



FY 2024-25

Infrastructure Canada
Financial Statements (unaudited)

For the period of April 1, 2024 to June 19, 2024



Infrastructure Canada

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the period of April 1, 2024 to June 19, 2024, and all information contained in these statements rests with the management of Infrastructure Canada. 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 Infrastructure Canada's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in Infrastructure Canada'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 Infrastructure Canada 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 period of April 1, 2024 to June 19, 2024 was completed in accordance with the Treasury Board *Policy on Financial Management* and the results and action plans are summarized in the annex.

The effectiveness and adequacy of Infrastructure Canada's system of internal control are reviewed by the work of internal audit staff, who conduct periodic audits of different areas of Infrastructure Canada's operations, and by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and recommends the financial statements to the Deputy Head of Infrastructure Canada.

The financial statements of Infrastructure Canada have not been audited.

Paul Halucha
Deputy Head

Michelle Baron
Chief Financial Officer

Signed at Ottawa, Canada

Infrastructure Canada
Statement of Financial Position (Unaudited)
As at June 19, 2024
(in thousands of dollars)

	<u>June 19, 2024</u>	<u>March 31, 2024</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	-	\$ 1,892,860
Samuel De Champlain Bridge Corridor Project (note 4)	-	751,090
Vacation pay and compensatory leave	-	11,936
Employee future benefits (note 9)	-	3,609
Deferred revenue (note 7)	-	2,036
Total net liabilities	-	2,661,531
Financial assets		
Due from Consolidated Revenue Fund	-	1,885,587
Accounts receivable and advances (note 10)	-	7,269
Total gross assets	-	1,892,856
Financial assets held on behalf of Government	-	(2,596)
Total net financial assets	-	1,890,260
Departmental net debt	-	771,270
Non-financial assets		
Tangible capital assets (note 11)	-	2,587,289
Total non-financial assets	-	2,587,289
Departmental net financial position	-	\$ 1,816,019
Contractual obligations (note 12)		

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

Paul Halucha
Deputy Head

Michelle Baron
Chief Financial Officer

Signed at Ottawa, Canada

Infrastructure Canada

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

For the period of April 1, 2024 to June 19, 2024

(in thousands of dollars)

	2025 Planned Results	June 19, 2024	March 31, 2024
Expenses by Core Responsibility			
Public Infrastructure, Communities, Affordable Housing and Homelessness Policy	\$ 17,053	\$ 18,308	\$ 72,607
Public Infrastructure, Communities and Homelessness Investments	5,867	7,577	44,124
Public Infrastructure and Communities Investment Stewardship and Delivery	606,112	586,409	7,433,438
Internal services	12,666	15,182	87,136
Total expenses	641,698	627,476	7,637,304
Revenues			
Other revenues (note 6)	404	413	2,596
Revenues earned on behalf of Government	(404)	(413)	(2,596)
Total revenues	-	-	-
Net cost of operations before government funding and transfers	641,698	627,476	7,637,304
Government funding and transfers			
Net cash provided by Government of Canada		1,733,995	7,525,695
Change in due from Consolidated Revenue Fund		(1,115,653)	45,304
Services provided without charge by other government departments (note 13)		3,943	17,379
Transfer of assets and liabilities to other government department (note 14)		(1,810,827)	26
Net transfer of salary overpayments from (to) other government department		(1)	56
Net cost of operations after government funding and transfers		1,816,019	48,844
Departmental net financial position – Beginning of year		1,816,019	1,864,863
Departmental net financial position – End of year		\$ -	\$ 1,816,019

Segmented information (note 15)

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

Infrastructure Canada**Statement of Change in Departmental Net Debt (Unaudited)****For the period of April 1, 2024 to June 19, 2024***(in thousands of dollars)*

	<u>June 19, 2024</u>	<u>March 31, 2024</u>
Net cost of operations after government funding and transfers	\$ 1,816,019	\$ 48,844
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 11)	71	2,852
Amortization of tangible capital assets (note 11)	(9,290)	(56,090)
Proceeds from disposal of tangible capital assets	-	(35)
Proceeds from disposal of real property	-	(23)
Transfer to other government departments (note 14)	(2,578,070)	26
Net gain (loss) on disposal of tangible capital assets and real property including adjustments	-	(64)
Total change due to tangible capital assets	(2,587,289)	(53,334)
Net increase (decrease) in departmental net debt	(771,270)	(4,490)
Departmental net debt – Beginning of year	771,270	775,760
Departmental net debt – End of year	\$ -	\$ 771,270

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

Infrastructure Canada
Statement of Cash Flows (Unaudited)
For the period of April 1, 2024 to June 19, 2024
(in thousands of dollars)

	<u>June 19, 2024</u>	<u>March 31, 2024</u>
Operating activities		
Net cost of operations before government funding and transfers	\$ 627,476	\$ 7,637,304
Non-cash items :		
Amortization of tangible capital assets (note 11)	(9,290)	(56,090)
Gain (loss) on disposal of tangible capital assets and real property	-	(64)
Net transfer of salary overpayments and advances (from) to other government departments	1	(56)
Services provided without charge by other government departments (note 13)	(3,943)	(17,379)
Variations in Statement of Financial Position:		
Decrease (increase) in accounts payable and accrued liabilities (note 5)	1,892,860	(30,488)
Increase (decrease) in accounts receivable and advances (note 10)	(4,673)	(14,882)
Decrease (increase) in vacation pay and compensatory leave	11,936	(2,306)
Decrease (increase) in employee future benefits (note 9)	3,609	(619)
Decrease (increase) in deferred revenue (note 7)	2,036	(81)
Transfer of assets and liabilities to other government department	(787,390)	-
Cash used in operating activities	1,732,623	7,515,339
Capital investing activities		
Acquisitions of tangible capital assets (note 11)	71	2,852
Proceeds from disposal of tangible capital assets	-	(35)
Proceeds from disposal of real property	-	(23)
Cash used in capital investing activities	71	2,794
Financing activities		
Payments on obligation under Public Private Partnership (note 4)	1,302	7,561
Cash used in capital investing activities	1,302	7,561
Net cash provided by Government of Canada	\$ 1,733,995	\$ 7,525,694

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

1. Authority and objectives

The Office of Infrastructure of Canada (INFC) was created in 2002 as a separate organization under Schedule I.1 of the *Financial Administration Act*. The applied name for this organization is Infrastructure Canada. INFC is funded through annual and statutory appropriations received from the Parliament of Canada and is not taxable under the provisions of the *Income Tax Act*. INFC reports to the Minister of Housing, Infrastructure and Communities.

On June 19, 2024, INFC ceased to exist as per the Fall Economic Act, Bill C-59 and became Housing, Infrastructure and Communities Canada (HICC). As a result, INFC transferred all of its operations including the stewardship responsibility for the assets and liabilities to HICC.

Core responsibilities

Infrastructure Canada works closely with all orders of government and other partners to enable investments in social, green, public transit and other core public infrastructure, as well as trade and transportation infrastructure.

INFC reports on its mandate under three core responsibilities, as well as internal services, in support of its activities as described below.

Public Infrastructure, Communities, Affordable Housing and Homelessness Policy:

Infrastructure Canada (INFC) sets policies for both public infrastructure and approaches for the development of affordable housing, address homelessness that target the needs of Canadians and stakeholders (public/private partners) while considering finite resources. Policies are set through strategies, plans, consideration of alternative financing models and funding programs, and eligibility requirements among other tools and their outcomes are monitored to inform future decision making. Policy solutions determine how the federal government supports public infrastructure development, bridges, public transit, clean water and wastewater, disaster mitigation, and approaches to address homelessness, among other areas, which have impacts on the quality of life of Canadians.

Public Infrastructure, Communities and Homelessness Investments:

Infrastructure Canada (INFC) uses a range of funding mechanisms to maximize value-for-money in direct (leveraging infrastructure investments) government investment in infrastructure and to address affordable housing and homelessness:

- Allocation-based programs offer stable funding for projects that balance both national priorities with local needs of Provinces and Territories;
- Direct-funding programs award funding to projects that are selected through an application process; and,
- Alternative financing arrangements identify projects that are delivered in partnership with either private sector or non-government organization and Infrastructure Canada or Crown Corporations under the Minister of Intergovernmental Affairs, Infrastructure and Communities.

Public Infrastructure and Communities Investment, Stewardship and Delivery:

Infrastructure Canada (INFC) oversees programs and projects as well as major bridges, Crown Corporations and alternative financing arrangements. While Crown Corporations operate at arm's

length, the Department plays a secretariat role in supporting them. Across all programming, numerous monitoring activities are used to oversee projects and ensure they are delivered as expected for Canadians.

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:

- Management and oversight services
- Communications services
- Legal services
- Human resources management services
- Financial management services
- Information management services
- Information technology services
- Real property management services
- Materiel management services
- Acquisition management services

2. Summary of significant accounting policies

These financial statements have been prepared using the Government'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

INFC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to INFC 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) Consolidation

INFC has received dividends on behalf of the Government of Canada from the Canada Mortgage and Housing Corporation (CMHC). As per the Government of Canada Accounting Handbook, these

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dividends are not recorded in INFC's financial statements as they do not relate to INFC's activities. INFC is simply acting as a flow-through mechanism for administrative purposes in order to enable the Government of Canada to receive the dividends.

c) Net cash provided by government

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

d) 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 INFC is entitled to draw from the CRF without further authorities to discharge its liabilities.

e) 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 Departmental 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.

f) 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. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

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

g) Employee future benefits

- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan (*Public Service Superannuation Act*), a multi-employer plan administered by the Government. INFC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental

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obligation to the Plan. INFC'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.

h) Accounts and loans receivable

Accounts and loans receivable are initially recorded at cost and where necessary, are discounted to reflect their concessionary terms. Concessionary terms of loans include cases where loans are made on a long-term, low interest or interest-free basis. Transfer payments that are unconditionally repayable are recognized as loans receivable. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts and loans receivable to amounts that approximate their net recoverable value.

i) Non-financial assets

The cost of acquiring land, buildings, equipment and other capital property is 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 11. 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.

j) 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. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

k) 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.

l) 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. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the Samuel De Champlain Bridge Corridor Project asset and liability, the payables at year end, 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.

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m) 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

INFC 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, INFC 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 thousands of dollars)

	<u>June 19, 2024</u>	<u>March 31, 2024</u>
Net cost of operations before government funding and transfers	\$ 627,476	\$ 7,637,304
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(9,290)	(56,090)
Gain (loss) on disposal of tangible capital assets	-	(64)
Services provided without charge by other government departments	(3,943)	(17,379)
Decrease (increase) in vacation pay and compensatory leave	-	(2,306)
Decrease (increase) in employee future benefits	-	(619)
Refund of previous year's expenditures	1,696	48,430
Other amounts to be recovered / Other expenditures not affecting authorities	75	31
Total items affecting net cost of operations but not affecting authorities	<u>(11,461)</u>	<u>(27,997)</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	71	2,852
Payments of obligation under Public Private Partnership	1,302	7,561
Proceeds from disposal of tangible capital assets	-	(35)

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Increase (decrease) in salary overpayments and advances	162	41
Loss (Gains) on Other Foreign Exchange Valuations	-	(1)
Total items not affecting net cost of operations but affecting authorities	1,535	10,418
Current year authorities used	\$ 617,550	\$ 7,619,725

b) Authorities provided and used

(in thousands of dollars)

	June 19, 2024	March 31, 2024
Authorities:		
Vote 1 – Operating expenditures	\$ 52,721	\$ 298,583
Vote 5 – Capital expenditures	1,408	97,072
Vote 10 – Contributions	558,624	7,162,794
Statutory Amounts:		
Employee Benefit Plan	4,788	25,289
Minister Office Salary and Car Allowance	8	134
Canada Community-Building Fund	-	2,367,617
Proceeds from disposal	35	35
Less:		
Authorities available for future years		(35)
Lapsed: Operating		(13,280)
Lapsed: Capital	-	(86,660)
Lapsed: Contributions	-	(2,231,824)
Lapsed : Proceeds from disposal	(35)	
Current year authorities used	\$ 617,550	\$ 7,619,725

4. Samuel De Champlain Bridge Corridor Project

After a competitive process, in 2015, Signature on the St. Lawrence Group (SSL) was awarded the contract and is responsible for the design, construction, financing, operation, maintenance and rehabilitation of the corridor. The new bridge crossing was fully opened to traffic on July 1, 2019 and construction of the remainder of the corridor was substantially completed in October 2019.

The total asset value of the Samuel De Champlain Bridge Corridor (SDCBC) project is \$2.69B. Ownership of the bridge and related corridor remains with federal government, and Signature on the St. Lawrence Group will operate the corridor until October 31, 2049.

Obligation under Public Private Partnership

INFC has entered into a public private partnership agreement with SSL for the project. As a result of Bill C-59, the balance of the obligation has been transferred to HICC.

	<u>June 19, 2024</u>	<u>2024</u>
Obligation under Public Private Partnership - Beginning of year	\$ 751,090	\$ 758,651
Payments	(1,302)	(7,561)
Liability transferred to Housing, Infrastructure and Communities Canada	(749,788)	-
Obligation under Public Private Partnership - End of year	\$ -	\$ 751,090

5. Accounts payable and accrued liabilities

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

(in thousands of dollars)

	<u>June 19, 2024</u>	<u>2024</u>
Accounts payable - Other government departments and agencies	\$ 329	\$ 9,227
Accounts payable - External parties	766,293	1,871,073
Total accounts payable	766,622	1,880,296
Accrued liabilities	5,085	12,559
Liability transferred to Housing, Infrastructure and Communities Canada (note 14)	(771,708)	-
Total accounts payable and accrued liabilities	\$ -	\$ 1,892,860

6. Revenues

Revenues consist of lease and use of public property related to the Samuel De Champlain Bridge Corridor Project and nominal revenue from Access to Information fees.

7. Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming from amounts received from external parties that are related to Samuel De Champlain Bridge Corridor project. Details of the transactions related to this account are as follows:

(in thousands of dollars)

	<u>June 19, 2024</u>	<u>2024</u>
Opening balance	\$ 2,036	\$ 1,956
Amounts received	-	2,443
Revenue recognized	(407)	(2,363)
Deferred revenues transferred to Housing, Infrastructure and Communities Canada	(1,629)	-
Closing balance	\$ -	\$ 2,036

8. Contingent liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown.

Claims have been made against Infrastructure Canada in the normal course of operations. These claims include items with pleading amounts and other for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. Claims and litigations for which the outcome is not determinable and a reasonable estimate can be made by management amount to approximately \$379 million as at June 19, 2024 which will be reported under Housing, Infrastructure and Communities Canada. Infrastructure Canada has no claim and litigation with related parties at June 19, 2024.

9. Employee future benefits

a) Pension benefits:

INFC'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 INFC 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 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 2024-25 expense amounts to \$3,071,314 (\$14,973,464 in 2023-2024) for the period April 1 to June 19, 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.

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INFC'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 INFC'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. 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 thousands of dollars)

	<u>June 19, 2024</u>	<u>2024</u>
Accrued benefit obligation - Beginning of year	\$ 3,609	\$ 2,990
Expense for the year	79	719
Benefits paid during the year	(79)	(100)
Liability transferred to Housing, Infrastructure and Communities Canada	(3,609)	-
Accrued benefit obligation - End of year	\$ -	\$ 3,609

10. Accounts receivable and advances

(in thousands of dollars)

	<u>June 19, 2024</u>	<u>2024</u>
Receivables - Other government departments and agencies	\$ 1,131	\$ 6,536
Receivables - External parties	748	692
Advances - Employees	25	41
Total accounts receivable and advances	\$ 1,904	\$ 7,269
Assets transferred to Housing, Infrastructure and Communities Canada	(1,904)	-
Assets held on behalf of government	(413)	(2,596)
Assets transferred to Housing, Infrastructure and Communities Canada	413	-
Net accounts receivable and advances	\$ -	\$ 4,673

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11. Tangible capital assets

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

Asset class	Amortization period
Works and Infrastructure	5 to 100 years
Machinery and Equipment	5 years
Computer Hardware	3 to 5 years
Informatics Software – Purchased and Developed	2 to 10 years
Vehicles (non-military)	5 to 7 years
Leasehold Improvements	Term of lease

Assets under construction are recorded in the applicable capital asset class in the year that they are put into service and are not amortized until they are put into service.

(in thousands of dollars)

Capital Asset Class	Cost 2025						Accumulated Amortization 2025						Net Book Value	
	Opening Balance	Acquisitions	Transfer to Housing, Infrastructure and Communities Canada	Disposals	Write-Offs	Closing Balance	Opening Balance	Amortization	Transfer to Housing, Infrastructure and Communities Canada	Disposals	Write-Offs	Closing Balance	2025	2024
Land	128,522	-	(128,522)	-	-	-	-	-	-	-	-	-	-	128,522
Works and Infrastructure	2,690,395	-	(2,690,395)	-	-	-	(242,386)	(8,879)	251,265	-	-	-	-	2,448,009
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Hardware	691	-	(691)	-	-	-	(396)	(19)	415	-	-	-	-	295
Informatics Software Developed and Purchased	15,408	-	(15,408)	-	-	-	(12,928)	(245)	13,173	-	-	-	-	2,480
Other equipment (including furniture)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicle	138	-	(138)	-	-	-	(78)	(3)	81	-	-	-	-	60
Leasehold Improvements	7,218	-	(7,218)	-	-	-	(3,914)	(145)	4,058	-	-	-	-	3,304
Assets under construction	4,619	71	(4,690)	-	-	-	-	-	-	-	-	-	-	4,619
Total	2,846,992	71	(2,847,062)	-	-	-	(259,702)	(9,290)	268,992	-	-	-	-	2,587,289

(1) Total amounts may not balance due to rounding adjustments.

12. Contractual obligations

All INFC's contractual obligations have been transferred to Housing, Infrastructure and Communities Canada.

13. Related party transactions

INFC is related as a result of common ownership to all government departments, agencies, and Crown corporations. INFC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, INFC received common services which were obtained without charge from other government departments as disclosed below.

a) Common services provided without charge by other government departments

During the period of April 1, 2024 to June 19, 2024, INFC 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 in INFC's Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)

	<u>June 19, 2024</u>	<u>2024</u>
Employer's contribution to the health and dental insurance plans	\$ 2,957	\$ 13,136
Accommodation	986	4,243
Total	\$ 3,943	\$ 17,379

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

b) Other transactions with related parties

(in thousands of dollars)

	<u>June 19, 2024</u>	<u>2024</u>
Accounts receivable – Other government departments and agencies	\$ 1,131	\$ 6,536
Accounts payable – Other government departments and agencies	329	9,227
Expenses – Other government departments and agencies	13,357	54,873

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

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Other Government Departments (OGDs) and agencies administer certain programs on behalf of INFC. Funds are advanced to these OGDs and agencies, namely Transport Canada and Employment and Social Development Canada, during the fiscal year. An accounts receivable is recorded for the unused portion that will be returned to INFC after year end while an account payable is recorded when INFC must provide additional funds to these OGDs and agencies.

14. Transfer to another Government Department

On June 19, 2024, INFC ceased to exist as per the Fall Economic Implementation Act, Bill C-59 and became Housing, Infrastructure and Communities Canada (HICC). As a result, INFC transferred all of its operations including the stewardship responsibility for the assets and liabilities to HICC.

Assets:

Due from the Consolidated Revenue Fund	\$	769,934
Accounts receivable and advances		1,904
Financial assets held on behalf of Government		(413)
Tangible capital assets		2,578,070
Total assets	\$	3,349,496

Liabilities:

Accounts payable and accrued liabilities	\$	771,708
Samuel de Champlain Bridge Corridor Project		749,788
Vacation pay and compensatory leave		11,936
Employee future benefits		3,609
Deferred revenues		1,629
Total liabilities	\$	1,538,669

Adjustment to the departmental net financial position	\$	1,810,827
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15. Segmented Information

Presentation by segment is based on INFC'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 for the main core responsibilities, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

<i>(in thousands of dollars)</i>	Public Infrastructure, and Communities, Affordable Housing and Homelessness Policy	Public Infrastructure, and Communities and Homelessness Investments	Public Infrastructure and Communities Investment Stewardship and Delivery	Internal Services	June 19, 2024	2024
Transfer payments						
Contributions	\$ 314	\$ -	\$ 556,634	\$ -	\$ 556,948	7,250,401
Total transfer payments	\$ 314	-	\$ 556,634	\$ -	\$ 556,948	7,250,401
Operating expenses						
Salaries and employee benefits	10,144	7,225	8,545	11,744	37,657	209,385
Professional and special services	7,224	14	1,776	1,733	10,747	43,950
Rentals	266	189	277	1,328	2,060	7,510
Amortization	-	-	9,123	166	9,290	56,090
Repairs and maintenance	-	-	3,074	1	3,075	21,414
Transportation and communications	71	16	53	84	225	1,829
Acquisition of machinery and equipment	-	-	0.3	26.4	26.7	679
Information	288	133	5	44	465	2,996
Utilities, materials and supplies	2	-	1	11	14	144
Other	-	-	6,925	44	6,969	42,906
Total operating expenses	17,995	7,577	29,775	15,182	70,528	386,903
Total expenses	18,308	7,577	586,409	15,182	627,476	7,637,304
Revenues						
Other revenues	-	-	413	-	413	2,561
Revenues earned on behalf of government	-	-	(413)	-	(413)	(2,561)
Total revenues	-	-	-	-	-	-
Net cost from continuing operations¹	\$ 18,308	\$ 7,577	\$ 586,409	\$ 15,182	\$ 627,476	7,637,304

(1) Totals may not add up due to rounding

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Important note

Effective June 19, 2024, the Department of Infrastructure Canada (INFC) was dissolved, and a new department—Housing, Infrastructure and Communities Canada (HICC)—was established to carry forward the Government of Canada’s mandate. The assessments of Internal Control over Financial Reporting (ICFR) and Internal Control over Financial Management (ICFM) conducted during the 2024–25 fiscal year were based on data and operations under INFC. However, the resulting findings and recommendations have been formally transferred to HICC. HICC has assumed full responsibility for the associated Management Action Plans (MAPs) and is actively implementing measures to address the identified risks.

1.0 Introduction

This document provides summary information on the measures taken by Infrastructure Canada (INFC) to maintain an effective system of Internal Control over Financial Management (ICFM), which encompasses the system of Internal Control over Financial Reporting (ICFR), as well as information on internal control management, assessment results and related action plans. These systems provide assurance that public resources are used prudently and in an economical manner, that financial processes are effective and efficient, and relevant legislation & policy instruments are complied with.

Detailed information on the department's authority, mandate, and core responsibilities can be found in the [Departmental Results Report and the Departmental Plan](#).

2.0 Departmental system of ICFM and ICFR

2.1 Internal control management

INFC has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its overall system of internal controls. A departmental Internal Control Management Framework is in place and comprises:

- Organizational accountability structures, including the roles & responsibilities of relevant authorities;
- Key requirements of INFC’s Risk & Assessment System;
- Internal & external reporting requirements; and
- Relevant policies & internal control references for sound internal control management practices.

Equally, the Departmental Audit Committee (DAC) is an independent advisory committee to the Deputy Head (DH). It is responsible for providing advice to the DH on the adequacy and functioning of the department’s risk management, control and governance frameworks and processes. INFC’s DAC is composed of four external members, three internal ex-officio members and meets a minimum of three times per year (and more frequently if required).

2.2 Service arrangements relevant to financial statements

2.2.1 Common service arrangements

INFC relies on Other Government Departments (OGDs) for processing certain transactions that are recorded in its financial statements, as follows:

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- Public Services and Procurement Canada (PSPC), which provides accommodation services and administers the procurement of goods & services, in accordance with INFC's Delegation of Financial Signing Authorities;
- Treasury Board of Canada Secretariat (TBS), which provides information on public service insurance and centrally administers payment of the employer's share of contributions toward statutory employee benefit plans;
- Department of Justice Canada, which provides legal services; and
- Shared Services Canada (SSC), which provides information technology infrastructure services in the areas of data centre and network services. The scope and respective responsibilities are described in the interdepartmental arrangement between SSC and INFC.

Readers of this annex may refer to the annexes of the above-noted for a greater understanding of the systems of ICFM and ICFR related to these specific services.

2.2.2 Specific arrangements

In addition to the above, INFC relies on other external service providers and OGDs to process certain transactions and information that are recorded in its financial statements, as follows:

- Federal delivery partner (Transport Canada), which manages certain contribution programs on behalf of INFC;
- Innovation, Science and Economic Development Canada (ISED), which hosts INFC's departmental financial management system, the Integrated Financial Management System (IFMS). The service arrangement also includes system support;
- Employment and Social Development Canada (ESDC), which provides and supports the Common System for Grants & Contributions, used in the delivery of the Reaching Home program; and
- Canada Mortgage and Housing Corporation (CMHC), which is an important partner in building new capacities and functions within the department, to deliver Canada's housing mandate.

3.0 Departmental assessment results for the 2024-25 fiscal year

3.1 Progress during the 2024-25 fiscal year

INFC successfully completed all planned assessments as stated in the departmental Ongoing Monitoring Plan (OMP). The majority of key controls tested proved to be operating effectively. Testing results and recommendations were communicated to stakeholders, and remedial actions are in progress. The significant adjustments required from these assessments are summarized in subsection 3.3 Remediation.

The following table summarizes the status of the Ongoing Monitoring (OM) activities for each control area assessed in 2024-25, along with the respective testing results.

Control Area	Status	Testing results
Budgeting & Forecasting	Ongoing Monitoring	Inefficiencies tied to the management of Budget Transfers.
Financial Reporting & Financial Close	Ongoing Monitoring	Inefficiencies tied to Payables at year-end (PAYE) and Receivables at year-end (RAYE) transaction handling.
Project Management	Design Effectiveness	Inefficiencies tied to governance and the master database integrity.
Travel, Hospitality, Conferences & Events	Ongoing Monitoring	Inefficiencies tied to travel request approval, event plans documentation and monitoring, and proactively disclosed information.

3.2 New or significantly amended key controls

In 2024-2025, INFC introduced a new control area within its suite of business processes under review. A set of controls was developed to support the effective management of projects, incorporating key Investment Planning considerations.

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These new controls further reinforce the existing Investment Planning framework embedded within INFC's Capital Asset business process.

Additionally, enhancements were made to the Budgeting & Forecasting controls to strengthen oversight of initial preparation of multi-year Grants & Contribution (G&C) forecasts and commitment budgets. These improvements also support in-year financial analysis, G&C forecast reviews, and year-end reconciliations.

All these additional controls have been documented and, where feasible, tested to provide increased assurance regarding the sound financial management of public funds.

3.3 Remediation

INFC conducted periodic monitoring activities to ensure that Management Action Plans (MAPs) were implemented as intended. These monitoring efforts also served to inform senior management on progress and areas of risk.

The mitigating measures addressing the high and medium risks identified through the 2024-25 assessments are as follows:

Control Area	Management Action Plan
Budgeting & Forecasting	<ul style="list-style-type: none">• Reinforce sound Budget Transfers management practices.
Financial Reporting & Financial Close	<ul style="list-style-type: none">• No high or medium risk action required.
Project Management	<ul style="list-style-type: none">• No high or medium risk action required.
Travel, Hospitality, Conferences & Events	<ul style="list-style-type: none">• Strengthen the management of the travel booking process, specifically if significant changes occur to trips within the travel plans.• Launch a post-payment verification process for Event & Hospitality expenditures.• Strengthen the management of Event & Hospitality expenditures to ensure timely and accurate proactive disclosure of information.

4.0 Departmental action plan for the next fiscal year and subsequent years

The Department applies a risk-based approach to monitor and respond to changes and emerging risks within its internal control environment. These evolving risks inform the level of risk assigned to each control area and influence the frequency of testing. Where appropriate, updates are made to the OMP to ensure continued effectiveness and accountability.

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INFC's rotational OMP over the next five (5) fiscal years is shown in the following table:

Control Area	2024-25	2025-26	2026-27	2027-28	2028-29
Budgeting and Forecasting	X		X		X
Information Technology General Controls			X		X
Procure to Payment		X		X	
Transfer Payments		X		X	
Capital Assets			X		
Entity Level Controls				X	
Payroll		X			X
Project Management	X	X			X
Acquisition Cards			X		
Cabinet Submissions				X	
Financial Reporting & Financial Close	X				
Travel, Hospitality, Conferences & Events	X				