

The Senate of Canada

Statement of Financial Position

March 31, 2009

March 30, 2010

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Auditors' Report

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

We have audited the statement of financial position of the Senate of Canada ("the Senate") as at March 31, 2009. This financial information is the responsibility of the Senate's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this statement of financial position presents fairly, in all material respects, the asset, liability and equity accounts of the Senate as at March 31, 2009 in accordance with Canadian generally accepted accounting principles for the public sector.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

The Senate of Canada
Statement of Financial Position
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(In dollars)

Assets

Financial assets	
Accounts receivable and advances (note 3)	1,223,359
Non-financial assets	
Tangible capital assets (note 4)	6,245,304
TOTAL ASSETS	7,468,663

Liabilities and Equity of the Senate of Canada

Liabilities	
Accounts payable and accrued liabilities (note 5)	5,770,089
Vacation pay and compensatory leave	1,424,384
Employee severance benefits	8,968,560
Total liabilities	16,163,033
Equity of the Senate of Canada	(8,694,370)
TOTAL LIABILITIES AND EQUITY OF THE SENATE OF CANADA	7,468,663

The accompanying notes form an integral part of this statement of financial position.

The Senate of Canada

Notes to the Statement of Financial Position

March 31, 2009

1. Authority and objectives

The Senate of Canada ("The Senate") is a self-governing institution, established under the *Parliament of Canada Act*. The Senate has four main functions; to debate; to legislate; to investigate national issues; and to represent regional, provincial and minority interests. Senators perform these functions either individually through their offices or collectively through deliberations in the Senate Chamber and in committees. The Senate administration provides the support services required by Senators in the performance of these parliamentary functions.

2. Summary of significant accounting policies

The statement of financial position has been prepared in accordance with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) 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 generally accepted accounting principles since appropriations are primarily based on cash requirements. Consequently, items recognized in the statement of financial position are not necessarily the same as those provided through appropriations from Parliament.

(b) Accounts receivables and advances

Accounts receivables are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(c) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$3,000 or more are recorded at their acquisition cost.

Certain assets of smaller value, such as desktop computers, monitors, laptop computers and furniture (workstations, desks, chairs and file cabinets) that have a useful life greater than one year are capitalized, regardless of their unit cost, and placed in a pool for the application of the group method of amortization.

The Senate of Canada

Notes to the Statement of Financial Position

March 31, 2009

2. Summary of significant accounting policies (continued)

For capital assets where more than one component is necessary for the capital asset to be put in service, the component approach to capitalization may be applied, whereby the various components will be individually capitalized when each component is above the \$3,000 capitalization threshold or the whole asset approach may be applied, whereby each component regardless of the dollar value is recorded as part of the main asset and the main asset is capitalized.

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	10 to 20 years
Motor vehicles	3 to 10 years
Leasehold improvement	Over the useful life of the improvement

(d) Employee future benefits

- Pension benefits:

Employees

Eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Senate's contribution to the Plan is charged to expenses in the year incurred and represents the total obligation of the Plan. Current legislation does not require the Senate to make contributions for any actuarial deficiencies of the Plan.

Members

Assets or liabilities for the members' pension accounts 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 these accounts is charged to expenses in the year incurred. When an unfunded actuarial liability in these accounts is identified by the Office of the Superintendent of Financial Institutions, the Senate will, over a prescribed period, contribute to the accounts to cover the unfunded actuarial liability.

The Members of Parliament Retiring Allowances Act (the Act) governs pension arrangements for members of Parliament – members of the Senate and of the House of Commons.

The Senate of Canada

Notes to the Statement of Financial Position

March 31, 2009

2. Summary of significant accounting policies (continued)

Members' pension accounts include the Members of Parliament Retiring Allowances Account (MPRA) and the Members of Parliament Retirement Compensation Arrangements Account (RCA). These accounts are specified purpose accounts that were established under legislation and are used to record transactions related to the payment of retirement benefits to Members of Parliament. The RCA Account was established to provide for benefits with respect to pension credits accrued by Members of Parliament that are not payable out of the MPRA Account.

- 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 severance benefits for the Government as a whole.

(e) Measurement uncertainty

The preparation of this statement of financial position in accordance with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity reported in the statement of financial position. At the time of preparation of this statement, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are accrued liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated.

The Senate of Canada

Notes to the Statement of Financial Position

March 31, 2009

3. Accounts receivable and advances

(in dollars)	
Receivables from federal government departments and agencies	1,117,990
Receivables from external parties	83,729
Petty cash and advances	21,640
	1,223,359

4. Tangible capital assets

(in dollars)			
Capital asset class	Cost	Accumulated amortization	Net book value
Machinery and equipment	4,443,359	2,365,423	2,077,936
Informatics hardware	2,432,934	1,814,878	618,056
Informatics software	2,119,632	1,158,449	961,183
Furniture and furnishings	3,829,239	1,996,795	1,832,444
Motor vehicles	448,874	140,838	308,036
Leasehold improvements	526,471	78,822	447,649
	13,800,509	7,555,205	6,245,304

5. Accounts payable and accrued liabilities

(in dollars)	
Accounts payable and accrued liabilities to external parties	3,210,711
Accrued salaries and wages	2,011,769
Accounts payable and accrued liabilities to federal government departments and agencies	547,609
	5,770,089