



Financial Statements of the

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

Audited

For the Year Ended March 31, 2012

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2012, and all information contained in these statements rests with the management of FINTRAC. These financial statements have been prepared by management in accordance with Treasury Board 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 the department's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in FINTRAC's *Departmental Performance Report*, is consistent with these financial statements.

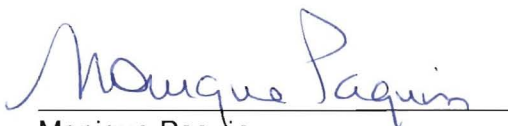
Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *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 obtaining an external audit opinion of FINTRAC's annual financial statements which includes an assessment of the rigor of its internal controls over financial reporting.

An assessment for the year ended March 31, 2012 was completed in accordance with the Policy on Internal Control and the results and action plans are summarized in the annex.

The system of internal control over financial reporting is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

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.


Monique Paquin
Acting Director
FINTRAC
Ottawa, Canada
Date Oct 3/2012


Gerry Derouin
Acting Chief Financial Officer
FINTRAC
Ottawa, Canada
Date Oct 3/2012



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Financial Transactions and Report Analysis Centre of Canada (FINTRAC), which comprise the statement of financial position as at March 31, 2012, the statements of operations, equity of Canada, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, we consider 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.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of FINTRAC as at March 31, 2012, the net cost of its operations 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 of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 to the financial statement, 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive style, with a long horizontal line underneath.

Chartered Accountants, Licensed Public Accountants

October 3, 2012

Ottawa, Canada


FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
STATEMENT OF FINANCIAL POSITION
As at March 31, 2012


(In dollars)

	2012	2011
Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$7,528,923	\$4,369,235
Vacation pay and compensatory leave	\$1,215,855	\$1,147,166
Employee future benefits (Note 7)	\$1,720,194	\$6,126,302
Total liabilities	\$10,464,972	\$11,642,703
Financial assets		
Accounts receivable and advances (Note 4)	\$512,199	\$1,367,595
Due from Consolidated Revenue Fund	\$6,783,732	\$4,159,317
Total financial assets	\$7,295,931	\$5,526,912
Financial assets held on behalf of Government		
Accounts receivable and advances (Note 4)	(\$151,548)	(\$168,806)
Total financial assets	(\$151,548)	(\$168,806)
Total net financial assets	\$7,144,383	\$5,358,106
Departmental net debt	\$3,320,589	\$6,284,597
Non-financial assets		
Prepaid expenses	\$742,076	\$976,006
Tangible capital assets (Note 5)	\$7,033,607	\$14,621,464
Total non-financial assets	\$7,775,683	\$15,597,470
Departmental net financial position	\$4,455,094	\$9,312,873

Contractual obligations (note 8)

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


Monique Paquin
Acting Director
FINTRAC
Ottawa, Canada
Date Oct 3/2012


Gerry Derouin
Acting Chief Financial Officer
FINTRAC
Ottawa, Canada
Date Oct 3/2012

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION
For the Year Ended March 31, 2012

(In dollars)	Planned Results (Note 12) (unaudited)	2012	2011
Expenses			
Detection and deterrence of money laundering and terrorist financing	N/A	\$48,845,383	\$45,165,574
Internal Services	N/A	\$9,116,141	\$9,992,164
Total Expenses	\$58,600,000	\$57,961,524	\$55,157,738
Revenues			
Detection and deterrence of money laundering and terrorist financing	-	\$78,781	\$91,786
Internal Services	-	\$11,780	-
Revenues earned on behalf of Government	-	(\$90,561)	(\$91,786)
Total Revenues	-	-	-
Net cost from continuing operations	\$58,600,000	\$57,961,524	-
Cost of transferred operations (Note 11)	-	\$4,849,831	-
Net cost of operations before government funding and transfers	\$58,600,000	\$62,811,355	\$55,157,738

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

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
 STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION (CONTINUED)
 For the Year Ended March 31, 2012

(In dollars)	2012	2011
Net cost of operations before government funding and transfers	\$62,811,355	\$55,157,738
Net cash provided by Government	\$55,155,278	\$51,552,068
Change in due from the Consolidated Revenue Fund	\$2,624,415	\$436,888
Services received without charge from other government departments (Note 9)	\$5,758,797	\$2,400,988
Transfer of assets and liabilities to other government departments (Note 11)	(\$5,584,914)	-
Net cost of operations after government funding and transfers	\$4,857,779	\$767,794
Departmental net financial position, beginning of year	\$9,312,873	\$10,080,667
Departmental net financial position, end of year	\$4,455,094	\$9,312,873

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, 2012

(In dollars)	2012	2011
Net cost of operations after government funding and transfers	\$4,857,779	\$767,794
Change due to tangible capital assets:		
Acquisition of tangible capital assets (Note 5)	\$3,077,506	\$3,673,495
Amortization of tangible capital assets (Note 5)	(\$4,875,942)	(\$5,975,578)
Transfer to other government department (Note 5)	(\$5,789,421)	-
Total change due to tangible capital assets	(\$7,587,857)	(\$2,302,083)
Change due to prepaid expenses	(\$233,930)	\$429,654
Net decrease in departmental net debt	(\$2,964,008)	(\$1,104,635)
Departmental net debt, beginning of year	\$6,284,597	\$7,389,232
Departmental net debt, end of year	\$3,320,589	\$6,284,597

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

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
STATEMENT OF CASH FLOW
For the Year Ended March 31, 2012

(In dollars)	2012	2011
Operating activities		
Net cost of operations	\$62,811,355	\$55,157,738
Non-cash items:		
Amortization of tangible capital assets (Note 5)	(\$4,875,942)	(\$5,975,578)
Services received without charge from other government departments (Note 9)	(\$5,758,797)	(\$2,400,988)
<i>Variations in Statement of Financial Position:</i>		
Increase (decrease) in accounts receivable and advances	(\$838,138)	\$1,047,800
Increase (decrease) in prepaid expenses	(\$233,930)	\$429,654
Increase in accounts payable and accrued liabilities	(\$3,159,688)	(\$370,000)
Increase in vacation pay and compensatory leave	(\$68,689)	(\$152,111)
Decrease in employee severance benefits	\$4,406,108	\$142,058
Transfer of liabilities to other government departments (Note 11)	(\$204,507)	-
<i>Cash used by operating activities</i>	<u>\$52,077,772</u>	<u>\$47,878,573</u>
Capital investment activities		
Acquisitions of tangible capital assets (Note 5)	<u>\$3,077,506</u>	<u>\$3,673,495</u>
Net cash provided by Government of Canada	<u><u>\$55,155,278</u></u>	<u><u>\$51,552,068</u></u>

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

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. FINTRAC's 'value-added' financial intelligence products and compliance functions are a unique contribution to the public safety of Canadians and to the protection of the integrity of Canada's financial system.

FINTRAC is an independent agency that operates at arm's length 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 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: FINTRAC's detection and deterrence of money laundering and terrorist financing contributes to the public safety of Canadians and helps protect the integrity of Canada's financial system.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the Treasury Board 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 generally accepted accounting principles.

Significant accounting policies are as follows:

(a) Parliamentary authorities

FINTRAC is financed by the Government of Canada ("Government") 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.

(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 CRF

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 the FINTRAC is entitled to draw from the CRF without further appropriations 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 the 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 the Department's liabilities. While the Deputy Head is expected to maintain accounting control, he or 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:

- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement, provided that the transfer is authorized and a reasonable estimate can be made. FINTRAC did not recognize any contributions for the year ending March 31, 2012.
- 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 and legal services are recorded as operating expenses at their estimated cost.

(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. Current legislation does not require FINTRAC to make contributions for any actuarial deficiencies of the Plan.
- 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 receivables and advances

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

(h) Contingent liabilities

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

(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.

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
Informatics software	5 years
Other equipment, including furniture	5 to 10 years
Leasehold Improvements	Lesser of remaining lease term and 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 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 severance benefits, the useful life of tangible capital assets, and the cost of transferred operations. 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 Statement 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 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 dollars)	2012	2011
Net cost of operations before government funding and transfers	\$62,811,355	\$55,157,738
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (Less):		
Services provided without charge by other government departments (Note 9)	(\$5,758,797)	(\$2,400,988)
Amortization of tangible capital assets (Note 5)	(\$4,875,942)	(\$5,975,578)
Refund of previous year expenditures	\$74,976	\$53,679
Decrease in vacation pay and compensatory leave liability	(\$68,689)	(\$152,111)
Increase in employee severance benefits liability	\$4,406,108	\$142,058
Transfer of liabilities to other government departments (Note 11)	(\$204,507)	-
	(\$6,426,851)	(\$8,332,940)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (Less):		
Acquisitions of tangible capital assets (Note 5)	\$3,077,506	\$3,673,495
Increase (decrease) in prepaid expenses	(\$233,930)	\$429,654
	\$2,843,576	\$4,103,149
Current year authorities used	\$59,228,080	\$50,927,947

(b) Authorities provided and used

(In dollars)	2012	2011
Authorities provided from Estimates:		
Vote 30 – Main Estimates	\$36,315,817	\$45,380,108
Vote 30 – Supplementary Estimates (A)	\$14,670,000	\$3,392,539
Statutory amounts	\$6,062,129	\$4,622,943
	\$57,047,946	\$53,395,590
Transfer to other government departments:		
Vote 30 - Transferred activities to Shared Services Canada	(\$2,651,522)	-
Transfer from Treasury Board:		
TB Vote 15 – Compensation Adjustments	-	\$313,796
TB Vote 25 – Operating Budget Carry-forward	\$2,229,005	\$2,116,842
TB Vote 30 – Paylist Requirements	\$5,318,822	\$409,247
	\$7,547,827	\$2,839,885
Less: Lapsed authorities - Operating	(\$2,716,171)	(\$5,307,528)
Current year authorities used	\$59,228,080	\$50,927,947

4. Accounts receivable and advances

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

(In dollars)	2012	2011
Receivables from other federal government departments and agencies	\$341,960	\$1,166,136
Receivables from external parties	\$164,189	\$195,709
Employee advances	\$6,050	\$5,750
Gross Accounts Receivable	\$512,199	\$1,367,595
Accounts receivable held on behalf of Government	(\$151,548)	(\$168,806)
Net Accounts Receivable	\$360,651	\$1,198,789

5. Tangible capital assets

(In dollars)	COST			
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance
Machinery and equipment	\$948,483	\$168,228	\$61,598	\$1,055,113
Informatics hardware	\$27,833,619	\$1,150,319	\$12,364,256	\$16,619,682
Informatics software	\$20,107,623	\$513,386	\$926,813	\$19,694,196
Other equipment, including furniture	\$5,446,218	\$670,006	-	\$6,116,224
Leasehold improvements	\$6,788,195	\$575,567	-	\$7,363,762
	\$61,124,138	\$3,077,506	\$13,352,667	\$50,848,977
	ACCUMULATED AMORTIZATION			
	Opening balance	Amortization	Disposals and write-offs	Closing balance
Machinery and equipment	\$828,171	\$60,329	\$61,598	\$826,902
Informatics hardware	\$20,517,755	\$1,876,392	\$7,004,904	\$15,389,243
Informatics software	\$16,361,866	\$1,737,424	\$496,744	\$17,602,546
Other equipment, including furniture	\$3,842,407	\$526,733	-	\$4,369,140
Leasehold improvements	\$4,952,475	\$675,064	-	\$5,627,539
	\$46,502,674	\$4,875,942	\$7,563,246	\$43,815,370
	NET BOOK VALUE			
			2011	2012
Machinery and equipment			\$120,310	\$228,211
Informatics hardware			\$7,315,865	\$1,230,439
Informatics software			\$3,745,758	\$2,091,650
Other equipment, including furniture			\$1,603,810	\$1,747,084
Leasehold improvements			\$1,835,721	\$1,736,223
			\$14,621,464	\$7,033,607

Effective November 15, 2011, FINTRAC transferred informatics hardware and informatics software with a net book value of \$5,789,421 to Shared Services Canada (see Note 11).

6. Accounts payable and accrued liabilities

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

(In dollars)	2012	2011
Accounts payable to other government departments and agencies	\$2,360,772	\$462,519
Accounts payable to external parties	\$2,736,524	\$2,051,823
Accrued salaries and wages	\$1,540,305	\$1,204,529
Accrued liabilities	\$891,322	\$650,364
	<u>\$7,528,923</u>	<u>\$4,369,235</u>

7. Employee future benefits

(a) Pension benefits

FINTRAC'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 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 Plans benefits and they are indexed to inflation.

Both the employees and FINTRAC contribute to the cost of the Plan. The 2011-12 expense amounts to \$6,062,129 (\$4,622,943 in 2010-11), which represents approximately 1.8 times (1.9 times in 2010-11) the contributions by employees.

The Department'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

FINTRAC 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, measured as at March 31, is as follows:

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or 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 dollars)	2012	2011
Employee severance benefit liability, beginning of year	\$6,126,302	\$6,268,360
Transfer to other government department effective November 15, 2011 (Note 11)	(\$113,741)	-
Expense for the year	\$954,143	\$354,582
Benefits paid during the year	(\$5,246,510)	(\$496,640)
Employee severance benefit liability, end of year	\$1,720,194	\$6,126,302

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 Public Works and Government Services Canada for office space in six locations across Canada. The minimum aggregate annual payments for future fiscal years are as follows:

Fiscal Year	(In dollars)
2012-13	\$3,860,966
2013-14	\$3,332,117
2014-15	\$3,021,726
2015-16	\$3,019,935
2016-17 and thereafter	\$1,527,492
Total	<u>\$14,762,236</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. In addition, FINTRAC has an agreement with Shared Services Canada (SSC) related to the provision of finance and administration services. 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 without charge from certain common service organizations, related to legal services, information technology services, and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in FINTRAC's Statement of Operations as follows:

(In dollars)	2012	2011
Employer's contribution to the health and dental insurance plans	\$3,119,952	\$2,301,956
Information technology services	\$2,638,845	-
Legal services	-	\$99,032
Total	\$5,758,797	\$2,400,988

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General of Canada, are not included as an expense in the department's Statement of Operations.

b) Other transactions with related parties

(In dollars)	2012	2011
Accounts receivable with other government departments and agencies	\$341,960	\$1,166,136
Accounts payable to other government departments and agencies	\$2,360,772	\$462,519

(c) Administration of programs on behalf of other government departments

As of November 15, 2011, FINTRAC transferred its information technologies activities to Shared Services Canada (SSC). During the transition period, FINTRAC continued to administer those activities on behalf of SSC. At the date of these financial statements, the administered expenses amount to \$2,638,845 for the 2011-12 fiscal year.

10. Segmented information

Presentation by segment is based on FINTRAC's program activity architecture. The presentation by segment is based on the same accounting policies as described in the *Summary of significant policies* in Note 2. The following table represents detailed continuing expenses incurred and revenues generated for the main program activities, by major object of expenses and type of revenues. The segment results for the period are as follows:

	2012		
	Detection and deterrence of money laundering and terrorist financing	Internal Services	Total
(In dollars)			
Transfer Payments			
Egmont Group Secretariat	-	-	-
Total Transfer Payments	-	-	-
Operating Expenses			
Salaries and employee benefits	\$34,203,882	\$6,412,669	\$40,616,551
Amortization of tangible capital assets	\$3,572,742	\$900,051	\$4,472,793
Professional and special services	\$3,246,315	\$961,355	\$4,207,670
Accommodations	\$3,919,399	\$193	\$3,919,592
Repairs and maintenance	\$1,985,050	\$298,854	\$2,283,904
Travel and relocation	\$1,066,117	\$129,068	\$1,195,185
Utilities, materials and supplies	\$307,505	\$123,414	\$430,919
Telecommunication services	\$327,925	\$75,682	\$403,607
Machinery and equipment	\$184,678	\$29,639	\$214,317
Communication Services	\$31,293	\$154,873	\$186,166
Other expenditures	\$477	\$30,343	\$30,820
Total Operating Expenses	\$48,845,383	\$9,116,141	\$57,961,524
Total Expenses	\$48,845,383	\$9,116,141	\$57,961,524
Revenues			
Non-responsible revenue	\$78,781	\$11,780	\$90,561
Revenues earned on behalf of Government	(\$78,781)	(\$11,780)	(\$90,561)
Total Revenues	-	-	-
Net Cost from Continuing Operations	\$48,845,383	\$9,116,141	\$57,961,524

11. Transfers of Information Technology Activities to Shared Services Canada

Effective November 15, 2011, FINTRAC transferred responsibility for portions of its IT services (e.g. e-mail, data centers, and network services/support) to Shared Services Canada ("SSC") in accordance with Order-in-Council P.C. 2011-1297, including the stewardship responsibility for the assets and liabilities related to the program

- a) FINTRAC transferred the following assets and liabilities related to the information technologies activities to SSC on November 15, 2011:

(In dollars)	<u>2012</u>
Assets	
Tangible capital assets (net book value) (Note 5)	\$5,789,421
	<u>\$5,789,421</u>
Liabilities	
Vacation pay and compensatory leave	\$90,767
Employee future benefits (Note 7)	\$113,740
	<u>\$204,507</u>
Adjustment to departmental net financial position	<u>\$5,584,914</u>

- b) Current year statement of operations has been separated between continuing and transferred operations. The comparative information for the year ended March 31, 2011 has not been adjusted for transferred activities as the amounts could not be reliably determined and verified.

12. Planned results

Planned results have been provided for comparison purposes and are not audited. The planned results amounts in the Statement of Operations are the amounts reported in the future-oriented financial statements included in the 2011-12 Report on Plans and Priorities; therefore, planned expenses by program activity are not available.

13. Comparative information

Comparative figures have been reclassified to conform with the current year's presentation. These include:

- The Statement of Operations has been regrouped by program activity.
- Note 3 - Parliamentary authorities - Authorities provided and used, has been regrouped for greater clarity.

14. Accounting changes

During 2011, amendments were made to *Treasury Board Accounting Standards 1.2 – Departmental and Agency Financial Statements* to improve financial reporting by government departments and agencies. The amendments are effective for financial years ending March 31, 2012, and later. The significant changes to the Department's financial statements are described below. These changes have been applied retroactively, and comparative information for 2010-11 has been restated.

Net debt, (calculated as liabilities less financial assets) is now presented in the Statement of Financial Position. Accompanying this change, FINTRAC now presents a statement of Change in Net Debt and no longer presents a Statement of Equity.

Revenue and related accounts receivable are now presented net of non-respendable amounts in the Statement of Operations and Departmental Net Financial Position and Statement of Financial Position. The effect of this change was to increase the net cost of operations after government funding and transfers by \$90,561 for 2012 (\$91,786 for 2011) and decrease total financial assets by \$151,548 for 2012 (\$168,806 for 2011).

Government funding and transfers, as well as the credit related to services provided without charge by other government departments are now recognized in the Statement of Operations and Departmental Net Financial Position below "Net cost of operations before government funding and transfers." In previous years, FINTRAC recognized these transactions directly in the Statement of Equity of Canada. The effect of this change was to decrease the net cost of operations after government funding and transfers by \$57,953,576 for 2012 (\$54,389,944 for 2011).

(In dollars)	2011 As previously stated	Effect of change	2011 Restated
Statement of Financial Position:			
Assets held on behalf of Government	-	(\$168,806)	(\$168,806)
Departmental financial position	\$9,481,679	(\$168,806)	\$9,312,873
Statement of Operations and Departmental Net Financial Position:			
Revenues	\$91,786	(\$91,786)	-
Government funding and transfers			
Net cash provided by Government	-	\$51,552,068	\$51,552,068
Change in due from CRF	-	\$436,888	\$436,888
Services provided without charge by other government departments	-	\$2,400,988	\$2,400,988