PacifiCan

2025-2026

Financial Statements (unaudited)

For the Year Ended March 31, 2026

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, 2026, 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, 2026 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.

Naina Sloan, President
Vancouver, Canada

Date

Mona Luke, Chief Financial Officer

Date

Pacific Economic Development Canada

Statement of Financial Position (*Unaudited*)

As at March 31

(in dollars)

	2026	2025
Liabilities		
Accounts payable and accrued liabilities (note 4)	$ 125,081,940	$ 53,178,198
Vacation pay and compensatory leave	1,564,250	1,349,043
Employee future benefits (note 6)	398,505	382,523
Total gross liabilities	**127,044,695**	**54,909,764**
Total net liabilities	**127,044,695**	**54,909,764**
Financial assets		
Due from Consolidated Revenue Fund	124,361,890	53,120,318
Accounts receivable and advances (note 7)	278,415	97,029
Loans receivable (note 8)	114,711,925	43,403,744
Total gross financial assets	**239,352,230**	**96,621,091**
Financial assets held on behalf of Government		
Loans receivable (note 8)	(114,711,925)	(43,403,744)
Total financial assets held on behalf of Government	**(114,711,925)**	**(43,403,744)**
Total net financial assets	**124,640,305**	**53,217,347**
Departmental net debt	**2,404,390**	**1,692,417**
Non-financial assets		
Prepaid expenses	52,906	24,536
Tangible capital assets (note 10)	15,649	0
Total non-financial assets	**68,555**	**24,536**
Departmental net financial position	**$ (2,335,835)**	**$ (1,667,881)**

Contractual obligations (note 11)

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

Naina Sloan, President
Vancouver, Canada

Date

Mona Luke, Chief Financial Officer

Date

Pacific Economic Development Canada

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

For the Year Ended March 31

(in dollars)

	2026 Planned Results	2026	2025
Expenses			
Business Growth	$ 55,666,410	$ 85,847,461	$ 38,428,056
Innovation	26,050,498	52,566,052	17,469,531
Community Initiatives	9,885,792	19,280,118	12,980,622
Business Services	13,328,517	18,468,760	17,626,021
Internal Services	10,004,820	11,442,347	11,523,085
Expenses incurred on behalf of Government	4,080,874	(38,426,982)	(7,273,199)
Total expenses	**119,016,911**	**149,177,756**	**90,754,116**
Revenues			
Amortization of discount	289,966	0	2,546,553
Interest	840,365	1,535,856	897,644
Other	28,843	10,913	31,625
Revenues earned on behalf of Government	(1,159,174)	(1,546,769)	(3,475,822)
Total revenues	**0**	**0**	**0**
Net cost of operations before government funding and transfers	**119,016,911**	**149,177,756**	**90,754,116**
Government funding and transfers			
Net cash provided by Government of Canada		(19,035,980)	31,705,286
Change in due from Consolidated Revenue Fund		71,241,572	(24,437,575)
Services provided without charge by other government departments (note 12)		3,873,083	2,978,352
Transfer of assets and liabilities from other government departments (note 13)		92,431,127	80,188,685
Total government funding and transfers		**148,509,802**	**90,434,748**
Net cost of operations after government funding and transfers		**667,954**	**319,368**
Departmental net financial position - Beginning of year		**(1,667,881)**	**(1,348,513)**
Departmental net financial position - End of year		**$ (2,335,835)**	**$ (1,667,881)**

Segmented information (note 14)

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)

	2026	2025
Net cost of operations after government funding and transfers	**$ 667,954**	**$ 319,368**
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 10)	15,649	0
Total change due to tangible capital assets	**15,649**	**0**
Change due to prepaid expenses	**28,370**	**(52,963)**
Net increase (decrease) in departmental net debt	**711,973**	**266,405**
Departmental net debt - Beginning of year	**1,692,417**	**1,426,012**
Departmental net debt - End of year	**$ 2,404,390**	**$ 1,692,417**

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)

	2026	2025
Operating activities		
Net cost of operations before government funding and transfers	$ 149,177,756	$ 90,754,116
Non-cash items:		
Services provided without charge by other government departments (note 12)	(3,873,083)	(2,978,352)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	181,386	(110,549)
Increase (decrease) in prepaid expenses	28,370	(52,963)
Decrease (increase) in accounts payable and accrued liabilities	(71,903,742)	24,444,740
Decrease (increase) in vacation pay and compensatory leave	(215,207)	(175,863)
Decrease (increase) in employee future benefits	(15,982)	12,842
Transfer of assets from other government departments (note 13)	(92,431,127)	(80,188,685)
Cash used in operating activities	**(19,051,629)**	31,705,286
Capital investing activities		
Acquisitions of tangible capital assets (note 10)	15,649	0
Cash used in capital investing activities	**15,649**	**0**
Net cash provided by Government of Canada	**$ (19,035,980)**	**$ 31,705,286**

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

On August 6, 2021, the Government of Canada launched Pacific Economic Development Agency of Canada (PacifiCan) as the regional economic development agency for British Columbia. The Agency operates under the provision of the *Western Economic Diversification Act*, which came into force on June 28, 1988. The Minister responsible for PacifiCan is also the Minister of Housing, Infrastructure and Communities Canada.

PacifiCan's mandate is to grow and diversify British Columbia's 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's Strategic Plan contributes to 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, establishing partnerships, promoting business growth, strengthening communities, and ensuring inclusion of opportunity.

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.

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

2. Summary of significant accounting policies

These financial statements are prepared using the department's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

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 2025-2026 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 2025-2026 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, 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 9 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 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are allowance for doubtful accounts, the liability for employee future benefits, the useful life of tangible capital assets and unamortized discount related to unconditionally repayable contributions.

Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

(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

	2026	2025
	(in dollars)	
Net cost of operations before government funding and transfers	$ 149,177,756	$ 90,754,116
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(3,873,083)	(2,978,352)
Decrease (increase) in vacation pay and compensatory leave	(215,207)	(175,863)
Decrease (increase) in employee future benefits	(15,982)	12,842
Decrease (increase) in accrued liabilities not charged to authorities	282,885	2,249,475
Refund of prior years' expenditures	5,096,081	3,105,677
Other	(701,507)	45,808
Total items affecting net cost of operations but not affecting authorities	573,187	2,259,587
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	15,649	0
Unconditionally repayable transfer payments	56,685,830	43,586,084
Increase in employee advances	3,713	1,809
Increase (decrease) in prepaid expenses	28,370	(52,963)
Total items not affecting net cost of operations but affecting authorities	56,733,562	43,534,930
Current year authorities used	**$ 206,484,505**	**$ 136,548,633**

(b) Authorities provided and used

	2026	2025
	(in dollars)	
Authorities provided:		
Vote 1 - Operating expenditures	$ 32,652,974	$ 34,348,701
Vote 5 - Transfer payments	179,887,185	105,093,598
Statutory amounts	3,140,240	2,980,802
Less:		
Lapsed: Operating	(3,762,809)	(1,001,142)
Lapsed: Transfer payments	(5,433,085)	(4,873,326)
Current year authorities used	**$ 206,484,505**	**$ 136,548,633**

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:

	2026	2025
	(in dollars)	
Accounts payable - Other government departments and agencies	$ 523,077	$ 1,086,653
Accounts payable - External parties	121,926,767	51,408,850
Total accounts payable	122,449,844	52,495,503
Accrued liabilities	2,632,096	682,695
Total accounts payable and accrued liabilities	**$125,081,940**	**$ 53,178,198**

In *Budget 2025*, the Government announced savings measures to be implemented by departments by 2028-29. As a result, PacifiCan has included at March 31, 2026, an obligation for termination benefits for an amount of $655,693 ($0 in 2024-2025) as part of accrued liabilities to reflect the estimated workforce adjustment costs.

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

5. Revenues

PacifiCan has the following major types of revenues: Amortization of discount, 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**

	2026	2025
	(in dollars)	
Revenues		
Amortization of discount (non-exchange)	$ 0	$ 2,546,553
Interest (non-exchange)	1,535,856	897,644
Other		
Other fees and charges (non-exchange)	10,905	31,620
Miscellaneous (non-exchange)	8	5
Total other	*10,913*	*31,625*
Revenues earned on behalf of Government (exchange and non-exchange)	(1,546,769)	(3,475,822)
Total revenues	**$ 0**	**$ 0**

6. 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 2025-2026 expense amounts to $1,968,759 ($1,906,150 in 2024-2025). For Group 1 members, the expense represents approximately 1.01 times (1.02 times in 2024-2025) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2024-2025) 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:

	2026	2025
	(in dollars)	
Accrued benefit obligation - Beginning of year	**$ 382,523**	**$ 395,365**
Expense for the year	91,701	8,020
Benefits paid during the year	(75,719)	(4,822)
Accrued benefit obligation - End of year	**$ 398,505**	**$ 382,523**

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

7. Accounts receivable and advances

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

	2026	2025
	(in dollars)	
Receivables - Other government departments and agencies	$ 32,054	$ 54,439
Receivables - External parties	214,058	39,149
Employee advances	32,303	3,441
Subtotal	278,415	97,029
Gross accounts receivable	**$ 278,415**	**$ 97,029**
Accounts receivable held on behalf of Government	0	0
Net accounts receivable	**$ 278,415**	**$ 97,029**

Employee advances totalling $32,919 were transferred from other government departments to Pacifican during 2025-2026 ($1,633 in 2024-2025). Refer to note 13 for further details.

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

8. Loans receivable

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

	2026	2025
	(in dollars)	
Loans receivable		
Unconditionally repayable contributions	$ 275,627,141	$ 82,660,485
Accrued interest - unconditionally repayable transfer payments	4,144,714	1,542,910
Less: Unamortized discount	(20,672,043)	(1,788,590)
Subtotal	259,099,812	82,414,805
Transfer payments recoverable	6,174,173	3,289,417
Subtotal	265,273,985	85,704,222
Less: Allowance for uncollectibility	(150,562,060)	(42,300,478)
Gross loans receivable	**114,711,925**	**43,403,744**
Loans receivable held on behalf of Government	(114,711,925)	(43,403,744)
Net loans receivable	**$ 0**	**$ 0**

Unconditionally repayable contributions

The unconditionally repayable contributions portfolio consists of 182 non-interest bearing loans that were issued in the years from 2022 to 2026, 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 $141,861,427 ($38,220,998 in 2024-2025) has been recorded.

With respect to interest charged on unconditionally repayable transfer payments, an allowance of $3,291,614 ($1,243,935 in 2024-2025) has been recorded.

9. Risk management

PacifiCan has exposure the following risks from its use of financial instruments: credit risk, market rise 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, 2026 and March 31, 2025 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 7.

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 8.

(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.

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

10. Tangible capital assets

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

Asset Class	Amortization Period
Machinery and Equipment	10 Years

(in dollars)

	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	2026	2025
Machinery and equipment	$ 0	$ 15,649	$ 0	$ 0	$ 15,649	$ 0	$ 0	$ 0	$ 0	$ 0	$ 15,649	$ 0
Total	**$ 0**	**$ 15,649**	**$ 0**	**$ 0**	**$ 15,649**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 15,649**	**$ 0**

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

11. 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:

	2027	2028	2029	2030	2031 and thereafter	Total
			(in dollars)			
Transfer payments						
Pacific Economic Development Program	$ 10,274,301	$ 0	$ 0	$ 0	$ 0	$ 10,274,301
Community Futures Program	4,897,159	1,313,250	200,000	0	0	6,410,409
Growth through Regional Innovation Program (known as Regional Economic Growth through Innovation)	70,024,708	27,172,279	3,519,486	760,000	0	101,476,473
Lytton Business Restart Program	361,502	129,261	0	0	0	490,763
Total	**$ 85,557,670**	**$ 28,614,790**	**$ 3,719,486**	**$ 760,000**	**$ 0**	**$118,651,946**

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

12. 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:

	2026	2025
	(in dollars)	
Employer's contribution to the health and dental insurance plans	$ 2,200,684	$ 1,938,348
Accommodation	1,659,847	1,040,004
Legal services	12,552	0
Total	**$ 3,873,083**	**$ 2,978,352**

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) Other transactions with other government departments and agencies

	2026	2025
	(in dollars)	
Accounts receivable	$ 32,054	$ 54,439
Accounts payable	523,077	1,086,653
Expenses	3,761,399	7,891,894

Expenses disclosed in (b) 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

13. Transfers from/to other government departments

	2026	2025
	(in dollars)	
Assets:		
Accounts receivable and advances (note 7)		
Transfer from Fisheries and Oceans	$ (2,865)	$ 0
Transfer from Correctional Services of Canada	(30,800)	0
Transfer from Global Affairs Canada	0	(1,633)
Transfer from Western Economic Diversification	(92,397,462)	(80,187,052)
Adjustment to the departmental net financial position	**$ (92,431,127)**	**$ (80,188,685)**

Pacific Economic Development Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

(in dollars)

14. Segmented information

Presentation by segment is based on PacifiCan's core responsibility. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main core responsibilities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

	Business Growth	Innovation	Community Initiatives	Business Services	Internal Services	2026 Total	2025 Total
Transfer payments							
Non-profit organizations	$ 30,722,434	$ 38,012,209	$ 17,789,488	$ 12,711,737	$ 0	$ 99,235,868	$ 53,576,190
Other levels of governments within Canada	12,471	0	282,737	0	0	295,208	138,583
Industry	30,694,276	4,419,273	560,891	156,268	0	35,830,708	361,267
Individuals	0	0	231,616	0	0	231,616	212576
Transfer payment conditions met	(1,299,161)	0	(2,964,267)	0	0	(4,263,428)	(2,966,320)
Expenses incurred on behalf of Government	(14,165,691)	(4,219,273)	(342,221)	(156,268)	0	(18,883,453)	(32,560)
Total transfer payments	45,964,329	38,212,209	15,558,244	12,711,737	-	112,446,519	51,289,736
Operating expenses							
Bad debt expense	16,686,548	2,622,136	(2,466,757)	2,701,602	0	19,543,529	7,240,639
Salaries and employee benefits	7,083,657	5,171,174	4,552,371	2,256,953	9,294,440	28,358,595	27,181,710
Professional and special services	1,061,303	1,100,066	652,509	402,192	1,019,258	4,235,328	8,615,011
Acquisition of machinery and equipment	29,092	95,038	16,919	5,578	22,050	168,677	577,482
Accommodation	428,241	340,269	270,555	149,385	471,397	1,659,847	1,040,004
Transportation and communication	101,700	89,568	153,238	20,322	214,587	579,415	929,160
Rentals	103,238	102,512	149,250	36,013	222,332	613,345	586,661
Utilities, materials and supplies	9,819	15,563	7,680	4,552	23,966	61,580	46,468
Information	154,779	549,359	6,606	3,589	47,501	761,834	366,430
Repairs and maintenance	0	0	0	0	0	0	0
Amortization of tangible capital assets	0	0	0	0	0	0	0
Other	59,064	48,885	37,282	20,569	126,816	292,616	121,454
Expenses incurred on behalf of Government	(16,686,548)	(2,622,136)	2,466,757	(2,701,602)	0	(19,543,529)	(7,240,639)
Total operating expenses	9,030,893	7,512,434	5,846,410	2,899,153	11,442,347	36,731,237	39,464,380
Total expenses	54,995,222	45,724,643	21,404,654	15,610,890	11,442,347	149,177,756	90,754,116
Revenues							
Interest	0	0	1,535,856	0	0	1,535,856	897,644
Other	0	0	10,913	0	0	10,913	31,625
Amortization of discount	0	0	0	0	0	0	2,546,553
Revenues earned on behalf of Government	0	0	(1,546,769)	0	0	(1,546,769)	(3,475,822)
Total revenues	0	0	0	0	0	0	0
Net cost from continuing operations	**$ 54,995,222**	**$ 45,724,643**	**$ 21,404,654**	**$ 15,610,890**	**$ 11,442,347**	**$ 149,177,756**	**$ 90,754,116**

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 2025-2026 (unaudited)

Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting of Pacifican for Fiscal Year 2025-26 (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 2025 to 2026 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.

For the fiscal year 2025–2026, PacifiCan completed the Treasury Board Secretariat's Risk and Compliance Process (RCP) activity supplemented by internal control assessments over transfer payments. The results of the RCP were presented to PacifiCan's President on February 3, 2026, ensuring senior leadership is fully informed of the agency's internal risk and control performance and compliance posture.

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.