



Financial Statements of the

Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)

Audited

For the Year Ended March 31, 2015

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
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, 2015, 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 the FINTRAC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the 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 (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 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 Internal Control*.

A Core Control Audit was performed in 2013–14 by the OCG. The Audit Report and related Management Action Plan are posted on FINTRAC's website.

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.

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER
FINANCIAL REPORTING

Gérald Cossette
Director
FINTRAC
Ottawa, Canada

Hélène Filion
Chief Financial Officer
FINTRAC
Ottawa, Canada

Date

Date



KPMG LLP
Suite 1800
150 Elgin Street
Ottawa ON K2P 2P8
Canada

Telephone (613) 212-KPMG (5764)
Fax (613) 212-2896
Internet www.kpmg.ca

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, 2015, the statements of operations and departmental net financial position, change in departmental net debt 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of FINTRAC as at March 31, 2015, 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 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.

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

Chartered Professional Accountants, Licensed Public Accountants

July 22, 2015

Ottawa, Canada

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
STATEMENT OF FINANCIAL POSITION
As at March 31, 2015

(In dollars)	2015	2014
Liabilities		
Accounts payable and accrued liabilities (Note 4)	5,944,927	4,840,742
Vacation pay and compensatory leave	1,380,496	1,345,994
Employee future benefits (Note 5)	2,392,412	1,761,939
Total liabilities	9,717,835	7,948,675
Financial assets		
Accounts receivable and advances (Note 6)	1,042,055	1,205,644
Due from Consolidated Revenue Fund	4,854,581	3,760,838
Total financial assets	5,896,636	4,966,482
Financial assets held on behalf of Government		
Accounts receivable and advances (Note 6)	(415,562)	(370,743)
Total financial assets held on behalf of Government	(415,562)	(370,743)
Total net financial assets	5,481,074	4,595,739
Departmental net debt	4,236,761	3,352,936
Non-financial assets		
Prepaid expenses	687,020	799,069
Tangible capital assets (Note 7)	6,450,529	6,492,765
Total non-financial assets	7,137,549	7,291,834
Departmental net financial position	2,900,788	3,938,898
Contractual obligations (Note 8)		

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
For the Year Ended March 31, 2015

(In dollars)	Planned Results 2015	2015	2014
Expenses			
Financial Intelligence Program	25,836,768	24,096,920	25,171,753
Compliance Program	25,836,768	25,313,410	25,285,311
Internal Services	9,118,859	10,209,870	10,115,608
Total Expenses	60,792,395	59,620,200	60,572,672
Revenues			
Non-responsible revenue	-	768,142	786,553
Revenues earned on behalf of Government	-	(768,142)	(786,553)
Total Revenues	-	-	-
Net cost of operations before Government funding and transfers	60,792,395	59,620,200	60,572,672

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, 2015

(In dollars)	Planned Results 2015	2015	2014
Net cost of operations before government funding and transfers	60,792,395	59,620,200	60,572,672
Government funding and Transfers			
Net cash provided by Government	52,200,332	50,069,713	51,292,313
Change in due from Consolidated Revenue Fund	(249,529)	1,093,743	570,965
Services provided without charge by other Government departments (Note 9)	8,480,642	8,631,218	8,045,597
Transfer of the transition payments for implementing salary payments in arrears (Note 10)	-	(1,212,584)	-
Net cost of operations after Government funding and transfers	360,950	1,038,110	663,797
Departmental net financial position – beginning of year	5,554,749	3,938,898	4,602,695
Departmental net financial position – end of year	5,193,799	2,900,788	3,938,898

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, 2015

(In dollars)	Planned Results 2015	2015	2014
Net cost of operations after Government funding and transfers	360,950	1,038,110	663,797
Change due to tangible capital assets:			
Acquisition of tangible capital assets (Note 7)	1,626,963	1,562,203	600,700
Amortization of tangible capital assets (Note 7)	(2,015,473)	(1,604,439)	(1,869,885)
Total change due to tangible capital assets	(388,510)	(42,236)	(1,269,185)
Change due to prepaid expenses	(39,230)	(112,049)	36,194
Net decrease in departmental net debt	(66,790)	883,825	(569,194)
Departmental net debt – beginning of year	2,731,625	3,352,936	3,922,130
Departmental net debt – end of year	2,664,835	4,236,761	3,352,936

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, 2015

(In dollars)	<u>2015</u>	<u>2014</u>
Operating Activities		
Net cost of operations before government funding and transfers	59,620,200	60,572,672
Non-cash items:		
Amortization of tangible capital assets (Note 7)	(1,604,439)	(1,869,885)
Services provided without charge by other government departments (Note 9)	(8,631,218)	(8,045,597)
Transition payments for implementing salary payments in arrears (Note 10)	1,212,584	-
Variations in statement of financial position:		
Increase (decrease) in accounts receivable and advances	(208,408)	(601,627)
Increase (decrease) in prepaid expenses	(112,049)	36,194
Decrease (increase) in accounts payable and accrued liabilities	(1,104,185)	333,310
Decrease (increase) in vacation pay and compensatory leave	(34,502)	14,978
Decrease (increase) in employee future benefits	(630,473)	251,568
Cash used by operating activities	<u>48,507,510</u>	<u>50,691,613</u>
Capital investment activities		
Acquisition of tangible capital assets (Note 7)	1,562,203	600,700
Cash used by capital investment activities	<u>1,562,203</u>	<u>600,700</u>
Net cash provided by Government of Canada	<u><u>50,069,713</u></u>	<u><u>51,292,313</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 an 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 public sector accounting standards.

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 general accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized 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 Statement of Operations and Departmental Net Position are the amounts reported in the future-oriented financial statements included in the *2014–15 Report on Plans and Priorities*.

(b) Net cash provided by Government of Canada

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 of Canada 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 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 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 not re-spendable 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, 2015.
- 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.
- Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them as 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.

(g) Accounts and loans receivable

Accounts and loans receivables are stated at the lower of cost and net recoverable value. However, when the terms of the loans are concessionary, such as those provided with a low or no interest clause, they are recorded at their estimated present value. A portion of the unamortized discount is recorded as revenue each year to reflect the change in the present value of the loans outstanding. Transfer payments that are unconditionally repayable are recognized as loans receivable. 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, and estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimates, 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 estimates. 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 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)	2015	2014
Net cost of operations before government funding and transfers	59,620,200	60,572,672
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments (Note 9)	(8,631,218)	(8,045,597)
Amortization of tangible capital assets (Note 7)	(1,604,439)	(1,869,885)
Refund of prior years' expenditures	22,124	143,553
Decrease (increase) in vacation pay and compensatory leave liability	(34,502)	14,978
Decrease (increase) in employee future benefits liability	(630,473)	251,568
Total items affecting net cost of operations but not affecting authorities	(10,878,508)	(9,505,383)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets (Note 7)	1,562,203	600,700
Transition payments for implementing salary payments in arrears (Note 10)	1,212,584	-
Increase (decrease) in prepaid expenses	(112,049)	36,194
Total items not affecting net cost of operations but affecting authorities	2,662,738	636,894
Current year authorities used	51,404,430	51,704,183

(b) Authorities provided and used

(In dollars)	2015	2014
Authorities provided from Estimates		
Voted Amounts	45,644,643	45,744,322
Statutory Amounts	5,405,213	5,658,585
	51,049,856	51,402,907
Transfer from Treasury Board		
Voted amounts	1,927,221	2,021,180
Statutory amounts	(418,578)	(135,854)
	1,508,643	1,885,326
Less: Lapsed authorities – Operating	(1,154,069)	(1,584,050)
Current year authorities used	51,404,430	51,704,183

4. Accounts payable and accrued liabilities

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

(In dollars)	2015	2014
Accounts payable – Other government departments and agencies	228,391	143,178
Accounts payable – External parties	1,826,136	1,373,518
Accrued salaries and wages	3,581,028	1,810,753
Accrued liabilities	309,372	1,513,293
Total accounts payable and accrued liabilities	5,944,927	4,840,742

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.
- Group 2 relates to members joining the Plan as of January 1, 2013.

Each group has a distinct contribution rate.

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA**NOTES TO THE FINANCIAL STATEMENTS (Audited)**

For the Year Ended March 31, 2015

The 2014–15 expense amounts to \$4,986,635 (\$5,522,731 in 2013–14). For Group 1 members, the expense represents approximately 1.41 times (1.6 times in 2013–14) the employee contributions and, for Group 2 members, approximately 1.39 times (1.5 times for 2013–14) the employee contributions.

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.

(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, and 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 benefits obligation.

(In dollars)	2015	2014
Employee severance benefits liability – beginning of year	1,761,939	2,013,507
Expense for the year	929,435	937,975
Benefits paid during the year	(298,962)	(1,189,543)
Employee severance benefits liability – end of year	2,392,412	1,761,939

6. Accounts receivable and advances

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

(In dollars)	2015	2014
Receivables – Other Government departments and agencies	646,810	889,451
Receivables – External Parties	470,265	398,583
Employee Advances	4,750	4,750
Subtotal	1,121,825	1,292,784
Allowance for doubtful accounts on receivables from external parties	(79,770)	(87,140)
Gross accounts receivable	1,042,055	1,205,644
Accounts receivable held on behalf of Government	(415,562)	(370,743)
Net accounts receivable	626,493	834,901

7. Tangible capital assets

(In dollars)	COST			
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance
Machinery and equipment	1,309,484	297,049	-	1,606,533
Informatics hardware	6,853,998	666,786	-	7,520,784
Informatics software	16,513,029	179,706	-	16,692,735
Other equipment, including furniture	7,573,048	209,495	-	7,782,543
Leasehold improvements	8,786,377	209,167	-	8,995,544
Total	41,035,936	1,562,203	-	42,598,139

(In dollars)	ACCUMULATED AMORTIZATION			
	Opening balance	Amortization	Disposals and write-offs	Closing balance
Machinery and equipment	901,641	64,454	-	966,095
Informatics hardware	6,321,356	338,495	-	6,659,851
Informatics software	15,529,400	427,047	-	15,956,447
Other equipment, including furniture	5,417,531	585,812	-	6,003,343
Leasehold improvements	6,373,243	188,631	-	6,561,874
Total	34,543,171	1,604,439	-	36,147,610

(In dollars)	NET BOOK VALUE	
	2015	2014
Machinery and equipment	640,438	407,843
Informatics hardware	860,933	532,642
Informatics software	736,288	983,629
Other equipment, including furniture	1,779,200	2,155,517
Leasehold improvements	2,433,670	2,413,134
Total	6,450,529	6,492,765

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 four locations across Canada. The minimum aggregate annual payments for future fiscal years are as follows:

Fiscal Year	(In dollars)
2015–16	4,201,714
2016–17	1,751,572
2017–18	881,356
2018–19	460,025
2019–20 and thereafter	274,156
Total	<u>7,568,823</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 related to the provision of 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 services without charge from certain common service organizations, related information technology services and the employer's contribution to the health and dental insurance plans and workers' compensation coverage. These services provided without charge have been recorded in the Department's Statement of Operations and Departmental Net Financial Position as follows:

(In dollars)	2015	2014
Employer's contribution to the health and dental insurance plans	2,700,321	2,699,210
Information technology services	5,930,897	5,346,387
Total	<u>8,631,218</u>	<u>8,045,597</u>

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA
NOTES TO THE FINANCIAL STATEMENTS (Audited)
For the Year Ended March 31, 2015

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 are not included in the Department's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties

(In dollars)	2015	2014
Accounts receivable – Other government departments and agencies	646,810	889,451
Accounts payable – Other government departments and agencies	228,391	143,178

10. Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014–15. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay process. This change to the pay system had no impact on the expenses of the Department. However, it did result in the use of additional spending authorities by the Department. Prior to year end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Works and Government Services Canada, the department who is responsible for the administration of the Government pay system.

11. 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 represents detailed continuing expenses incurred and revenues generated for the main program activities, by major object of expense and type of revenue. The segment results for the period are as follows:

(in dollars)	2015				2014
	Financial Intelligence Program	Compliance Program	Internal Services	Total	Total
Operating Expenses					
Salaries and employee benefits	17,109,942	17,888,173	7,558,518	42,556,633	43,559,955
Accommodations	2,122,275	2,122,275	-	4,244,550	4,341,730
Professional and special services	1,137,062	1,221,603	1,242,545	3,601,210	3,742,907
Transportation and telecommunication	994,176	1,003,943	373,014	2,371,133	2,327,621
Amortization of tangible capital assets	611,829	680,981	311,629	1,604,439	1,869,885
Repairs and maintenance	805,129	806,302	200,710	1,812,141	1,772,366
Rentals	777,261	788,967	280,327	1,846,555	1,636,729
Travel and relocation	317,874	498,545	72,232	888,651	944,404
Utilities, materials and supplies	149,785	187,568	79,983	417,336	303,587
Information services	30,567	68,748	84,860	184,175	93,467
Acquisition of machinery and equipment	48,160	50,676	24,066	122,902	134,414
Other expenditures	(7,140)	(4,371)	(18,014)	(29,525)	(154,393)
Total Operations Expenses	24,096,920	25,313,410	10,209,870	59,620,200	60,572,672
Total Expenses	24,096,920	25,313,410	10,209,870	59,620,200	60,572,672
Revenues					
Non-responsible revenue	6,120	614,813	147,209	768,142	786,553
Revenues earned on behalf of Government	(6,120)	(614,813)	(147,209)	(768,142)	(786,553)
Total Revenues	-	-	-	-	-
Net cost from Continuing Operations	24,096,920	25,313,410	10,209,870	59,620,200	60,572,672

12. Comparative information

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

- Note 3 Parliamentary Authorities part (b) Authorities Provided and Used: The authorities provided from estimates and the transfers from Treasury Board have been grouped by voted amounts and statutory amounts.
- Note 6 Accounts Receivables and Advances: The presentation has been modified to show the allowance for doubtful accounts balance separately from the other receivables from external parties. Interest receivable has been included in the accounts receivable held on behalf of Government.
- Note 11 Segmented Information: The operating expenses for 2014 have been reclassified to reflect the presentation of the operating expenses for 2015 by major object of expense and type of revenue.