

PacifiCan

2022-2023

Financial Statements (unaudited)

For the Year Ended March 31, 2023



Pacific Economic
Development Canada

Développement économique
Canada pour le Pacifique

Canada 



Pacific 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, 2023, and all information contained in these financial statements rests with the management of Pacific Economic Development Canada (PacifiCan). 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 PacifiCan's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in PacifiCan'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 PacifiCan 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 ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

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

In the interim, the PacifiCan has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2023, in accordance with the Treasury Board Policy on Financial Management, and the results are summarized in the annex.

The financial statements of PacifiCan have not been audited.

Dylan Jones, President
Vancouver, Canada

Luke, Mona

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Mona Luke, Chief Financial Officer

September 13, 2023

Date

Date



Pacific Economic Development Canada

Statement of Financial Position (*Unaudited*)

As at March 31

(in dollars)

	<u>2023</u>	<u>2022</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 84,583,084	\$ 76,235,532
Vacation pay and compensatory leave	961,203	746,364
Employee future benefits (note 5)	347,705	180,757
Total gross liabilities	<u>85,891,992</u>	<u>77,162,653</u>
Total net liabilities	<u>85,891,992</u>	<u>77,162,653</u>
Financial assets		
Due from Consolidated Revenue Fund	83,989,379	76,113,713
Accounts receivable and advances (note 6)	700,828	121,819
Loans receivable (note 7)	50,814,940	32,665,794
Total gross financial assets	<u>135,505,147</u>	<u>108,901,326</u>
Financial assets held on behalf of Government		
Loans receivable (note 7)	(50,814,940)	(32,665,794)
Total financial assets held on behalf of Government	<u>(50,814,940)</u>	<u>(32,665,794)</u>
Total net financial assets	<u>84,690,207</u>	<u>76,235,532</u>
Departmental net debt	<u>1,201,785</u>	<u>927,121</u>
Non-financial assets		
Prepaid expenses	3,825	7,134
Total non-financial assets	<u>3,825</u>	<u>7,134</u>
Departmental net financial position	<u>\$ (1,197,960)</u>	<u>\$ (919,987)</u>

Contractual obligations (note 8)

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

Dylan Jones, President
Vancouver, Canada

September 13, 2023

Date

Luke, Mona

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Date: 2023.09.11 11:44:51 -07'00'

Mona Luke, Chief Financial Officer

Date



Pacific Economic Development Canada

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

For the Year Ended March 31

(in dollars)

	2023	2023	2022
	Planned Results		
Expenses			
Community Initiatives	\$ 42,267,512	\$ 96,175,830	\$ 62,442,204
Business Growth	76,156,043	37,662,751	29,379,833
Innovation	20,741,324	22,732,603	23,006,712
Business Services	82,563,746	17,379,651	9,769,918
Internal Services	7,243,182	7,791,468	4,234,245
Expenses incurred on behalf of Government	3,173,475	(9,679,542)	(24,662,292)
Total expenses	232,145,282	172,062,761	104,170,620
Revenues			
Amortization of discount	1,750,513	113,525	0
Interest	562	60,767	1,480
Other	178	753	0
Revenues earned on behalf of Government	(1,751,198)	(175,045)	(1,480)
Total revenues	55	0	0
Net cost of operations before government funding and transfers	232,145,227	172,062,761	104,170,620
Government funding and transfers			
Net cash provided by Government of Canada		161,718,666	26,010,705
Change in due from Consolidated Revenue Fund		7,875,666	76,113,713
Services provided without charge by other government departments (note 9)		2,182,355	1,125,279
Transfer of assets and liabilities from other government departments (note 10)		8,101	936
Net cost of operations after government funding and transfers		277,973	919,987
Departmental net financial position - Beginning of year		(919,987)	0
Departmental net financial position - End of year		\$ (1,197,960)	\$ (919,987)

Segmented information (note 11)

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



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

	<u>2023</u>	<u>2022</u>
Net cost of operations after government funding and transfers	\$ 277,973	\$ 919,987
Change due to prepaid expenses	(3,309)	7,134
Net increase (decrease) in departmental net debt	274,664	927,121
Departmental net debt - Beginning of year	927,121	0
Departmental net debt - End of year	\$ 1,201,785	\$ 927,121

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



Pacific Economic Development Canada

Statement of Cash Flows (*Unaudited*)

For the Year Ended March 31

(in dollars)

	2023	2022
Operating activities		
Net cost of operations before government funding and transfers	\$ 172,062,761	\$ 104,170,620
Non-cash items:		
Services provided without charge		
by other government departments (note 9)	(2,182,355)	(1,125,279)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	579,009	121,819
Increase (decrease) in prepaid expenses	(3,309)	7,134
Decrease (increase) in accounts payable and accrued liabilities	(8,347,552)	(76,235,532)
Decrease (increase) in vacation pay and compensatory leave	(214,839)	(746,364)
Decrease (increase) in employee future benefits	(166,948)	(180,757)
Transfer of assets from other government departments (note 10)	(8,101)	(936)
Cash used in operating activities	161,718,666	26,010,705
Net cash provided by Government of Canada	\$ 161,718,666	\$ 26,010,705

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



Pacific 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 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 responsible for the Pacific Economic Development Agency of Canada is also the Minister of International Development.

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

PacifiCan currently has offices in Vancouver, British Columbia, and will establish headquarters in Surrey. New service locations have been opened in Victoria, Kelowna, Prince George, Cranbrook, Fort St. John, Prince Rupert and Campbell River, and a liaison office in Ottawa, Ontario. This enables the agency to foster strong partnerships with business and community organizations, research and academic institutions, Indigenous Peoples, and provincial and municipal governments. These connections help PacifiCan reflect British Columbia's perspectives in national decision-making.

PacifiCan promotes growth and diversification in British Columbia's economy by enhancing innovation, improving business competitiveness, promoting the adoption of clean technologies and inclusive growth.

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

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



Pacific 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

PacifiCan is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to PacifiCan 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 2022-2023 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 2022-2023 Departmental Plan.

(b) Net cash provided by Government

PacifiCan operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by PacifiCan is deposited to the CRF, and all cash disbursements made by PacifiCan 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 PacifiCan 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 PacifiCan's liabilities. While the Deputy Head is expected to maintain accounting control, he has 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. PacifiCan's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. PacifiCan'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) 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.

(i) 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.

(j) 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.

(k) 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.



Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

3. Parliamentary authorities

PacifiCan 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, PacifiCan 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

	2023	2022
	(in dollars)	
Net cost of operations before government funding and transfers	\$ 172,062,761	\$ 104,170,620
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(2,182,355)	(1,125,279)
Decrease (increase) in vacation pay and compensatory leave	(214,839)	(746,364)
Decrease (increase) in employee future benefits	(166,948)	(180,757)
Decrease (increase) in accrued liabilities not charged to authorities	1,736,031	0
Refund of prior years' expenditures	2,296,014	44,534
Other	(135,486)	3
Total items affecting net cost of operations but not affecting authorities	1,332,417	(2,007,863)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Unconditionally repayable transfer payments	48,584,981	66,541,585
Increase in receivables - external parties	105,559	
Increase in employee advances	638	1,444
Increase (decrease) in prepaid expenses	(3,309)	0
Total items not affecting net cost of operations but affecting authorities	48,687,869	66,543,029
Current year authorities used	\$ 222,083,047	\$ 168,705,786

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

(b) Authorities provided and used

	2023	2022
	(in dollars)	
Authorities provided:		
Vote 1 - Operating expenditures	\$ 29,568,144	\$ 23,685,762
Vote 5 - Transfer payments	330,893,750	245,356,623
Statutory amounts	2,205,811	1,201,390
Less:		
Lapsed: Operating	(4,430,924)	(12,918,543)
Lapsed: Transfer payments	(136,153,734)	(88,619,446)
Current year authorities used	\$ 222,083,047	\$ 168,705,786

4. Accounts payable and accrued liabilities

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

	2023	2022
	(in dollars)	
Accounts payable - Other government departments and agencies	\$ 283,756	\$ 727,072
Accounts payable - External parties	83,037,023	75,238,618
Total accounts payable	83,320,779	75,965,690
Accrued liabilities	1,262,305	269,842
Total accounts payable and accrued liabilities	\$ 84,583,084	\$ 76,235,532



Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

5. Employee future benefits

a) Pension benefits

Pacifican'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 Pacifican 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 2022-2023 expense amounts to \$1,439,370 (\$811,659 in 2021-2022). For Group 1 members, the expense represents approximately 1.02 times (1.01 times in 2021-2022) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2021-2022) the employee contributions.

Pacifican'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 PacifiCan'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:

	2023	2022
	(in dollars)	
Accrued benefit obligation - Beginning of year	\$ 180,757	\$ 0
Expense for the year	262,754	199,547
Benefits paid during the year	(95,806)	(18,790)
Accrued benefit obligation - End of year	\$ 347,705	\$ 180,757

Pacific 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 PacifiCan's accounts receivable and advances balances:

	2023	2022
	(in dollars)	
Receivables - Other government departments and agencies	\$ 598,339	\$ 119,459
Receivables - External parties	107,123	0
Employee advances	(4,634)	2,360
Subtotal	700,828	121,819
Gross accounts receivable	\$ 700,828	\$ 121,819
Accounts receivable held on behalf of Government	0	0
Net accounts receivable	\$ 700,828	\$ 121,819

Employee advances totalling \$8,101 were transferred from other government departments to Pacifican during 2022-2023 (\$936 in 2021-2022). Refer to note 10 for further details.

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

7. Loans receivable

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

	2023	2022
	(in dollars)	
Loans receivable		
Unconditionally repayable contributions	\$ 84,461,458	\$ 57,329,441
Accrued interest - unconditionally repayable transfer payments	49,214	93
Less: Unamortized discount	(2,680,064)	(2,238,912)
Subtotal	81,830,608	55,090,622
Transfer payments recoverable	540,220	-
Subtotal	82,370,828	55,090,622
Less: Allowance for uncollectibility	(31,555,888)	(22,424,828)
Gross loans receivable	50,814,940	32,665,794
Loans receivable held on behalf of Government	(50,814,940)	(32,665,794)
Net loans receivable	\$ 0	\$ 0

Unconditionally repayable contributions

The unconditionally repayable contributions portfolio consists of 144 non-interest bearing loans that were issued in the years from 2022 to 2023, 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 \$31,189,414 (\$22,424,828 in 2021-2022) has been recorded.

With respect to interest charged on unconditionally repayable transfer payments, an allowance of \$26,754 (\$0 in 2021-2022) has been recorded.

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

8. Contractual obligations

The nature of PacifiCan's activities may result in some large multi-year contracts and obligations whereby PacifiCan 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:

	2024	2025	2026	2027	2028 and thereafter	Total
	(in dollars)					
Transfer payments						
Western Diversification Program	\$ 27,438,639	\$ 2,822,321	\$ 1,030,139	\$ 545,000	\$ 0	\$ 31,836,099
Community Futures Program	10,193,280	10,193,280	10,193,280	-	0	30,579,840
Growth through Regional Innovation Program (known as Regional Economic Growth through Innovation)	72,911,774	27,815,907	4,558,821	1,608,317	-	106,894,819
Women's Enterprise Initiative	975,000	975,000	975,000	-	-	2,925,000
Total	\$111,518,693	\$ 41,806,508	\$ 16,757,240	\$ 2,153,317	\$ 0	\$172,235,758



Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

9. Related party transactions

PacifiCan 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.

PacifiCan 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, PacifiCan 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 PacifiCan's Statement of Operations and Departmental Net Financial Position as follows:

	2023	2022
	(in dollars)	
Employer's contribution to the health and dental insurance plans	\$ 1,508,282	\$ 694,923
Accommodation	674,073	430,356
Total	<u>\$ 2,182,355</u>	<u>\$ 1,125,279</u>

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



Pacific 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 separate interdepartmental letters of agreement signed with the Department of Indigenous Services Canada (ISC) on April 29, 2022, PacifiCan administers the Strategic Partnerships Initiative for Indigenous communities to participate in developing clean energy. During the year, PacifiCan incurred expenses of \$1,827,500 (\$7,152,006 in 2021-2022) for the clean energy initiative. These expenses are reflected in the financial statements of ISC, formerly known as DIAND, and are not recorded in these financial statements.

	2023	2022
	(in dollars)	
Strategic Partnerships Initiative	\$ 1,827,500	\$ 7,152,006
Total	\$ 1,827,500	\$ 7,152,006

(c) Other transactions with other government departments and agencies

	2023	2022
	(in dollars)	
Accounts receivable	\$ 598,339	\$ 119,459
Accounts payable	283,756	727,072
Expenses	3,508,183	2,159,541

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



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

10. Transfers from/to other government departments

	<u>2023</u>	<u>2022</u>
	(in dollars)	
Assets:		
Accounts receivable and advances (note 6)		
Transferred from Immigration, Refugees and Citizenship Canada	\$ (6,927)	
Transferred from Indigenous Services Canada	\$ (1,284)	
Transferred from Employment and Social Development Canada	\$ (12)	
Transferred from Global Affairs Canada	\$ 0	\$ (936)
Transferred to Canadian Security Intelligence Service	\$ 122	
Adjustment to the departmental net financial position	<u>\$ (8,101)</u>	<u>\$ (936)</u>



Pacific Economic
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Développement économique
Canada pour le Pacifique

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

(in dollars)

11. Segmented information

Presentation by segment is based on PacifiCan'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	Business Growth	Innovation	Business Services	Internal Services	2023 Total	2022 Total
Transfer payments							
Non-profit organizations	\$ 45,533,261	\$ 24,475,376	\$ 13,132,757	\$ 12,154,682	\$ 0	\$ 95,296,076	68,619,855
Other levels of governments within Canada	41,316,394	0	0	0	0	41,316,394	18,972,239
Industry	7,806,534	351,371	179,505	23,800	0	8,361,210	4,842,410
Transfer payment conditions met	(1,241,953)	(977,137)	0	0	0	(2,219,090)	(44,534)
Total transfer payments	93,414,236	23,849,610	13,312,262	12,178,482	0	142,754,590	92,389,970
Operating expenses							
Bad debt expense	(1,578,108)	8,498,405	2,204,569	0	0	9,124,866	22,423,380
Salaries and employee benefits	2,798,574	4,530,967	5,598,095	2,911,302	5,517,020	21,355,958	10,375,500
Professional and special services	544,613	177,852	1,160,349	1,985,866	1,487,227	5,355,907	2,336,704
Acquisition of machinery and equipment	25,899	25,402	43,707	21,748	295,404	412,160	635,601
Accommodation	87,427	112,570	218,198	86,214	169,664	674,073	430,356
Transportation and communication	197,951	251,688	98,482	28,518	154,550	731,189	108,673
Rentals	178,468	170,651	20,019	91,947	63,270	524,355	98,577
Utilities, materials and supplies	2,759	7,891	12,491	2,823	22,822	48,786	17,021
Information	504,010	37,715	64,431	72,751	75,556	754,463	16,428
Other	1	0	0	0	5,955	5,956	702
Expenses incurred on behalf of Government	1,578,108	(8,849,776)	(2,384,074)	(23,800)	0	(9,679,542)	(24,662,292)
Total operating expenses	4,339,702	4,963,365	7,036,267	5,177,369	7,791,468	29,308,171	11,780,650
Total expenses	97,753,938	28,812,975	20,348,529	17,355,851	7,791,468	172,062,761	104,170,620
Revenues							
Interest	58,737	0	2,030	0	0	60,767	1,480
Other	738	0	15	0	0	753	-
Amortization of discount	113,525	0	0	0	0	113,525	-
Revenues earned on behalf of Government	(173,000)	0	(2,045)	0	0	(175,045)	(1,480)
Total revenues	0	0	0	0	0	0	-
Net cost from continuing operations	\$ 97,753,938	\$ 28,812,975	\$ 20,348,529	\$ 17,355,851	\$ 7,791,468	\$ 172,062,761	104,170,620



Summary of the assessment of effectiveness of the systems of internal control over financial reporting and the action plan of Pacific Economic Development Canada for fiscal year 2022-2023 (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, Pacific Economic Development Canada (PacifiCan) will assess 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 will be properly authorized.

PacifiCan 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.

2. Assessment results for the 2022 to 2023 fiscal year

For the most part, existing controls related to payment for goods and services and payment authority have continued to function well, and will form an adequate basis for the department's planned system of internal controls in future years.

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

3. Assessment plan

PacifiCan plans to monitor the performance of its system of internal control, with a focus on the core controls related to financial transactions.