



2017-2018

Financial Statements (unaudited)

For the Year Ended March 31, 2018



Western Economic Diversification 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, 2018, and all information contained in these statements rests with the management of Western Economic Diversification Canada (WD). These financial statements have been prepared by management using the Government of Canada'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 WD's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in WD's *Departmental Results 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 WD and 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 on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

WD is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board *Policy on Financial Management*.

A Core Control Audit was performed in 2013-2014 by the Office of the Comptroller General of Canada (OCG). The Audit Report and related Management Action Plan are posted on the departmental web site at <http://www.wd-deo.gc.ca/eng/18737.asp> and <http://www.wd-deo.gc.ca/eng/18738.asp>.

The financial statements of Western Economic Diversification Canada have not been audited.



Dylan Jones, Deputy Minister
Edmonton, Canada

4 Sept '18

Date



Cathy McLean, Chief Financial Officer

Aug 30/18.

Date

Western Economic Diversification Canada

Statement of Financial Position (Unaudited)

As at March 31

(in dollars)

	<u>2018</u>	<u>2017</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 70,738,935	\$ 61,389,983
Vacation pay and compensatory leave	1,273,791	1,136,913
Employee future benefits (note 5)	1,216,137	1,320,844
Total gross liabilities	<u>73,228,863</u>	<u>63,847,740</u>
Total net liabilities	<u>73,228,863</u>	<u>63,847,740</u>
Financial assets		
Due from Consolidated Revenue Fund	70,591,502	60,954,607
Accounts receivable and advances (note 6)	158,326	435,387
Loans receivable (note 7)	52,112,402	52,733,424
Total gross financial assets	<u>122,862,230</u>	<u>114,123,418</u>
Financial assets held on behalf of Government		
Loans receivable (note 7)	<u>(52,112,402)</u>	<u>(52,733,424)</u>
Total financial assets held on behalf of Government	<u>(52,112,402)</u>	<u>(52,733,424)</u>
Total net financial assets	<u>70,749,828</u>	<u>61,389,994</u>
Departmental net debt	<u>2,479,035</u>	<u>2,457,746</u>
Non-financial assets		
Tangible capital assets (note 8)	545,092	76,786
Total non-financial assets	<u>545,092</u>	<u>76,786</u>
Departmental net financial position	<u>\$ (1,933,943)</u>	<u>\$ (2,380,960)</u>

Contractual obligations (note 9)

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



 Dylan Jones, Deputy Minister
 Edmonton, Canada

4 sept 18

 Date



 Cathy McLean, Chief Financial Officer

Aug 30 / 18.

 Date

Western Economic Diversification Canada

Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31

(in dollars)

	2018 Planned Results	2018	2017
Expenses			
Business Development and Innovation	\$ 77,754,252	\$ 103,844,802	\$ 79,506,709
Community Economic Growth	80,512,672	99,010,813	75,006,796
Policy, Advocacy and Coordination	9,763,273	10,445,843	7,842,208
Internal Services	13,760,637	14,320,949	14,030,210
Expenses incurred on behalf of Government	(912,085)	(16,909,529)	(10,650,154)
Total expenses	180,878,749	210,712,878	165,735,769
Revenues			
Interest	54,431	69,930	44,910
Other	2,326	7,509	2,305
Amortization of discount	58,265	1,462	71,156
Revenues earned on behalf of Government	(112,753)	(71,457)	(116,131)
Total revenues	2,269	7,444	2,240
Net cost of operations before government funding and transfers	180,876,480	210,705,434	165,733,529
Government funding and transfers			
Net cash provided by Government of Canada		195,803,726	152,880,653
Change in due from Consolidated Revenue Fund		9,636,895	7,825,525
Services provided without charge by other government departments (note 10)		5,722,429	5,442,138
Transfer of the transition payments for implementing salary payments in arrears		(5,230)	(2,705)
Transfer of assets and liabilities from (to) other government departments (note 11)		(5,369)	(4,284)
Net cost of operations after government funding and transfers		(447,017)	(407,798)
Departmental net financial position - Beginning of year		(2,380,960)	(2,788,758)
Departmental net financial position - End of year		\$ (1,933,943)	\$ (2,380,960)

Segmented information (note 12)

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

Western Economic Diversification Canada
Statement of Change in Departmental Net Debt (Unaudited)
For the Year Ended March 31
(in dollars)

	<u>2018</u>	<u>2017</u>
Net cost of operations after government funding and transfers	\$ (447,017)	\$ (407,798)
Change due to tangible capital assets		
Acquisition of tangible capital assets	507,298	30,494
Amortization of tangible capital assets	(25,118)	(40,309)
Proceeds from disposal of tangible capital assets	(13,928)	0
Gain on disposal of tangible capital assets including adjustments	5,423	0
Transfer to other government departments (note 11)	(5,369)	(4,284)
Total change due to tangible capital assets	468,306	(14,099)
Net increase (decrease) in departmental net debt	21,289	(421,897)
Departmental net debt - Beginning of year	2,457,746	2,879,643
Departmental net debt - End of year	<u>\$ 2,479,035</u>	<u>\$ 2,457,746</u>

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

Western Economic Diversification Canada

Statement of Cash Flows (*Unaudited*)

For the Year Ended March 31

(in dollars)

	<u>2018</u>	<u>2017</u>
Operating activities		
Net cost of operations before government funding and transfers	\$ 210,705,434	\$165,733,529
-Non-cash items:		
Amortization of tangible capital assets	(25,118)	(40,309)
Gain on disposal of tangible capital assets	5,423	0
Services provided without charge by other government departments (note 10)	(5,722,429)	(5,442,138)
Transition payments for implementing salary payments in arrears	5,230	2,705
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(277,061)	152,416
Decrease (increase) in accounts payable and accrued liabilities	(9,348,952)	(7,984,303)
Decrease (increase) in vacation pay and compensatory leave	(136,878)	58,717
Decrease (increase) in employee future benefits	104,707	369,542
Cash used in operating activities	<u>195,310,356</u>	<u>152,850,159</u>
Capital investing activities		
Acquisitions of tangible capital assets	507,298	30,494
Proceeds from disposal of tangible capital assets	(13,928)	0
Cash used in capital investing activities	<u>493,370</u>	<u>30,494</u>
Net cash provided by Government of Canada	<u>\$ 195,803,726</u>	<u>\$152,880,653</u>

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

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

1. Authority and Objectives

Western Economic Diversification Canada (WD) was established in 1987 to promote the development and diversification of the economy of Western Canada and to advance the interests of the West in national economic policy, program and project development and implementation. The Minister of Innovation, Science and Economic Development is responsible for this organization.

WD implements diverse initiatives across the West and makes strategic investments that build on regional competitive advantages.

Its western base enables the Department to foster strong partnerships with business and community organizations, research and academic institutions, Indigenous peoples, as well as provincial and municipal governments.

WD works to grow the western Canadian economy by helping to build businesses that are productive, innovative and export-oriented.

WD's strategic outcome is advanced through the following programs:

- **Business Development and Innovation:** Western Canadian small and medium enterprises are engaged in international business, competitive and innovative;
- **Community Economic Growth:** Western Canadian communities have strong businesses, the capacity for socio-economic development and the necessary public infrastructure to support economic growth;
- **Policy, Advocacy and Coordination:** Policies and programs that strengthen the western Canadian economy; and
- **Internal Services:** Effective and efficient support for advancing the department's strategic outcome.

Western Economic Diversification Canada
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31

2. Summary of significant accounting policies

These financial statements have been prepared using the department's 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

WD is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to WD do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2017-2018 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2017-2018 Departmental Plan.

(b) Net cash provided by Government

WD operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by WD is deposited to the CRF, and all cash disbursements made by WD are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(c) Amounts due from or to the CRF

Amounts due from or to 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 WD is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

Revenues are recognized in the period the event giving rise to the revenues occurred.

Revenues that are non-respensible are not available to discharge WD's liabilities. While the Deputy Head is expected to maintain accounting control, he has no authority regarding the disposition of non-respensible revenues. As a result, non-respensible revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the entity's gross revenues.

(e) Expenses

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

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 accommodation, employer contributions to the health and dental insurance plans, legal services and workers' compensation are recorded as operating expenses at their carrying value.

(f) Employee future benefits

- I. Pension benefits: Eligible employees participate in the Public Service Pension Plan (The *Public Service Superannuation Act*), a multiemployer plan administered by the Government. WD's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. WD'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.
- II. Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits 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 receivable are initially recorded at cost and where necessary, are discounted to reflect their concessionary terms. Concessionary terms of loans include cases where loans are made on a long-term, low interest or interest-free basis. Transfer payments that are unconditionally repayable are recognized as loans receivable. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts and loans receivable to amounts that approximate their net recoverable value.

(h) Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in Note 8. All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, works of art, museum collection and Crown land to which no acquisition cost is attributable; and intangible assets.

(i) Contingent Liabilities

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

For guarantees, an allowance is recorded when it is determined that a loss is likely and the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

(j) Contingent assets

Contingent assets are possible assets which may become actual assets when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, the contingent asset is disclosed in the notes to the financial statements.

(k) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are allowance for doubtful accounts, the liability for employee future benefits, the useful life of tangible capital assets and unamortized discount related to unconditionally repayable contributions. 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.

(l) Related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii. Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

3. Parliamentary authorities

WD receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, WD 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

	2018	2017
	(in dollars)	
Net cost of operations before government funding and transfers	\$210,705,434	\$165,733,529
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(25,118)	(40,309)
Gain on disposal of tangible capital assets	5,423	0
Services provided without charge by other government departments	(5,722,429)	(5,442,138)
Decrease (increase) in vacation pay and compensatory leave	(136,878)	58,717
Decrease (increase) in employee future benefits	104,707	369,542
Decrease (increase) in accrued liabilities not charged to authorities	260,525	492,508
Refund of prior years' expenditures	38,663	79,145
Other	66,818	1,809
Total items affecting net cost of operations but not affecting authorities	(5,408,289)	(4,480,726)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	507,298	30,494
Transition payments for implementing salary payments in arrears	5,230	2,705
Unconditionally repayable transfer payments	21,220,025	29,197,272
Increase in employee advances	38,421	0
Total items not affecting net cost of operations but affecting authorities	21,770,974	29,230,471
Current year authorities used	\$227,068,119	\$190,483,274

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

(b) Authorities provided and used

	2018	2017
	(in dollars)	
Authorities provided:		
Vote 1 - Operating expenditures	\$ 38,617,715	\$ 36,720,314
Vote 5 - Transfer payments	189,690,082	163,559,924
Statutory amounts	3,755,390	3,811,508
Less:		
Lapsed: Operating	(1,588,456)	(2,792,064)
Lapsed: Transfer payments	(3,406,612)	(10,816,408)
Current year authorities used	\$227,068,119	\$190,483,274

4. Accounts payable and accrued liabilities

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

	2018	2017
	(in dollars)	
Accounts payable - Other government departments and agencies	\$ 433,538	\$ 98,149
Accounts payable - External parties	68,040,370	59,280,211
Total accounts payable	68,473,908	59,378,360
Accrued liabilities	2,265,027	2,011,623
Total accounts payable and accrued liabilities	\$ 70,738,935	\$ 61,389,983

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

5. Employee future benefits

a) Pension benefits

WD'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 WD 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 related 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 2017-2018 expense amounts to \$2,546,560 (\$2,653,917 in 2016-2017). For Group 1 members, the expense represents approximately 1.01 times (1.12 times in 2016-2017) the employee contributions and, for Group 2 members, approximately 1.00 times (1.08 times in 2016-2017) the employee contributions.

WD's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

b) Severance benefits

Severance benefits provided to WD's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2018, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

	2018	2017
	(in dollars)	
Accrued benefit obligation - Beginning of year	\$ 1,320,844	\$ 1,690,386
Expense for the year	312,711	(16,390)
Benefits paid during the year	(417,418)	(353,152)
Accrued benefit obligation - End of year	\$ 1,216,137	\$ 1,320,844

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

6. Accounts receivable and advances

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

	2018	2017
	(in dollars)	
Receivables - Other government departments and agencies	\$ 107,730	\$ 433,776
Receivables - External parties	10,893	11
Employee advances	39,703	1,600
Gross and net accounts receivable	\$ 158,326	\$ 435,387

7. Loans receivable

The following table presents details of WD's loans and unconditionally repayable contribution balances:

	2018	2017
	(in dollars)	
Loans receivable		
Unconditionally repayable contributions	\$ 88,846,484	\$ 75,463,922
Accrued interest - unconditionally repayable transfer payments	131,565	32,923
Less: Unamortized discount	(5,498,895)	(2,821,068)
Subtotal	83,479,154	72,675,777
Less: Allowance for uncollectibility	(31,366,752)	(19,942,353)
Gross loans receivable	52,112,402	52,733,424
Loans receivable held on behalf of Government	(52,112,402)	(52,733,424)
Net loans receivable	\$ 0	\$ 0

Unconditionally repayable contributions

The unconditionally repayable contributions portfolio consists of 92 non-interest bearing loans issued in the years from 1997 to 2017, with prescribed repayment terms. The loans are recorded at their discounted net present values using market interest rates at the time of the loans. An allowance of \$31,315,854 (\$19,942,253 in 2016–2017) has been recorded.

With respect to interest charged on unconditionally repayable transfer payments, an allowance of \$50,898 (\$100 in 2016–2017) has been recorded.

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

(in dollars)

8. Tangible capital assets

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	10 years
Computer hardware	3 years
Computer software	7 years
Vehicles	5 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset type

Assets under construction are recorded in the applicable asset class in the year they are put into service and are not amortized until they are put into service.

Capital asset class	Cost				Accumulated Amortization			Net Book Value			
	Opening Balance	Acquisitions	Adjustments (1)	Disposals and Write-Offs	Closing balance	Opening Balance	Amortization	Adjustments (1)	Disposals and Write-Offs	2018	2017
Machinery and equipment	\$ 79,943	\$ 12,737	\$ (10,739)	\$ 0	\$ 81,941	\$ 59,191	\$ 2,354	\$ (5,369)	\$ 0	\$ 25,765	\$ 20,752
Computer hardware	30,494	0	0	0	30,494	2,541	10,165	0	0	17,788	27,953
Computer software	1,885,642	0	0	0	1,885,642	1,879,936	1,670	0	0	4,036	5,706
Vehicles	24,299	0	0	24,299	0	14,579	1,215	0	15,794	0	9,720
Leasehold improvements	288,927	0	0	26,668	262,259	276,272	9,714	(1)	26,668	2,942	12,655
Assets under construction	0	494,561	0	0	494,561	0	0	0	0	494,561	0
Total	\$2,309,305	\$ 507,298	\$ (10,739)	\$ 50,967	\$2,754,897	\$2,232,519	\$ 25,118	\$ (5,370)	\$ 42,462	\$545,092	\$ 76,786

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

9. Contractual obligations

The nature of WD's activities may result in some large multi-year contracts and obligations whereby WD will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2019	2020	2021	2022	2023 and thereafter	Total
	(in dollars)					
Transfer payments						
Western Diversification Program	\$ 58,569,257	\$ 21,148,692	\$ 6,118,989	\$ 2,660,720	\$ 0	\$ 88,497,658
Community Futures Program	27,796,822	27,209,603	27,209,603	0	0	82,216,028
Women's Enterprise Initiative	3,900,000	3,900,000	3,900,000	0	0	11,700,000
Total	\$ 90,266,079	\$ 52,258,295	\$ 37,228,592	\$ 2,660,720	\$ 0	\$ 182,413,686

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

10. Related party transactions

WD is related as a result of common ownership to all government departments, agencies and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

WD enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Common services provided without charge by other government departments

During the year, WD received services without charge from certain common service organizations, related to accommodation, the employer's contribution to the health and dental insurance plans and workers' compensation coverage. These services provided without charge have been recorded at the carrying value in WD's Statement of Operations and Departmental Net Financial Position as follows:

	2018	2017
	(in dollars)	
Employer's contribution to the health and dental insurance plans	\$ 2,609,606	\$ 2,364,627
Accommodation	3,071,670	3,028,472
Workers' Compensation	41,153	49,039
Total	\$ 5,722,429	\$ 5,442,138

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 Services and Procurement Canada and audit services provided by the Office of the Auditor General are not included in WD's Statement of Operations and Departmental Net Financial Position.

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

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

Under an interdepartmental letter of agreement signed with the Department of Indian Affairs and Northern Development (DIAND) on June 22, 2017, WD administers Strategic Partnerships Initiative for Aboriginal Participation in West Coast Energy. During the year, WD incurred expenses of \$2,023,731 (\$2,042,100 in 2016-17) on behalf of DIAND. These expenses are reflected in the financial statements of DIAND and are not recorded in these financial statements.

	2018	2017
	(in dollars)	
Strategic Partnerships Initiative	\$ 2,023,731	\$ 2,042,100
Building Canada Fund (Communities)	0	9,340,723
Total	\$ 2,023,731	\$ 11,382,823

c) Other transactions with other government departments and agencies

	2018	2017
	(in dollars)	
Accounts receivable	\$ 107,730	\$ 433,776
Accounts payable	433,538	98,149
Expenses	1,422,048	1,613,276

Expenses disclosed in (c) exclude common services provided without charge, which are already disclosed in (a).

11. Transfers from/to other government departments

	2018	2017
	(in dollars)	
Assets:		
Tangible capital assets (net book value) (note 8)		
Transferred to Transport Canada	\$ 5,369	\$ 0
Transferred to Correctional Services Canada	0	4,284
Total assets transferred	5,369	4,284
Adjustment to the departmental net financial position	\$ 5,369	\$ 4,284

Western Economic Diversification Canada Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

(in dollars)

12. Segmented information

Presentation by segment is based on WD's core responsibility. The presentation by segment is based on the same accounting policies as presented in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main core responsibilities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

	Business Development and Innovation	Community Economic Growth	Policy, Advocacy and Coordination	Internal Services	2018 Total	2017 Total
Transfer payments						
Non-profit organizations	\$ 65,294,189	\$ 53,350,223	\$ 1,412,144	\$ 0	\$ 120,056,556	\$ 104,147,034
Other levels of governments within Canada	2,090,522	32,177,457	0	0	34,267,979	18,967,760
Industry	5,575,606	7,315,340	0	0	12,890,946	1,906,945
Individuals	0	151,085	0	0	151,085	0
Total transfer payments	72,960,317	92,994,105	1,412,144	0	167,366,566	125,021,739
Operating expenses						
Salaries and employee benefits	11,699,471	4,928,948	7,651,317	9,909,788	34,189,524	31,049,121
Bad debt expense	14,191,629	156,827	0	0	14,348,456	8,743,209
Professional and special services	3,653,867	388,389	274,851	1,110,967	5,428,074	4,915,855
Accommodation	1,060,340	435,563	659,795	915,972	3,071,670	3,028,472
Transportation and communication	195,740	80,410	360,545	471,576	1,108,271	1,305,715
Acquisition of machinery and equipment	8,079	3,245	6,514	807,270	825,108	670,353
Rentals	29,538	5,581	30,112	532,203	597,434	990,336
Repairs and maintenance	4,275	1,745	2,659	363,405	372,084	276,116
Information	16,680	5,937	16,621	144,603	183,841	180,976
Utilities, materials and supplies	10,660	4,228	22,445	94,956	132,289	134,210
Amortization of tangible capital assets	0	0	0	25,118	25,118	40,309
Other	14,206	5,835	8,840	(54,909)	(26,028)	29,512
Expenses incurred on behalf of Government	(16,752,702)	(156,827)	0	0	(16,909,529)	(10,650,154)
Total operating expenses	14,131,783	5,859,881	9,033,699	14,320,949	43,346,312	40,714,030
Total expenses	87,092,100	98,853,986	10,445,843	14,320,949	210,712,878	165,735,769
Revenues						
Interest	7,131	62,799	0	0	69,930	44,910
Other	714	277	428	6,090	7,509	2,305
Amortization of discount	0	1,462	0	0	1,462	71,156
Revenues earned on behalf of Government	(7,156)	(64,261)	0	(40)	(71,457)	(116,131)
Total revenues	689	277	428	6,050	7,444	2,240
Net cost from continuing operations	\$ 87,091,411	\$ 98,853,709	\$ 10,445,415	\$ 14,314,899	\$ 210,705,434	\$ 165,733,529