



SENATE
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CANADA

FINANCIAL STATEMENTS

of the Senate of Canada

For the Year Ended

March 31, 2020

Independent auditor's report

To the Chair of the Standing Committee on Internal Economy, Budgets and Administration of the
Senate of Canada

Opinion

We have audited the financial statements of the **Senate of Canada** ["Senate"], which comprise the statement of financial position as at March 31, 2020, the statement of operations, the statement of net financial position, the statement of change in net debt and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Senate as at March 31, 2020, and the results of its operations, the change in net financial position, the change in net debt and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Senate in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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.

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

In preparing the financial statements, management is responsible for assessing the Senate'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 the Senate or to cease operations, or has no realistic alternative but to do so.

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

Other matter

The financial statements of the Senate for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 27, 2020.

Auditor's 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 auditor's 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 these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 Senate'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 Senate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Senate 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.

We 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.

Ottawa, Canada
November 5, 2020

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



The Senate of Canada

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

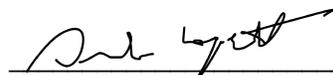
Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2020, and all the information contained in these statements rests with the Senate of Canada (the "Senate") management. These financial statements have been prepared in accordance with 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 financial transactions of the Senate.

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 *Senate Administrative Rules* 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, and through communication programs aimed at ensuring that regulations, policies, guidelines, standards and managerial authorities are understood throughout the Senate.

These financial statements have been audited by Ernst & Young LLP, the independent auditors of the Senate.



Pascale Legault, CPA, CA
Clerk of the Standing Committee on
Internal Economy, Budgets and Administration
The Senate of Canada
Ottawa, Canada



Pierre Lanctôt, CPA, CA
Chief Financial Officer
The Senate of Canada
Ottawa, Canada

11/05/2020

THE SENATE OF CANADA

Statement of Financial Position

As at March 31, 2020 with comparative figures as at March 31, 2019

| (In dollars) | 2020 | 2019 |
|--|---------------------|---------------------|
| Financial assets: | | |
| Cash on hand at year-end | \$ 415,946 | \$ 415,946 |
| Due from the Consolidated Revenue Fund | 3,161,012 | 3,829,403 |
| Accounts receivable and advances (note 4(a)) | 4,434,790 | 4,103,497 |
| | <u>8,011,748</u> | <u>8,348,846</u> |
| Financial liabilities: | | |
| Accounts payable and accrued liabilities (note 4(b)) | 7,857,140 | 8,153,111 |
| Vacation pay and compensatory leave | 2,738,308 | 2,851,105 |
| Employee benefits (note 7) | 1,946,211 | 1,179,814 |
| | <u>12,541,659</u> | <u>12,184,030</u> |
| Net debt | <u>\$ 4,529,911</u> | <u>\$ 3,835,184</u> |
| Non-financial assets: | | |
| Tangible capital assets (note 5) | \$ 5,611,553 | \$ 6,590,629 |
| Prepaid expenses | 507,386 | 529,342 |
| | <u>6,118,939</u> | <u>7,119,971</u> |
| Net financial position | <u>\$ 1,589,028</u> | <u>\$ 3,284,787</u> |
| Heritage assets (note 6) | | |
| Contractual obligations (note 10) | | |
| Contingencies (note 11) | | |

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

THE SENATE OF CANADA

Statement of Operations

Year Ended March 31, 2020 with comparative figures for 2019

| (In dollars) | Budget | 2020 | 2019 |
|---|-------------------------|---------------|---------------|
| | (adjusted - note 12) | | |
| Expenses: | | | |
| Expenses subject to budgetary spending authorities: | | | |
| Salaries and benefits (note 7) | \$ 91,300,425 | \$ 81,212,635 | \$ 77,983,847 |
| Transportation and communications | 10,598,220 | 7,364,353 | 9,126,546 |
| Professional services, hospitality and meals | 5,503,125 | 3,479,407 | 4,048,984 |
| Rentals and licenses | 1,361,683 | 1,264,217 | 1,135,297 |
| Information and publications | 1,211,876 | 951,954 | 557,615 |
| Repairs and maintenance | 973,272 | 928,946 | 748,415 |
| Materials and supplies | 1,180,967 | 869,754 | 895,470 |
| Machinery and equipment (adjusted - note 12) | 800,000 | 791,252 | 448,894 |
| Contribution to external organizations | 435,000 | 434,813 | 440,472 |
| Loss on disposal of tangible capital assets | - | 1,311 | 75,587 |
| Miscellaneous | - | 10,034 | 1,121 |
| | 113,364,568 | 97,308,676 | 95,462,248 |
| Other expenses: | | | |
| Services received without charge (note 9(b)): | | | |
| Accommodation | | 17,400,938 | 17,252,552 |
| Employer's contribution to the health and dental insurance plans | | 6,436,081 | 5,709,928 |
| Workers' compensation services | | 117,908 | 129,810 |
| Amortization of tangible capital assets (note 5) | | 2,100,485 | 2,204,628 |
| Total expenses | | 123,364,088 | 120,759,166 |
| Revenues: | | | |
| Refund of previous year expenditures | | 186,138 | 184,040 |
| Miscellaneous revenues | | 18,105 | 19,087 |
| Total revenues | | 204,243 | 203,127 |
| Net cost of operations | | 123,159,845 | 120,556,039 |
| Funded by: | | | |
| Net cash provided from the Consolidated Revenue Fund (note 3(c)) | | 98,161,197 | 97,930,087 |
| Change in due from the Consolidated Revenue Fund | | (668,391) | (1,612,281) |
| Services received without charge (note 9(b)) | | 23,954,927 | 23,092,290 |
| Transfer of assets from other departments (note 5) | | 16,353 | - |
| Total funds provided | | 121,464,086 | 119,410,096 |
| Net cost of operations after funding | | \$ 1,695,759 | \$ 1,145,943 |

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

THE SENATE OF CANADA

Statement of Net financial position

Year Ended March 31, 2020 with comparative figures for 2019

| (In dollars) | 2020 | 2019 |
|---|--------------|--------------|
| Net financial position, beginning of year | \$ 3,284,787 | \$ 4,430,730 |
| Net cost of operations after funding | 1,695,759 | 1,145,943 |
| Net financial position, end of year | \$ 1,589,028 | \$ 3,284,787 |

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

THE SENATE OF CANADA

Statement of Change in Net Debt

Year Ended March 31, 2020 with comparative figures for 2019

| (In dollars) | 2020 | 2019 |
|--|--------------|--------------|
| Net cost of operations after funding | \$ 1,695,759 | \$ 1,145,943 |
| Change due to tangible capital assets: | | |
| Acquisitions of tangible capital assets (note 5) | 1,106,367 | 1,357,952 |
| Amortization of tangible capital assets (note 5) | (2,100,485) | (2,204,628) |
| Loss on disposal of tangible capital assets | (1,311) | (75,587) |
| Transfer of assets from other departments (note 5) | 16,353 | - |
| Proceeds on disposal of tangible capital assets | - | (237) |
| Total change due to tangible capital assets | (979,076) | (922,500) |
| Change due to prepaid expenses | (21,956) | 254,719 |
| Net increase in net debt | 694,727 | 478,162 |
| Net debt, beginning of year | 3,835,184 | 3,357,022 |
| Net debt, end of year | \$ 4,529,911 | \$ 3,835,184 |

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

THE SENATE OF CANADA

Statement of Cash Flows

Year Ended March 31, 2020 with comparative figures for 2019

| (In dollars) | 2020 | 2019 |
|---|----------------|----------------|
| Cash used in (provided by): | | |
| Operations: | | |
| Net cost of operations | \$ 123,159,845 | \$ 120,556,039 |
| Non-cash items: | | |
| Amortization of tangible capital assets (note 5) | (2,100,485) | (2,204,628) |
| Services received without charge (note 9(b)) | (23,954,927) | (23,092,290) |
| Loss on disposal of tangible capital assets | (1,311) | (75,587) |
| Variations in Statement of Financial Position balances: | | |
| Cash on hand at year-end | - | (2,229) |
| Accounts receivable and advances | 331,293 | 1,592,022 |
| Prepaid expenses | (21,956) | 254,719 |
| Accounts payable and accrued liabilities | 295,971 | (57,618) |
| Vacation pay and compensatory leave | 112,797 | (630,063) |
| Employee benefits (note 7) | (766,397) | 232,007 |
| | 97,054,830 | 96,572,372 |
| Capital activities: | | |
| Acquisitions of tangible capital assets (note 5) | 1,106,367 | 1,357,952 |
| Proceeds on disposal of tangible capital assets | - | (237) |
| | | |
| Net cash provided from the Consolidated Revenue Fund | \$ 98,161,197 | \$ 97,930,087 |

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

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2020, with comparative figures for 2019
(in dollars)

1. Authority and objectives:

The Senate of Canada ("Senate") is a self-governing institution, established under the *Constitution Act, 1867* and its authority to act on all financial and administrative matters is provided under the *Parliament of Canada Act*. The Senate is the appointed Upper House in Canada's bicameral Parliament.

2. Summary of significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Parliamentary appropriations:

The Senate is funded from the Consolidated Revenue Fund of Canada through Parliamentary appropriations. Appropriations provided to the Senate do not parallel financial reporting according to Canadian public sector accounting standards since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(c) Net cash provided from the Consolidated Revenue Fund:

The Senate operates within the Consolidated Revenue Fund ("CRF"), which is administered by the Receiver General for Canada. All cash received by the Senate is deposited to the CRF and all cash disbursements made by the Senate are paid from the CRF, including transactions with departments of the Government of Canada and other parliamentary institutions.

(d) Due from the Consolidated Revenue Fund:

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 Senate is entitled to draw from the CRF without further appropriations to discharge its liabilities.

(e) Revenues:

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenue.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2020, with comparative figures for 2019
(in dollars)

2. Summary of significant accounting policies (continued):

(f) Expenses:

Expenses are recorded when the underlying transaction or event occurred, subject to the following:

- Transfer payments are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.
- Vacation and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services received without charge from federal government departments for accommodation, the employer's contribution to the health and dental insurance plans, and the administrative charges for Workers' compensation services are recorded as operating expenses at their estimated costs.

(g) Employee future benefits:

- (i) Pension benefits: Eligible employees participate in the Public Service Superannuation Plan, a multi-employer plan administered by the Government of Canada. The Senate's contributions to the Plan are charged to expenses in the year incurred and represent the Senate's total obligation to the Plan. Current legislation does not require the Senate to make contributions for any actuarial deficiencies to the Plan.
- (ii) Severance benefits for services: Employees were entitled to severance benefits under labour contracts or the terms and conditions of employment. As with the broader public service, the accumulation of severance benefits ceased for employees of the Senate as the Senate concluded its collective agreements with unionized staff and made changes to conditions of employment. The revisions to terms and conditions of employment were made over a three-year period with the final group taking effect in 2013-14. Employees subject to these changes were 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 upon termination from the Senate. For those employees who did not opt for an immediate payment, the obligation is calculated as at March 31, based on the employees' earned number of weeks and their salary as at March 31. These remaining severance benefits are not prefunded and will be paid from future appropriations in the year of departure of the employee.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2020, with comparative figures for 2019
(in dollars)

2. Summary of significant accounting policies (continued):

(g) Employee future benefits (continued):

- (iii) Sick leave: Employees are entitled to accumulate unused sick leave, which they can only use in the event of an illness. All sick leave is an accumulating non-vesting benefit. Accumulated unused sick leave upon employee termination is not payable to the employee. A liability is recorded for sick leave balances expected to be taken in excess of future allotments. The cost of sick leave as well as the present value of the obligation are determined using an actuarial valuation. Any gains and losses are recognized in net results in the period in which they arise.

(h) Senators' pension plan:

Assets and liabilities for the Senators' pension plan are not included in the Senate's Statement of Financial Position as these accounts are the responsibility of the Government of Canada. The Senate's contribution to the plan is charged to Salaries and Benefits expense in the year incurred. Refer to note 8 for additional information.

(i) Accounts receivable and advances:

Accounts receivable and advances are stated at amounts expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

(j) 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.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2020, with comparative figures for 2019
(in dollars)

2. Summary of significant accounting policies (continued):

(k) Tangible capital assets:

All tangible capital assets and leasehold improvements are recorded at their acquisition cost. Amounts included in assets under development are transferred to the appropriate class of asset upon completion and are then amortized.

Pooled capital assets, which are specifically identified groups of assets where there are a large number of items of a smaller value (such as information hardware and furniture and furnishings) that collectively represent a substantial investment are also included in the tangible capital assets balance.

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

| Asset | Amortization period |
|---------------------------|---|
| Machinery and equipment | 3 to 15 years |
| Informatics hardware | 3 to 7 years |
| Informatics software | 2 to 5 years |
| Furniture and furnishings | 5 to 20 years |
| Motor vehicles | 3 to 10 years |
| Leasehold improvements | Over the useful life of the improvement |

The Senate holds in trust for the Canadian public a collection of objects that are of historical value or interest to Canadian Heritage. Unlike tangible capital assets, these heritage assets are not recorded on the Statement of Financial Position, as the value of a heritage asset collection is not defined by its monetary value. Note 6 provides details for the heritage assets.

(l) 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 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. Estimates are used mostly for the following significant items: contingent liabilities, the liability for employee severance benefits, the obligation for sick leave benefits, the liability for performance-related bonuses and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the Financial Statements in the year they become known.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2020, with comparative figures for 2019
(in dollars)

3. Parliamentary appropriations:

The Senate receives most of its funding through annual Parliamentary Appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary Appropriations in prior, current or future years. Accordingly, the Senate has different net results of operations for the year on an appropriations funding basis than on an accrual accounting basis. The differences are reconciled below:

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

| | 2020 | 2019 |
|--|----------------|----------------|
| Net cost of operations | \$ 123,159,845 | \$ 120,556,039 |
| Adjustments for items affecting net cost of operations but not affecting appropriations: | | |
| Services received without charge (note 9(b)) | (23,954,927) | (23,092,290) |
| Amortization of tangible capital assets (note 5) | (2,100,485) | (2,204,628) |
| Refund of previous year expenditures | 186,138 | 184,040 |
| Net loss on disposal of tangible capital assets | (1,311) | (75,587) |
| Decrease in long-term portion of employee severance benefits liability (note 7(b)) | 67,229 | 93,140 |
| Decrease (increase) in vacation pay and compensatory leave liability | 112,797 | (630,063) |
| Increase in employee sick leave benefit obligation (note 7(c)) | (753,000) | - |
| Other | 35,085 | (443,351) |
| | (26,408,474) | (26,168,739) |
| Adjustments for items not affecting net cost of operations but affecting appropriations: | | |
| Acquisitions of tangible capital assets (note 5) | 1,106,367 | 1,357,952 |
| Proceeds on disposal of capital assets | - | (237) |
| Increase (decrease) in prepaid expenses | (21,956) | 254,719 |
| Other | 34,089 | 90,397 |
| Appropriations used | \$ 97,869,871 | \$ 96,090,131 |

(b) Appropriations used:

| | 2020 | 2019 |
|---|---------------|---------------|
| Vote 1 - Operating expenditures | \$ 78,375,193 | \$ 74,151,222 |
| Statutory Senators' salaries, allowances and retirement contributions | 24,822,771 | 25,065,709 |
| Statutory contributions to benefits plan | 7,350,589 | 7,310,300 |
| Less: lapsed appropriations - operating | (12,678,682) | (10,437,100) |
| Appropriations used | \$ 97,869,871 | \$ 96,090,131 |

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2020, with comparative figures for 2019
(in dollars)

3. Parliamentary appropriations (continued):

(c) Reconciliation of net cash provided from the Consolidated Revenue Fund to current year appropriations used:

| | 2020 | 2019 |
|---|---------------|---------------|
| Net cash provided from the Consolidated Revenue Fund | \$ 98,161,197 | \$ 97,930,087 |
| Refund of previous year expenditures | 186,138 | 184,040 |
| Decrease in GST/HST/QST refundable | 41,128 | 80,106 |
| Increase (decrease) in current portion of employee severance benefits liability (note 7(b)) | 80,626 | (138,867) |
| Other | 69,173 | (352,954) |
| Change in net position in the Consolidated Revenue Fund: | | |
| Decrease in cash on hand | - | 2,229 |
| Increase in accounts receivable and advances (excluding GST/HST/QST refundable) | (372,420) | (1,672,128) |
| Increase (decrease) in accounts payable and accrued liabilities | (295,971) | 57,618 |
| | (668,391) | (1,612,281) |
| Appropriations used | \$ 97,869,871 | \$ 96,090,131 |

4. Accounts receivable and payables details:

(a) Accounts receivable and advances:

| | 2020 | 2019 |
|--|--------------|--------------|
| Receivables from federal government departments and agencies | \$ 4,390,654 | \$ 4,069,175 |
| Receivables from external parties | 39,036 | 28,722 |
| Petty cash and advances | 5,100 | 5,600 |
| | \$ 4,434,790 | \$ 4,103,497 |

(b) Accounts payable and accrued liabilities:

| | 2020 | 2019 |
|--|--------------|--------------|
| To internal parties | \$ 4,700,370 | \$ 4,276,898 |
| To external parties | 2,195,961 | 3,102,283 |
| To federal government departments and agencies | 960,808 | 773,930 |
| | \$ 7,857,139 | \$ 8,153,111 |

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2020, with comparative figures for 2019

(in dollars)

5. Tangible capital assets:

| | Cost | | | | Closing balance |
|---------------------------|-----------------|--------------|--------------|---------------------|-----------------|
| | Opening balance | Acquisitions | Disposals | Transfers of Assets | |
| Informatics software | \$ 7,122,824 | \$ 234,285 | \$ - | \$ - | \$ 7,357,109 |
| Furniture and furnishings | 3,798,386 | 92,441 | (245,129) | - | 3,645,698 |
| Informatics hardware | 3,767,107 | 433,099 | (329,704) | - | 3,870,502 |
| Machinery and equipment | 3,484,734 | 106,641 | (30,617) | 50,877 | 3,611,635 |
| Leasehold improvements | 686,121 | 35,245 | - | - | 721,366 |
| Motor vehicles | 325,344 | - | - | - | 325,344 |
| Assets under development | 91,116 | 204,656 | - | - | 295,772 |
| | \$19,275,632 | \$ 1,106,367 | \$ (605,450) | \$ 50,877 | \$ 19,827,426 |

| | Accumulated amortization | | | | Closing balance |
|---------------------------|--------------------------|--------------|--------------|---------------------|-----------------|
| | Opening balance | Amortization | Disposals | Transfers of Assets | |
| Informatics software | \$ 4,428,440 | \$ 1,032,183 | \$ - | \$ - | \$ 5,460,623 |
| Furniture and furnishings | 2,221,875 | 214,921 | (243,818) | - | 2,192,978 |
| Informatics hardware | 2,596,735 | 547,556 | (329,704) | - | 2,814,587 |
| Machinery and equipment | 2,752,989 | 263,640 | (30,617) | 34,524 | 3,020,536 |
| Leasehold improvements | 453,867 | 41,804 | - | - | 495,671 |
| Motor vehicles | 231,097 | 381 | - | - | 231,478 |
| | \$12,685,003 | \$ 2,100,485 | \$ (604,139) | \$ 34,524 | \$ 14,215,873 |

| Net book value | 2020 | 2019 |
|---------------------------|--------------|--------------|
| Informatics software | \$ 1,896,486 | \$ 2,694,384 |
| Furniture and furnishings | 1,452,720 | 1,576,511 |
| Informatics hardware | 1,055,915 | 1,170,372 |
| Machinery and equipment | 591,099 | 731,745 |
| Leasehold improvements | 225,695 | 232,254 |
| Motor vehicles | 93,866 | 94,247 |
| Assets under development | 295,772 | 91,116 |
| | \$ 5,611,553 | \$ 6,590,629 |

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2020, with comparative figures for 2019
(in dollars)

5. Tangible capital assets (continued):

In relation to the Long Term Vision and Plan projects "LTVP", the Senate will be transferred tangible capital assets from related parties over the coming years and in some cases, the use of these assets by the Senate has already begun. The value of assets related to projects close to completion is estimated at \$358,000 as at March 31, 2020 and will be transferred once the projects are completed.

6. Heritage assets:

Heritage assets include furniture, artworks, and artefacts such as antique senators' desks, paintings by Canadian artists, chains of office and dinner service and silverware. The figures are a combination of significant heritage assets and other objects used to communicate the significance of spaces on Parliament Hill to the visiting public. The Senate's heritage asset collection is self-insured and as at March 31, 2020 is composed of the following:

| Object type | Number of items |
|--|-----------------|
| Dinner service and silverware | 2,733 |
| Other artefacts | 2,072 |
| Furniture | 1,364 |
| Artwork | 225 |
| Artefacts on loan from government departments and agencies | 95 |

7. Employee benefits:

(a) Pension benefits:

Both the employees and the Senate 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 expense, presented in salaries and benefits, amounts to \$5,092,488 (\$5,104,620 in 2019). For Group 1 members, the expense represents approximately 1.01 times (1.01 times in 2019) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2019) the employee contributions. The Senate'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.

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Year Ended March 31, 2020, with comparative figures for 2019
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7. Employee benefits (continued):

(b) Employee severance benefits for services:

As described in note 2 (g), the accumulation of severance benefits, which the Senate provided severance benefits to certain of its employees based on eligibility, years of service, and final salary, has ceased. The remaining balance of the benefits is not prefunded and will be paid from future appropriations in the year of departure of the employee. Information about the severance benefits, measured at March 31, is as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| Employee severance benefit liability, beginning of year | \$ 1,179,814 | \$ 1,411,821 |
| Change in liability for the year | 524,262 | 49,259 |
| Benefits paid during the year | (510,865) | (281,266) |
| Employee severance benefit liability, end of year | \$ 1,193,211 | \$ 1,179,814 |

(c) Sick leave benefits:

The Senate of Canada provides benefits for sick leave to its eligible employees consisting of one and one-quarter (1¼) days of sick leave per calendar month. Sick leave can only be used for paid time off at the employee's normal rate of pay when the employee is unable to perform their duties because of illness or injury. Unused sick leave benefits accumulate during the employee's period of service and no payment is due to employees upon termination of employment for unused days. Information about the sick leave benefits, measured as at March 31, is as follows:

| | 2020 | 2019 |
|---|------------|------|
| Employee sick leave benefit obligation, beginning of year | \$ - | \$ - |
| Accrued benefit obligation | 794,000 | - |
| Expense for the year: | | |
| Current service cost | 144,000 | - |
| Interest cost | 5,000 | - |
| Benefits paid during the year | 149,000 | - |
| | (190,000) | - |
| Employee sick leave benefit obligation, end of year | \$ 753,000 | \$ - |

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7. Employee benefits (continued):

At the end of fiscal year 2020, an initial actuarial valuation of the Senate's employee sick leave benefit obligation was completed using the projected benefit method prorated on services. Although the entire obligation was recorded in fiscal year 2020, not all of the expenditure is related to activity of this year. The significant actuarial assumptions adopted in measuring the employee sick leave benefit obligation are as follow:

| | 2020 | 2019 |
|--|------------|------|
| Discount rate | 0.7% | - |
| Rate of compensation economic increase | 2.0% | - |
| Average remaining service period of active employees | 13.2 years | - |

8. Senators' pension plans:

Senators participate in the Pension Plan for the Members of Parliament as required by the *Members of Parliament Retiring Allowances Act*. The Pension Plan consists of two separate accounts: the Members of Parliament Retiring Allowances Accounts "MPRA" and the Members of Parliament Retirement Compensation Arrangements Account "MPRCA", which are recorded in the Public Accounts of Canada. The Pension Plan is the responsibility of Treasury Board.

Normal contributions made by the Senate to the Pension Plan totalled \$3,040,236 in 2020 (\$2,879,605 in 2019) and are recorded in salaries and benefits expenses. The Senators' contribution rates have increased over time to bring the plan members' share to 50 per cent as at January 1, 2017. For the 2020 fiscal year, plan members contributed at a rate of 19.5 per cent (19.4 per cent in 2019) of their salary for the first nine months and a rate of approximately 19.7 per cent (19.5 per cent in 2019) for the last three months.

The Senate contributions are made monthly to provide for the cost (net of plan member contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Senate contributions, expressed as a multiple of plan member contributions, are on average as follows: 1.0 (1.0 in 2019) for the Retirement Allowances Account and 1.0 (1.0 in 2019) for the Compensation Arrangements Account.

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8. Senators' pension plans (continued):

Contributions are credited to the appropriate pension account. The pension accounts are also credited with interest at a rate determined by the Chief Actuary of Canada. The average interest rate credited to the pension accounts in 2020 was approximately 3.3 per cent (2.9 per cent in 2019).

Additional details of the Pension Plan can be found in the Consolidated Public Accounts of the Government of Canada.

As required under the *Public Pensions Reporting Act*, actuarial valuations of the pension plan must be completed by the Office of the Chief Actuary of Canada at least every three years for funding purposes. The latest Actuarial Report as at March 31, 2016 was published on September 13, 2017. The next report as of March 31, 2019 is expected to be published during the fall of 2020.

9. Related party transactions:

The Senate is related to all Government of Canada departments, agencies, and Crown corporations. The Senate enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Senate received services, which were obtained without charge from federal government departments as disclosed in notes (a) and (b).

(a) Payables and receivables from related parties:

| | 2020 | 2019 |
|--|--------------|--------------|
| Accounts receivable from government departments and agencies | \$ 4,390,654 | \$ 4,069,175 |
| Accounts payable to government departments and agencies | 960,808 | 773,930 |

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Year Ended March 31, 2020, with comparative figures for 2019
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9. Related party transactions (continued):

(b) Services received without charge:

The Senate received without charge from federal government departments, accommodation services, the employer's contribution to the health and dental insurance plans, and workers' compensation. These services have been recognized in the Senate's Statement of Operations.

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

10. Contractual obligations:

The Senate has entered into contractual obligations. Commitments for contractual obligations are as follows:

| | |
|-------|--------------|
| 2021 | \$ 3,819,086 |
| 2022 | 2,405,865 |
| 2023 | 1,752,162 |
| 2024 | 1,589,007 |
| 2025 | 25,680 |
| <hr/> | |
| Total | \$ 9,591,800 |

11. Contingencies:

As at March 31, 2020, the Senate is involved with pending litigation and claims. The impact of these litigation matters is not expected to have a material impact on the Senate's financial position. The effect, if any, of ultimate resolution of these matters will be accounted for when determinable.

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Year Ended March 31, 2020, with comparative figures for 2019
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12. Budget figures:

Budget figures have been provided for comparison purposes. The budget figures are the amounts included in the Senate's Main and Supplementary Estimates, except for the Parliamentary appropriations budgeted for Machinery and Equipment, which are used to fund the acquisition of tangible capital assets included on the Statement of Financial Position as well as the cost of Machinery and Equipment expense included on the Statement of Operations. The budget figure for this line item has been adjusted in order to present only the non-capital portion of Machinery and Equipment. Following budget reallocation, total Parliamentary appropriations used for Machinery and Equipment are as follows:

| | Budgeted | Used |
|--|-------------------|-------------------|
| Original budget amount | \$ 1,624,191 | \$ 1,897,619 |
| Less : acquisition of capital assets | (824,191) | (1,106,367) |
| Non-capital machinery and equipment | \$ 800,000 | \$ 791,252 |

| | Budgeted | Used |
|--------------------------------------|----------------------|----------------------|
| Total budget per Main Estimates | \$114,188,759 | \$ 98,415,043 |
| Less : acquisition of capital assets | (824,191) | (1,106,367) |
| Total cost of operations | \$113,364,568 | \$ 97,308,676 |

13. COVID-19:

The outbreak of the Coronavirus disease ["COVID-19"] has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to the global economy. The duration and impact of the COVID-19 outbreak is unknown at this time. As a result, it is not possible to reliably estimate the length and severity of the pandemic nor the impact on the financial position and financial results of the Senate in future periods.

14. Comparative figures:

Certain 2018-19 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2019-20.