

GOVERNMENT OF ALBERTA

Annual Report

Jobs, Economy and Innovation 2021-2022

Alberta 

Jobs, Economy and Innovation, Government of Alberta | Jobs, Economy and Innovation 2021–2022 Annual Report

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Note to Readers: Copies of the annual report are available on the Alberta Open Government Portal website www.alberta.ca

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 ministries.

The Annual Report of the Government of Alberta contains Budget 2021 Key Results, the audited Consolidated Financial Statements and Performance Results, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Jobs, Economy and Innovation contains the Minister's Accountability Statement, the ministry's Financial Information and Results Analysis, a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **the financial statements of entities making up the ministry including Alberta Innovates, the Alberta Enterprise Corporation, the Invest Alberta Corporation and Travel Alberta for which the minister is responsible;**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, as separate reports, to the extent that the ministry has anything to report;**

Each Ministry Annual Report should be considered along with the Government of Alberta Annual Report to provide a complete overview of government's commitment to openness, accountability and fiscal transparency.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2022, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at **May 31, 2022** with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Doug Schweitzer Minister of Jobs, Economy and Innovation]

Honourable Doug Schweitzer

Minister of Jobs, Economy and Innovation

Message from the Minister



The 2021-22 fiscal year was defined by resilience, adaptation and vision. Even as we continued to handle the economic impact of the pandemic and protected the livelihoods of Albertans, the Ministry of Jobs, Economy and Innovation implemented initiatives to help Alberta recover and position the province for future growth.

The Ministry of Jobs, Economy and Innovation was stood up in 2020 to implement and execute Alberta's Recovery Plan as we faced one of the most difficult periods in our history. My ministry has supported Albertans and their businesses as they returned to work. We have also set the wheels in motion to diversify the economy, attract investment and create good jobs for Albertans.

Throughout 2021-22, the ministry of Jobs, Economy and Innovation continued to support Alberta businesses through the pandemic. This included two programs that have been critical to supporting Alberta job creators throughout the pandemic: the Small- and Medium-Enterprise Relaunch Grant and Biz Connect. Both programs were introduced in 2020-21 and continued to provide supports over 2021-22.

In the 2021-22 fiscal year, the Small- and Medium-Enterprise Relaunch Grant provided \$120 million to more than 22,700 applicants. In total, the program outlay was approximately \$670 million over two years to 48,000 organizations that employed more than 345,000 Albertans. Biz Connect continued to provide workplace guidance and supports to help Alberta businesses during the pandemic, answering 4,814 email requests for information in 2021-22. In total, Biz Connect has responded to 19,274 emails from Albertans and Alberta businesses since March 2020.

In 2021-22, we introduced the Restrictions Exemption Program Implementation Grant – the first program of its kind in Canada to provide job creators funding to offset costs of implementing the Restrictions Exemption Program. Through the grant program, which was developed in direct response to the concerns raised by Alberta businesses and industry over the impact of public health restrictions, the ministry provided \$11 million to assist more than 5,000 organizations that employed more than 100,000 Albertans.

With an eye to the future, the ministry awarded \$81.2 million to the University of Alberta, Entos Pharmaceuticals, Northern RNA, and Applied Pharmaceutical Innovations to enhance the province's vaccine development and biomanufacturing capacity. The funding will help the organizations in the fight against COVID-19 and future infectious disease outbreaks while growing Alberta's pharmaceutical and life sciences sector.

This future focus is central to Alberta's Recovery Plan. As part of the Recovery Plan and the Investment and Growth Strategy, Jobs, Economy and Innovation developed the Alberta Technology and Innovation Strategy. This strategy is critical to positioning Alberta to become an internationally

recognized technology and innovation hub that develops and attracts people, business and investment to grow the technology sector and diversify the economy.

Another key part of the Investment and Growth Strategy was the Investment and Growth Fund, which was launched to support our drive to diversify the economy and attract businesses and investment. This deal-closing fund, which is worth \$10 million, elevates Alberta's competitiveness as investors make decisions about where to locate their businesses.

Another component of increasing competitiveness and attracting investment is red tape reduction. Jobs, Economy and Innovation has continued this work and, as of March 2022, the ministry, including its agencies, boards and commissions, reported a 53.2 per cent reduction from its baseline count, exceeding our target of one-third reduction.

We are already seeing the results of our efforts to diversify and attract investment. The province's film and television industry is booming. Much of that has to do with the ministry's push to enhance the Film and Television Tax Credit program in 2021-22 when we increased the program budget and eliminated the project funding caps. Another booming sector in Alberta is technology and innovation. In 2020-21, we recapitalized/invested in the Alberta Enterprise Corporation and it has responded by attracting more than \$1 billion in venture capital to the province.

Jobs, Economy and Innovation will continue its work on economic diversification as the world recovers from the COVID-19 pandemic and economic downturn. I firmly believe the decade ahead is Alberta's decade and throughout it, we will continue supporting Albertans and Alberta job creators to build a more resilient economic future for all Albertans.

Because we're just getting started.

[Original signed by Doug Schweitzer Minister of Jobs, Economy and Innovation]

Honourable Doug Schweitzer

Minister of Jobs, Economy and Innovation

Management's Responsibility for Reporting

The Ministry of Jobs, Economy and Innovation includes the Department of Jobs, Economy and Innovation as well as Alberta Innovates, the Alberta Enterprise Corporation, the Alberta Research and Innovation Advisory Committee, the Northern Alberta Development Council, the Invest Alberta Corporation, and Travel Alberta.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the accompanying ministry financial information and performance results for the ministry rests with the Minister of Jobs, Economy and Innovation. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, which includes the financial information, performance results on all objectives and initiatives identified in the Ministry Business Plan, and performance results for all ministry-supported commitments that were included in the 2021-24 Government of Alberta Strategic Plan. The financial information and performance results, out of necessity, include amounts that are based on estimates and judgments. The financial information is prepared using the government's stated accounting policies, which are based on Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- **Reliable** – Information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- **Understandable** – the performance measure methodologies and results are presented clearly.
- **Comparable** – the methodologies for performance measure preparation are applied consistently for the current and prior years results.
- **Complete** – outcomes, performance measures and related targets match those included in the ministry's Budget 2021.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control, which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;

- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Jobs, Economy and Innovation the information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities, I have relied, as necessary, on the executives of the individual entities within the ministry

[Original signed by Kate White Deputy Minister of Jobs, Economy and Innovation]

Kate White
Deputy Minister of Jobs, Economy and Innovation
May 31, 2022

Results Analysis

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Ministry Overview

Over the course of the 2021-22 fiscal year, the Ministry of Jobs, Economy and Innovation continued to lead Alberta's economic recovery efforts during the COVID-19 pandemic and a global economic recession. The ministry's priority was getting Albertans back to work by delivering policies, strategies, and programs that restore investor confidence in Alberta, increase investment and trade, grow and diversify key sectors of the province's economy, and lay the foundation for an innovative and competitive economy in a post-pandemic world.

Ministry Outcomes

Three outcomes were identified in the ministry's 2021-24 Business Plan, as follows:

Outcome One: Alberta's economy is recovering

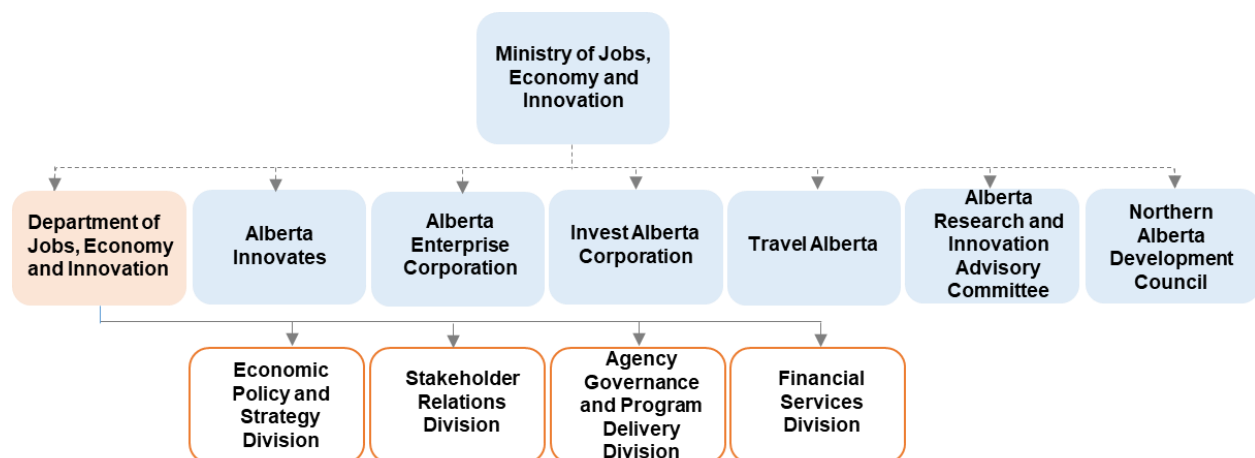
Outcome Two: Investment and trade are driving Alberta's economic recovery

Outcome Three: Technology and innovation are enabling Alberta to build on its strengths

Organizational Structure

The ministry consisted of the Department of Jobs, Economy and Innovation, as well as its agencies: Alberta Innovates, Alberta Enterprise Corporation, Invest Alberta Corporation, Travel Alberta, the Alberta Research and Innovation Advisory Committee, and the Northern Alberta Development Council. The department served as the government's driver of economic policy, creating programs and tools that will help grow Alberta's economy. The department's structure was organized around economic policy and strategy development and implementation; building relationships with business, industry, and communities; and agency governance and program delivery to ensure alignment and accountability with Alberta's overall economic priorities.

Figure 1 -2021-22 Ministry Organizational Structure



Operational Overview

The department included four divisions. The responsibilities of these divisions were as follows:

Economic Policy and Strategy Division

The Economic Policy and Strategy Division focused on ensuring policies and strategies were developed with a broad economic lens and line of sight to economic growth and job creation. Core division functions include:

- Developing and delivering on economic policies and strategies for Alberta;
- Undertaking economic modelling and data analytics, as well as policy foresight and future-thinking to support policy and strategy development;
- Managing the implementation and legislative aspects of core policy strategies; and
- Coordinating various policy pieces through the decision-making process.

Stakeholder Relations Division

The Stakeholder Relations Division focused on ensuring relationships and formal partnerships with businesses, industry, and communities were fostered to increase market intelligence and inform strategic decisions by government and industry. Core division functions include:

- Working with businesses seeking access to capital and new markets;
- Working at the industry-level to capitalize on opportunities or address challenges;
- Supporting communities and regions in achieving their economic development priorities;
- Collaborating with departments and agencies on investment attraction initiatives;
- Coordinating Alberta's trade development activities;
- Engaging in government-to-government advocacy on key issues, and providing advice and information on geopolitical issues; and
- Supporting the Alberta Washington Office and Alberta Mexico Office.

Agency Governance and Program Delivery Division

The Agency Governance and Program Delivery Division focused on driving alignment between the priorities and activities of the ministry's agencies and the department, delivering programming with a focus on quality and excellence in client service and ensuring the ministry's business planning and corporate services are completed effectively. Core division functions include:

- Ensuring oversight and alignment between the operations and strategic direction of the ministry's agencies and the department;
- Delivering programs that support Alberta's businesses, communities, post-secondary institutions and entrepreneurs, increase innovation capacity and economic development;
- Leading corporate planning, risk management, performance and public accountability reporting requirements for the department; and
- Providing corporate accommodations services and supports.

The department was also supported by the **Financial Services Division**, which provided strategic financial services including financial planning, reporting and operations services.

Agencies

In 2021-22, the following six agencies, as defined under the *Alberta Public Agencies Governance Act*, were included under the ministry:

Alberta Innovates

Alberta Innovates played an important role in advancing the province's research and innovation system. Building on the province's strengths in environment, energy, health, food, agriculture, fibre, and emerging technologies, Alberta Innovates supported world-class researchers, entrepreneurs, and industry innovators. It offered cross-sectoral knowledge and expertise, funding, business supports, networks, and applied research facilities to turn ideas into products and products into companies. Alberta Innovates prepared an annual report separate from this one.

Alberta Enterprise Corporation

The Alberta Enterprise Corporation promoted the development of the venture capital industry supporting knowledge-based industries in Alberta. It invested as a limited partner in venture capital funds that finance early-stage technology companies in sectors including information, communications, life sciences, nanotechnology, advanced food manufacturing, artificial intelligence, financial technology and the environment. The Alberta Enterprise Corporation prepared an annual report separate from this one.

Invest Alberta Corporation

The Invest Alberta Corporation was established in July 2020. The corporation was given a mandate to promote, identify and pursue investment in Alberta, with a focus on high-value or high-impact investment. The Invest Alberta Corporation was established to deliver and facilitate seamless and responsive investment attraction services that are targeted and customized for investors to make the investment decision-making process as informed as possible, and to support the Government of Alberta in performing trade promotion and advocacy activities. The Invest Alberta Corporation prepared an annual report separate from this one.

Travel Alberta

Travel Alberta was established as the tourism-marketing agency of the Alberta government. It is the steward for the Alberta tourism brand and manages national and international tourism marketing programs, services and activities. Travel Alberta provided the Alberta tourism industry with the marketing tools, resources and information necessary to market their businesses effectively, leverage strategic marketing partnerships and drive a return on their marketing investments. Travel Alberta prepared an annual report separate from this one.

Alberta Research and Innovation Advisory Committee

The Alberta Research and Innovation Advisory Committee was mandated to provide expert and independent strategic advice and recommendations to the minister on research and innovation.

Northern Alberta Development Council

The Northern Alberta Development Council identified, promoted and advised on practical measures to advance economic and social development in northern Alberta. It provided a northern lens on existing and proposed government services and programs, while facilitating opportunities for stakeholders to connect and collaborate on northern issues of common interest. The Northern Alberta Development Council prepared an annual report separate from this one.

Key Highlights in the Past Year

- Throughout 2021-22, the ministry continued to lead the execution of Alberta's Recovery Plan, providing immediate supports for Albertans during the COVID-19 pandemic and working collaboratively with partner ministries, including Labour and Immigration, Energy, Agriculture, Forestry and Rural Economic Development, and Treasury Board and Finance to deliver strategies to grow and diversify Alberta's economy over the long term.
- The ministry developed the new Alberta Technology and Innovation Strategy, a critical component of the government's broader economic growth and recovery efforts. The Alberta Technology and Innovation Strategy will position Alberta to become an internationally recognized technology and innovation hub that develops and attracts people, business and investment to grow the technology sector and diversify the economy.
- As part of the Alberta Technology and Innovation Strategy, \$15 million was provided in 2021-22 to Alberta Innovates for the Alberta Scaleup and Growth Accelerator program to accelerate Alberta's companies to scale and grow and to propel innovation through digital transformation. In September 2021, Alberta Innovates announced four successful accelerators to support startups in Alberta's technology sector.
- In December 2021, to help in the fight against COVID-19 and future infectious disease outbreaks while growing Alberta's pharmaceutical and life sciences sector, the ministry awarded \$81.2 million to the University of Alberta, Entos Pharmaceuticals, Northern RNA, and Applied Pharmaceutical Innovations to enhance the province's vaccine development and biomanufacturing capacity. In 2021-22, \$5 million was paid to the University of Alberta, while the remaining funding was shifted to 2022-23, pending decisions on federal contributions to the projects.
- As of March 31, 2022, the Small and Medium Enterprise Relaunch Grant program provided a total of approximately \$670 million in support to more than 48,000 Alberta organizations employing over 345,000 workers, to help offset the impact of public health measures. In fiscal year 2021-22 alone, \$122 million in grant funding was expensed for over 22,700 eligible applicants.
- In October 2021, Alberta became the first jurisdiction in Canada to offer businesses, cooperatives and non-profit organizations support to offset costs associated with a proof of vaccination program through the Restrictions Exemption Program Implementation Grant delivered by the ministry. Through the Restrictions Exemption Program Implementation Grant, which was available from November 2021 to February 2022, more than 5,000 organizations with an estimated 101,000 workers were approved for more than \$11 million in support.
- Biz Connect continued to provide workplace guidance and supports to help Alberta businesses during the pandemic, answering 4,814 email requests for information over the fiscal year. In total, Biz Connect has responded to 19,274 emails from Albertans and Alberta businesses since March 2020.
- The ministry held a series of business and industry roundtables over the fall and winter, to provide clarity to stakeholders on changes to public health restrictions due to COVID-19. Through these roundtables, government gained a better understanding of the impacts of public health restrictions on different businesses and industries, in different regions of the province, in both rural and urban settings, and the supports needed to assist the province's economic recovery.
- The ministry also led and supported a series of Rural Economic Development Engagement Sessions from October to December 2021. The sessions enabled Albertans from diverse

backgrounds to share perspectives and offer suggestions to improve rural economic development and support continued economic recovery.

- In December 2021, the ministry announced that eligible accommodation providers with a 40 per cent decline in room revenue compared with 2019 would be able to keep tourism levy amounts collected between October 1, 2021 and March 31, 2022. This six-month abatement period freed-up \$15.1 million in additional cash flow for eligible operators to employ staff, continue operations and provide services through the winter season.
- The ministry developed the Women's Economic Recovery Project in consultation and collaboration with stakeholders and partner ministries to address the negative impact the pandemic had on women's economic participation, which threatened both gender equality and Alberta's economic recovery. Funding of \$10.6 million was provided in 2021-22 for multi-year support through the Woman's Economic Recovery Challenge Grant Program; Woman's Economic Recovery Capital Growth Initiative; and Women's Economic Recovery Science, Technology, Engineering, and Mathematics (STEM) bursaries.
- Travel Alberta's mandate was expanded to enable the agency to work directly with communities, businesses, and entrepreneurs to develop new tourism destinations, products, and experiences to help the tourism industry recover and grow. Travel Alberta's budget was increased by \$22 million in 2021-22 to deliver on this expanded mandate.
- The Film and Television Tax Credit was enhanced, including an increased budget and elimination of the project funding cap of \$10 million. As a result, Alberta has seen unprecedented growth of its film industry as larger productions choose the province as a filming location. In 2021-22, the Film and Television Tax Credit program approved 31 productions with investment totaling \$494 million. Due to timing in project completion, \$16.4 million in tax credits were issued for 19 productions.
- The ministry continued to support clean tech growth through the Technology Innovation and Emissions Reduction (TIER) program, delivered by Alberta Innovates. \$20 million was provided in 2021-22 (year two of the three-year program). TIER has the long-term potential to support over 1,300 jobs and contribute \$169 million to Alberta's GDP.
- Working with Invest Alberta Corporation, the ministry implemented Alberta's new deal-closing tool, the Investment and Growth Fund as part of the province's Investment and Growth Strategy. The Investment and Growth Fund elevates the province's competitiveness during late-stage investment decision making by investors. In 2021-22, \$6.34 million was committed to three projects to secure their investment in Alberta, of which \$1.9 million was paid in 2021-22.
- The cumulative value of Alberta Enterprise Corporation attracted venture capital funds (and their syndicate partners) invested in Alberta businesses exceeded \$1 billion. The government's recapitalization of the Alberta Enterprise Corporation builds on this result.
- As of March 2022, the ministry, including the department and agencies, has exceeded the target of reducing red tape by one-third compared to the baseline of May 1, 2019, and is reporting a 53.2 per cent cumulative reduction from its 2019 baseline count.

Discussion and Analysis of Results

COVID-19 / Recovery Plan

In 2021-22, the Ministry of Jobs, Economy and Innovation continued to lead the development and implementation of programs, supports and services integral to Alberta's COVID-19 response and to protecting the livelihoods of Albertans. To support this work, the ministry spent \$239.8 million against an approved budget of \$121.5 million. The ministry provided Alberta businesses and job creators with the information and clarity they needed to navigate new and changing public health measures so they could continue to operate safely throughout the pandemic. The ministry also provided critical financial assistance to help ensure the survival of Alberta job creators. As the province shifted its focus to recovery and growth, the ministry continued to support Albertans and job creators hit hardest by the pandemic. Highlights include:

- From the early days of the pandemic through to March 31, 2022, the Small and Medium Enterprise Relaunch Grant program provided a total of approximately \$670 million in support to more than 48,000 Alberta organizations, employing over 345,000 workers to help offset the impact of public health measures. In the 2021-22 fiscal year alone, \$122 million in grant funding was provided to over 22,700 eligible applicants.
- In October 2021, Alberta became the first jurisdiction in Canada to offer businesses, cooperatives and non-profit organizations support to offset costs associated with a proof of vaccination program through the Restrictions Exemption Program Implementation Grant. Through the Restrictions Exemption Program Implementation Grant, which was available from November 2021 to February 2022, more than 5,000 organizations with an estimated 101,000 workers were provided more than \$11 million in support.
- Biz Connect continued to provide workplace guidance and supports to help Alberta businesses during the pandemic, answering 4,814 email requests for information in 2021-22. In total, Biz Connect has responded to 19,274 emails from Albertans and Alberta businesses since March 2020.
- Over the fall and winter of 2021-22, the ministry held a series of business and industry roundtables to provide clarity to stakeholders on changes to public health restrictions due to COVID-19. Through these roundtables, the government gained a better understanding of the impacts of public health restrictions on different businesses and industries, in different regions of the province, in both rural and urban settings, and the supports needed to assist the province's economic recovery. Feedback received during the roundtables also informed the development of the Restrictions Exemption Program Implementation Grant and the decision to provide an additional tourism levy abatement to eligible providers.
- In December 2021, the ministry announced that eligible accommodation providers with a 40 per cent decline in room revenue compared with 2019 would be able to keep tourism levy amounts collected between October 1, 2021 and March 31, 2022. This six-month abatement period freed-up \$15.1 million in additional cash flow for eligible operators to employ staff, continue operations and provide services through the winter season.
- In December 2021, the ministry awarded \$81.2 million to four entities ranging from a post-secondary institution (University of Alberta) to industry and non-profits (Entos Pharmaceuticals, Northern RNA, and Applied Pharmaceutical Innovations) to enhance the province's vaccine development and biomanufacturing capacity. This will help in the fight against COVID-19 and future infectious disease outbreaks while growing Alberta's pharmaceutical and life sciences sector. In 2021-22, \$5 million was paid to University of Alberta. The remaining funding has been shifted to 2022-23, pending decisions on federal contributions to the projects.

- The ministry developed the Women’s Economic Recovery Project in consultation and collaboration with stakeholders and partner ministries to address the negative impact the pandemic had on women’s economic participation, which threatened both gender equality and Alberta’s economic recovery. Funding of \$10.6 million was provided in 2021-22 for multi-year support through the Woman’s Economic Recovery Challenge Grant Program; Woman’s Economic Recovery Capital Growth Initiative; and Women’s Economic Recovery Science, Technology, Engineering, and Mathematics (STEM) bursaries.

Further information on the results of the COVID-19 supports provided by the ministry are reported under Key Objective 1.2, Deliver programs and tools to support Alberta’s economic recovery and diversification, including targeted assistance for those businesses most impacted by public health measures, and under Key Objective 1.3, Implement immediate recovery supports for Alberta’s tourism sector, and develop and implement a 10-year Tourism Strategy with Travel Alberta to position the sector for growth.

In addition to providing these critical supports in response to the COVID-19 pandemic, the ministry continued to lead the province’s economic recovery efforts in 2021-22, including leading the execution of Alberta’s Recovery Plan. This focus on Alberta’s economic recovery and growth is reflected in each of the ministry’s intended outcomes. Results achieved over the course of the fiscal year in support of these outcomes are captured throughout this report.

Red Tape Reduction

The Ministry of Jobs, Economy and Innovation continues to remove regulatory barriers and reduce costs for Alberta’s job creators, modernize our regulatory systems, and improve the delivery of government services while ensuring effective regulatory oversight over vital consumer, environmental, health and safety protections, and fiscal accountability. The Government of Alberta’s ongoing commitment to reduce red tape by one third by 2023 is helping to make the province the most attractive destination for investment and job creation in North America, while strengthening Alberta’s competitive advantage.

The ministry, including the department and agencies, exceeded the one-third reduction target and is reporting a 53.2 per cent cumulative reduction from its 2019 baseline count. The ministry accounts for less than five per cent of the Government of Alberta’s overall regulatory burden. The majority of the baseline count within the ministry continued to be attributed to Alberta Innovates. Alberta Innovates achieved a cumulative reduction of 61.5 per cent when compared to its 2019 baseline count.

Highlights of the ministry’s work to reduce red tape are further elaborated on in the reporting for Key Objective 1.4, Remove barriers for entrepreneurs and small businesses, including further reducing red tape in the ministry through digital transformation and improved service delivery.

Outcome One: Alberta’s economy is recovering

Over 2021-22, Alberta’s economy continued to build momentum, diversify and gain strength. The work of the Ministry of Jobs, Economy and Innovation helped support Alberta’s recovery and ensure that the province is positioned for growth over the short and longer-term.

Key Objectives

1.1 Lead the execution of Alberta’s Recovery Plan and work with partner ministries to drive strategies that build on Alberta’s strengths to grow key sectors.

Alberta’s Recovery Plan focuses on providing immediate relief and support for Albertans during the COVID-19 pandemic, creating jobs, investing in infrastructure, and diversifying the economy over the longer term.

Throughout 2021-22, the ministry led the execution of Alberta’s Recovery Plan and worked collaboratively with partner ministries and agencies to deliver strategies to grow key sectors. This included leading the development of the Alberta Technology and Innovation Strategy, as well as collaborating with Labour and Immigration on the Alberta at Work initiative, with Energy on the Hydrogen Roadmap, and with Treasury Board and Finance on promotion of the new Innovation Employment Grant. The ministry also supported other government-wide initiatives such as the Alberta 2030 Strategy, broadband and data initiatives, as well as the Scaleup and Growth Accelerator program.

The new Alberta Technology and Innovation Strategy, developed by the ministry in 2021-22, is a critical component of the government’s broader economic growth and recovery efforts as identified in both the Recovery Plan and the Investment and Growth Strategy. The Alberta Technology and Innovation Strategy will position Alberta to become an internationally recognized technology and innovation hub that develops and attracts people, business and investment to grow the technology sector and diversify the economy by:

- investing \$30 million over four years starting in 2022-23, to increase the depth of Alberta’s technology and innovation talent pool;
- developing an Interactive Digital Media Support program; and
- investing \$60 million over four years starting in 2022-23, in the areas of quantum science and artificial intelligence research and commercialization.

In 2021-22, the government implemented the Innovation Employment Grant which provided \$12.5 million (budget \$15 million) to promote investment and diversification by rewarding research and development spending in Alberta, regardless of the industry, and complementing the Job Creation

Actions that Support the Priorities of the Government of Alberta Strategic Plan

Key Priority Two: Protecting Livelihoods

Objective One: Building on our province’s strengths by growing key and emerging sectors, and ensuring greater pipeline access

Continued to lead implementation of Alberta’s Recovery Plan, a long-term strategy to build, diversify, and create jobs.

Implemented immediate recovery supports for Alberta’s tourism sector and through Travel Alberta developed and implemented strategies to position the sector to grow and diversify.

Continued to implement Alberta’s Investment and Growth Strategy, focusing the province’s investment attraction activities on established and emerging sectors and expanding the province’s investment.

Tax Cut by focusing on small and medium-sized firms in the earlier stages of operation. The Innovation Employment Grant was administered by Treasury Board and Finance, and the ministry played a key role in promoting the Innovation Employment Grant as part of the Alberta Advantage.

The Alberta Hydrogen Roadmap was released in November 2021. Following the release of the Roadmap, the ministry collaborated with Energy and other partners, including Alberta Innovates and Invest Alberta Corporation, on its implementation. The Roadmap is a key part of Alberta's Recovery Plan and sets the province on a path toward a lower emission future. Alberta is already the largest hydrogen producer in Canada. The roadmap builds on Alberta's strengths in terms of the resources, expertise, and technology needed to quickly become a global supplier of clean, low-cost hydrogen. With a worldwide market estimated to be worth more than \$2.5 trillion a year by 2050, the roadmap includes policy actions and provides support to the sector to help ensure hydrogen is Alberta's next great energy export to fuel jobs, investment and economic opportunity across the province. Work was underway in 2021-22 to develop the Hydrogen Centre of Excellence, which will provide the technology and innovation needed to achieve the goals of the roadmap. Starting in 2022-23, the ministry will invest \$50 million over four years through Alberta Innovates to deliver testing, demonstration, piloting and validation capabilities to support the province's hydrogen economy.

From October to December 2021, the ministry also led and supported a series of rural economic development engagement sessions for the newly appointed Minister of Agriculture, Forestry and Rural Economic Development, the Honourable Nate Horner. More than 1000 Albertans from across the province participated in a total of 17 engagement sessions that included 13 community sessions, two sector-focused sessions, a municipal stakeholder session, and an Indigenous stakeholder session. The sessions enabled Albertans from diverse backgrounds to share perspectives and offer suggestions to improve rural economic development and support continued economic recovery.

The ministry further supported Agriculture, Forestry, and Rural Economic Development in the site selection process for several investment projects to grow Alberta's agri- and food- innovation system. Examples of investment projects include Calgary-based Phyto Organix, which is planning Alberta's first plant protein processing facility in Southern Alberta. This will be the first facility of its kind in southern Alberta and will give Alberta a foothold into this growing consumer market. Calgary-based Greengate Power began construction of its \$700-million Travers Solar plant in Vulcan County. This project received international investment from Copenhagen Infrastructure Partners and signed a power purchasing agreement with Amazon in June 2021.

Actions that Support the Priorities of the Government of Alberta Strategic Plan

Key Priority Two: Protecting Livelihoods

Objective Three: Lowering tax rates and providing incentives that stimulate employment grow the economy and attract investment.

Delivered tools and programs to support investment and job creation and the recovery of Alberta's economy, such as the Innovation Employment Grant and the Film and Television Tax Credit.

Through the Small and Medium Enterprise Relaunch Grant program, the government has committed over \$670 million in funding for organizations (businesses, cooperatives and non-profits) that saw a revenue reduction of at least 30 per cent due to the COVID-19 pandemic.

The ministry's Regional Economic Development Specialists also supported rural economic recovery and development by providing tailored services, knowledge, and expertise to local stakeholders to address regional economic challenges and encourage investment attraction, competitiveness, and diversification efforts. Regional Economic Development Specialists guide and support investment attraction and site selection opportunities by coordinating investment leads and business development opportunities across stakeholder and innovation networks to inform of existing opportunities.

Under Alberta's Recovery Plan, growing the film and television industry was identified as a way to boost and diversify the Alberta economy. Through the Film and Television Tax Credit, the ministry is supporting the growth of Alberta's cultural industries and diversification of the province's economy. The Film and Television Tax Credit has been providing tax credits since 2020 with 24 projects receiving tax credit certificates valued at more than \$17.6 million to date. Nineteen productions were approved for tax credit certificates this fiscal year, with a total tax credit value of \$16.4 million.

In 2021-22, the Film and Television Tax Credit program was enhanced including an increased budget and elimination of the project funding cap. As a result, Alberta has seen unprecedented growth of its film industry as larger productions choose the province as a filming location. A recipient of the Film and Television Tax Credit, HBO began its yearlong production of *The Last of Us* in the Calgary area in 2021. *The Last of Us* is expected to bring significant investment to Alberta, and is estimated to have a GDP impact over three years ranging from \$78.8 million to \$111.9 million. The International Alliance of Theatrical Stage Employees Local 212 in Calgary reported that over 1,300 Albertans worked on *The Last of Us* production. The International Alliance of Theatrical Stage Employees Local 212 also reported that its members' total earnings were three times greater than in 2019 due to the significant increase in filming activity in the province.

The ministry also led efforts to support and grow manufacturing in the province, including significant engagement with manufacturing stakeholders to understand opportunities and challenges facing the industry. The province worked to improve efficiencies and create a more favourable environment for investors in the manufacturing industry, including implementing the Job Creation Tax Cut, as well as the chemical and industrial manufacturing red tape reduction panels. The ministry also launched the Investment and Growth Fund, which included initial funding to support investment attraction in the manufacturing industry. In 2021-22, \$6.34 million was committed to 3 projects to secure their investment in Alberta, of which \$1.9 million was paid in 2021-22.

Internationally, through the Alberta Washington Office, the ministry continued to establish and expand relations in the U.S. and with the Biden administration. The office continued to monitor for protectionist measures or other issues, such as Buy America, deforestation and other policy issues, which could affect Alberta's economic recovery and growth.

1.2 Deliver programs and tools to support Alberta's economic recovery and diversification, including targeted assistance for those businesses most impacted by public health measures.

The Small and Medium Enterprise Relaunch Grant program supported Alberta's job creators, including businesses, cooperatives, and non-profit organizations, to help offset the impact of public health measures. In total, the Small and Medium Enterprise Relaunch Grant program received

approximately 127,500 applications and as of March 31, 2022 provided approximately \$670 million in support to more than 48,000 Alberta organizations that employed more than 345,000 workers. Eligible organizations received an average of \$18,000 (out of a \$30,000 maximum) from the program, based on the reduction in revenue they experienced as a result of being required to close or curtail their operations due to the pandemic. In fiscal year 2021-22 alone, \$122 million in grant funding was provided to more than 22,700 eligible applicants.

Over the fall and winter of 2021-22, Minister Schweitzer, Parliamentary Secretary of Small Business and Tourism Martin Long, and ministry officials held 18 business and industry roundtables. The roundtables provided clarity to stakeholders on changes to public health restrictions due to COVID-19, as well as information on the Restrictions Exemption Program and the Restrictions Exemption Program Implementation Grant. Through the roundtables, the government gained a better understanding of the impacts of public health restrictions on different businesses and industries, in different regions of the province, in both rural and urban settings, and the supports they needed to assist the province's economic recovery.

Feedback from stakeholders helped the government to continuously improve its COVID-19 supports to businesses. The Small and Medium Enterprise Relaunch Grant program responded to feedback by increasing the maximum funding amount from \$5,000 to \$15,000; lowering the revenue reduction threshold from 50 per cent to 30 per cent; and expanding eligibility to sole proprietors, newly incorporated businesses, taxi and ride share operators and hotel accommodations, to allow more businesses to apply. The Restrictions Exemption Program Implementation Grant leveraged Small and Medium Enterprise Relaunch Grant data, and enabled applicants to import much of their business information to reduce application time, and expedite payment timelines. Nearly 75 per cent of applicants benefitted from this enhanced feature.

In addition to larger scale industry engagements, the ministry collaborated with Health and Labour and Immigration in conducting joint meetings with stakeholder associations providing feedback and seeking clarity on the Restrictions Exemption Program. In October 2021, the Premier and Minister Schweitzer announced new supports for Alberta small and medium-sized businesses to help them implement and enforce the Restrictions Exemption Program. In just six weeks, the ministry designed the Restrictions Exemption Program Implementation Grant, which was opened to eligible businesses in November 2021. This grant offered a one-time payment of \$2,000 to help offset the costs of implementing the Restrictions Exemption Program. Alberta was the first jurisdiction in Canada to offer businesses support to offset costs associated with this kind of programming. As of March 31, 2022, more than 5,000 organizations, with an estimated 101,000 workers, had been approved for \$11.4 million in support from the Restrictions Exemption Program Implementation Grant.

Through 2021-22, Biz Connect continued to be an integral part of Alberta's COVID-19 response by providing workplace guidance and supports to help Alberta businesses during the pandemic. From April 1, 2021 to March 31, 2022, Biz Connect responded to 4,814 email requests for information. Since the beginning of the pandemic in March 2020 through to March 31, 2022, Biz Connect responded to a total of 19,274 emails. A new Questions Tool launched on the Alberta Biz Connect website in the fall of 2021, which enabled stakeholders to ask questions directly and have the answers posted publicly on the website. This tool reduced the time and effort required to update the FAQ (frequently asked questions) document and streamlined the overall process when responding to questions from Albertans.

COVID-19 had a negative impact on women's economic participation with gendered impacts threatening gender equality and economic recovery. In 2021-22, the ministry collaborated with partner ministries, solicited stakeholder feedback, and considered systemic barriers to develop initiatives for women's economic recovery. Funding of \$10.6 million in 2021-22 provided multi-year support to the new Women's Economic Recovery Project. The Women's Economic Recovery Project is comprised of three streams to address barriers to women's economic participation:

- **Women's Economic Recovery Challenge Grant Program:** A \$3.6 million program that funds initiatives led by Alberta non-profit organizations that help enhance women's economic opportunities by providing strategies and solutions to address barriers and engage more effectively in the economy;
- **Women's Economic Recovery Capital Growth Initiative:** A \$6 million project-based investment to provide capital support and services to women entrepreneurs in Alberta. The three-year grant was distributed to two not-for-profit organizations: \$3 million for Alberta Women Entrepreneurs and \$3 million for Community Futures Network of Alberta to enable these organizations to offer conditionally repayable loans and wrap-around supports to women entrepreneurs in Alberta; and
- **Women's Economic Recovery Science, Technology, Engineering, and Mathematics (STEM) bursaries:** A \$1 million bursary program that will help ensure that more women have the opportunity to pursue post-secondary education in science, technology, engineering and math (STEM) programs at three post-secondary institutions. Bow Valley College in Calgary and NorQuest College in Edmonton will each receive \$400,000, and Yellowhead Tribal College in Edmonton will receive \$200,000 for bursaries for women in STEM-related programs.

To help Alberta communities and businesses take advantage of digital technologies and continue to adapt to changes in the retail sector, the ministry developed the Digital Economy Program in collaboration with stakeholders, Business Link and Digital Main Street. The ministry ensured the program reflected the needs of Alberta's small and medium businesses, addressed gaps in support, and aligned with the federal Canada Digital Adoption Program. In 2020-21 the ministry provided \$10 million to BusinessLink for the Digital Economy Program, which has a multi-year impact. The program consists of the ShopHERE program that creates online stores for small businesses at no cost, and the Digital Service Squad grant program that will create teams of Alberta post-secondary students and recent graduates who will provide technical support to businesses at no cost. Since the Digital Economy Program was launched, 1,618 Alberta small businesses have been served through the ShopHERE program and the regional digital service squads. Over the next two years, the Digital Economy Program is expected to support approximately 4,800 Alberta businesses.

Through a three-year grant of \$750,000 to Futurpreneur starting in 2020-21, of which \$250,000 was paid in 2021-22, the ministry supported and invested in young entrepreneurs and new business start-ups. Futurpreneur is a non-profit organization that provides financing, mentoring and support tools to aspiring business owners aged 18-39. Through this grant, the ministry supported the delivery of significant front-line services that include one-on-one business planning support, mentor outreach and training, workshops and networking opportunities. Specific supports were also provided for young Indigenous entrepreneurs. Futurpreneur has helped young entrepreneurs launch 118 new businesses in Alberta, and more than 200 businesses since 2020-21, well on the way to reaching its target of creating 225 businesses.

The Community and Regional Economic Support (CARES) program, while paused since April 2020 as a result of the pandemic, still had active projects that enhanced local economic conditions

through funding to not-for-profits, municipalities, First Nations, and Metis Settlements. Funding was to contribute to job creation and industry and sector competitiveness. As of March 31, 2022, the ministry provided extensions to allow 41 communities to complete their projects. One such project run by the Town of Bruderheim is “Women Rising” which is a project that provides tools and resources to help women across the region succeed in starting or growing a business. Additional time was required as COVID-19 impacted their ability to provide in-person training, mentoring, networking and support for rural women in business.

Northern economic development remained a focus for the Ministry, and the Northern Alberta Development Council is a valuable partner in supporting the advancement of initiatives and programs that strengthen the local workforce. The Northern Alberta Development Council bursary program, to which the ministry contributed \$150,000 in 2021-22, targets professions of high demand in northern Alberta and offers incentives for individuals to get an education and locate in northern communities. In collaboration with the Alberta Student Aid office, the Northern Alberta Development Council offered 255 return-service bursaries to Alberta students in the 2021-2022 academic year.

1.3 Implement immediate recovery supports for Alberta’s tourism sector, and develop and implement a 10-year Tourism Strategy with Travel Alberta to position the sector for growth.

Throughout 2021-22, COVID-19 continued to impact the tourism industry. Uncertainty in the industry from repeated waves of the pandemic necessitated a continued focus on immediate supports for the industry.

In June 2021, Travel Alberta’s mandate was expanded to enable the agency to work directly with communities, businesses, and entrepreneurs to develop new tourism destinations, products, and experiences to help the tourism industry recover and grow. Travel Alberta’s budget was increased by \$22 million in 2021-22 to deliver on this expanded mandate. Highlights of Travel Alberta’s accomplishments include:

- Supported approximately 200 projects related to the diversification and sustainability of small tourism businesses and organizations impacted by COVID-19. Projects included 70 experience development projects, 92 partnership marketing initiatives and 37 festivals and events. Thirty-eight per cent of summer intake funding was directed to rural areas.
- Provided \$4.1 million in funding to Travel Alberta’s largest Destination Marketing Organizations (DMOs) partners (Explore Edmonton, Tourism Jasper, Banff and Lake Louise Tourism and Tourism Calgary) and a subsequent \$5 million to Tourism Calgary and Explore Edmonton in response to the severe and ongoing impacts of COVID limiting business recovery. Additionally, nearly \$1.2 million was provided to small and medium-sized DMOs to retain key staff and maintain operations.
- Invested \$5.5 million through a new fund, which was developed in collaboration with Treasury Board and Finance, to support 49 tourism infrastructure and product development projects, including 10 Indigenous tourism projects. Through these investments, Travel Alberta was able to leverage over \$11 million in private sector capital resulting in a leverage ratio of 1:2.6.
- Signed a three-year, \$3.75 million agreement with Indigenous Tourism Alberta (ITA) to support reconciliation and support Indigenous entrepreneurs and businesses impacted by the pandemic to create new, authentic Indigenous tourism experiences and products across the province.

- In addition to the first-year ITA funding and commitment of \$1.2 million, an additional \$400,000 went toward marketing and content creation and over \$1.33 million in tourism investment supported ITA partners.
 - Funding from Travel Alberta helped sustain 32 market and export-ready Indigenous tourism businesses and ITA was able to run cultural awareness workshops for industry participants across the province, including Travel Alberta.
- Delivered largest-ever regional and domestic summer marketing campaign in alignment with key partners across the province, which drove more than 290,000 leads to Alberta tourism business websites.
- Launched a winter U.S. marketing campaign in partnership with Destination Canada and key Alberta DMO partners to encourage Americans to visit during the ski season. The campaign resulted in more than 1.5 million clicks to the Travel Alberta website and through additional marketing, another 402,000 to partner websites.
- Provided coaching and consultation to support small and medium-sized enterprises to accelerate business recovery and diversify products and experiences. Travel Alberta helped create 47 new tourism experiences in Alberta – 17 more than the 2021/22 target.
- Supported and coached 17 businesses with land access issues and government regulatory processes to enable development and opportunities for tourism innovation.
- Identified and promoted two new private-sector opportunities in Alberta Parks and supported two new tourism businesses in accessing a land-base for their new experiences, working with Alberta Environment and Parks, which will result in new tourism developments in 2022-23.

Further information on results achieved by Travel Alberta is found in Travel Alberta’s annual report.

In December 2021, the ministry announced that eligible accommodation providers with a 40 per cent decline in room revenue compared with 2019 would be able to keep tourism levy amounts collected between October 1, 2021 and March 31, 2022. This six-month abatement period freed-up \$15.1 million in additional cash flow for eligible operators to employ staff, continue operations and provide services through the winter season. This additional assistance was provided as a direct response to stakeholder requests for a tourism levy abatement raised during the COVID-19 Industry Roundtables.

1.4 Remove barriers for entrepreneurs and small businesses, including further reducing red tape in the ministry through digital transformation and improved service delivery.

Reducing red tape is a key part of Alberta’s Recovery Plan to create jobs, diversify the economy, and strengthen the workforce with skilled workers in all sectors of the economy. The ministry accounts for less than five per cent of the Government of Alberta’s overall regulatory burden. In 2021-22, the ministry continued to focus on streamlining and finding efficiencies in programs, policies, forms, and processes through digital transformation and improved service delivery. This helps support businesses, foster economic recovery, and contribute to an attractive investment climate. In 2021-22, the ministry, including the department and agencies, exceeded the one-third reduction target and is reporting a 53.2 per cent cumulative reduction from its 2019 baseline count. Alberta Innovates achieved a cumulative reduction of 61.5 per cent when compared to its 2019 baseline count.

The majority of the ministry's regulatory requirements continued to be attributed to Alberta Innovates. The agency has standardized its application forms across the majority of its programs to be more user-friendly by simplifying and eliminating non-essential questions, thereby enabling a suite of standardized application questions to be used across applicable programs. Furthermore, Alberta Innovates has removed several forms associated within its retired programs that no longer have active grants. Reducing red tape has been an important focus within Alberta Innovates and continues to be a driver in its standardization efforts.

The ministry continued to participate in five red-tape reduction industry panels: including tourism and hospitality, small business, construction, chemical manufacturing, and industrial manufacturing. Participating in these panels allowed ministry officials to better understand red-tape challenges industry faces and informed broader policy under consideration.

Jobs, Economy and Innovation worked closely with other ministries to ensure a whole-of-government approach to red tape reduction. Despite the ministry's limited legislative authority over many of the issues raised by industry and through public submissions, the ministry stayed connected with industry stakeholders to support businesses in their day-to-day operations, facilitate job creation, remove barriers to investment, and drive economic recovery.

The ministry continued to take action to further reduce red tape during COVID-19 to support and assist businesses within Alberta. For example:

- The Alberta Biz Connect program provided workplace guidance and supports to help businesses and non-profits affected by COVID-19 to operate safely and support their recovery. While the Alberta Biz Connect portal was developed for businesses during the pandemic, it subsequently expanded and continues to operate as Alberta changed its public health measures on March 1, 2022.
 - Two key features of this program include the development of a Frequently Asked Questions (FAQ) document that was created to provide businesses with pertinent information without having to connect with a direct ministry contact, which, in turn, resulted in substantial email volume reductions. Second, the FAQ document was then replaced by an online FAQ tool where stakeholders submit their own questions and the ministry's responses were copy-edited to provide consistent and standard pandemic-related messaging. This approach provided more information that was self-service, open to the public and searchable to tailor the information to the needs of the user.

As reported above, in the fall of 2021, the department conducted 17 rural economic development engagement sessions and an online survey to gather the perspectives of rural Albertans on the challenges and opportunities for rural economic development. Participants in these sessions emphasized the issues of red tape reduction, workforce development and training, inter-municipal collaboration, regional organizations, Indigenous communities, rural business supports, investment attraction, and marketing rural Alberta as a tourism destination. These learnings are informing red-tape reduction efforts and the development of Alberta's Rural Economic Action Plan, which is led by Agriculture, Forestry, and Rural Economic Development.

With the goal of removing barriers and strengthening rules related to international trade and investment for Alberta businesses and those seeking to invest in the province, the ministry continued to coordinate the Government of Alberta's engagement in international trade agreements and negotiations, including with the United Kingdom (launched in March 2022), Indonesia (launched in June 2021), the Association of Southeast Asian Nations (announced in November 2021), and India (resumed in March 2022).

Outcome One Performance Metrics

Performance Measure 1.a: Net investment in Alberta film and television productions for every \$1 of Alberta Film and Television Tax Credits (FTTC)

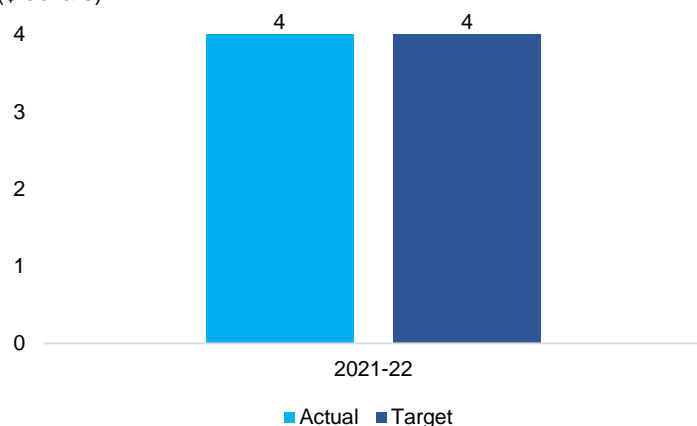
This measure reflects the associated Alberta expenditure for every \$1 in tax credit issued to eligible production firms. This demonstrates Alberta’s ability to attract medium and large production firms and corresponding investments, indicating economic capacity and competitiveness in this sector, in alignment with government’s commitment to grow cultural industries by 25 per cent in the next 10 years.

2021-22 represents the first full year of reporting on this measure. The target for 2021-22 was set to achieve \$4 of the corresponding investment by film and television productions for every dollar of tax credit issued in 2021-22. The actual result for 2021-22 was \$4, which met the target of the measure. In 2021-22, the FTTC program approved 31 film and television productions, which will support the creation of thousands of jobs in Alberta. The program issued tax credits for 19 productions during the fiscal year. Alberta’s film and television sector were able to create jobs relatively quickly in response to a production’s decision to proceed. These productions can provide substantial spillover benefits to many other sectors (including those that were severely affected by the COVID-19 pandemic, such as the travel and hospitality sector). This result demonstrates part of the benefit Alberta derives from providing the tax incentive for the film and television sector.

Approximately 60 per cent (11 out of 19) of these productions were eligible for a 30-per cent tax credit, which is available to Alberta-based productions that fulfill additional eligibility criteria to demonstrate their ties to the province (including a minimum threshold for Alberta ownership and Alberta production spending). The remaining eight productions were eligible for a 22-per cent tax credit, which does not have the additional Alberta-oriented criteria. Larger and higher value productions tend to be eligible for the 22 per cent tax credit rate, as they tend to be non-Alberta based (productions financed by Netflix, HBO, Paramount, etc.). When those productions receive their tax credit they cause the ratio to rise, which suggests that an increased proportion of productions were attracted to the province (compared to those that are originally based in Alberta).

Net investment in Alberta film and television productions for every \$1 of Alberta Film and Television Tax Credits (FTTC)

(\$ dollars)



Source: FTTC Program, Program Delivery Branch

Outcome Two: Investment and trade are driving Alberta's economic recovery

Investment and trade are integral to Alberta's economic recovery, development and growth. During 2021-22, the work of the Ministry of Jobs, Economy and Innovation helped attract investment to the province and promote trade in support of Alberta's recovery and a return to growth.

Key Objectives

2.1 Create the right conditions to encourage investors to choose Alberta through implementation of the province's Investment and Growth Strategy.

One of the key components of Alberta's Recovery Plan is execution of the Investment and Growth Strategy, which was released in September 2020 to attract job-creating private sector investment from Canada and around the world in primary and emerging sectors. The Investment and Growth Strategy harmonizes the implementation of economic strategies across Alberta government ministries including Jobs, Economy and Innovation, Energy, Agriculture and Forestry, and Treasury Board and Finance.

In 2021-22, the ministry continued to lead the implementation of the Investment and Growth Strategy, including through the work of Invest Alberta Corporation. The ministry worked with Invest Alberta Corporation to implement Alberta's new deal-closing tool, the Investment and Growth Fund. The fund elevates the province's competitiveness during investors' late-stage investment decision making. The Investment and Growth Fund helps to bring impactful investments to Alberta where they create jobs, inject capital and provide additional benefits through local supply chains. It is a deal-closing incentive that provides between \$500,000 and \$5 million to eligible, well-established companies seeking to make significant new investments in Alberta, rather than in competing jurisdictions. In 2021-22, \$6.34 million was committed to three projects to secure their investment in Alberta, which includes \$1.9 million paid in 2021-22. The three approved projects are expected to bring in almost \$779 million in capital investment to Alberta and more than 1,700 jobs during construction and a further 120 permanent jobs.

In support of the Investment and Growth Strategy, the ministry also implemented a new concierge services model to provide timely and seamless end-to-end customized investment services for investors across government departments, agencies, and orders of government. This new model aims to strengthen Alberta's investment attraction ecosystem. To facilitate implementation of the concierge services model, a Concierge Services Unit was established within the ministry to provide a whole-of-government approach and facilitate relations with internal and external partners to address investors' needs. Attracting and expanding investment is a shared responsibility between the Invest Alberta Corporation, Jobs, Economy and Innovation and other Government of Alberta ministries, municipalities, and businesses. The ministry continued to build and foster this collaboration throughout the year.

The ministry also supported senior-level foreign private and government delegation visits, which provided an opportunity to promote Alberta's advantages, attract investment and encourage trade, resulting in job creation and economic growth. During these engagements, the ministry works to showcase Alberta's leadership in the key and enabling sectors of energy, agriculture, forestry, aerospace, environment, financial services, technology, life sciences, education, employment, culture, and tourism to incoming delegations. While the COVID-19 pandemic has inhibited regular in-person visits, the ministry supported several events in 2021-22, both virtually and in person, including:

- Worked with Alberta Protocol and Global Affairs Canada to organize a session to provide an update on the fiscal outlook of the province to more than 70 international Heads of Mission based in Ottawa and throughout Canada.
- Welcomed U.S. Consul General, Ms. Holly Monster, on an official visit to Edmonton.
- Coordinated additional visits with the new Consuls General in Calgary including Japan and the U.K.
- Facilitated and/or supported the signing of Memorandum of Understandings (MoUs) with a number of jurisdictions including South Korea, Japan, Alaska, and Montana.
- Led or coordinated engagement in concert with the federal government on a number of key policy issues, including deforestation in California and New York, energy infrastructure, and the conflict in Ukraine.
- Led Alberta's participation with various U.S. transboundary organizations that Alberta maintains membership in, such as the Council of State Governments (CSG) National, CSG Midwest, CSG West, Canadian/American Border Trade Alliance, and the Pacific NorthWest Economic Region.
- Continued working with stakeholders and partners to support Alberta's export of products, services and technologies and enhanced Alberta small-to-medium businesses' competitiveness in the global market.
- Supported trade events such as:
 - the Canadian Business Women in Trade Virtual Trade Mission to Benelux and Poland in 2021;
 - the Canadian Council of the Americas' "Day of the America's" webinar on business opportunities in Latin America in September 2021;
 - Alberta Team mission to the World Petroleum Congress in Houston, Texas in November 2021;
 - Mission to the China International Petroleum & Petrochemical Technology and Equipment Exhibition in June 2021; and
 - In November 2021, the ministry supported 32 Alberta companies looking to secure partners, contracts and regional representation at the Abu Dhabi International Petroleum Exhibition and Conference.

In addition, the ministry supported the following elected official missions in 2021-22:

- MLA delegation to the Pacific NorthWest Economic Region (PNWER) Annual Summit in Big Sky, Montana in August 2021
- MLA mission to the PNWER Economic Leadership Forum in Vancouver in November 2021,
- MLA mission to the Council of State Governments National Annual Meeting in Santa Fe, New Mexico in December 2021,
- Led MLA's involvement in two Canadian/American Border Trade Alliance virtual sessions in May 2021 and December 2021.
- Premier's mission to the National Governors' Association winter meeting in Washington, D.C. in January 2022.
- Worked with Alberta Energy and the Alberta Washington Office to organize Premier's participation in CERAWEEK Energy Conference in Houston, Texas in March 2022.
- Coordinated and set-up Minister's investment attraction mission to Toronto with Invest Alberta Corporation in March 2022.

2.2 Through Invest Alberta Corporation, promote Alberta as a prime investment location, engaging new companies to grow in this province.

In 2021-22, Invest Alberta Corporation continued to promote, identify and pursue investment in Alberta, with a focus on high-value and/or high-impact investment. The corporation also supported the Alberta government in performing trade promotion and advocacy activities. Invest Alberta Corporation played a key role in supporting Alberta's economic recovery by stimulating job creation, investment, and new market opportunities ensuring Alberta is a top destination of choice for investment, and that investors have access to professional and collaborative investment services. Over the fiscal year, Invest Alberta Corporation led marketing campaigns that resulted in more than 106 million impressions in key markets around the world.

Highlights of investments facilitated include the following:

- In June 2021, India-based IT solutions provider Mphasis announced plans to set up a new Canadian headquarters in Calgary and create 500 to 1,000 tech jobs over the next two years;
- In June 2021, Air Products announced a world scale energy complex in Edmonton will begin with a transformative \$1.3 billion net-zero hydrogen production and liquefaction facility. This facility will play a role in the development of the hydrogen economy across Western Canada;
- In July 2021, following the signing of the memorandum of understanding between the Invest Alberta Corporation and RBC, the company announced a new Calgary Innovation Hub that will create 300 technology jobs over the next three years in high-demand areas;
- In October 2021, Dow announced its plan to build the world's first net-zero carbon emissions integrated ethylene cracker and derivatives site in Fort Saskatchewan;
- In November 2021, tech giant Amazon Web Services announced a significant investment in Alberta's tech and innovation ecosystem. The company announced plans to invest up to \$4.3 billion by 2037 on a new cloud computing operation in Calgary, creating more than 950 jobs;
- In December 2021, a fintech company Brane Inc. ("Brane") announced it chose Calgary to headquarter its Brane Trust operations, creating up to 100 full-time jobs over five years and building on Alberta's growing fintech and blockchain ecosystems;
- In January 2022, EY launched its first Canadian-based EY Finance Centre of Excellence in Calgary and is expected to create 200 new jobs over the next three years, and
- In March 2022, PACE Canada, a global developer and investor in clean energy announced that its Canadian head office would be moving to Alberta as the company scales up new operations in the province.

Further information on results achieved by Invest Alberta Corporation is found in the Corporation's annual report.

2.3 Define, defend and promote Alberta's leadership on Environmental, Social, Governance (ESG) standards across sectors by working with partner ministries to develop and implement a government-wide ESG Strategy.

Investors are focused on issues of climate change, waste, pollution, water resource depletion (Environment), working conditions, human rights, employee diversity, gender inequality (Social),

board diversity, ethics and executive pay (Governance). Alberta continues to highlight the province's ESG strengths to potential investors.

Throughout 2021-22, the ministry supported the ESG Secretariat, headquartered in Executive Council. The ESG Secretariat coordinates the strategic and operational engagement activities of the Government of Alberta in support of showcasing Alberta's achievements in lowering emissions and demonstrating the critical role Alberta's resources, technology and diverse energy mix will play in the global energy future. The Secretariat is the focal point for the development of communications strategies and materials to aid others in positions of influence or with existing communications roles to deliver Alberta's ESG message.

The ministry supported the internal work of the ESG Secretariat to develop and implement the systems, frameworks, tools, teams, and relationships needed to carry out its role. The ministry, including the Invest Alberta Corporation, also supported rapid response efforts on behalf of the Premier to communicate the high ESG performance of Alberta's energy companies and increase awareness of the government's ambitious and sustainable regulations of the energy sector that promote safety and responsible resource development.

The ministry also manages the Technology Innovation and Emissions Reduction (TIER) Economic Recovery Program, which is delivered through Alberta Innovates and that supports the government's ESG efforts, and Alberta's Recovery Plan. The TIER Economic Recovery Program is designed to support cleantech and energy projects that will accelerate innovation, support long-term competitiveness and stimulate growth. Funding for the TIER Economic Recovery Program is \$50 million, over three years; in 2021-22, the second year of the three-year program, \$20 million was expended on program areas that include cleaner hydrocarbon production, innovative hydrocarbon products, bioenergy, Carbon Capture Utilization and Storage, and water innovation. TIER funding to 23 projects will support more than 1,300 jobs and contribute \$169.2 million to the provincial GDP after project completion and before 2030. The projected annual GHG emission reduction is 11.7 million tonnes by 2030.

2.4 Through the Alberta Enterprise Corporation, expand venture capital investments into Alberta companies.

Alberta Enterprise Corporation grows Alberta's venture capital industry by investing in venture capital funds that finance early-stage technology companies. The corporation focuses on funds that have a strong commitment to Alberta – including an employee presence in the province. Alberta Enterprise Corporation supports Alberta's venture capital ecosystem by connecting Alberta inventors, innovators, and entrepreneurs to money, markets, management and mentors – by fostering a thriving venture capital industry in our province.

Alberta Enterprise Corporation investments are long-term; since its inception in 2008, Alberta Enterprise Corporation has committed \$269 million for investment to twenty-five venture capital funds and three angel co-investment funds; 65 Alberta companies have been supported. There are 2,414 Albertans directly employed in the companies the corporation has invested in, with an estimated additional 11,520 indirect jobs created. This is a 4.8 ratio of direct to indirect jobs. Alberta Enterprise Corporation is investing \$34.4 million into four funds to continue supporting Alberta's growing tech industry: \$5 million in Amplitude Venture Capital's precision medicine venture fund, \$10 million in Yaletown Partners' Innovation Growth Fund II, \$7.5 million USD in Flying Fish Fund II and \$10 million in Panache Fund II. These four investments are part of the government's overall \$175-million recapitalization of the Alberta Enterprise Corporation as a key

priority of Alberta's Recovery Plan to help revive our economy and create more jobs for Albertans. Recapitalization is occurring over 3 years, with \$75 million provided in 2020-21, \$50 million provided in 2021-22 and another \$50 million to be provided in 2022-23. The Canadian Venture Capital Association recently ranked Alberta as Canada's fourth-largest tech hub for invested dollars and deal volume, confirming that these ongoing investments are having a positive impact.

Alberta Enterprise Corporation's funds invested in a number of Alberta technology companies in 2020-21, including QuoteToMe, Drugbank, Useful, Virtual Gurus, Samdesk and many others.

In July 2021, Alberta Enterprise Corporation released the 2021 Alberta Technology Deal Flow Study. The corporation periodically produces these studies to provide stakeholders with a shared understanding on the strength and make-up of technology deal flow across sectors and regions in Alberta. Deal Flow is the stream of business proposals, pitches and investment offers that venture capital, angel and private equity investors identify and engage with on a daily basis. Strong deal flow is an indicator of a thriving ecosystem, strong economy and healthy capital markets.

The 2021 Alberta Technology Deal Flow Study builds upon studies previously published in 2012, 2016, and 2018. These studies have found that Alberta's technology sector continues to grow as more venture capital has become available to early-stage companies. The 2021 study revealed the number of technology companies in the province has more than doubled since 2012. The majority – 58 per cent – are located in Calgary, 30 per cent are in Edmonton and almost 13 per cent are in other regions of the province.

The 2021 study also found that the Alberta technology industry is maturing with almost 40% of Alberta tech companies exceeding annual revenues of \$1 million, a 66 per cent- increase since 2018. Alberta tech start-ups are also more likely than ever to receive funding with over 57% having undergone one or more rounds of fundraising and 43 per cent having raised at least \$1 million USD to date. Sixty-seven per cent of Alberta companies are developing a software solution. Companies are also integrating digital technologies like Artificial Intelligence and Machine Learning (36 per cent) and big data (27 per cent) into their products and services. These figures reflect Alberta's strength in Artificial Intelligence and Machine Learning, including Reinforcement Learning. The study reported that female participation in Alberta's technology companies remained strong with the proportion of female tech founders remaining at almost 30 per cent, a trend consistent with the 2018 study. Alberta's female participation at the founder and co-founder level leads globally when compared to Crunchbase's 2020 Funding to the Female Founders report, which found that 20 per cent of global start-ups were female, founded.

Further information about results achieved by Alberta Enterprise Corporation is found in the corporation's annual report.

Outcome Two Performance Metrics

Performance Measure 2.a: Cumulative value of Alberta Enterprise Corporation attracted venture capital funds (and their syndicate partners) invested in Alberta businesses (\$ millions)

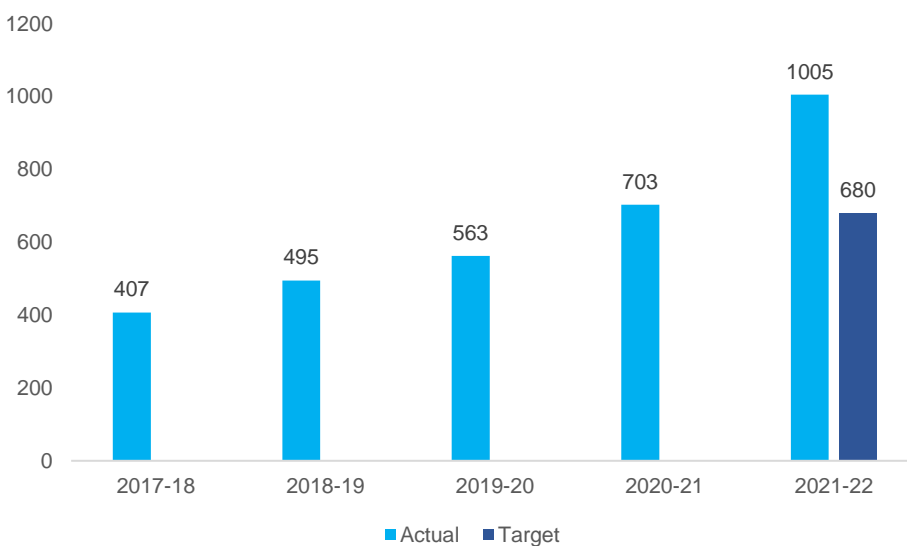
Access to capital enables Alberta businesses to start up and grow, which supports economic growth and diversification. Alberta Enterprise Corporation (AEC) is a fund-of-funds that invests in venture capital funds and angel co-investment funds that subsequently invest in technology companies. This is the cumulative value of investments made by AEC invested in venture-capital funds and their syndicate partners into Alberta companies. This includes investments by AEC, the venture capital funds and its syndicate partners (other funds or individuals).

The target for 2021-22 was set to achieve \$680 million of AEC cumulative investment (including AEC funds and syndicate partners) into Alberta companies. Actual result for 2021-22 was \$1,004.6 million, exceeding the target of the measure by 47 per cent. Finally, new capital from the government enabled the AEC to make more investments than anticipated. These investments spurred new investments into Alberta, which further contributed to the AEC surpassing the original investment target. The result confirmed that for every \$1 dollar invested by AEC, venture capital funds and their syndicate partners invest more than \$4.50 into Alberta companies.

According to the Canadian Venture Capital and Private Equity Association, Canada increased from 509 deals in 2020 to 752 deals in 2021 (a 47.5 per cent increase). In 2021, Alberta had 87 deals, a 64.2 per cent increase over the prior year. 2021 was a record-breaking year for Canadian venture capital investment both in terms of dollar amount and in number of deals (deal count). Alberta experienced the highest level of venture capital on record in Alberta with an overall increase of about 15% in dollar amount. Alberta accounted for approximately 4% of Canadian venture capital.

Cumulative value of Alberta Enterprise Corporation attracted venture capital funds (and their syndicate partners) invested in Alberta businesses

(\$ million)



Source: Alberta Enterprise Corporation (AEC)

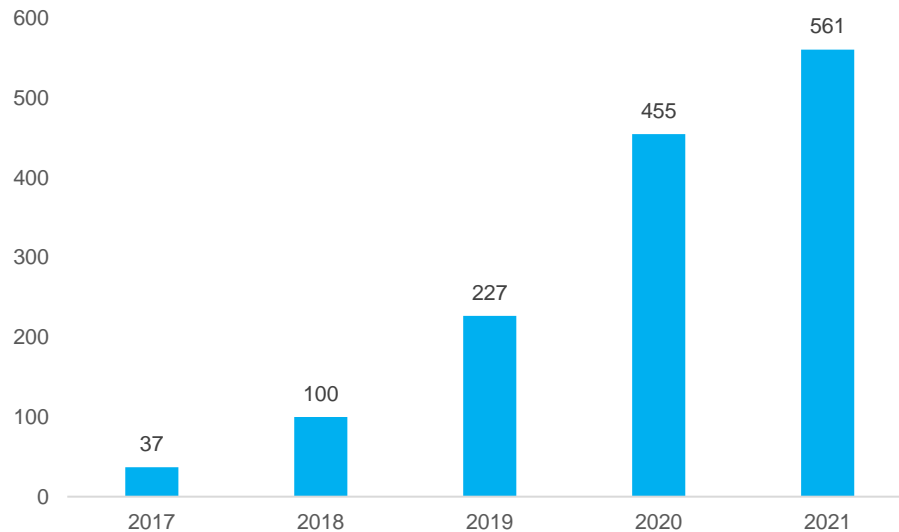
Performance Indicator 2.b: Total Value of Venture Capital Investment in Alberta

This indicator measures the value of venture capital investment in Alberta. Venture capital is a critical component of growing the technology sector and innovation by providing equity financing to start-ups, driving long-term economic growth and diversification.

In 2021, Alberta saw \$561 million in venture capital investment in 87 deals, surpassing last year's record year. The information, communications and technology, and the life sciences industries saw the most number of deals.

Total Value of Venture Capital Investment in Alberta

(\$ million)



Source: Canadian Venture Capital & Private Equity Association (CVCA)

Outcome Three: Technology and innovation are enabling Alberta to build on its strengths

Technology and innovation are critical to Alberta’s long-term development and growth. In 2021-22, the ministry worked to ensure that technology and innovation were positioned to enable Alberta to build on its strengths.

Key Objectives

3.1 Set the direction for the province’s technology and innovation systems through the development and implementation of an Alberta Technology and Innovation Strategy.

The Alberta Technology and Innovation Strategy is a critical component of the government’s broader economic growth and recovery efforts as identified in both Alberta’s Recovery Plan and the Investment and Growth Strategy. The Alberta Technology and Innovation Strategy will position Alberta to become an internationally recognized technology and innovation hub that develops and attracts people, business and investment to grow the technology sector and diversify the economy. It will also support Alberta in leading the country in attracting capital and investment by 2030 and developing a competitive landscape and the right enablers to drive entrepreneurship and grow priority sectors. By 2030, technology firms will have created 20,000 new jobs and generate \$5 billion more in annual revenue. As part of this effort, the ministry will:

- Strengthen research and innovation planning, and work across entities to align provincial contributions for post-secondary research to promote commercialization to meet economic diversification priorities
- Support implementation of an intellectual property framework for Alberta, which will include fostering industry/institution collaboration, and adoption of faculty promotion and tenure policies to incentivize faculty to pursue entrepreneurial activities

Alberta Innovates was identified as a key to implementation of the Alberta Technology and Innovation Strategy. Under the strategy, Alberta Innovates will focus on growing Alberta’s artificial intelligence ecosystem, with a budget allocation of \$37 million over four years, including investments in the Alberta Machine Intelligence Institute (Amii). Alberta is home to some of the best and brightest talent, world-class post-secondary institutions and one of Canada’s three centres of excellence in artificial intelligence. The application of artificial intelligence will accelerate commercialization of solutions developed in such fields as health care, smart agriculture, clean energy and manufacturing. These investments will also leverage federal funding announced in Budget 2021 via the renewed Pan-Canadian Artificial Intelligence Strategy and the National Quantum Strategy.

The Major Innovation Fund will advance post-secondary pan-provincial innovation and seed market-oriented technology development that aligns with Alberta’s research priorities, strengths and unique infrastructure. The Innovation Catalyst Grant program provides seed funding for talented people to create start-up technology companies that are building on discoveries made at

Actions that Support the Priorities of the Government of Alberta Strategic Plan

Key Priority Two: Protecting Livelihoods

Objective Five: Making Alberta more dynamic, innovative and sustainable.

Optimized the government’s investment in the technology sector to ensure it is focused on commercialization and job creation.

Adopted a smart approach to innovation and make Alberta competitive for global high-tech investment.

Continued to implement the Technology Innovation and Emissions Reduction (TIER) system, to help industrial facilities reduce emissions and invest in clean technology.

Delivered tools and programs to support investment and job creation and the recovery of Alberta’s economy.

Alberta universities, polytechnics and colleges. Investments in both the Major Innovation Fund and the Innovation Catalyst Grant programs will also reinforce Alberta's reputation as a technology hub and destination for venture capital and private investment.

Alberta is a leader in the quantum space and is poised for growth. The use of new quantum technologies and applications have the potential to offer solutions across sectors, including energy and mining, autonomous navigation, medical imaging and diagnostics, and cyber security. According to a study commissioned by National Research Council of Canada, the quantum science and technology sector is estimated to create 209,200 jobs across Canada by 2045. Government investments in quantum science will grow this important sector in Alberta and help the province capitalize on the commercialization potential.

The Alberta Technology and Innovation Strategy also identifies renewed research priorities that will replace the 2017 Alberta Research and Innovation Framework. The Framework set out shared outcomes and aspirational innovation targets for government and provincially supported research and innovation organizations such as Alberta Innovates and post-secondary institutions. The updated research priorities in the Alberta Technology and Innovation Strategy were developed following engagement across relevant government departments, agencies, and post-secondary institutions and encompass the following sectors:

- Energy, Minerals, and Clean-tech;
- Agriculture;
- Health and Disease Prevention; and
- Emerging Technologies.

3.2 Through Alberta Innovates, provide innovation and commercialization investments and programing.

Alberta's Recovery Plan and the Alberta Technology and Innovation Strategy set the framework for Alberta to capitalize on opportunities within the research, technology, and innovation space. In 2021-22, innovation and commercialization investments and programming were provided by the ministry, including through Alberta Innovates.

In 2021-22, \$15 million was provided to Alberta Innovates for the Scaleup and Growth Accelerator program to accelerate Alberta's companies to scale and grow and to propel innovation through digital transformation. In September 2021, Alberta Innovates announced four successful accelerators to support startups in Alberta's technology sector under this program: Alberta Accelerators by 500 Global, Community Safety and Wellness Accelerator, Alberta Catalyzer, and Plug and Play. The four accelerators have already recruited companies and launched their program offerings. These accelerators will nurture seed-stage technology companies, connect start-ups with international corporations, offer business support and advice to entrepreneurs in Alberta, including those that use artificial intelligence in the social sectors. As a result of the growth experience by these companies, the initiative is expected to assist approximately 500 companies by September 2024 and create 735 jobs by September 2027.

The TIER Economic Recovery Program, reported under Key Objective 2.3, consists of a set of shovel-ready projects that will also accelerate innovation in support of long-term competitiveness and stimulate growth in a critically important sector of Alberta's economy.

In January 2022, Alberta Innovates announced an investment of more than \$6 million through Stage 2 of its Health Innovation Platform Partnerships program (HIPP) to grow the digital health ecosystem in Alberta. HIPP will deliver the platforms, infrastructure, tools and resources Alberta's investors need to test, develop and accelerate new health innovations and technologies. The Stage 2 funding supported three projects at the Northern Alberta Institute of Technology's Centre for Advanced Medical Simulation, the Institute of Health Economics, and the Alberta Diagnostics Ecosystem Platform for Translation (a province-wide partnership between the University of Alberta, University of Calgary, the Alberta Precision Exchange, Alberta Precision Laboratories and DynaLIFE Medical Laboratories).

In March 2022, Alberta Innovates announced an investment of \$13 million to support 22 projects through the Digital Innovation in Clean Energy (DICE) program and the Clean Resources business unit to help create a cleaner environment, help grow a low-carbon economy and create jobs in Alberta.

In June 2021, Alberta Innovates launched a \$1-million program to combat Chronic Wasting Disease, a serious condition affecting Alberta's cervid population and threatening agricultural trade and food security. The investment will support essential research to better understand the disease and develop countermeasures to safeguard Alberta's agriculture industry, the environment, and animal and human health.

Further information about results achieved by Alberta Innovates is found in Alberta Innovates' annual report.

Since 2019, the pilot GreenSTEM program, a collaboration between the Ministry of Jobs, Economy and Innovation, University of Alberta, University of Calgary, and University of Lethbridge, has enabled a technology and innovation entrepreneurial environment that promoted the creation of 21 new technology ventures, 113 jobs, 10 awarded patents and 26 patent applications in progress, \$2.18 million in revenue, \$13.7 million in private investment, and \$6.9 million in additional public funding. An example: Wyvern, one of the companies participating in the first cohort of the GreenSTEM Pilot Program, announced on January 17, 2022 that it successfully raised \$4.5 million to further advance its cutting-edge satellite imaging technology. Wyvern, founded by University of Alberta graduates, is developing innovative satellite imaging technology that will enable the acquisition of timely and high-quality satellite data to help industries make informed decision.

3.3 Incent investment in research and development to build the province's innovative capacity.

The ministry's Research Capacity Program, through its multiple competition streams, continued to contribute to Alberta's innovation capacity through talent and research facility development at Alberta's universities and colleges. The program also leveraged federal funds from the Canada Foundation for Innovation. In 2021, the Research Capacity Program committed \$59 million, over four years, for 63 projects that leveraged more than \$315 million in funding from partners, including the Canada Foundation for Innovation, securing \$5 on every dollar invested.

The Research Capacity Program contributes to a strong base of talent, capacity and world-class infrastructure at Alberta's post-secondary institutions that support the recruitment and retention of leading researchers. This creates the pre-commercial technology environment needed to support innovation, grow companies and attract investments. For example, projects funded via the 2021

Small Equipment Grants stream pursue innovation in a variety of key areas including agricultural biotechnology, clean resource development, health innovation, and material technology development. Some noteworthy examples include a University of Alberta project to develop sustainable concrete materials for construction applications comprised mainly of industrial wastes; University of Calgary's research to investigate sustainable infrastructure solutions for Indigenous communities—particularly related to water, wastewater and housing; and a University of Lethbridge project that aims to develop greener processes to prepare fluorine, a chemical used in many areas such as the AgTech and pharmaceutical industries.

The ministry also invests in Strategic Research Initiatives to build on Alberta's existing strengths and emerging opportunities to bridge the gap between post-secondary institutions and industrial collaborations. For example, in 2021, the ministry invested in a partnership between IBM, the University of Calgary, and the University of Alberta. The result, the IBM Center for Advanced Studies, is designed to equip post-secondary students to apply IBM technology to real-world challenges, and to enhance IBM and Alberta-driven innovation capacity through research. The ministry's 2021-22 investment of \$5 million (over four years) leverages more than \$13 million in partner funding, including that from IBM and exemplifies how it creates the right conditions for talent to develop through an internationally recognized partner that will lead to economic diversification and growth, and provides an opportunity to showcase an Alberta post-secondary-government-industry partnership, in alignment with the Alberta Technology and Innovation Strategy.

Major Innovation Fund investments have resulted in 130 industry partnerships, supported four spin-off companies, developed 48 prototypes, and attracted 256 highly qualified personnel to Alberta. The department has set the province up for success by using the Major Innovation Fund to invest in priority areas such as quantum technologies. These investments have positioned Alberta to be a national leader in quantum-driven digital technologies, attracting investments and businesses, developing talent, diversifying the economy and further supporting Alberta's Recovery Plan.

Major Innovation Fund investments in quantum science have attracted multinationals, such as Mphasis to the province and further supports Alberta's Technology and Innovation Strategy. Previous to 2021, the Major Innovation Fund provided \$5.8 million over three years to the University of Calgary (UCalgary) for a pan-provincial quantum technologies project. Subsequently, Mphasis worked with UCalgary and Invest Alberta Corporation to establish a strategic partnership, announced in June 2021, to accelerate the development of a quantum-computing ecosystem in Calgary that will create 500 - 1,000 jobs by the end of 2023. This will be further realized through the Alberta Technology and Innovation Strategy supported Quantum City Initiative which will be funded through \$23 million over five years, including \$3 million provided to the University of Calgary in 2021-22, and leveraging more than \$68 million in partner funding including Mphasis. Quantum City is a key aspect of the talent development, and investment attraction/branding pillar of Alberta's Technology and Innovation Strategy. In the future, these investments further attract additional anchor companies interested in commercializing quantum technologies.

The Research Capacity Program, Strategic Research Initiatives, and Major Innovation Fund support the critical role of Alberta's post-secondary institutions in the province's long-term economic recovery as key elements of Alberta's advantage. They strengthen the province's innovation capacity and help to fuel long-term economic growth by developing talent, enhancing innovation

capacity and capability and attracting immediate and follow-on investments, which contribute to economic growth and diversity.

3.4 Leverage innovation and technology to facilitate the movement of Alberta goods, people and ideas through the development and implementation of an Aviation, Aerospace and Logistics Strategy.

Alberta relies on complex, integrated logistics networks and supply chains that operate across jurisdictions in order to drive economic activity in the province and enable a competitive investment environment. Effective provincial, national, and international supply chains underpin Alberta's ability to fully access global markets for provincial exports and to import critical goods.

Supply chain resiliency was a key focus of Alberta's aviation, aerospace and logistics strategy in 2021-22, given the pandemic and supply chain disruptions such as the flooding in British Columbia. This included several projects initiated by the ministry to increase government's understanding of the interdependencies of supply chains in western Canada, identify supply chain risks and current vulnerabilities, and identify opportunities to improve the resiliency of supply chains.

The ministry also supported the recovery and development of the aviation, aerospace and logistics industries. Most visitors to Alberta arrive by air making it essential to the rebound and growth of Alberta's visitor economy. Travel Alberta provided incentives to accelerate the recovery of air service between Alberta and targeted tourism markets. In the first half of the fiscal year, Travel Alberta re-established Alberta's air links with 77,000 incremental seats across seven routes and 21 weekly flights between Calgary (YYC) and Edmonton (YEG) international airports and key U.S. destinations. While progress gained in the first half of the year was lost due to additional waves of the pandemic, learnings and relationships are in place to make significant progress going forward.

The ministry assisted Transportation in the establishment of the Strategic Aviation Advisory Council to provide expert advice on ways to bolster the aviation and aerospace sectors in order to increase economic development opportunities, expand markets and create jobs in our province. Council membership was announced in August 2021.

The ministry also participated in an aerospace-defence sector virtual meeting with Alberta stakeholders including Western Economic Diversification, Trade Commissioner Service, Alberta Innovates, Edmonton Global, Calgary Economic Development, and Invest Alberta Corporation. Discussions focused on changes to Western Economic Diversification and its funding programs, Industrial and Technological Benefit credits, and Canadian Department of National Defence procurement opportunities for Alberta companies.

3.5 Build on and promote Alberta's emerging platforms in the pharmaceuticals and life sciences sector through the development and implementation of a Pharmaceutical and Life Sciences Strategy.

To support the province's strategy to grow the pharmaceuticals and life sciences sector, in December 2021, government announced its commitment to fund up to \$81.2 million to support the development of the vaccine ecosystem in Alberta. The funding will support the entire life cycle of vaccine research, development, and manufacturing in Alberta. It will also help to build our domestic vaccine resiliency.

After an independent third-party review, the government selected four proposals: University of Alberta - \$55.1 million; Entos Pharmaceuticals - \$15.5 million; Applied Pharmaceutical Innovations

- \$5.6 million; and Northern RNA - \$5 million. In 2021-22, \$5 million was paid to the University of Alberta, while the remaining funding was shifted to 2022-23, pending decisions on federal contributions to the projects. Funding for Entos Pharmaceuticals, Northern RNA, and Applied Pharmaceutical Innovations is contingent on their receiving the remaining proposal funding, which is possible with a combination of federal and private funds. A deal between Entos Pharmaceuticals and Eli Lilly, a global pharmaceutical company, was subsequently announced. Entos, which develops next generation genetic medicines, entered into an agreement with Eli Lilly that includes a \$50 million upfront payment as well as equity investments in the company. Eli Lilly will support clinical development and commercialization of potential therapeutics developed by Entos to treat neurological diseases such as Alzheimer's disease, Parkinson's disease, and others.

Applied Pharmaceutical Innovation and the Li Ka Shing Institute of Virology joined forces to create Canada's first facility to take the latest scientific pharmaceutical insights from the lab through clinical trials into the marketplace. The Canadian Critical Drug Initiative, announced in November 2021, will fill the capacity gap in the development of new drugs and local manufacturing. The new partnership will seek federal and private funding to establish a 40,000-square-foot manufacturing facility at a cost of about \$169 million. The initiative could be producing drugs within two years, which will provide a significant economic opportunity for Alberta to enhance its pharmaceutical capabilities, while diversifying and increasing job opportunities. This work is supported by the department's commitment of \$20 million over four years (2021-2025) to the Li Ka Shing Applied Virology Institute, of which \$5 million was provided to Li Ka Shing in 2021-22.

Outcome Three Performance Metrics

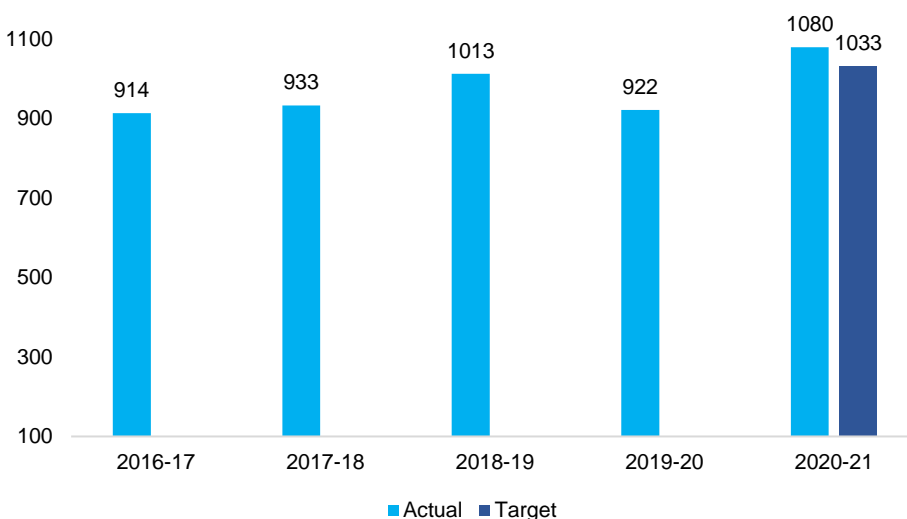
Performance Measure 3.a: Sponsored research revenue attracted by Alberta's comprehensive academic and research universities (\$ millions)

This measure reflects research capability in the province through the success of Alberta's Comprehensive Academic and Research Universities (previously referred to as Comprehensive Academic and Research Institutions) in attracting sponsored research funding from several sources. The results give an indication of the research capability, capacity and competitiveness of these institutions.

Sponsored research revenue is generated annually based on information received from Alberta's Comprehensive Academic and Research Universities from previous year activities and as such, the last actual data for reporting purposes is from the 2020-21 fiscal year. The target for 2020-21 was set to achieve \$1,033 million of sponsored research revenue. The actual result for 2020-21 was \$1,080 million, exceeding the target. The 2020-21 result increased by 17 per cent compared to the previous year's revenue of \$922 million. The \$158 million increase in total sponsored research revenue was related to increased research revenue from endowment, federal and provincial contributions. Over the past 10 years, total sponsored research revenue shows an upward trend, with an average yearly increase of 2.76 per cent over that time.

The results indicate the research capability, capacity and competitiveness of these institutions in attracting funding from various sources, including federally. This includes the Natural Sciences and Engineering Research Council, the Canadian Institutes for Health Research, the Social Sciences and Humanities Research Council, the Indirect Costs of Research Program, and the Canada Foundation for Innovation.

Sponsored research revenue attracted by Alberta's comprehensive academic and research universities (\$ millions)



Source: Alberta's Comprehensive Academic Research Universities Report, collected and analyzed by Jobs, Economy and Innovation

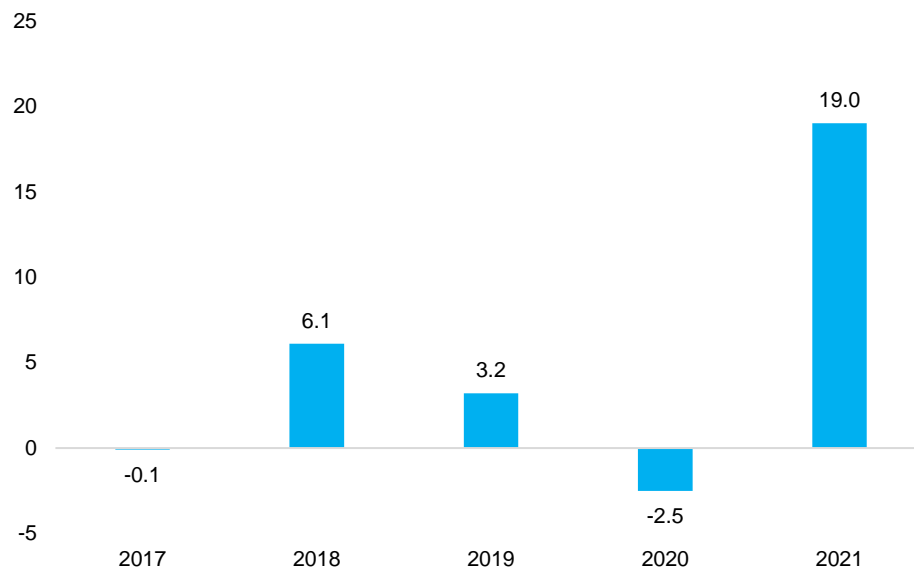
Performance Indicator 3.b: Growth of technology sector jobs

This indicator measures total job growth in the technology sector, and is a key measure of success in developing the sector and of economic diversification.

Following a decline in jobs in 2020, due to the impacts of COVID-19 and the oil price crash, in 2021, the number of jobs in Alberta's technology sector grew at 19.0 per cent compared to 8.6 per cent growth for jobs across all sectors in the province. The increase was driven primarily by increases in the two largest sub-industries: computer systems design and related services, which grew 14.9 per cent to 22,900 jobs (representing 46.5 per cent of jobs the sector) and telecommunications, which grew 32.6 per cent to 19,735 jobs (40.1 per cent of the sector). This, combined with other indicators such as the record amounts of venture capital raised in the province, indicates that Alberta's technology sector is on a strong growth trajectory.

Growth of technology sector jobs

(Per cent growth)



Source: Statistics Canada

Performance Measure and Indicator Methodology

No single measure or indicator can fully represent an outcome in the ministry annual report. The suite of performance measures and indicators reported in the report provide a better picture of overall progress toward achieving the ministry's outcomes.

Performance measures provide information on the ministry's progress toward achieving the outcomes and key strategies in the business plan. Results of performance measures can be attributed to the work of the ministry. Targets for the performance measures are intended to be aggressive but realistic. While the specific methodologies vary, all targets are set taking into consideration historical results and current environmental factors.

Performance indicators capture far-reaching outcomes that the ministry's programs and initiatives intend to influence over the long term. These indicators are also influenced by many factors outside the ministry's control. Therefore, performance indicators reflect what the ministry intends to influence, as well as the larger societal context within which the ministry operates.

Performance Measure 1.a: Net investment in Alberta film and television productions for every \$1 of Alberta Film and Television Tax Credits (FTTC) (\$ dollars)

2021-22 Target	2021-22 Actual
4	4

2021-22 was the first full year for which data for this measure was collected. Data is collected directly from applicants via the department's client-relations management (CRM) database, which has security and privacy protocols in place. As part of the application and approval processes, successful applicants must provide audited financials to validate Alberta expenditures prior to tax credit issuance. Department staff review this information for accuracy and base the tax credit amount on its review findings and validation. The amount of expenditures from approved productions spent in Alberta in contrast to the tax credit issued are measured and reported.

Source: FTTC Program, Program Delivery Branch

Performance Indicator 2.a: Cumulative value of Alberta Enterprise Corporation attracted venture capital funds (and their syndicate partners) invested in Alberta businesses (\$ millions)

Prior Years' Results				2021-22 Target	2021-22 Actual
2017-18	2018-19	2019-20	2020-21		
406.8	494.6	563.0	703.0	680	1,004.6

This measure is reported to the Government of Alberta by the Alberta Enterprise Corporation (AEC) as required by legislation (Alberta Enterprise Corporation Act, S. 14 Disclosure of Information), and the Transfer Agreement (S. 16 Reporting Requirements). The last actual number was collected from the latest available AEC Annual Report.

AEC gathers information on investments from its venture capital firms as a condition of the Limited Partner (LP) Agreement between AEC and its venture capital funds. The value of AEC (venture capital funds and their syndicate partners) funds investment in Alberta business in aggregate to date is collected through the funds' submissions.

Source: Alberta Enterprise Corporation

Performance Indicator 2.b: Total Value of Venture Capital Investment in Alberta (\$ millions)

Prior Years' Results				2021 Actual
2017	2018	2019	2020	
37	100	227	455	561

Data are compiled from the Canadian Venture Capital & Private Equity Association (CVCA)'s Market Overview Reports. The CVCA released the 2021 year-end Venture Capital Canadian Market Overview Year in Review on March 1, 2022. The reports include verified completed equity, quasi-equity venture capital and venture debt deals. Non-equity or project-based government funding, pharmaceutical development deals, venture capital-backed acquisitions, and angel financing are not included. The sectors include Information, Communication and Technology (ICT), Life Sciences, Cleantech, and Agribusiness.

Source: Canadian Venture Capital & Private Equity Association (CVCA)

Performance Measure 3.a: Sponsored research revenue attracted by Alberta's comprehensive academic and research universities (\$ millions)

Prior Years' Results				2020-21 Target	2020-21 Actual
2016-17	2017-18	2018-19	2019-20		
914	933	1013	922	1033	1080

Sponsored research revenue data are collected directly from the Comprehensive Academic and Research Universities (CARUs). The CARUs submit the data using a template and guidelines that outline the information required and specific instructions regarding how the revenue should be reported. The guidelines provided to the CARUs by the ministry were developed to augment the guidelines in place for corresponding annual reporting submissions by the CARUs to the Canadian Association of University Business Officers (CAUBO) to report on Total Sponsored Research Revenue at Alberta universities.

CARUs are required to follow the CAUBO reporting guidelines for the appropriate year. The CARUs derive the data from audited financial statements and supplementary schedules. The reported data is compiled and analyzed by the ministry in the Sponsored Research Revenues at Alberta's Comprehensive Academic and Research Universities report.

Source: Alberta's Comprehensive Academic Research Universities Report, collected and analyzed by Jobs, Economy and Innovation

Performance Indicator 3.b: Growth of technology sector jobs (%)

Prior Years' Results				2021 Actual
2017	2018	2019	2020	
-0.1	6.1	3.2	-2.5	19

Data are extracted from Statistics Canada's Table 36-10-0489-01: Labour statistics consistent with the System of National Accounts (SNA), by job category and industry. Data for the table comes from Statistics Canada's annual provincial program of Canadian Productivity Accounts (CPA), which produces jobs, hours worked, labour compensation, and other metrics at the provincial and industry levels. Data on Alberta's jobs from North American Industrial Classification System (NAICS) codes: 3341, 3342, 3244, 3245, 5112, 517, 518 and 5415, were compiled and calculated.

Source: Statistics Canada

Financial Information

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Reporting Entity and Method Consolidation

The financial information is prepared in accordance with government's stated accounting policies, which are based on Canadian Public Sector Accounting Standards.

The reporting entity is the ministry for which the Minister is accountable. The accounts of the ministry, which includes the department and the entities making up the ministry, are consolidated using the line-by-line method.

Under this method, accounting policies of the consolidated entities are adjusted to conform to those of the government and the results of each line item in their financial statements (revenue, expense, assets, and liabilities) are included in government's results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

A list of the individual entities making up the ministry are shown on the "Management's Responsibility for Reporting" statement included in this annual report.

Ministry Financial Highlights

Statement of Revenues and Expenses (unaudited)

Year ended March 31, 2022

	2022		2021	Change from	
	Budget	Actual	Actual	Budget	2021 Actual
Revenues					
<i>(in thousands)</i>					
Government transfers					
Government of Alberta grants	\$ 89,530	\$ 90,728	\$ 90,411	\$ 1,198	\$ 317
Federal and other government grants	3,000	5,442	6,295	2,442	(853)
Investment income	2,300	4,969	7,037	2,669	(2,068)
Premiums, fees and licenses	400	-	-	(400)	-
Other revenue	51,351	121,931	43,997	70,580	77,934
Ministry total	146,581	223,070	147,740	76,489	75,330
Inter-ministry consolidation adjustments	(91,753)	(92,607)	(92,266)	(854)	(341)
Adjusted ministry total	54,828	130,463	55,474	75,635	74,989
Expenses - directly incurred					
Programs					
Ministry Support Services	14,336	11,963	13,434	(2,373)	(1,471)
Tourism and Economic Development	143,847	258,900	785,626	115,053	(526,726)
Investment Attraction and Trade	28,570	11,172	29,404	(17,398)	(18,232)
Alberta Enterprise Corporation	2,350	2,037	1,805	(313)	232
Invest Alberta Corporation	25,250	14,372	2,431	(10,878)	11,941
Travel Alberta	60,896	64,513	49,713	3,617	14,800
Alberta Innovates Corporation	251,198	244,242	232,839	(6,956)	11,403
Ministry total	526,447	607,200	1,115,252	80,753	(508,052)
Inter-ministry consolidation adjustments	(88,587)	(94,141)	(85,536)	(5,554)	(8,605)
Adjusted ministry total	437,860	513,059	1,029,716	75,199	(516,657)
Annual deficit	\$ (383,032)	\$ (382,596)	\$ (974,242)	\$ 436	\$ 591,646

Revenue and Expense Highlights

Revenues

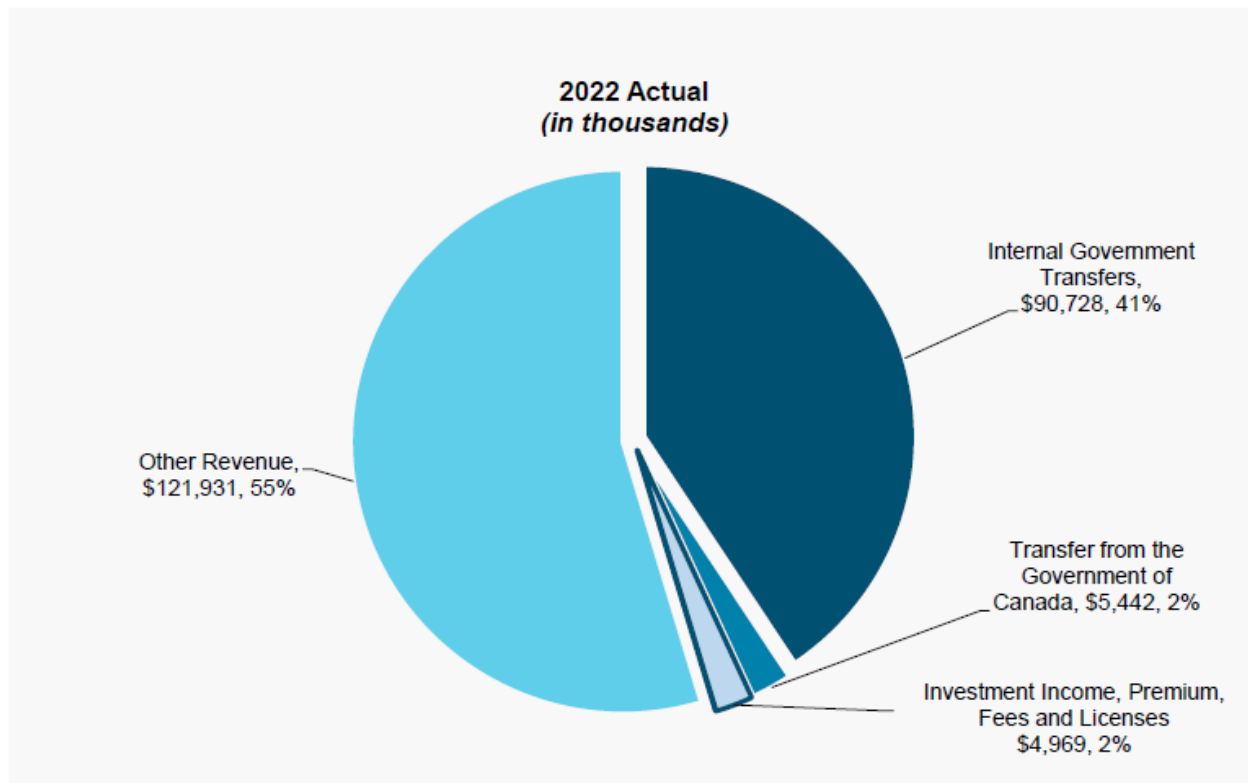
- Revenues totaled \$223.1 million in 2021-22, which is \$76.5 million higher than budget and an increase of \$75.3 million from 2020-21 actuals. The variance is primarily due to the recognition of prior year expenditure refunds from the Small and Medium Enterprise Relaunch Grant program.
- Government of Alberta grants totaled \$90.7 million. This amount includes \$36.5 million from Alberta Heritage Science and Engineering Research Endowment Fund and \$48.0 million from Alberta Heritage Foundation for Medical Research Endowment Fund, which was provided to Alberta Innovates to fund program initiatives. The remaining \$6.2 million is revenues Alberta Innovates received from other ministries.
- Federal and other government grant transfers totaled \$5.4 million. This is \$2.4 million higher than budget due to more federal grants received by Alberta Innovates.
- Investment income totaled \$5.0 million. This is an increase of \$2.1 million from 2020-21 actuals, which is primarily due to gains recognized by Alberta Enterprise Corporation.
- Other Revenue totaled \$121.9 million. This is \$70.6 million higher than budget and \$77.9 million more than 2020-21 actuals, which is primarily due to the recognition of prior year expenditure refunds related to the Small and Medium Enterprise Relaunch Grant program.

Expenses

- Expenses totaled \$607.2 million, which is an increase of \$80.8 million from 2021-22 budget and a decrease of \$508.1 million from 2020-21 actuals.
- The increase of \$80.8 million compared to budget is primarily due to a \$115.1 million deficit in the Tourism and Economic Development program as a result of Alberta Recovery Plan initiatives including \$122.5 million for the Small and Medium Enterprise Relaunch Grant program, \$11.4 million for the Restrictions Exemption Implementation Grant program and \$15.1 million for the Tourism Levy Abatement to provide supports to Alberta businesses impacted by public health restrictions, offset by surpluses of \$33.6 million in the Film and Television Tax Credit program as productions continued to experience delays and \$0.3 million related to other initiatives. In addition, Travel Alberta saw higher spending of \$3.6 million for additional supports provided to Destination Marketing Organizations. Offsetting surpluses include \$2.4 million in the Ministry Support Services program primarily due to unfilled vacancies; \$17.4 million in the Investment Attraction and Trade program due to lower spending in the Investment and Growth Fund, unfilled vacancies and travel/event restrictions during the pandemic; \$10.9 million as a result of lower operating requirements at the Invest Alberta Corporation; and \$7.0 million from Alberta Innovates due to timing of grant payments.
- The decrease of \$508.1 million compared to 2020-21 actuals is primarily due to reduced spending related to COVID-19 and Alberta Recovery Plan initiatives including a \$504 million decrease in the Small and Medium Enterprise Relaunch Grant program, a \$67.2 million decrease due to the completion of the Canada Emergency Commercial Rent Assistance program, and \$21.3 million decrease in the Tourism Levy Abatement. This is offset by increases of \$14.7 million in the Film and Television Tax Credit program, \$12.5 million in the Innovation Employment Grant program, \$11.4 million in the Restrictions Exemption Implementation Grant program, \$10.6 million for Women's Economic Recovery initiatives, \$11.4 million in the Alberta Innovates Scale-up and Growth Accelerator program, \$14.8 million for Travel Alberta, and \$9.0 million increase for other grants and initiatives.

Breakdown of Revenues (unaudited)

The following information represents detailed revenues of the ministry. The objective of detailed revenues disclosure is to provide information that is useful in understanding and assessing the financial impact of the ministry's revenue.



Revenues totaled \$223.1 million, an increase of \$75.3 million from prior year.

In 2021-22, Government of Alberta grants (Internal Government Transfers) totaled \$90.7 million. Actual results consist of transfers from Alberta Heritage Science and Engineering Research Endowment Fund (AHSER) amounting to \$36.5 million. The purpose of AHSER is to support a balanced long-term program of research and innovation directed to the discovery of new knowledge and the application of that knowledge to the commercialization of technology. Also included is \$48.0 million from the Alberta Heritage Foundation for Medical Research Endowment Fund (AHFMR). The purpose of AHFMR is to support a balanced long-term program of research and innovation related to health and directed to the discovery of new knowledge and the application of that knowledge to improve health and the quality of health services in Alberta. The remaining \$6.2 million is revenues that Alberta Innovates received from other ministries.

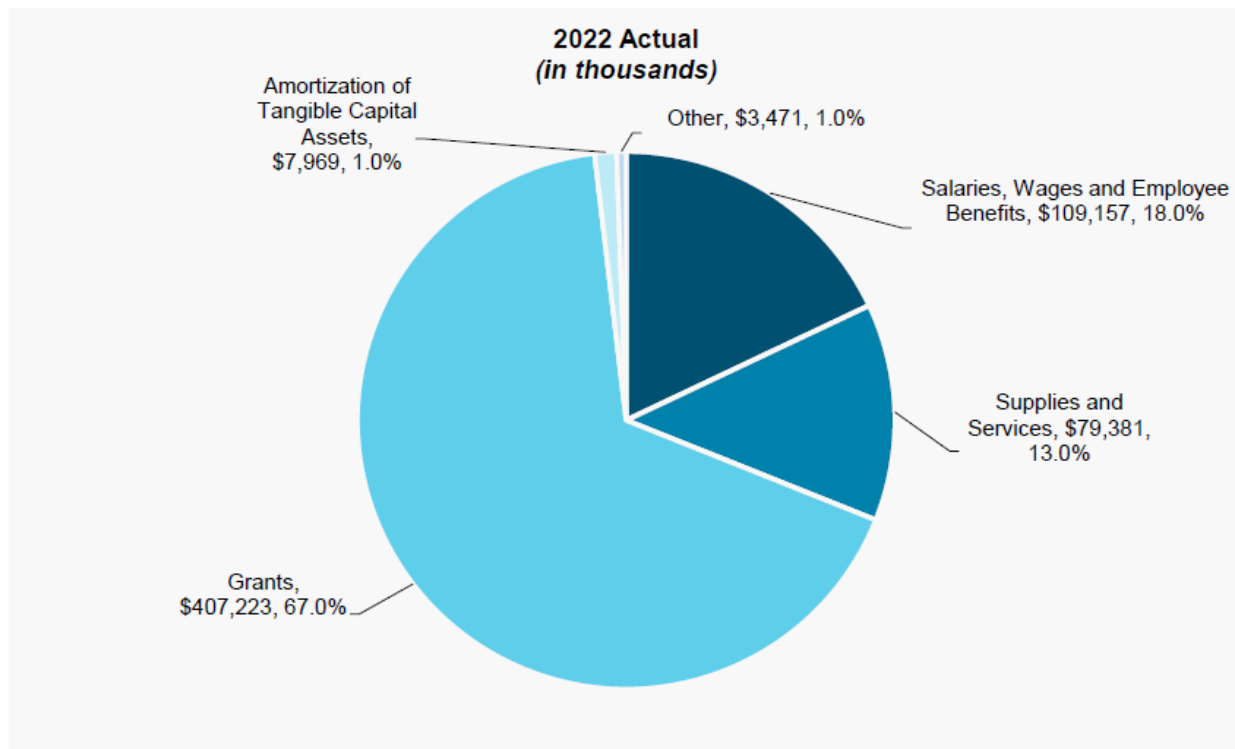
Federal and other government grant transfers total of \$5.4 million, which is \$2.4 million higher than budget due to more federal grants received by Alberta Innovates. The grant transfers consists of funding received for Canadian Institute of Health Research, National Research Council, Natural Resources Canada, and PrairiesCan.

Investment income includes dividend and interest income and realized gains or losses on the sale of portfolio investments. Investment income in the ministry's funds and agencies amounted to \$5.0 million, which is \$2.7 million higher than budget primarily due to gains recognized by Alberta Enterprise Corporation.

Other Revenue totaled \$121.9 million. This is \$70.6 million higher than budget primarily due to the Department recognizing prior year expenditure refunds related to the Small and Medium Enterprise Relaunch Grant program. The remaining \$51.3 million is external revenue related to sales, rentals and services from Alberta Innovates.

Expenses – Directly Incurred Detailed by Object (unaudited)

The following information presents expenses of the ministry that were directly incurred by object of expenditures. The objective of the disclosure of expenses by object is to provide information that is useful in evaluating the economic impact of government acquiring or consuming various types of resources.



The ministry's largest operating expense was grants, which made up 67 percent of total operating expense. In 2021-22, \$407.2 million was provided to support individuals, organizations and communities through grant programs administered through the department and Alberta Innovates.

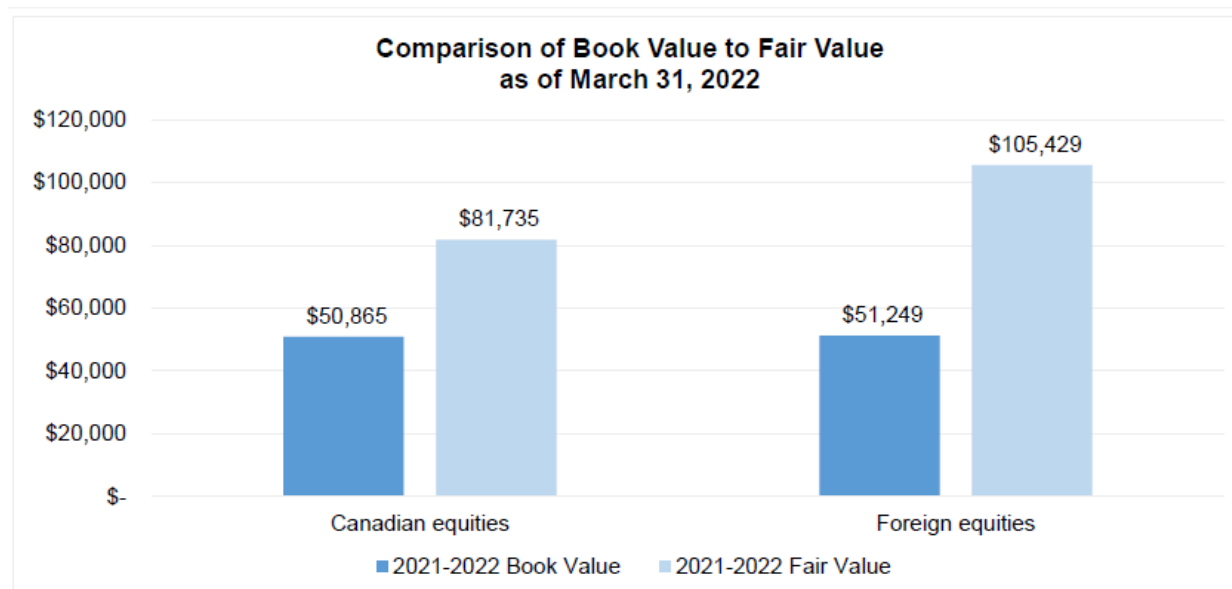
Expenditures for salaries, wages and employee benefits totaled \$109.2 million (18 percent), which includes \$63.3 million for Alberta Innovates, \$8.4 million for Travel Alberta, \$4.6 million for Investment Alberta Corporation, \$1.3 million for Alberta Enterprise Corporation and \$31.6 million for the Department in support of the ministry's operations, programs and administration of grants.

Supplies and services of \$79.4 million (13 percent) includes \$33.7 million for Alberta Innovates, \$27.3 million for Travel Alberta, \$9.7 million for Invest Alberta Corporation, \$0.5 million for Alberta Enterprise Corporation and \$8.2 million for the department in support of administration of ministry programs.

The remainder of ministry expenses were related to amortization of tangible capital assets (\$7.9 million) and other expenses (\$3.5 million).

Supplemental Financial Information

Portfolio Investments (unaudited)



Fair values are for disclosure purposes. Portfolio investments are reported at cost, or amortized cost, less any write-downs associated with a loss in value that is other than a temporary decline.

Management is responsible for estimating the relative reliability of data or inputs used by the Ministry to measure the fair value of the Ministry's investments. The measure of reliability is determined based on the following three levels:

Level One: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level one primarily includes publicly traded listed equity investments.

Level Two: Fair value is based on valuation methods that make use of inputs, other than quoted prices included within level one, that are observable by market participation either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level two primarily includes debt securities and derivative contracts not traded on a public exchange and public equities not traded in an active market. For these investments, fair values are either derived from a number of prices that are provided by independent pricing sources or from pricing models that use observable market data such as swap curves and credit spreads.

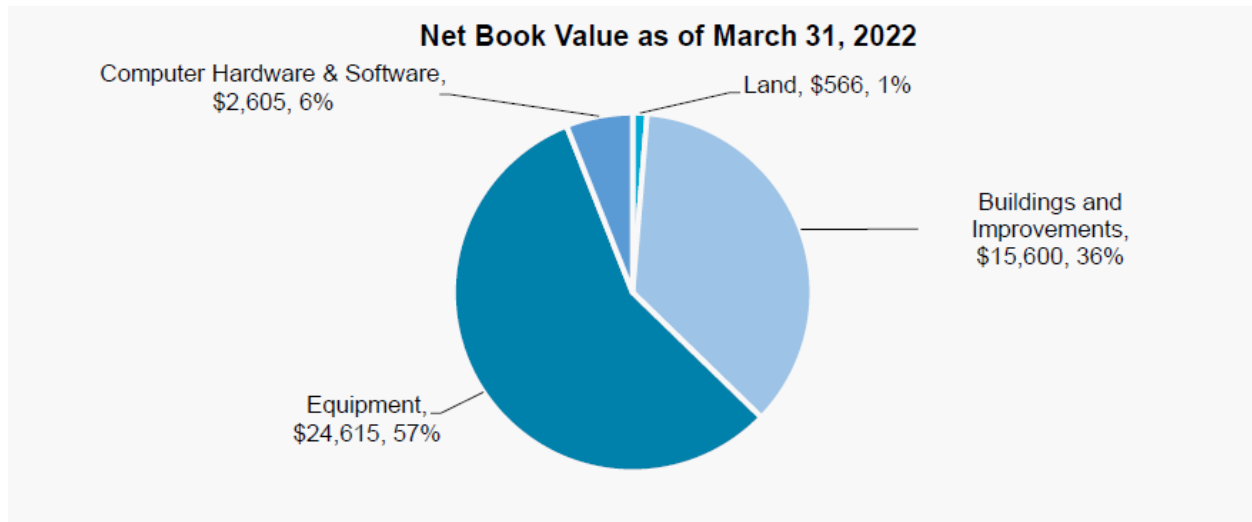
Level Three: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. For these investments trading activity is infrequent and fair values are derived using valuation techniques.

The ministry's investments have all been classified within level three as the fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on valuation. As quoted market prices are not readily available, estimated fair values may not reflect amounts that could be realized upon immediate sale, nor amounts that may ultimately be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

Included in investment income is \$347 (2021 - \$457) of other investment income that is not related to portfolio investments. (in thousands)

Tangible Capital Assets (unaudited)

(in thousands)



- Buildings and improvements includes costs of \$17.8 million for the Alberta Carbon Conversion Technology Centre (ACCTC) and \$2.0 million for the C-FER Technologies building. In addition, there are several leasehold improvements with a net book value of \$4.3 million covering several assets such as improvements to leased space in Bell Tower, and lab facilities in Vegreville, Devon and Millwoods. Accumulated amortization for this category amounts to \$2.6 million.
- Equipment includes vehicles, laboratory equipment, heavy equipment, office equipment and furniture, and other equipment. The net book value of capital assets under construction that are not currently being amortized is \$943 thousand (2021 - \$1,777). Equipment includes 60 different classes of equipment, with analyzing and testing equipment making up the majority of the value at \$10.7 million, followed by fermenters/reactors at \$2.7 million, carbon capture equipment for the ACCTC Center at \$2.6 million, field and farm equipment at \$0.9 million and pumps at \$0.7 million. The remaining \$6.1 million encompasses the other classes of equipment.
- \$566 thousand in land is the land portion of the C-FER Technologies Inc. building.

Financial Statements of Other Reporting Entities

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Alberta Enterprise Corporation

Financial Statements

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Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Alberta Enterprise Corporation

Report on the Financial Statements

Opinion

I have audited the financial statements of Alberta Enterprise Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, remeasurement gains and losses, change in net financial assets, 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, 2022, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, 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

May 30, 2022
Edmonton, Alberta

Statement of Operations

Alberta Enterprise Corporation Statement of Operations Year ended March 31, 2022

	2022		2021
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Revenues			
Government transfers			
Government of Alberta grants	\$ -	\$ 50,000	\$ 75,000
Other revenue	-	-	31
	-	50,000	75,031
Expenses (Note 2(b) and Schedule 1)			
Operating costs	2,350	2,020	1,803
Annual operating surplus	(2,350)	47,980	73,228
Net investment income (Note 7)			
Investment income	-	10,226	11,050
Investment operational expense	-	(5,537)	(2,946)
Investment impairment loss	-	-	(1,534)
Interest expense	-	(17)	-
	-	4,672	6,570
Foreign exchange loss	-	(71)	(82)
Annual operating surplus (deficit)	(2,350)	52,581	79,716
Accumulated Surplus, Beginning of Year		239,123	159,407
Accumulated Surplus, End of Year		<u>\$ 291,704</u>	<u>\$ 239,123</u>

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

Approved by the Board of Directors

[Original signed by Ted Redmond Chair of the Board of Directors]

Ted Redmond
Chair of the Board of Directors
May 30, 2022

[Original signed by Sharilee Fossum Audit Committee Chair]

Sharilee Fossum
Audit Committee Chair
May 30, 2022

Statement of Financial Position

Alberta Enterprise Corporation

Statement of Financial Position

As at March 31, 2022

(in thousands)

	2022	2021
	<i>(in thousands)</i>	
Financial assets		
Cash (Note 5)	\$ 38,695	\$ 47,041
Accounts receivable (Note 6)	150,000	103,098
Portfolio investments (Note 7)	187,164	143,070
	<u>375,859</u>	<u>293,209</u>
Liabilities		
Accounts payable and other accrued liabilities	404	325
	<u>375,455</u>	<u>292,884</u>
Net financial assets		
	<u>117</u>	<u>639</u>
Non-financial assets		
Prepaid expenses	117	639
	<u>117</u>	<u>639</u>
Net assets	<u>\$ 375,572</u>	<u>\$ 293,523</u>
Net assets		
Accumulated surplus	\$ 291,704	\$ 239,123
Accumulated remeasurement gains	83,868	54,400
	<u>\$ 375,572</u>	<u>\$ 293,523</u>

Contractual rights (Note 8)

Contractual obligations (Note 9)

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

Statement of Change in Net Financial Assets

Alberta Enterprise Corporation
Statement of Change in Net Financial Assets
Year ended March 31, 2022
(in thousands)

	2022		2021
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual surplus (deficit)	\$ (2,350)	\$ 52,581	\$ 79,716
Net remeasurement gains (Note 7)		29,468	25,701
Decrease (increase) in prepaid expenses		522	(268)
Increase in net financial assets		82,571	105,149
Net financial assets at beginning of year		292,884	187,735
Net financial assets at end of year		\$ 375,455	\$ 292,884

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

Statement of Remeasurement Gains and Losses

Alberta Enterprise Corporation
Statement of Remeasurement Gains and Losses
Year ended March 31, 2022
(in thousands)

	<u>2022</u>	<u>2021</u>
	<i>(in thousands)</i>	
Unrealized gains (losses) attributed to:		
Portfolio investments	\$ 40,884	\$ 44,933
Foreign exchange	(1,190)	(8,182)
Amounts Reclassified to the Statement of Operations:		
Portfolio Investments - Realized Gains on Investments	(10,226)	(11,050)
Net Remeasurement Gains for the Period (Note 7)	<u>29,468</u>	<u>25,701</u>
Accumulated Remeasurement Gains at Beginning of Year	<u>54,400</u>	<u>28,699</u>
Accumulated Remeasurement Gains as at End of Year	<u>\$ 83,868</u>	<u>\$ 54,400</u>

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

Statement of Cash Flows

Alberta Enterprise Corporation

Statement of Cash Flows

Year ended March 31, 2022

(in thousands)

	<u>2022</u>	<u>2021</u>
	<i>(in thousands)</i>	
Operating transactions		
Annual surplus	\$ 52,581	\$ 79,716
Non-cash items included in annual surplus:		
Gain on sale of portfolio investments (Note 7)	(4,689)	(6,570)
	<u>47,892</u>	<u>73,146</u>
Increase in accounts receivable	(46,902)	(53,098)
Increase in accounts payable and other accrued liabilities	79	189
Decrease (increase) in prepaid expense	522	(268)
Cash provided by operating transactions	<u>1,591</u>	<u>19,969</u>
Investing transactions		
Purchase of portfolio investments (Note 7)	(30,866)	(17,493)
Distributions received from limited partnerships (Note 7)	20,929	18,686
Cash (applied to) provided by investing transactions	<u>(9,937)</u>	<u>1,193</u>
(Decrease) increase in cash	(8,346)	21,162
Cash and Cash Equivalents, Beginning of Year	47,041	25,879
Cash and Cash Equivalents, End of Year	<u>\$ 38,695</u>	<u>\$ 47,041</u>

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

Notes to the Financial Statements

Alberta Enterprise Corporation Notes to the Financial Statements March 31, 2022

Note 1 AUTHORITY

The Alberta Enterprise Corporation (the Corporation) is a Provincial Corporation that operates under the authority of the Alberta Enterprise Corporation Act.

The Corporation was established on December 5, 2008 and is part of a strategy to encourage technology commercialization and promote growth in Alberta's venture capital industry.

The Corporation 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 the Corporation, which is part of the Ministry of Jobs, Economy and Innovation (the Ministry) and for which the Minister of Jobs, Economy and Innovation (the Minister) is accountable. Other entities accountable to the Minister are the Department of Jobs, Economy and Innovation (the Department), Alberta Innovates, Travel Alberta and Invest Alberta Corporation. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial positions 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 other accrued liabilities.

Government transfers

Transfers from all governments are referred to as government transfers.

Government transfers and associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation'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, the Corporation complies with its communicated use of these transfers.

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

Alberta Enterprise Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Investment income

Investment income includes dividend and interest income and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted transfers, donations or contributions are recognized in the Statement of Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Statement of Operations.

Expenses

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

Grants and transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash	Cost
Accounts receivable	Lower of cost or net recoverable value
Portfolio investments	Fair value
Accounts payable and other accrued liabilities	Cost

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair values of cash, accounts payable and other accrued liabilities are estimated to approximate their carrying values, because of the short term nature of these instruments.

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 the Corporation's financial claims on external organizations and individuals, as well as cash at the end of the year.

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.

Alberta Enterprise Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Portfolio investments

Portfolio investments in limited partnerships are recognized at fair value. Fair value is determined by the limited partnerships based upon valuation techniques considered appropriate by the Corporation and may include techniques such as discounted cash flows, prevailing market values for instruments with similar characteristics and other pricing models as appropriate. The Corporation relies upon the General Partner's valuation of the investments in the limited partnerships.

Unrealized gains and losses from changes in the fair value of portfolio investments are recognized in the Statement of Remeasurement Gains and Losses. Once realized, the cumulative gain or losses previously recognized in the Statement of Remeasurement Gains and Losses are recognized in net investment income.

Portfolio investments are reviewed on an annual basis for impairment. When there is a loss in the Corporation's share of investment other than a temporary decline then the loss is adjusted and recognized in the Statement of Operations.

Liabilities

Liabilities are present obligations of the Corporation 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:

- all financial claims payable by the Corporation at the year end; and
- accrued employee vacation entitlements.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the Statement of Financial Position date. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the Statement of Operations, and the cumulative amount of remeasurement gains and losses are reversed in the Statement of Remeasurement Gains and Losses.

Alberta Enterprise Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

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 prepaid expenses.

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. Portfolio investments recognized at \$187,164 (2021 - \$143,070) in the financial statements are subject to measurement uncertainty.

Measurement uncertainty exists with the determination of the fair value of the investments. The fair value of the investments is estimated by the General Partner of each fund. The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from value that would have been used had a ready market existed for the investments.

As a result of the continuation of the COVID-19 pandemic, declared on March 11, 2020, global financial markets and world economies have experienced significant volatility. Given the extent of the crisis, and varying levels of response and recovery of countries across the globe, additional uncertainty remains and will continue to exist with regards to fair value measurement of the Corporation's investments.

Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

During the fiscal year 2022-23, AEC will adopt the following new accounting standard of 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.

In addition to the above, the Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2023:

• **PS 3280 Asset Retirement Obligations**

This accounting standard provides guidance on how to account for and report liabilities for retirement of a tangible capital assets.

• **PS 3160 Public Private Partnerships (effective April 1, 2023)**

This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

AEC has not yet adopted these two accounting standards. Management is currently assessing the impact of these standards on the financial statements.

Alberta Enterprise Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 4 BUDGET
(in thousands)

An preliminary business plan with budgeted deficit of \$2,350 was approved by the Board on March 19, 2021 and the full financial plan was submitted to Minister of Jobs, Economy and Innovation.

Note 5 CASH
(in thousands)

	<u>2022</u>	<u>2021</u>
Cash	\$ 38,695	\$ 47,041

\$84,453 (2021 - \$76,853) (Note 7) is committed for partnership capital contributions. In addition to cash, distributions from the Limited Partnerships and the \$150,000 (2021 - \$100,000) Accounts Receivable can be used toward future cash calls.

Cash amount of \$38,695 (2021 - \$47,041) includes \$586 (2021 - \$7,154) denominated in US Dollars (USD).

Note 6 ACCOUNTS RECEIVABLE
(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	<u>2022</u>	<u>2021</u>
Grant receivable - Government of Alberta	\$ 150,000	\$ 100,000
Receivable from sale of investments	-	3,095
Other receivable	-	3
	<u>\$ 150,000</u>	<u>\$ 103,098</u>

Alberta Enterprise Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 7 PORTFOLIO INVESTMENTS
(in thousands)

The Government of Alberta originally allocated \$100,000 in 2008 for investments in limited partnerships that provide venture capital in knowledge-based industries. An additional \$25,000 was allocated in 2016, \$50,000 was allocated in 2017, \$75,000 was allocated in 2021, and \$50,000 was allocated in 2022 for additional investments in limited partnerships.

The Corporation is a limited partner in twenty four (2021 – twenty one) limited partnerships and \$269,280 (2021 - \$231,541) has been contributed and committed to these limited partnerships. Committed funds are paid into the limited partnership in amounts and at times determined by the general partner in order to meet the limited partnerships funding requirements. Distributions from the limited partnerships can be used toward future cash calls from the fund which distributed the capital. The Corporation's contributions to date and commitments are as follows:

Limited Partnerships	Funds Disbursed to Partnerships for Investments ^(a)	Remaining Commitments	Total Funds Disbursed and Committed, End of the Year
32 Degrees D.E.Fund II (S&T AIV)	\$ 9,919	\$ 81	\$ 10,000
Accelerate Fund I	10,000	-	10,000
Accelerate Fund II	8,850	1,150	10,000
Accelerate Fund III	4,650	10,350	15,000
Amplitude Ventures Fund I	1,673	3,327	5,000
Avrio Ventures II ^(c)	5,980	-	5,980
Azure Capital Partners III ^(b)	11,319	-	11,319
Azure Opportunities Feeder Fund ^(b)	2,379	250	2,629
Builders VC Fund I ^(b)	8,033	1,687	9,720
Builders II Fund ^(b)	2,887	9,622	12,509
Chrysalix Energy III Fund ^(b)	16,164	709	16,873
EnerTech Capital Partners IV ^(b)	17,908	534	18,442
Flying Fish Fund II QP LP ^(b)	2,071	7,338	9,409
iNovia Fund 2018 ^(b)	8,220	4,561	12,781
iNovia Fund III	10,000	-	10,000
iNovia Growth II ^(b)	6,610	12,184	18,794
McRock Fund II	5,344	4,656	10,000
McRock iNfund	9,887	113	10,000
New Acres Capital Ag & Food ^(d)	4,774	226	5,000
Panache Ventures Investment Fund	4,500	500	5,000
Panache Ventures Investment Fund II	-	10,000	10,000
Relay Ventures Fund III ^(b)	11,789	1,335	13,124
Yaletown Innovation Growth	6,500	3,500	10,000
Yaletown Innovation Growth Fund II	1,370	12,330	13,700
Yaletown Ventures II	14,000	-	14,000
Total	\$ 184,827	\$ 84,453	\$ 269,280

(a) Funds disbursed during the year include management fees of \$4,813 (2021 - \$3,301). Management fees may be recovered from limited partnerships in accordance with the limited partnership agreements. Total funds disbursed at the end of the year include management fees of \$34,176 (2021 - \$29,363).

(b) Commitments payable in USD. Remaining commitments based on the exchange rate at March 31, 2022.

(c) Avrio Ventures II was dissolved on December 31, 2021. There are no further commitments to this fund.

(d) Avrio Ventures III Limited Partnership was renamed New Acres Capital Ag & Food Limited Partnership.

Alberta Enterprise Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 7 PORTFOLIO INVESTMENTS (Cont'd)
(in thousands)

The changes in the fair values of the Corporation's investments in limited partnerships since April 1, 2021 are as follows:

Limited partnerships	Funds					Investment in partnership, end of year	Percentage share of partnership 2022	Percentage share of partnership 2021
	Investment in partnerships, beginning of year	disbursed to partnerships for investments	Distributions received from limited partnerships	Remeasurement gain (loss)	Net investment income (loss)			
32 Degrees D.E.Fund II (S&T AIV)	\$ 1,629	\$ 60	\$ (46)	\$ 367	\$ (1)	\$ 2,009	99.99%	99.99%
Accelerate Fund I	9,218	-	(916)	972	3	9,277	99.99%	99.99%
Accelerate Fund II	4,848	2,100	2	2,176	(329)	8,797	95.46%	95.46%
Accelerate Fund III	1,680	2,752	-	760	(643)	4,549	64.79%	64.79%
Amplitude Ventures I	-	1,673	-	413	(356)	1,730	2.45%	-
Avrio Ventures II	1,528	2	(65)	-	(1,465)	-	6.56%	6.56%
Azure Capital Partners III ^(a)	14,374	99	(2,383)	(558)	870	12,402	12.42%	12.42%
Azure Opportunities Feeder Fund ^(a)	1,341	755	-	1,588	(79)	3,605	19.70%	19.70%
Builders VC Fund ^(a)	13,735	1,384	-	2,191	225	17,535	4.37%	4.37%
Builders II Fund ^(a)	-	2,887	-	382	(460)	2,809	4.00%	10.44%
Chrysalix Energy III Fund ^(a)	10,190	161	(4)	15,991	(3,695)	22,643	10.32%	10.32%
EnerTech Capital Partners IV ^(a)	4,539	312	(376)	780	(819)	4,436	12.66%	12.66%
Flying Fish Fund ^(a)	-	2,072	-	89	(507)	1,654	10.68%	-
iNovia Fund 2018 ^(a)	4,732	3,400	(1,395)	2,644	1,139	10,521	5.01%	5.01%
iNovia Fund III	15,943	150	(13,705)	(13,132)	14,415	3,670	9.04%	9.04%
iNovia Growth II ^(a)	-	6,610	-	(554)	(492)	5,564	3.33%	3.33%
McRock Fund II	2,797	2,081	-	1,021	(324)	5,575	8.92%	8.92%
McRock iNfund	7,688	398	(14)	785	(186)	8,671	14.22%	14.22%
New Acres Capital Ag & Food ^(b)	1,829	47	(861)	893	(712)	1,196	4.98%	4.98%
Panache Ventures Investment Fund	5,174	850	(454)	2,230	96	7,896	8.61%	8.61%
Relay Ventures Fund III ^(a)	24,426	703	-	451	(1,323)	24,258	6.80%	6.80%
Yaletown Innovation Growth	6,458	1,000	(7)	2,301	(227)	9,525	7.82%	7.82%
Yaletown Innovation Growth II	-	1,370	-	(11)	(245)	1,114	7.90%	-
Yaletown Ventures II	10,941	-	(705)	7,689	(196)	17,728	15.58%	15.58%
Total Portfolio Investments 2022	\$ 143,070	\$ 30,866	\$ (20,929)	\$ 29,468	\$ 4,689	\$ 187,164		
Total Portfolio Investments 2021	\$ 111,992	\$ 17,493	\$ (18,686)	\$ 25,701	\$ 6,570	\$ 143,070		

(a) Investments in US limited partnerships are denominated in USD but reported in CAD.

(b) Avrio Ventures III Limited Partnership was renamed New Acres Capital Ag & Food Limited Partnership.

Alberta Enterprise Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 7 PORTFOLIO INVESTMENTS (Cont'd)
(in thousands)

Fair Value Hierarchy

Management is responsible for estimating the relative reliability of data or inputs used by the Corporation to measure the fair value of the Corporation's investments. The measure of reliability is determined based on the following three levels:

Level One: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level one primarily includes publicly traded listed equity investments.

Level Two: Fair value is based on valuation methods that make use of inputs, other than quoted prices included within level one, that are observable by market participation either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level two primarily includes debt securities and derivative contracts not traded on a public exchange and public equities not traded in an active market. For these investments, fair values are either derived from a number of prices that are provided by independent pricing sources or from pricing models that use observable market data such as swap curves and credit spreads.

Level Three: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. For these investments trading activity is infrequent and fair values are derived using valuation techniques.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Corporation. The Corporation considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Corporation's perceived risk of that investment.

The Corporation's investments have all been classified within level three as the fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on valuation. When observable prices are not available for these securities the limited partnerships use one or more valuation techniques (e.g. the market approach, the income approach) for which sufficient and reliable data is available. Within level three, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of the estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

As quoted market prices are not readily available for private investments, estimated fair values may not reflect amounts that could be realized upon immediate sale, nor amounts that may ultimately be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

Alberta Enterprise Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 7 PORTFOLIO INVESTMENTS (Cont'd)
(in thousands)

Financial Risk Management

The Corporation is exposed to a variety of financial risks associated with the underlying securities held in the limited partnerships. These financial risks include market risk and liquidity risk. Market risk is the risk of loss from unfavourable change in fair value or future cash flows of a financial instrument causing financial loss. Market risk is comprised of price risk and foreign currency risk.

(a) Price Risk

The Corporation's price risk is driven primarily by volatility in its venture capital investments. The Corporation generally invests in limited partnerships in the initial stages of development. Because of the inherent uncertainty of valuations, estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and the difference could be material.

To manage price risk, the Corporation takes a mindful approach to diversify its investments in limited partnerships focusing on different sectors of innovation creating sectoral diversification. In addition, each limited partnership has established a target mix of investment types and the Corporation will aggregate investment types to ensure appropriate sectoral diversification within a reasonable risk tolerance and in accordance with the limited partnership's investment mandate.

Based on the financial position of the Corporation on March 31, 2022, if the value of investments decreased by five percent, with all other variables held constant, net assets decrease approximately \$9,358 (2021 - \$7,154). In practice, actual investments results may differ from this analysis and the difference could be material.

(b) Foreign Currency Risk

The Corporation is exposed to foreign currency risk associated with portfolio investments and cash denominated in USD. Foreign currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Investments and cash denominated in USD currencies are translated into Canadian dollars using the reporting date exchange rate.

The value of the Corporation's investments in limited partnerships denominated in USD may change due the changes in exchange rates. \$105,429, or 56% of the Corporation's investment, are denominated in US dollars (2021 - \$73,339, or 51%). The carrying amount of cash denominated in USD is \$586 (2021 - \$7,154).

If the value of the Canadian dollar increased by 10% against the U.S. dollar, and all other variables are held constant, the potential loss in carrying value to the Corporation would be approximately 5.7% of total investments and cash (2021 - 4.2%). The Corporation does not participate in any foreign currency hedging activities.

(c) Liquidity Risk

Liquidity risk is the risk that a given investment or asset cannot be traded quickly enough in the market to prevent a loss. The Corporation's investments are long term and highly illiquid. There is no assurance that the Corporation will ultimately realize the carrying value of the investments.

To manage these risks, the Corporation has established policies around the type of limited partnerships that it invests in. Investment commitments exceed cash on hand, and management plans to use future distributions from the limited partnerships to meet the commitments.

(d) Other Risks

The Corporation is not exposed to significant credit and interest risk.

Alberta Enterprise Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 8 CONTRACTUAL RIGHTS
(in thousands)

Contractual rights are rights of the Corporation to economic resources arising from a grant agreement from the Government of Alberta that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

	<u>2022</u>	<u>2021</u>
Contractual rights from agreement	\$ 50,000	\$ 100,000

Estimated amounts that will be received or receivable are as follows:

	<u>Grant</u>
2022-23	\$ 50,000

Note 9 CONTRACTUAL OBLIGATIONS
(in thousands)

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts are met. The Corporation has committed funds to be paid into limited partnerships. The details of the commitments are listed in Note 7. Other contractual obligations are:

	<u>2022</u>	<u>2021</u>
Obligations under operating leases	\$ 36	\$ 71
Obligations under service contracts	47	54
	<u>\$ 83</u>	<u>\$ 125</u>

Estimated payment requirements for each of the next three years are as follows:

	<u>Operating Leases</u>	<u>Service Contracts</u>	<u>Total</u>
2022-23	\$ 36	\$ 37	\$ 73
2023-24	-	8	8
2024-25	-	2	2
	<u>\$ 36</u>	<u>\$ 47</u>	<u>\$ 83</u>

Note 10 COMPARATIVE FIGURES

Certain 2021 figures have been reclassified to conform to the 2022 presentation.

Note 11 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements of Alberta Enterprise Corporation.

Schedule 1 – Expenses – Detailed by Object

Alberta Enterprise Corporation

Expenses – Detailed by Object

Year ended March 31, 2022

(in thousands)

	2022		2021
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Salaries, wages and employee benefits	\$ 1,342	\$ 1,323	\$ 1,128
Supplies, services and payments to consultants	828	516	478
Grants and sponsorships	180	181	197
Total expenses	<u>\$ 2,350</u>	<u>\$ 2,020</u>	<u>\$ 1,803</u>

Schedule 2 – Salary and Benefits Disclosure

Alberta Enterprise Corporation
Salary and Benefits Disclosure
Year ended March 31, 2022
(in thousands)

	2022			2021	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
	<i>(in thousands)</i>				
Chair of the Board	\$ -	\$ 24	\$ 1	\$ 25	\$ 24
Vice Chair of the Board	-	12	1	13	-
Board Members (five) ⁽⁴⁾	-	60	3	63	55
Executives:					
Chief Executive Officer	276	10	20	306	306
Vice President, Investments ⁽⁵⁾	217	-	4	221	207
Vice President, Investments ⁽⁵⁾⁽⁶⁾	177	-	4	181	165
	\$ 670	\$ 106	\$ 33	\$ 809	\$ 757

(1) Base salary includes regular salary, holiday pay, in Lieu RSP and life and disability allowances.

(2) Other cash benefits for board members include honoraria payments and per diem allowances. Other cash benefits for executives include life and disability insurance. There were no discretionary amounts paid to executives in 2022 (2021 - \$nil).

(3) Other non-cash benefits include Canada Pension Plan, Retirement Savings Plans, Employment Insurance payments, and parking benefits.

(4) At any given time, the Board of Directors consisted of no more than five members in 2022 (2021 - four) plus the chair and vice chair, whose remuneration is disclosed separately.

(5) This position was formerly the Director, Investments

(6) This position consisted of an 0.8 full-time equivalent in the fiscal year (2021 - 0.8).

Schedule 3 – Related Part Transactions

Alberta Enterprise Corporation

Related Party Transactions

Year ended March 31, 2022

(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 the Corporation. The Corporation and its employees paid or collected certain taxes and fees set by regulation for premiums, licenses 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.

Entities in the ministry refers to entities consolidated in the Ministry of Jobs, Economy and Innovation (JEI). Other entities outside of the ministry relate to the remaining entities consolidated at the Provincial level.

The Corporation had a shared service arrangement with the Department of Jobs, Economy and Innovation and received financial services at no charge.

The Corporation had the following transactions with related parties reported in the Statement of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry	
	2022	2021
	<i>(in thousands)</i>	
Revenues		
Grants from JEI	\$ 50,000	\$ 75,000
Receivable from⁽¹⁾	\$ 150,000	\$ 100,000

(1) \$150,000 (2021 - \$100,000) Receivable is from the Department of Jobs, Economy and Innovation

Alberta Innovates

Consolidated Financial Statements

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Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Alberta Innovates

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of Alberta Innovates (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and the results of its operations, its changes in net financial assets, 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 Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

May 31, 2022
Edmonton, Alberta

Consolidated Statement of Operations

Alberta Innovates
Consolidated Statement of Operations
Year ended March 31, 2022
(in thousands)

	2022		2021
	Budget (Note 4)	Actual	Actual
<i>(in thousands)</i>			
Revenues			
Government transfers			
Funding from Jobs, Economy and Innovation			
Base grant	\$ 119,541	\$ 127,635	\$ 122,811
Restricted grant from prior years	9,253	11,142	17,021
Other grants	51,307	25,632	27,050
Restricted capital contribution	1,800	2,208	2,327
Funding from other Government of Alberta entities -			
Other grants	5,000	6,198	5,881
Federal government transfers	3,000	5,442	2,345
External revenue and industry funding	48,000	38,551	40,804
Investment income	2,000	229	359
Other Government of Alberta revenue	2,223	1,936	1,858
	242,124	218,973	220,456
Expenses (Note 2 (b) and Schedule 1)			
Research, innovation and commercialization	159,095	156,077	152,415
Applied research	50,325	51,220	47,911
Administration	33,878	29,404	25,503
Amortization	7,900	7,542	7,015
	251,198	244,243	232,844
Annual deficit	(9,074)	(25,270)	(12,388)
Accumulated surplus at beginning of year	59,876	59,876	72,264
Accumulated surplus at end of year	\$ 50,802	\$ 34,606	\$ 59,876

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

Consolidated Statement of Financial Position

Alberta Innovates

Consolidated Statement of Financial Position

As at March 31, 2022

(in thousands)

	2022	2021
	<i>(in thousands)</i>	
Financial assets		
Cash (Note 5)	\$ 111,896	\$ 112,130
Accounts receivable (Note 6)	13,642	13,513
	<u>125,538</u>	<u>125,643</u>
Liabilities		
Accounts payable and other accrued liabilities (Note 8)	35,801	21,257
Unspent deferred capital contributions (Note 9)	1,094	1,137
Deferred revenue (Note 9)	67,850	63,490
Deferred contract revenue (Note 9)	10,624	7,788
	<u>115,369</u>	<u>93,672</u>
Net financial assets	<u>10,169</u>	<u>31,971</u>
Non-financial assets		
Tangible capital assets (Note 11)	41,729	46,353
Prepaid expenses	2,158	1,592
	<u>43,887</u>	<u>47,945</u>
Net assets before spent deferred capital contributions	<u>54,056</u>	<u>79,916</u>
Spent deferred capital contributions (Note 9)	19,450	20,040
Net assets		
Accumulated surplus (Note 12)	<u>\$ 34,606</u>	<u>\$ 59,876</u>

Contractual rights (Note 7)

Contingent liabilities (Note 13)

Contractual obligations (Note 14)

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

Approved by the Board of Directors

[Original signed by Brenda Kenny Board Chair]

Dr. Brenda Kenny
Board Chair

[Original signed by DR. H.J (Tom) Thompson Audit Chair]

DR. H.J (Tom) Thompson
Audit Chair

Consolidated Statement of Change in Net Financial Assets

Alberta Innovates

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2022

(in thousands)

	2022		2021
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual deficit	\$ (9,074)	\$ (25,270)	\$ (12,388)
Acquisition of tangible capital assets (Note 11)	(11,000)	(2,930)	(5,353)
Amortization of tangible capital assets (Note 11)	7,900	7,542	7,015
Net loss/(gain) on disposal of tangible capital assets		12	(5)
Proceeds on sale of tangible capital assets		-	5
Increase in prepaid expenses		(566)	(32)
Net decrease in spent deferred capital contributions (Note 9)		(590)	(1,441)
Decrease in net financial assets	(12,174)	(21,802)	(12,199)
Net financial assets at beginning of year	31,971	31,971	44,170
Net financial assets at end of year	<u>\$ 19,797</u>	<u>\$ 10,169</u>	<u>\$ 31,971</u>

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

Consolidated Statement of Cash Flows

Alberta Innovates

Consolidated Statement of Cash Flows

Year ended March 31, 2022

(in thousands)

	2022	2021
	<i>(in thousands)</i>	
Operating transactions		
Annual deficit	\$ (25,270)	\$ (12,388)
Non-cash items included in annual deficit:		
Amortization of tangible capital assets (Note 11)	7,542	7,015
Deferred contributions recognized as revenue (Note 9)	(122,130)	(137,330)
Net loss/(gain) on disposal of tangible capital assets	12	(5)
	<u>(139,846)</u>	<u>(142,708)</u>
(Increase)/Decrease in accounts receivable	(129)	86,760
Increase in prepaid expenses	(566)	(32)
Increase/(Decrease) in accounts payable and other accrued liabilities	14,544	(17,047)
Increase/(Decrease) in deferred contract revenue	2,836	(1,542)
Contributions restricted for operating (Note 9)	123,285	119,708
Cash provided by operating transactions	<u>124</u>	<u>45,139</u>
Capital transactions		
Acquisition of tangible capital assets (Note 11)	(2,930)	(5,353)
Proceeds on sale of tangible capital assets	-	5
Cash applied to capital transactions	<u>(2,930)</u>	<u>(5,348)</u>
Financing transactions		
Contributions restricted for capital (Note 9)	2,572	2,349
Cash provided by financing transactions	<u>2,572</u>	<u>2,349</u>
(Decrease)/Increase in cash	(234)	42,140
Cash at beginning of year	112,130	69,990
Cash at end of year	<u>\$ 111,896</u>	<u>\$ 112,130</u>

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

Notes to the Consolidated Financial Statements

Alberta Innovates

Notes to the Consolidated Financial Statements

March 31, 2022

Note 1 AUTHORITY AND PURPOSE

Alberta Innovates is a Provincial corporation, as defined in the *Financial Administration Act*. It was established effective November 1, 2016 under the *Alberta Research and Innovation Act*. The *Alberta Research and Innovation Act* was amended to dissolve the four corporations: Alberta Innovates - Bio Solutions, Alberta Innovates - Energy and Environment Solutions, Alberta Innovates - Health Solutions, and Alberta Innovates - Technology Futures and create one new research and innovation corporation, "Alberta Innovates." Two wholly owned subsidiary corporations C-FER Technologies (1999) Inc. and InnoTech Alberta Inc. along with the Alberta Foundation for Health Research are also reporting entities of Alberta Innovates ("The Corporation").

The objectives of the Corporation are to support, for the economic and social well-being of Albertans, research and innovation activities aligned to meet Government of Alberta priorities, including, without limitation, activities directed at the discovery, commercialization and application of knowledge in the areas of agriculture, energy, environment, forestry, health and other areas determined by the regulations.

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

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

(a) Reporting Entity and Method of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Corporation and its wholly owned subsidiaries InnoTech Alberta Inc., C-FER Technologies (1999) Inc. and the Alberta Foundation for Health Research (AFHR). The AFHR operates under the *Alberta Companies Act* and is a registered charitable organization for income tax purposes. All inter-entity balances and transactions have been eliminated on consolidation.

The accounts of government sector entities are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to the Corporation's accounting policies and the results of each line item in their financial statements (revenue, expense, assets, and liabilities) are included in the Corporation's results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

(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 deferred revenue and recorded in accounts payable and other accrued liabilities. Externally restricted revenue is recognized as revenue in the period in which the resources are used for the purpose specified. Funds received prior to meeting the criteria are recorded as deferred revenue until the resources are used for the purpose specified.

Alberta Innovates
Notes to the Consolidated Financial Statements (Cont'd)
March 31, 2022

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

(b) Basis of Financial Reporting (Continued)

Revenues (Continued)

External revenue is contract revenue that is recognized using the percentage of completion method. The Corporation makes full provision for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated.

Investment income includes interest income. Investment income earned from restricted sources is deferred and recognized when the terms imposed have been met.

Other revenue is contract and fee for service work billed to Alberta Government ministries and agencies, post secondary institutions and school divisions. Other revenue also includes revenue from the sale of products the Corporation has built.

Government Transfers

Transfers from all governments are referred to as government transfers.

Government transfers and associated externally restricted investment income are recognized as deferred revenue or deferred capital contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation'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, the Corporation complies with its communicated use of the transfer.

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

Donations and Non-Government Contributions

Donations and non-government contributions are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government contributions may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations and non-government contributions are recognized as revenue in the year received or in the year the funds are committed to the Corporation if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, non-government contributions and realized and unrealized gains and losses for the associated, externally restricted, investment income are recognized as deferred revenue if the terms for their use, or the terms along with the Corporation's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and, when applicable, the Corporation complies with its communicated use.

In-kind donations of services and materials are recognized at fair value when such value can reasonably be determined.

Expenses

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

Transfers include entitlements, grants and transfers under shared cost agreements. Grants and transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

Alberta Innovates
Notes to the Consolidated Financial Statements (Cont'd)
March 31, 2022

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

(b) Basis of Financial Reporting (Continued)

Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash	Cost
Accounts Receivable	Lower of Cost or Net Recoverable Value
Accounts Payable and Other Accrued Liabilities	Cost

The Corporation has no assets or liabilities in the fair value category, has no significant foreign currency transactions and has no significant remeasurement gains or losses. Consequently, no statement of remeasurement gains and losses has 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 the Corporation's financial claims on external organizations and individuals, as well as cash.

Cash

Cash comprises of cash on hand and demand deposits.

The Consolidated Cash Investment Trust Fund (CCITF) is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term and mid-term fixed income securities with a maximum maturity of three years.

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 represent present obligations of the Corporation 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:

- all financial claims payable by the Corporation at the year end;
- accrued employee vacation entitlements; and
- contingent liabilities where future liabilities are likely.

Alberta Innovates
Notes to the Consolidated Financial Statements (Cont'd)
March 31, 2022

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

(b) Basis of Financial Reporting (Continued)

Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. A liability for remediation of a contaminated site may arise from an operation that is either in productive use or no longer in productive use and may also arise from an unexpected event resulting in contamination. The resulting liability is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

Other environmental liabilities are recognized when all of the following criteria are met:

- i. the Corporation has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- ii. the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand;
- iii. the transaction or events obligating the Corporation have already occurred; and
- iv. a reasonable estimate of the amount can be made.

Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are estimated at the future value amount and the capitalized asset retirement cost is amortized on the same basis as the related asset. In subsequent periods, the liability will be adjusted for any changes in the value of the estimate.

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 include tangible capital assets and prepaid expenses.

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. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Work in progress, which included facilities and improvements projects and development of information systems, is not amortized until after a project is complete (or substantially complete) and the asset is put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation'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 Consolidated Statement of Operations.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the time of contribution.

Prepaid Expenses

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

Alberta Innovates

Notes to the Consolidated Financial Statements (Cont'd)

March 31, 2022

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

(b) Basis of Financial Reporting (Continued)

Financial Risk Management

The Corporation's financial instruments include cash, accounts receivable and accounts payable and other accrued liabilities. The Corporation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Corporation's financial instruments are exposed to credit risk, market risk, and liquidity risk.

a) Credit Risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the Corporation. The Corporation's accounts receivable are exposed to credit risk. Management manages this risk by continually monitoring the creditworthiness of counterparties and by dealing with counterparties that it believes are creditworthy.

b) Market Risk

Market risk is the risk of loss from unfavourable change in fair value or future cash flows of a financial instrument causing financial loss. Market risk is comprised of currency risk, interest rate risk and price risk. The Corporation's cash is exposed to interest rate risk. Management manages this risk by continually monitoring the Corporation's deposits in the Consolidated Cash Investment Trust Fund (CCITF) and their corresponding rate of return.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation's accounts payable and other accrued liabilities are exposed to liquidity risk. Management manages this risk by continually monitoring cash flows.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Asset retirement obligations recorded in accounts payable and other accrued liabilities are \$2,549 (2021 - \$2,549). This balance is for estimated decommissioning costs for the Alberta Carbon Capture Technology Centre and is subject to measurement uncertainty.

The World Health Organization declared on March 11, 2020 the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus and provide financial assistance as necessary. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the effect these developments will have on the Corporation.

Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

During the fiscal year 2022-23, the Corporation will adopt the following new accounting standard of the Public Sector Accounting Board:

- **PS 3280 Asset Retirement Obligations**

This accounting standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Corporation plans to adopt this accounting standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated. The impact of the adoption of this accounting standard on the financial statements is currently being analyzed.

In addition to the above, the Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2023:

- **PS 3400 Revenue**

This 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.

- **PS 3160 Public Private Partnerships**

This standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

The Corporation has not yet adopted these standards. Management is currently assessing the impact of these standards on the consolidated financial statements.

Alberta Innovates
Notes to the Consolidated Financial Statements (Cont'd)
March 31, 2022

Note 4 BUDGET
(in thousands)

A preliminary business plan with a budgeted deficit of \$9,074 was approved by the Board on March 24, 2021 and the full financial plan was submitted to the Minister of Jobs, Economy and Innovation. The budget reported in the Consolidated Statement of Operations reflects the original \$9,074 deficit and additional reclassifications required for more consistent presentation with current and prior year results.

Note 5 CASH
(in thousands)

	<u>2022</u>	<u>2021</u>
Cash	<u>\$ 111,896</u>	<u>\$ 112,130</u>

Cash in the amount of \$111,896 (2021 - \$112,130) includes deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta amounting to \$101,551 (2021 - \$103,725).

As at March 31, 2022, \$79,568 of the cash balance is restricted as it represents grants received that have restrictions on their use (2021- \$72,415).

As at March 31, 2022, securities held by the Corporation had a time-weighted rate of return of 0.21% per annum (2021 – 0.42% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

Note 6 ACCOUNTS RECEIVABLE
(in thousands)

	<u>2022</u>		<u>2021</u>	
	<u>Gross amount</u>	<u>Allowance for doubtful accounts</u>	<u>Net recoverable value</u>	<u>Net recoverable value</u>
Accounts receivable	\$ 10,314	\$ 156	\$ 10,158	\$ 11,028
Alberta government departments and agencies	1,035	-	1,035	563
Accrued income receivable	2,449	-	2,449	1,922
	<u>\$ 13,798</u>	<u>\$ 156</u>	<u>\$ 13,642</u>	<u>\$ 13,513</u>

Accounts Receivable are unsecured, non-interest bearing and reported at their estimated net recoverable value.

Note 7 CONTRACTUAL RIGHTS
(in thousands)

Contractual rights are rights of the Corporation to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

	<u>2022</u>	<u>2021</u>
Contractual rights from operating contracts	<u>\$ 61,779</u>	<u>\$ 61,500</u>

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	<u>Operating contracts</u>
2022-23	\$ 34,595
2023-24	12,141
2024-25	10,148
2025-28	4,176
2026-27	383
Thereafter	338
	<u>\$ 61,779</u>

Alberta Innovates

Notes to the Consolidated Financial Statements (Cont'd)

March 31, 2022

Note 8 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

(in thousands)

	2022	2021
Accounts payable and other accrued liabilities	\$ 30,197	\$ 15,522
Alberta government departments and agencies	3,055	3,188
Asset retirement obligations	2,549	2,549
	<u>\$ 35,801</u>	<u>\$ 21,257</u>

Note 9 DEFERRED CONTRIBUTIONS

(in thousands)

	2022	2021
Unspent deferred capital contributions (a)	\$ 1,094	\$ 1,137
Spent deferred capital contributions (b)	19,450	20,040
Deferred operating contributions (c)	67,850	63,490
Deferred contract revenue	10,624	7,788
	<u>\$ 99,018</u>	<u>\$ 92,455</u>

(a) Unspent deferred capital contributions

	2022		2021	
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 1,099	\$ 38	\$ 1,137	\$ 301
Amounts reclassified ⁽¹⁾	(548)	(38)	(584)	-
Cash contributions received/receivable during year	2,500	72	2,572	2,349
Transfers from deferred revenue	-	-	-	300
Interest income	-	-	-	-
Transferred to spent deferred capital contributions	(1,964)	(67)	(2,031)	(1,813)
Balance at end of year	<u>\$ 1,099</u>	<u>\$ 5</u>	<u>\$ 1,094</u>	<u>\$ 1,137</u>

(b) Spent deferred capital contributions

	2022		2021	
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 11,763	\$ 8,277	\$ 20,040	\$ 21,481
Amounts reclassified ⁽¹⁾	546	38	584	-
Transferred from unspent deferred capital contributions	1,964	67	2,031	1,813
Less amounts recognized as revenue	(2,225)	(980)	(3,205)	(3,254)
Balance at end of year	<u>\$ 12,048</u>	<u>\$ 7,402</u>	<u>\$ 19,450</u>	<u>\$ 20,040</u>

(c) Deferred operating contributions

	2022		2021	
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 60,383	\$ 3,107	\$ 63,490	\$ 78,158
Cash contributions received/receivable during the year	120,073	3,128	123,201	119,492
Interest income	84	-	84	216
Transfers to unspent deferred capital contributions	-	-	-	(300)
Recognized as revenue:				
Grants	(115,864)	(2,978)	(118,842)	(133,862)
Interest income	(83)	-	(83)	(214)
Balance at end of year	<u>\$ 64,593</u>	<u>\$ 3,257</u>	<u>\$ 67,850</u>	<u>\$ 63,490</u>

⁽¹⁾ Certain amounts included in unspent deferred capital contributions were reclassified to spent deferred capital contributions.

Alberta Innovates
Notes to the Consolidated Financial Statements (Cont'd)
March 31, 2022

Note 10 BENEFIT PLANS

(in thousands)

(a) The Corporation participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), the Public Service Pension Plan (PSPP), as well as, a Supplementary Pension Plan (SRP) for Public Service Managers. The Corporation does not have sufficient plan information on MEPP, PSPP or the SRP to follow the standards for defined benefit accounting and therefore follows the standard for defined contribution accounting. Accordingly, pension expense recognized for the PSPP/SRP/MEPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits. The expense for these pension plans is equivalent to the annual contributions of \$5,102 for the year ended March 31, 2022 (2021 - \$5,014).

At December 31, 2021, the Management Employees Pension Plan reported a surplus of \$1,348,160 (2020 – surplus \$809,850), the Public Service Pension Plan reported a surplus of \$4,588,479 (2020 – surplus \$2,223,582) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$20,982 (2020 – deficiency \$59,972). The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

As a result of the COVID-19 outbreak, declared a global pandemic on March 11, 2020, global financial markets and world economies have experienced significant volatility. Given the extent of the crisis, and varying levels of response and recovery of countries across the globe, additional uncertainty remains and will continue to exist with regards to fair value measurement of the pension plans investments.

(b) The Benefit Plans consists of the unfunded liability for the Corporation's supplemental retirement plan, the benefits under which are paid for entirely by the Corporation when they come due. There are no plan assets. There are no active members remaining in the plan and one retired member eligible for benefits.

Note 11 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land	Building and Improvements ⁽²⁾	Equipment ⁽³⁾	Computer Hardware & Software	2022 Total	2021 Total
Estimated Useful Life	Indefinite	10-30 years	3-25 years	3-10 years		
Historical Cost⁽¹⁾						
Beginning of year ⁽⁴⁾	\$ 566	\$ 29,231	\$ 82,886	\$ 10,477	\$ 123,160	\$ 119,023
Additions	-	593	2,080	257	2,930	5,353
Disposals, including write-downs	-	-	(736)	(118)	(854)	(1,216)
	566	29,824	84,230	10,616	125,236	123,160
Accumulated Amortization						
Beginning of year	-	11,582	56,214	9,011	76,807	71,008
Amortization expense	-	2,642	4,221	679	7,542	7,015
Effect of disposals, including write-downs	-	-	(722)	(120)	(842)	(1,216)
	-	14,224	59,713	9,570	83,507	76,807
Net Book Value at March 31, 2022	<u>\$ 566</u>	<u>\$ 15,600</u>	<u>\$ 24,517</u>	<u>\$ 1,046</u>	<u>\$ 41,729</u>	
Net Book Value at March 31, 2021	<u>\$ 566</u>	<u>\$ 17,649</u>	<u>\$ 26,672</u>	<u>\$ 1,466</u>		<u>\$ 46,353</u>

⁽¹⁾ Historical costs includes work-in-progress at March 31, 2022 totaling \$1,272 (2021 - \$1,177) comprised of building and improvements \$329 (2021 - \$nil), and equipment \$943 (2021 - \$1,177).

⁽²⁾ Buildings and improvements include leasehold improvements (amortized over the life of the lease).

⁽³⁾ Equipment includes laboratory equipment, heavy equipment, vehicles, office equipment, and other equipment.

⁽⁴⁾ \$41 was reclassified between Buildings & Improvements and Equipment for costs incurred in the prior year.

Alberta Innovates
Notes to the Consolidated Financial Statements (Cont'd)
March 31, 2022

Note 12 ACCUMULATED SURPLUS
(in thousands)

	2022			2021
	Investments in Tangible Capital Assets	Unrestricted Surplus	Total	Total
Balance, beginning of year	\$ 26,313	\$ 33,563	\$ 59,876	\$ 72,264
Amounts reclassified ⁽¹⁾	(584)	584	-	-
Annual deficit	(7,554)	(17,716)	(25,270)	(12,388)
Net investments in capital assets	2,930	(2,930)	-	-
Transfers to spent deferred capital contributions	(2,031)	2,031	-	-
Spent deferred recognized in revenue	3,205	(3,205)	-	-
Balance, end of year	<u>\$ 22,279</u>	<u>\$ 12,327</u>	<u>\$ 34,606</u>	<u>\$ 59,876</u>

⁽¹⁾ Certain amounts included in unspent deferred capital contributions were reclassified to spent deferred capital contributions.

Note 13 CONTINGENT LIABILITIES
(in thousands)

The Corporation is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2022 accruals totaling \$368 (2021 - \$368) have been recognized as a liability.

Note 14 CONTRACTUAL OBLIGATIONS
(in thousands)

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

	2022	2021
Obligations under operating leases and contracts	<u>\$ 131,179</u>	<u>\$ 100,382</u>

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

	Operating leases and contracts
2022-23	\$ 75,525
2023-24	38,381
2024-25	16,480
2025-26	667
2026-27	101
Thereafter	25
	<u>\$ 131,179</u>

Alberta Innovates
Notes to the Consolidated Financial Statements (Cont'd)
March 31, 2022

Note 15 ALBERTA CARBON CONVERSION TECHNOLOGY CENTRE
(in thousands)

The Alberta Carbon Conversion Technology Centre (ACCTC) is a commercialization and testing centre designed to advance CO₂ capture and conversion technologies, and conduct related research. InnoTech Alberta Inc, a wholly owned subsidiary of the Corporation, completed the purchase and transfer of the ACCTC on March 15, 2018. \$24,015 (2021 - \$23,984) is recorded in tangible capital assets in Note 11. \$13,252 (2021 - \$15,131) of related spent deferred capital contributions is recorded in Note 9. There were no in-kind contributions received at March 31, 2022 (2021 - \$nil).

From June 2018 until March 2021 the ACCTC was the host site for the NRG COSIA Carbon XPRIZE – a competition to pilot various carbon capture and conversion technologies. InnoTech was not directly involved in supervising or overseeing the XPRIZE Competition, aside from its day to day role as the owner and operator of the ACCTC. Now that the XPRIZE competition is over, InnoTech will own and operate the ACCTC, which will be marketed to industry and government as a carbon capture testing site until December 2027. At that time, exclusive use of the site and ownership of the ACCTC will pass back to the owner of the land, who may elect to wholly or partially de-commission the ACCTC. Accordingly, \$2,549 (2021 - \$2,549) of asset retirement obligations have been recorded in Note 8.

The corporation has entered into various contractual arrangements with respect to ACCTC including a license of occupation, an operating costs recovery agreement, and a repayable contribution agreement. The impact on contractual rights, contractual obligations, contingent assets, and contingent liabilities, when known, has been reflected in these consolidated financial statements in accordance with the accounting policies described in Note 2.

Note 16 COMPARATIVE FIGURES

Certain 2021 figures have been reclassified, where necessary, to conform to the 2022 presentation.

Note 17 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board approved the consolidated financial statements of Alberta Innovates on May 31, 2022.

Schedule 1 – Consolidated Expenses – Detailed by Object

Alberta Innovates

Consolidated Expenses – Detailed by Object

Year ended March 31, 2022

(in thousands)

	<u>2022</u>	<u>2022</u>	<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<i>(in thousands)</i>	
Grants	\$ 143,495	\$ 139,678	\$ 133,820
Salaries, wages and employee benefits	64,899	63,277	61,395
Supplies and services	34,904	33,746	30,614
Amortization of tangible capital assets (Note 11)	7,900	7,542	7,015
	<u>\$ 251,198</u>	<u>\$ 244,243</u>	<u>\$ 232,844</u>

Schedule 2 – Salary and Benefits Disclosure

Alberta Innovates
Salary and Benefits Disclosure
Year ended March 31, 2022
(in thousands)

	2022			2021	
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chair of the Board	\$ -	\$ 18	\$ 1	\$ 19	\$ 18
Board Members	-	50	1	51	52
Chief Executive Officer	397	111	14	522	523
Chief Cleantech Officer & Vice President, Clean Resources (4)	253	18	58	329	312
Chief Operating Officer	301	11	65	377	367
General Counsel & Corporate Secretary	251	19	55	325	318
Vice Presidents:					
Executive Vice President, Impact	256	-	54	310	311
Vice President, Finance (5)	195	34	16	245	270
Vice President, Health	266	37	15	318	312
Associate Vice President, Investments (6)	160	7	37	204	-
Vice President, Marketing & Communications	219	22	6	247	247
Vice President, Organizational Development (7)	219	30	12	261	186
	\$ 2,517	\$ 357	\$ 334	\$ 3,208	\$ 2,916

(1) Base salary includes regular salary.

(2) Other cash benefits include honoraria for the Chair and Board Members. Other cash benefits for the Chief Executive Officer, Chief Cleantech Officer & Vice President, Clean Resources, Chief Operating Officer, General Counsel & Corporate Secretary and Vice Presidents include vacation payouts, car and living allowance, payments in lieu of pension and lump sum amounts.

(3) Other non-cash benefits include employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, employee health care expense accounts, dental coverage, major medical, group life insurance, short term disability plan, CPP, EI, Workers Compensation Board premiums and professional memberships.

(4) Vice President, Clean Resources position was renamed to Chief Cleantech Officer & Vice President, Clean Resources effective March 1, 2022.

(5) Vice President, Finance was vacated February 9, 2022.

(6) Associate Vice President, Investments position was effective May 31, 2021.

(7) Associate Vice President, Organizational Development position was effective on June 1, 2020 and renamed to Vice President, Organizational Development effective April 1, 2021.

Schedule 3 – Related Party Transactions

Alberta Innovates

Related Party Transactions

Year ended March 31, 2022

(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 the Corporation. The Corporation 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.

The Corporation had the following transactions with related parties recognized in the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities Outside of the Ministry	
	2022	2021	2022	2021
	<i>(in thousands)</i>			
Revenues				
Grants	\$ 166,617	\$ 169,209	\$ 6,198	\$ 5,881
Other	-	-	1,936	1,858
	<u>\$ 166,617</u>	<u>\$ 169,209</u>	<u>\$ 8,134</u>	<u>\$ 7,739</u>
Expenses - Directly Incurred				
Grants	\$ -	\$ -	\$ 53,795	\$ 52,087
Other services	-	5	1,103	2,899
	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 54,898</u>	<u>\$ 54,986</u>
Receivables from	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,035</u>	<u>\$ 563</u>
Payable to	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,055</u>	<u>\$ 3,186</u>
Prepaid expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118</u>	<u>\$ -</u>
Unspent deferred capital contributions	<u>\$ 1,089</u>	<u>\$ 1,100</u>	<u>\$ -</u>	<u>\$ -</u>
Spent deferred capital contributions	<u>\$ 11,942</u>	<u>\$ 11,640</u>	<u>\$ 106</u>	<u>\$ 123</u>
Deferred revenue	<u>\$ 54,486</u>	<u>\$ 48,047</u>	<u>\$ 10,107</u>	<u>\$ 12,337</u>
Deferred contract revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 39</u>
Contractual obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,704</u>	<u>\$ 24,904</u>
Contractual rights	<u>\$ 22,763</u>	<u>\$ 36,857</u>	<u>\$ 3,630</u>	<u>\$ 2,373</u>

Alberta Innovates
Related Party Transactions (Cont'd)
Year ended March 31, 2022
(in thousands)

The above transactions do not include support service arrangement transactions disclosed below. The Corporation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the consolidated financial statements. Accommodation expenses incurred by others are disclosed in Schedule 4.

	Other Entities Outside of the Ministry	
	2022	2021
	<i>(in thousands)</i>	
Expenses - Incurred by others ⁽¹⁾		
Accommodation ⁽²⁾	\$ 20,545	\$ 20,883
	<u>\$ 20,545</u>	<u>\$ 20,883</u>

⁽¹⁾ During the year, the Corporation received financial processing and reporting services from Service Alberta and the Department of Jobs, Economy and Innovation at no cost. The dollar value of these services cannot be accurately determined.

⁽²⁾ The Corporation's share of accommodation costs is based on the proportion of space occupied compared to the total space occupied by all Ministries.

Schedule 4 – Consolidated Allocated Costs

Alberta Innovates
Consolidated Allocated Costs
Year ended March 31, 2022
(in thousands)

Program	2022		2021	
	Expenses ⁽¹⁾	Expenses - Incurred by Others	Total Expenses	Total Expenses
	<i>(in thousands)</i>			
Research, innovation and commercialization	\$ 156,077	\$ -	\$ 156,077	\$ 152,415
Applied research	51,220	-	51,220	47,911
Administration	29,404	20,545	49,949	46,386
Amortization	7,542		7,542	7,015
	<u>\$ 244,243</u>	<u>\$ 20,545</u>	<u>\$ 264,788</u>	<u>\$ 253,727</u>

⁽¹⁾ Expenses - Directly Incurred as per Consolidated Statement of Operations.

Invest Alberta Corporation**Financial Statements****Table of Contents**

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Independent Auditor's Report



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, 2022, 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, 2022, 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.

Emphasis of matter – corresponding information

I draw attention to Note 1 of the financial statements that describes the corresponding information, which is for eight months, compared to the current period of 12 months. My opinion is not modified in respect of this matter.

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 2, 2022
Edmonton, Alberta

Statement of Operations

Invest Alberta Corporation
Statement of Operations
Year ended March 31, 2022
(in thousands)

	March 31, 2022 (12 Months)		March 31, 2021 (8 Months)	
	Budget (Note 4)	Actual (Note 1)	Actual	
	<i>(in thousands)</i>			
Revenues				
Government Transfers				
Government of Alberta Grants	\$ 25,250	\$ 14,836	\$	2,431
Investment Income	-	7		-
	<u>25,250</u>	<u>14,843</u>		<u>2,431</u>
Expenses (Note 2(b) and Schedules 1 and 3)				
Services	13,875	6,008		556
Administration and Operating Costs	6,749	6,521		1,232
Marketing	2,626	1,531		355
Website and Marketing Products	-	211		181
Investor Services	2,000	66		100
Amortization	-	36		7
	<u>25,250</u>	<u>14,373</u>		<u>2,431</u>
Annual Operating Surplus	<u>\$ -</u>	<u>\$ 470</u>	<u>\$</u>	<u>-</u>
Accumulated Surplus at Beginning of Year			-	-
Accumulated Surplus at End of Year (Note 8)		<u>\$ 470</u>	<u>\$</u>	<u>-</u>

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

Statement of Financial Position

Invest Alberta Corporation
Statement of Financial Position
As at March 31, 2022
(in thousands)

	March 31, 2022	March 31, 2021
	<i>(in thousands)</i>	
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 8,652	\$ 3,957
Accounts Receivable	185	146
	<u>8,837</u>	<u>4,103</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	1,597	800
Deferred Revenue (Note 7)	7,634	3,569
	<u>9,231</u>	<u>4,369</u>
Net Debt	<u>(394)</u>	<u>(266)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 9)	84	82
Inventories of Supplies	-	8
Prepaid Expenses	780	176
	<u>864</u>	<u>266</u>
Net Assets	<u>\$ 470</u>	<u>\$ -</u>
Net Assets		
Accumulated Surplus (Note 8)	<u>\$ 470</u>	<u>\$ -</u>

Contingent Liabilities (Note 10)
Contractual Obligations (Note 11)

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

Approved by the Board of Directors

[Original signed by R. Scott Hutcheson Board of Directors - Chair]

R. Scott Hutcheson
Board of Directors - Chair

[Original signed by A. Anne McLellan, P.C., O.C., A.O.E. Vice Chair]

The Honourable A. Anne McLellan, P.C., O.C., A.O.E.
Board of Directors – Vice Chair

Statement of Change in Net Debt

Invest Alberta Corporation
Statement of Change in Net Debt
Year ended March 31, 2022
(in thousands)

	March 31, 2022 (12 Months)		March 31, 2021 (8 Months)
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual Operating Surplus	\$ -	\$ 470	\$ -
Acquisition of Tangible Capital Assets (Note 9)		(38)	(89)
Amortization of Tangible Capital Assets (Note 9)		36	7
Acquisition of Inventories of Supplies		-	(8)
Consumption of Inventories of Supplies		8	-
Change in Prepaid Expenses		(604)	(176)
Increase in Net Debt		(128)	(266)
Net Debt at Beginning of Year		(266)	-
Net Debt at End of Year		<u>\$ (394)</u>	<u>\$ (266)</u>

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

Statement of Cash Flows

Invest Alberta Corporation
Statement of Cash Flows
Year ended March 31, 2022
(in thousands)

	March 31, 2022 (12 Months)	March 31, 2021 (8 Months)
	<i>(in thousands)</i>	
Operating Transactions		
Annual Operating Surplus	\$ 470	\$ -
Non-cash Items Included in Annual Operating Surplus		
Amortization of Tangible Capital Assets (Note 9)	36	7
	<u>506</u>	<u>7</u>
Increase in Accounts Receivable	(39)	(146)
(Increase)/Decrease in Inventories of Supplies	8	(8)
Increase in Prepaid Expenses	(604)	(176)
Increase in Accounts Payable and Accrued Liabilities	797	800
Increase in Deferred Revenue	4,065	3,569
Cash Provided by Operating Transactions	<u>4,733</u>	<u>4,046</u>
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 9)	(38)	(89)
Cash Applied to Capital Transactions	<u>(38)</u>	<u>(89)</u>
Increase in Cash and Cash Equivalents	4,695	3,957
Cash and Cash Equivalents at Beginning of Year	3,957	-
Cash and Cash Equivalents at End of Year	<u>\$ 8,652</u>	<u>\$ 3,957</u>

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

Notes to the Financial Statements

Invest Alberta Corporation
Notes to the Financial Statements
March 31, 2022

Note 1 AUTHORITY AND PURPOSE

Invest Alberta Corporation (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 an agent of the Crown in right of Alberta and as such has a tax exempt status. IAC was established on July 31, 2020, and the information included in the financial statements reflects the first complete fiscal year consisting of 12 months ending March 31, 2022 as compared to the 8 month period ending March 31, 2021.

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 Jobs, Economy and Innovation (Ministry) and for which the Minister of Jobs, Economy and Innovation (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 accrued liabilities.

Invest Alberta Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

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

(b) Basis of Financial Reporting (Continued)

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.

Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and Cash Equivalents	Cost
Accounts Receivable	Lower of cost or net recoverable value
Accounts Payable and 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.

Invest Alberta Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

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

(b) Basis of Financial Reporting (Continued)

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 and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

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.

Invest Alberta Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

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

(b) Basis of Financial Reporting (Continued)

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.

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
--------------------------------	---------

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 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, 2022.

Invest Alberta Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

The Public Sector Accounting Board has approved the following accounting standard, which is effective for fiscal years starting on or after April 1, 2023:

• **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.

IAC has not yet adopted this accounting standard. 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 on May 18, 2021 and the full financial plan was submitted to the Minister of Jobs, Economy and Innovation. The budget reported in the Statement of Operations reflects the original net zero surplus/(deficit).

Note 5 CASH AND CASH EQUIVALENTS

(in thousands)

Cash and cash equivalents consist of:

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Cash and Cash Equivalents	\$ 8,652	\$ 3,957
Total	<u>\$ 8,652</u>	<u>\$ 3,957</u>

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

Note 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Accounts Payable	\$ 1,388	\$ 549
Accrued Liabilities	209	251
Total	<u>\$ 1,597</u>	<u>\$ 800</u>

Invest Alberta Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 7 DEFERRED REVENUE
(in thousands)

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Deferred Revenue	\$ 7,634	\$ 3,569
Total	<u>\$ 7,634</u>	<u>\$ 3,569</u>

IAC recorded the excess of funds of \$22,000 over amounts expensed in the amount of \$14,373 as deferred revenue of \$7,634.

Note 8 ACCUMULATED SURPLUS AT YEAR END
(in thousands)

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.

Note 9 TANGIBLE CAPITAL ASSETS
(in thousands)

	Computer Hardware and Software	<u>March 31, 2022</u>	<u>March 31, 2021</u>
		Total	Total
Estimated Useful Life	3 years		
Historical Cost			
Beginning of Year	\$ 89	\$ 89	\$ -
Additions	38	38	89
	<u>127</u>	<u>126</u>	<u>89</u>
Accumulated Amortization			
Beginning of Year	7	7	-
Amortization Expense	36	36	7
	<u>43</u>	<u>43</u>	<u>7</u>
Net Book Value March 31, 2022	<u>\$ 84</u>	<u>\$ 84</u>	
Net Book Value March 31, 2021	<u>\$ 82</u>		<u>\$ 82</u>

Note 10 CONTINGENT LIABILITIES

At March 31, 2022, IAC was not named as defendant in any specific legal actions and there are no other known contingent liabilities.

Invest Alberta Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

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.

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Operating Leases	\$ 2,615	\$ 1,920
Service Contracts	4,526	-
	<u>\$ 7,141</u>	<u>\$ 1,920</u>

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

	<u>Operating Leases</u>	<u>Service Contracts</u>	<u>Total</u>
2022-23	\$ 529	\$ 2,751	\$ 3,280
2023-24	623	1,671	2,294
2024-25	578	51	629
2025-26	453	51	504
2026-27	324	1	325
Thereafter	108	1	109
	<u>\$ 2,615</u>	<u>\$ 4,526</u>	<u>\$ 7,141</u>

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 \$284 included in these financial statements represents the current contributions made on behalf of these employees.

Note 13 FINANCIAL RISK MANAGEMENT

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

Invest Alberta Corporation
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 13 FINANCIAL RISK MANAGEMENT (Continued)

(a) Interest rate risk

Interest rate risk is the risk that the rate of return and future cash flows on IAC's cash and cash equivalents held in bank accounts will fluctuate because of changes in market interest rates. As IAC holds 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 and cash equivalents 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, 2022, 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 financial assets or liabilities denominated in foreign currency.

Note 14 SUBSEQUENT EVENTS

Subsequent to the year end, and effective on April 1, 2022, the Ministry determined a change in control over the Alberta International Offices from IAC to the Ministry.

Note 15 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on June 2, 2022.

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Invest Alberta Corporation

Expenses – Directly Incurred Detailed by Object

Year ended March 31, 2022

(in thousands)

	March 31, 2022 (12 Months)		March 31, 2021 (8 Months)
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Salaries, Wages and Employee Benefits	\$ 7,545	\$ 4,613	\$ 1,063
Supplies and Services	17,705	9,724	1,361
Amortization of Tangible Capital Assets (Note 9)	-	36	7
Total Expenses	\$ 25,250	\$ 14,373	\$ 2,431

Schedule 2 – Salary and Benefits Disclosure

Invest Alberta Corporation
Salary and Benefits Disclosure
Year ended March 31, 2022
(in thousands)

	March 31, 2022			March 31, 2021	
	(12 Months)			(8 Months)	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
Chair of the Board of Directors ⁽⁴⁾	\$ -	\$ 26	\$ -	\$ 26	\$ 17
Members of the Board of Directors ⁽⁴⁾	-	81	-	81	51
Executives					
Chief Executive Officer ⁽⁵⁾	253	28	45	326	140
Vice President, Business Development ⁽⁶⁾	106	2	19	127	-
Vice President, Investor Services ⁽⁷⁾	165	5	31	201	-
Vice President, Finance and Administration ⁽⁸⁾	49	-	10	59	-
Vice President, International Markets ⁽⁹⁾	71	-	16	87	-
Vice President, International Offices and Acting Chief Operating Officer ⁽¹⁰⁾	46	-	10	56	-
Chief Financial Officer ⁽¹¹⁾	-	-	-	-	62
Director, Operations ⁽¹¹⁾	-	-	-	-	71
Director, Communications ⁽¹¹⁾	-	-	-	-	70
	\$ 690	\$ 142	\$ 131	\$ 963	\$ 411

⁽¹⁾ Base salary includes regular salary.

⁽²⁾ Other cash benefits include honoraria, vehicle allowance and vacation payouts. There were no bonuses paid in 2022.

⁽³⁾ Other non-cash benefits include 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⁾ Occupancy of the position changed on June 17, 2021 and October 25, 2021.

⁽⁶⁾ Position was filled July 19, 2021 and vacated January 1, 2022.

⁽⁷⁾ Position was filled July 5, 2021.

⁽⁸⁾ Position was filled January 3, 2022.

⁽⁹⁾ Position was acting Chief Executive Officer June 17, 2021 to October 24, 2021, and vacated January 1, 2022.

⁽¹⁰⁾ Position was vacated June 8, 2021.

⁽¹¹⁾ Position no longer meets the definition for disclosure purposes effective April 1, 2021.

Schedule 3 – Related Party Transactions

Invest Alberta Corporation Related Party Transactions Year ended March 31, 2022 (in thousands)

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

IAC 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, 2021 and March 31, 2022, 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:

	March 31, 2022 (12 Months)	March 31, 2021 (8 Months)
	<i>(in thousands)</i>	
Revenues		
Grants	\$ 14,836	\$ 2,431
Other	-	-
	<u>\$ 14,836</u>	<u>\$ 2,431</u>
Expenses		
Other Services	41	70
	<u>\$ 41</u>	<u>\$ 70</u>
Receivable from	<u>\$ 159</u>	<u>\$ 142</u>
Deferred Revenue	<u>\$ 7,634</u>	<u>\$ 3,569</u>

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Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Travel Alberta

Report on the Financial Statements

Opinion

I have audited the financial statements of Travel Alberta, which comprise the statement of financial position as at March 31, 2022, and the statements of operations, change in net financial assets, 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 Travel Alberta as at March 31, 2022, and the results of its operations, its changes in net financial assets, 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 Travel Alberta 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 Travel Alberta'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 Travel Alberta'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 Travel Alberta'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 Travel Alberta'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 Travel Alberta 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

May 16, 2022
Edmonton, Alberta

Statement of Operations

Travel Alberta

Statement of Operations

Year ended March 31, 2022

(in thousands)

	2022		2021
	Budget	Actual	Actual
	<i>(in thousands)</i>		
	<i>(Note 4)</i>		
Revenues			
Government Transfers			
Government of Alberta Grants	\$ 59,691	\$ 64,691	\$ 39,747
Federal and Other Government Grants	-	-	3,950
Investment Income	300	111	98
Premiums, Fees and Licences	400	-	-
Revenue from Partners	490	-	45
	60,881	64,802	43,840
 Expenses - (Note 2(b), Schedule 1)			
 Programs			
Destination Promotion	23,264	24,228	19,975
Destination Development	28,759	31,979	24,286
Strategy and Research	2,050	2,868	491
Corporate Services	6,823	5,431	4,962
	60,896	64,506	49,714
 Annual (Deficit) Surplus	(15)	296	(5,874)
 Accumulated Surplus at Beginning of Year	1,542	1,542	7,416
 Accumulated Surplus at End of Year	\$ 1,527	\$ 1,838	\$ 1,542

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

Statement of Financial Position

Travel Alberta

Statement of Financial Position

As at March 31, 2022

(in thousands)

	2022	2021
	<i>(in thousands)</i>	
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 11,654	\$ 5,075
Accounts Receivable	190	249
	<u>11,844</u>	<u>5,324</u>
Liabilities		
Accounts Payable and Other Accrued Liabilities (Note 6)	10,309	3,842
	<u>10,309</u>	<u>3,842</u>
Net Financial Assets	<u>1,535</u>	<u>1,482</u>
Non-Financial Assets		
Tangible Capital Assets (Note 7)	205	21
Prepaid Expenses	98	39
	<u>303</u>	<u>60</u>
Net Assets	<u>\$ 1,838</u>	<u>\$ 1,542</u>
Net Assets		
Accumulated Surplus (Note 8)	<u>\$ 1,838</u>	<u>\$ 1,542</u>

Contractual Obligations (Note 9)

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

Approved by:

[Original signed by David F. Goldstein Chief Executive Officer]

David F. Goldstein
Chief Executive Officer
Travel Alberta

[Original signed by Kara Claypool Senior Vice President, Chief Financial Officer]

Kara Claypool
Senior Vice President, Chief Financial Officer
Travel Alberta

Statement of Change in Net Financial Assets

Travel Alberta

Statement of Change in Net Financial Assets

Year ended March 31, 2022

(in thousands)

	2022		2021
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual (Deficit) Surplus	\$ (15)	\$ 296	\$ (5,874)
Acquisition of Tangible Capital Assets (Note 7)		(213)	-
Amortization of Tangible Capital Assets (Note 7)	15	29	18
(Increase) in Prepaid Expenses		(59)	-
Increase/(Decrease) in Net Financial Assets	-	53	(5,856)
Net Financial Assets at Beginning of Year	1,482	1,482	7,338
Net Financial Assets at End of Year	\$ 1,482	\$ 1,535	\$ 1,482

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

Statement of Cash Flows

Travel Alberta

Statement of Cash Flows

Year ended March 31, 2022

(in thousands)

	2022	2021
	<i>(in thousands)</i>	
Operating Transactions		
Annual (Deficit) Surplus	\$ 296	\$ (5,874)
Non-cash Items Included in Annual (Deficit) Surplus		
Amortization of Tangible Capital Assets (Note 7)	29	18
	<u>325</u>	<u>(5,856)</u>
Decrease/(Increase) in Accounts Receivable	59	(220)
(Increase) in Prepaid Expenses	(59)	-
Increase/(Decrease) in Accounts Payable and Other Accrued Liabilities	6,467	(1,417)
Cash Provided by (Applied to) Operating Transactions	<u>6,792</u>	<u>(7,493)</u>
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 7)	(213)	-
Cash Applied to Capital Transactions	<u>(213)</u>	<u>-</u>
Increase/(Decrease) in Cash and Cash Equivalents	6,579	(7,493)
Cash and Cash Equivalents at Beginning of Year	5,075	12,568
Cash and Cash Equivalents at End of Year	<u>\$ 11,654</u>	<u>\$ 5,075</u>

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

Notes to the Financial Statements

Travel Alberta Notes to the Financial Statements March 31, 2022

Note 1 AUTHORITY AND PURPOSE

Travel Alberta (the "Corporation") operates under the authority of the *Travel Alberta Act*, Chapter T-6.5, Statutes of Alberta 2008.

The purpose of the Corporation is to:

- market tourism assets, attractions and opportunities present in Alberta, in domestic, national and international markets;
- promote and support the development and growth of the tourism industry in Alberta to increase revenue and employment in, and the economic benefits generated by, the industry;
- promote Alberta as a destination for tourists and other visitors;
- assist Alberta communities and tourism industry operators to develop and market their products;
- provide visitor services, and
- exercise or perform any other powers, duties and functions as may be regulated from time to time by the Lieutenant Governor in Council;

The Corporation is an agent of the Crown in right of Alberta and as such has a tax exempt status.

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 Travel Alberta, which is part of the Ministry of Jobs, Economy and Innovation (Ministry) and for which the Minister of Jobs, Economy and Innovation (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 other accrued liabilities.

Revenue from Partners is received or receivable for specific marketing projects. The revenue is recognized as the projects take place.

Government Transfers

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

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Revenues (Cont'd)

Government transfers and the associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation'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, the Corporation complies with its communicated use of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the Corporation 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.

Grant Expense

Grants are recognized as expenses when the transfer is authorized and eligibility criteria (if any), have been met by the recipient and when a reasonable estimate of the amounts can be made.

Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and Cash Equivalents	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.

The Corporation 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.

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

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 the Corporation's financial claims on external organizations and individuals, as well as cash at year end.

Cash and Cash Equivalents

Cash comprises of cash on hand. Cash equivalents are short term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

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 the Corporation 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.

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 and non-monetary items included in the fair value category reflect the exchange rates at the Statement of Financial Position date.

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

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 include tangible capital assets and prepaid expenses.

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:

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation'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.

The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Prepaid Expenses

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

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Funds and Reserves

Certain amounts, as approved by the Corporation's Board of Directors, have been set aside in accumulated surplus for future operating purposes. Transfers from funds and reserves are an adjustment to the respective fund, when approved by the Corporation's Board of Directors and the Government of Alberta.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount, whenever estimates are used. The provision for doubtful accounts 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. Other Accrued Liabilities are based on management estimates of expenses incurred but not invoiced to the Corporation at March 31, 2022.

Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

During the fiscal year 2022-23, the Corporation will adopt the following new accounting standard of the Public Sector Accounting Board:

• **PS 3280 Asset Retirement Obligations**

This accounting standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Corporation plans to adopt this accounting standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated. The impact of the adoption of this accounting standard on the financial statements is currently being analyzed.

In addition to the above, the Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2023:

• **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.

• **PS 3160 Public Private Partnerships**

This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

The Corporation has not yet adopted these two accounting standards. Management is currently assessing the impact of these standards on the financial statements.

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 4 BUDGET
(in thousands)

A preliminary business plan with a budgeted deficit of \$15 was approved by the Board on May 6, 2021 and the full financial plan was submitted to the Minister. The budget reported in the Statement of Operations reflects the original \$15 deficit.

Note 5 CASH AND CASH EQUIVALENTS
(in thousands)

Cash and cash equivalents consist of:

	<u>2022</u>	<u>2021</u>
Cash Equivalents	\$ 51	\$ 41
Cash ⁽¹⁾	11,603	5,034
	<u>\$ 11,654</u>	<u>\$ 5,075</u>

Cash and cash equivalents consists of Cash funds held in operating bank accounts and Cash Equivalents in form of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is administered by the Ministry of Treasury Board and Finance with the objective of providing competitive interest income to the depositors while maintaining appropriate security and liquidity of depositors' capital.

The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2022 securities held by CCITF had a time-weighted return of 0.2% (2021: 0.4%) per annum. Due to the short-term nature of these deposits, the carrying value approximates fair value.

⁽¹⁾ The Cash of \$11,654 includes an amount of \$1,633 that is Restricted Accumulated Surplus (Note 8).

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

	<u>2022</u>	<u>2021</u>
Accounts Payable	\$ 2,900	\$ 1,920
Other Liabilities	170	251
Other Accrued Liabilities	7,239	1,671
	<u>\$ 10,309</u>	<u>\$ 3,842</u>

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 7 TANGIBLE CAPITAL ASSETS
(in thousands)

	Computer Hardware and Software	Leasehold Improvements	Furniture and Equipment	2022 Total	2021 Total
Estimated Useful Life	3 years	Term of lease	5 years		
Historical Cost					
Beginning of Year	\$ 208	\$ 407	\$ 92	\$ 707	\$ 707
Additions	187	26	-	213	-
Disposals, Including Write-Downs	-	-	-	-	-
	<u>395</u>	<u>433</u>	<u>92</u>	<u>920</u>	<u>707</u>
Accumulated Amortization					
Beginning of Year	208	407	71	686	668
Amortization Expense	3	9	17	29	18
Effect of Disposals, Including Write-Downs	-	-	-	-	-
	<u>211</u>	<u>416</u>	<u>88</u>	<u>715</u>	<u>686</u>
Net Book Value					
at March 31, 2022	<u>\$ 184</u>	<u>\$ 17</u>	<u>\$ 4</u>	<u>\$ 205</u>	
Net Book Value					
at March 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>		<u>\$ 21</u>

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 8 ACCUMULATED SURPLUS
(in thousands)

Accumulated surplus is comprised of the following:

	Investment in Tangible Capital Assets	Restricted Accumulated Surplus ⁽¹⁾	Unrestricted	2022 Total	2021 Total
Balance at Beginning of Year	\$ 21	\$ 1,521	\$ -	\$ 1,542	\$ 7,416
Annual Surplus (Deficit)	-	296	-	296	(5,874)
Net Investment in Capital Assets	184	(184)	-	-	-
Balance at the End of Year	\$ 205	\$ 1,633	\$ -	\$ 1,838	\$ 1,542

⁽¹⁾ The usage of the internally Restricted Accumulated Surplus allows sustainability of programs in future years when declines in funding would have otherwise required reductions in the program spending or supports investment in new strategically aligned initiatives. Transfers to and from this fund are approved by Corporation's Board of Directors and the Government of Alberta.

Note 9 CONTRACTUAL OBLIGATIONS
(in thousands)

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

	2022	2021
Operating Leases	\$ 1,056	\$ 2,025
Service Contracts	49,007	30,626
	\$ 50,063	\$ 32,651

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

	Operating Leases	Service Contracts	Total
2022-23	\$ 901	\$ 22,325	\$ 23,226
2023-24	61	20,217	20,278
2024-25	54	6,460	6,514
2025-26	40	5	45
2026-27	-	-	-
Thereafter	-	-	-
	\$ 1,056	\$ 49,007	\$ 50,063

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 10 BENEFIT PLANS
(in thousands)

The Corporation participates in the following multi-employer pension plans: the Management Employees Pension Plan (MEPP), Public Sector Pension Plan (PSPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contributions of \$837 for the year ended March 31, 2022 (2021: \$726). The Corporation accounts for their multi-employer pension plans on a defined contribution basis. The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2021, the Management Employees Pension Plan reported a surplus of \$\$1,348,160 (2020: surplus of \$809,850), the Public Service Pension Plan reported a surplus of \$4,588,479 (2020: surplus of \$2,223,582) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$20,982 (2020: deficiency of \$59,972).

The Corporation does not have sufficient plan information on the MEPP/PSPP/SRP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recognized for the MEPP/PSPP/SRP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

As a result of the COVID-19 outbreak, declared a global pandemic on March 11, 2020, global financial markets and world economies have experienced significant volatility. Given the extent of the crisis, and varying levels of response and recovery of countries across the globe, additional uncertainty remains and will continue to exist with regards to fair value measurement of the pension plans investments.

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2022

Note 11 FINANCIAL RISK MANAGEMENT

The Corporation has the following financial instruments: accounts receivable, accounts payable and accrued liabilities.

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

(a) Interest rate risk

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

(b) Liquidity risk

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

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

(d) Credit risk

The Corporation is not exposed to any significant credit risk from potential non-payment of accounts receivable. As at March 31, 2022, the balance of accounts receivable is not materially significant and does not contain amounts that are uncollectible.

Note 12 COMPARATIVE FIGURES

Certain 2021 figures have been reclassified, where necessary, to conform to the 2022 presentation.

Note 13 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on May 16, 2022.

Schedule 1 – Expenses – Detailed by Object

Travel Alberta

Expenses – Detailed by Object

March 31, 2022

(in thousands)

	2022		2021
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Salaries, wages and employee benefits	\$ 8,629	\$ 8,414	\$ 7,508
Supplies and services	23,752	27,256	19,452
Grants ⁽¹⁾	28,500	28,786	22,726
Financial transactions and other	-	21	10
Amortization of tangible capital assets (Note 7)	15	29	18
Total expenses	<u>\$ 60,896</u>	<u>\$ 64,506</u>	<u>\$ 49,714</u>

⁽¹⁾ Grants include the Corporation's Co-operative Marketing Investment Program, Tourism Product Investment Program, COVID-19 Financial Assistance Grants and other grants.

Schedule 2 – Salary and Benefits Disclosure

Travel Alberta Salary and Benefits Disclosure March 31, 2022 (in thousands)

	2022			2021	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
(In thousands)					
Chair of the Board of Directors	\$ -	\$ 13	\$ 1	\$ 14	\$ 22
Members of the Board of Directors ⁽⁴⁾		32	5	37	45
Chief Executive Officer ⁽⁵⁾	249	13	46	308	294
Executive/Vice-Presidents:					
Vice President, Business Development ⁽⁶⁾	-	-	-	-	137
Senior Vice President, Chief Marketing Officer	176	-	38	214	203
Vice President, Destination Development ⁽⁷⁾	101	251	20	372	202
Senior Vice President, Chief Financial Officer	176	-	37	213	203
Vice President, Economic Development and Community Relations ⁽⁸⁾	115	122	23	260	99
Corporate Counsel ⁽⁹⁾	137	-	34	171	-
Vice President, Strategy, Research and Communications ⁽¹⁰⁾	121	-	27	148	-
Senior Vice President, Chief Commercial Officer ⁽¹¹⁾	12	-	2	14	-
	<u>\$ 1,087</u>	<u>\$ 431</u>	<u>\$ 233</u>	<u>\$ 1,751</u>	<u>\$ 1,205</u>

⁽¹⁾ Base salary includes regular salary.

⁽²⁾ Other cash benefits include honoraria, vehicle allowance, severances and vacation payouts. There were no bonuses paid in 2022.

⁽³⁾ Other non-cash benefits include the Corporation's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, professional memberships and tuition fees.

⁽⁴⁾ The board consists of seven independent members including the Chair, whose honorarium is disclosed separately. The positions were occupied by different individuals at different times during the previous year.

⁽⁵⁾ The position was occupied by three individuals at different times during the previous year. As of June 12, 2020 the Chief Executive Officer (CEO) resigned and the position was filled by an Interim CEO until November 15, 2020. A new CEO was hired on November 16, 2020. The salary and benefits cost for the Interim CEO was covered by the Ministry.

⁽⁶⁾ The position was only partially occupied during the previous year. As of November 6, 2020 the position was abolished.

⁽⁷⁾ The position was only partially occupied during the year. As of November 3, 2021 the position was abolished.

⁽⁸⁾ The position was only partially occupied during the year. The salary and benefits cost for this position was covered by the Ministry up to September 30, 2021. As of November 3, 2021 the position was abolished.

⁽⁹⁾ This position was created in the current year. The Corporate Counsel was hired on July 5, 2021.

⁽¹⁰⁾ This position was created in the current year. The Vice President, Strategy, Research and Communications was hired on May 3, 2021

⁽¹¹⁾ This position was created in the current year. The Senior Vice President, Chief Commercial Officer was hired on March 14, 2022.

Schedule 3 – Related Party Transactions

Travel Alberta

Related Party Transactions

Year ended March 31, 2022

(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 the Corporation.

The Corporation 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.

As at March 31, 2022, related parties included:

Three private companies that have directors and/or officers who also serve as Directors of Travel Alberta. All three organizations received an Investment Program Grant from Travel Alberta amounting to \$75, \$116, and \$500 respectively, during the year. These Grants were provided on normal commercial terms and in accordance with Grant program guidelines.

As at March 31, 2021 and March 31, 2022, there were no related parties transactions associated with:

- Key management personnel and close family members of those individuals in the Corporation.

The Corporation 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:

	2022	2021
	<i>(in thousands)</i>	
Revenues		
Grants	\$ 64,691	\$ 39,747
Other	-	-
	<u>\$ 64,691</u>	<u>\$ 39,747</u>
Expenses		
Grants	\$ 691	\$ 150
Other Services	31	6
	<u>\$ 722</u>	<u>\$ 156</u>
Receivable from/(Payable to)	<u>\$ -</u>	<u>\$ (46)</u>

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Lapse/ Encumbrance (unaudited)

(in thousands)

DEPARTMENT OF JOBS, ECONOMY AND INNOVATION
FOR THE YEAR ENDED MARCH 31, 2022

EXPENSE VOTE BY PROGRAM	Voted Estimate ⁽¹⁾	Supplementary Estimate	Adjustments ⁽²⁾	Adjusted Voted Estimate	Voted Actuals ⁽³⁾	Over Expended (Unexpended)
1.0 Ministry Support Services						
1.1 Minister's Office	\$ 948	\$ -	\$ -	\$ 948	\$ 1,008	\$ 58
1.2 Deputy Minister's Office	822	-	-	822	795	(27)
1.3 Policy and Strategy	12,541	-	-	12,541	10,255	(2,286)
	<u>14,311</u>	<u>-</u>	<u>-</u>	<u>14,311</u>	<u>12,056</u>	<u>(2,255)</u>
2.0 Tourism and Economic Development						
2.1 Program Delivery Support	2,199	-	-	2,199	7,181	4,982
2.2 Tourism and Economic Capacity	12,789	-	-	12,789	6,632	(6,157)
2.3 Economic Development and Innovation	63,852	-	(39,508)	24,346	44,341	19,995
2.4 Grant to Alberta Enterprise Corporation	-	-	-	-	-	-
2.5 Grant to Alberta Innovates Corporation	170,848	-	-	170,848	170,848	-
2.6 Grant to Travel Alberta Corporation	59,691	-	-	59,691	59,691	-
	<u>309,379</u>	<u>-</u>	<u>(39,508)</u>	<u>269,873</u>	<u>288,693</u>	<u>18,820</u>
3.0 Investment Attraction and Trade						
3.1 Program Delivery Support	1,444	-	-	1,444	833	(611)
3.2 International Relations and Trade	7,779	-	-	7,779	6,712	(1,067)
3.3 Investment and Industry Relations	19,347	-	-	19,347	3,665	(15,792)
3.4 Grant to Invest Alberta Corporation	25,250	-	-	25,250	18,437	(6,813)
	<u>53,820</u>	<u>-</u>	<u>-</u>	<u>53,820</u>	<u>29,538</u>	<u>(24,282)</u>
4.0 Climate Change						
4.1 Innovation and Technology	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Payments to Related Parties						
2.5 Grant to Alberta Innovates Corporation	2,500	-	-	2,500	2,500	-
4.1 Innovation and Technology	-	-	-	-	-	-
	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total	<u>380,010</u>	<u>-</u>	<u>(39,508)</u>	<u>340,504</u>	<u>332,786</u>	<u>(7,718)</u>
Credit or Recovery (Shortfall)						
	<u>\$ 380,010</u>	<u>\$ -</u>	<u>\$ (39,508)</u>	<u>\$ 340,504</u>	<u>\$ 332,786</u>	<u>\$ (7,718)</u>
(Lapse)/Encumbrance						<u>\$ (7,718)</u>
CAPITAL INVESTMENT VOTE BY PROGRAM						
1.3 Policy and Strategy	\$ 25	\$ -	\$ -	\$ 25	\$ 17	\$ (8)
2.2 Tourism and Economic Capacity	100	-	-	100	-	(100)
2.3 Economic Development and Innovation	200	-	-	200	-	(200)
3.3 Investment and Industry Relations	1,500	-	778	2,278	906	(1,372)
Total	<u>1,825</u>	<u>-</u>	<u>778</u>	<u>2,603</u>	<u>923</u>	<u>(1,680)</u>
Credit or Recovery (Shortfall)						
	<u>\$ 1,825</u>	<u>\$ -</u>	<u>\$ 778</u>	<u>\$ 2,603</u>	<u>\$ 923</u>	<u>\$ (1,680)</u>
(Lapse)/Encumbrance						<u>\$ (1,680)</u>
FINANCIAL TRANSACTIONS VOTE BY PROGRAM						
2.4 Grant to Alberta Enterprise Corporation	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ (25,000)
Total	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>
(Lapse)/Encumbrance						<u>\$ (25,000)</u>
CONTINGENCY						
2.2 Tourism and Economic Capacity	\$ -	\$ -	\$ 194,400	\$ 194,400	\$ 146,988	\$ (47,402)
2.3 Economic Development and Innovation	-	-	3,000	3,000	9,869	6,869
2.6 Grant to Travel Alberta Corporation	-	-	-	-	5,000	5,000
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,400</u>	<u>\$ 197,400</u>	<u>\$ 161,867</u>	<u>\$ (35,533)</u>
(Lapse)/Encumbrance						<u>\$ (35,533)</u>

(1) As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" pages 145-148 of the 2021-22 Government Estimates.

(2) Adjustments include encumbrances, capital carry over amounts, transfers between votes and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.

(3) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

Annual Report Extracts and Other Statutory Reports

Statutory Report: Public Interest Disclosure Act

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* reads:

- 32(1) Every chief officer must prepare a report annually on all disclosures that have been made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.
- (2) The report under subsection (1) must include the following information:
- (a) the number of disclosures received by the designated officer, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
 - (b) the number of investigations commenced by the designated officer as a result of disclosures;
 - (c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.
- (3) The report under subsection (1) must be included in the annual report of the department, public entity or office of the Legislature if the annual report is made publicly available.

There were no disclosures of wrongdoing filed with my office for your department between April 1, 2021 and March 31, 2022.