PacifiCan

2024-2025

Financial Statements (unaudited)

For the Year Ended March 31, 2025

Pacific Economic Development Canada
Développement économique Canada pour le Pacifique
Canada

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Aussi disponible en français.

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, 2025, 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. A risk-based assessment of the system of ICFR for the year ended March 31, 2025 was completed in accordance with the Treasury Board Policy on Financial Management. The results are summarized in the annex.

The financial statements of PacifiCan have not been audited.

Original signed by:

Naina Sloan, President
Vancouver, Canada

August 28, 2025

Date

Original signed by:

Tom Switzer, Acting Chief Financial Officer

August 26, 2025

Date

Pacific Economic Development Canada

Statement of Financial Position (*Unaudited*)

As at March 31

(in dollars)

	2025	2024
Liabilities		
Accounts payable and accrued liabilities (note 4)	$ 53,178,198	$ 77,622,938
Vacation pay and compensatory leave	1,349,043	1,173,180
Employee future benefits (note 5)	382,523	395,365
Total gross liabilities	**54,909,764**	**79,191,483**
Total net liabilities	**54,909,764**	**79,191,483**
Financial assets		
Due from Consolidated Revenue Fund	53,120,318	77,557,893
Accounts receivable and advances (note 6)	97,029	207,578
Loans receivable (note 7)	43,403,744	48,537,686
Total gross financial assets	**96,621,091**	**126,303,157**
Financial assets held on behalf of Government		
Loans receivable (note 7)	(43,403,744)	(48,537,686)
Total financial assets held on behalf of Government	**(43,403,744)**	**(48,537,686)**
Total net financial assets	**53,217,347**	**77,765,471**
Departmental net debt	**1,692,417**	**1,426,012**
Non-financial assets		
Prepaid expenses	24,536	77,499
Total non-financial assets	**24,536**	**77,499**
Departmental net financial position	**$ (1,667,881)**	**$ (1,348,513)**

Contractual obligations (note 8)

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

Original signed by:

Naina Sloan, President
Vancouver, Canada

August 28, 2025

Date

Original signed by:

Tom Switzer, Acting Chief Financial Officer

August 26, 2025

Date

Pacific Economic Development Canada

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

For the Year Ended March 31

(in dollars)

	2025 Planned Results	2025	2024
Expenses			
Business Growth	$ 27 969 033	$ 38 428 056	$ 33 820 008
Business Services	18 079 727	17 626 021	20 346 980
Innovation	18 752 487	17 469 531	32 748 994
Community Initiatives	6 417 992	12 980 622	31 290 248
Internal Services	9 535 848	11 523 085	10 977 222
Expenses incurred on behalf of Government	5 417 745	(7 273 199)	(4 932 430)
Total expenses	**86 172 832**	**90 754 116**	**124 251 022**
Revenues			
Amortization of discount	1 054 753	2 546 553	477 838
Interest	181 851	897 644	242 643
Other	5 112	31 625	7 400
Revenues earned on behalf of Government	(1 241 651)	(3 475 822)	(727 881)
Total revenues	**65**	**0**	**0**
Net cost of operations before government funding and transfers	**86 172 767**	**90 754 116**	**124 251 022**
Government funding and transfers			
Net cash provided by Government of Canada		31 705 286	127 911 574
Change in due from Consolidated Revenue Fund		(24 437 575)	(6 431 486)
Services provided without charge by other government departments (note 11)		2 978 352	2 611 769
Transfer of assets and liabilities from other government departments (note 12)		80 188 685	8 612
Total government funding and transfers		**90 434 748**	**124 100 469**
Net cost of operations after government funding and transfers		**319 368**	**150 553**
Departmental net financial position - Beginning of year		**(1 348 513)**	**(1 197 960)**
Departmental net financial position - End of year		**$ (1 667 881)**	**$ (1 348 513)**

Segmented information (note 13)

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)

	2025	2024
Net cost of operations after government funding and transfers	**$ 319,368**	**$ 150,553**
Change due to prepaid expenses	**(52,963)**	**73,674**
Net increase (decrease) in departmental net debt	**266,405**	**224,227**
Departmental net debt - Beginning of year	**1,426,012**	**1,201,785**
Departmental net debt - End of year	**$ 1,692,417**	**$ 1,426,012**

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)

	2025	2024
Operating activities		
Net cost of operations before government funding and transfers	$ 90,754,116	$ 124,251,022
Non-cash items:		
Services provided without charge by other government departments (note 11)	(2,978,352)	(2,611,769)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(110,549)	(493,250)
Increase (decrease) in prepaid expenses	(52,963)	73,674
Decrease (increase) in accounts payable and accrued liabilities	24,444,740	6,960,146
Decrease (increase) in vacation pay and compensatory leave	(175,863)	(211,977)
Decrease (increase) in employee future benefits	12,842	(47,660)
Transfer of assets from other government departments (note 12)	(80,188,685)	(8,612)
Cash used in operating activities	**31,705,286**	127,911,574
Net cash provided by Government of Canada	**$ 31,705,286**	**$ 127,911,574**

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 Housing and Infrastructure.

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 eight (8) service locations across British Columbia – in Vancouver, Victoria, Kelowna, Prince George, Cranbrook, Fort St. John, Prince Rupert and Campbell River – with its headquarters in Surrey. A liaison office is also located 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.

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 2024-2025 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 2024-2025 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/she 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) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights, and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. PacifiCan recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of accounts and loans receivable, and accounts payable and accrued liabilities.

All financial assets and liabilities are recorded at cost or amortized cost. Any associated transaction costs are added to the carrying value upon initial recognition.

See Note 10 Risk Management for risk related to PacifiCan's financial instruments.

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 31st. 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

	2025	2024
	(in dollars)	
Net cost of operations before government funding and transfers	$ 90,754,116	$ 124,251,022
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(2,978,352)	(2,611,769)
Decrease (increase) in vacation pay and compensatory leave	(175,863)	(211,977)
Decrease (increase) in employee future benefits	12,842	(47,660)
Decrease (increase) in accrued liabilities not charged to authorities	2,249,475	2,498,595
Refund of prior years' expenditures	3,105,677	2,772,265
Other	45,808	0
Total items affecting net cost of operations but not affecting authorities	2,259,587	2,399,454
Adjustments for items not affecting net cost of operations but affecting authorities:		
Unconditionally repayable transfer payments	43,586,084	63,982,135
Increase in employee advances	1,809	3,695
Increase (decrease) in prepaid expenses	(52,963)	73,674
Total items not affecting net cost of operations but affecting authorities	43,534,930	64,059,504
Current year authorities used	**$ 136,548,633**	**$ 190,709,980**

(b) Authorities provided and used

	2025	2024
	(in dollars)	
Authorities provided:		
Vote 1 - Operating expenditures	$ 34,348,701	$ 36,680,353
Vote 5 - Transfer payments	105,093,598	172,250,127
Statutory amounts	2,980,802	2,904,204
Less:		
Lapsed: Operating	(1,001,142)	(2,939,275)
Lapsed: Transfer payments	(4,873,326)	(18,185,429)
Current year authorities used	**$ 136,548,633**	**$ 190,709,980**

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

4. Accounts payable and accrued liabilities

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

	2025	2024
	(in dollars)	
Accounts payable - Other government departments and agencies	$ 1,086,653	$ 517,317
Accounts payable - External parties	51,408,850	75,995,352
Total accounts payable	52,495,503	76,512,669
Accrued liabilities	682,695	1,110,269
Total accounts payable and accrued liabilities	**$ 53,178,198**	**$ 77,622,938**

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 2024-2025 expense amounts to $1,906,150 ($1,719,579 in 2023-2024). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2023-2024) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2023-2024) 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:

	2025	2024
	(in dollars)	
Accrued benefit obligation - Beginning of year	**$ 395,365**	**$ 347,705**
Expense for the year	(8,020)	47,942
Benefits paid during the year	(4,822)	(282)
Accrued benefit obligation - End of year	**$ 382,523**	**$ 395,365**

6. Accounts receivable and advances

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

	2025	2024
	(in dollars)	
Receivables - Other government departments and agencies	$ 54,439	$ 73,412
Receivables - External parties	39,149	142,532
Employee advances	3,441	(8,366)
Subtotal	97,029	207,578
Gross accounts receivable	**$ 97,029**	**$ 207,578**
Net accounts receivable	**$ 97,029**	**$ 207,578**

Employee advances totalling $1,633 were transferred from other government departments to Pacifican during 2024-2025 ($8,612 in 2023-2024). Refer to note 12 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:

	2025	2024
	(in dollars)	
Loans receivable		
Unconditionally repayable contributions	$ 82,660,485	$ 85,366,641
Accrued interest - unconditionally repayable transfer payments	1,542,910	259,561
Less: Unamortized discount	(1,788,590)	(4,302,583)
Subtotal	82,414,805	81,323,619
Transfer payments recoverable	3,289,417	1,673,335
Subtotal	85,704,222	82,996,954
Less: Allowance for uncollectibility	(42,300,478)	(34,459,268)
Gross loans receivable	**43,403,744**	**48,537,686**
Loans receivable held on behalf of Government	(43,403,744)	(48,537,686)
Net loans receivable	**$ 0**	**$ 0**

Unconditionally repayable contributions

The unconditionally repayable contributions portfolio consists of 151 non-interest bearing loans that were issued in the years from 2022 to 2025, 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 $38,220,998 ($32,961,260 in 2023-2024) has been recorded.

With respect to interest charged on unconditionally repayable transfer payments, an allowance of $1,243,935 ($168,980 in 2023-2024) has been recorded.

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:

	2026	2027	2028	2029	2030 and thereafter	Total
			(in dollars)			
Transfer payments						
Western Diversification Program	$ 8,303,591	$ 1,711,516	$ 317,000	$ 200,000	$ 0	$ 10,532,107
Community Futures Program	10,488,454	0	0	0	0	10,488,454
Growth through Regional Innovation Program (known as Regional Economic Growth through Innovation)	46,821,556	26,178,630	3,036,041	0	0	76,036,227
Lytton Business Restart Program	1,777,530	128,287	52,500	0	0	1,958,317
Women's Enterprise Initiative	975,000	0	0	0	0	975,000
Lytton Homeowner Resilient Rebuild Program	519,992	0	0	0	0	519,992
Total	**$ 68,886,123**	**$ 28,018,433**	**$ 3,405,541**	**$ 200,000**	**$ 0**	**$100,510,097**

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

9. Revenues

PacifiCan has the following major types of revenues: Amortization of discount, services to other government departments, interest, other and revenues earned on behalf of the Government. Amortization of discount, interest, other fees and charges and miscellaneous revenues are recorded when they are earned. Services to other government departments and gain on disposal of non-capital assets are recorded when the performance obligations are satisfied.

(a) **Disaggregated revenues**

	2025	2024
	(in dollars)	
Revenues		
Amortization of discount (non-exchange)	$ 2,546,553	$ 477,838
Interest (non-exchange)	897,644	242,643
Other		
Other fees and charges (non-exchange)	31,620	7,395
Miscellaneous (non-exchange)	5	5
Total other	31,625	7,400
Revenues earned on behalf of Government (exchange and non-exchange)	(3,475,822)	(727,881)
Total revenues	**$ 0**	**$ 0**

10. Risk management

PacifiCan is exposed to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

(a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss.

PacifiCan's maximum exposure to credit risk at March 31, 2025 and March 31, 2024 is the carrying amount of its financial assets.

PacifiCan has determined that there is no significant concentration of credit risk related to accounts receivable from external parties. An analysis of the age of these financial assets and the associated valuation allowances used to reflect these accounts at their net recoverable value is disclosed in Note 6.

PacifiCan intentionally takes on counterparty risk related to certain loans receivable with concessionary terms in order to support various policy aims. Valuation allowances are applied according to reflect these accounts at their net recoverable value, as explained in Note 7.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates.

PacifiCan has determined that there is no significant concentration of currency risk related to foreign denominated financial instruments.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. PacifiCan's unconditional repayable contributions and transfer payments recoverable are non-interest bearing instruments. Although the fair value of these financial instruments will be affected by changes in market interest rates, there is no impact on PacifiCan's financial statements as these items are measured at cost or amortized cost.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

As the funding for the PacifiCan's financial liabilities is drawn from the Consolidated Revenue Fund, its exposure to liquidity risk is fully mitigated.

11. 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:

	2025	2024
	(in dollars)	
Employer's contribution to the health and dental insurance plans	$ 1,938,348	$ 1,926,305
Accommodation	1,040,004	685,464
Total	**$ 2,978,352**	**$ 2,611,769**

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.

(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 $0 ($1,772,500 in 2023-2024) 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.

	2025	2024
	(in dollars)	
Strategic Partnerships Initiative	$ 0	$ 1,772,500
Total	**$ 0**	**$ 1,772,500**

(c) Other transactions with other government departments and agencies

	2025	2024
	(in dollars)	
Accounts receivable	$ 54,439	$ 73,412
Accounts payable	1,086,653	517,317
Expenses	7,891,894	7,196,907

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

12. Transfers from/to other government departments

	2025	2024
	(in dollars)	
Assets:		
Accounts receivable and advances (note 6)		
Transferred from Natural Resources Canada	$ 0	$ (1)
Transferred from Agriculture and Agri-Food	0	(29)
Transferred from Treasury Board Secretariat	0	(70)
Transferred from Employment and Social Development Canada	0	(173)
Transferred from Indigenous Services Canada	0	(224)
Transferred from Foreign Affairs, Trade and Development	0	(326)
Transferred from Crown-Indigenous Relations and Northern Affairs	0	(812)
Transferred from Public Safety and Emergency Preparedness	0	(6,684)
Transferred from Global Affairs Canada	(1,633)	(293)
Transferred from Prairies Economic Development Canada	(80,187,052)	0
Adjustment to the departmental net financial position	**$ (80,188,685)**	**$ (8,612)**

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

(in dollars)

13. Segmented information

Presentation by segment is based on PacifiCan's core responsibilities. 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:

	Business Growth	Business Services	Innovation	Community Initiatives	Internal Services	2025 Total	2024 Total
Transfer payments							
Non-profit organizations	$ 24,158,208	$ 12,842,365	$ 9,143,723	$ 7,431,894	$ 0	$ 53,576,190	$ 79,446,561
Other levels of governments within Canada	185,764	0	125,000	(172,181)	0	138,583	7,749,338
Industry	0	32,560	0	328,707	0	361,267	2,503,927
Individuals	0	0	0	212,576	0	212,576	5,000
Transfer payment conditions met	(1,732,596)	0	0	(1,233,724)	0	(2,966,320)	(2,691,599)
Total transfer payments	22,611,376	12,874,925	9,268,723	6,567,272	0	51,322,296	87,013,227
Operating expenses							
Bad debt expense	7,026,523	431,971	1,236,468	(1,454,323)	0	7,240,639	2,832,072
Salaries and employee benefits	6,640,447	2,541,469	4,761,849	5,179,601	8,058,344	27,181,710	26,228,139
Professional and special services	1,529,345	1,446,545	1,635,394	1,707,158	2,296,569	8,615,011	9,040,352
Acquisition of machinery and equipment	115,550	81,095	116,383	105,750	158,704	577,482	1,020,668
Accommodation	213,201	120,640	217,361	192,401	296,401	1,040,004	685,464
Transportation and communication	163,753	62,885	102,841	285,466	314,215	929,160	910,848
Rentals	83,491	47,619	100,982	151,799	202,770	586,661	748,587
Utilities, materials and supplies	6,507	7,509	7,812	12,313	12,327	46,468	99,707
Information	37,836	11,306	21,475	232,995	62,818	366,430	600,408
Other	27	57	243	190	120,937	121,454	3,980
Expenses incurred on behalf of Government	(7,026,523)	(464,531)	(1,236,469)	1,454,324	0	(7,273,199)	(4,932,430)
Total operating expenses	8,790,157	4,286,565	6,964,339	7,867,674	11,523,085	39,431,820	37,237,795
Total expenses	31,401,533	17,161,490	16,233,062	14,434,946	11,523,085	90,754,116	124,251,022
Revenues							
Interest	119,530	0	133,828	644,286	0	897,644	242,643
Other	255	0	706	30,664	0	31,625	7,400
Amortization of discount	919,769	0	1,059,291	567,493	0	2,546,553	477,838
Revenues earned on behalf of Government	(1,039,554)	0	(1,193,825)	(1,242,443)	0	(3,475,822)	(727,881)
Total revenues	0	0	0	0	0	0	0
Net cost from continuing operations	**$ 31,401,533**	**$ 17,161,490**	**$ 16,233,062**	**$ 14,434,946**	**$ 11,523,085**	**$ 90,754,116**	**$ 124,251,022**

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 2024-2025 (unaudited)

Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting of Pacifican for Fiscal Year 2024-25 (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; and
- 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 2024 to 2025 fiscal year

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 management and financial reporting.