

Audited Financial Statements

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Management's Responsibility For Financial Reporting

The accompanying Invest Alberta Corporation (IAC) financial statements have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards. The financial statements necessarily include certain amounts based on the informed judgments and best estimates of management.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, IAC has developed and maintains a system of internal control to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that IAC transactions are properly authorized, assets are safeguarded from loss and the accounting records are a reliable basis for the preparation of the financial statements.

The Auditor General of Alberta, IAC's external auditor appointed under the *Auditor General Act*, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Independent Auditor's Report.

IAC's Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors exercises this responsibility through the Audit and Finance Committee, composed of Directors who are not employees of IAC. In both the presence and absence of management, the Audit and Finance Committee meets with the external auditors to discuss the audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the members of the Audit and Finance Committee.

[Original signed by Rick Christiaanse]

[Original signed by Jasmine Nuthall]

Chief Executive Officer
Rick Christiaanse

Chief Financial Officer
Jasmine Nuthall

Independent Auditor's Report

To the Board of Directors of the Invest Alberta Corporation

Report on the Financial Statements

Opinion

I have audited the financial statements of the Invest Alberta Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, change in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and the results of its operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

June 5, 2023
Edmonton, Alberta

Invest Alberta Corporation

Statement of Operations

Year Ended March 31, 2023

(in thousands)

	2023		2022
	Budget (Note 4)	Actual	Actual
Revenues			
Government transfers			
Government of Alberta grants	\$ 20,000	\$ 17,408	\$ 14,836
Investment income	-	64	7
	20,000	17,472	14,843
Expenses (Note 2(b) and Schedule 1)			
Services	5,190	5,653	6,008
Administration and operating costs	11,680	8,518	6,521
Marketing	1,580	3,563	1,742
Investor Services	1,550	164	66
Amortization	-	44	36
	20,000	17,942	14,373
Annual operating (deficit) surplus	\$ -	\$ (470)	\$ 470
Accumulated surplus at beginning of year		470	-
Accumulated surplus at end of year (Note 8)		\$ -	\$ 470

The accompanying notes and schedules are part of these financial statements.

Invest Alberta Corporation

Statement of Financial Position

As at March 31, 2023

(in thousands)

	2023	2022
Financial Assets		
Cash (Note 5)	\$ 2,505	\$ 8,652
Accounts receivable	38	185
Advances	23	-
	2,566	8,837
Liabilities		
Accounts payable and other accrued liabilities (Note 6)	3,068	1,597
Deferred revenue (Note 7)	322	7,634
	3,390	9,231
Net Debt		
	(824)	(394)
Non-Financial Assets		
Tangible capital assets (Note 9)	94	84
Prepaid expenses	730	780
	824	864
Net Assets		
	\$ -	\$ 470
Net Assets		
Accumulated surplus (Note 8)	\$ -	\$ 470

Contingent liabilities (Note 10)

Contractual obligations (Note 11)

The accompanying notes and schedules are part of these financial statements.

Invest Alberta Corporation

Statement of Change in Net Debt

Year Ended March 31, 2023

(in thousands)

	2023		2022
	Budget	Actual	Actual
Annual operating (deficit) surplus	\$ -	\$ (470)	\$ 70
Acquisition of tangible capital assets (Note 9)		(54)	(38)
Amortization of tangible capital assets (Note 9)		44	36
Consumption of inventories of supplies		-	8
Change in prepaid expenses		50	(604)
Increase in net debt		(430)	(128)
Net debt at beginning of year		(394)	(266)
Net debt at end of year		\$ (824)	\$ (394)

The accompanying notes and schedules are part of these financial statements.

Invest Alberta Corporation

Statement of Cash Flows

Year Ended March 31, 2023

(in thousands)

	2023	2022
Operating Transactions		
Annual operating (deficit) surplus	\$ (470)	\$ 470
Non-cash items included in annual operating (deficit) surplus		
Amortization of tangible capital assets (Note 9)	44	36
Decrease/(Increase) in accounts receivable	(426)	506
(Increase) in advances	147	(39)
Decrease in inventories of supplies	(23)	-
Decrease/(Increase) in prepaid expenses	-	8
Decrease/(Increase) in prepaid expenses	50	(604)
Increase in accounts payable and other accrued liabilities	1,471	797
(Decrease)/Increase in deferred revenue	(7,312)	4,065
Cash (applied to) provided by operating transactions	(6,093)	4,733
Capital Transactions		
Acquisition of tangible capital assets (Note 9)	(54)	(38)
Cash applied to capital transactions	(54)	(38)
(Decrease)/Increase in cash	(6,147)	4,695
Cash at beginning of year	8,652	3,957
Cash at end of year	\$ 2,505	\$ 8,652

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

March 31, 2023

Note 1 AUTHORITY

Invest Alberta Corporation (IAC) is an agent of the Crown in right of Alberta and was established on July 31, 2020. IAC operates under the authority of the *Alberta Investment Attraction Act*, Chapter A-26.4 of the Statutes of Alberta 2020.

The purpose of IAC:

- promote investment in Alberta, with a focus on high-value or high-impact investment;
- identify and pursue investment in Alberta, with a focus on high-value or high-impact investment;
- deliver and facilitate seamless and responsive investment attraction services that are targeted and customized for investors and that make the investment decision-making process as informed as possible for those investors; and
- support the Government of Alberta in performing trade promotion and advocacy activities.

IAC is exempt from income taxes under the *Income Tax Act*.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is IAC, which is part of the Ministry of Trade, Immigration and Multiculturalism (Ministry) and for which the Minister of Trade, Immigration and Multiculturalism (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue and recorded in accounts payable and separately in liabilities.

Government Transfers

Transfers from all levels of governments are referred to as government transfers.

Government transfers are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with IAC's actions and communications as to the use of the transfer, create a liability.

These transfers are recognized as revenue as the stipulations are met and, when applicable, IAC complies with its communicated use of the transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and IAC meets the eligibility criteria (if any).

Investment Income

Investment income includes interest income and is recognized as revenue as earned.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Valuation of Financial Assets and Liabilities

IAC's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash	Cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and other accrued liabilities	Cost

The carrying value of these financial assets and liabilities approximates their fair value.

IAC does not have any transactions involving financial instruments that are classified in the fair value category, has not engaged in any significant foreign currency transactions, and has no remeasurement gains and losses; therefore a Statement of Remeasurement Gains and Losses has not been presented.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are IAC's financial claims on external organizations and individuals, as well as cash at year end.

Cash

Cash comprises of cash on hand and demand deposits.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of IAC to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Liabilities also include contingent liabilities where future liabilities are likely.

Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the Statement of Financial Position date.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets are limited to tangible capital assets and prepaid expenses.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Tangible Capital Assets

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

The cost, less residual value, of the tangible capital assets, is amortized on straight-line basis over their estimated useful lives as follows:

Computer Hardware and Software	3 Years
Leasehold Improvements	Term of Lease
Equipment	5 Years

Tangible capital assets are written down when conditions indicate that they no longer contribute to IAC's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations.

Prepaid Expenses

Prepaid expenses is recognized at cost and amortized based on the terms of the agreement.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The provision for doubtful accounts, if required, is recognized based on an assessment of collectability of accounts receivable. Amortization of tangible capital assets is based on the estimated useful lives of tangible capital assets. Accrued liabilities are based on management estimates of expenses incurred but not invoiced to IAC at March 31, 2023.

Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

On April 1, 2023, IAC will adopt the following new accounting standards approved by the Public Sector Accounting Board:

PS 3400 Revenue

This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.

Management is currently assessing the impact of this standard on the financial statements.

Note 4 BUDGET

(in thousands)

A preliminary business plan with a budgeted net zero surplus (deficit) was approved by the Board of IAC on December 8, 2022 and the full financial plan was submitted to the Minister of Trade, Immigration and Multiculturalism. The budget reported in the Statement of Operations reflects the original net zero surplus/(deficit).

Note 5 CASH

(in thousands)

	2023	2022
Cash	\$ 2,505	\$ 8,652
	\$ 2,505	\$ 8,652

Cash consists of funds in operating accounts and deposits with CIBC.

Note 6 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES*(in thousands)*

	2023	2022
Accounts payable	\$ 1,759	\$ 1,388
Other accrued liabilities	1,309	209
	<u>\$ 3,068</u>	<u>\$ 1,597</u>

Note 7 DEFERRED REVENUE*(in thousands)*

	2023	2022
Deferred revenue	\$ 322	\$ 7,634
	<u>\$ 322</u>	<u>\$ 7,634</u>

IAC recorded the excess of its grant of \$18,200 over amounts expensed in the amount of \$17,942, less interest income of \$64, as deferred revenue of \$322.

Note 8 ACCUMULATED SURPLUS*(in thousands)*

On April 1, 2021, IAC inherited a permanent advance as a prepayment to Global Affairs Canada in the amount of \$470 from the Ministry. IAC recognized this amount as Government of Alberta grant revenue. As of April 1, 2022 the International Offices were transferred back to the Government of Alberta, reducing this amount to nil.

Note 9 TANGIBLE CAPITAL ASSETS*(in thousands)*

	2023				2022
	Computer Hardware and Software	Leasehold Improvements	Equipment	Total	
Estimated Useful Life	3 years	Term of lease	5 years		
Historical Cost					
Beginning of year	\$ 118	\$ -	\$ 9	\$ 127	\$ 89
Additions	-	54	-	54	38
	118	54	9	181	127
Accumulated Amortization					
Beginning of year	40	-	3	43	7
Amortization expense	39	2	3	44	36
	79	2	6	87	43
Net Book Value	<u>\$ 39</u>	<u>\$ 52</u>	<u>\$ 3</u>	<u>\$ 94</u>	<u>\$ 84</u>

Note 10 CONTINGENT LIABILITIES

At March 31, 2023, IAC was not named as defendant in any specific legal actions and there are no other known contingent liabilities.

Note 11 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of IAC to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2023	2022
Operating leases	\$ 2,012	\$ 2,615
Service contracts	4,514	4,526
	\$ 6,526	\$ 7,141

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Operating Leases	Service Contracts	Total
2023-24	\$ 544	\$ 4,494	\$ 5,038
2024-25	557	4	561
2025-26	455	4	459
2026-27	347	4	351
2027-28	108	4	112
Thereafter	1	4	5
	\$ 2,012	\$ 4,514	\$ 6,526

Note 12 BENEFIT PLANS

(in thousands)

IAC participates in a Registered Retirement Savings Plan (RRSP) program on behalf of employees of IAC. The contributions are calculated based on a fixed percentage of the employee's annual base salary to a maximum of the RRSP contribution limit as specified in the *Income Tax Act (Canada)*. The expense of \$442 included in these financial statements represents the current contributions made on behalf of these.

Note 13 FINANCIAL RISK MANAGEMENT

IAC has the following financial instruments: cash, accounts receivable, deferred revenue, accounts payable and other accrued liabilities.

IAC is exposed to a variety of financial risks associated with its use of financial instruments; interest rate risk, liquidity risk, other price risk, credit risk, and foreign currency risk.

(a) Interest rate risk

Interest rate risk is the risk that the rate of return and future cash flows on IAC's cash held in bank accounts will fluctuate because of changes in market interest rates. As IAC holds short-term bank deposits that are interest bearing and accounts payable which are non-interest bearing, IAC is not exposed to significant interest rate risk relating to its financial assets and liabilities.

(b) Liquidity risk

Liquidity risk is the risk that IAC will encounter difficulty in meeting obligations associated with financial liabilities. IAC enters into transactions to purchase goods and services on credit. Liquidity risk is measured by reviewing IAC's future net cash flows for the possibility of negative net cash flow. IAC manages the liquidity risk resulting from its accounts payable obligations by maintaining cash resources in interest bearing bank deposits.

(c) 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 foreign 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. IAC's financial instruments are not exposed to changes in market prices.

(d) Credit risk

IAC is not exposed to any significant credit risk from potential non-payment of accounts receivable. As at March 31, 2023, the balance of accounts receivable does not contain amounts that are uncollectible.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. IAC's exposure to the risk of changes in foreign exchange rates relates to expense transactions denominated in foreign currency. This risk may include, but is not limited to time delay between transaction and settlement of payment, as well as translation of payments between foreign currencies. IAC does not hold any significant financial assets or liabilities denominated in foreign currency.

Note 14 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on June 5, 2023.

Invest Alberta Corporation

Schedule to Financial Statements Expenses – Detailed by Object Schedule 1

Year Ended March 31, 2023
(In thousands)

	2023		2022
	Budget	Actual	Actual
Salaries, wages and employee benefits	\$ 8,369	\$ 6,594	\$ 4,613
Supplies, services and payments to consultants	11,631	11,304	9,724
Amortization of tangible capital assets (Note 9)	-	44	36
Total expenses	\$ 20,000	\$ 17,942	\$ 14,373

Schedule to Financial Statements

Salary and Benefits Disclosure

Schedule 2

Year Ended March 31, 2023

(In thousands)

	2023				2022
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
Chair of the Board of Directors ⁽⁴⁾	\$ -	\$ 24	\$ -	\$ 24	\$ 26
Members of the Board of Directors ⁽⁴⁾	-	74	-	74	81
Executives					
Chief Executive Officer	259	6	33	298	326
Chief Operating Officer ⁽⁵⁾	207	-	31	238	-
Chief Financial Officer ⁽⁶⁾	171	-	27	198	-
Vice President, Business Development	-	-	-	-	127
Vice President, Investor Services ⁽⁵⁾	23	-	3	26	201
Vice President, Finance and Administration ⁽⁶⁾	21	-	3	24	59
Vice President, International Markets	-	-	-	-	87
Vice President, International Offices and Acting Chief Operating Officer	-	-	-	-	56
	\$ 681	\$ 104	\$ 97	\$ 882	\$ 963

⁽¹⁾ Base salary includes regular salary.⁽²⁾ Other cash benefits include vacation payouts, bonuses, honoraria, and other lump sum payments. There were no bonuses paid in 2023.⁽³⁾ Other non-cash benefits includes IAC's share of all employee benefits and contributions or payments made on behalf of employees, supplementary retirement plans, health care, dental coverage, and group life insurance.⁽⁴⁾ The board consists of seven independent members including the Chair, whose honorarium is disclosed separately.⁽⁵⁾ Position title changed May 1, 2022.⁽⁶⁾ Position title changed May 1, 2022.

Schedule to Financial Statements

Related Party Transactions

Schedule 3

Year Ended March 31, 2023
(In thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's Consolidated Financial Statements. Related parties also include key management personnel and close family members of those individuals in IAC.

IAC and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

At March 31, 2022 and March 31, 2023, there were no related parties transactions associated with:

- Key management personnel and close family members of those individuals in IAC.
- Companies connected to members of IAC's board of directors.

IAC had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	2023	2022
Revenues		
Grants	\$ 17,408	\$ 14,836
	\$ 17,408	\$ 14,836
Expenses		
Grants	-	-
Other Services	476	41
	\$ 476	\$ 41
(Payable to)/Receivable from	\$ (392)	\$ 159
Deferred Revenue	\$ 322	\$ 7,634

