

TRANSPARENCY
INTERNATIONAL
CANADA

2022 - 2023

ANNUAL REPORT



James Cohen
Executive Director

Who we are

TI Canada is the Canadian chapter of Transparency International, the world's leading anti-corruption movement. Founded in 1998, we have become the leading civil society voice in Canada to fight corruption.

To advance TI Canada's overall mission, we must identify the transparency and accountability challenges facing Canada and offer concrete solutions to address them. We achieve this through four strategic objectives:

1. Drive Systematic Change
2. Grow Our Influence
3. Expand Our Reach, and Educate and Mobilize Canadians
4. Enhance Our Organisational Capacity

Designed by Angelica Hasbon

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Leadership

A message from the Executive Director and Chair of the Board

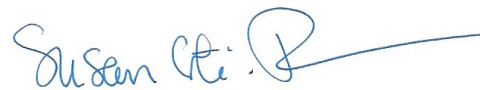
The past year has been one of extraordinary achievement for Transparency International Canada as the federal government moved to establish a beneficial ownership registry.

Following years of campaigning and public education, TI Canada and its partners in the “End Snow Washing Coalition” welcomed the March 2023 introduction in Parliament of Bill C-42, which will establish a federal beneficial ownership registry. The proposed legislation, which recently received unanimous second-reading approval from the Commons, includes public accessibility, a whistleblower tip line, and data verification among its key provisions.


Passage of the legislation will see Canada go from being a global laggard on beneficial ownership transparency to a global leader in this important tool against bribery and corruption. While we are optimistic about this progress, it is important to keep up the momentum. In particular, all provinces and territories need to cooperate with the federal government on the establishment of the registry. There are already some positive initial developments. Quebec’s corporate beneficial ownership information came online recently and British Columbia tabled provincial legislation for a corporate beneficial ownership registry.

Over the past year, TI Canada also put in significant work on addressing Canada’s enforcement of the Corruption of Foreign Public Officials Act (CFPOA). In the Fall of 2022, we contributed to Transparency International’s Exporting Corruption report, assessing that Canada has ‘limited enforcement’ of the CFPOA. We have followed up with written and oral submission to the OECD’s Phase Four peer review of Canada’s implementation of the Anti-Bribery Convention.

Both our work on beneficial ownership and CFPOA enforcement informed our white paper ‘Establishing a Canadian Financial Crime Agency’. When the government narrowed the agency’s mandate to focus only on anti-money laundering in Budget 2023, our message is that it needs to look at broader forms of financial crime and play both an enforcement and coordination role. TI Canada achieves much with limited resources, we benefit from the exceptional contributions of volunteers and collaborations with partner organizations, while continuing to work on increasing funding to ensure our sustainability and further our impact in Canada.



Susan Côté-Freeman
President and Chair
Transparency International
Canada



James Cohen
Executive Director
Transparency International
Canada

2022-2023 Year at a Glance

Year Operations - Year-end December 31, 2022

At the end of the year, TI Canada had a surplus of \$184,360 with unreserved funds of \$131,437. In 2022, TI Canada brought in revenue of \$164,583 with \$117,845 in core revenue and \$46,738 in project revenue. TI Canada spent \$166,314 in total expenses with \$120,149 in core expenses and \$46,165 in project expenses. TI Canada had excess spending of \$1,731 in 2022.

The core revenue is broken down as follows:

- Memberships \$11,500
- Donations and Supporters \$79,920
- Event Revenue \$18,425
- Other Revenue \$8,000

At the beginning of 2023, TI Canada streamlined individual membership fees from four categories (\$75 student; \$100-\$149 non-voting member; \$150-\$499 member; \$500+ member) to only two that are both carry voting rights (\$100 and \$25 student). These changes come from reducing administrative burdens and increasing accessibility to membership.

While TI Canada's finances were stable at the end of 2022, with enough surplus to sustain organisational core operating costs into 2023 and allow for programming, revenue and surplus were down from 2021. Revenues were down slightly. Revenues need to increase and, however to modestly grow staff to increase TI Canada's impact. TI Canada also seeks more multiyear funding for predictable and sustainable operations.

Revenue from major conferences has increased. In 2022, TI Canada brought back the **Toronto Day of Dialogue**, which many attendees regarded as Canada's premier networking event on anti-corruption. TI Canada intends to return to the levels of in-person events that existed prior to 2020, when conferences were held in Toronto, Montreal, Calgary, and Vancouver.

Net revenue from donors and sponsors has increased.

Organisational Supporter revenue increased with an expanded number of Supporters, and a substantive increase of EDC support from \$10,000 to \$25,000.

Engagement across LinkedIn and Twitter has increased despite a slight decrease in membership. TI Canada will work to increase and sustain membership through in-person events and increased leverage of volunteers, such as in the TI Canada Legal Committee.

Expenses on salaries, office and administrative expenditures increased. TI Canada had a part-time position supported for most of 2022, with increases in office and administrative costs, notably insurance.

Marketing costs have decreased, while website costs have increased, reflecting an overall increase in both marketing and communications. Website increases have been due to increased online engagement and the use of alternative marketing platforms in lieu of formal marketing.

Publications, webinars and seminars have remained stable. TI Canada will continue to look for venues to increase engagement both offline and online.

2022-2023 Summary

After six and a half years of campaigning, TI Canada's and our End Snow Washing Coalition partners' efforts had a decisive impact on beneficial ownership transparency with the government's tabling of Bill C-42, which will establish a federal beneficial ownership registry.

TI Canada also campaigned on increasing further anti-corruption law and enforcement gaps through new publications and testimonies on the OECD Anti-Bribery Convention and the government's proposed Canadian Financial Crime Agency. TI Canada members, particularly Legal Committee members, contributed heavily to these initiatives.

TI Canada also contributed to Canada's foreign policy thinking through various initiatives, including a report for the Canadian International Council and Konrad Adeneaur Stiftung-Canada's (KAS) joint program 'Renewing our Democratic Alliance'. TI Canada built on this paper by working with CIC, KAS, and the Canadian Centre for Excellence in Anti-Corruption to hold the conference 'Integrating Anti-Corruption in Canadian Foreign Policy' in June 2023.

Finally, TI Canada is further supporting Transparency International's Inclusive Service Deliver Africa (ISDA) program. TI Canada staff attended a global program kickoff meeting in Accra, Ghana, working with global TI colleagues on program development, including gender analysis, which TI Canada will focus on.

TI Canada will continue research, education, and advocacy in these areas and others—like environmental assessment transparency—to ensure further objectives are achieved, such as ensuring a pan-Canadian beneficial ownership registry is properly implemented and has all Canadian jurisdictions on board and filling gaps in Canadian anti-corruption laws and enforcement.

2022-2023

Achievements

Advocated for Bill C-42

The federal government will establish a beneficial ownership registry containing almost all of 'End Snow Washing' Coalition recommendations including being publicly accessible and free to search, and having data verification and a whistleblower tip line. TI Canada, along with 'End Snow Washing' Coalition colleagues provided testimony to the House of Commons Standing Committee on Industry and Technology to support the bill.

Fighting Foreign Bribery:

TI Canada contributed to TI's 'Exporting Corruption' report, assessing Canada has having a 'low enforcement' of the OECD Anti-Bribery Convention. TI Canada also provided written and oral submission to OECD Work Group on Anti-Bribery's phase four consultation of Canada's implementation of the OECD Anti-Bribery Convention.

Published 'Canadian Company Data Transparency Index'

This report contributes to Canadians' understanding of Canada's beneficial ownership transparency problems. The report highlights the patchwork and overall low transparency of corporate data across Canada's 14 corporate jurisdictions. The report will play an important role in supporting ongoing advocacy to ensure the provinces and territories work with the federal government on beneficial ownership transparency.

New Report: 'Establishing a Canadian Financial Crime Agency' white paper

As Public Safety Canada works towards a proposal for a Canadian Financial Crime Agency (CFCA) in 2023, our white paper makes recommendations for the government to consider, including keeping a broad perspective on what constitutes 'financial crime' and ensuring that the CFCA has an enforcement and a coordination mandate.

Return to In-Person Events

In November 2022, TI Canada held the *Toronto Day of Dialogue* in person. The event included the presentation of the Canadian Integrity Award to David Hutton and Honourable Mention to Enquête. In April 2023, the *Après-Midi de Dialogue* returned to Montreal. In June 2023, TI Canada co-hosted the conference *Establishing Anti-Corruption in Canadian Foreign Policy* in Ottawa.

Day of Dialogue **Toronto 2022**

In November 2022, TI Canada held the Toronto Day of Dialogue in person at Deloitte Canada.

Participants hail the Day of Dialogue as Canada's premier anti-corruption event for thought leadership and networking. The return of the event brought both benefits with close to 100 participants and timely discussions on anti-corruption in Ukraine, a Canadian Financial Crime Agency, municipal governance, legal reforms, and ESG.

The event also included the presentation of the Canadian Integrity Award to David Hutton for his work on whistleblower protection, and Honourable Mention to the Radio-Canada investigative journalism program *Enquête*.



From left to right **TI Canada Executive Director**, James Cohen, **Enquête Producer**, Luc Trembly, **Enquête Host**, Marie-Maude Denis, **Centre for Free Expression Senior Fellow**, David Hutton, **TI Canada Chair and President**, Susan Côté-Freeman

Ottawa Conference **June 2023**

Integrating Anti-Corruption in Canadian Foreign Policy

On June 13, TI Canada held the conference in person in Ottawa.

On June 13, TI Canada cohosted the 'Integrating Anti-Corruption in Canadian Foreign Policy' Conference in Ottawa with the Canadian Centre for Excellence in Anti-Corruption and the Canadian International Council. The day drew together a mix of top officials from government departments, civil society, and academia to discuss how anti-corruption affects different parts of Canadian foreign policy and what all the attendees can do to mainstream the topic. The event included panels on Canada's treaty obligations to fight corruption, Canada's place in international illicit financial flows, how the private sector can avoid corruption overseas, and how to integrate anti-corruption in foreign aid and reconstruction, as well as a special presentation from Global Affairs Canada and USAID. Participants found the discussions thought-provoking, with many making new connections to continue developing ideas, policies, and programs to fight corruption.





OTTAWA | JUNE 13

INTEGRATING ANTI-CORRUPTION IN CANADIAN FOREIGN POLICY CONFERENCE

Supporters + Canada OPEN SOCIETY FOUNDATIONS KONRAD ADENAUER STIFTUNG



Executive Director, James Cohen

Board of Directors

2022 - 2023



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CHAIR AND PRESIDENT



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LL.B, LL.M
Fullbright Canada
Munk School of Global Affairs
Canada International Council



EMMY BABALOLA
CPA, CA, IFA, CFE
Deloitte Canada



GINA CAMPBELL
CFE, CFF, CPA
Deloitte Canada



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CPE, LPC, CAMS
Dentons



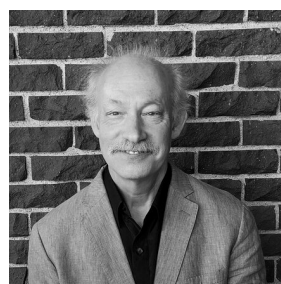
**DR. DANIELA CHIMISSO
DOS SANTOS**
LL.B, LL.M, S.J.D
Proactiva



SUZANNE LEGAULT
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LINDSEY MARCHESSAULT
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MBA, HBA, CAMS
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G20 Research Group



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McGill University
Ryerson University



ANAR SHAMJI POPATIA
GCB.D, ICD.C
Assante Capital Management



JOSEPH WEILER
LL.B, LL.M
Akkard School of Law

Financial Statements

Year ended December 31, 2022

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Independent Auditor's Report

To the members of

Transparency International Canada Inc.

Opinion

We have audited the financial statements of Transparency International Canada Inc. (the Organization), which comprise the statement of financial position as at December 31, 2022, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022, current assets as at December 31, 2022, and net assets as at January 1 and December 31 for the 2022 year. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 accounting standards for not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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 Organization'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 Organization'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 Organization 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.

Clarkson Rouble LLP

Chartered Professional Accountants

Licensed Public Accountants

Mississauga, Ontario

May 23, 2023

Statement of Financial Position

As at December 31, 2022

	2022	2021
Assets		
CURRENT		
Cash and Equivalents	\$ 250,029	\$ 214,830
Accounts Receivable	377	4,966
HST recoverable	3,151	1,563
	\$ 253, 557	\$ 221,359
Liabilities		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,588	\$ 5,353
Withholding taxes payable	1,467	1,923
Deferred revenues	56,142	27,810
	69,197	35,268
Surplus		
SURPLUS	184,360	186,091
	\$ 253,557	\$ 221,359

Approved on behalf of the Board:

Statement of Revenues, Expenditures and Surplus

As at December 31, 2022

	2022	2021
Revenues		
Membership fees and contributions	\$ 99,420	\$ 71,260
Grants	46,738	107,895
Symposium	18,425	---
	164,583	179,155
Expenses		
Salaries	108,196	97,777
Professional fees	20,789	58,809
Marketing	733	1,221
Travel	9,295	278
Rent	6,236	6,236
Office Expense	11,581	10,132
Symposium	5,166	--
Insurance	2,527	1,836
Web page	1,670	571
Conferences	121	-
	166,314	176,860
Excess (deficiency) of revenues over expenditures	(1,731)	2,295
Surplus, beginning of year	186,091	183,796
Surplus, end of year	\$ 184,360	\$ 186,091

Statement of Cash Flows

As at December 31, 2022

	2022	2021
Operating Activities		
Excess (deficiency) of revenues over expenditures	\$ (1,731)	\$ 2,295
Cash generated from (used for)		
Changes in non-cash working capital items		
Accounts receivable	4,589	50,415
HST Recoverable	(1,588)	2,554
Accounts payable and accrued liabilities	6,053	(386)
Withholding taxes payable	(456)	(3,328)
Deferred revenues	28,332	(29,412)
Increase in cash	35,199	22,138
Cash and cash equivalents, beginning of year	214,830	192,692
Cash and cash equivalents, end of year	\$ 250,029	\$ 214,830

Notes to Financial Statements

As at December 31, 2022

Objects and organization

The organization was incorporated on November 7, 1996 under the laws of the Government of Canada as a non-profit corporation without share capital. The organization received registered charity status on February 10, 2009. On October 7, 2013, the organization received a Certificate of Continuance under section 211 of the Canada Not-for-profit Corporations Act.

The primary objects of the organization are:

- a) To encourage compliance with Canadian laws and international conventions to which Canada is a signatory, against bribery and corruption (“Canadian Anti-Corruption Laws”) by educating businesses, professional organizations, governments and the public at large about Canadian Anti-Corruption Laws and the adverse impact of non-compliance therewith;
- b) To develop and promote ethical standards of conduct for businesses, professional organizations, governments and the public at large to assist them in complying with Canadian Anti-Corruption Laws;
- c) To conduct or commission research on issues concerning the prevention and elimination of bribery and corruption and to communicate the results therefrom to businesses, professional organizations, governments and the public at large; and
- d) To assist the Canadian Government in fulfilling its obligations under international conventions to which Canada is a signatory in the prevention of and the fight against bribery and corruption.

1. Significant accounting policies

The financial statements of Transparency International Canada Inc. prepared in accordance with Canadian accounting standards for not-for-profit organizations as described below.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held

with banks that are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in value.

(b) Accrual basis of accounting

These financial statements are prepared using the accrual basis of accounting whereby revenues are recognized as they become available and expenditures are recognized as they are incurred through the receipt of goods and services.

(c) Revenue recognition

The financial statements are prepared using the deferral method of accounting for contributions under which contributions are recorded as received and pledges receivable are excluded from recorded revenues.

Grants income is recognized once the specific expenses related to the project have been incurred. Deferred revenue results when grants are received in advance of an expenses being incurred. Symposium income is recognized when the event takes place.

(d) Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment

loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

(e) Use of estimates by management

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results may differ from estimates. Significant estimates and assumptions are used when accounting for such items such as the collectibility of accounts receivable and accrued liabilities.

(f) Deferred revenue

Deferred revenue consists of amounts received prior to the completion of the services required. The revenue will be recognized in the period of completion.

2. Related party transactions

The organization had no related party transactions other than contributions from directors or their employers' organizations and reimbursement of expenses paid for by the directors. In addition, some of the director's employer organizations contributed the use of board rooms and employer expertise (e.g. pro bono legal analysis of governance documents). Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. Income taxes

The organization is registered as a charitable organization under Section 149 (1)(f) of the Income Tax Act (Canada) and, as such, is exempt from income taxes, and may issue receipts that are eligible for a non-refundable tax credit by an individual donor and a tax

deduction by a corporate donor.

4. Covid-19

On March 11, 2020, the World Health Organization declared Covid-19 a global pandemic. On March 17, 2020, the Province of Ontario invoked the Emergency Management and Civil Protection Act. Due to the high level of uncertainty related to the outcome of the pandemic, it is difficult to estimate the financial effect on the Organization. Therefore, no adjustments have been made on these financial statements. Management has proactively taken steps to continue delivery of services during the pandemic ensuring the safety of all staff and its client-members.

5. Financial instruments

The organization's activities expose it to a variety of financial risks: credit risk, liquidity risk, currency risk and interest rate risk. The organization's risk management approach is to minimize the potential adverse effects from these risks on its financial performance.

Credit risk

Credit risk arises from the financial assets of the organization, which are exposed to potential counterparty default, with a maximum exposure equal to the carrying amount of these assets.

In the normal course of business, the organization incurs credit risk from accounts receivable from third parties. The organization performs ongoing credit evaluations of new and existing customers' financial conditions and reviews the collectibility of amounts receivable. No single party accounts for a significant balance of accounts receivable. In the last three years, the allowance for doubtful accounts has been \$NIL and bad debt expense has been \$NIL (2021 - \$NIL, 2020 - \$NIL).

The organization's credit risk with respect to its cash and cash equivalents is minimized substantially by seeking to ensure these financial instruments are secured with a well capitalized financial institution.

Liquidity Risk

The Organization is exposed to liquidity risk in that the Organization will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. The Organization manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available. The Organization has also set up a cash reserve within budgeting and finance processes, which operates as a threshold of minimum liquidity that would trigger cost cutting measures to ensure continued operations.

Currency risk

Currency risk is the risk to the Organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization has minimal transactions involving foreign currency, therefore exposure to such risk is not significant. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

The Organization's borrowings are based on floating rates and subject to interest rate cash flow risk as the required cash flows to service debt will fluctuate as a result of changes in market rates. The Organization does not currently have a significant exposure to interest rate risk.



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