



Financial Statements of the

**Financial Transactions and Reports
Analysis Centre of Canada (FINTRAC)**

And Independent Auditors' Report thereon

For the Year Ended March 31, 2021

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA

STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING

As at March 31

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2021, and all information contained in these statements rests with the management of the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). 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 FINTRAC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in FINTRAC's *Departmental Results 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 FINTRAC 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.

FINTRAC is subject to periodic Core Control Audits performed by the Office of the Comptroller General of Canada (OCG) and uses the results of such audits to comply with the Treasury Board *Policy on Financial Management*. A Core Control Audit was performed in 2016–17 by the OCG. The [Audit Report](#) and related [Management Action Plan](#) are posted on FINTRAC's website.

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA

STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING

As at March 31

The firm of KPMG LLP has expressed an opinion on the fair presentation of the financial statements of FINTRAC, which does not include an audit opinion on the annual assessment of the effectiveness of the department's internal controls over financial reporting.

Sarah Paquet
Director and Chief Executive
Officer
FINTRAC
Ottawa, Canada

Jessica Kaluski
Chief Financial Officer
FINTRAC
Ottawa, Canada

January 31, 2022
Date

January 27, 2022
Date



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Director of the Financial Transactions and Report Analysis Centre of Canada

Opinion

We have audited the financial statements of the Financial Transactions and Report Analysis Centre of Canada (FINTRAC) which comprise:

- the statement of financial position as at March 31, 2021
- the statements of operations and departmental net financial position for the year then ended
- the statement of change in departmental net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FINTRAC as at March 31, 2021, its net cost of its operations, change in departmental net debt and its cash flows for the year then ended in accordance with the accounting policies generally applied by the Government of Canada for government departments and agencies as stipulated in Treasury Board accounting policies.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of FINTRAC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter - Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the information and use of the management of FINTRAC and the Treasury Board of Canada Secretariat. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of FINTRAC and the Treasury Board of Canada Secretariat, and should not be used by other parties.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies generally applied by the Government of Canada for government departments and agencies as stipulated in Treasury Board accounting policies; this includes determining that the basis of accounting is an acceptable basis for the preparation of these financial statements in the circumstances, 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.

In preparing the financial statements, management is responsible for assessing the FINTRAC's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate FINTRAC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing FINTRAC's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian general accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 FINTRAC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the FINTRAC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the FINTRAC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Ottawa, Canada

January 27, 2022

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA

STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	2021	2020
	(in dollars)	
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$5,795,606	\$8,679,443
Vacation pay and compensatory leave	3,942,067	2,154,017
Employee future benefits (note 5)	1,599,221	1,574,861
Total liabilities	11,336,894	12,408,321
Financial assets		
Due from Consolidated Revenue Fund	5,759,395	7,334,011
Accounts receivable and advances (note 6)	397,144	1,573,538
Total Financial Assets	6,156,539	8,907,549
Financial assets held on behalf of Government		
Accounts receivable and advances (note 6)	(130,275)	(43,516)
Total financial assets held on behalf of Government	(130,275)	(43,516)
Total Net Financial Assets	6,026,264	8,864,033
Departmental Net Debt	5,310,630	3,544,288
Non-financial assets		
Prepaid expenses	1,163,246	1,068,495
Tangible capital assets (note 7)	3,469,194	3,420,598
Total non-financial assets	4,632,440	4,489,093
Departmental net financial position	(\$678,190)	\$944,805

Contractual obligations (note 8)

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

Sarah Paquet
Director and Chief Executive Officer
FINTRAC
Ottawa, Canada

January 31, 2022

Date

Jessica Kaluski
Chief Financial Officer
FINTRAC
Ottawa, Canada

January 27, 2022

Date

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION
For the Year Ended March 31, 2021

	Planned Results 20-21	2021	2020
Expenses			
Financial Intelligence	\$18,954,347	\$18,719,664	\$20,041,853
Compliance Program	25,522,652	21,313,574	30,707,558
Internal Services	22,451,997	26,478,990	21,123,378
Total Expenses	66,928,996	66,512,228	71,872,789
Revenues			
Non-respendable revenue	–	281,700	34,558
Other revenue	–	–	25
Revenues earned on behalf of Government	–	(281,700)	(34,558)
Total Revenues	–	–	25
Net cost of operations before Government funding and transfers	66,928,996	66,512,228	71,872,764
Government funding and transfers			
Net cash provided by Government	61,408,329	63,004,766	51,785,000
Change in due from Consolidated Revenue Fund	764,891	(1,574,616)	2,574,982
Services provided without charge by other government departments (note 9)	3,227,852	3,459,083	3,379,337
Net cost of operations after Government funding and transfers	1,527,924	1,622,995	14,133,445
Departmental net financial position beginning of year	12,368,719	944,805	15,078,250
Departmental net financial position end of year	\$10,840,795	(\$678,190)	\$944,805

Segmented information (note 10)

The accompanying notes form an integral part of these financial statements

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
STATEMENT OF CHANGE IN DEPARTMENTAL NET DEBT
For the Year Ended March 31, 2021

(In dollars)	Planned Results 2021	2021	2020
Net cost of operations after government funding and transfers	\$1,527,924	\$1,622,995	\$14,133,445
Change due to tangible capital assets			
Acquisition of tangible capital assets	161,578	318,897	345,689
Amortization of tangible capital assets	–	(270,301)	(393,015)
Net loss on disposal of tangible capital assets including adjustments	–	–	(14,451,072)
Total change due to tangible capital assets	161,578	48,596	(14,498,398)
Change due to prepaid expenses	653,302	94,751	373,891
Net increase in departmental net debt	2,342,804	1,766,342	8,938
Departmental net debt - beginning of year	949,820	3,544,288	3,535,350
Departmental net debt - end of year	\$3,292,624	\$5,310,630	\$3,544,288

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

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2021

	<u>2021</u>	<u>2020</u>
	(In dollars)	
Operating Activities		
Net cost of operations before government funding and transfers	\$66,512,228	\$71,872,764
Non-cash items:		
Amortization of tangible capital assets	(270,301)	(393,015)
Gain(Loss) on disposal of tangible capital assets	–	(14,451,072)
Services provided without charge by other government departments	(3,459,083)	(3,379,337)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(1,263,153)	842,019
Increase (decrease) in prepaid expenses	94,751	373,891
Decrease (increase) in accounts payable and accrued liabilities	2,883,837	(3,146,700)
Decrease (increase) in vacation pay and compensatory leave	(1,788,050)	(352,739)
Decrease (increase) in employee future benefits	(24,360)	73,500
Cash used in operating activities	<u>62,685,869</u>	<u>51,439,311</u>
Capital investment activities		
Acquisition of tangible capital assets	318,897	345,689
Cash used in capital investing activities	<u>318,897</u>	<u>345,689</u>
Net cash provided by Government of Canada	<u><u>\$63,004,766</u></u>	<u><u>\$51,785,000</u></u>

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

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

1. Authority and objectives

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) was legislated into existence in July 2000 to be Canada's Financial Intelligence Unit. The Centre exists to assist in the detection, prevention and deterrence of money laundering and the financing of terrorist activities, while ensuring the protection of personal information under its control. FINTRAC's Financial Intelligence and Compliance programs strive to disrupt the ability of criminals and terrorist groups that seek to abuse Canada's financial system and to reduce the profit incentive of crime.

FINTRAC acts at arm's length and is independent from the law enforcement agencies and other entities to which it is authorized to disclose financial intelligence. It reports to the Minister of Finance, who is in turn accountable to Parliament for the activities of the Centre. FINTRAC was established by, and operates within, the ambit of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) and its Regulations.

To effectively pursue its mandate, FINTRAC aims to achieve the following strategic outcome: A Canadian financial system resistant to money laundering and terrorist financing.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with 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

FINTRAC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to FINTRAC do 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 in 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 "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-Oriented Statement of Operations included in the *2020-2021 Departmental Plan*. The planned results amounts in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt were prepared for internal management purposes and have not been previously published.

2. Summary of significant accounting policies (continued)

(b) Net cash provided by Government

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

Amounts due from or 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 FINTRAC is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

- Since December 30, 2008, FINTRAC has had the legislative authority to issue administrative monetary penalties (AMPs) to reporting entities that are in non-compliance with Canada's *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA). Accordingly, results commencing in 2009–10 fiscal year indicate the AMPs as a source of non-respendable revenue.
- Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.
- Revenues that are non-respendable are not available to discharge FINTRAC's liabilities. While the Head of the Agency is expected to maintain accounting control, she has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.

(e) Expenses

Expenses are recorded on the accrual basis:

- 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 employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

2. Summary of significant accounting policies (continued)

(f) Employee future benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. FINTRAC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. FINTRAC'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: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. 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.
- The accrued liability related to sick leave benefits is recognized in the financial statements of the Government of Canada and is not reported in these financial statements under Treasury Board accounting policies for government departments.

(g) Accounts receivable

Accounts receivable 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 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 if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) 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. FINTRAC 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.

2. Summary of significant accounting policies (continued)

(j) Tangible capital assets (continued)

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

Asset Class	Amortization Period
Machinery and equipment	5 years
Informatics hardware	5 years
Software (purchased and developed)	5 years
Other equipment, including furniture	5 to 10 years
Leasehold improvements	Lesser of remaining lease term or 10 years

(j) Measurement uncertainty

The preparation of these financial statements, in accordance with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses reported in the financial statements and accompanying notes at March 31. 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, the useful life of tangible capital assets and the economic increase amount disclosed as a subsequent event. 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

FINTRAC receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statements of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, FINTRAC has different net results of operations for the year on a government funding basis. The differences are reconciled in the following tables:

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021

3. Parliamentary authorities (continued)

(a) Reconciliation of net cost of operations to current year authorities used

(In dollars)	<u>2021</u>	<u>2020</u>
Net cost of operations before government funding and transfers	\$66,512,228	\$71,872,764
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets (Note 7)	(270,301)	(393,015)
Services provided without charge by other government departments (Note 9)	(3,459,083)	(3,379,337)
Decrease (increase) in vacation pay and compensatory leave liability	(1,788,050)	(352,739)
Gain (loss) on disposal of tangible capital assets	–	(13,701,072)
Decrease (increase) in employee future benefits liability	(24,360)	73,500
Decrease (increase) in accrued liabilities not charged to authorities	61,317	263,798
Bad debt expense	–	(22,828)
Refund of prior years' expenditures	250,368	196,073
Total items affecting net cost of operations but not affecting authorities	(5,230,109)	(17,315,620)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets (Note 7)	318,897	345,689
Increase (decrease) in prepaid expenses	94,751	373,891
Salary overpayments to be recovered	14,085	6,017
Other loans and advances to employees	1,102	–
Proceeds from disposal of non-capital assets	–	25
Total items not affecting net cost of operations but affecting authorities	428,835	725,622
Current year authorities used	\$61,710,954	\$55,282,766

(b) Authorities provided and used

(In dollars)	<u>2021</u>	<u>2020</u>
Authorities provided		
Vote 1 - Operating Expenditures	\$70,261,983	\$50,903,480
Statutory amounts	6,226,301	5,444,038
	<u>76,488,284</u>	<u>56,347,518</u>
Transfer from Treasury Board		
Vote 1 - Operating Expenditures	4,142,320	4,478,302
Statutory amounts	(347,417)	(629,524)
	<u>3,794,903</u>	<u>3,848,778</u>
Less		
Authorities available for future years	25	(25)
Lapsed Vote 1 - Operating Expenditures	(18,572,258)	(4,913,505)
Current year authorities used	\$61,710,954	\$55,282,766

4. Accounts payable and accrued liabilities

The following table presents details of FINTRAC's accounts payable and accrued liabilities.

(In dollars)	<u>2021</u>	<u>2020</u>
Accounts payable - Other government departments and agencies	\$782,778	\$1,064,710
Accounts payable - External parties	1,562,788	1,649,739
Total accounts payable	2,345,566	2,714,449
Accrued salaries and wages	3,422,742	5,764,476
Accrued liabilities	27,298	200,518
Total accounts payable and accrued liabilities	<u>\$5,795,606</u>	<u>\$8,679,443</u>

5. Employee future benefits

(a) Pension benefits

FINTRAC's employees participate in the public service pension plan (the "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 Plan benefits and they are indexed to inflation.

Both the employees and FINTRAC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to *Economic Action Plan 2012*, employee contributors have been divided into two groups - Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2020-21 expense amounts to \$4,011,751 (\$4,814,489 in 2019-20). For Group 1 members, the expense represents approximately 1.01 times (1.01 times in 2019-20) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times for 2019-20) the employee contributions. In the year, FINTRAC revised its methodology for calculating the expense which is being applied prospectively.

FINTRAC'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.

5. Employee future benefits (continued)

(b) Severance benefits

Severance benefits provided to FINTRAC's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2019, all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Accrued benefit obligation - Beginning of year	\$1,574,861	\$1,648,361
Expense for the year	22,305	(164,581)
Benefits paid during the year	2,055	91,081
Accrued benefit obligation - End of year	<u>\$1,599,221</u>	<u>\$1,574,861</u>

6. Accounts receivable and advances

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

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Receivables - Other government departments and agencies	\$269,984	\$1,526,795
Receivables - External parties	131,234	51,730
Employee advances	4,852	3,939
Subtotal	406,070	1,582,464
Allowance for doubtful accounts on receivables from external parties	(8,926)	(8,926)
Gross accounts receivable and advances	397,144	1,573,538
Accounts receivable held on behalf of Government	(130,275)	(43,516)
Net accounts receivable and advances	<u>\$266,869</u>	<u>\$1,530,022</u>

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021

7. Tangible capital assets

	COST (in dollars)			
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance
Machinery and equipment	\$1,715,857	–	–	\$1,715,857
Informatics hardware	7,093,934	141,235	–	7,235,169
Software (purchased and developed)	16,236,564	128,400	–	16,364,964
Other equipment, including furniture	6,645,043	11,633	–	6,656,676
Leasehold improvements	8,752,502	37,629	–	8,790,131
Total	\$40,443,900	\$318,897	–	\$40,762,797
	ACCUMULATED AMORTIZATION (in dollars)			
	Opening balance	Amortization	Disposals and write-offs	Closing balance
Machinery and equipment	\$1,430,026	\$43,560	–	\$1,473,586
Informatics hardware	6,475,871	58,599	–	6,534,470
Software (purchased and developed)	15,910,304	23,252	–	15,933,556
Other equipment, including furniture	6,328,025	29,300	–	6,357,325
Leasehold improvements	6,879,076	115,590	–	6,994,666
Total	\$37,023,302	\$270,301	–	\$37,293,603
	NET BOOK VALUE (in dollars)			
		2021	2020	
Machinery and equipment		\$242,271	\$285,831	
Informatics hardware		700,699	618,063	
Software (purchased and developed)		431,408	326,260	
Other equipment, including furniture		299,351	317,018	
Leasehold improvements		1,795,465	1,873,426	
Total		\$3,469,194	\$3,420,598	

8. Contractual obligations

The nature of FINTRAC’s activities can result in some large multi-year contracts and obligations whereby FINTRAC will be obligated to make future payments when the services are received. FINTRAC has entered into lease agreements with Xerox for copiers and with Public Services and Procurement Canada for office space in four locations across Canada. The minimum aggregate annual payments for future fiscal years are as follows:

Fiscal Year	(In dollars)
2021-22	\$4,190,646
2022-23	3,637,823
2023-24 and thereafter	<u>10,963,287</u>
Total	<u>\$18,791,756</u>

9. Related party transactions

FINTRAC is related as a result of common ownership to all government departments, agencies, and Crown corporations. FINTRAC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, FINTRAC 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, FINTRAC received services without charge from certain common service organizations, related to the employer’s contribution to the health and dental insurance plans and workers’ compensation coverage. These services provided without charge have been recorded in FINTRAC’s Statement of Operations and Departmental Net Financial Position as follows:

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Employer’s contribution to the health and dental insurance plans	\$3,459,083	\$3,379,337

9. Related party transactions (continued)

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 Services and Procurement Canada, are not included in FINTRAC's Statement of Operations and Departmental Net Financial Position. The costs of information technology infrastructure services provided by Shared Services Canada of \$4,948,950 are also not included in FINTRAC's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Expenses - Other government departments and agencies	\$14,912,931	\$11,929,867

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

10. Segmented information

Presentation by segment is based on FINTRAC's program alignment architecture. The presentation by segment is based on the same accounting policies described in the *Summary of Significant Accounting Policies* in note 2. The following table presents the expenses incurred and revenues generated for the main programs, by major object of expenses and type of revenue. The segment results for the period are as follows:

(In dollars)	2021				2020
	Financial Intelligence Program	Compliance Program	Internal Services	Total	Total
Operating Expenses					
Salaries and employee benefits	\$14,730,076	\$17,469,696	\$19,561,476	\$51,761,248	\$44,618,619
Professional and special services	853,411	1,046,521	2,839,896	4,739,828	3,853,542
Accommodations	1,010,270	1,534,113	1,197,357	3,741,740	4,110,827
Rentals	855,996	411,721	1,135,952	2,403,669	1,584,357
Acquisition of machinery and equipment	353,974	184,322	501,207	1,039,503	815,622
Transportation and telecommunication	296,471	151,633	389,194	837,298	336,803
Information services	266,882	218,866	304,560	790,308	405,938
Repairs and maintenance	179,843	104,099	331,424	615,366	806,723
Amortization of tangible capital assets	93,525	74,874	101,904	270,303	393,015
Utilities, materials, and supplies	72,673	105,955	102,912	281,540	353,381
Travel and relocation	5,306	11,194	8,385	24,885	862,520
Other expenditures	1,237	580	4,723	6,540	13,731,442
Total Operating Expenses	18,719,664	21,313,574	26,478,990	66,512,228	71,872,789
Total Expenses	18,719,664	21,313,574	26,478,990	66,512,228	71,872,789
Revenues					
Non-responsible revenue	226	252,540	28,934	281,700	34,558
Other revenue	—	—	—	—	25
Revenues earned on behalf of Government	(226)	(252,540)	(28,934)	(281,700)	(34,558)
Total Revenues	—	—	—	—	25
Net cost from continuing operations	\$18,719,664	\$21,313,574	\$26,478,990	\$66,512,228	\$71,872,764