

POLAR KNOWLEDGE 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 statements rests with the management of Polar Knowledge Canada (POLAR). These financial statements have been prepared by management using the Government'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 POLAR's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada*, and included in POLAR'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 POLAR 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. As a new Agency, a risk-based assessment of the system of ICFR will be completed in accordance with the Treasury Board Policy on Financial Management and preliminary observations and action plans are summarized in the annex.

The financial statements of POLAR have not been audited.

Jennifer C. Hubbard

President and Chief Executive Officer

Suzanne Kerr, CPA, CGA

Executive Director, Corporate Services & Chief Financial Officer

POLAR KNOWLEDGE CANADA

Statement of Financial Position (Unaudited)

As at March 31

(in dollars)	2023	2022
Liabilities		
Accounts payable and accrued liabilities (Note 4)	6,662,204	2,901,600
Vacation pay and compensatory leave	569,306	574,587
Employee future benefits (Note 5)	83,272	69,781
Total liabilities	7,314,782	3,545,968
Financial assets		
Due from the Consolidated Revenue Fund	6,205,072	2,305,313
Accounts receivable and advances (Note 6)	830,040	752,824
Total financial assets	7,035,112	3,058,137
Departmental net debt	279,670	487,831
Non-financial assets		
Prepaid expenses	5	5,593
Tangible capital assets (Note 7)	153,634,040	1,734,801
Total non-financial assets	153,634,045	1,740,394
Departmental net financial position	153,354,375	1,252,563

Contractual obligations (Note 8)

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

Jennifer C. Hubbard
President and Chief Executive Officer

Suzanne Kerr, CPA, CGA
Executive Director, Corporate Services & Chief Financial Officer

POLAR KNOWLEDGE CANADA

Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31

(in dollars)	Planned Results 2023	Actual 2023	Actual 2022
Expenses			
Polar Science and Knowledge	16,807,778	16,086,476	13,620,878
Internal Services	19,095,776	18,491,743	13,813,605
Total expenses	35,903,554	34,578,219	27,434,483
Revenues			
Lease and use of public property	287,079	331,779	276,469
Total revenues	287,079	331,779	276,469
Net cost of operations before government funding and transfers	35,616,475	34,246,440	27,158,014
Government funding and transfers			
Net cash provided by Government of Canada		29,641,828	25,812,672
Change in due from Consolidated Revenue Fund		3,899,758	947,839
Services provided without charge by other government departments (Note 9)		727,243	660,605
Transfer of capital assets from other government departments		152,048,460	-
Transfer of other assets and liabilities (to) / from other government departments		30,963	(1,340)
Total government funding and transfers		186,348,252	27,419,776
Net cost of operations after government funding and transfers		(152,101,812)	(261,762)
Departmental net financial position - Beginning of year		1,252,563	990,801
Departmental net financial position - End of year		153,354,375	1,252,563

Segmented information (Note 10)

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

POLAR KNOWLEDGE CANADA

Statement of Change in Departmental Net Debt (Unaudited)

For the Year Ended March 31

(in dollars)	Actual 2023	Actual 2022
Net cost of operations after government funding and transfers	(152,101,812)	(261,762)
Change due to tangible capital assets		
Acquisitions of tangible capital assets	152,637	563,284
Amortization of tangible capital assets	(301,858)	(276,075)
Transfer from other government departments	152,048,460	-
Total change due to tangible capital assets	151,899,239	287,209
Change due to prepaid expenses	(5,588)	(5,593)
Increase (decrease) in departmental net debt	(208,161)	19,854
Departmental net debt - Beginning of year	487,831	467,977
Departmental net debt - End of year	279,670	487,831

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

POLAR KNOWLEDGE 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	34,246,440	27,158,014
Non-cash items:		
Amortization of tangible capital assets (Note 7)	(301,858)	(276,075)
Services provided without charge by other government departments (Note 9)	(727,243)	(660,605)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	77,216	(280,172)
Decrease in prepaid expenses	(5,588)	(5,593)
Increase in accounts payable and accrued liabilities	(3,760,604)	(707,844)
Decrease (increase) in vacation pay and compensatory leave	5,281	(9,946)
Decrease (increase) in employee future benefits	(13,491)	30,269
Transfer of salary overpayments to other government departments	(30,962)	1,340
Cash used in operating activities	29,489,191	25,249,388
Capital investing activities		
Acquisitions of tangible capital assets	152,637	563,284
Cash used in capital investing activities	152,637	563,284
Net cash provided by Government of Canada	29,641,828	25,812,672

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

POLAR KNOWLEDGE CANADA

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

1. Authority and objectives

Polar Knowledge Canada (POLAR) is a federal agency (departmental corporation) that was established with the coming into force of the *Canadian High Arctic Research Station Act* on June 1, 2015. POLAR is responsible for advancing Canada's knowledge of the Arctic, strengthening Canadian leadership in polar science and technology, and promoting the development and distribution of knowledge of other circumpolar regions, including Antarctica. POLAR operates the Canadian High Arctic Research Station (CHARS) campus and conducts world-class cutting edge Arctic research out of this extraordinary facility.

The Statement of Operations and Departmental Net Financial Position presents the Core responsibilities and Internal services:

Polar Science and Knowledge: Polar Knowledge Canada is Canada's polar science agency operating out of the world-class Canadian High Arctic Research Station campus in Cambridge Bay, Nunavut. Polar Knowledge Canada performs and publishes multi-disciplinary polar research. Through its grants and contributions program, it funds external partners such as academia, northern communities and organizations who conduct research and related projects. Polar Knowledge Canada aims to include Indigenous and local knowledge wherever possible, and increases domestic and international research coordination and collaboration by leveraging resources with partners. Through workshops, conferences, social media, and other tools, Polar Knowledge Canada shares and promotes the exchange of knowledge across polar scientific and policy communities and the public. Throughout all of its core activities, Polar Knowledge Canada aims to fund and train the next generation of polar research personnel, with a focus on northern youth.

Internal Services: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal services include only those activities and resources that apply across an organization, and not those provided to a specific program. The groups of activities are; Management and Oversight Services, Communications Services, Legal Services, Human Resources Management Services, Financial Management Services, Information Management Services, Information Technology Services, Real Property Services, Materiel Services and Acquisition Services.

2. Summary of significant accounting policies

These financial statements are prepared using POLAR'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

POLAR is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to POLAR 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" section of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2022-23 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 2022-23 Departmental Plan.

(b) Net cash provided by Government of Canada

POLAR operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by POLAR is deposited to the CRF, and all cash disbursements made by POLAR 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.

POLAR KNOWLEDGE CANADA

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

2. Summary of significant accounting policies (continued)

(c) Amounts due to the CRF

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

(d) Revenues

Revenues are recorded in their period they are received. Pursuant to section 6(2) of the *Canadian High Arctic Research Act*, POLAR can spend any money that is received through the conduct of its operations, in the fiscal year in which money is received or in subsequent fiscal years.

(e) Expenses

Expenses are recorded on the accrual basis:

- ✓ 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 employer contributions to the health and dental insurance plans are recorded as operating expenses at their carrying value.

(f) Employee future benefits

- ✓ **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. POLAR's contributions to the Plan are charged to expenses in the year incurred and represent the total agency obligation to the Plan. POLAR'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.
- ✓ **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 receivable

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts receivable where recovery is considered uncertain.

(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 7. 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 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.

POLAR KNOWLEDGE CANADA

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

2. Summary of significant accounting policies (continued)

(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 contingent liabilities, the liability for employee future benefits and the useful life of tangible capital assets. 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.

3. Parliamentary authorities

POLAR receives 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, POLAR 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

(in dollars)	2023	2022
Net cost of operations before government funding and transfers	34,246,440	27,158,014
Revenues received pursuant to subsection 6(2) of the <i>Canadian High Arctic Research Station Act</i>	331,779	276,469
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(727,243)	(660,605)
Amortization of tangible capital assets	(301,858)	(276,075)
Decrease (increase) in vacation pay and compensatory leave	5,281	(9,946)
Decrease (increase) in employee future benefits	(13,491)	30,269
Refund of prior years' expenditures	289,249	246,719
Other	-	-
Total items affecting net cost of operations but not affecting authorities	(748,062)	(669,638)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Variation in prepaid expenses	(5,588)	(5,593)
Acquisition of tangible capital assets	152,637	563,284
Variation in advances	157,715	12,762
Total items not affecting net cost of operations but affecting authorities	304,764	570,453
Current year authorities used	34,134,921	27,335,298

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Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

(b) Authorities provided and used

(in dollars)	2023	2022
Authorities provided:		
Vote 1 – Program expenditures	34,265,682	30,846,899
Statutory amounts:		
Revenues received pursuant to subsection 6(2) of the <i>Canadian High Arctic Research Station Act</i>	901,312	569,532
Contributions to employee benefits plan	1,396,919	1,199,536
Total authorities	36,563,913	32,615,967
Less:		
Lapsed authorities	(1,527,680)	(4,711,137)
Authorities available in future years	(901,312)	(569,532)
Current year authorities used	34,134,921	27,335,298

4. Accounts payable and accrued liabilities

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

(in dollars)	2023	2022
Accounts payable - Other government departments and agencies	488,342	435,884
Accounts payable - External parties	3,264,564	1,465,631
	3,752,906	1,901,515
Accrued liabilities	2,909,298	1,000,085
Total accounts payable and accrued liabilities	6,662,204	2,901,600

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Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

5. Employee future benefits

(a) Pension benefits

POLAR'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/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and POLAR contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to the *Economic Action Plan 2012*, employee contributors have been divided into two groups – Group 1 relates 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 2022-23 expense amounts to \$912,607 (\$815,313 in 2021-22). For Group 1 members, the expense represents approximately 1.02 times (1.01 times in 2021-22) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2021-22) the employee contributions.

POLAR'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.

(b) Severance benefits

Severance benefits provided to POLAR'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, 2023, 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:

(in dollars)	2023	2022
Accrued benefit obligation - Beginning of year	69,781	100,050
Expense for the year	13,491	(30,269)
Accrued benefit obligation - End of year	83,272	69,781

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Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

6. Accounts receivable and advances

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

(in dollars)	2023	2022
Receivables - Other government departments and agencies	457,131	595,990
Receivables - External parties	260,681	83,918
Employee advances	112,228	72,916
Total accounts receivable and advances	830,040	752,824

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to their net recoverable value.

(in dollars)	2023	2022
Accounts receivable from external parties		
Not past due	9,452	1,390
Number of days past due		
1 to 30	103,913	797
31 to 60	4,146	-
61 to 90	9,123	2,341
91 to 365	100,065	61,746
Over 365	33,982	17,644
Total	260,681	83,918

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Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

7. Tangible capital assets

Amortization of tangible capital assets is done on a straight line basis over the estimated useful life of the assets as follows:

Asset Class	Amortization Period
Buildings	25 years
Machinery and equipment	8 to 12 years
Informatics hardware	5 years
Informatics software	3 years
Other equipment, including furniture	10 years
Ships and boats	10 years
Motor vehicles (Non-military)	4 to 7 years
Other vehicles	10 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement

Cost (in dollars)	Opening Balance	Acquisitions	Adjustments ¹	Disposals and Write-offs	Closing Balance
Land	-	-	1	-	1
Buildings	-	-	176,955,550	-	176,955,550
Machinery and equipment	1,430,313	-	1,207,310	-	2,637,623
Informatics hardware	62,221	-	-	-	62,221
Informatics software	-	-	69,691	-	69,691
Other equipment, including furniture	87,804	-	-	-	87,804
Ships and Boats	500,555	-	-	-	500,555
Motor Vehicles (Non-Military)	291,092	-	-	-	291,092
Other Vehicles	374,493	-	-	-	374,493
Leasehold improvements	539,328	152,637	-	-	691,965
Total	3,285,806	152,637	178,232,552	-	181,670,995

Accumulated Amortization (in dollars)	Opening Balance	Amortization	Adjustments ¹	Disposals and Write-offs	Closing Balance
Buildings	-	-	25,407,602	-	25,407,602
Machinery and equipment	767,364	138,283	706,799	-	1,612,446
Informatics hardware	49,777	12,444	-	-	62,221
Informatics software	-	-	69,691	-	69,691
Other equipment, including furniture	22,450	8,780	-	-	31,230
Ships and Boats	34,628	50,055	-	-	84,683
Motor Vehicles (Non-Military)	291,092	-	-	-	291,092
Other Vehicles	111,460	37,449	-	-	148,909
Leasehold improvements	274,234	54,847	-	-	329,081
Total	1,551,005	301,858	26,184,092	-	28,036,955

1. Effective March 27, 2023, POLAR received (transferred in) land (net book value of one dollar), buildings (net book value of \$151,547,948), machinery and equipment (net book value of \$500,511) and information software (net book value of zero) from Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) for the administration of the real property located in the town of Cambridge Bay, Nunavut.

POLAR KNOWLEDGE CANADA

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

Net book value

(in dollars)	2023	2022
Land	1	-
Buildings	151,547,948	-
Machinery and equipment	1,025,177	662,949
Informatics hardware	-	12,444
Informatics software	-	-
Other equipment, including furniture	56,574	65,354
Ships and Boats	415,872	465,927
Motor Vehicles (Non-Military)	-	-
Other Vehicles	225,584	263,033
Leasehold improvements	362,884	265,094
Total	153,634,040	1,734,801

8. Contractual obligations

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

(in dollars)	2024	2025	2026	2027	2028 and subsequent	Total
Transfer payments	5,985,525	3,194,671	1,257,483	-	-	10,437,679
Other obligations	5,921,047	1,390,294	462,075	139,391	-	7,912,807
Total	11,906,572	4,584,965	1,719,558	139,391	-	18,350,486

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Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

9. Related party transactions

POLAR 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.

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

(in dollars)	2023	2022
Employer's contribution to the health and dental insurance plans	727,243	660,605
Total	727,243	660,605

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 are not included in the Department's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with other government departments and agencies

(in dollars)	2023	2022
Accounts receivable	457,131	595,990
Accounts payable	488,342	435,884
Expenses	7,566,379	6,507,274

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

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Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

10. Segmented Information

Presentation by segment is based on POLAR'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 for the core responsibility, by major object of expense and type of revenue. The segment results for the period are as follows:

(in dollars)	Polar Science and Knowledge	Internal Services	2023	2022
Transfer payments				
Other Levels of Government	3,893,586	-	3,893,586	2,962,856
Non-profit institutions and other organizations	512,116	-	512,116	1,206,424
Indigenous peoples	2,946,233	-	2,946,233	2,152,297
Industry	218,000	-	218,000	178,271
Individuals	208,000	-	208,000	132,000
Total transfer payments	7,777,935	-	7,777,935	6,631,848
Operating expenses				
Salaries and employee benefits	5,614,712	6,437,572	12,052,284	10,415,446
Professional services	1,152,771	2,264,199	3,416,970	2,166,167
Transportation and telecommunications	840,351	1,543,862	2,384,213	1,603,631
Rentals	20,218	1,281,271	1,301,489	1,252,455
Repairs and maintenance	9,639	2,968,935	2,978,574	2,928,183
Utilities, materials and supplies	114,117	2,006,867	2,120,984	1,742,362
Machinery and equipment	255,185	940,362	1,195,547	315,247
Amortization of tangible capital assets	234,567	67,291	301,858	276,075
Information	63,315	904,192	967,507	103,561
Other	3,666	77,192	80,858	(492)
Total Operating expenses	8,308,541	18,491,743	26,800,284	20,802,635
Total expenses	16,086,476	18,491,743	34,578,219	27,434,483
Revenues				
Lease and use of public property	171,862	159,917	331,779	276,469
Total revenues	171,862	159,917	331,779	276,469
Net cost from continuing operations	15,914,614	18,331,826	34,246,440	27,158,014

POLAR KNOWLEDGE CANADA

Annex: Internal Control Over Financial Reporting

1. Introduction

As a new agency, created in 2015, Polar Knowledge Canada (POLAR) is continually strengthening its manual system of internal control since its current financial operations system does not accommodate such automation as the organization matures, its governance structures are refined, and it approaches steady-state operations. In support of an effective system of internal, POLAR 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; and
- payments have been properly authorized.

Since 2018-19, the agency has undertaken the requisite preliminary steps towards enabling the structured ongoing assessment of the performance of its financial controls by documenting key business processes.

POLAR remains committed to completing the risk-based assessment by reviewing key control points for business processes, as well as entity level controls and IT general controls. These assessments and reviews may continue to identify some control deficiencies resulting in further attention being directed towards remediating those deficiencies and will serve as the foundation to onboard with the SAP system for the new fiscal year.

2. Remediation activities

Activities continue to be undertaken to address risks related to control deficiencies noted during the preliminary reviews.

3. Assessment plan

POLAR intends to continue to monitor and strengthen the performance of its system of internal control, with a focus on the core controls related to financial transactions.