



PrairiesCan

2021-2022

Financial Statements
(Unaudited)

For the Year Ended March 31, 2022



Prairies Economic Development 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, 2022, and all information contained in these financial statements rests with the management of Prairies Economic Development Canada (PrairiesCan). 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 PrairiesCan's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in PrairiesCan'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 PrairiesCan 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.

PrairiesCan 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.

In the interim, PrairiesCan has undertaken a self-assessment of the system of ICFR for the year ended March 31, 2022, in accordance with the Treasury Board Policy on Financial Management, and the results are summarized in the annex.

The financial statements of PrairiesCan have not been audited.



Dylan Jones, Interim President
Edmonton, Canada

2022-09-02

Date



Digitally signed by
Cheema, Sundeeep
Date: 2022.09.02
10:09:50 -06'00'

Sundeeep Cheema, Chief Financial Officer

Date

Prairies Economic Development Canada
Statement of Financial Position (Unaudited)

As at March 31

(in dollars)

	<u>2022</u>	<u>2021</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$130,706,419	\$109,126,277
Vacation pay and compensatory leave	2,646,932	3,009,437
Employee future benefits (note 5)	844,061	1,159,944
Total gross liabilities	134,197,412	113,295,658
Total net liabilities	134,197,412	113,295,658
Financial assets		
Due from Consolidated Revenue Fund	130,633,660	108,961,514
Accounts receivable and advances (note 6)	87,981	164,931
Loans receivable (note 7)	346,551,852	272,996,112
Total gross financial assets	477,273,493	382,122,557
Financial assets held on behalf of Government		
Accounts receivable and advances (note 6)	(15,554)	0
Loans receivable (note 7)	(346,551,852)	(272,996,112)
Total financial assets held on behalf of Government	(346,567,406)	(272,996,112)
Total net financial assets	130,706,087	109,126,445
Departmental net debt	3,491,325	4,169,213
Non-financial assets		
Tangible capital assets (note 8)	1,931,984	1,711,082
Total non-financial assets	1,931,984	1,711,082
Departmental net financial position	\$ (1,559,341)	\$ (2,458,131)

Contractual obligations (note 9)

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



Dylan Jones, Interim President
Edmonton, Canada

2022-09-02

Date



Digitally signed by
 Cheema, Sundeep
 Date: 2022.09.02
 12:34:11 -06'00'

Sundeep Cheema, Chief Financial Officer

Date

Prairies Economic Development Canada

Statement of Operations and Departmental Net Financial Position (*Unaudited*)

For the Year Ended March 31

(in dollars)

	2022 Planned Results	2022	2021
Expenses			
Community Initiatives	\$ 114,097,372	\$ 141,154,718	\$ 276,003,961
Innovation	80,234,109	80,372,412	71,639,038
Business Growth	50,747,863	54,214,340	71,701,880
Business Services	43,378,665	46,382,944	287,446,380
Internal Services	14,058,621	16,003,955	16,168,921
Expenses incurred on behalf of Government	<u>(5,504,180)</u>	<u>(56,315,607)</u>	<u>(159,107,721)</u>
Total expenses	297,012,450	281,812,762	563,852,459
Revenues			
Services to other government departments	0	1,384,298	0
Interest	203,536	172,977	162,683
Other	1,120	1,226	15
Amortization of discount	1,419,890	0	0
Revenues earned on behalf of Government	<u>(1,623,516)</u>	<u>(1,557,391)</u>	<u>(162,698)</u>
Total revenues	1,030	1,110	0
Net cost of operations before government funding and transfers	297,011,420	281,811,652	563,852,459
Government funding and transfers			
Net cash provided by Government of Canada		255,048,263	524,655,701
Change in due from Consolidated Revenue Fund		21,672,146	32,253,036
Services provided without charge by other government departments (note 10)		5,977,824	6,422,026
Transfer of assets and liabilities from other government departments (note 11)		<u>12,209</u>	<u>11,052</u>
Net cost of operations after government funding and transfers		(898,790)	510,644
Departmental net financial position - Beginning of year		(2,458,131)	(1,947,487)
Departmental net financial position - End of year		\$ (1,559,341)	\$ (2,458,131)

Segmented information (note 12)

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

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

	<u>2022</u>	<u>2021</u>
Net cost of operations after government funding and transfers	\$ (898,790)	\$ 510,644
Change due to tangible capital assets		
Acquisition of tangible capital assets	226,030	543,275
Amortization of tangible capital assets	<u>(5,128)</u>	<u>(13,367)</u>
Total change due to tangible capital assets	<u>220,902</u>	<u>529,908</u>
Net increase (decrease) in departmental net debt	<u>(677,888)</u>	<u>1,040,552</u>
Departmental net debt - Beginning of year	4,169,213	3,128,661
Departmental net debt - End of year	<u><u>\$ 3,491,325</u></u>	<u><u>\$ 4,169,213</u></u>

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

Prairies Economic Development Canada

Statement of Cash Flows (*Unaudited*)

For the Year Ended March 31

(in dollars)

	<u>2022</u>	<u>2021</u>
Operating activities		
Net cost of operations before government funding and transfers	\$ 281,811,652	\$ 563,852,459
Non-cash items:		
Amortization of tangible capital assets	(5,128)	(13,367)
Services provided without charge by other government departments (note 10)	(5,977,824)	(6,422,026)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(92,504)	(151,112)
Decrease (increase) in accounts payable and accrued liabilities	(21,580,142)	(32,110,178)
Decrease (increase) in vacation pay and compensatory leave	362,505	(1,100,185)
Decrease (increase) in employee future benefits	315,883	67,887
Transfer of assets from other government departments (note 11)	(12,209)	(11,052)
Cash used in operating activities	<u>254,822,233</u>	<u>524,112,426</u>
Capital investing activities		
Acquisitions of tangible capital assets	226,030	543,275
Cash used in capital investing activities	<u>226,030</u>	<u>543,275</u>
Net cash provided by Government of Canada	<u>\$ 255,048,263</u>	<u>\$ 524,655,701</u>

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

Prairies Economic Development 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. On August 6, 2021, the Government of Canada launched Pacific Economic Development Agency of Canada (PacifiCan) as the new federal regional economic development agency for British Columbia, and Prairies Economic Development Canada (PrairiesCan) as the new regional economic development agency for businesses and communities in Alberta, Saskatchewan and Manitoba. The Minister of Northern Affairs, Minister responsible for Prairies Economic Development Canada and Minister responsible for the Canadian Northern Economic Development Agency, is responsible for this organization.

PrairiesCan's mandate, derived from the Western Economic Diversification Act, is to grow and diversify the western Canadian economy. This broad mandate allows PrairiesCan to deliver a wide range of initiatives across the prairie provinces, and make strategic investments to build on regional competitive advantages and help grow the western economy. PrairiesCan also contributes to the Government of Canada's Innovation and Skills Plan, other government-wide priorities, and ministerial mandate letter commitments.

PrairiesCan has offices in each of the three western Canadian prairie provinces and in Ottawa. Its western base enables the department to foster strong partnerships with business and community organizations, research and academic institutions, Indigenous Peoples, and provincial and municipal governments. These connections help PrairiesCan reflect western perspectives in national decision-making.

PrairiesCan promotes growth and diversification in the western Canadian economy by enhancing innovation, improving business competitiveness, promoting the adoption of clean technologies and inclusive growth.

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

- **Innovation:** Western Canadian businesses are innovative;
- **Business Growth:** Western Canadian businesses are competitive and export their products/services;
- **Business Services:** Western Canadian businesses have access to advisory services and capital;
- **Community Initiatives:** Western Canadian communities have necessary public infrastructure and adjustment support to promote economic growth; and
- **Internal Services:** Effective and efficient support for advancing the department's strategic outcome.

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

2. Summary of significant accounting policies

These financial statements are 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

PrairiesCan is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to PrairiesCan 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 2021-2022 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 2021-2022 Departmental Plan.

(b) Net cash provided by Government

PrairiesCan operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by PrairiesCan is deposited to the CRF, and all cash disbursements made by PrairiesCan 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 PrairiesCan 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-respendable are not available to discharge PrairiesCan's liabilities. While the Deputy Heads are expected to maintain accounting control, they have no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented 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 pension plan administered by the Government. PrairiesCan's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. PrairiesCan'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.

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

3. Parliamentary authorities

PrairiesCan 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, PrairiesCan 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

	2022	2021
	(in dollars)	
Net cost of operations before government funding and transfers	\$ 281,811,652	\$ 563,852,459
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(5,128)	(13,367)
Services provided without charge by other government departments	(5,977,824)	(6,422,026)
Decrease (increase) in vacation pay and compensatory leave	362,505	(1,100,185)
Decrease (increase) in employee future benefits	315,883	67,887
Decrease (increase) in accrued liabilities not charged to authorities	1,410,674	754,310
Refund of prior years' expenditures	7,824,677	327,639
Services to other government departments	(1,384,298)	0
Other	1,063	0
Total items affecting net cost of operations but not affecting authorities	2,547,552	(6,385,742)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	226,030	543,275
Unconditionally repayable transfer payments	147,261,390	349,413,539
Increase in employee advances	7,296	74,415
Total items not affecting net cost of operations but affecting authorities	147,494,716	350,031,229
Current year authorities used	\$ 431,853,920	\$ 907,497,946

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

(b) Authorities provided and used

	2022	2021
	(in dollars)	
Authorities provided:		
Vote 1 - Operating expenditures	\$ 53,654,075	\$ 52,974,033
Vote 5 - Transfer payments	479,914,586	526,561,434
Statutory amounts	5,091,726	477,815,587
Less:		
Lapsed: Operating	(7,690,430)	(5,735,026)
Lapsed: Transfer payments	(99,116,037)	(144,078,834)
Lapsed: Statutory amounts	0	(39,248)
Current year authorities used	\$ 431,853,920	\$ 907,497,946

4. Accounts payable and accrued liabilities

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

	2022	2021
	(in dollars)	
Accounts payable - Other government departments and agencies	\$ 1,506,411	\$ 1,130,312
Accounts payable - External parties	126,533,148	105,573,173
Total accounts payable	128,039,559	106,703,485
Accrued liabilities	2,666,860	2,422,792
Total accounts payable and accrued liabilities	\$130,706,419	\$ 109,126,277

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

5. Employee future benefits

a) Pension benefits

PrairiesCan'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 PrairiesCan 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 2021-2022 expense amounts to \$3,436,980 (\$3,672,265 in 2020-2021). For Group 1 members, the expense represents approximately 1.01 times (1.01 times in 2020-2021) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2020-2021) the employee contributions.

PrairiesCan'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 PrairiesCan'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:

	2022	2021
	(in dollars)	
Accrued benefit obligation - Beginning of year	\$ 1,159,944	\$ 1,227,831
Expense for the year	(210,055)	281,307
Benefits paid during the year	(105,828)	(349,194)
Accrued benefit obligation - End of year	\$ 844,061	\$ 1,159,944

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

6. Accounts receivable and advances

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

	2022	2021
	(in dollars)	
Receivables - Other government departments and agencies	\$ 57,036	\$ 79,702
Receivables - External parties	15,722	168
Employee advances	15,223	85,061
Gross accounts receivable	\$ 87,981	\$ 164,931
Accounts receivable held on behalf of Government	(15,554)	0
Net accounts receivable	\$ 72,427	\$ 164,931

Employee advances totalling \$12,209 were transferred from other government departments to PrairiesCan during 2021-2022 (\$11,052 in 2020-2021). Refer to note 11 for further details.

7. Loans receivable

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

	2022	2021
	(in dollars)	
Loans receivable		
Unconditionally repayable contributions	\$634,117,469	\$506,307,843
Accrued interest - unconditionally repayable transfer payments	824,992	398,228
Less: Unamortized discount	(39,943,597)	(19,051,671)
Subtotal	594,998,864	487,654,400
Transfer payments recoverable	101,346	272,316
Subtotal	595,100,210	487,926,716
Less: Allowance for uncollectibility	(248,548,358)	(214,930,604)
Gross loans receivable	346,551,852	272,996,112
Loans receivable held on behalf of Government	(346,551,852)	(272,996,112)
Net loans receivable	\$ 0	\$ 0

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

Unconditionally repayable contributions

The unconditionally repayable contributions portfolio consists of 5,429 non-interest-bearing loans issued in the years from 2010 to 2022, 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 \$247,753,853 (\$214,757,977 in 2020-2021) has been recorded.

With respect to interest charged on unconditionally repayable transfer payments, an allowance of \$693,159 (\$172,627 in 2020-2021) has been recorded.

Transfer payments recoverable

Transfer payments recoverable relate to payments made to outside parties which are repayable based on conditions specified in the contribution agreement that have come into being. An allowance of \$101,346 (\$0 in 2020-2021) has been recorded.

Prairies Economic Development 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 software	7 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	Disposals and Write-Offs	Closing balance	Opening Balance	Amortization	Adjustments	Disposals and Write-Offs	Closing Balance	2022	2021
Machinery and equipment	\$ 109,806	\$ 0	\$ 0	\$ 14,253	\$ 95,553	\$ 70,349	\$ 5,128	\$ 0	\$ 14,253	\$ 61,224	\$ 34,329	\$ 39,457
Computer software	1,885,642	0	0	11,690	1,873,952	1,885,642	0	0	11,690	1,873,952	0	0
Leasehold improvements	29,720	0	0	0	29,720	29,720	0	0	0	29,720	0	0
Assets under construction	1,671,625	226,030	0	0	1,897,655	0	0	0	0	0	1,897,655	1,671,625
Total	\$3,696,793	\$ 226,030	\$ 0	\$ 25,943	\$3,896,880	\$1,985,711	\$ 5,128	\$ 0	\$ 25,943	\$1,964,896	\$1,931,984	\$ 1,711,082

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

9. Contractual obligations

The nature of PrairiesCan's activities may result in some large multi-year contracts and obligations whereby PrairiesCan will be obligated to make future payments 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:

	2023	2024	2025	2026	2027 and thereafter	Total
	(in dollars)					
Transfer payments						
Western Diversification Program	\$118,619,566	\$ 15,538,464	\$ 10,365,904	\$ 7,938,540	\$ 30,972,850	\$183,435,324
Community Futures Program	17,421,615	17,421,615	17,421,615	17,421,615	0	69,686,460
Growth through Regional Innovation Program (known as Regional Economic Growth through Innovation)	113,621,850	59,128,082	29,498,214	0	0	202,248,146
Women's Enterprise Initiative	975,000	975,000	975,000	975,000	0	3,900,000
Total	\$250,638,031	\$ 93,063,161	\$ 58,260,733	\$ 26,335,155	\$ 30,972,850	\$459,269,930

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

10. Related party transactions

PrairiesCan 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.

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

	2022	2021
	(in dollars)	
Employer's contribution to the health and dental insurance plans	\$ 3,548,815	\$ 3,345,320
Accommodation	2,429,009	3,076,706
Total	\$ 5,977,824	\$ 6,422,026

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 PrairiesCan's Statement of Operations and Departmental Net Financial Position.

Prairies Economic Development 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 April 16, 2019, PrairiesCan administers the Strategic Partnerships Initiative for Indigenous communities to participate in developing clean energy. During the year, PrairiesCan incurred expenses of \$893,125 (\$1,645,131 in 2020-2021) for the clean energy initiative. These expenses are reflected in the financial statements of the Department of Indigenous Services Canada, formerly known as DIAND, and are not recorded in these financial statements.

	<u>2022</u>	<u>2021</u>
	(in dollars)	
Strategic Partnerships Initiative	\$ 893,125	\$ 1,645,131
Total	<u>\$ 893,125</u>	<u>\$ 1,645,131</u>

(c) Other transactions with other government departments and agencies

	<u>2022</u>	<u>2021</u>
	(in dollars)	
Accounts receivable	\$ 57,036	\$ 79,702
Accounts payable	1,506,411	1,130,312
Expenses	831,159	1,455,382
Revenues	1,384,298	0

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

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

11. Transfers from/to other government departments

	2022	2021
	(in dollars)	
Assets:		
Accounts receivable and advances (note 6)		
Transferred from Natural Resources Canada	\$ (4,575)	\$ 0
Transferred from Parks Canada	(4,041)	0
Transferred from Innovation, Science and Economic Development Canada	(2,565)	(1,779)
Transferred from Indigenous Services Canada	(552)	(1,809)
Transferred from Employment and Social Development Canada	(436)	0
Transferred from Justice Canada	(36)	0
Transferred from House of Commons Canada	(18)	0
Transferred from Canada Energy Regulator	(8)	0
Transferred from Canadian Heritage	(3)	0
Transferred to Environment and Climate Change Canada	25	0
Transferred from Crown-Indigenous Relations and Northern Affairs Canada	0	(6,384)
Transferred from Treasury Board of Canada Secretariat	0	(561)
Transferred from Public Services and Procurement Canada	0	(416)
Transferred from Privy Council Office	0	(103)
Adjustment to the departmental net financial position	\$ (12,209)	\$ (11,052)

Prairies Economic Development Canada
Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

(in dollars)

12. Segmented information

Presentation by segment is based on PrairiesCan's core responsibility. The presentation by segment is based on the same accounting policies as described 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:

	Community Initiatives	Innovation	Business Growth	Business Services	Internal Services	2022 Total	2021 Total
Transfer payments							
Non-profit organizations	\$ 50,118,517	\$ 56,010,495	\$ 22,132,115	\$ 36,818,477	\$ 0	\$ 165,079,604	\$ 435,095,462
Industry	34,736,528	4,632,358	12,864,788	0	0	52,233,674	69,173,590
Other levels of governments within Canada	27,796,921	1,063,397	0	0	0	28,860,318	15,531,029
Transfer payment conditions met	(167,833)	0	0	0	0	(167,833)	0
Total transfer payments	112,484,133	61,706,250	34,996,903	36,818,477	0	246,005,763	519,800,081
Operating expenses							
Salaries and employee benefits	5,351,217	14,432,675	8,931,722	6,015,476	11,378,393	46,109,483	47,589,687
Bad debt expense	22,975,552	2,338,428	9,665,548	0	0	34,979,528	143,699,034
Professional and special services	12,931	916,589	143,705	3,163,267	1,720,168	5,956,660	6,278,887
Accommodation	314,800	765,624	434,064	306,297	608,224	2,429,009	3,076,706
Rentals	1,970	6,136	4,390	6,102	963,724	982,322	716,595
Information	720	78,393	1,158	42,692	710,364	833,327	832,242
Acquisition of machinery and equipment	4,214	13,517	8,022	6,222	338,246	370,221	614,559
Transportation and communication	5,235	91,563	19,620	18,229	167,017	301,664	233,724
Utilities, materials and supplies	3,676	22,195	8,560	5,751	102,056	142,238	64,524
Repairs and maintenance	270	1042	648	431	8,510	10,901	40,333
An ortization of tangible capital assets	0	0	0	0	5,128	5,128	13,367
Other	0	0	0	0	2,125	2,125	441
Expenses incurred on behalf of Government	(30,438,947)	(6,956,250)	(18,920,410)	9,564,467	16,003,955	(56,315,607)	(159,107,721)
Total operating expenses	(1,768,362)	11,709,912	297,027	9,564,467	16,003,955	35,806,999	44,052,378
Total expenses	110,715,771	73,416,162	35,293,930	46,382,944	16,003,955	281,812,762	563,852,459
Revenues							
Services to other government departments	0	0	0	0	1,384,298	1,384,298	0
Interest	32,997	139,968	12	0	0	172,977	162,683
Other	91	436	250	148	301	1,226	15
Revenues earned on behalf of Government	(32,997)	(140,043)	(42)	0	(1,384,309)	(1,557,391)	(162,698)
Total revenues	91	361	220	148	290	1,110	0
Net cost from continuing operations	\$ 110,715,680	\$ 73,415,801	\$ 35,293,710	\$ 46,382,796	\$ 16,003,665	\$ 281,811,652	\$ 563,852,459



Summary of the assessment of effectiveness of the systems of internal control over financial reporting and the action plan of Prairies Economic Development Canada for fiscal year 2021-2022 (unaudited)

Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting (unaudited)

1. Introduction

In support of an effective system of internal control, Prairies Economic Development Canada (PrairiesCan) annually assesses the performance of its financial controls to ensure that:

- financial arrangements or contracts are entered into only when sufficient funding is available
- payments for goods and services are made only when the goods or services have been received or the conditions of contracts or other arrangements have been satisfied
- payments have been properly authorized

PrairiesCan will leverage the results of planned self-assessment exercises in addition to any of the periodic core control audits performed by the Office of the Comptroller General. Below is a summary of the results of the self-assessment conducted during the 2021 to 2022 fiscal year.

2. Assessment results for the 2021 to 2022 fiscal year

For the most part, controls related to payment for goods and services and payment authority were functioning well and form an adequate basis for the department's system of internal control.

In the current year there were no significantly amended key controls which required a reassessment.

The department conducted on-going monitoring as follows:

- Completed as planned and remedial actions partially commenced – Delegation of Spending and Financial Authorities, Hospitality, and Accountable Advances.
- Action plans will be completed by December 31, 2022.

3. Assessment plan

PrairiesCan will continue to monitor the performance of its system of internal control, with a focus on the core controls related to financial transactions. The department will address items identified for remedial action.