenues stemming from amounts received from external parties that are restricted in order to fund the expenditures related to specific research projects and stemming from amounts received for fees prior to services being performed. Revenue is recognized in the period that these expenditures are incurred or in which the service is performed. Details of the transactions related to this account are as follows:

(in thousands of dollars)	2013	2012
Opening balance	\$ 6,357	\$ 7,590
Amounts received	13,613	13,524
Revenue recognized	(16,009)	(14,757)
Closing balance	\$ 3,961	\$ 6,357

6. Employee Future benefits

(a) Pension benefits:

CIHR'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 the Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and CIHR contribute to the cost of the Plan. The 2012-13 expense (in thousands of dollars) amounts to \$4,379 (\$4,790 in 2011-12) which represents approximately 1.7 times (1.8 times in 2011-12) the contributions by employees.

CIHR'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:

CIHR provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, estimated as at the date of these statements, is as follows:

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment of CIHR executives and non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing 2011–12. Employees subject to these changes have been given the option to be immediately paid in full or partial value of benefits earned to date or collect the full remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

(in thousands of dollars)	2013	2012
Accrued benefit obligation – Beginning of year	\$ 3,285	\$ 8,914
Expense for the year	175	(3,109)
Benefits paid during the year	(1,689)	(2,520)
Accrued benefit obligation – End of year	\$ 1,771	\$ 3,285

CIHR reduced its severance liability in 2011–12 by \$3,109,000 as a result of changes made to its severance benefit entitlements under its conditions of employment. This reduction was required to better reflect CIHR's current severance liability given these changes. The use of the government-wide actuarial assumptions for calculating the severance liability was not reflective anymore of CIHR's severance liability.

7. Accounts Receivable and Advances

The following table presents details of CIHR's accounts receivable and advances balances:

(in thousands of dollars)	2013	2012
Receivables - Other government departments and agencies	\$ 550	\$ 124
Receivables - External parties	355	232
Accountable advances	203	203
Subtotal	1,108	559
Allowance for doubtful accounts on receivables from external parties	-	(5)
Net accounts receivable	\$ 1,108	\$ 554

8. Tangible Capital Assets

(in thousands of dollars)

Capital asset class	Cost				Accumulated amortization				Net Book Value	
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2013	2012
Informatics hardware	\$ 2,903	\$ 406	\$ (1,500)	\$ 1,809	\$ 2,526	\$ 212	\$ (1,500)	\$ 1,238	\$ 571	\$ 377
Informatics software	11,473	433	(85)	11,821	8,943	1,267	(85)	10,125	1,696	2,530
Office equipment	570	14	(67)	517	325	51	(67)	309	208	245
Vehicles	28	-	-	28	8	4	-	12	16	20
Total	\$ 14,974	\$ 853	\$ (1,652)	\$ 14,175	\$ 11,802	\$ 1,534	\$ (1,652)	\$ 11,684	\$ 2,491	\$ 3,172

Amortization expense (in thousands of dollars) for the year ended March 31, 2013 is \$1,534 (2012 – \$1,224).

9. Contractual Obligations

The nature of CIHR's activities can result in some large multi-year contracts and obligations whereby CIHR will be obligated to make some future payments in order to carry out its grants and awards payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)

Contractual Obligations	2014	2015	2016	2017	2018 and thereafter	Total
Grants and awards	\$ 815,750	\$ 595,421	\$ 372,050	\$ 215,775	\$ 118,524	\$ 2,117,520
Operating expenditures	2,376	143	18	16	-	2,553
Total	\$ 818,126	\$ 595,564	\$ 372,068	\$ 215,791	\$ 118,524	\$ 2,120,073

10. Contingent Liabilities

CIHR may be subject to claims in the normal course of business. A legal suit for wrongful dismissal was initiated by an ex-employee against the Canadian Institutes of Health Research. The amount of this claim, as it relates to CIHR, is estimated to be \$500,000. The outcome of this litigation is not presently determinable and no estimated liability has been accrued or expense recorded in the financial statements.

In management's view, this claim does not have any material impact on the financial statements, and consequently, no provision has been made for the claim.

11. Related Party Transactions

CIHR is related as a result of common ownership to all Government departments, agencies and Crown Corporations. CIHR enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, CIHR received common services which were obtained without charge from other Government departments as disclosed below.

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

During the year, CIHR received services without charge from certain common service organizations, related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in CIHR's Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)	2013	2012
Accommodation provided by Public Works and Government Services Canada	\$ 3,529	\$ 3,605
Employer's contribution to the health and dental insurance plans provided by Treasury Board Secretariat	3,452	3,508
Total	\$ 6,981	\$ 7,113

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of 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 costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General of Canada are not included in CIHR's Statement of Operations and Departmental Net Financial Position.

(b) Administration of CIHR funds by other government departments

Other federal departments and agencies administer funds on behalf of CIHR to issue grants, awards and related payments. Other federal departments and agencies are forecasted to administer \$98,514,139 in funds for grants and awards (\$98,472,582 in 2011-12), primarily pertaining to the Canada Research Chairs program. These expenses are reflected in CIHR's Statement of Operations and Departmental Net Financial Position.

12. Segmented Information

Presentation by segment is based on CIHR'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 and revenues generated for the main program activities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)	2013					2012	
	Health Knowledge	Health and Health Services Advances	Health Researchers	Health Research Commercial-ization	Internal Services	Total	Total
Transfer payments							
Grants and Awards	\$ 468,749	\$ 264,060	\$ 171,611	\$ 52,307	\$ -	\$ 956,727	\$ 965,274
Refunds of previous years' grants and awards	(5,402)	(1,117)	(903)	(194)	-	(7,616)	(5,825)
Total transfer payments	463,347	262,943	170,708	52,113	-	949,111	959,449
Operating Expenses							
Salaries and employee benefits	11,722	10,935	1,787	557	22,615	47,616	45,771
Professional and special services	528	810	9	-	2,307	3,654	3,629
Accommodation	668	858	199	39	1,764	3,528	3,604
Travel	1,860	864	60	-	349	3,133	3,345
Other	190	76	4	-	1,448	1,718	1,916
Amortization of tangible capital assets	-	-	-	-	1,534	1,534	1,224
Communication	23	103	-	-	942	1,068	1,058
Furniture, equipment and software	8	2	-	-	552	562	476
Total operating expenses	14,999	13,648	2,059	596	31,511	62,813	61,023
Total expenses	478,346	276,591	172,767	52,709	31,511	1,011,924	1,020,472
Revenues							
Donations for health research	96	15,813	100	-	-	16,009	14,755
Endowments for health research	-	-	-	-	-	-	2
Total revenues	96	15,813	100	-	-	16,009	14,757
Net cost from continuing operations	\$ 478,250	\$ 260,778	\$ 172,667	\$ 52,709	\$ 31,511	\$ 995,915	\$ 1,005,715