



PrairiesCan

2022-2023

**Financial Statements
(Unaudited)**

For the Year Ended March 31, 2023



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, 2023, 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, 2023, 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.



Diane Gray, President
Edmonton, Canada

2023-09-12

Date



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Sundeeep Cheema, Chief Financial Officer

Date

Prairies 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)	\$ 208,796,160	\$ 130,706,419
Vacation pay and compensatory leave	2,496,510	2,646,932
Employee future benefits (note 5)	623,226	844,061
Total gross liabilities	<u>211,915,896</u>	<u>134,197,412</u>
Total net liabilities	<u>211,915,896</u>	<u>134,197,412</u>
Financial assets		
Due from Consolidated Revenue Fund	208,552,987	130,633,660
Accounts receivable and advances (note 6)	384,239	87,981
Loans receivable (note 7)	393,719,868	346,551,852
Total gross financial assets	<u>602,657,094</u>	<u>477,273,493</u>
Financial assets held on behalf of Government		
Accounts receivable and advances (note 6)	(117,915)	(15,554)
Loans receivable (note 7)	(393,719,868)	(346,551,852)
Total financial assets held on behalf of Government	<u>(393,837,783)</u>	<u>(346,567,406)</u>
Total net financial assets	<u>208,819,311</u>	<u>130,706,087</u>
Departmental net debt	<u>3,096,585</u>	<u>3,491,325</u>
Non-financial assets		
Prepaid expenses	62,905	0
Tangible capital assets (note 8)	1,722,462	1,931,984
Total non-financial assets	<u>1,785,367</u>	<u>1,931,984</u>
Departmental net financial position	<u>\$ (1,311,218)</u>	<u>\$ (1,559,341)</u>

Contractual obligations (note 9)

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



Diane Gray, President
Edmonton, Canada

2023-09-12

Date



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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)

	2023 Planned Results	2023	2022
Expenses			
Community Initiatives	\$180,637,212	\$195,348,334	\$141,154,718
Innovation	93,600,658	81,326,304	80,372,412
Business Growth	64,836,188	77,572,936	54,214,340
Business Services	30,664,806	32,771,889	46,382,944
Internal Services	16,513,947	20,239,535	16,003,955
Expenses incurred on behalf of Government	7,755,949	(30,596,489)	(56,315,607)
Total expenses	394,008,760	376,662,509	281,812,762
Revenues			
Services to other government departments	0	2,666,542	1,384,298
Interest	126,680	426,951	172,977
Other	242	14,764	1,226
Amortization of discount	4,493,062	3,364,807	0
Revenues earned on behalf of Government	(4,619,670)	(6,472,884)	(1,557,391)
Total revenues	314	180	1,110
Net cost of operations before government funding and transfers	394,008,446	376,662,329	281,811,652
Government funding and transfers			
Net cash provided by Government of Canada		293,599,871	255,048,263
Change in due from Consolidated Revenue Fund		77,919,327	21,672,146
Services provided without charge by other government departments (note 10)		5,368,334	5,977,824
Transfer of assets and liabilities from other government departments (note 11)		22,920	12,209
Net cost of operations after government funding and transfers		(248,123)	(898,790)
Departmental net financial position - Beginning of year		(1,559,341)	(2,458,131)
Departmental net financial position - End of year		\$ (1,311,218)	\$ (1,559,341)

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>2023</u>	<u>2022</u>
Net cost of operations after government funding and transfers	\$ (248,123)	\$ (898,790)
Change due to tangible capital assets		
Acquisition of tangible capital assets	46,027	226,030
Amortization of tangible capital assets	<u>(255,549)</u>	<u>(5,128)</u>
Total change due to tangible capital assets	(209,522)	220,902
Change due to prepaid expenses	62,905	0
Net increase (decrease) in departmental net debt	(394,740)	(677,888)
Departmental net debt - Beginning of year	3,491,325	4,169,213
Departmental net debt - End of year	<u>\$ 3,096,585</u>	<u>\$ 3,491,325</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>2023</u>	<u>2022</u>
Operating activities		
Net cost of operations before government funding and transfers	\$ 376,662,329	\$ 281,811,652
Non-cash items:		
Amortization of tangible capital assets	(255,549)	(5,128)
Services provided without charge by other government departments (note 10)	(5,368,334)	(5,977,824)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	193,897	(92,504)
Increase (decrease) in prepaid expenses	62,905	0
Decrease (increase) in accounts payable and accrued liabilities	(78,089,741)	(21,580,142)
Decrease (increase) in vacation pay and compensatory leave	150,422	362,505
Decrease (increase) in employee future benefits	220,835	315,883
Transfer of assets from other government departments (note 11)	(22,920)	(12,209)
Cash used in operating activities	<u>293,553,844</u>	<u>254,822,233</u>
Capital investing activities		
Acquisitions of tangible capital assets	46,027	226,030
Cash used in capital investing activities	<u>46,027</u>	<u>226,030</u>
Net cash provided by Government of Canada	<u>\$ 293,599,871</u>	<u>\$ 255,048,263</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 growth and diversification in the economy of the West. In August 2021, WD's operating name was changed to Prairies Economic Development Canada (PrairiesCan). PrairiesCan promotes the economic growth and diversification in the economy of the prairie provinces (Alberta, Saskatchewan and Manitoba). PrairiesCan also advances the interests of the prairie provinces in national economic policy, program and project development and implementation. The Minister of Northern Affairs is responsible for Prairies Economic Development Canada.

PrairiesCan's mandate, enabled by the Western Economic Diversification Act, is to grow and diversify the economy of the Prairies and to advance Prairie interests in Ottawa. This broad mandate allows the department to deliver a wide range of initiatives across the Prairies and make strategic investments to build on regional competitive advantages. PrairiesCan also contributes to Government of Canada priorities and ministerial mandate letter commitments.

PrairiesCan will build upon the foundation created by WD. In the last decade, WD touched over 940 communities, 5,700 for-profits, 1,600 not-for-profits, and supported 86,000 jobs. PrairiesCan is expanding its presence with more locations across the Prairies and a strengthened approach to economic development.

This Prairie 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 Prairie perspectives in national decision-making.

PrairiesCan will strengthen its four roles to help businesses and communities in the Manitoba, Saskatchewan, and Alberta. These four roles are investor, advisor, pathfinder, and convenor. We are proud to be able to assist the people of the Prairies to recover, grow, transform, and achieve long-term success.

PrairiesCan promotes growth and diversification in the economy of the Prairies (Alberta, Saskatchewan and Manitoba) 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:** Prairie businesses are innovative;
- **Business Growth:** Prairie businesses are competitive and export their products/services;
- **Business Services:** Prairie businesses have access to advisory services and capital;
- **Community Initiatives:** Prairie 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 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

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

	2023	2022
	(in dollars)	
Net cost of operations before government funding and transfers	\$ 376,662,329	\$ 281,811,652
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(255,549)	(5,128)
Services provided without charge by other government departments	(5,368,334)	(5,977,824)
Decrease (increase) in vacation pay and compensatory leave	150,422	362,505
Decrease (increase) in employee future benefits	220,835	315,883
Decrease (increase) in accrued liabilities not charged to authorities	2,301,680	1,410,674
Refund of prior years' expenditures	2,731,456	7,824,677
Services to other government departments	(2,666,542)	(1,384,298)
Other	419,358	1,063
Total items affecting net cost of operations but not affecting authorities	(2,466,674)	2,547,552
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	46,027	226,030
Unconditionally repayable transfer payments	125,101,220	147,261,390
Increase in employee advances	2,215	7,296
Increase in prepaid expenses	62,905	0
Total items not affecting net cost of operations but affecting authorities	125,212,367	147,494,716
Current year authorities used	\$ 499,408,022	\$ 431,853,920

Prairies 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	\$ 51,752,430	\$ 53,654,075
Vote 5 - Transfer payments	529,226,790	479,914,586
Statutory amounts	5,310,338	5,091,726
Less:		
Lapsed: Operating	(3,914,267)	(7,690,430)
Lapsed: Transfer payments	(82,967,269)	(99,116,037)
Current year authorities used	\$ 499,408,022	\$ 431,853,920

4. Accounts payable and accrued liabilities

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

	2023	2022
	(in dollars)	
Accounts payable - Other government departments and agencies	\$ 826,962	\$ 1,506,411
Accounts payable - External parties	204,812,002	126,533,148
Total accounts payable	205,638,964	128,039,559
Accrued liabilities	3,157,196	2,666,860
Total accounts payable and accrued liabilities	\$ 208,796,160	\$ 130,706,419

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 2022-2023 expense amounts to \$3,469,127 (\$3,436,980 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.

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:

	2023	2022
	(in dollars)	
Accrued benefit obligation - Beginning of year	\$ 844,061	\$ 1,159,944
Expense for the year	(126,951)	(210,055)
Benefits paid during the year	(93,884)	(105,828)
Accrued benefit obligation - End of year	\$ 623,226	\$ 844,061

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:

	2023	2022
	(in dollars)	
Receivables - Other government departments and agencies	\$ 233,615	\$ 57,036
Receivables - External parties	141,066	15,722
Employee advances	9,558	15,223
Gross accounts receivable	\$ 384,239	\$ 87,981
Accounts receivable held on behalf of Government	(117,915)	(15,554)
Net accounts receivable	\$ 266,324	\$ 72,427

Employee advances totalling \$22,920 were transferred from other government departments to PrairiesCan during 2022-2023 (\$12,209 in 2021-2022). Refer to note 11 for further details.

7. Loans receivable

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

	2023	2022
	(in dollars)	
Loans receivable		
Unconditionally repayable contributions	\$ 702,093,796	\$ 634,117,469
Accrued interest - unconditionally repayable transfer payments	997,303	824,992
Less: Unamortized discount	(50,112,466)	(39,943,597)
Subtotal	652,978,633	594,998,864
Transfer payments recoverable	1,631,483	101,346
Subtotal	654,610,116	595,100,210
Less: Allowance for uncollectibility	(260,890,248)	(248,548,358)
Gross loans receivable	393,719,868	346,551,852
Loans receivable held on behalf of Government	(393,719,868)	(346,551,852)
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 5,061 non-interest-bearing loans issued in the years from 2010 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 \$259,296,761 (\$247,753,853 in 2021-2022) has been recorded.

With respect to interest charged on unconditionally repayable transfer payments, an allowance of \$535,977 (\$693,159 in 2021-2022) 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 \$1,057,510 (\$101,346 in 2021-2022) 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				Closing balance
	Opening Balance	Acquisitions	Adjustments	Disposals and Write-Offs	
Machinery and equipment	\$ 95,553	\$ 46,027	\$ 0	\$ 0	\$ 141,580
Computer software	1,873,952	0	1,897,655	0	3,771,607
Leasehold improvements	29,720	0	0	0	29,720
Assets under construction	1,897,655	0	(1,897,655)	0	0
Total	\$3,896,880	\$ 46,027	\$ 0	\$ 0	\$ 3,942,907

	Accumulated Amortization				Closing Balance
	Opening Balance	Amortization	Adjustments	Disposals and Write-Offs	
	\$ 61,224	\$ 7,047	\$ 0	\$ 0	\$ 68,271
	1,873,952	248,502	0	0	2,122,454
	29,720	0	0	0	29,720
	0	0	0	0	0
Total	\$ 1,964,896	\$ 255,549	\$ 0	\$ 0	\$ 2,220,445

	Net Book Value	
	2023	2022
	\$ 73,309	\$ 34,329
	1,649,153	0
	0	0
	0	1,897,655
Total	\$ 1,722,462	\$ 1,931,984

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:

	2024	2025	2026	2027	2028 and thereafter	Total
	(in dollars)					
Transfer payments						
Western Diversification Program	\$ 111,985,963	\$ 21,900,450	\$ 9,926,287	\$ 6,907,174	\$ 22,446,334	\$ 173,166,208
Community Futures Program Growth through Regional Innovation Program (known as Regional Economic Growth through Innovation)	17,667,868	17,667,868	17,667,868	0	0	53,003,604
Women's Enterprise Initiative	975,000	975,000	975,000	0	0	2,925,000
Total	\$ 277,613,730	\$ 124,779,793	\$ 51,933,137	\$ 6,907,174	\$ 22,446,334	\$ 483,680,168

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:

	2023	2022
	(in dollars)	
Employer's contribution to the health and dental insurance plans	\$ 3,378,821	\$ 3,548,815
Accommodation	1,989,513	2,429,009
Total	\$ 5,368,334	\$ 5,977,824

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 \$0 (\$893,125 in 2021-2022) 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.

	2023	2022
	(in dollars)	
Strategic Partnerships Initiative	\$ 0	\$ 893,125
Total	\$ 0	\$ 893,125

(c) Other transactions with other government departments and agencies

	2023	2022
	(in dollars)	
Accounts receivable	\$ 233,615	\$ 57,036
Accounts payable	826,962	1,506,411
Expenses	2,336,933	831,159
Revenues	2,666,542	1,384,298

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

	2023	2022
	(in dollars)	
Assets:		
Accounts receivable and advances (note 6)		
Transferred from Veterans Affairs Canada	\$ (12,373)	\$ 0
Transferred from Indigenous Services Canada	(7,758)	(552)
Transferred from Employment and Social Development Canada	(2,485)	(436)
Transferred from Innovation, Science and Economic Development Canada	(262)	(2,565)
Transferred from Federal Economic Development Agency for Southern Ontario	(58)	0
Transferred to Canadian Heritage	3	(3)
Transferred to Canadian Radio-television and Telecommunications Commission	13	0
Transferred from Natural Resources Canada	0	(4,575)
Transferred from Parks Canada	0	(4,041)
Transferred from Justice Canada	0	(36)
Transferred from House of Commons Canada	0	(18)
Transferred from Canada Energy Regulator	0	(8)
Transferred to Environment and Climate Change Canada	0	25
Adjustment to the departmental net financial position	\$ (22,920)	\$ (12,209)

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	2023 Total	2022 Total
Transfer payments							
Non-profit organizations	\$ 103,662,655	\$ 61,951,577	\$ 27,253,713	\$ 23,820,072	\$ 0	\$ 216,688,017	\$ 165,079,604
Other levels of governments within Canada	58,604,179	305,431	247,274	0	0	59,156,884	28,860,318
Industry	41,457,297	3,489,854	11,606,362	0	0	56,553,513	52,233,674
Transfer payment conditions met	(2,677,816)	0	0	0	0	(2,677,816)	(167,833)
Total transfer payments	201,046,315	65,746,862	39,107,349	23,820,072	0	329,720,598	246,005,763
Operating expenses							
Salaries and employee benefits	6,169,923	14,591,607	7,865,683	6,008,666	12,091,506	46,727,385	46,109,483
Bad debt expense	(12,220,766)	(772,456)	30,056,035	0	0	17,062,813	34,979,528
Professional and special services	27,348	658,028	137,448	2,575,611	2,667,219	6,065,654	5,956,660
Accommodation	258,040	644,005	332,249	254,459	500,760	1,989,513	2,429,009
Acquisition of machinery and equipment	1,901	4,299	2,494	3,973	1,379,875	1,392,542	370,221
Rentals	4,080	13,614	5,927	7,075	1,106,555	1,137,251	982,322
Information	1,783	29,647	2,404	7,063	1,045,654	1,086,551	833,327
Transportation and communication	54,021	398,370	57,410	85,227	441,781	1,036,809	301,664
Repairs and maintenance	0	458	0	0	645,517	645,975	10,901
Amortization of tangible capital assets	0	0	0	0	255,549	255,549	5,128
Utilities, materials and supplies	5,686	11,870	5,937	9,743	102,090	135,326	142,238
Other	3	0	0	0	3,029	3,032	2,125
Expenses incurred on behalf of Government	12,220,766	(2,717,398)	(40,099,857)	0	0	(30,596,489)	(56,315,607)
Total operating expenses	6,522,785	12,862,044	(1,634,270)	8,951,817	20,239,535	46,941,911	35,806,999
Total expenses	207,569,100	78,608,906	37,473,079	32,771,889	20,239,535	376,662,509	281,812,762
Revenues							
Amortization of discount	3,364,807	0	0	0	0	3,364,807	0
Services to other government departments	0	0	0	0	2,666,542	2,666,542	1,384,298
Interest	157,437	261,896	7,618	0	0	426,951	172,977
Other	14,464	120	(7,618)	0	180	14,764	1,226
Revenues earned on behalf of Government	(3,536,708)	(262,016)	(7,618)	0	(2,666,542)	(6,472,884)	(1,557,391)
Total revenues	0	0	0	0	180	180	1,110
Net cost from continuing operations	\$ 207,569,100	\$ 78,608,906	\$ 37,473,079	\$ 32,771,889	\$ 20,239,355	\$ 376,662,329	\$ 281,811,652

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 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, 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 2022 to 2023 fiscal year.

2. Assessment results for the 2022 to 2023 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, and Transfer Payments.
- Action plans will be completed by December 31, 2023.

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.