



Canadian Northern Economic
Development Agency

Agence canadienne de développement
économique du Nord

Canadian Northern Economic Development Agency

2024-2025

Year End Financial Statements

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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 the Canadian Northern Economic Development Agency. 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 the Canadian Northern Economic Development Agency's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the Canadian Northern Economic Development Agency'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 the Canadian Northern Economic Development Agency, 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 small department, the Canadian Northern Economic Development Agency completes annual Core Control Self-Assessments of specific internal controls as led by the Office of the Comptroller General of Canada (OCG). The findings and recommendations of these internal audits are used to comply with the Treasury Board Policy on Financial Management.

The financial statements of the Canadian Northern Economic Development Agency have not been audited.

Original signed by

Jimi Onalik, President

Ottawa, Canada

September 3, 2025

Original signed by

Sean O'Donnell, Chief Financial Officer

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Statement of Financial Position (Unaudited)
As at March 31

(in dollars)

	2025	2024
Liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 41,450,070	\$ 43,471,252
Vacation pay and compensatory leave	1,025,038	942,578
Employee future benefits (Note 5)	292,828	292,828
Total Liabilities	42,767,935	44,706,657
Financial assets		
Due from Consolidated Revenue Fund	27,355,254	35,582,738
Accounts receivable and advances (Note 6)	14,094,816	7,888,514
Loans receivable (Note 7)	4,255,963	8,915,113
Total gross financial assets	45,706,033	52,386,365
Financial assets held on behalf of Government		
Loans receivable (Note 7)	(4,255,963)	(8,915,113)
Total financial assets held on behalf of Government	(4,255,963)	(8,915,113)
Total net financial assets	41,450,070	43,471,252
Departmental net debt	1,317,865	1,235,405
Non-Financial assets		
Tangible capital assets (Note 8)	536,093	548,366
Total non-financial assets	536,093	548,366
Departmental net financial position	\$ (781,772)	\$ (687,039)

Contractual obligations (Note 9)

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

Original signed by

Original signed by

 Jimi Onalik, President

 Sean O'Donnell, Chief Financial Officer

Ottawa, Canada

September 3, 2025

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Statement of Operations and Departmental Net Financial Position (Unaudited)
For the Year Ended March 31

(in dollars)

	<u>2025</u>	<u>2025</u>	<u>2024</u>
	Planned Results	Actual Results	Actual Results
Expenses			
Economic Development in the Territories	\$ 58,362,614	\$ 64,860,405	\$ 59,248,292
Internal Services	7,958,488	9,207,000	9,227,584
Total Expenses	<u>66,321,102</u>	<u>74,067,405</u>	<u>68,475,875</u>
Revenues			
Miscellaneous Revenue	5,136	14,609	21,420
Revenues earned on behalf of Government	(5,136)	(14,546)	(21,413)
Total Revenues	<u>0</u>	<u>64</u>	<u>6</u>
Net Cost of Operations before government funding and transfers	<u>66,321,102</u>	<u>74,067,341</u>	<u>68,475,869</u>
Government funding and transfers			
Net cash provided by Government		78,638,926	81,829,005
Change in due from Consolidated Revenue Fund		(8,227,484)	(16,068,942)
Services provided without charge by other government departments (Note 10)		3,561,165	3,163,380
Total Government Funding and Transfers		<u>73,972,608</u>	<u>68,923,443</u>
Net cost of operations after government funding and transfers		94,733	(447,574)
Departmental net financial position - Beginning of year		(687,039)	(1,134,613)
Departmental net financial position - End of year		<u>\$ (781,772)</u>	<u>\$ (687,039)</u>

Segmented information (Note 11)

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

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Statement of Change in Departmental Net Debt (Unaudited)
For the Year Ended March 31

(in dollars)

	<u>2025</u>	<u>2024</u>
Net cost of operations after government funding and transfers	\$ 94,733	\$ (447,574)
Change due to tangible capital assets		
Acquisition of tangible capital assets	22,927	499,980
Amortization of tangible capital assets	(35,200)	(21,874)
Total change due to tangible capital assets	(12,273)	478,106
Net increase (decrease) in departmental net debt	82,460	30,532
Departmental net debt - Beginning of year	1,235,405	1,204,873
Departmental net debt - End of year	<u>\$ 1,317,865</u>	<u>\$ 1,235,405</u>

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

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Statement of Cash Flows (Unaudited)
For the Year Ended March 31

(in dollars)

	<u>2025</u>	<u>2024</u>
Operating Activities		
Net cost of operations before government funding and transfers	\$ 74,067,341	\$ 68,475,869
Non-cash items:		
Amortization of tangible capital assets	(35,200)	(21,874)
Gain on disposal of tangible capital assets	64	6
Services provided without charge by other government departments (Note 10)	(3,561,165)	(3,163,380)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	6,206,302	5,523,967
Decrease (increase) in accounts payable and accrued liabilities	2,021,182	10,544,975
Decrease (increase) in vacation pay and compensatory leave	(82,460)	(62,997)
Decrease (increase) in future employee benefits	0	32,464
Cash used in operating activities	<u>78,616,064</u>	<u>81,329,031</u>
Capital investing activities		
Acquisitions of tangible capital assets	22,927	499,980
Proceeds from disposal of tangible capital assets	(64)	(6)
Cash Used by Capital Investing Activities	<u>22,863</u>	<u>499,974</u>
Net Cash Provided by Government of Canada	<u><u>\$ 78,638,926</u></u>	<u><u>\$ 81,829,005</u></u>

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

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (*Unaudited*)

1. Authority and objectives

The Canadian Northern Economic Development Agency (the “Agency”) was established on August 18, 2009, in accordance with paragraph 2(a) of the *Public Service Rearrangement and Transfer of Duties Act*. Pursuant to Order-in-Council P.C. 2009-1423, the control and supervision portion of the Northern Economic Development Branch in the Department of Indian Affairs and Northern Development was transferred to the Agency. The Agency is listed in Schedule I.1 of the *Financial Administration Act*.

The Agency works to develop a diversified, sustainable and dynamic economy across Canada’s three territories. It is achieved by delivering funding programs to Northerners and Indigenous Peoples, guiding resource development and major projects across the North through the Northern Projects Management Office, undertaking research to support the development of evidence-based policies, advocating for northern economic prosperity and diversification, and collaborating with other federal departments, territorial governments, Indigenous organizations, and industry.

In pursuit of its mandate, the Agency has structured its core responsibilities as follows:

- a. **Economic Development in the Territories** – Work in the territories to support the conditions for a sustainable, diversified and innovative economy in collaboration with Northerners/Indigenous Peoples, businesses, organizations, other federal departments and other levels of government.
- b. **Internal Services** – Internal services are the services that are provided within a department so that it can meet its corporate obligations and deliver its programs. There are 10 categories of internal services: Acquisition Management Services; Communications Services; Financial Management Services; Human Resources Management Services; Information Management Services; Information Technology Services; Legal Services; Management and Oversight Services; Materiel Management Services; and Real Property Management Services.

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (*Unaudited*)

2. Summary of significant accounting policies

These financial statements are prepared using the Agency'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

The Agency is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Agency 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 Financial Position and in the Statement of Operations and Departmental Net 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 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 the Government

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

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 the Agency is entitled to draw from the CRF without further authority to discharge its liabilities.

(d) Revenues

Revenues are comprised of revenues earned from non-tax sources. They include exchange transactions where goods or services are provided for consideration where a performance obligation exists, and non-exchange transactions where no performance obligations exist to provide a good or service. These transactions can be recurring or non-recurring in nature. Recurring transactions are

viewed as ongoing, routine activities that form part of the normal course of operations and can be used to indicate if they can be reasonably expected to be earned again in future years.

Deferred revenue consists of amounts received in advance of the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned. Other revenues are recognized in the period the event giving rise to the revenues occurred.

Revenues that are non-respendable are not available to discharge the department's liabilities. While the Agency Deputy Head is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are earned on behalf of the Government of Canada and are therefore presented as a reduction of the entity's gross revenues. Revenues earned on behalf of Government consist of the sale of services and gains on the sale of assets. These are recognized when earned.

(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, a multi-employer pension plan administered by the Government. The Agency's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The Agency'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. The Agency 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. For financial instruments measured at amortized cost, the effective interest method is used to determine interest revenue or expense.

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 or include forgiveness clauses. Unconditionally repayable contributions 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. Loans receivable are subsequently measured at amortized cost.

(h) Non-financial assets

The costs of acquiring capital property are capitalized as tangible capital assets and 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 are potential liabilities that 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.

(j) Contingent assets

Contingent assets are possible assets that 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 Agency'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, the useful life of tangible capital assets and the allowance for doubtful accounts.

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

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. Certain services received on a without charge basis are recorded, for departmental financial statement purposes, at the carrying amount.

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

3. Parliamentary authorities

The Agency receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Financial Position and in the Statement of Operations and Departmental Net Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the Agency 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

<i>(in dollars)</i>	<u>2025</u>	<u>2024</u>
Net cost of operations before government funding and transfers	\$ 74,067,341	\$ 68,475,869
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(35,200)	(21,874)
Services provided without charge by other government departments	(3,561,165)	(3,163,380)
Adjustments of prior year accounts payable	3,483,828	13,641,587
Refunds of prior year's expenditures	2,405,800	3,760,454
Refund of Payments related to Public Health Events of National Concern and income support	1,908	39,981
Decrease (increase) in employee future benefits	0	32,464
Decrease (increase) in vacation pay and compensatory leave	(82,460)	(62,997)
Other	(831,478)	1,006,133
Total items affecting net cost of operations but not affecting authorities	<u>1,381,234</u>	<u>15,232,368</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Increase in accounts receivable and advances	67,113	68,247
Authorities available for future years	64	6
Acquisition of tangible capital assets	22,927	499,980
Unconditionally repayable contributions	5,437,694	3,081,827
Total items not affecting net cost of operations but affecting authorities	<u>5,527,796</u>	<u>3,650,060</u>
Current year authorities used	<u><u>\$ 80,976,371</u></u>	<u><u>\$ 87,358,297</u></u>

(b) Authorities provided and used

(in dollars)

	<u>2025</u>	<u>2024</u>
Authorities Provided:		
Vote 1 – Operating expenditures	\$ 23,740,696	\$ 24,263,167
Vote 5 – Grants and Contributions	55,421,869	62,390,284
Statutory amounts	2,184,980	2,140,397
Total authorities provided	<u>81,347,545</u>	<u>88,793,848</u>
Less:		
Authorities available for future years	(64)	(6)
Lapsed: Authorities available from previous years	(6)	(177)
Lapsed: Vote 1 – Operating expenditures	(131,646)	(1,174,846)
Lapsed: Vote 5 – Contributions	(239,459)	(260,522)
Current year authorities used	<u>\$ 80,976,371</u>	<u>\$ 87,358,297</u>

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

4. Accounts payable and accrued liabilities

The following table presents the Agency's accounts payable and accrued liabilities:

<i>(in dollars)</i>	2025	2024
Accounts payable – Other government departments and agencies	\$ 181,977	\$ 112,400
Accounts payable – External parties	2,365,350	10,511,575
Accounts payable – Salaries owing to employees	1,911,922	1,632,824
Total accounts payable	4,459,249	12,256,799
Accrued liabilities	36,990,820	31,214,453
Total accounts payable and accrued liabilities	\$ 41,450,070	\$ 43,471,252

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

5. Employee future benefits

a) Pension benefits

The Agency'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 the Agency 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 related to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2024-2025 expense amounts to \$1,401,402 (\$1,267,221 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.

The Agency'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 the Agency's employees were previously based on an employee's eligibility, years of service and salary at the 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 by future authorities.

The changes in the obligations during the year were as follows:

<i>(in dollars)</i>	2025	2024
Accrued benefit obligation – Beginning of year	\$ 292,828	\$ 325,292
Expense for the year	0	(550)
Benefits paid during the year	0	(31,915)
Accrued benefit obligation – End of year	\$ 292,828	\$ 292,828

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

6. Accounts receivable and advances

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

<i>(in dollars)</i>	2025	2024
Receivables – Other government departments and agencies	\$ 45,768	\$ 108,395
Receivables – Salaries owing from employees	323,021	330,622
Receivables – External parties	16,138,412	9,051,749
Employee advances	3,238	1,817
Sub-total	<u>16,510,438</u>	<u>9,492,583</u>
Allowance for doubtful accounts on receivables from external parties	(2,415,622)	(1,604,069)
Gross accounts receivable and advances	<u>14,094,816</u>	<u>7,888,514</u>
Accounts receivable held on behalf of Government	0	0
Net accounts receivable and advances	<u>\$ 14,094,816</u>	<u>\$ 7,888,514</u>

The following table provides an aging analysis of accounts receivable from employees and external parties, and the associated allowance for doubtful accounts used to reflect their net recoverable value:

<i>(in dollars)</i>	2025	2024
Accounts Receivables from employees and external parties		
Not past due	\$ 1,175,987	\$ 330,622
Number of days past due		
1 to 30	1,661,180	0
31 to 60	42,895	260,902
61 to 90	65,023	1,454,897
91 to 365	4,849,838	5,889,727
Over 365	7,937,228	1,446,223
Impaired	<u>729,281</u>	<u>0</u>
Sub-total	16,461,433	9,382,371
Less: Allowance for doubtful accounts on receivables from external parties	(2,415,622)	(1,604,069)
Total	<u>\$ 14,045,810</u>	<u>\$ 7,778,302</u>

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

7. Loans receivable

The following table presents details of the Agency's unconditionally repayable contributions balances:

<i>(in dollars)</i>	2025	2024
Unconditionally repayable contributions	\$ 8,897,980	\$ 12,338,990
Less: Unamortized discount	0	0
Sub-total	<u>8,897,980</u>	<u>12,338,990</u>
Less: Allowance for uncollectibility	(4,642,017)	(3,423,877)
Gross loans receivable	<u>4,255,963</u>	<u>8,915,113</u>
Loans receivable held on behalf of Government	(4,255,963)	(8,915,113)
Net loans receivable	<u>\$ 0</u>	<u>\$ 0</u>

Unconditionally repayable contributions

Unconditionally repayable contributions relate to contributions made to outside parties that must be repaid without qualification. The portfolio consists of 32 (24 in 2023-2024) non-interest-bearing loans with prescribed annual repayment terms. The loans are recorded at face value since they have been determined to not have significant concessionary terms. An allowance of \$4,642,017 (\$3,423,877 in 2023-2024) has been recorded.

Loans receivable are considered a financial asset held on behalf of the Government since they are not available to discharge the Agency's liabilities. As such, loans receivable are presented as a reduction to the Agency's gross loans receivable balance.

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

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:

<u>Asset Class</u>	<u>Amortization Period</u>
Leasehold Improvements	Over the useful life of the improvement or the lease term, whichever is shorter
Motor vehicles	7 years

<i>(in dollars)</i>	Cost					Accumulated Amortization					Net Book Value	
Capital Asset Class	Opening Balance	Acquisitions	Adjustments	Disposals and Write-offs	Closing Balance	Opening Balance	Amortization	Adjustments	Disposals and Write-offs	Closing Balance	2025	2024
Motor Vehicles	\$ 153,118	0	0	0	153,118	(104,732)	(21,874)	0	0	(126,606)	26,512	\$ 48,386
Leasehold Improvements	2,906,345	22,927	0	0	2,929,272	(2,406,365)	(13,326)	0	0	(2,419,691)	509,581	499,980
Total	\$ 3,059,463	22,927	0	0	3,082,390	(2,511,097)	(35,200)	0	0	(2,546,297)	536,093	\$ 548,366

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31

9. Contractual obligations

The nature of the Agency's activities may result in some large multi-year contracts and obligations whereby the Agency 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)

	Transfer Payments	Rental of residential buildings	Operations and maintenance	Total
2025	\$ 38,229,015	\$ 1,862,881	\$ 559,001	\$ 40,650,897
2026 and thereafter	20,919,457	2,138,568	7,100	23,065,125
Total	<u>\$ 59,148,472</u>	<u>\$ 4,001,449</u>	<u>\$ 566,101</u>	<u>\$ 63,716,022</u>

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

10. Related party transactions

The Agency is related as a result of common ownership to all government departments, agencies, and Crown corporations. The Agency 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, the Agency 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 the Agency's Statement of Operations and Departmental Net Financial Position as follows:

<i>(in dollars)</i>	<u>2025</u>	<u>2024</u>
Accommodation	\$ 2,125,042	\$ 1,757,468
Employer's contribution to the health and dental insurance plans	1,436,123	1,405,912
Total	<u>\$ 3,561,165</u>	<u>\$ 3,163,380</u>

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services and audit services provided by the Office of the Auditor General are not included in the Agency's Statement of Operations and Departmental Net Financial Position.

b) Other transactions with other government departments and agencies

<i>(in dollars)</i>	<u>2025</u>	<u>2024</u>
Expenses	\$ 7,155,312	\$ 6,343,550

Expenses disclosed in (b) include the cost of finance and administration services provided by Indigenous Services Canada, and other government departments and exclude common services provided without charge already disclosed in (a).

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Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

11. Segmented information

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

<i>(in dollars)</i>	Economic Development in the Territories	Internal Services	2025 Total	2024 Total
Transfer Payments				
Transfer Payments	\$ 45,733,123	0	45,733,123	\$ 41,632,577
Total transfer payments	45,733,123	0	45,733,123	41,632,577
Operating Expenses				
Salaries and employee benefits	15,084,577	4,971,619	20,056,196	18,991,816
Professional and special services	688,427	2,322,087	3,010,514	2,975,825
Amortization of tangible capital assets	0	35,200	35,200	21,874
Travel and relocation	807,428	503,098	1,310,525	1,206,814
Buildings, machinery and equipment	4,688	125,292	129,980	199,459
Accommodation	1,599,680	525,362	2,125,042	1,757,468
Utilities, materials and supplies	19,707	66,432	86,139	83,577
Rentals of buildings and machinery	904,047	458,125	1,362,172	1,439,417
Transportation and telecommunication services	475	49,030	49,505	26,311
Information services	11,743	8,585	20,328	15,376
Repair and maintenance	2,783	142,029	144,812	121,495
Other expenses	3,727	142	3,869	3,865
Bad debt expense	2,029,693	0	2,029,693	3,331,902
Expenses incurred on behalf of Government	(2,029,693)	-	(2,029,693)	(3,331,902)
Total operating expenses	19,127,282	9,207,000	28,334,282	26,843,299
Total expenses	64,860,405	9,207,000	74,067,405	68,475,875
Revenues				
Miscellaneous revenue	0	14,609	14,609	21,420
Revenues earned on behalf of Government	0	(14,546)	(14,546)	(21,413)
Total revenues	0	64	64	6
Net cost of operations	\$ 64,860,405	\$ 9,206,936	\$ 74,067,341	\$ 68,475,869

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting of Canadian Northern Economic Development Agency for Fiscal Year 2024-2025

Introduction

In support of an effective system of internal control, the Canadian Northern Economic Development Agency (CanNor) conducted self-assessments of key control areas that were identified to be assessed in the 2024 to 2025 fiscal year. A summary of the assessment results and action plan is provided in section 2.

1. Assessment results for the 2024 to 2025 fiscal year

CanNor completed the assessment of key control areas as indicated in the following table. A summary of the results, action plans, and additional details are also provided.

Key control areas	Remediation required	Summary results and action plan
Pay Administration	Yes	Six instances where documentation did not demonstrate compliance to controls; remedial actions to be addressed.
Financial Management Governance	No	Internal controls are functioning as intended; no action plan required.

With respect to the key control areas of pay administration and financial management governance, for the most part, controls were functioning well and form an adequate basis for CanNor's system of internal control. Six instances related to the lack of adequate documentation were identified and will be addressed during the fiscal year.

2. Assessment plan

CanNor will assess the performance of its system of internal control by focusing on key control areas over a cycle of years as shown in the following table.

Key control areas	2024 to 2025 fiscal year	2025 to 2026 fiscal year	2026 to 2027 fiscal year	2027 to 2028 fiscal year	2028 to 2029 fiscal year
Pay Administration	Yes	No	No	No	No
Financial Management Governance	Yes	No	No	No	No
Acquisition Cards	No	Yes	No	No	No
Leave	No	Yes	No	No	No
Special Financial Authorities	No	Yes	No	No	No
Travel	No	No	Yes	No	No
Hospitality	No	No	Yes	No	No
Accountable Advances	No	No	Yes	No	No
Delegation	No	No	No	Yes	No
Transfer Payments	No	No	No	Yes	No
Contracting	No	No	No	No	Yes
Year-end Payables	No	No	No	No	Yes
Receivables	No	No	No	No	Yes

