

November 11, 2009

New GAAP Requirements for Public Sector Organizations

Appendix – Types of Organizations

In July 2009, the Public Sector Accounting Board (PSAB) issued an exposure draft proposing to revise the introduction to the Public Sector Accounting Handbook (PSA Handbook). The introduction provides a decision tree allowing organizations controlled by a government to determine the appropriate source of generally accepted accounting principles (GAAP). In essence, the determination of the most appropriate source of GAAP is dependent on an entity's classification within the various types of public sector entities defined in the PSA Handbook.

The main features are:

- **Government business enterprises (GBEs)** should adhere to the standards applicable to publicly accountable enterprises (i.e. IFRS). GBEs are essentially self-sustaining commercial organizations selling goods and services outside of the government and, in the normal course of operations, can operate with little or no funding from their government owner. These include organizations such as Canada Post and Canadian Broadcasting Corporation.
- **Government business type organizations (GBTOs)** are similar to GBEs except that the organization is dependent on government subsidies or may sell goods and services within the government. This type of public sector entity will be eliminated and GBTOs will now be classified as either government not-for-profit organizations or other government organizations. Certain Crown Corporations are currently classified as GBTOs.
- **Government not-for-profit organizations (NPOs)** are government organizations that meet the definition of a not-for-profit organization in section 4400, *Financial Statement Presentation by Not-for-Profit Organizations*. These include some schools, hospitals, colleges and universities. Currently, NPOs adhere to the standards as set out in Series 4400.
- **Other government organizations (OGOs)** are entities that are neither GBEs nor NPOs. These include a number of Federal and Provincial Crown Corporations.