

GOVERNMENT OF ALBERTA

Annual Report

Jobs, Economy
and Innovation
2020-2021

Alberta 

Jobs, Economy and Innovation, Government of Alberta | Jobs, Economy and Innovation 2020–2021
Annual Report

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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 ministers' accountability statements, the consolidated financial statements of the province and a comparison of actual performance results to desired results set out in the government's strategic plan, previously published in one volume entitled Measuring Up report.

This annual report of the Ministry of Jobs, Economy and Innovation contains the minister's accountability statement, the financial information of the ministry and 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;

- their financial information as required by the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*, as separate reports, to the extent that the ministry has anything to report; and

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, 2021, 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 June 2, 2021, 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 2020-21 fiscal year was defined by challenges that we, as Albertans, never dreamed we would be facing. The COVID-19 pandemic has impacted every single Albertan, Canadian, and individual the world over, and it has had a huge impact on our economy and our livelihoods. At the same time, in 2020-21 Albertans showcased the true resiliency and steadfast dedication that our province is known for. Never before have I witnessed so many Albertans and leaders in our communities pull together to weather a storm of this magnitude. It is this unprecedented level of collaboration that defined the past year, and it is this level of continued teamwork that will define the years ahead as we come out the other side of this pandemic stronger than ever before.

The Ministry of Jobs, Economy and Innovation was officially stood up in August 2020, and since then our team has been in charge of the implementation of Alberta's Recovery Plan – a bold, ambitious long-term strategy to build our province, diversify our economy, and create jobs. While part of our work included overseeing initiatives rolled out by other ministries across government, Jobs, Economy and Innovation also took the lead on a number of key policies, programs and supports. These actions included providing industry and Alberta businesses with immediate relief to get through the COVID-19 pandemic so that we could reopen safely, lay the foundations for recovery, and put Alberta on a path for growth.

Over the past year, Alberta businesses made massive sacrifices to keep Albertans safe. These businesses are the backbone of our economy, provide jobs that Alberta families depend on and will be the key to our recovery going forward, which is exactly why the ministry took action to support them.

The ministry's actions included contributing \$67.2 million as Alberta's share of the federal government's Canada Emergency Commercial Rent Assistance program (CECRA), and implementing the *Commercial Tenancy Support and Protections Act* and regulation to protect commercial tenants and help address gaps in the federal government's rent assistance program. We launched the Small and Medium Enterprise Relaunch Grant, which provided \$626.4 million in support last year to small and medium-sized businesses, co-ops and non-profits that collectively employ more than 300,000 people. We also launched Alberta Biz Connect, an online resource that provided information on public health restrictions and guidelines for businesses across all sectors. Alberta Biz Connect offered businesses a direct feedback mechanism that allowed our team to answer more than 14,500 questions from Alberta businesses.

The ministry also rolled out a suite of supports for Alberta's hardest hit industry – the tourism sector. We ensured money stayed in the pockets of Alberta's job creators by allowing hotels and other lodging providers to keep tourism levy amounts they collected over the course of the original 13-month abatement period, from March 1, 2020 to March 31, 2021. This was on top of providing organizations in Calgary, Edmonton, Banff, Jasper and Canmore a combined total of \$8 million to safely attract visitors to the province for spring and summer of 2021. We also expanded Travel Alberta's role within the province to become a full destination management organization to support the industry's full recovery and future growth.

The ministry continued to set its sights on recovery through our efforts to reduce red tape, diversify the economy and attract job-creating investment that will benefit all Albertans. While the conventional drivers of Alberta's traditional economy are all pointing in the right direction for

significant growth for our province, we didn't want to just rest there. We developed the Investment and Growth Strategy to guide a government-wide approach that will increase private-sector investment in targeted sectors spanning from energy, agriculture and forestry, and tourism to tech and innovation, aviation, aerospace and logistics, and finance and fintech. We also established the Invest Alberta Corporation, our province's first ever Crown Corporation dedicated to investment attraction and promoting Alberta as a prime investment location for businesses from across Canada and around the world. Investment attraction will be more important than ever in the coming months and years as we rebound from the COVID-19 pandemic.

The ministry set the stage for making Alberta a dominant player in the world's new economy by investing in technology and innovation. In 2018, Alberta had about 1,200 tech companies. Fast forward two years to 2020-21, and that number increased to over 3,000 tech companies. Alberta's tech sector is maturing rapidly and is becoming a real driver of employment and diversification. That's why in addition to the \$1.85 billion allocated to Alberta Enterprise Corporation in 2020-21 to attract venture capital to Alberta, the corporation was recapitalized with an additional \$175 million over three years to invest in venture capital funds that finance technology companies. The ministry also supported the launch of the Innovation Employment Grant to support small and medium-sized businesses that invest in research and development. We also directed a total of \$232.8 million to Alberta Innovates, innovation organizations and post-secondary institutions to streamline research, innovation and commercialization and offer programming to develop and advance talent, grow sectors, leverage funding, and attract investment.

Another way we are diversifying our economy and making Alberta attractive for business is through the enhanced Alberta Film and Television Tax Credit. To build on the success of the program, the ministry removed the \$10-million per project cap to make the province an even more desirable location for larger film productions that will inject millions of dollars into the provincial economy and create jobs for Albertans. This past year, the ministry approved 31 applications with an anticipated spend of \$122 million in Alberta.

Getting our lives back here in Alberta and across this country is going to create thousands of jobs for hard-working Albertans that were impacted over the course of the pandemic. The entrepreneurial culture in our province is unique in Canada. Albertans have a mindset that they are going to go out there and take on the world – and if 2020-21 has proved anything, it's that Albertans have what it takes to get that done.

Jobs, Economy and Innovation will continue to engage with industry and partners to identify and address challenges resulting from the COVID-19 pandemic. We remain committed to pursuing our goals of economic diversification, job creation, and financial sustainability as we work toward recovery and a prosperous future for all Albertans. We have had a strong economy for decades. It has been a challenging time in Alberta, but we have a foundation here in our province that is strong and resilient, and this is a foundation we are going to build on.

[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 2020-23 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:

- Reliability – Information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – outcomes, performance measures and related targets match those included in the ministry's *Budget 2020*.

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 for the ministry, 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
June 2, 2021

Results Analysis

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Ministry Overview

The Ministry of Jobs, Economy and Innovation leads efforts to grow Alberta’s economy by delivering strategic programs and services to support Alberta’s entrepreneurs and job creators, attract investment, grow trade, strengthen Alberta’s tourism industry, and ensure Alberta has an innovative and competitive business environment.

Ministry Outcomes

Four outcomes were identified in the ministry’s 2020-23 Business Plan, as follows:

Outcome One: Alberta entrepreneurs, businesses and communities are supported to drive growth and job creation

Outcome Two: Investment is attracted, retained and expanded in Alberta and trade is grown

Outcome Three: Alberta’s innovation system is optimized to support economic growth

Outcome Four: A strong tourism industry creates jobs and economic growth in Alberta

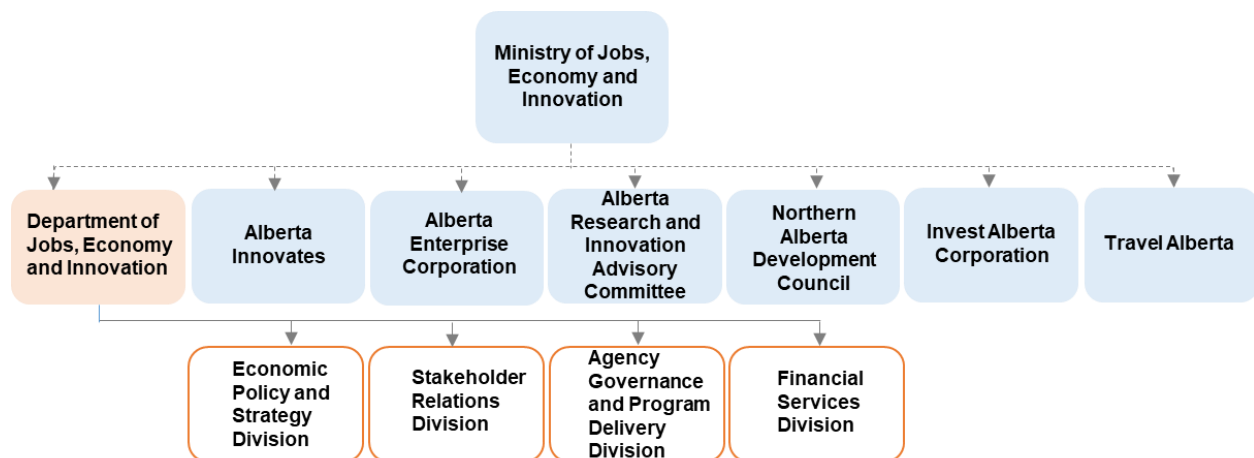
Organizational Structure

In August 2020, the ministry was renamed from Economic Development, Trade and Tourism to Jobs, Economy and Innovation, which coincided with a shift in the ministry’s mandate to oversee implementation of Alberta’s Recovery Plan, sector strategies and the province’s growth agenda.

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

In February 2021, the department implemented a new organizational structure based on the core functions of policy and strategy development, stakeholder relations, agency governance and program delivery, and strategic financial services, to ensure the department is able to deliver effectively on its new mandate.

Figure 1 –2020-21 Ministry Organizational Structure



Operational Overview

Effective February 2021, 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.

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 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, and entrepreneurs with a focus on quality, and excellence in client service;
- 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 financial planning, reporting and operations services.

Agencies

In 2020-21, the following six agencies, as defined under the *Alberta Public Agencies Governance Act*, fell under the ministry:

Alberta Innovates

The Alberta Innovates played an important role in 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 focused on priority, under-served technologies, including those related to 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.

Alberta Research and Innovation Advisory Committee

The Alberta Research and Innovation Advisory Committee provided expert and independent strategic advice and recommendations to the minister on research and innovation. The Alberta Research and Innovation Advisory Committee's international, national, and provincial members represented a spectrum of experiences in global innovation systems and acted as ambassadors for Alberta's research and innovation system.

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.

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.

Travel Alberta

Travel Alberta is 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. Effective April 1, 2021, the mandate of Travel Alberta changed to be a full destination management organization.

Key Highlights in the Past Year

- In August 2020, the ministry was renamed from Economic Development, Trade and Tourism to Jobs, Economy and Innovation, with a new mandate to oversee implementation of Alberta's Recovery Plan, sector strategies and the province's growth agenda. In February 2021, the department implemented a new organizational structure based on the core functions of policy and strategy development, stakeholder relations, and agency governance and program delivery, to ensure the department is able to deliver effectively on its new mandate.
- The ministry led the execution of Alberta's Recovery Plan, providing immediate relief and support for Albertans during the COVID-19 pandemic and the crash in oil prices, creating jobs, investing in infrastructure and diversifying the economy, as well as the development of longer term strategies to support investment and future economic growth.
- The Small and Medium Enterprise Relaunch Grant (SMERG) was implemented to support to small businesses ordered to temporarily close or curtail operations because of public health orders. In total, \$626.4 million was expensed in 2020-21 to support nearly 40,000 businesses and organizations that collectively employ more than 300,000 people.
- Alberta Biz Connect provided information on public health restrictions and updated guidelines for businesses across all sectors. Between April 1, 2020 and March 31, 2021, Biz Connect provided more than 14,500 customized email responses to inquiries on public health direction as it pertains to business and community groups, and the public.
- The *Commercial Tenancy Support and Protection Act* and the Commercial Tenancies Protection Regulation were brought into force to protect commercial renters from lease termination due to non-payment of rent and prevent landlords from implementing late fees and other penalties and rent increases from March 17, 2020 until August 31, 2020. The measures helped address gaps in the federal government's Canada Emergency Commercial Rent Assistance (CERA) program by protecting a wider range of tenants than were eligible for the program and tenants whose landlords decided not to apply.
- The ministry also contributed \$67.2 million as Alberta's share of the CECRA, leveraging the federal program to deliver forgivable loans benefiting commercial landlords and tenants. Alberta's share of this initiative was based on a 75/25 per cent federal/provincial cost-sharing agreement.
- Two phases of tourism recovery supports were implemented in 2020. Tourism Recovery Phase One supports included abatement of the tourism levy from March 1, 2020 until December 31, 2020, and to redeploy existing-Travel Alberta budget and leverage federal programing supports from Western Economic Diversification to create a \$4-million destination marketing organization support program.
- Tourism Recovery Phase Two supports included extension of the tourism levy abatement to March 31, 2021; providing \$8 million to support the five main destination management organizations in Calgary, Edmonton, Canmore, Banff, and Jasper; and re-profiling Travel Alberta's mandate to a full destination management organization.
- The Investment and Growth Strategy: Selling Alberta to the World was developed to guide a government-wide approach to increasing private-sector investment in targeted sectors. As part of the strategy, the Invest Alberta Corporation was established in July 2020, with a mandate to promote Alberta and generate new private-sector investment with a focus on high-value and/or high-impact investment opportunities.
- In addition to the \$1.85 million allocated to Alberta Enterprise Corporation in 2020-21 to attract venture capital to Alberta, the corporation was recapitalized in June 2020 with \$175 million committed over three years as part of Alberta's Recovery Plan.
- In 2020-21, a total of \$232.8 million was invested to provide streamlined research, innovation and commercialization investments and programing through Alberta Innovates,

and through grants to innovation organizations and post-secondary institutions to develop and advance talent, grow sectors, leverage funding, and attract investment.

- The ministry supported the launch of the Innovation Employment Grant in January 2021 to encourage economic growth by supporting small and medium-sized businesses that invest in research and development with a grant worth up to 20 per cent of qualifying expenditures. The ministry is the ambassador for the program, communicating and promoting the Innovation Employment Grant to innovative small and medium-sized businesses and related industry organizations.
- The Film and Television Tax Credit, which supports productions in Alberta, approved 31 applications that represent an estimated \$122 million in Alberta production expenditures and approximately \$30 million in estimated future tax credit certificates. This includes well-known media production companies, such as Netflix, Amazon, TELUS, CTV, and CBC, and smaller local production teams.
- The Research Capacity Program awarded \$6.7 million in research infrastructure funding for 31 talented researchers at Alberta's post-secondary institutions through the Small Equipment Grants stream. This investment will collectively attract \$12.8 million to the province from the federal government via the Canada Foundation for Innovation, institutions, industry, and non-profit organizations.
- The GreenSTEM program, a pan-Alberta pilot for cleantech company creation and high-tech entrepreneurial development, continued in 2020-21. Since the launch of the pilot in 2019, 25 young entrepreneurs taking part in the program have incorporated 19 new technology-based companies, supporting more than 79 jobs, submitted 24 patent applications, with ten successfully awarded, generated more than \$1 million in revenue, received \$4 million in private investment and leveraged more than \$5.4 million in other public grant funding.
- The Alberta Digital Economy Program was initiated through Business Link with \$10 million in funding from the ministry to encourage and enable small businesses to accelerate transformation to the digital economy. This program helps businesses adopt e-commerce and other technologies that are essential to their short and long-term survival and competitiveness.
- In 2020-21, the ministry achieved a cumulative regulatory count reduction of 27.2 per cent, exceeding the government target of a 12 per cent reduction. The majority of reductions were from continued implementation of the "digital initiative" at Alberta Innovates that enables digital transformation and improved service delivery. The initiative aims to simplify application and reporting processes for economic programs allowing applicants to access capital faster.

Discussion and Analysis of Results

The Ministry of Jobs, Economy and Innovation is committed to the ongoing review of programs and services to ensure that the best possible outcomes are being achieved for Albertans. As part of this ongoing review, the ministry is committed to making life easier for hard-working Albertans and job creators by reducing regulatory requirements by one-third by 2023, and eliminating administrative burden through more efficient processes. This work will improve service delivery for Albertans; foster economic growth, innovation and competitiveness; create a strong and attractive investment climate; and make Alberta one of the freest and fastest moving economies in North America.

Outcome One: Alberta entrepreneurs, businesses and communities are supported to drive growth and job creation

The ministry works to unleash the potential of Alberta entrepreneurs, businesses and communities to drive job creation and grow our economy. The ministry is focused on red tape reduction through digital transformation and improved services delivery, removing policy and administrative barriers to growth. The ministry also delivers programs and services to address constraints on trade, access to capital, and provides timely and relevant information to support business development and attract investment. With the help of the Alberta Enterprise Corporation and Travel Alberta, and advice from the Northern Alberta Development Council, the ministry works to ensure Alberta's job creators have the supports they need to grow and thrive.

Key Objectives

1.1 Work with other Alberta ministries to drive innovation and job creation by making Alberta the most attractive place in North America for businesses wanting to expand and hire.

In 2020-21, Alberta faced a public-health crisis, a global economic slowdown and an extreme oil price drop. The Ministry of Jobs, Economy and Innovation provided a range of programs and services to assist innovators and job creators throughout these unprecedented times. This included much-needed supports for small and medium-sized Alberta businesses, cooperatives and non-profit organizations, sectors, communities and regions.

The COVID-19 pandemic required the Government of Alberta to make a rapid shift in focus from promoting economic growth to protecting the lives and livelihoods of Albertans and supporting economic recovery. As a result, Alberta's Recovery Plan was introduced in June 2020, and the new mandate of the Ministry of Jobs, Economy and Innovation included leading the execution of the plan. The Recovery Plan focused on providing immediate relief and support for Albertans, creating jobs, investing in infrastructure, and diversifying the provincial economy.

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

Key Priority 1: Supporting job creation

Objective: 2 Making Alberta open for business

- As Alberta's job creators struggled with the impact of the COVID-19 pandemic, the ministry ensured they had the supports they needed to adapt, recover and grow, including:
- The Small and Medium Enterprise Relaunch Grant provided \$626.4 million in support to distressed businesses that collectively employ over 300,000 people.
- Biz Connect provided more than 14,500 customized email responses to inquiries on public health direction as it pertains to business and community groups, and the public.

Objective: 3 Reducing Red Tape

- The ministry achieved a cumulative regulatory count reduction of 27.2 per cent on March 31, 2021, exceeding the government's target of a 12 per cent reduction.

Under Alberta's Recovery Plan, the ministry:

- Implemented the *Commercial Tenancy Support and Protection Act* and Commercial Tenancies Protection Regulation to protect commercial renters from lease termination due to non-payment of rent and prevent landlords from implementing late fees and other penalties and rent increases from March 17, 2020 until August 31, 2020. These measures helped address the gaps in the federal government's Canada Emergency Commercial Rent Assistance program by protecting a wider range of tenants than were eligible for the federal program, and tenants whose landlords decided not to apply for the federal program.
- Worked with the federal government and other provinces to develop the Canada Emergency Commercial Rent Assistance (CECRA) program and make it available in Alberta. The program assisted commercial tenants by alleviating at least 75 per cent of their rental costs for April to August 2020 and ensured landlords still had the funds needed to cover loan obligations. Jobs, Economy and Innovation contributed to \$67.2 million as Alberta's share of CECRA, leveraging the federal program to deliver forgivable loans benefiting commercial landlords and tenants.
- Implemented the Small and Medium Enterprise Relaunch Grant (SMERG) to provide support to small and medium-sized businesses, cooperatives and non-profit organizations that were ordered to temporarily close or curtail operations because of public health orders.
 - Following its June 2020 program launch, the size and scope of SMERG was expanded to meet the needs of Alberta job creators that were hit hard by the pandemic. Program eligibility was expanded to include new businesses and sole-proprietors and to lower the income reduction threshold from 50 per cent to 30 per cent. The maximum payment was also increased from \$5,000 to \$20,000.
 - The third intake of SMERG for 2020-21 closed on March 31 with an unprecedented 13,000 applications received in the final 10 days. In total, 96,784 applications were submitted, representing 48,424 unique small and medium-sized businesses and organizations. In total, \$626.4 million was expensed in 2020-21, in support of nearly 40,000 businesses and organizations that collectively employ over 300,000 people.
- Administered the Alberta Biz Connect program to provide ongoing clarity on public health restrictions and updated guidelines for businesses across all sectors. Between April 1, 2020 and March 31, 2021, Biz Connect provided more than 14,500 customized email responses to inquiries on public health direction as it pertains to business and community groups, and the public.
- Supported the launch of the Innovation Employment Grant in January 2021, which encourages economic growth by supporting small and medium-sized businesses that invest in research and development with a grant worth up to 20 per cent of qualifying expenditures. The Innovation Employment Grant will promote investment, economic growth and diversification by using a unique incremental approach to support increased levels of research and development and reward research and development spending in Alberta, regardless of the industry.
 - The Innovation Employment Grant complements the Job Creation Tax Cut by focusing on small and medium-sized firms in the earlier stages of operation. Jobs, Economy and Innovation is the ambassador for the program, communicating and promoting the Innovation Employment Grant to innovative small and medium-sized businesses and related industry organizations.
 - The incremental approach of the Innovation Employment Grant is unique in Canada and makes Alberta's program the most generous in the country for new and start-up firms and high-growth small to medium-sized firms. When combined with Alberta's job creation tax cut, the support provided by the Innovation Employment Grant

makes Alberta the best place in Canada for companies in all sectors to undertake research and development of new products. The Innovation Employment Grant replaces the predecessor provincial Scientific Research and Experimental Development tax credit, which ended on December 31, 2019.

- Launched the Technology Innovation and Emissions Reduction (TIER) Economic Recovery Program through Alberta Innovates. The program was designed to support shovel-ready cleantech and energy projects that create jobs, accelerate innovation in support of greenhouse gas emissions reduction, increase long-term economic competitiveness and stimulate growth in critically important sectors of Alberta's economy.
- Initiated the new Alberta Digital Economy Program through Business Link with \$10 million in funding from the ministry to encourage and enable small businesses to accelerate transformation to the digital economy. This program helps businesses adopt e-commerce and other technologies that are essential to short and long-term survival and competitiveness.

Companies around the world struggled with the impact of the COVID-19 pandemic and a challenging economic reality, all of which has affected Alberta exporters. The ministry continued to support these businesses, facilitating opportunities for Alberta exporters to continue to explore and expand internationally.

- In 2020-21 the ministry quickly adapted to the challenges posed by the pandemic by delivering and supporting more than 80 virtual multi-sectorial and multi-country key strategic initiatives.
- The ministry focused on strategic markets and sectors aligned with the Alberta Recovery Plan and where Alberta has a competitive advantage, and designed and implemented trade promotion programs and initiatives to generate the highest impact to Alberta's economy.
- Alberta was to lead international delegations in 2020-2021, but the global pandemic derailed those plans. Many major international events were cancelled, postponed, or moved to a digital format.

Regional economic collaboration was also important to achieving economic recovery. The ministry supported collaboration in a variety of ways, including providing core funding through multi-year agreements to nine Regional Economic Development Alliances across Alberta, with a commitment of \$50,000 a year until 2022-23.

Successful regional economic collaboration means communities achieve more by working together than they would individually, tackling priorities and/or opportunities to build local and regional economies through effective planning and implementation of municipal policies and projects. The ministry's Regional Economic Development Specialists (REDS) were key conduits for regional and community economic development intelligence, providing an effective two-way flow of information through strong stakeholder relationships. REDS provided expertise and insight for the development and implementation of stakeholders' economic development and sustainability plans; for the development and delivery of business retention and expansion programs; for the processes to prepare, implement and sustain community investment readiness; and for investment inquiries requiring liaising between investors, our colleagues and stakeholders.

The Northern Alberta Development Council (NADC) partnered with Alberta Advanced Education to provide \$1,193,200 to 208 students through the NADC bursary programs. The purpose of the bursaries is to attract and retain professionals for occupations that are in high demand within the Northern Alberta development region and are necessary for the region to grow and thrive. Additionally, the NADC partnered with Alberta Health Services for the Health Care Practicum Funding Program, supporting 30 recipients towards completing a practicum placement within the

NADC boundary.

1.2 Ensure recommendations from business leaders inform government red tape reduction initiatives to restore the Alberta advantage by providing leadership on conducting red tape reduction industry panels.

Under the ministry's leadership, nine industry panels were launched to assist in identifying unnecessary red tape that is costly to job creators and prevents economic growth. In 2020-21, management of these panels was transitioned to Treasury Board and Finance; however, the ministry continued to play an active role in supporting the panels. The ministry is uniquely positioned to work closely with industry to identify the red tape burdens that have the greatest impact on their competitiveness and economic growth.

While the ministry does not have a strong regulatory function and accounts for less than five per cent of the Government of Alberta's overall regulatory burden, it continued to focus on streamlining and finding efficiencies in programs, policies, forms and processes through digital transformation and improved service delivery. As a result, the ministry achieved a cumulative regulatory count reduction of 27.2 per cent on March 31, 2021, exceeding the government's target of a 12 per cent reduction.

Much of the opportunity for red tape reduction within the ministry falls under Alberta Innovates, which achieved a cumulative 30.6 per cent reduction to its regulatory count, primarily through the standardization of application forms. There was a phased implementation of these forms across all continuous intake programs, which was completed between April-August, 2020, and for each new competition starting in April 2020. A key focus of the standardization work was eliminating non-essential questions as well as simplifying the questions themselves. This work was done in conjunction with the implementation of an enterprise grants management system, which includes an application and reporting portal that improve the user-friendliness, and transparency of the granting experience for clients. Overall, Alberta Innovates' applicants recently reported their overall experience in applying to Alberta Innovates as being 4.4 out of 5.

To further reduce red tape during COVID-19, the ministry took action to simplify processes and accelerate supports that assist Alberta businesses. For example:

- The Small and Medium Enterprise Relaunch Grant (SMERG), introduced to help businesses with relaunch costs associated with the pandemic, used a simplified online application package where businesses entered their information once and received multiple payments, each within 14 business days of application;
- Alberta Biz Connect provided a one-window experience for Alberta businesses, non-profits and the public to easily access information and updates on how to navigate public health restrictions, and reopen and operate safely.

1.3 Grow Alberta's film and television industry and help Alberta compete for major media projects.

A total of \$116.5 million will be provided over three fiscal years from 2020-21 to 2022-23 to implement an Alberta Film and Television Tax Credit for eligible labour and production expenses to attract medium and large film and television productions to Alberta in support of the province's cultural industries.

The Film and Television Tax Credit (FTTC) program, launched on January 29, 2020, offers a refundable Alberta tax credit rate of 22 per cent or 30 per cent on eligible Alberta labour and

production costs. Productions applying for a 30 per cent tax credit must meet additional eligibility requirements related to Alberta copyright ownership, producer residency and ownership, among other things. Applications that do not meet the above criteria may be eligible for a 22 per cent tax credit certificate provided they meet the eligibility criteria for corporations and for productions.

Applications to the FTTC program are accepted continuously and evaluated for the production's economic impact in Alberta and its benefit to Alberta's film and television sector. Since its inception in January 2020, the FTTC program has approved 31 applications, which represents an estimated \$122 million in Alberta production expenditures and approximately \$30 million in estimated future tax credit certificates. This includes well-known media production companies, such as Netflix, Amazon, TELUS, CTV, and CBC as well as smaller local production teams.

As tax certificates are only issued once projects have been completed, total expenses in 2020-21 were \$1.3 million. Unfortunately, project timing has been negatively impacted due to COVID-19 restrictions.

Budget 2021, included changes to the FTTC program that included removing a \$10 million per project cap and increasing the budget from \$30.5 million to \$50 million in 2021-22. The changes to the FTTC program capitalize on the growth of the global film and television sector to help attract investment to the province, accelerate the growth of Alberta's film and television sector, create new jobs and raise Alberta's profile as a tourism destination.

One of the strengths of the film and television sector is its ability to create jobs within a few months of investment. In addition, film and television productions can provide substantial spillover benefits to many other sectors that have been severely affected by the COVID-19 pandemic, such as the travel and hospitality sector. This will also position Alberta to be more competitive with other jurisdictions in Canada, which have lucrative tax incentives for the film sector.

Outcome One Performance Metrics

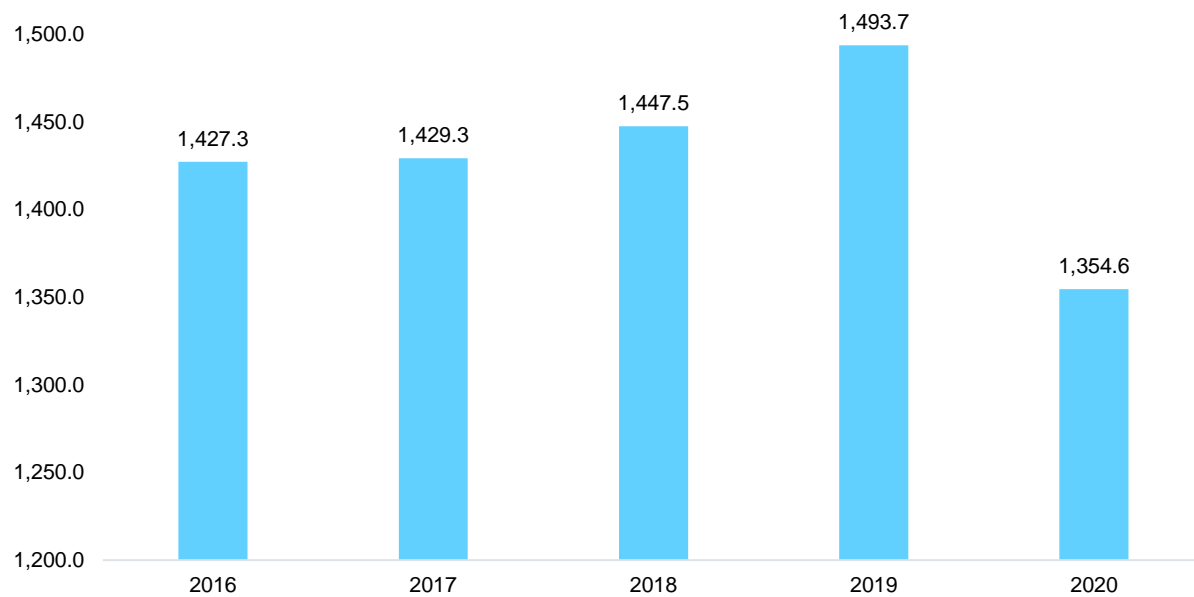
Performance Indicator 1.a: Private-sector employment

This indicator measures those who work as employees of a private firm or business. It is a measure of economic growth.

In 2020, there were 1,354,600 private-sector employees in Alberta, a 9.3 per cent decrease compared to 2019. In the five-year period since 2015 the number of private-sector employees decreased by 8.5 per cent. The significant decrease in employment in 2020 is largely the result of two factors: the oil price collapse and the effect of COVID-19 on the economy, as many businesses ceased operations either temporarily or permanently.

Private-sector employment

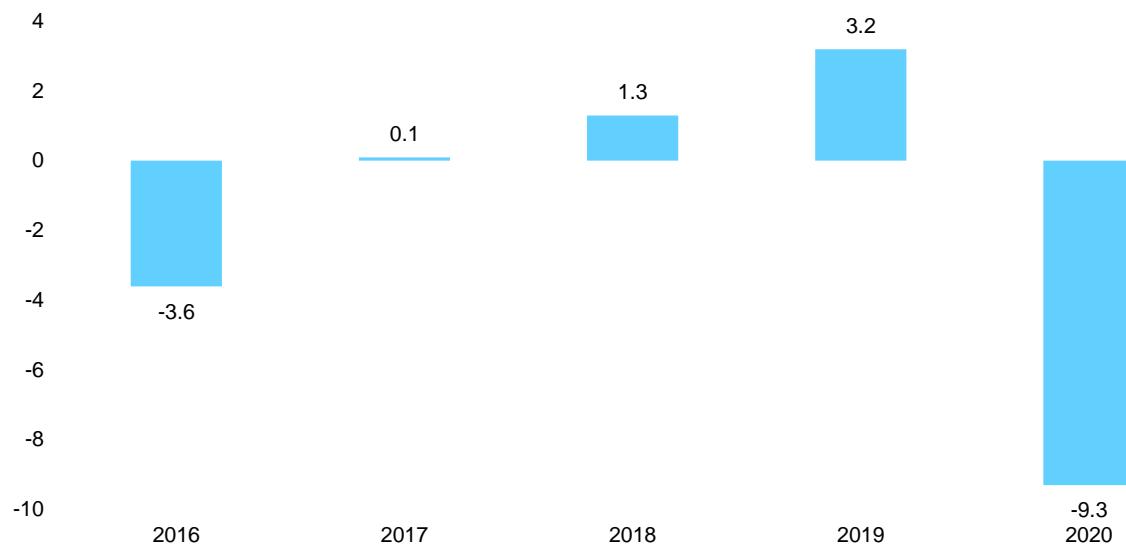
(In thousands)



Source: Statistics Canada table 14-10-0027-01 – Employment by Class of Worker. See Performance Measure and Indicator Methodology section for more information.

Change in private-sector employment

(Per cent change year-over-year)



Source: Statistics Canada table 14-10-0027-01 – Employment by Class of Worker. See Performance Measure and Indicator Methodology section for more information.

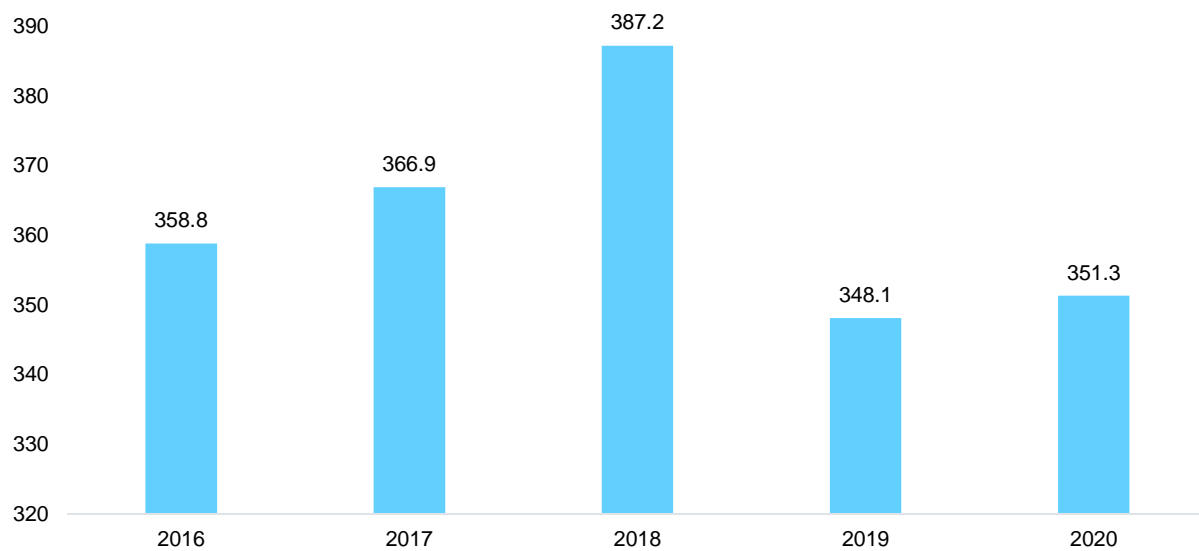
Performance Indicator 1.b: Alberta self-employment

An increase in self-employed individuals is an indicator of the health of the entrepreneurial ecosystem, and is associated with increases in income, employment growth, and the economic diversification of a jurisdiction.

The number of self-employed individuals in Alberta increased by 3,200, or 0.9 per cent, between 2019 and 2020. This is a small change compared to historical figures. For comparison, the total number of employed Albertans has decreased 149,500, or 6.6 per cent over the same time due to the combined effect of the oil price crash and the effects of COVID-19 on the economy. Some of the increase could be explained by people becoming self-employed out of necessity, due to losing their job, or out of finding a business opportunity. However, the data does not provide enough detail to distinguish between the two alternatives, or other explanations.

Alberta self-employment

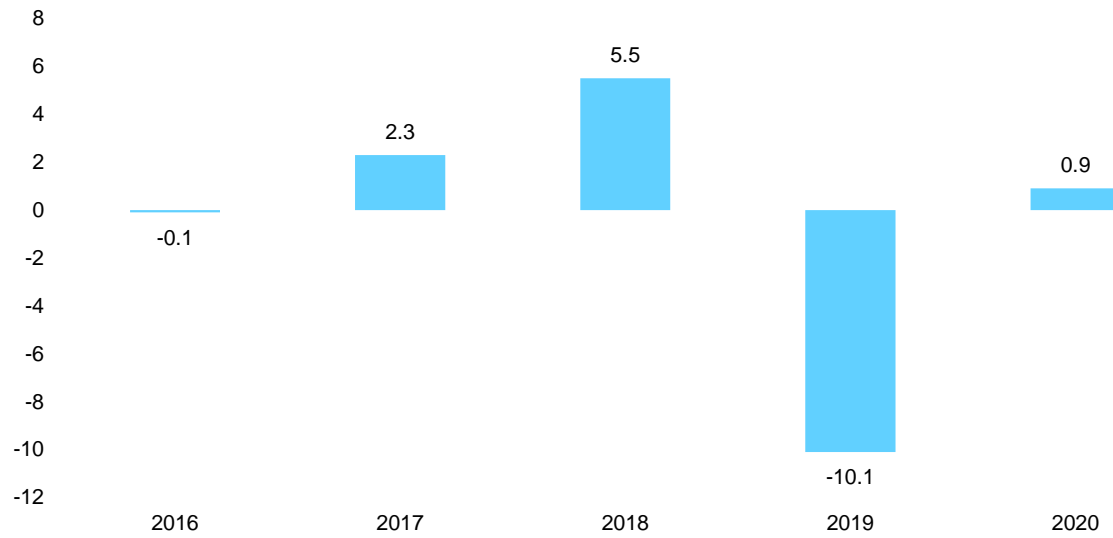
(In thousands)



Source: Statistics Canada table 14-10-0027-01 – Employment by Class of Worker. See Performance Measure and Indicator Methodology section for more information.

Change in Alberta self-employment

(Per cent change year-over-year)



Source: Statistics Canada table 14-10-0027-01 – Employment by Class of Worker. See Performance Measure and Indicator Methodology section for more information.

Outcome Two: Investment is attracted, retained and expanded in Alberta and trade is grown

The ministry works to ensure investment in the province and trade continue to grow the economy and create new jobs. The ministry works with other Alberta government ministries to attract, retain and expand investment in the energy, agriculture, tourism, technology, aerospace, and finance sectors. The ministry collaborates with internal and external stakeholders to lead the development and implementation of the Government of Alberta's Investment and Growth Strategy to ensure Alberta is the best place to invest and do business. Under the strategy, the ministry works with its partner ministries to increase the province's competitive advantage, improve the investment attraction ecosystem, and raise Alberta's reputation as an investment destination. Through the Alberta Enterprise Corporation, the ministry works to attract venture capital investment to the province.

Key Objectives

2.1 Implement an Investment and Growth Strategy to foster an economy that creates jobs and wealth while rebuilding Alberta's reputation as the best and most responsible place to do business.

A decline in capital investment since 2014 has driven the province to examine its competitive advantage in key sectors and its investment attraction activities.

The *Investment and Growth Strategy: Selling Alberta to the World* was developed to guide a government-wide approach to increasing private-sector investment in targeted sectors. The strategy incorporates best practices from jurisdictions around the world to ensure coordination throughout the investment attraction ecosystem and an end-to-end customer services orientation.

The Investment and Growth Strategy aims to:

- Increase Alberta's competitive advantage,
- Improve Alberta's investment attraction ecosystem, and
- Raise Alberta's reputation as an investment destination.

The strategy concentrates the government's investment attraction efforts on the principal sectors of energy, agriculture, and tourism, as well as key enabling sectors with high potential like aviation, aerospace and logistics, technology, and finance and fintech. In 2020-21, the strategy led to the creation of the Invest Alberta Corporation, a new investment attraction agency tasked with leading an aggressive global investment promotion strategy; and a strengthened end-to-end concierge service delivery model for investors.

Actions that support the priorities of the Government of Alberta Strategic Plan

Key Priority 1:
Supporting job creation

Objective 2:
Making Alberta open for business

- The ministry worked to implement the *Investment and Growth Strategy: Selling Alberta to the World*. This included establishing the Invest Alberta Corporation to attract high-impact job creating investment in Alberta, and the announcement of a new Investment and Growth Fund to be administered by the corporation.
- The Investment and Growth Strategy guides a government-wide approach to increasing private-sector investment in targeted sectors, including the primary sectors of energy, agriculture, and tourism, as well as the high-potential enabling sectors of aviation, aerospace and logistics, technology, and finance and fintech.

Concierge service is a guiding principle of the Investment and Growth Strategy. It is defined as a whole-of government approach to adequately address diverse investor needs and information requirements. The concierge service delivery model commits to improving Alberta's investment attraction ecosystem by providing timely and seamless end-to end customized services for investors across government departments, agencies, and orders of government.

The Investment and Growth Strategy acknowledges the role that all Government of Alberta ministries have to play in the provision of concierge services, and establishes the Ministry of Jobs, Economy and Innovation as the coordinator of these services. The Investment and Growth Strategy harmonizes the implementation of economic strategies across ministries, including Jobs, Economy and Innovation, Energy, Agriculture and Forestry, and Treasury Board and Finance. Key supporting actions include improving accountability and transparency of investment impacts by investing in the tools and relationships needed to ensure access to timely and accurate economic data covering the key and enabling sectors in the strategy.

The newly established Invest Alberta Corporation will also deliver concierge services to its investment clients, under the guidance of its board and chief executive officer.

2.2 Enhance services and expertise available to investors and investment attraction partners in order to attract and expand international and domestic investment into Alberta. This will include establishing a new investment attraction agency to provide services to support high-value, high-impact investment opportunities and to promote Alberta as an investment destination.

The Invest Alberta Corporation was established under the *Alberta Investment Attraction Act* in July 2020, with a mandate to promote Alberta and generate new private-sector investment with a focus on high-value and/or high-impact investment opportunities. Through 2020-21, work continued on the stand-up of the agency, including the appointment of its board and recruitment of its chief executive officer, as well as the transition of the majority of Alberta's international office network to the agency. This transition was effective on April 1, 2021.

In February 2021, the Investment and Growth Fund was announced. The Investment and Growth Fund is an incentive program designed to increase private-sector investment in the province. This deal-closing tool will help Alberta secure select, impactful investments at the late stage of decision-making when the province is competing with comparable jurisdictions that may offer other benefits or incentives to the investor. The Investment and Growth Fund will provide the Invest Alberta Corporation with a tool to encourage new, high-impact investments that create well-paying jobs and contribute measurably to Alberta's economy.

Quick Facts: Concierge Service

- Launched in June 2020, the concierge service delivery model has improved coordination on investment attraction.
- The GoA cross-ministry concierge service working group, the Community of Practice, facilitated more than 130 investment-related requests for support in 2020-21.

Quick Facts: High-Value / High-Impact Investments

- High-value investments are investments that are expected to perform better relative to other investments in the economic sector.
- High-impact investments are investments that are expected to support significant job creation or economic growth.

2.3 Work with the innovation and venture capital community to expand venture capital investment into Alberta technology companies.

The Alberta Enterprise Corporation (AEC) was established under the *Alberta Enterprise Corporation Act* in December 2008, as the Government of Alberta's mechanism for the attraction of venture capital investment and venture capital industry development in the province. The Alberta Enterprise Corporation promotes the development of Alberta's venture capital industry by investing in venture capital funds that finance technology companies. The corporation focuses on funds that have a strong commitment to Alberta, including a full-time presence in the province. In addition to attracting venture capital investment, it supports Alberta's venture capital ecosystem by connecting investors, entrepreneurs and experienced technology executives who share a passion for building a bright, innovative Alberta. Since its launch, AEC has committed \$232 million to 21 venture capital funds, covering a diverse range of forward-looking industries including information technology, industrial technology and life sciences.

2020 was a record year for venture capital in Alberta's technology sector; Alberta companies attracted \$455 million in venture capital investment, spread across 51 deals – a 100 per cent increase over 2019. In addition to the \$1.85 million allocated to Alberta Enterprise Corporation in 2020-21 to attract venture capital to Alberta, in June 2020, the government committed to recapitalize the corporation with \$175 million over three years as part of Alberta's Recovery Plan.

In 2020-21, the ministry also continued the GreenSTEM Pilot program, a pan-Alberta pilot for company creation and high-tech entrepreneurial development. GreenSTEM was designed to spur the creation of advanced technology companies and reinforce Alberta's reputation as a technology hub and destination for venture capital and private investment. The GreenSTEM pilot simultaneously addresses several issues in Alberta's technology ecosystem including:

- Building investable companies and a strong technology company pipeline;
- Enabling technology commercialization from universities;
- Incenting an entrepreneurial culture and supporting system connectivity;
- Building investable companies and a strong technology company pipeline;
- Enabling technology commercialization from universities;
- De-risking high potential technologies that are more challenging to commercialize; and
- Supporting talent retention and development.

Since its launch in January 2019, the program has supported the creation of 79 jobs, 24 patent applications, ten patents successfully awarded, more than \$1 million in revenue, \$4 million in private investment, and more than \$5.4 million in other public funding. The pilot has supported collaboration across the innovation ecosystem with more than 30 experienced entrepreneurs, 12

Did you know?

- Alberta Enterprise Corporation's 2021 Alberta Technology Deal Flow Study reports 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.
- Alberta's technology industry is showing signs of maturity, with almost 40 per cent of local tech companies surveyed exceeding revenues of \$1 million, a 66 per cent increase since 2018. Over the last two years, the number of companies with 25 or more employees has increased from 13 per cent to 25 per cent. Fourteen per cent of those companies were founded in 2020.
- Alberta tech firms raised capital predominantly from local sources in Alberta, with 53 per cent of survey respondents identifying Calgary as a funding source and 32 per cent identifying Edmonton as a funding source.

large industry players, 10 investors and 45 service providers dedicating their time to support the fellows.

2.4 Advance a free trade agenda by actively supporting Alberta's interests in international negotiations and disputes, including U.S. Buy American policies and the softwood lumber dispute, and support Alberta companies' export development.

In 2020-21, Jobs, Economy and Innovation advanced a free trade agenda by actively supporting Alberta's interests in international negotiations and disputes. The ministry identified and promoted Alberta's interests in ongoing and proposed trade negotiations, including:

- The Canada-UK Trade Continuity Agreement, ensuring that Alberta continues to benefit from existing trade preferences with the UK following Brexit, with a commitment to more fulsome negotiations in the future.
 - The UK was, on average, Alberta's 16th largest export destination for the five-year period between 2016 and 2020, purchasing an average of \$163.8 million of our exports annually over that period.
 - There are also significant opportunities to grow Alberta's services trade with the UK, which is already Canada's second-largest services trading partner.
 - The UK is also home to a significant pool of private capital that has proven to be amenable to investing in Alberta, and increasing trade can also lead to increased investment flows.
- Preparatory work on anticipated Canada-United States-Mexico Agreement (CUSMA) negotiations on sub-federal coverage under the State-Owned Enterprises (SOE) chapter.
 - The CUSMA SOE Chapter sets out obligations for government-established SOEs and monopolies including that these entities act in a non-discriminatory manner and according to commercial considerations, when engaged in commercial activities. Work is currently underway to identify possible provincial entities that could be covered by the chapter's obligations.
- Identifying preliminary provincial interests in a proposed Canada-Indonesia trade agreement.
 - Indonesia is a rapidly growing economic region with a large population and an expanding middle class. It has been the destination for an average of \$261.1 million of our exports annually over the last five years, making it the seventh largest purchaser for Alberta exports.
 - Alberta has a number of strengths in the services sector that match well with market demands in Indonesia, such as engineering, construction and energy and mining services.
 - Indonesia is home to a significant pool of private capital as well as a new sovereign wealth fund that could be amenable to investing in Western Canada.

The ministry worked with Justice and Solicitor General and other departments to defend Alberta interests in a number of ongoing or potential trade disputes, including:

- Westmoreland investor-state dispute – The ministry led Alberta's policy engagement with the federal government and Alberta ministries and contributed to the federal legal defence and to addressing document collection and management issues.
- Lama Energy Group (Lama) investor-state dispute claim – The ministry coordinated communications with this Czech company, related to its notice of intent to launch a dispute concerning its investment in the Prosper Rigel oil sands project. The ministry continued to communicate a willingness to discuss Lama's complaint with company officials in the context of Canada's Investment Treaty obligations with the Czech Republic.

- Keystone XL – The ministry provided advice on the options available under international trade agreements related to the U.S. Presidential revocation of the permit for Keystone XL.
- Softwood lumber – The ministry continued to engage on this issue; international trade disputes are ongoing, including on the outcome of the U.S.’ first annual review of its tariffs.
 - The U.S. has imposed countervailing and antidumping duties on imports of Canadian softwood lumber since November 2017, and Canada has initiated North American Free Trade Agreement and World Trade Organization cases with a view to eliminating these duties.
 - In 2020, Alberta's exports to the U.S. of forestry products were in excess of \$2.9 billion. While not all of these exports are subject to the U.S. antidumping and countervailing duties, restrictions on softwood lumber exports to the U.S. affect the profitability of, and investment and employment in, the Canadian and Alberta forestry industry as a whole.
 - Canada has responded to these duties by launching trade disputes under the World Trade Organization (WTO) and the NAFTA. It may be some time before these outcomes are finalized.
 - The results of the first Administrative Review of the tariffs by the U.S. government were announced in November 2020. It was a positive outcome for Alberta; tariffs applied on participating companies were, for the most part, significantly reduced. However, the ministry continues to challenge the underlying U.S. assumption that Alberta’s industry is being subsidized or acting unfairly in the U.S. market.
 - In the meantime, the ministry continued to work cooperatively with Agriculture and Forestry to defend Alberta programs targeted by the U.S., and to actively engage in the common Canadian defence of our forestry sector. Alberta will continue making its case that the Canada-U.S. softwood lumber trade creates benefits on both sides of the border and that the free flow of trade is vital to the prosperity of both nations.

In 2020-21, through Alberta’s Senior Representative to the U.S., the ministry continued to undertake outreach to Congress, and other key U.S. stakeholders, to raise the importance of Alberta energy to U.S. lawmakers. The ministry engaged U.S. and Canadian union leaders, think tanks, academics and industry associations in the U.S. to continue to advocate for KXL and other energy infrastructure projects. The ministry also continued to monitor other threats to Alberta trade, and advocate on these topics as they emerge at the federal and state level.

Outcome Two Performance Metrics

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

Access to capital enables Alberta businesses to start up and grow, which supports economic growth and diversification in the province. Alberta Enterprise Corporation (AEC) is a fund-of-funds that invests in venture capital funds and angel co-investment funds that subsequently invest into technology companies.

As of March 31, 2021, AEC has invested in 21 venture capital funds, including three angel co-investment funds, and AEC funds and their syndicate partners have invested a cumulative total of \$703 million in 55 Alberta technology companies. Every \$1 invested by AEC has resulted in more than \$4.50 of investment into Alberta companies. The amount of investment into Alberta companies is expected to continue to grow over the 10+-year life of these funds.

Since AEC was first established in 2009, the Government of Alberta has invested \$175 million in the corporation, and in 2020 committed an additional \$175 million in recapitalization. This investment supports the development of the Alberta technology ecosystem through the AEC, which has the objective of promoting the development of the venture capital industry and knowledge-based industry in Alberta and increasing access to venture capital.

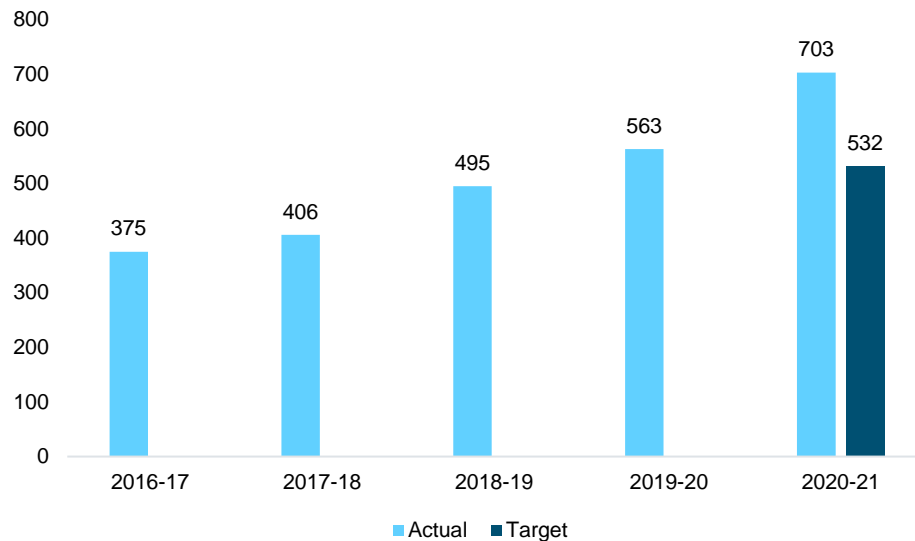
AEC is successful in supporting the development of Alberta's technology ecosystem through its mentorships, sponsorships, events, attraction of investment professionals in Alberta, and engagement of home-grown talents. Since 2009, AEC has invested and attracted 21 funds as a direct result of the Government of Alberta's investment in AEC, thereby increasing access to capital for Alberta businesses, investments, mentors, strategic partners and investors. These funds invest in seed and early stage knowledge-based companies that support investment attraction and economic growth. The 2020-21 result of \$703 million investment cumulatively by AEC venture capital funds and their partners into Alberta companies exceeds the target of \$532 million.

Targets for 2020-21 were identified using the most recent available information at the time, taking into consideration the amount of cash available for investments, the existing target value, and other economic assumptions (government programs, impacts of oil, AEC cash available for investment, etc.). This resulted in the calculation of the target of \$532 million of AEC cumulative investment (including AEC funds and syndicate partners) into Alberta companies.

The year 2020 proved to be one of the best years to date in venture capital in Alberta despite Canadian VC contracting by 29% year over year (Canadian VC investment was \$6.2 billion in 2019 and \$4.4 billion in 2020). In fact, the Canadian Venture Capital and Private Equity Association reported that year 2020 was a record year for VC investments in Alberta with \$455 M invested into Alberta companies compared to \$227 million in 2019.

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

(\$ millions)



Source: Alberta Enterprise Corporation. See Performance Measure and Indicator Methodology section for more information.

Performance Indicator 2.b: Non-residential investment per capita in Alberta

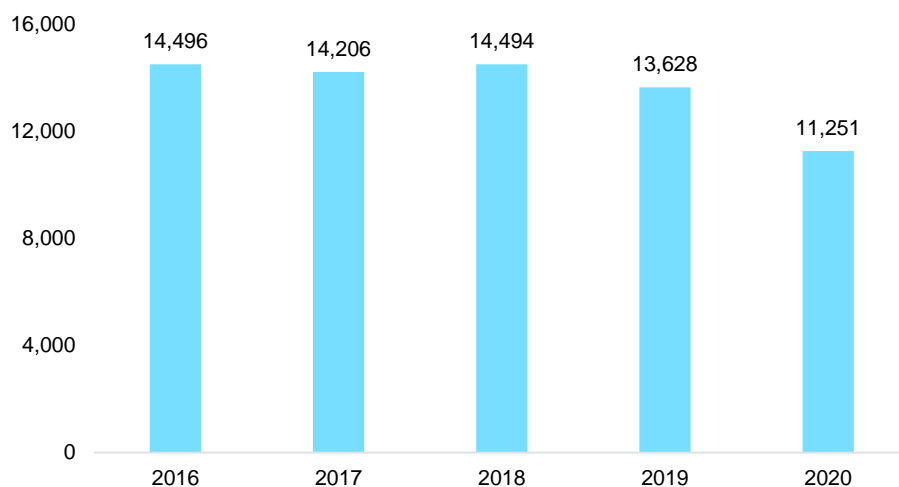
Capital investment is a sign of a growing, healthy economy. As companies expand, they purchase property, build facilities, and buy equipment. This contributes to Alberta's gross domestic product (GDP) and improves Alberta's long-term economic performance.

Alberta non-residential per-capita investment was \$11,251 in 2020, down 17.4 per cent from 2019. Falling capital expenditures in the oil and gas extraction sector was the largest driver of the decrease, primarily due to weakened demand due to the COVID-19 pandemic and an oil price war between Saudi Arabia and Russia. Otherwise, investment in utilities, construction, and information and cultural industries increased. Despite the overall decline, Alberta is the top ranked province for this measure.

Capital investment in Alberta has been on a downward trend since 2014. Capital investment in Alberta is closely tied to the oil and gas industry. Low oil prices and capacity constraints have had a significant impact on the industry and has led to a sizeable decrease in capital investment. The oil price collapse in early 2020, combined with the impact of COVID-19 has seen capital investment drop to levels not seen since 2009. This corresponds to a declining investment per capita share as Alberta's population has continued to grow.

Total non-residential investment per capita in Alberta

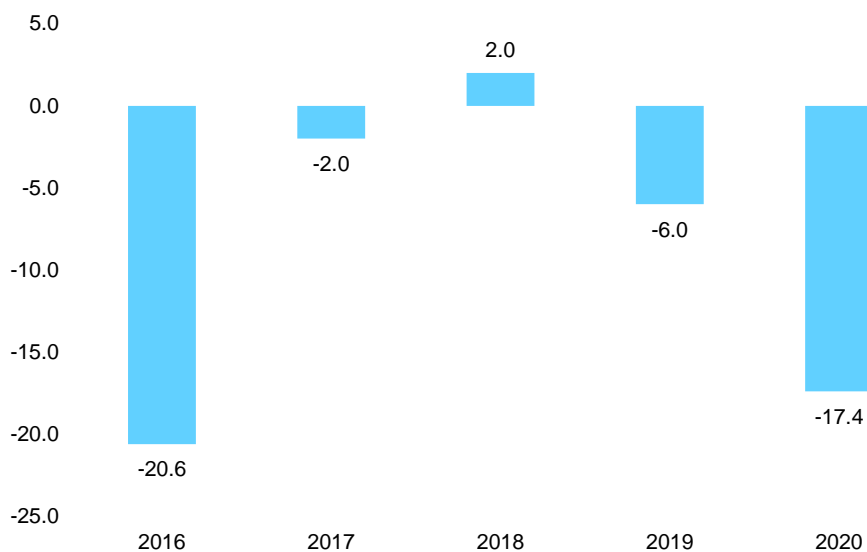
(\$ dollars)



Source: Statistics Canada's CANSIM table 34-10-0035-01 – Capital and Repair Expenditures Survey: Actual, Preliminary Actual and Intentions (CAPEX). See Performance Measure and Indicator Methodology section for more information.

Change in total non-residential investment per capita in Alberta

(Per cent change year-over-year)



Source: Statistics Canada's CANSIM table 34-10-0035-01 – Capital and Repair Expenditures Survey: Actual, Preliminary Actual and Intentions (CAPEX). See Performance Measure and Indicator Methodology section for more information.

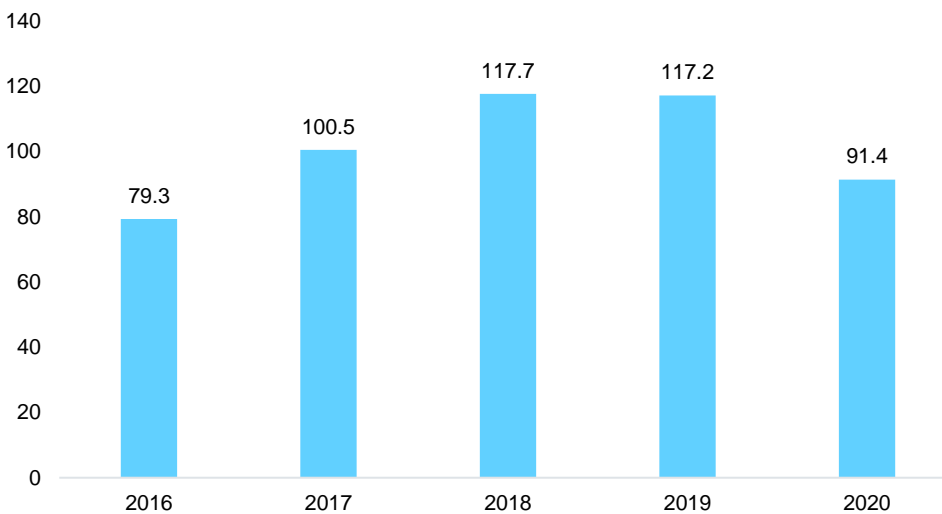
Performance Indicator 2.c: The total value of Alberta's exported products

This measure is an indication of how Alberta's trade and exports are growing in global markets. In 2020, Alberta's merchandise exports were \$91.4 billion, a decrease of \$25.8 billion or 22 per cent from 2019. This drastic change was driven by a \$21.8 billion contraction in crude oil exports, a drop of 29.3 per cent. In 2020, crude oil exports were \$52.5 billion, of which 99.4 per cent went to the U.S. This drop in crude oil exports was precipitated by the oil price collapse in early 2020. The global supply glut drove down demand from the U.S. for Alberta crude, while the impact of COVID-19 on the U.S. economy further lowered demand. Alberta exports of natural gas, primarily to the U.S. also fell by 27.7 per cent to \$5.8 billion.

- Alberta's top exports in 2020 consisted largely of energy, primarily crude oil and natural gas (\$60.2 billion), plastics (\$3.6 billion), meat (\$3.1 billion), cereals (\$2.6 billion), and machinery (\$2.3 billion).
- Alberta's top export markets in 2020 were the U.S. (\$77.5 billion, 84.8 per cent of total exports), China (\$4.5 billion, 4.9 per cent of the total), Japan (\$2.0 billion, 2.2 per cent of total exports), the European Union (\$1.5 billion, 1.7 per cent of total exports), and Mexico (\$0.80 billion, 0.90 per cent of total exports).
- In 2020, Alberta saw some strong growth in key markets that helped offset the 25 per cent decrease in exports to the U.S., with increases to Japan (+18 per cent), the UAE (+15 per cent), China (+7 per cent), the EU (+6 per cent) and Hong Kong (+5 per cent).

Total value of Alberta's exported products

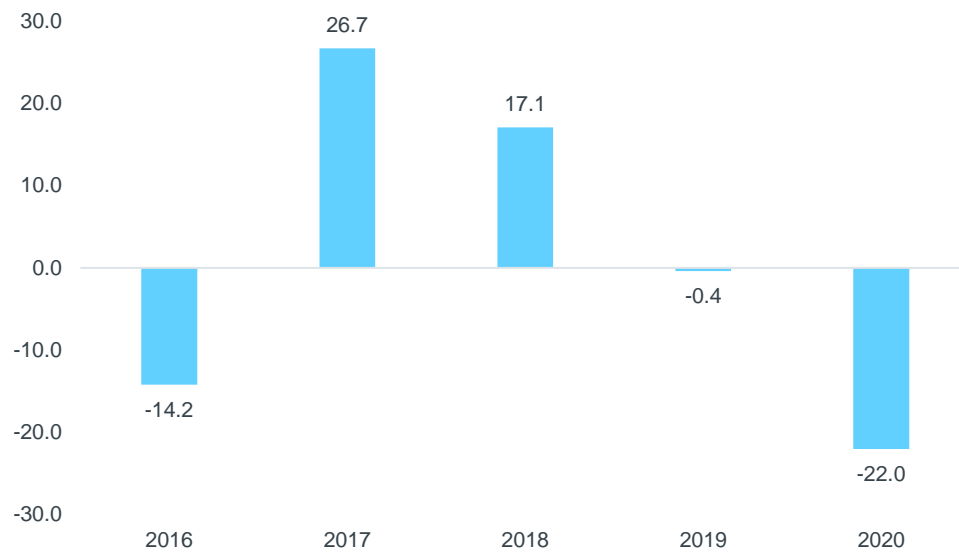
(\$ billions)



Source: Statistics Canada's Table 12-10-0119-01, International merchandise trade by province, commodity, and Principal Trading Partners (x 1,000). See Performance Measure and Indicator Methodology section for more information.

Change in total value of Alberta's exported products

(Per cent change year-over-year)



Source: Statistics Canada's Table 12-10-0119-01, International merchandise trade by province, commodity, and Principal Trading Partners (x 1,000). See Performance Measure and Indicator Methodology section for more information.

Outcome Three: Alberta's innovation system is optimized to support economic growth

The ministry works to ensure a smarter approach to innovation, which will modernize Alberta's economy and create new and better jobs for Albertans. Through a simplified and streamlined innovation approach, Jobs, Economy and Innovation ensures Alberta entrepreneurs, post-secondary institutions and businesses are better able to access innovation funding and other innovation supports. Through its partnership with Alberta Innovates, and with the advice provided by the Alberta Research and Innovation Advisory Committee, the ministry supports and accelerates research, innovation and entrepreneurship to grow globally competitive enterprises in Alberta. The ministry continues to explore opportunities to streamline and modernize processes, reduce red tape and remove unnecessary burdens.

Key Objectives

3.1 Reduce duplication and coordinate across the many innovation agencies and organizations in the province while ensuring investments of public money have a clear 'return on investment' criteria.

In 2020-21, the ministry began work on the Alberta Technology and Innovation Strategy, an action-oriented strategy to develop, attract and retain a future-ready workforce, attract private capital investment, and create a competitive landscape with the right enablers to drive entrepreneurship and grow priority sectors. In support of the strategy development, the ministry initiated an innovation ecosystem review to address gaps or duplication in the system, identify actionable items to accelerate technology and innovation in the province and enhance performance measurement to ensure a clear return on investment from these investments. The Alberta Technology and Innovation Strategy will be released in 2021-22, outlining key actions to move the technology and innovation system forward.

The ministry has already implemented a series of initiatives in support of this strategy to grow the technology and innovation ecosystem, including recapitalizing the Alberta Enterprise Corporation in June 2020 and introducing the Innovation Employment Grant in January 2021.

In 2020-21, a total of \$232.8 million was invested to provide streamlined research, innovation and commercialization investments and programming through Alberta Innovates and through grants to innovation organizations and post-secondary institutions to develop and advance talent, grow sectors, leverage funding and attract investment.

Alberta Innovates is the province's largest research and innovation agency, established under the *Alberta Research and Innovation Act*.

In 2020-21, Alberta Innovates focused its innovation and commercialization investments in the

Actions that support the priorities of the Government of Alberta Strategic Plan

Key Priority 1:
Supporting job creation

Objective 5:
Revitalizing and sustaining key industries

- Through strategic investments and programming provided with the support of the Alberta Enterprise Corporation and Alberta Innovates, the ministry worked to maximize the government's investment in the technology sector to ensure it is focused on commercialization and job creation.

Objective 6:
Making Alberta more dynamic, innovative and sustainable

- The ministry moved forward with development of the Alberta Technology and Innovation Strategy, to advance the technology sector and improve competitiveness of other sectors through technology adoption.
- The strategy will adopt a smart approach to propel Alberta's technology and innovation system forward and make Alberta competitive for global high-tech investment.

areas of digital health, clean energy, smart agriculture, artificial intelligence, and entrepreneurial investments.

- The source of funding drives the focus areas for those investments by Alberta Innovates. Health and Science endowments drive almost 50 per cent of grant funding; another 30 per cent of funding is through restricted grants that are directed by government as to the purpose and use. Within these funding categories, Alberta Innovates' strategic and operational planning drives key areas that align to the source funding and government priorities, and then competitive opportunities are developed.

Alberta Innovates programs are reviewed annually and there is a three-year rolling cycle for formal evaluation of all programs to determine if they have met their objectives. All grants have regular reporting requirements outlined in investment agreements. These include progress/milestone reporting throughout the grant, final reporting at conclusion and annual outcome surveys during and post-investment (five years). In 2020-21, as part of the ministry's red-tape reduction initiative, Alberta Innovates streamlined its grants application experience by launching an enterprise grants management system.

The Research Capacity Program and Strategic Research Initiatives provide funding to Alberta's post-secondary institutions to attract and retain talent, build innovative capacity with world-class infrastructure, and leverage federal funds. These investments:

- Grow Alberta's research excellence and capacity that creates the pre-commercial technology environment needed to support broad-based company innovations;
- Develop talent that supports growing companies;
- Advance innovation that leads to industry partnerships and commercialization ventures; and
- Attract investments federally and internationally.

The Research Capacity Program leverages a federal matching program from the Canada Foundation for Innovation to attract dollars and talent into Alberta. Since 2001, the Research Capacity Program has invested approximately \$357 million in research projects and has leveraged \$1.22 billion in funding from the federal government, industry, and other research agencies. This brings a total of \$1.58 billion of research and innovation investments to Alberta.

Streams under the Strategic Research Initiatives, such as the Major Innovation Fund, focus on strategic research initiatives at Alberta's post-secondary institutions that advance provincial priorities such as quantum systems, autonomous systems, and antimicrobial resistance. Investments leverage federal investments and serve as a precursor to later-stage commercialization and investments from the industry.

The combined Research Capacity Program and Strategic Research Initiatives in the 2020-21 budget was approximately \$26.8 million. To determine the distribution of funding, the Research Capacity Program and Strategic Research Initiatives employed an independent Multidisciplinary Review Panel, comprising of academic and research experts from across Canada with senior research and

Did you know?

- The Li Ka Shing Applied Virology Institute (AVI) recently secured over \$5.8 million from the Canadian Institutes of Health Research COVID-19 Rapid Research Funding Opportunity to develop anti-viral drugs, vaccines, and diagnostics for COVID-19.
- New funding from the Alberta government will complement, and further advance the outcomes of previously funded COVID-19 research and development activities at AVI, and support new COVID-19 related activities as they emerge.

administrative experience. In alignment with research funding best practices, the panel made recommendations on applications, which informed funding decisions.

3.2 Change the current approach to innovation funding by simplifying the way start-ups and growth companies secure public and private funding.

In April 2020, the Innovation Capital Working Group provided the Minister its final report, which included 14 recommendations on policy options focused on three priority areas of vision, communication and branding, and capital and talent. These recommendations aimed to enhance the attraction of capital to Alberta's start-up and early stage technology sectors and were leveraged in the development of Alberta's Recovery Plan, which further emphasizes the promotion of Alberta as a destination for investment.

Further consideration of the recommendations in the context of the province's economic recovery response to the COVID-19 pandemic continued through 2020-21. It informed development of the ministry's Business Plan for 2021-2024, which includes performance measures focused on the amount of venture capital activity in Alberta. Moreover, the Innovation Capital Working Group recommendations informed development of the Alberta Technology and Innovation Strategy, and the recapitalization of Alberta Enterprise Corporation and the creation of the Innovation Employment Grant.

3.3 Measure Alberta's innovation performance against leading global research and government networks in key innovation hubs like California, Texas, Israel, London and Hong Kong.

In 2020-21, a Request for Proposal was executed to undertake an Innovation Ecosystem Review. The contract for the Innovation Ecosystem Review was awarded in March 2021. The review will provide recommendations regarding a clear line of sight to return on investment, identify and assess key jurisdictions to derive best practices, and improve coordination of efforts across the innovation ecosystem.

3.4 Establish the most effective intellectual property framework for the commercialization and entrepreneurial application of innovative research and development from Alberta's universities and colleges.

A draft intellectual property framework was completed in January 2021, with input from partners and stakeholders, including Advanced Education, legal counsel and post-secondary institutions. Further stakeholder validation is planned for 2021-22 through the Research Commercialization Working Group co-led by Advanced Education and the ministry.

3.5 Collaborate with Service Alberta to identify and apply technology and process improvements that can help deliver public services faster, more securely and at lower costs.

The ministry's innovative service delivery approach to the Small and Medium Enterprise Relaunch Grant program has informed how the government can take an integrated approach to improve service delivery while also maintaining granting standards. Working collaboratively and in real-time with Service Alberta, the ministry initiated automated processes for application processing, a streamlined payment process, and a user-friendly customer portal to interface with applicants who could apply, check their application status, and confirm they received payment as their application moved through the process.

Jobs, Economy and Innovation was also a pilot ministry for implementation of 1GX (One

Government Experience), the government's new suite of online business applications that was implemented in a phased approach in 2020. Jobs, Economy and Innovation implemented the new system in July 2020. This was a massive transformation project that involved extensive testing, implementation planning, training and change management. As part of the pilot, the ministry:

- Championed 1GX and de-risked the implementation experience for the government by leading the way as a pilot ministry;
- Provided support and shared learnings and information with other ministries;
- Advised the support ministries, such as the Public Service Commission, of potential impacts and issues resulting from policy or process decisions, and supported them in developing effective and efficient solutions; and
- Provided valuable feedback to 1GX partners, raising issues and providing feedback that ultimately led to resolution on a number of outstanding items.

Outcome Three Performance Metrics

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

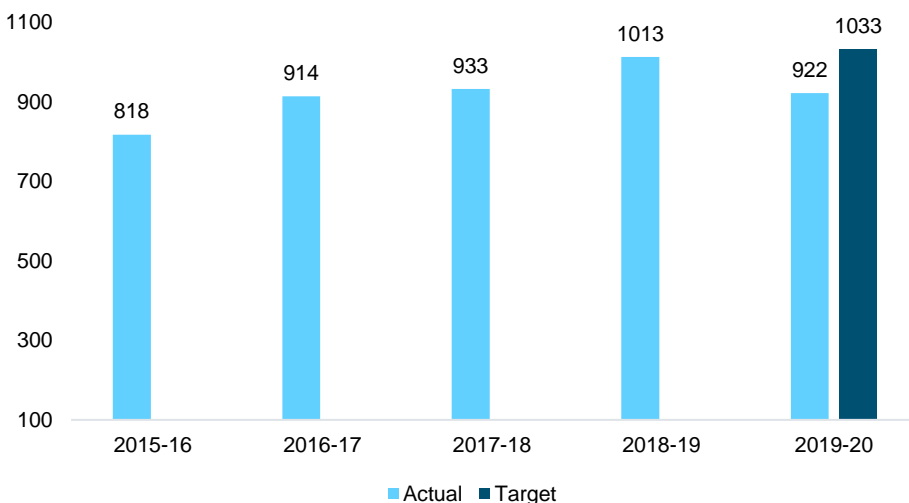
This measure reflects research capability in the province through the success of Alberta's Comprehensive Academic and Research Universities (previously referred to as Comprehensive Academic and Research Institutions) in attracting sponsored research funding from several sources. The results give an indication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

Total sponsored research revenue over the past 10 years shows an upward trend, with an average yearly increase of 1.44 per cent over that time. Total sponsored research revenue for the 2019-20 fiscal year was \$922 million, an approximate 9.0 per cent decrease from 2018-19. The decrease in total sponsored research revenue in 2019-20 was primarily related to decreased research revenue from the provincial government and endowment funds. Factors such as changing competition cycles and constrained funding pools impact research revenue attained by these research intensive universities.

Targets were set to increase by 2 per cent (in alignment with the average year-over-year change from 2014-15 to 2019-20 of 1.9 per cent). This projection factored in competition cycles and a potential flattening due to constrained provincial and federal funding pools. The availability of federal research funds has a significant impact on total sponsored research revenue. Federal programs that provide sponsored research revenue to Alberta universities include 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, compiled and analyzed by Alberta Jobs, Economy and Innovation. See Performance Measure and Indicator Methodology section for more information.

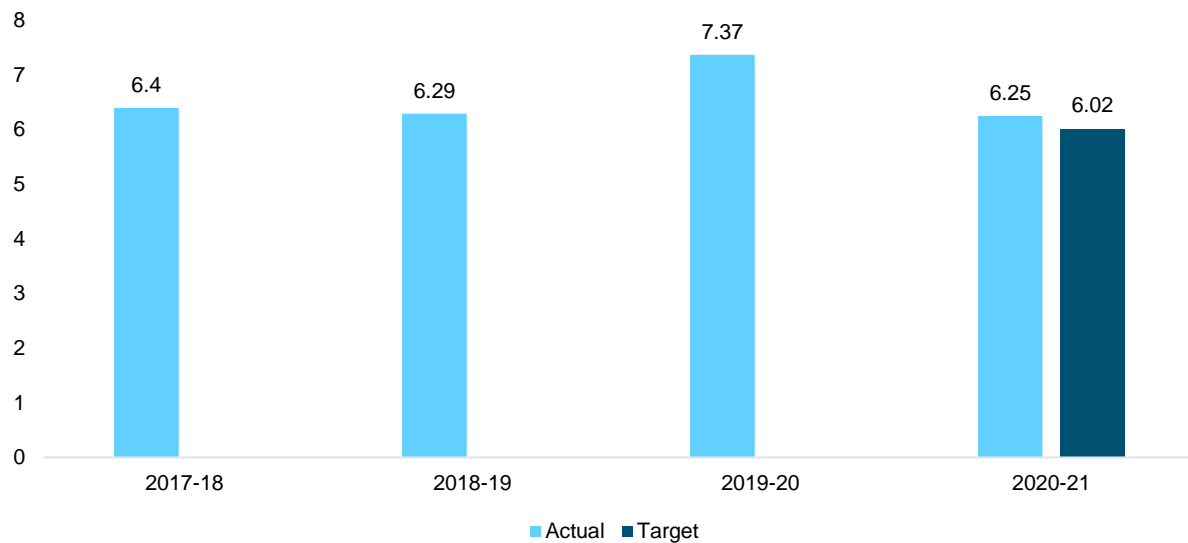
Performance Measure 3.b: Net Small and Medium Sized Enterprises (SME) revenue growth for every \$1 of Alberta Innovates funding (\$ dollars)

The growth of innovative Alberta SMEs is an important factor in the province's economic growth. SME revenue growth is the increase in SME revenue from the baseline year (the year before initial Alberta Innovates funding) to the latest calendar year's revenue.

Overall, just over half of post-revenue companies reported an increase in revenue in 2020 compared to 2019, but only 20 of the top 50 companies in terms of 2019 revenue reported an increase in 2020. The reduction from last year is mainly due to a significant fall in revenue among the top-performing companies in the portfolio.

Net SME revenue growth for every \$1 of Alberta Innovates funding

(\$ dollars)



Source: Alberta Innovates. See *Performance Measure and Indicator Methodology* section for more information.

Performance Measure 3.c: Percentage of Alberta Innovates-funded revenue-generating SMEs that export

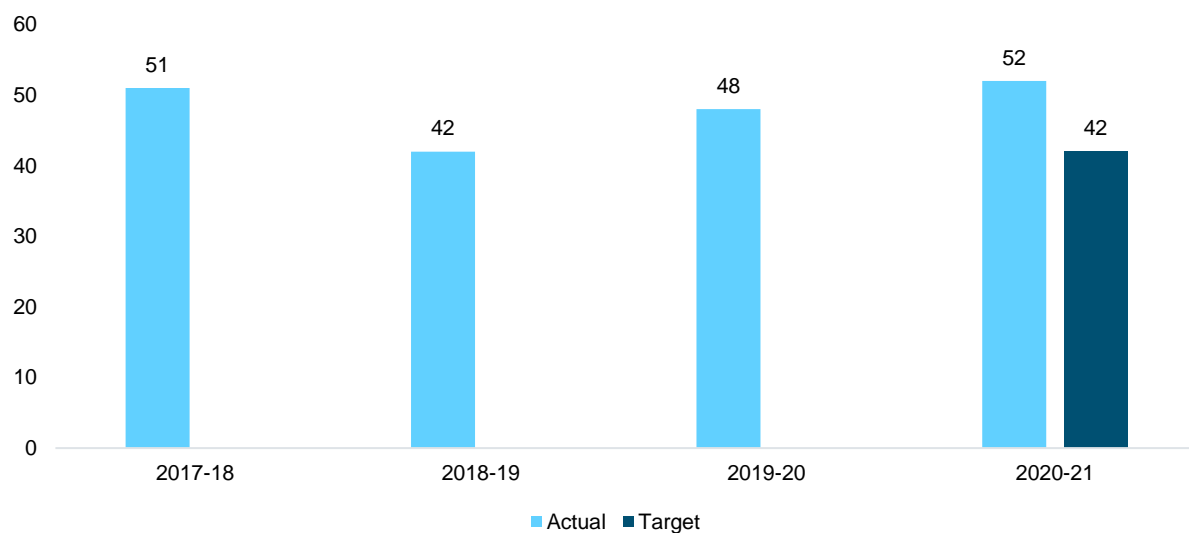
Exports are an important measure of SME growth potential and access to new markets. This measure describes the number of SMEs that report revenue outside of Canada as a percentage of the total number of SMEs that report revenue.

Overall, 52 per cent of revenue-generating SMEs reported exporting their products and services. Of these SMEs, the most common export region was the USA, with 88 per cent of exporting SMEs having sales in this region, while 53 per cent had exports in other regions. On average, companies that export receive about 49 per cent of revenues from outside of Canada.

Updated benchmarks (i.e., Alberta establishments exporting) and actuals for 2019 were not available when the target was set. The target was therefore set based on the last known actuals, specifically 42% in 2018-19. Alberta Innovates will be exploring methodologies for target setting as AI's outcome database becomes more robust with year over year results. For example, using 3-year rolling averages with a variance range of -5% to 5%.

Percentage of Alberta Innovates-funded revenue-generating SMEs that export

(% per cent)



Source: Alberta Innovates. See Performance Measure and Indicator Methodology section for more information.

Outcome Four: A strong tourism sector creates jobs and economic growth in Alberta

The ministry delivers strategic programs and services intended to grow tourism spending in Alberta to doubling tourism revenues by 2030. Jobs, Economy and Innovation, including Travel Alberta, works closely with internal and external stakeholders and partners to grow the sector by diversifying Alberta's tourism destinations, product offerings and seasonal visitation. This is done through a whole-of-government approach towards destination development and management. A vibrant tourism sector supports trade, investment, immigration and international student recruitment to Alberta.

Key Objectives

4.1 Build capacity of communities, businesses and government stakeholders to support and grow tourism. This will include working with the federal government and airport authorities in Calgary and Edmonton to secure additional flights to Alberta from tourist source countries.

Before COVID-19, the Government of Alberta set an ambitious goal of more than doubling tourism spending in Alberta to \$20 billion by 2030 (\$8.2 billion in 2018, latest official numbers available). It also committed to the development of a 10-Year Tourism Strategy to ensure ongoing sustainable investment in tourism and drive economic diversification. The devastating impact of the COVID-19 pandemic on the tourism industry resulted in a delay in the development of the strategy so that the ministry could focus on recovery of the sector. The department will resume work with Travel Alberta on the strategy in 2021-22.

Two phases of tourism recovery supports were implemented in 2020.

Tourism Recovery Phase One supports included:

- Abatement of the tourism levy from March 1, 2020 until December 31, 2020,
- Redeployment of existing Travel Alberta budget and leveraging federal programing supports from Western Economic Diversification to create a \$4-million destination marketing organization support program.

Tourism Recovery Phase Two supports included:

- Extension of the tourism levy abatement to March 31, 2021;
- Provision of \$8 million to support the five main destination management organizations (Calgary, Edmonton, Canmore, Banff, and Jasper) through the final quarter of 2020-21;
- Re-profiling Travel Alberta's mandate to be a full destination management organization; and

Actions that support the priorities of the Government of Alberta Strategic Plan

Key Priority 1:
Supporting job creation

Objective 2:
Making Alberta open for business

- The ministry worked to ensure Alberta's job creators in the tourism sector had the supports they needed to respond and recover from the impacts of the COVID-19 pandemic.

Objective 5:
Revitalizing and sustaining key industries

- In 2020-21, Travel Alberta was provided \$39.7 million to support the government's public health messaging and, as public health restrictions eased, to encourage Albertans to support local businesses and safely explore their own province. The COVID-19 pandemic required Travel Alberta to make a significant shift in its destination promotion plans and activities.
- Development of the 10-Year Tourism Strategy was deferred so that the ministry could focus on immediate pandemic response and recovery supports. The ministry will resume work on the strategy with stakeholders, including Travel Alberta and the private sector, in 2021-22.

- Creating a position of Senior Representative for Tourism Investment and Parks Liaison within the Invest Alberta Corporation to support advocacy efforts with the federal government.

With the onset of the pandemic, Travel Alberta immediately put a plan into place to evaluate the true impact on tourism businesses. Two Business Impact Surveys were deployed, one in spring 2020 and another in the fall of 2020, to understand how businesses were faring. Findings from these regular surveys will inform business decisions and priorities in Travel Alberta's ongoing effort to support the recovery and rebuild of the province's visitor economy.

In alignment with Alberta's Recovery Plan, Travel Alberta developed the Alberta (re)Bound Strategy in spring 2020 to manage through the COVID-19 crisis. The purpose was to help minimize the impact on Alberta's tourism industry, build resilience, accelerate recovery, and prepare the province to welcome travellers in the future.

Travel Alberta supported tourism businesses in finding creative ways to stay connected with their customers in 2020-21. Travel Alberta's Alberta Tourism Information Service provided a platform to make it easier for them to showcase their product offerings virtually. Alberta at Home is a new way that businesses can list virtual offers and events such as gift certificates or virtual experiences and tours.

- Overall, 73 businesses leveraged the new Alberta Tourism Information Service virtual platform, allowing them to keep generating revenue and stay connected to their customers.

Staying connected in the early days of the pandemic was critical for Travel Alberta to understand the immediate needs of the sector. Between April and June 2020, 900 contacts were made with tourism businesses and destination marketing organizations. In total, Travel Alberta connected with more than 3,000 businesses and organizations throughout 2020-21.

Financial relief and assistance was the top priority to keep businesses running. Travel Alberta facilitated the distribution of more than \$18 million in assistance to industry partners, including:

- Travel Alberta and Western Economic Diversification Canada joint funding to nine primary DMOs serving cities and the Rockies (\$4 million);
- Destination Canada's Domestic Funding Program (\$4 million) provided a one-time contribution to Alberta's four largest DMOs to support regional promotional initiatives in summer and winter 2021;
- Travel Alberta investment (\$4 million) in regional campaigns to inspired Albertans to safely explore the province as health guidelines allowed and to supported content creation to drive future visitation in 2021 and beyond; and
- Travel Alberta's Cooperative Investment Program (\$6.2 million) supported private-sector tourism businesses, municipalities and non-profits.

Due to the extraordinary circumstances and challenges that tourism businesses are dealing with in our province, Travel Alberta developed a new Cooperative Investment Program to assist tourism operators and regions across Alberta to restart consumer marketing activities and aid in the development and augmentation of traveller products, experiences, and packaging in a COVID-19

Did you know?

- The aviation industry was also devastated by the COVID-19 pandemic.
- Edmonton International Airport and Calgary International Airport passenger traffic declined by approximately 68 per cent, directly impacting the province's visitor economy.
- The ministry worked closely with the Calgary and Edmonton airports to understand the impact of the rapidly changing situation and inform potential responses.

travel environment.

4.2 Create a competitive and attractive tourism business environment with transparent and supportive policies and regulations.

Phase Two of the Tourism Recovery Plan paved the way for Travel Alberta to become a full destination management organization that will assume responsibilities from the department for destination and product development, business development, visitor services and concentrating destination development and promotion under one organization, and providing a more efficient and effective means of delivering tourism programs and services. In order for Travel Alberta to operate in this way, amendments to the *Travel Alberta Act* are required and will be brought forward in 2021-22 as part of the *Spring 2021 Red Tape Reduction Implementation Bill*.

As a result of these changes, Travel Alberta will become a one-stop shop for the delivery of programs and services, implementing GoA policies to support the growth and economic recovery of Alberta's tourism industry, removing duplication and confusion over the roles and responsibility for tourism programs and services.

4.3 Grow new, expanded and refreshed tourism product in support of destination and seasonal diversification.

With the COVID-19 pandemic having such a significant impact on the tourism industry, the ministry's focus and programming to grow new, expanded and refreshed tourism products was deferred in 2020-21, so that it could focus on how best to support the recovery of the tourism sector.

4.4 Deliver targeted strategic marketing to grow tourism revenues.

In 2020-21, almost \$50 million was provided to Travel Alberta, including \$4 million from the federal government and \$6 million from Travel Alberta's sustainability fund. While its original budget was intended for the delivery of a strong Alberta tourism brand and to manage national and international tourism marketing programs, services and activities, the COVID-19 pandemic required Travel Alberta to make a significant shift in its destination promotion plans and activities.

The pandemic effectively shut down tourism in the province, which meant altering course from an international visitor attraction focus to a local, domestic awareness message.

- Travel Alberta paused international marketing, realigning its focus and priorities from promotion to supporting government in its health messaging and helping businesses survive the pandemic.
- Travel Alberta worked with government partners to launch two key campaigns early in the pandemic:
 - Bringing Home Snowbirds – April 1 to 5, 2020: Collaborated with Government of Alberta on public safety campaign to bring snowbirds home from the U.S. and Mexico.
 - Stay Home. Stay Healthy. Campaign – April 1 to 19, 2020: Supported Government of Alberta health messaging encouraging Albertans to postpone travel plans. Using a variety of social, digital and broadcast channels, Travel Alberta was successful in amplifying an important health and safety public service message.

As health restrictions eased slightly, businesses re-opened and it was safer to travel within the province, Travel Alberta's Worth the Wait campaign encouraged Albertans to support local

businesses and safely explore their own province, where and when responsible (June 1 to July 7, 2020).

- The Worth the Wait campaign advertisements featured partner travel offers to generate visitation to Alberta tourism businesses in all regions of the province. The ads increased traffic to tourism partners' websites with 265,000 website clicks and 21 million impressions.
- Fifty-one businesses across the province were featured in online ads during the Worth the Wait campaign. A follow-up survey with participating businesses revealed that several saw a 300 per cent or greater increase in traffic to their website and approximately 50 per cent of survey respondents saw increased sales because of the promotion.

Edmonton was one of two cities in North America to host the NHL playoffs. Travel Alberta supported Explore Edmonton and the Government of Alberta with content requests to ensure Alberta was prominently highlighted as a tourism destination throughout the various NHL broadcasts. A series of Travel Alberta's visual assets were supplied for the large screens inside Rogers Place during the broadcasts, part of a partnership agreement between the NHL and Government of Alberta, to promote both investment and tourism. Travel Alberta aligned its paid media activities with the Government of Alberta and Explore Edmonton. Paid channels included broadcast TV, YouTube, and online video—with YouTube and online videos reaching a 75 per cent video completion rate, meeting the campaign target.

4.5 Strengthen Alberta's competitive position by building on the strength of Alberta's tourism brand and growing prioritized tourism experiences. This will include working to implement a 10-year Tourism Strategy with tourism stakeholders recognizing the role that the private sector can play in assisting government in promoting Alberta.

The Government of Alberta remains committed to doubling tourism revenues in the province by 2030 and developing a 10-Year Tourism Strategy in support of this goal. The devastating impact of the COVID-19 pandemic on the tourism industry resulted in a delay in the development of the strategy so that the ministry could focus on recovery of the sector. The ministry will resume work with Travel Alberta on the strategy in 2021-22.

Outcome Four Performance Metrics

Performance Indicator 4.a: The annual volume of all tourism-related visitations

This indicator measures tourism visitation (person-visits) in the province annually. It includes international and domestic visitors. It is a measure of growth and success of the tourism industry. Latest available data came from 2019 National Travel Survey and Visitor Travel Survey, Statistics Canada.

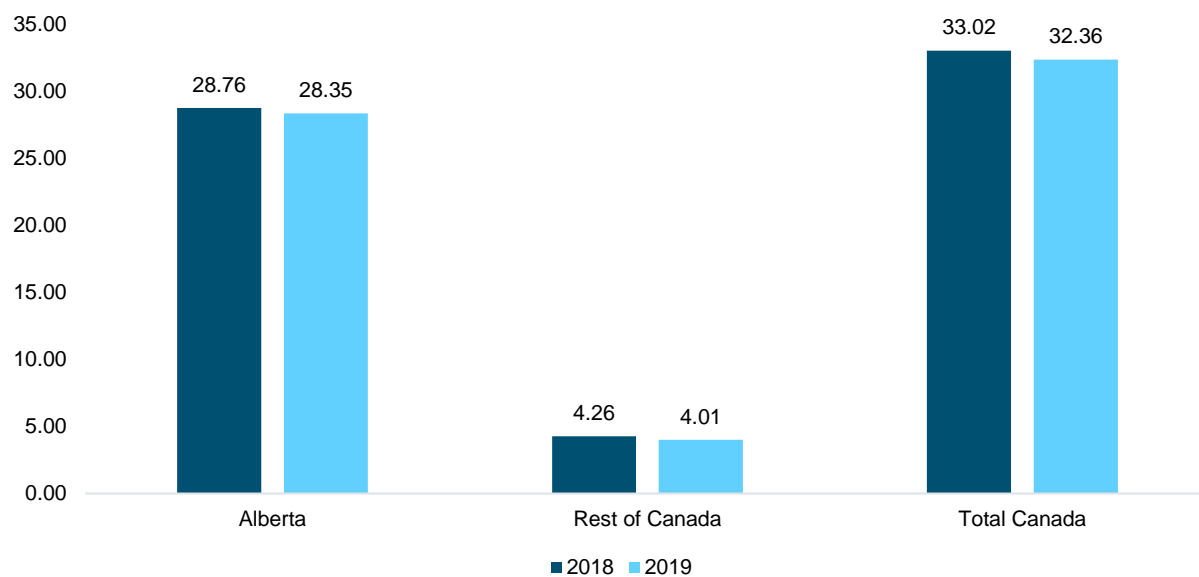
Alberta's tourism sector slowed down in 2019, with person-visits to the province totaling 34.71 million, which included 32.36 million from domestic market (93 per cent of total visitations) and 2.35 million from international market (7 per cent of total visitations).

Visitation from Alberta and the rest of Canada dropped 1.4 per cent and 6 per cent respectively in 2019 from 2018, which resulted in an overall decrease of 2 per cent from the domestic market. Although the Alberta economy struggled to advance in 2019 according to Statistics Canada, local visitors from Alberta remained the dominant share of total visitation, accounting for 82 per cent of total visitors.

International visitation had strong growth in 2019, where visitation from the U.S. and the overseas market went up 11 per cent and 1.1 per cent, respectively, which led to an overall growth of 5.9 per cent from the international market. Visitation from the United States outperformed the rest with an annual growth of 11 per cent in 2019.

Annual volume of all tourism-related visitations from domestic market

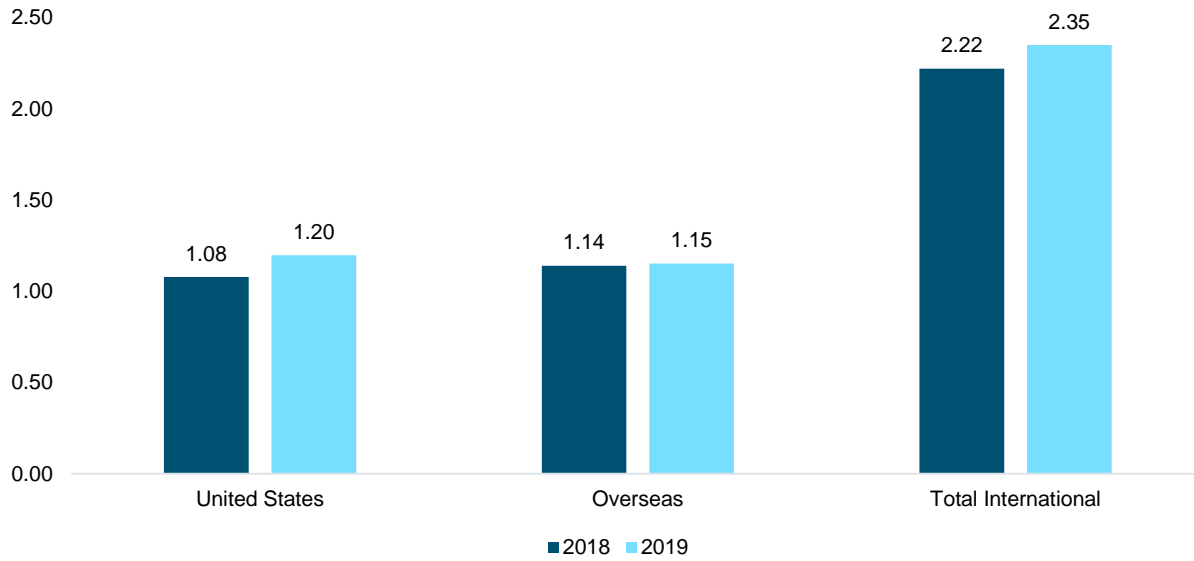
(Millions person-visits)



Source: Statistics Canada's National Travel Survey and Visitor Travel Survey. See Performance Measure and Indicator Methodology section for more information.

Annual volume of all tourism-related visitations from international market

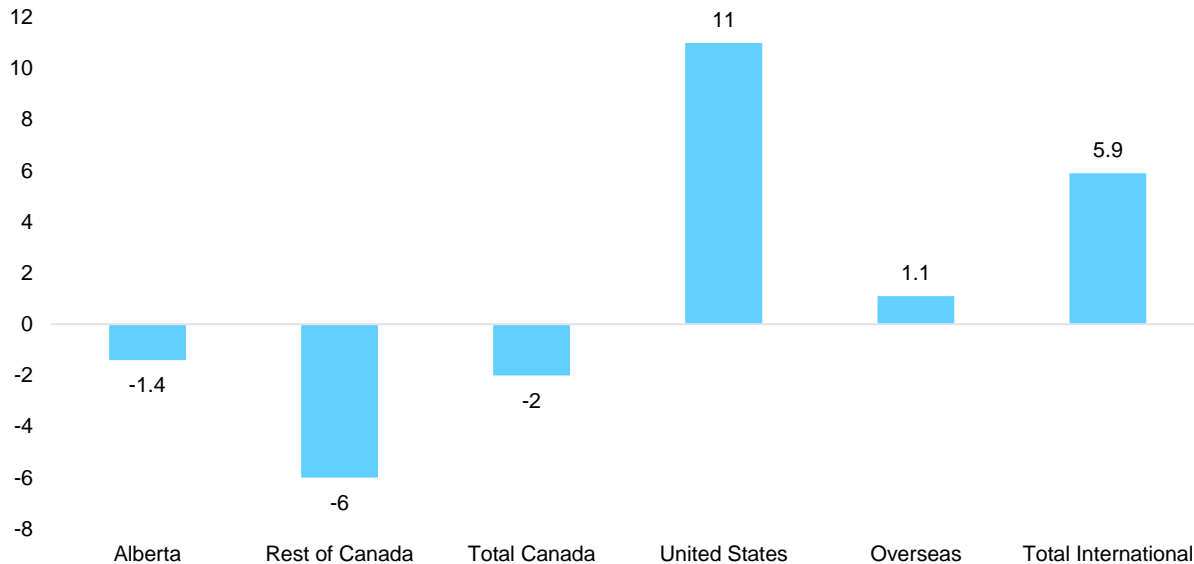
(Millions person-visits)



Source: Statistics Canada's National Travel Survey and Visitor Travel Survey. See Performance Measure and Indicator Methodology section for more information.

Change in annual volume of all tourism-related visitations

(Per cent change from 2018 to 2019)



Source: Statistics Canada's National Travel Survey and Visitor Travel Survey. See Performance Measure and Indicator Methodology section for more information.

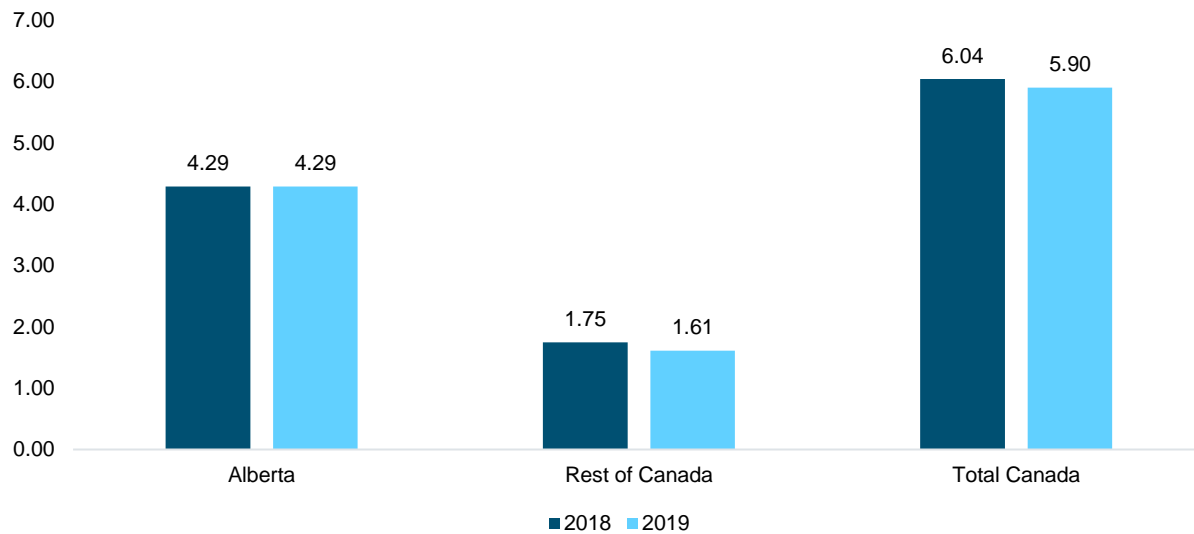
Performance Indicator 4.b: Tourism-related expenditures in Alberta by visitors (\$ billions)

This indicator measures tourism expenditures to the province. It is a measure of the growth and success of the tourism industry.

Alberta's tourism sector slowed down in 2019, with total tourism expenditures of \$8.18 billion, which included \$5.9 billion from domestic visitors (72 per cent of total expenditures) and \$2.28 billion from international visitors (28 per cent of total expenditures). Tourism expenditures from the United States outperformed the rest with an annual growth of 11 per cent in 2019. Reasons for decreases in domestic expenditures in 2019 compared to 2018 included: challenges in the energy sector, slowing in the local and global economy, and sluggish real GDP growth in Alberta.

Tourism-related expenditures in Alberta by domestic visitors

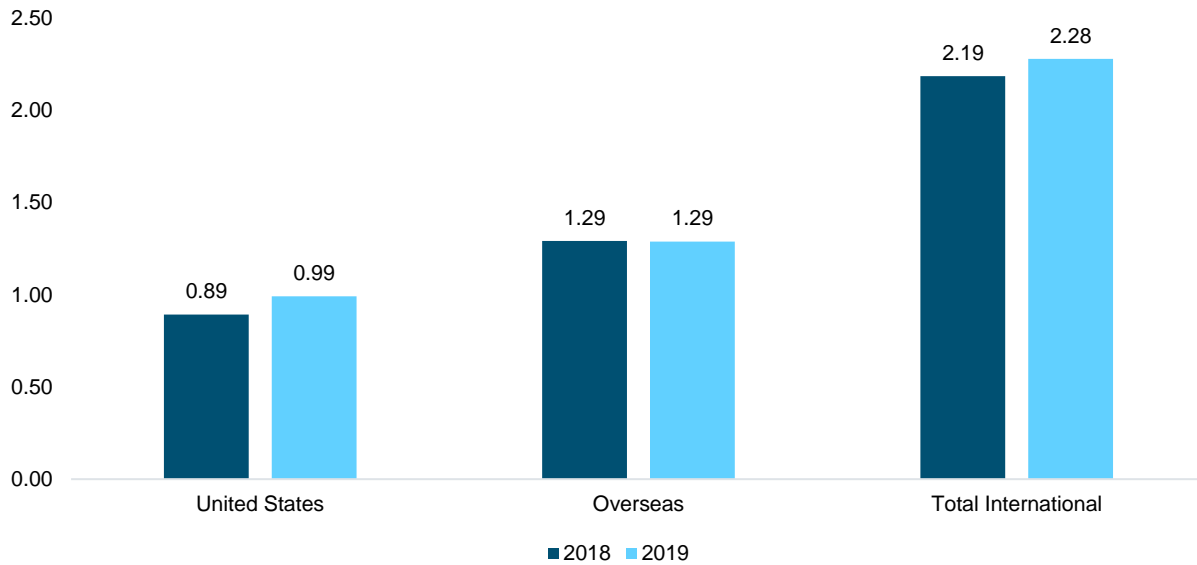
(\$ billions)



Source: Statistics Canada's National Travel Survey and Visitor Travel Survey. See Performance Measure and Indicator Methodology section for more information.

Tourism-related expenditures in Alberta by international visitors

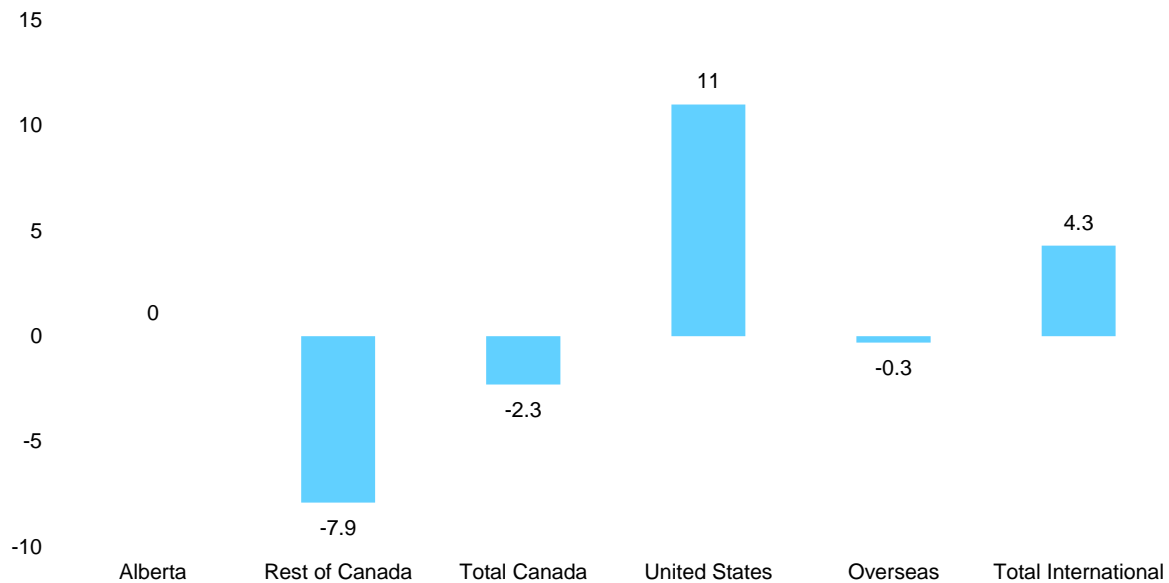
(In \$ billions)



Source: Statistics Canada's National Travel Survey and Visitor Travel Survey. See Performance Measure and Indicator Methodology section for more information.

Change in tourism-related expenditures in Alberta by visitors

(Per cent change from 2018 to 2019)



Source: Statistics Canada's National Travel Survey and Visitor Travel Survey. See Performance Measure and Indicator Methodology section for more information.

Performance Measures and Indicators 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 Indicator 1.a: Private-sector employment (thousands)

Prior Years' Results				2020 Actual
2016	2017	2018	2019	
1,427.3	1,429.3	1,447.5	1,493.7	1,354.6

Data for this indicator comes from the Labour Force Survey, a mandatory survey with data collected directly from respondents. The survey is conducted in 54,000 households across Canada, and information collected is for those members of the household aged 15 years and over. Households are chosen for the survey by randomly sampling the Canadian population. Statistics Canada released the latest complete dataset in April 2021, which included new data for 2020. Data was extracted May 2021.

Source: Statistics Canada table 14-10-0027-01 – Employment by Class of Worker

Performance Indicator 1.b: Alberta self-employment (thousands)

Prior Years' Results				2020 Actual
2016	2017	2018	2019	
358.8	366.9	387.2	348.1	351.3

Data for this indicator comes from the Labour Force Survey, a mandatory survey with data collected directly from respondents. The survey is conducted in 54,000 households across Canada, and information collected is for those members of the household aged 15 years and over. Households are chosen for the survey by randomly sampling the Canadian population. Statistics Canada released the latest complete dataset in April 2021, which included new data for 2020. Data was extracted May 2021.

Source: Statistics Canada table 14-10-0027-01 – Employment by Class of Worker

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

Prior Years' Results				2020-21 Target	2020-21 Actual
2016-17	2017-18	2018-19	2019-20		
357.9	406.8	494.6	563.0	532.0	703.0

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 last available AEC Annual Report, which was published in July 2020.

AEC gathers information on investments from its VC firms as a condition of the Limited Partner (LP) Agreement between AEC and its VC funds. The value of AEC (VC 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: Non-residential investment per capita in Alberta (\$ Dollars)

Prior Years' Results				2020 Actual
2016	2017	2018	2019	
14,496	14,206	14,494	13,628	11,251

Statistics Canada's Capital and Repair Expenditures Survey: Actual, Preliminary Actual and Intentions (CAPEX) collects information from all industries once a year about their actual past years' capital investments, as well as their intended investments for the current year. On occasion, where economic changes justify the need, data on the revised intentions are also collected for the current year.

The survey is administered as part of the Integrated Business Statistics Program. The target population comprises all business and government entities operating in Canada according to the North American Industry Classification System 2012 (NAICS) during the reference year. Outlays for used Canadian assets are excluded since they constitute a transfer of assets within Canada and have no effect on the aggregates of our domestic inventory. Assets imported from outside Canada are included as they increase our domestic inventory.

Figures are downloaded from Cansim Table 34-10-0035-01 (Capital and repair expenditures, non-residential tangible assets, by NAICS, Canada, provinces and territories) for all Alberta, capital expenditures, all industries for the most recent actual year (not for preliminary actual or intentions) and the preceding four years. It is then divided by the Alberta Q3 (July 1) population figures from Cansim 17-10-0009-01.

Source: Statistics Canada Capital and Repair Expenditures Survey: Actual, Preliminary Actual and Intentions

Performance Indicator 2.c: The total value of Alberta's exported products (\$ Billions)

Prior Years' Results				2020 Actual
2016	2017	2018	2019	
79.3	100.5	117.7	117.2	91.4

Data is estimated from a census of administrative records of customs received from multiple sources, which Statistics Canada then compiles. Exports are attributed to the country that is the last known destination of the goods at the time of export. This can be error-prone if the destination is incorrectly reported, which typically happens when goods are routed through intermediary countries. A monthly estimated adjustment is applied based on balance of payments data to correct for this.

Source: Statistics Canada's Table 12-10-0119-01, International merchandise trade by province, commodity, and Principal Trading Partners (x 1,000)

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

Prior Years' Results				2019-20 Target	2019-20 Actual
2015-16	2016-17	2017-18	2018-19		
818	914	933	1,013	1,033	922

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.

Sponsored research revenues are funds received outside regular university operating grants, which includes both research grants and research contracts. The data describes funding from the following sources: provincial and federal governments, industry, non-profit organizations, endowment, other government, and includes capital investments. The research conducted at Alberta's comprehensive academic and research universities is fundamental to Alberta's innovation system and its success in the global knowledge-driven economy, creating new knowledge and highly qualified personnel, including the next generation of university researchers and innovators for industry.

Success in acquiring and increasing sponsored research revenue is accomplished through highly competitive, excellence-driven research activities. Therefore, the ability of universities to attract research funding is an indicator of the quality of the university's faculty and research programs and is an important measure of the capability and capacity of Alberta's research system. The more sponsorship these institutions can draw, the better able they are to attract and retain world-class researchers. These researchers in turn, attract top graduate students, further strengthening the workforce supporting Alberta's innovation capacity. Strengthening Alberta's innovation capacity is critical to ensuring long-term social, environmental, and economic competitiveness.

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

Performance Measure 3.b: Net Small and Medium-Sized Enterprises (SME) revenue growth for every \$1 of Alberta Innovates funding (\$ Dollars)

Prior Years' Results			2020-21 Target	2020-21 Actual
2017-18	2018-19	2019-20		
6.40	6.29	7.37	6.02	6.25

SMEs (small and medium-sized enterprises) funded by any Alberta Innovates programs completed self-reported survey within the past five calendar years. Data on SMEs' revenues were collected by Voxco data collection tool annually. Revenue growth was calculated based on last-year revenue, baseline-year revenue and Alberta Innovates funding. The results may change significantly after data validations.

Source: Alberta Innovates

Performance Measure 3.c: Percentage of Alberta Innovates-funded revenue-generating SMEs that export (% Per cent)

Prior Years' Results			2020-21 Target	2020-21 Actual
2017-18	2018-19	2019-20		
51	42	48	42	52

SMEs (Small and medium-sized enterprises) funded by any Alberta Innovates programs completed self-reported survey within the past five calendar years. Data on SMEs' exports were collected by Voxco data collection tool annually. Results were calculated based on number of post-revenue SMEs who export and total number of post-revenue SMEs. The results were unlikely to change significantly after data validations.

Source: Alberta Innovates

Performance Indicator 4.a: The annual volume of all tourism-related visitations (Millions of person visits)

Prior Year's Result	2020 Actual
2019	
35.24	34.71

In 2018, Statistics Canada implemented a new survey to collect information on domestic and international travel by Canadian residents. This new survey, the National Travel Survey (NTS), replaced the Travel Survey of Residents of Canada (TSRC) and the Canadian resident component of the International Travel Survey (ITS), both of which ended in 2017.

The 2017 reference year was the last year that the Travel Survey of Residents of Canada was performed; in 2018, it was replaced with the National Travel Survey. Therefore, commencing 2018 there will be a historical break in the domestic tourism data, where 2018 reference year data cannot be compared to 2017 data and prior.

Due to the replacement of the TSRC with the NTS, there is a gap in the reporting results. In last year's annual report, comparison of results for 2016 and 2017 were presented. For this year's annual report, 2018 and 2019 are compared.

Data comes from two surveys conducted by Statistics Canada as part of a broader Federal/Provincial/Territorial initiative (partnership between Statistics Canada, Destination Canada and the provinces): the National Travel Survey (NTS) and Visitor Travel Survey (VTS). The Visitor Travel Survey (VTS) provides statistics on international visitors to Alberta. The VTS, sponsored by Statistics Canada, aims to measure the characteristics and the economic impact of the tourism activities of international visitors. The National Travel Survey, sponsored by Statistics Canada, aims to measure the characteristics and the economic impact of the tourism activities of Canadian residents.

Statistics Canada has delivered the PUMF (pooled Public Use Micro-data File) NTS 2018 in December 2019; PUMF NTS 2019 in November 2020; PUMF VTS 2018 in September 2020, and VTS 2019 in January 2021.

Source: Statistics Canada's National Travel Survey and Visitor Travel Survey

Performance Indicator 4.b: Tourism-related expenditures in Alberta by visitors (\$ Billions)

Prior Year's Result	2020 Actual
2019	
8.23	8.18

In 2018, Statistics Canada implemented a new survey to collect information on domestic and international travel by Canadian residents. This new survey, the National Travel Survey (NTS),

replaced the Travel Survey of Residents of Canada (TSRC) and the Canadian resident component of the International Travel Survey (ITS), both of which ended in 2017.

The 2017 reference year was the last year that the Travel Survey of Residents of Canada was performed; in 2018, it was replaced with the National Travel Survey. Therefore, commencing 2018 there will be a historical break in the domestic tourism data, where 2018 reference year data cannot be compared to 2017 data and prior.

Due to the replacement of the TSRC with the NTS, there is a gap in the reporting results. In last year's annual report, comparison of results for 2016 and 2017 were presented. For this year's annual report, 2018 and 2019 are compared.

Data comes from two surveys conducted by Statistics Canada as part of a broader Federal/Provincial/Territorial initiative (partnership between Statistics Canada, Destination Canada and the provinces): the National Travel Survey (NTS) and Visitor Travel Survey (VTS). The Visitor Travel Survey (VTS) provides statistics on international visitors to Alberta. The VTS, sponsored by Statistics Canada, aims to measure the characteristics and the economic impact of the tourism activities of international visitors. The National Travel Survey, sponsored by Statistics Canada, aims to measure the characteristics and the economic impact of the tourism activities of Canadian residents.

Statistics Canada has delivered the PUMF (pooled Public Use Micro-data File) NTS 2018 in December 2019; PUMF NTS 2019 in November 2020; PUMF VTS 2018 in September 2020, and VTS 2019 in January 2021.

Source: Statistics Canada's National Travel Survey and Visitor Travel Survey

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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, except those designated as government business enterprises (GBEs)

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)

	2021		2020	Change from	
	Budget	Actual	Actual	Budget	2020 Actual
Revenues	<i>(in thousands)</i>				
Government transfers					
Government of Alberta grants	\$ 89,530	\$ 90,411	\$ 93,667	\$ 881	\$ (3,256)
Federal and other government grants	1,105	6,295	5,906	5,190	389
Investment income	2,371	7,037	4,462	4,666	2,575
Premiums, fees and licenses	390	-	291	(390)	(291)
Other revenue	58,161	43,997	53,105	(14,164)	(9,108)
Ministry total	151,557	147,740	157,431	(3,817)	(9,691)
Inter-ministry consolidation adjustments	(91,753)	(92,266)	(95,584)	(513)	3,318
Adjusted ministry total	59,804	55,474	61,847	(4,330)	(6,373)
Expenses - directly incurred					
Programs					
Ministry Support Services	14,621	13,434	9,353	(1,187)	4,081
Tourism and Economic Development	83,207	785,626	78,869	702,419	706,757
Investment Attraction and Trade	36,279	29,404	21,224	(6,875)	8,180
Alberta Enterprise Corporation	1,850	1,805	1,723	(45)	82
Invest Alberta Corporation	6,000	2,431	-	(3,569)	2,431
Travel Alberta	38,955	49,713	41,421	10,758	8,292
Climate Change	-	-	415	-	(415)
Alberta Innovates Corporation	208,641	232,839	228,360	24,198	4,479
Ministry total	389,553	1,115,252	381,365	725,699	733,887
Inter-ministry consolidation adjustments	(83,587)	(85,536)	(91,287)	(1,949)	5,751
Adjusted ministry total	305,966	1,029,716	290,078	723,750	739,638
Annual deficit	<u>\$(246,162)</u>	<u>\$ (974,242)</u>	<u>\$(228,231)</u>	<u>\$(728,080)</u>	<u>\$(746,011)</u>

Revenue and Expense Highlights

Revenues

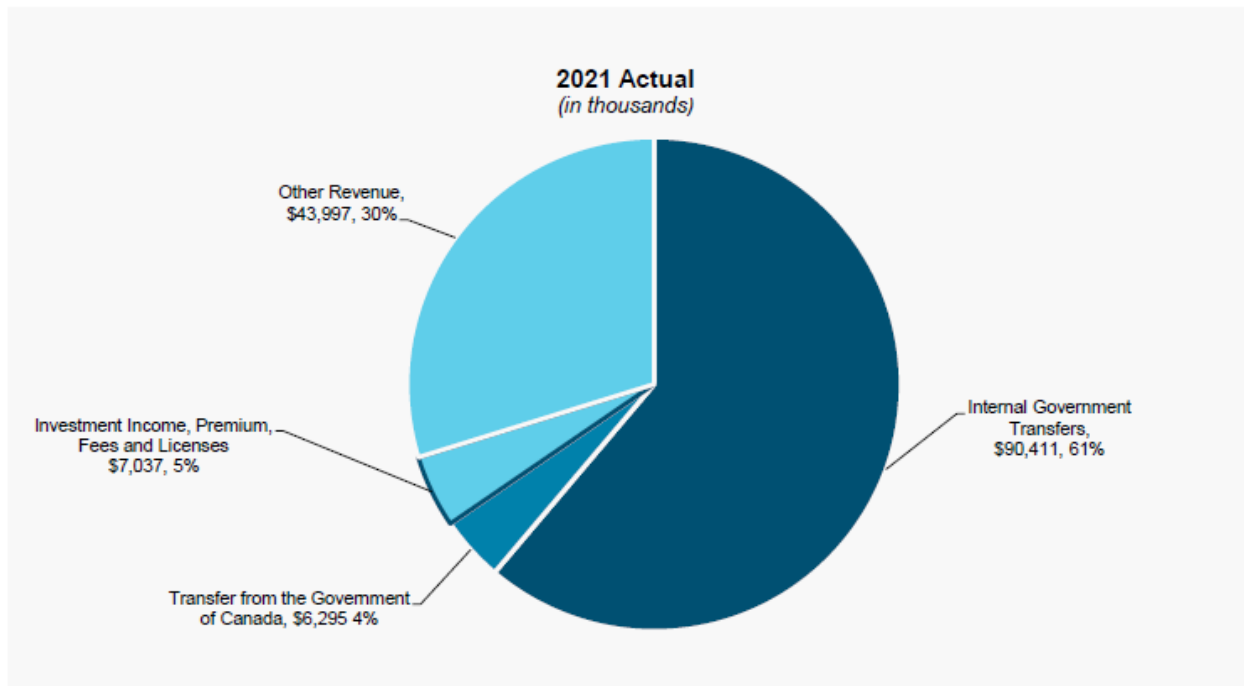
- Ministry total revenues were \$3.8 million lower than budgeted mainly due to decreased external revenue generated by Alberta Innovates.
- Revenues totaled \$147.7 million in 2020-21, a decrease of \$9.7 million from 2019-20.
- Government of Alberta grants totaled \$90.4 million. This amount includes \$36.5 million from Alberta Heritage Science and Engineering Research Endowment Fund and \$48 million from Alberta Heritage Foundation for Medical Research Endowment Fund, which was provided to Alberta Innovates to fund program initiatives. The remaining \$5.9 million is revenues received from other ministries.
- Federal and other government grant transfers totaled \$6.3 million. This is \$5.2 million higher than budget due to more federal grants received by Alberta Innovates and Travel Alberta. There was a \$4.0 million grant provided to Travel Alberta's Destination Marketing Organizations (DMO) Operational Relief Grant program in response to the COVID-19 impacts to the tourism industry that was not budgeted.
- Investment income totaled \$7.0 million. This is an increase of \$2.6 million from 2019-20 due to gains recognized by Alberta Enterprise Corporation (AEC).
- Other Revenue totaled \$44 million. This is \$14.2 million lower than budget primarily due to a decrease in external revenue and industry funding generated by Alberta Innovates. Actuals decreased by \$9.1 million from 2019-20 primarily due to reduced external revenue and industry funding generated by Alberta Innovates.

Expenses

- Expenses totaled \$1,115.3 million, reflecting increases of \$725.7 million from 2020-21 budget and \$733.9 million from 2019-20 actuals.
- 2020-21 expenses were \$725.7 million higher than the budget. The main reasons for the variances are \$702.4 million in the Tourism and Economic development due to spending for COVID-19 and Alberta's Recovery Plan initiatives approved during the year, \$24.2 million from Alberta Innovates due to the grant for the Technology Innovation and Emissions Reduction (TIER) initiative approved during the year, and \$10.7 million from Travel Alberta mostly due to additional support provided to Destination Marketing Organizations (DMO). Offsetting surpluses include \$6.9 million in Investment Attraction and Trade due to unfilled vacancies and ongoing travel/event restrictions as a result of COVID-19; \$3.5 million from Invest Alberta Corporation due to delays in establishing the Corporation and travel restrictions as a result of the pandemic; and \$1.2 million from Ministry Support Services primarily due to unfilled vacancies.
- 2020-21 expenses were \$733.9 million higher than in prior year. This is primarily due to a \$626.4 million expenditure in Small Medium Enterprise Relaunch grants issued to businesses in Alberta as a result of impacts from COVID-19; \$67.2 million relating to Alberta's share of the Canadian Emergency Commercial Rent Assistance (CECRA) program; \$36.4 million related to Tourism Levy Abatement and \$3.9 million increase in other contracts and grants.

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 \$147.7 million, a decrease of \$9.7 million from prior year.

In 2020-21, Internal Government Transfers totaled \$90.4 million. Actual results consist of transfers from Alberta Heritage Science and Engineering Research Endowment Fund amounting to \$36.5 million, the Alberta Heritage Foundation for Medical Research Endowment Fund amounting to \$48.0 million, and from other ministries amounting to \$5.9 million.

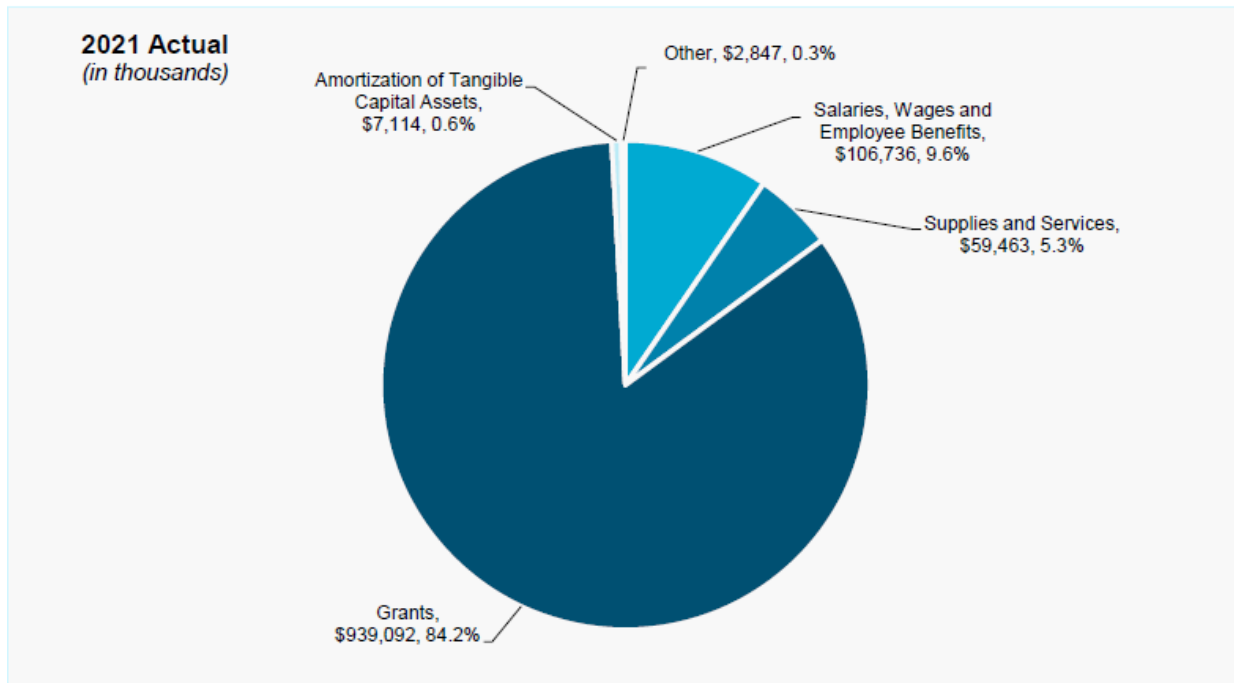
Federal and other government grant transfers totaled \$6.3 million. This is \$5.2 million higher than budget due to more federal grants received by Alberta Innovates and Travel Alberta. There was a \$4.0 million grant provided to Travel Alberta's Destination Marketing Organizations (DMO) Operational Relief Grant program in response to the COVID-19 impacts to the tourism industry that was not budgeted.

Investment income in the ministry's funds and agencies amounted to \$7.0 million. This is \$4.7 million higher than budget primarily due to gains recognized by Alberta Enterprise Corporation.

Other Revenue totaled \$44.0 million. This is \$14.2 million lower than budget primarily due to decreased in external revenue and industry funding generated by Alberta Innovates as a result of the COVID-19 pandemic and low oil prices. Actual results decreased by \$9.1 million from 2019-20 primarily due to reduced external revenue and industry funding generated by 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 84.2 per cent of total operating expense. In 2020-21, \$939.1 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 \$106.7 million (9.6 per cent), which includes \$61.4 million for Alberta Innovates, \$7.5 million for Travel Alberta, \$1.4 million for Investment Alberta Corporation, \$1.0 million for Alberta Enterprise Corporation and \$35.4 million for the department in support of the ministry's operations, programs and administration of grants.

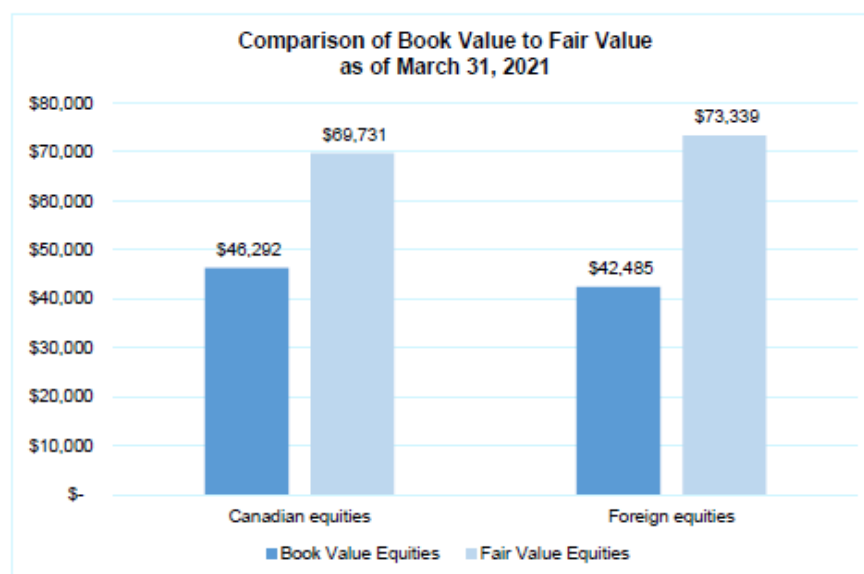
Supplies and services of \$59.5 million (5.3 per cent) includes \$27.3 million for Alberta Innovates, \$19.4 million for Travel Alberta, \$1.5 million for Investment Alberta Corporation, \$0.5 million for Alberta Enterprise Corporation and \$10.8 million for the administration of ministry programs.

The remainder of ministry expenses were classified as amortization of tangible capital assets (\$7.1 million) and other expenses (\$2.8 million).

Supplemental Financial Information

Portfolio Investments (unaudited)

(in thousands)



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.

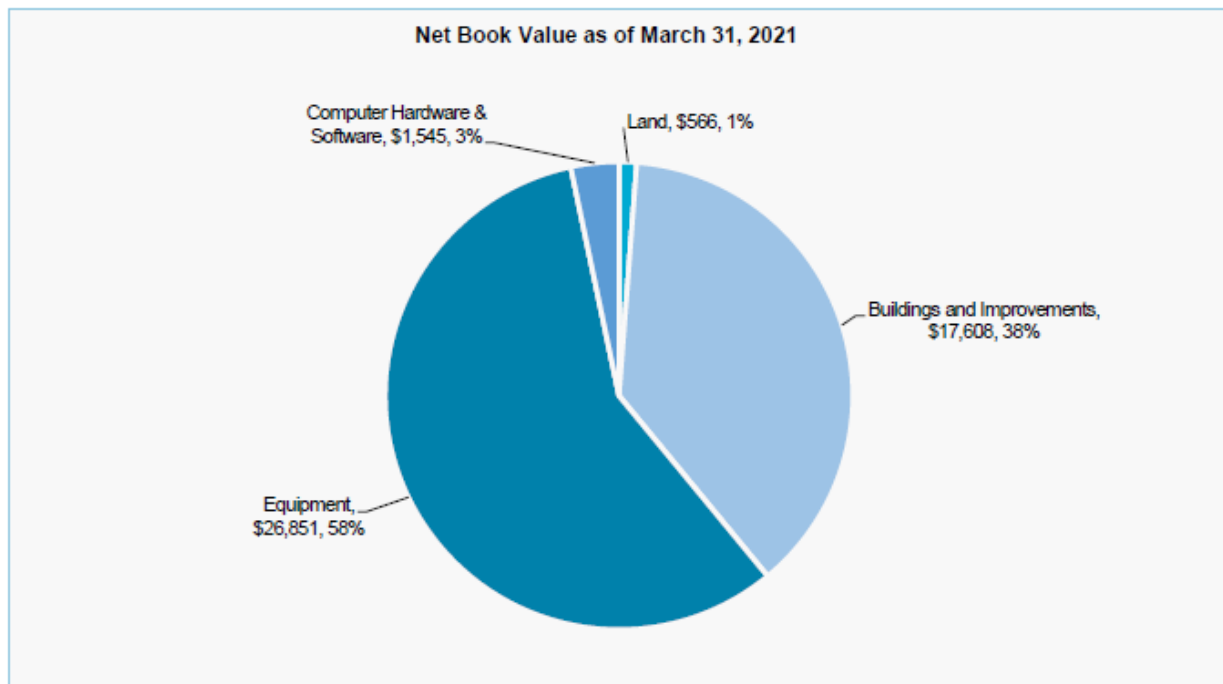
Level Three: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. For these investments trading activity is infrequent and fair values are derived using valuation techniques.

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 \$457 (2020 - \$1,934) of other investment income that is not related to portfolio investments.

Tangible Capital Assets (unaudited)

(in thousands)



- Buildings includes costs of \$17.8 million for the Alberta Carbon Conversion Technology Centre (ACCTC) and \$2.0 million for the CFER Technologies building. In addition, there are several leasehold improvements with a net book value of \$4.4 million covering several assets such as improvements to leased space in Bell Tower, and lab facilities in Vegreville, Devon and Millwoods. Total 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 \$1,777 (2020 - \$6,082).
- Equipment includes 60 different classes of equipment, with analyzing and testing equipment making up the majority of the value at \$11.5 million, followed by fermenters/reactors at \$2.9 million, carbon capture equipment for the ACCTC Center at \$2.6 million, field and farm equipment at \$1.0 million and pumps at \$0.8 million. The remaining \$7.9 million encompasses the other classes of equipment.
- \$566 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****Table of Contents**

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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, 2021, 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, 2021, 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

June 1, 2021
Edmonton, Alberta

Statement of Operations

Alberta Enterprise Corporation Statement of Operations Year ended March 31, 2021

(in thousands)

	2021		2020
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Revenues			
Government transfers			
Government of Alberta grants	\$ 750	\$ 75,000	\$ 750
Other revenue		31	16
	750	75,031	766
Expenses (Note 2(b) and Schedule 1)			
Operating costs	1,850	1,803	1,733
Annual operating surplus	(1,100)	73,228	(967)
Net investment income (Note 7)			
Investment income		11,050	7,537
Investment operational expense		(2,946)	(3,570)
Investment impairment loss		(1,534)	(1,677)
		6,570	2,290
Foreign exchange loss		(82)	-
Annual operating surplus/(deficit)	(1,100)	79,716	1,323
Accumulated surplus at beginning of year		159,407	158,084
Accumulated surplus at end of year		<u>\$ 239,123</u>	<u>\$ 159,407</u>

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

Statement of Financial Position

Alberta Enterprise Corporation Statement of Financial Position As at March 31, 2021

(in thousands)

	2021	2020
	<i>(in thousands)</i>	
Financial assets		
Cash (Note 5)	\$ 47,041	\$ 25,879
Accounts receivable (Note 6)	103,098	50,000
Portfolio investments (Note 7)	143,070	111,992
	<u>293,209</u>	<u>187,871</u>
Liabilities		
Accounts payable and other accrued liabilities	<u>325</u>	<u>136</u>
Net financial assets	<u>292,884</u>	<u>187,735</u>
Non-financial assets		
Prepaid expenses	<u>639</u>	<u>371</u>
Net assets	<u>\$ 293,523</u>	<u>\$ 188,106</u>
Net assets		
Accumulated surplus	\$ 239,123	\$ 159,407
Accumulated remeasurement gains	54,400	28,699
	<u>\$ 293,523</u>	<u>\$ 188,106</u>

Contractual rights (Note 8)

Contractual obligations (Note 9)

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



Ted Redmond
Chair of the Board of Directors
June 1, 2021



Sharilee Fossum
Audit Committee Chair
June 1, 2021

Statement of Change in Net Financial Assets

Alberta Enterprise Corporation
Statement of Change in Net Financial Assets
Year ended March 31, 2021
(in thousands)

	2021		2020
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual surplus (deficit)	\$ (1,100)	\$ 79,716	\$ 1,323
Net remeasurement gains/(losses) (Note 7)		25,701	(5,824)
Increase in prepaid expenses		(268)	(180)
Increase (decrease) in net financial assets in the year		105,149	(4,681)
Net financial assets at beginning of year		187,735	192,416
Net financial assets at end of year		<u>\$ 292,884</u>	<u>\$ 187,735</u>

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, 2021

(in thousands)

	<u>2021</u>	<u>2020</u>
	<i>(in thousands)</i>	
Unrealized gains/(losses) attributable to:		
Portfolio investments	\$ 38,364	\$ (5,493)
Foreign exchange	(8,183)	3,239
Amounts reclassified to the Statement of Operations:		
Portfolio investments - realized gains on investments	(4,480)	(3,570)
Net remeasurement gains/(losses) for the year (Note 7)	<u>25,701</u>	<u>(5,824)</u>
Accumulated remeasurement gains at beginning of year	28,699	34,523
Accumulated remeasurement gains at end of year	<u>\$ 54,400</u>	<u>\$ 28,699</u>

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

Statement of Cash Flows

Alberta Enterprise Corporation

Statement of Cash Flows

Year ended March 31, 2021

(in thousands)

	2021	2020
	<i>(in thousands)</i>	
Operating transactions		
Annual surplus	\$ 79,716	\$ 1,323
Non-cash items included in annual surplus:		
(Gain) on sale of portfolio investments (Note 7)	(6,570)	(2,290)
	<u>73,146</u>	<u>(967)</u>
(Increase) in accounts receivable	(53,098)	-
Increase (decrease) in accounts payable and accrued liabilities	189	(298)
(Increase) in prepaid expense	(268)	(180)
Cash provided by (applied to) operating transactions	<u>19,969</u>	<u>(1,445)</u>
Investing transactions		
Purchase of portfolio investments (Note 7)	(17,493)	(16,631)
Distributions received from limited partnerships (Note 7)	18,686	16,861
Cash provided by investing transactions	<u>1,193</u>	<u>230</u>
Increase (decrease) in cash	21,162	(1,215)
Cash at beginning of year	25,879	27,094
Cash at end of year	<u>\$ 47,041</u>	<u>\$ 25,879</u>

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

Notes to Financial Statements

Alberta Enterprise Corporation Notes to Financial Statements Year ended March 31, 2021

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).

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.

Alberta Enterprise Corporation
Notes to Financial Statements (Cont'd)
Year ended March 31, 2021

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

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

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 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.

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.

Alberta Enterprise Corporation
Notes to Financial Statements (Cont'd)
Year ended March 31, 2021

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

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

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.

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.

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 \$143,070 (2020 - \$111,992) 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.

Alberta Enterprise Corporation
Notes to Financial Statements (Cont'd)
Year ended March 31, 2021

Note 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board has issued the following accounting standard:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**
This standard provides guidance on how to account for and report liabilities for retirement of a tangible capital assets.
- **PS 3400 Revenue (effective April 1, 2023)**
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.

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

Note 4 BUDGET
(in thousands)

An original business plan with budgeted deficit of \$1,850 was approved by the Board on March 6, 2020 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 budget.

The Board approved an additional \$425 on September 10, 2020 for a revised total budget of \$2,275.

Note 5 CASH
(in thousands)

	<u>2021</u>	<u>2020</u>
Cash	\$ 47,041	\$ 25,879

\$57,478 (2020 - \$49,726) (Note 7) is committed for partnership capital contributions. In addition to cash, distributions from the Limited Partnerships and the \$100,000 (2020 - \$50,000) Accounts Receivable can be used toward future cash calls.

Cash amount of \$47,041 (2020 - \$25,879) includes \$7,154 (2020- \$ nil) denominated in USD.

Note 6 ACCOUNTS RECEIVABLE
(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	<u>2021</u>	<u>2020</u>
Grant Receivable - Government of Alberta	\$ 100,000	\$ 50,000
Receivable from sale of investments	3,095	-
Other Receivable	3	-
	<u>\$ 103,098</u>	<u>\$ 50,000</u>

Alberta Enterprise Corporation

Notes to Financial Statements (Cont'd)

Year ended March 31, 2021

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, and \$75,000 was allocated in 2021 for additional investments in limited partnerships.

The Corporation is a limited partner in twenty one (2020 – nineteen) limited partnerships and \$231,541 (2020 - \$187,734) 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)	\$ 9,860	\$ 140	\$ 10,000
Accelerate Fund I	10,000	-	10,000
Accelerate Fund II	6,750	3,250	10,000
Accelerate Fund III	1,898	13,102	15,000
Avrio Ventures II	5,978	22	6,000
Azure Capital Partners III ^(b)	11,221	97	11,318
Azure Opportunities Feeder Fund ^(b)	1,624	1,006	2,630
Builders VC Fund I ^(b)	6,649	3,038	9,687
Builders II Fund ^(b)	-	12,575	12,575
Chrysalix Energy III Fund ^(b)	16,003	875	16,878
EnerTech Capital Partners IV ^(b)	17,596	849	18,445
iNovia Fund 2018 ^(b)	4,820	7,985	12,805
iNovia Fund III	10,000	-	10,000
iNovia Growth II ^(b)	-	18,863	18,863
McRock Fund II	3,264	6,736	10,000
McRock iNfund	9,747	253	10,000
New Acres Capital Ag & Food ^(d)	4,727	273	5,000
Panache Ventures Investment Fund	3,650	1,350	5,000
Relay Ventures Fund III ^(b)	11,201	1,939	13,140
RIO I Limited Partnership ^(c)	200	-	200
Yaletown Innovation Growth	5,500	4,500	10,000
Yaletown Ventures II	14,000	-	14,000
Total	\$ 154,688	\$ 76,853	\$ 231,541

^(a) Funds disbursed during the year include management fees of \$3,301 (2020 - \$2,509). 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 \$29,359 (2020 - \$26,058).

^(b) Commitments payable in USD. Remaining commitments based on the exchange rate at March 31, 2021.

^(c) RIO I Limited Partnership was dissolved on August 22, 2019 and wound up during the fiscal year

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

Alberta Enterprise Corporation

Notes to Financial Statements (Cont'd)

Year ended March 31, 2021

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, 2020 are as follows:

Limited Partnerships	Investment in Partnerships, beginning of year	Funds		Distributions received from Limited Partnerships	Remeasurement Gain (Loss)	Net Investment Income (Loss)	Investment in Partnership, end of year	Percentage share of Partnership 2021	Percentage share of Partnership 2020
		Disbursed to Partnerships for Investments	Investments						
32 Degrees D.E.Fund II (S&T AIV) ^(b)	\$ 1,396	\$ 44	\$ -	\$ -	\$ 1,764	\$ (1,575)	\$ 1,629	99.99%	99.99%
Accelerate Fund I	8,859	-	(31)	683	(293)	9,218	99.99%	99.99%	
Accelerate Fund II	4,506	1,173	(54)	(230)	(547)	4,848	95.46%	94.46%	
Accelerate Fund III	-	1,898	-	-	(218)	1,680	99.99%	-	
Avrio Ventures II	2,714	13	(984)	350	(565)	1,528	6.56%	6.56%	
Azure Capital Partners III ^(a)	17,352	401	-	(2,574)	(805)	14,374	12.42%	12.42%	
Azure Opportunities Feeder Fund ^(a)	890	547	(67)	113	(142)	1,341	19.70%	19.70%	
Builders VC Fund ^(a)	6,215	1,241	-	6,298	(19)	13,735	4.37%	4.37%	
Builders II Fund ^(a)	-	-	-	-	-	-	10.44%	-	
Chrysalix Energy III Fund ^(a)	12,287	264	(211)	(1,114)	(1,036)	10,190	10.32%	10.32%	
EnerTech Capital Partners IV ^(a)	5,513	354	(1,657)	(376)	705	4,539	12.66%	12.66%	
iNovia Fund 2018 ^(a)	942	3,376	-	765	(351)	4,732	5.01%	5.01%	
iNovia Fund III	15,519	350	(12,225)	1,726	10,573	15,943	9.04%	9.04%	
iNovia Growth II ^(a)	-	-	-	-	-	-	3.33%	-	
McRock Fund II	634	2,396	-	(68)	(165)	2,797	8.92%	9.57%	
McRock iNfund	7,385	864	(378)	(352)	169	7,688	14.22%	14.22%	
New Acres Capital Ag & Food ^(d)	1,240	264	-	239	86	1,829	4.98%	4.98%	
Panache Ventures Investment Fund	2,347	1,400	-	1,611	(184)	5,174	8.61%	8.61%	
Relay Ventures Fund III ^(a)	10,309	1,508	(38)	13,341	(694)	24,426	6.80%	6.80%	
RIO I Limited Partnership ^(c)	200	-	-	-	(200)	-	0.0%	12.90%	
Yaletown Innovation Growth	4,515	1,400	-	784	(241)	6,458	7.82%	7.82%	
Yaletown Ventures II	9,169	-	(3,041)	2,741	2,072	10,941	15.58%	15.58%	
Total Portfolio Investments 2021	\$ 111,992	\$ 17,493	\$ (18,686)	\$ 25,701	\$ 6,570	\$ 143,070			
Total Portfolio Investments 2020	\$ 115,756	\$ 16,631	\$ (16,861)	\$ (5,824)	\$ 2,290	\$ 111,992			

^(a) Investments in the US limited partnerships

^(b) Impairment of \$1,534 (2019 - \$1,678) is included in Net Investment Income (Loss)

^(c) RIO I Limited Partnership was dissolved on August 22, 2019 and wound up during the fiscal year

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

Alberta Enterprise Corporation
Notes to Financial Statements (Cont'd)
Year ended March 31, 2021

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 Financial Statements (Cont'd)
Year ended March 31, 2021

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.

(b) Foreign Currency Risk

The Corporation is exposed to foreign currency risk associated with the underlying securities held in investment funds that are denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate.

The value of the Corporation's investments in limited partnerships denominated in foreign currencies may change due the changes in exchange rates. \$73,337, or 51% of the Corporation's investment, are denominated in US dollars (2020 - \$53,508, or 48%).

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 fair value to the Corporation would be approximately 5.1% of total investments (2020 - 4.8%).

(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. In addition, each limited partnership has established a target mix of investment types designed to achieve the optimal returns within reasonable risk tolerance and in accordance with the limited partnership's investment mandate. The Corporation does not participate in any foreign currency hedging activities.

Alberta Enterprise Corporation
Notes to Financial Statements (Cont'd)
Year ended March 31, 2021

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

(c) Liquidity Risk (Cont'd)

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.

Note 8 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.

	2021	2020
Contractual rights from agreement	\$ 100,000	\$ -

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

	Grant	Total
2021-22	\$ 50,000	\$ 50,000
2022-23	50,000	50,000
	\$ 100,000	\$ 100,000

Alberta Enterprise Corporation
Notes to Financial Statements (Cont'd)
Year ended March 31, 2021

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:

	2021	2020
Obligations under operating leases	\$ 71	\$ 143
Obligations under service contracts	54	51
	<u>\$ 125</u>	<u>\$ 194</u>

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

	Leases	Contracts	Total
2021-22	\$ 71	\$ 43	\$ 114
2022-23	-	11	11
Thereafter	-	-	-
	<u>\$ 71</u>	<u>\$ 54</u>	<u>\$ 125</u>

Note 10 COMPARATIVE FIGURES

Certain 2020 figures have been reclassified to conform to the 2021 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, 2021

(in thousands)

	2021		2020
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Salaries, wages and employee benefits		\$ 1,128	\$ 1,054
Supplies, services and payments to consultants		478	526
Grants and sponsorships		197	153
Total expenses	\$ 1,850	\$ 1,803	\$ 1,733

Schedule 2 – Salary and Benefits Disclosure

Alberta Enterprise Corporation Salary and Benefits Disclosure

Year ended March 31, 2021

(in thousands)

	2021			2020	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
	<i>(in thousands)</i>				
Chair of the Board	\$ -	\$ 23	\$ 1	\$ 24	\$ 24
Board Members (four) ⁽⁴⁾	-	52	3	55	73
Executives:					
Chief Executive Officer	276	10	20	306	311
Vice President, Investments ⁽⁵⁾	202	-	5	207	190
Vice President, Investments ⁽⁵⁾⁽⁶⁾	160	-	5	165	145
Director, Industry Development	143	-	4	147	138
	<u>\$ 781</u>	<u>\$ 85</u>	<u>\$ 38</u>	<u>\$ 904</u>	<u>\$ 881</u>

⁽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 2021 (2020 - \$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 four members in 2021 (2020 - six) plus the 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 (2020 - 0.8).

Schedule 3 – Related Party Transactions

Alberta Enterprise Corporation

Related Party Transactions

Year ended March 31, 2021

(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		Other Entities Outside of the Ministry	
	2021	2020	2021	2020
	<i>(in thousands)</i>			
Revenues				
Grants from JEI	\$ 75,000	\$ 750	\$ -	\$ -
Expenses				
Other Services	\$ -	\$ 10	\$ -	\$ 3
Receivable from ⁽¹⁾	\$ 100,000	\$ 50,000	\$ -	\$ -

⁽¹⁾ \$100,000 (2020 - \$50,000) Receivable is from the Department of Jobs, Economy and Innovation

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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, 2021, 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, 2021, 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 27, 2021
Edmonton, Alberta

Consolidated Statement of Operations

Alberta Innovates Consolidated Statement of Operations Year ended March 31, 2021

	2021		2020
	Budget (Note 4)	Actual	Actual
	<i>(in thousands)</i>		
Revenues			
Government transfers			
Funding from Jobs, Economy and Innovation			
Base grant	\$ 119,944	\$ 122,811	\$ 135,068
Restricted grant from prior years	14,703	17,021	20,641
Other grants	5,000	27,050	6,085
Restricted capital contribution	1,700	2,327	1,691
Funding from other Government of Alberta entities -			
Other grants	4,200	5,881	9,137
Federal government transfers	1,105	2,345	5,906
Donations and other contributions	-	-	489
External revenue and industry funding	54,808	40,804	49,396
Investment income	2,021	359	1,577
Other Government of Alberta revenue	3,023	1,858	1,916
	206,504	220,456	231,906
Expenses (Note 2 (b) and Schedule 1)			
Research, innovation and commercialization	117,395	152,415	125,001
Applied research	51,760	47,911	60,111
Administration	31,606	25,503	36,057
Amortization	7,880	7,015	7,202
	208,641	232,844	228,371
Annual (deficit) surplus	(2,137)	(12,388)	3,535
Accumulated surplus at beginning of year	72,264	72,264	68,729
Accumulated surplus at end of year	\$ 70,127	\$ 59,876	\$ 72,264

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, 2021

	2021	2020
	<i>(in thousands)</i>	
Financial assets		
Cash (Note 5)	\$ 112,130	\$ 69,990
Accounts receivable (Note 6)	13,513	100,273
	<u>125,643</u>	<u>170,263</u>
Liabilities		
Accounts payable and other accrued liabilities (Note 8)	21,257	38,304
Unspent deferred capital contributions (Note 9)	1,137	301
Deferred revenue (Note 9)	63,490	78,158
Deferred contract revenue (Note 9)	7,788	9,330
	<u>93,672</u>	<u>126,093</u>
Net financial assets	<u>31,971</u>	<u>44,170</u>
Non-financial assets		
Tangible capital assets (Note 11)	46,353	48,015
Prepaid expenses	1,592	1,560
	<u>47,945</u>	<u>49,575</u>
Net assets before spent deferred capital contributions	<u>79,916</u>	<u>93,745</u>
Spent deferred capital contributions (Note 9)	20,040	21,481
Net assets		
Accumulated surplus (Note 12)	<u>\$ 59,876</u>	<u>\$ 72,264</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



Dr. Brenda Kenny
Board 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, 2021

	2021		2020
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual (deficit) surplus	\$ (2,137)	\$ (12,388)	\$ 3,535
Acquisition of tangible capital assets (Note 11)	(10,750)	(5,353)	(5,925)
Amortization of tangible capital assets (Note 11)	7,880	7,015	7,202
Net (gain)/loss on disposal of tangible capital assets		(5)	149
Proceeds on sale of tangible capital assets		5	22
(Increase)/Decrease in prepaid expenses		(32)	77
Net (decrease)/increase in spent deferred capital contributions (Note 9)		(1,441)	1,158
(Decrease)/Increase in net financial assets	(5,007)	(12,199)	6,218
Net financial assets at beginning of year	44,170	44,170	37,952
Net financial assets at end of year	\$ 39,163	\$ 31,971	\$ 44,170

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, 2021

	2021	2020
	<i>(in thousands)</i>	
Operating transactions		
Annual (deficit) surplus	\$ (12,388)	\$ 3,535
Non-cash items included in annual (deficit) surplus:		
Amortization of tangible capital assets (Note 11)	7,015	7,202
Deferred contributions recognized as revenue (Note 9)	(137,330)	(129,588)
Donation of tangible capital assets (Note 11)	-	(489)
Net (gain)/loss on disposal of tangible capital assets	(5)	149
	<u>(142,708)</u>	<u>(119,191)</u>
Decrease/(Increase) in accounts receivable	86,760	(85,156)
(Increase)/Decrease in prepaid expenses	(32)	77
(Decrease)/Increase in accounts payable and other accrued liabilities	(17,047)	20,162
(Decrease)/Increase in deferred contract revenue	(1,542)	675
Contributions restricted for operating (Note 9)	119,708	101,266
Cash provided by (applied to) operating transactions	<u>45,139</u>	<u>(82,167)</u>
Capital transactions		
Acquisition of tangible capital assets (Note 11)	(5,353)	(5,436)
Proceeds on sale of tangible capital assets	5	22
Cash applied to capital transactions	<u>(5,348)</u>	<u>(5,414)</u>
Financing transactions		
Contributions restricted for capital (Note 9)	2,349	2,901
Cash provided by financing transactions	<u>2,349</u>	<u>2,901</u>
Increase/(Decrease) in cash	42,140	(84,680)
Cash at beginning of year	69,990	154,670
Cash at end of year	<u>\$ 112,130</u>	<u>\$ 69,990</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, 2021

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, 2021

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, 2021

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.

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, 2021

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 net of any expected recoveries, 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, 2021

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 (2020 - \$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

The Public Sector Accounting Board has issued the following accounting standards:

• **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**

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

• **PS 3400 Revenue (effective April 1, 2023)**

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.

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, 2021

Note 4 BUDGET
(in thousands)

A preliminary business plan with a budgeted deficit of \$2,137 was approved by the Board on March 25, 2020 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 \$2,137 deficit. Categories within revenue and expenses were reclassified to move from modified equity basis to line-by-line method.

CONSOLIDATED STATEMENT OF OPERATIONS

	2021 Original Budget	Adjustment	2021 Revised Budget
Revenues			
Government transfers			
Funding from Jobs, Economy and Innovation			
Base grant	\$ 119,944		\$ 119,944
Restricted grant from prior years	14,703		14,703
Other grants	5,000		5,000
Restricted capital contribution	1,700		1,700
Funding from other Government of Alberta entities - Other grants	4,200		4,200
Federal government transfers	1,000	105	1,105
External revenue and industry funding	38,394	16,414	54,808
Investment income	2,000	21	2,021
Other Government of Alberta revenue	3,023		3,023
Net income from government business enterprise	(900)	900	-
	<u>189,084</u>	<u>17,440</u>	<u>206,504</u>
Expenses			
Research, innovation and commercialization	117,395		117,395
Applied research	35,000	16,760	51,760
Administration	31,606		31,606
Amortization	7,200	680	7,880
	<u>191,201</u>	<u>17,440</u>	<u>208,641</u>
Annual deficit	<u>(2,137)</u>	<u>-</u>	<u>(2,137)</u>

Note 5 CASH
(in thousands)

	2021	2020
Cash	<u>\$ 112,130</u>	<u>\$ 69,990</u>

Cash in the amount of \$112,130 (2020 - \$69,990) includes deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta amounting to \$103,725 (2020 - \$52,990).

As at March 31, 2021, \$72,415 of the cash balance is restricted as it represents grants received that have restrictions on their use (2020 - \$87,789).

As at March 31, 2021, securities held by the Corporation had a time-weighted rate of return of 0.42% per annum (2020 - 1.9% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

Alberta Innovates
Notes to the consolidated financial statements (cont'd)
March 31, 2021

Note 6 ACCOUNTS RECEIVABLE
(in thousands)

	2021		2020	
	Gross amount	Allowance for doubtful accounts	Net recoverable value	Net recoverable value
Accounts receivable	\$ 11,083	\$ 55	\$ 11,028	\$ 9,538
Alberta government departments and agencies	563	-	563	87,899
Accrued income receivable	1,922	-	1,922	3,036
	<u>\$ 13,568</u>	<u>\$ 55</u>	<u>\$ 13,513</u>	<u>\$ 100,273</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.

	2021	2020
Contractual rights from operating contracts	<u>\$ 61,500</u>	<u>\$ 45,033</u>

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

	Operating contracts
2021-22	\$ 42,874
2022-23	11,568
2023-24	2,838
2024-25	1,920
2025-26	1,810
Thereafter	600
	<u>\$ 61,500</u>

Note 8 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES
(in thousands)

	2021	2020
Accounts payable and other accrued liabilities	\$ 15,522	\$ 19,303
Alberta government departments and agencies	3,188	16,452
Asset retirement obligations	2,549	2,549
	<u>\$ 21,257</u>	<u>\$ 38,304</u>

Note 9 DEFERRED CONTRIBUTIONS
(in thousands)

	2021	2020
Unspent deferred capital contributions (a)	\$ 1,137	\$ 301
Spent deferred capital contributions (b)	20,040	21,481
Deferred operating contributions (c)	63,490	78,158
Deferred contract revenue	7,788	9,330
	<u>\$ 92,455</u>	<u>\$ 109,270</u>

(a) Unspent deferred capital contributions

	2021		2020	
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 301	\$ -	\$ 301	\$ 808
Cash contributions received/receivable during year	2,250	99	2,349	2,888
Transfers from deferred revenue	300	-	300	470
Interest income	-	-	-	13
Transferred to spent deferred capital contributions	(1,752)	(61)	(1,813)	(3,878)
Balance at end of year	<u>\$ 1,099</u>	<u>\$ 38</u>	<u>\$ 1,137</u>	<u>\$ 301</u>

Alberta Innovates
Notes to the consolidated financial statements (cont'd)
March 31, 2021

Note 9 DEFERRED CONTRIBUTIONS (Continued)*(in thousands)*

(b) Spent deferred capital contributions

	2021			2020
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 12,356	\$ 9,125	\$ 21,481	\$ 20,323
Transferred from unspent deferred capital contributions	1,752	81	1,813	3,878
Less amounts recognized as revenue	(2,345)	(909)	(3,254)	(2,720)
Balance at end of year	\$ 11,763	\$ 8,277	\$ 20,040	\$ 21,481

(c) Deferred operating contributions

	2021			2020
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 74,399	\$ 3,759	\$ 78,158	\$ 104,230
Cash contributions received/receivable during the year	118,970	522	119,492	100,319
Interest income	216	-	216	947
Transfers to unspent deferred capital contributions	(300)	-	(300)	(470)
Recognized as revenue:				
Grants	(132,688)	(1,174)	(133,862)	(125,945)
Interest income	(214)	-	(214)	(923)
Balance at end of year	\$ 60,383	\$ 3,107	\$ 63,490	\$ 78,158

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 \$5,014 for the year ended March 31, 2021 (2020 - \$6,127 (Restated)).

At December 31, 2020, the Management Employees Pension Plan reported a surplus of \$809,850 (2019 – surplus \$1,008,135), the Public Service Pension Plan reported a surplus of \$2,223,582 (2019 – surplus \$2,759,320) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$59,972 (2019 – deficiency \$44,698). 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.

Alberta Innovates
Notes to the consolidated financial statements (cont'd)
March 31, 2021

Note 11 TANGIBLE CAPITAL ASSETS

(in thousands)

Estimated Useful Life	Building and				2021 Total	2020 Total
	Land	Improvements ⁽²⁾	Equipment ⁽³⁾	Computer Hardware & Software		
	Indefinite	10-30 years	3-25 years	3-10 years		
Historical Cost⁽¹⁾						
Beginning of year	\$ 566	\$ 28,876	\$ 79,015	\$ 10,566	\$ 119,023	\$ 116,424
Additions	-	325	4,946	82	5,353	5,925
Disposals, including write-downs	-	(11)	(1,034)	(171)	(1,216)	(3,326)
	566	29,190	82,927	10,477	123,160	119,023
Accumulated Amortization						
Beginning of year	-	8,954	53,715	8,339	71,008	66,961
Amortization expense	-	2,639	3,533	843	7,015	7,202
Effect of disposals, including write-downs	-	(11)	(1,034)	(171)	(1,216)	(3,155)
	-	11,582	56,214	9,011	76,807	71,008
Net Book Value at March 31, 2021	\$ 566	\$ 17,608	\$ 26,713	\$ 1,466	\$ 46,353	
Net Book Value at March 31, 2020	\$ 566	\$ 19,922	\$ 25,300	\$ 2,227		\$ 48,015

⁽¹⁾ Historical costs includes work-in-progress at March 31, 2021 totaling \$1,177 (2020 - \$6,082) comprised of building and improvements \$nil (2020 - \$314), equipment \$1,177 (2020 - \$5,588), and computer hardware and software \$nil (2020 - \$180).

⁽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.

Note 12 ACCUMULATED SURPLUS

(in thousands)

	2021			2020
	Investments in Tangible Capital Assets	Unrestricted Surplus	Total	Total
Balance, beginning of year	\$ 26,534	\$ 45,730	\$ 72,264	\$ 68,729
Annual surplus (deficit)	(7,015)	(5,373)	(12,388)	3,535
Net investments in capital assets	5,353	(5,353)	-	-
Transfers to spent deferred capital contributions	(1,813)	1,813	-	-
Spent deferred recognized in revenue	3,254	(3,254)	-	-
Balance, end of year	\$ 26,313	\$ 33,563	\$ 59,876	\$ 72,264

Note 13 CONTINGENT LIABILITIES

(in thousands)

Alberta Innovates 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, 2021 accruals totaling \$368 (2020 - \$467) have been recognized as a liability.

Alberta Innovates

Notes to the consolidated financial statements (cont'd)

March 31, 2021

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.

	2021	2020
Obligations under operating leases and contracts	<u>\$ 100,382</u>	<u>\$ 102,538</u>

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

	Operating leases and contracts
2021-22	\$ 67,529
2022-23	24,912
2023-24	6,148
2024-25	1,775
2025-26	20
Thereafter	-
	<u>\$ 100,382</u>

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. \$23,984 (2020 - \$22,391) is recorded in tangible capital assets in Note 11. \$15,131 (2020 - \$16,831) of related spent deferred capital contributions is recorded in Note 9. There were no in-kind contributions received at March 31, 2021 (2020 - \$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 (2020 - \$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 2020 figures have been reclassified, where necessary, to conform to the 2021 presentation.

Note 17 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board approved the consolidated financial statements of Alberta Innovates on May 27, 2021.

Schedule 1 – Consolidated Expenses – Detailed by Object

Alberta Innovates
Consolidated Expenses – Detailed by Object
 Year ended March 31, 2021

	<u>2021</u>	<u>2021</u>	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<i>(in thousands)</i>	
Grants	\$ 97,337	\$ 133,820	\$ 106,748
Salaries, wages and employee benefits	64,461	61,395	79,875
Supplies and services	38,963	30,614	34,546
Amortization of tangible capital assets (Note 11)	7,880	7,015	7,202
	<u>\$ 208,641</u>	<u>\$ 232,844</u>	<u>\$ 228,371</u>

Schedule 2 – Salary and Benefits Disclosure

Alberta Innovates Salary and Benefits Disclosure Year ended March 31, 2021 (in thousands)

	2021			2020	
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chair of the Board	\$ -	\$ 17	\$ 1	\$ 18	\$ 25
Board Members	-	51	1	52	61
Chief Executive Officer	398	111	14	523	671
Chief Operating Officer (4)	301	-	66	367	345
General Counsel & Corporate Secretary (5)	251	11	56	318	319
Vice Presidents:					
Executive Vice President, Impact (6)	256	-	55	311	-
Vice President, Clean Resources (7)	247	10	55	312	297
Vice President, Finance (8)	226	31	13	270	284
Vice President, Health	266	32	14	312	313
Vice President, Investments (9)	-	-	-	-	272
Vice President, Marketing & Communications	219	22	6	247	252
Associate Vice President, Organizational Development (10)	159	16	11	186	-
	<u>\$ 2,323</u>	<u>\$ 301</u>	<u>\$ 292</u>	<u>\$ 2,916</u>	<u>\$ 2,839</u>

(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, 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) Chief Operating Officer position was effective May 6, 2019.

(5) General Counsel & Corporate Secretary position was effective April 16, 2019.

(6) Executive Vice President, Impact position was effective on April 1, 2020.

(7) Vice President, Clean Energy position was renamed to Vice President, Clean Resources effective June 1, 2020.

(8) Vice President, Finance & Corporate Secretary position was renamed to Vice President, Finance effective April 22, 2019.

(9) Vice President, Investments position was vacated March 31, 2020.

(10) Associate Vice President, Organizational Development position was effective on June 1, 2020.

Schedule 3 – Related Party Transactions

Alberta Innovates Related Party Transactions Year ended March 31, 2021

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	
	2021	2020	2021	2020
	<i>(in thousands)</i>			
Revenues				
Grants	\$ 169,209	\$ 163,485	\$ 5,881	\$ 9,137
Other	-	10	1,858	1,918
	<u>\$ 169,209</u>	<u>\$ 163,495</u>	<u>\$ 7,739</u>	<u>\$ 11,055</u>
Expenses - Directly Incurred				
Grants	\$ -	\$ -	\$ 52,087	\$ 59,697
Other services	5	11	2,899	1,001
	<u>\$ 5</u>	<u>\$ 11</u>	<u>\$ 54,986</u>	<u>\$ 60,698</u>
Receivables from	<u>\$ -</u>	<u>\$ 84,530</u>	<u>\$ 563</u>	<u>\$ 3,169</u>
Payable to	<u>\$ -</u>	<u>\$ 552</u>	<u>\$ 3,186</u>	<u>\$ 15,900</u>
Unspent deferred capital contributions	<u>\$ 1,100</u>	<u>\$ 301</u>	<u>\$ -</u>	<u>\$ -</u>
Spent deferred capital contributions	<u>\$ 11,640</u>	<u>\$ 12,216</u>	<u>\$ 123</u>	<u>\$ 140</u>
Deferred revenue	<u>\$ 48,047</u>	<u>\$ 59,235</u>	<u>\$ 12,337</u>	<u>\$ 15,164</u>
Deferred contract revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 42</u>
Contractual obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,904</u>	<u>\$ 42,680</u>
Contractual rights	<u>\$ 36,857</u>	<u>\$ 14,420</u>	<u>\$ 2,373</u>	<u>\$ 3,825</u>

Alberta Innovates
Related Party Transactions (continued)
Year ended March 31, 2021

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	
	2021	2020
	<i>(in thousands)</i>	
Expenses - Incurred by others ⁽¹⁾		
Accommodation ⁽²⁾	\$ 20,883	\$ 20,463
	<u>\$ 20,883</u>	<u>\$ 20,463</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, 2021

Program	2021		2020	
	Expenses ⁽¹⁾	Expenses - Incurred by Others	Total Expenses	Total Expenses
		Accommodation Costs		
	<i>(in thousands)</i>			
Research, innovation and commercialization	\$ 152,415	\$ -	\$ 152,415	\$ 125,001
Applied research	47,911	-	47,911	60,111
Administration	25,503	20,883	46,386	56,520
Amortization	7,015		7,015	7,202
	<u>\$ 232,844</u>	<u>\$ 20,883</u>	<u>\$ 253,727</u>	<u>\$ 248,834</u>

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

Invest Alberta Corporation

Financial Statements

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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, 2021, and the statements of operations, change in net debt, and cash flows for the period 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, 2021, and the results of its operations, its changes in net debt, and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

June 2, 2021
Edmonton, Alberta

Statement of Operations

Invest Alberta Corporation

Statement of Operations

For the Period From July 31, 2020 to March 31, 2021

(in thousands)

	2021	
	Budget	Actual
	<i>(in thousands)</i>	
Revenues		
Government of Alberta Grants (Note 4)	\$ 6,000	\$ 2,431
	6,000	2,431
Expenses (Note 2(a) and Schedules 1 and 3)		
Services	750	556
Administration and operating costs	1,935	1,232
Marketing	1,500	355
Website and marketing products	500	181
Investor Services	1,315	100
Amortization	-	7
	6,000	2,431
Operating surplus	-	-
Accumulated surplus at beginning of period	-	-
Accumulated surplus at end of period	\$ -	\$ -

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, 2021
(in thousands)

	<u>2021</u>
	<i>(in thousands)</i>
Financial Assets	
Cash and cash equivalents (Note 5)	\$ 3,957
Other receivables (Note 6)	4
Due from Government of Alberta (Note 7)	142
	<u>4,103</u>
Liabilities	
Accounts payable and other accrued liabilities (Note 8)	800
Deferred revenues (Note 9)	3,569
	<u>4,369</u>
Net Debt	<u>\$ (266)</u>
Non-financial Assets	
Tangible capital assets (Note 14)	\$ 82
Inventories of supplies (Note 15)	8
Prepaid expenses (Note 16)	176
	<u>266</u>
Net Assets	<u>\$ -</u>
Net Assets	
Accumulated surplus (Note 15)	<u>\$ -</u>
Contingent liabilities (Note 11)	
Contractual obligations (Note 12)	

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

Approved by the Board of Directors:


 R. Scott Hutcheson
 Board of Directors - 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

For the Period From July 31, 2020 to March 31, 2021

(in thousands)

	2021	
	Budget	Actual
	<i>(in thousands)</i>	
Operating surplus	\$ -	\$ -
Acquisition of tangible capital assets	-	(89)
Amortization of tangible capital assets	-	7
Acquisition of inventories of supplies	-	(8)
(Increase) in prepaid expenses	-	(176)
Increase in net debt	-	(266)
Net debt at beginning of period	-	-
Net debt at end of period	\$ -	\$ (266)

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

Statement of Cash Flows

Invest Alberta Corporation

Statement of Cash Flows

For the Period From July 31, 2020 to March 31, 2021

(in thousands)

	<u>2021</u> <i>(in thousands)</i>
Operating transactions	
Operating surplus	\$ -
Non-cash items included in operating surplus	
Amortization of tangible capital assets	<u>7</u>
	<u>7</u>
(Increase) in other receivables	(4)
(Increase) in due from Government of Alberta	(142)
(Increase) in inventories of supplies	(8)
(Increase) in prepaid expenses	(176)
Increase in accounts payable and other accrued liabilities	800
Increase in deferred revenues	<u>3,569</u>
Cash provided by operating transactions	<u>4,046</u>
Capital transactions	
Acquisition of tangible capital assets	<u>(89)</u>
Cash (applied to) capital transactions	<u>(89)</u>
Increase in cash and cash equivalents	3,957
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of period	<u>\$ 3,957</u>

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

Notes to Financial Statements

Invest Alberta Corporation Notes to Financial Statements March 31, 2021

Note 1 AUTHORITY AND PURPOSE

Invest Alberta Corporation (IAC) is a provincial corporation established on July 31, 2020 and operates under the authority of the *Alberta Investment Attraction Act*, Chapter A-26.4 of the Statutes of Alberta, 2020. The mandate of IAC is to

- 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.

The IAC is exempt from income taxes under the *Income Tax Act (Canada)*.

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 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 or performance obligations have not been fulfilled 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 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 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, the IAC complies with its communicated use of the transfers.

Invest Alberta Corporation
Notes to Financial Statements (Cont'd)
March 31, 2021

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

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

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

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 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 other accrued liabilities	Cost

The IAC has no financial assets or liabilities in the fair value category and has no derivatives or unsettled exchange gains or losses; therefore, a Statement of Remeasurement Gains and Losses is not included in these financial statements.

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 IAC's financial claims on external organizations and individuals, at the period end.

Cash and Cash Equivalents

Cash is comprised 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.

Invest Alberta Corporation
Notes to Financial Statements (Cont'd)
March 31, 2021

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

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

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 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.

Non-Financial Assets

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

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

Non-financial assets include tangible capital assets, inventories of supplies and prepaid expenses.

Tangible Capital Assets

Tangible capital assets of the IAC are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. An asset acquired, other than computer software, with a life of more than one year and a cost of \$5,000 or more is capitalized. 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. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Invest Alberta Corporation
Notes to Financial Statements (Cont'd)
March 31, 2021

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

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

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

Computer hardware and software	3 Years
--------------------------------	---------

Inventories of supplies

Inventories of supplies are valued at the lower of cost and replacement cost. Cost is determined on a first-in, first-out (or "weighted average") basis.

Prepaid expenses

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

Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

The Public Sector Accounting Board issued the following accounting standards:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**
This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.
- **PS 3400 Revenue (effective April 1, 2023)**
This standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange transactions and non-exchange transactions.

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

Invest Alberta Corporation
Notes to Financial Statements (Cont'd)
March 31, 2021

Note 4 BUDGET

In order to commence the IAC's operations, the Government of Alberta committed \$6 million as an operating grant over a one year period. The budget for the IAC was included in the 2020-21 Government Estimates under the Ministry of Jobs, Economy and Innovation. For the 2020-21 fiscal period, a \$6 million grant target was initially set in the Ministry of Jobs, Economy and Innovation as the budget for fiscal 2020-21.

Note 5 CASH AND CASH EQUIVALENTS
(in thousands)

Cash and cash equivalents consist of:

Cash

<u>2021</u>
\$ 3,957
<u>\$ 3,957</u>

Note 6 OTHER RECEIVABLES
(in thousands)

Other receivables are unsecured and non-interest bearing.

Other receivables

<u>2021</u>
\$ 4
<u>\$ 4</u>

Note 7 DUE FROM GOVERNMENT OF ALBERTA
(in thousands)

Due from the Ministry of Jobs, Economy and Innovation

<u>2021</u>
\$ 142
<u>\$ 142</u>

Note 8 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES
(in thousands)

Accounts payable

Other accrued liabilities

<u>2021</u>
\$ 549
251
<u>\$ 800</u>

Invest Alberta Corporation
Notes to Financial Statements (Cont'd)
March 31, 2021

Note 9 DEFERRED REVENUES
(in thousands)

	<u>2021</u>
Deferred grant revenue	<u>\$ 3,569</u>
	<u>\$ 3,569</u>

The IAC recorded the excess of funds received of \$6,000 over amounts expensed in the amount of \$2,431 as deferred grant revenue of \$3,569.

Note 10 FINANCIAL RISK MANAGEMENT

The IAC has the following financial instruments: accounts receivable, accounts payable and other accrued liabilities. The IAC has exposure to the following risk from use of financial instruments:

(a) Liquidity Risk

Liquidity risk is the risk the IAC will not be able to meet its obligations as they fall due. Liquidity risk is associated with the IAC's financial liabilities. The IAC's exposure to liquidity risk arises due to its cash flow requirements to fulfill payment of its accounts payable and accrued liabilities. The IAC manages this risk by obtaining adequate funding from the Ministry.

Note 11 CONTINGENT LIABILITIES

At March 31, 2021, the IAC was not named as defendant in any specific legal actions and there are no other known contingent liabilities.

Invest Alberta Corporation
Notes to Financial Statements (Cont'd)
March 31, 2021

Note 12 CONTRACTUAL OBLIGATIONS
(in thousands)

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

	<u>2021</u>
Obligations under operating leases, contracts and programs	\$ 1,920

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

	<u>Operating leases, contracts and programs</u>
2021-22	\$ 1,066
2022-23	485
2023-24	207
2024-25	54
2025-26	54
Thereafter	54
	<u>\$ 1,920</u>

Note 13 BENEFIT PLAN
(in thousands)

The IAC provides benefits whereby it makes available contributions for Registered Retirement Savings Plans (RRSP) on behalf of employees of the IAC. The contributions are calculated based on a fixed percentage of the employee's salary to a maximum of the RRSP contribution limit as specified in the *Income Tax Act (Canada)*. The expense of \$77 included in these financial statements represents the current contributions made on behalf of these employees.

Invest Alberta Corporation
Notes to Financial Statements (Cont'd)
March 31, 2021

Note 14 TANGIBLE CAPITAL ASSETS
(in thousands)

	Computer Hardware & Software	2021 Total
Estimated Useful Life	3 Years	
Historical cost		
Beginning of period	\$ -	\$ -
Additions	89	89
	<u>89</u>	<u>89</u>
Accumulated Amortization		
Beginning of period	-	-
Amortization expense	7	7
	<u>7</u>	<u>7</u>
Net Book Value at March 31, 2021	<u>\$ 82</u>	<u>\$ 82</u>

Note 15 INVENTORIES OF SUPPLIES
(in thousands)

	2021
Promotional supplies	<u>\$ 8</u>
	<u>\$ 8</u>

Note 16 PREPAID EXPENSES
(in thousands)

	2021
Sponsorships	\$ 150
Services	20
Rent	6
	<u>\$ 176</u>

Invest Alberta Corporation
Notes to Financial Statements (Cont'd)
March 31, 2021

Note 17 ACCUMULATED SURPLUS
(in thousands)

	<u>Unrestricted surplus</u>	<u>2021 Total</u>
Balance at beginning of period	\$ -	\$ -
Operating surplus	-	-
Balance at end of period	<u>\$ -</u>	<u>\$ -</u>

Note 18 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements of the IAC.

Schedule 1 – Expenses – Detailed by Object

Invest Alberta Corporation

Expenses – Detailed by Object

For the Period From July 31, 2020 to March 31, 2021

(in thousands)

	2021	
	Budget	Actual
	<i>(in thousands)</i>	
Salaries, wages and employee benefits	\$ 2,000	\$ 1,063
Supplies and services	4,000	1,361
Amortization of tangible capital assets (Note 14)	-	7
Total expenses ⁽¹⁾	\$ 6,000	\$ 2,431

(1) The Ministry of Jobs, Economy and Innovation settled some expenses incurred during the period on behalf of the IAC.

Schedule 2 – Salary and Benefits Disclosure

Invest Alberta Corporation

Salary and Benefits Disclosure

For the Period From July 31, 2020 to March 31, 2021

	2021			Total
	Base salary (1)	Other cash benefits (2)	Other non- cash benefits (3)	
<i>(in thousands)</i>				
Board of Directors				
Chair (4, 5)	\$ -	\$ 16	\$ 1	\$ 17
Board Members (4, 5)	-	49	2	51
Executive				
Chief Executive Officer (6)	132	-	8	140
Acting Chief Operations Officer (7)	-	-	-	-
Chief Financial Officer (8)	62	-	-	62
Director of Communications (9)	60	-	11	71
Director of Operations (10)	59	-	11	70
Total	\$ 313	\$ 65	\$ 33	\$ 411

Other than honoraria referenced below, the Chair and Members of the Board receive no remuneration for participating on the Board.

- (1) Base salary includes regular salary.
- (2) Other cash benefits include honoraria payments. There were no bonuses paid in 2021.
- (3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including RRSP, health care, dental coverage, group life insurance, short and long term disability plans, and car allowance.
- (4) The Board was appointed by the Lieutenant Governor in Council by Order in Council on July 31, 2020.
- (5) Remuneration and expenses of the Board are prescribed as that specified in Schedule 1, Part A of the Committee Remuneration Order.
- (6) Position filled on September 23, 2020.
- (7) Position was filled on an interim basis with assistance from the Ministry and for no additional consideration.
- (8) Position filled on October 1, 2020.
- (9) Position filled on November 9, 2020.
- (10) Position filled on November 23, 2020. Previously, the position was filled on an interim basis with assistance from the Ministry and for no additional consideration.

Schedule 3 – Related Party Transactions

Invest Alberta Corporation

Related Party Transactions

For the Period From July 31, 2020 to March 31, 2021

(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 IAC. There were no transactions between the IAC and its key management personnel or close family members during the year.

The IAC had the following transactions with related parties reported in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties. In addition to the information contained below, during the period, and in accordance with the terms of the shared services agreement between IAC and the Ministry, the Ministry made a number of personnel available to set up, operate, and assist with the administration of IAC. These services were provided in kind.

	2021	
	Entities in the Ministry	Other Entities
	<i>(in thousands)</i>	
Revenues		
Grants from the Ministry of Jobs, Economy and Innovation	\$ 2,431	\$ -
Expenses		
Other services	\$ 70	\$ 5
Receivable from		
Ministry of Jobs, Economy and Innovation	\$ 142	\$ -
Deferred revenue		
Ministry of Jobs, Economy and Innovation	\$ 3,569	\$ -

Travel Alberta

Financial Statements

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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, 2021, 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, 2021, 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 20, 2021
Edmonton, Alberta

Statement of Operations

Travel Alberta Statement of Operations Year ended March 31, 2021

	2021		2020
	Budget	Actual	Actual
	<i>(in thousands)</i>		
	<i>(Note 4)</i>		
Revenues			
Government Transfers			
Government of Alberta Grants	\$ 37,747	\$ 39,747	\$ 41,360
Federal and Other Government Grants	-	3,950	-
Investment Income	350	98	357
Premiums, Fees and Licences	390	-	291
Sponsorship	-	-	100
Revenue from Partners	450	45	394
	38,937	43,840	42,502
 Expenses - (Note 2(b), Schedules 1)			
 Programs			
Global Marketing	27,229	20,466	30,102
Regional Industry Marketing	6,891	24,286	5,751
Corporate Operations	4,835	4,962	5,568
	38,955	49,714	41,421
 Annual Operating (Deficit) Surplus	(18)	(5,874)	1,081
 Accumulated Surplus at Beginning of Year		7,416	6,335
 Accumulated Surplus at End of Year		\$ 1,542	\$ 7,416

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, 2021

	2021	2020
	<i>(in thousands)</i>	
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 5,075	\$ 12,568
Accounts Receivable	249	29
	<u>5,324</u>	<u>12,597</u>
Liabilities		
Accounts Payable and Other Accrued Liabilities (Note 6)	3,842	5,259
	<u>3,842</u>	<u>5,259</u>
Net Financial Assets	<u>1,482</u>	<u>7,338</u>
Non-Financial Assets		
Tangible Capital Assets (Note 7)	21	39
Prepaid Expenses	39	39
	<u>60</u>	<u>78</u>
Net Assets	<u>\$ 1,542</u>	<u>\$ 7,416</u>
Net Assets		
Accumulated Surplus	<u>\$ 1,542</u>	<u>\$ 7,416</u>

Contractual Obligations (Note 9)

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

Statement of Change in Net Financial Assets

Travel Alberta Statement of Change in Net Financial Assets Year ended March 31, 2021

	2021		2020
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual (Deficit) Surplus	\$ (18)	\$ (5,874)	\$ 1,081
Acquisition of Tangible Capital Assets (Note 7)		-	-
Amortization of Tangible Capital Assets (Note 7)	18	18	56
Decrease in Prepaid Expenses		-	5
(Decrease) Increase in Net Financial Assets	-	(5,856)	1,142
Net Financial Assets at Beginning of Year		7,338	6,196
Net Financial Assets at End of Year		\$ 1,482	\$ 7,338

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, 2021

	<u>2021</u>	<u>2020</u>
	<i>(in thousands)</i>	
Operating Transactions		
Annual (Deficit) Surplus	\$ (5,874)	\$ 1,081
Non-cash Items Included in Annual (Deficit) Surplus		
Amortization of Tangible Capital Assets (Note 7)	18	56
	<u>(5,856)</u>	<u>1,137</u>
(Increase)/Decrease in Accounts Receivable	(220)	15
Decrease in Prepaid Expenses	-	5
Decrease in Accounts Payable and Other Accrued Liabilities	(1,417)	(3,722)
Cash Applied to Operating Transactions	<u>(7,493)</u>	<u>(2,565)</u>
Decrease in Cash and Cash Equivalents	(7,493)	(2,565)
Cash and Cash Equivalents at Beginning of Year	12,568	15,133
Cash and Cash Equivalents at End of Year	<u>\$ 5,075</u>	<u>\$ 12,568</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, 2021

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 Alberta as a destination for tourists and other visitors;
- assist Alberta's tourism industry operators to market their products, 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, 2021

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, 2021**

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 claims on external organizations and individuals.

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, 2021**

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, 2021

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, 2021.

Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

The Public Sector Accounting Board has approved the following accounting standards:

• **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**

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

• **PS 3400 Revenue (effective April 1, 2023)**

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.

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

Note 4 BUDGET

(in thousands)

A preliminary business plan with a budgeted deficit of \$18 was approved by the Board on May 15, 2020 and the full financial plan was submitted to the Minister. The budget reported in the Statement of Operations reflects the original \$18 deficit.

In response to the COVID-19 impact on provincial budget, the Corporation's funding was reduced by \$6,000. Subsequently, the Corporation received approval from the Government of Alberta and its Board of Directors to draw down up to \$6,000 from its funds and reserves to preserve approved expenditure authority level.

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2021

Note 5 CASH AND CASH EQUIVALENTS
(in thousands)

Cash and cash equivalents consist of:

	<u>2021</u>	<u>2020</u>
Cash Equivalents	\$ 41	\$ 29
Cash ⁽¹⁾	5,034	12,539
	<u>\$ 5,075</u>	<u>\$ 12,568</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, 2021 securities held by CCITF had a time-weighted return of 0.4% (2020: 1.9%) per annum. Due to the short-term nature of these deposits, the carrying value approximates fair value.

⁽¹⁾ The Cash of \$5,075 includes an amount of \$1,521 that is restricted for the Corporation's Sustainability Fund (Note 8).

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

	<u>2021</u>	<u>2020</u>
Accounts Payable	\$ 1,920	\$ 3,429
Other Liabilities	251	106
Other Accrued Liabilities	1,671	1,724
	<u>\$ 3,842</u>	<u>\$ 5,259</u>

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2021

Note 7 TANGIBLE CAPITAL ASSETS
(in thousands)

	Computer Hardware and Software	Leasehold Improvements	Furniture and Equipment	2021 Total	2020 Total
Estimated Useful Life	3 years	Term of lease	5 years		
Historical Cost					
Beginning of Year	\$ 208	\$ 407	\$ 92	\$ 707	\$ 707
Additions	-	-	-	-	-
Disposals, Including Write-Downs	-	-	-	-	-
	<u>208</u>	<u>407</u>	<u>92</u>	<u>707</u>	<u>707</u>
Accumulated Amortization					
Beginning of Year	208	407	53	668	612
Amortization Expense			18	18	56
Effect of Disposals, Including Write-Downs	-	-	-	-	-
	<u>208</u>	<u>407</u>	<u>71</u>	<u>686</u>	<u>668</u>
Net Book Value at March 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 21</u>	
Net Book Value at March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>		<u>\$ 39</u>

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2021

Note 8 ACCUMULATED SURPLUS
(in thousands)

Accumulated surplus is comprised of the following:

	Investment in Tangible Capital Assets	Sustainability Fund ⁽¹⁾	Unrestricted	2021 Total	2020 Total
Balance at Beginning of Year	\$ 39	\$ 7,377	\$ -	\$ 7,416	\$ 6,335
Annual Surplus (Deficit)	-	(5,874)	-	(5,874)	1,081
Net Investment in Capital Assets	(18)	18	-	-	-
Balance at the End of Year	<u>\$ 21</u>	<u>\$ 1,521</u>	<u>\$ -</u>	<u>\$ 1,542</u>	<u>\$ 7,416</u>

⁽¹⁾ The usage of the internally restricted Sustainability Fund 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.

	2021	2020
Operating Leases	\$ 2,025	\$ 3,683
Service Contracts	30,626	24,730
	<u>\$ 32,651</u>	<u>\$ 28,413</u>

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

	Operating Leases	Service Contracts	Total
2021-22	\$ 1,126	\$ 30,346	\$ 31,472
2022-23	875	165	1,040
2023-24	15	115	130
2024-25	9	-	9
2025-26	-	-	-
Thereafter	-	-	-
	<u>\$ 2,025</u>	<u>\$ 30,626</u>	<u>\$ 32,651</u>

Travel Alberta
Notes to the Financial Statements (Cont'd)
March 31, 2021

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 \$726 for the year ended March 31, 2021 (2020: \$1,036). 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, 2020, the Management Employees Pension Plan reported a surplus of \$809,850 (2019: surplus of \$1,008,135), the Public Sector Pension Plan reported a surplus of \$2,223,582 (2019: surplus of \$2,759,320) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$59,972 (2019: deficiency of \$44,698).

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, 2021

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, 2021, the balance of accounts receivable is not materially significant and does not contain amounts that are uncollectible.

Note 12 COMPARATIVE FIGURES

Certain 2020 figures have been reclassified, where necessary, to conform to the 2021 presentation.

Note 13 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on May 20, 2021.

Schedule 1 – Expenses – Detailed by Object

Travel Alberta Expenses – Detailed by Object Year ended March 31, 2021

	2021		2020
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Salaries, wages and employee benefits	\$ 9,651	\$ 7,508	\$ 8,891
Supplies and services	25,677	19,452	29,090
Grants ⁽¹⁾	3,609	22,726	3,381
Financial transactions and other	-	10	3
Amortization of tangible capital assets (Note 7)	18	18	56
Total expenses	<u>\$ 38,955</u>	<u>\$ 49,714</u>	<u>\$ 41,421</u>

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

Schedule 2 – Salary and Benefits Disclosure

Travel Alberta Salary and Benefits Disclosure Year ended March 31, 2021 (in thousands)

	2021			2020	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
Chair of the Board of Directors ⁽⁴⁾	\$ -	\$ 21	\$ 1	\$ 22	\$ 12
Members of the Board of Directors ⁽⁵⁾	-	43	2	45	39
Chief Executive Officer ⁽⁶⁾	222	25	47	294	294
Executive/Vice-Presidents:					
Vice President, Business Development ⁽⁷⁾	110	7	20	137	208
Vice President, Destination Promotions ⁽⁸⁾	170	-	33	203	208
Vice President, Destination Development ⁽⁹⁾	170	-	32	202	207
Vice President, Corporate Operations ⁽¹⁰⁾	168	-	35	203	200
Vice President, Economic Development and Community Relations ⁽¹¹⁾	80	-	19	99	-
	<u>\$ 920</u>	<u>\$ 96</u>	<u>\$ 189</u>	<u>\$ 1,205</u>	<u>\$ 1,168</u>

⁽¹⁾ Base salary includes regular salary.

⁽²⁾ Other cash benefits include honoraria, vehicle allowance, relocation allowance and vacation payouts. There were no bonuses paid in 2021.

⁽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, fair market value of parking benefits, relocation allowance, professional memberships and tuition fees.

⁽⁴⁾ The position was occupied by two individuals at different times during the previous year.

⁽⁵⁾ The board consists of five independent members including the Chair, whose honorarium is disclosed separately. The positions were occupied by different individuals at different times during the previous year.

⁽⁶⁾ The position was occupied by three individuals at different times during the year. As of June 12, 2020 the Chief Executive Officer resigned and the position was filled by an Interim CEO until November 15, 2020. A new Chief Executive Officer was hired on November 16, 2020. The salary and benefits cost for the Interim CEO was covered by the Ministry.

⁽⁷⁾ The position was only partially occupied during the year. As of November 6, 2020 Vice President, Business Development resigned and the position was abolished.

⁽⁸⁾ Effective June 15, 2020, the position title changed from Vice President, Global Consumer Marketing, to reflect alignment to the Corporation's strategy and transition to a destination management organization. The individual remains unchanged.

⁽⁹⁾ Effective June 15, 2020, the position title changed from Vice President, Industry Development, to reflect alignment to the Corporation's strategy and transition to a destination management organization. The individual remains unchanged.

⁽¹⁰⁾ Effective June 15, 2020, the position title changed from Vice President, Finance and Corporate Administration, to reflect alignment to the Corporation's strategy and transition to a destination management organization. The individual remains unchanged.

⁽¹¹⁾ The position was only partially occupied during the year, starting on November 16, 2020. The salary and benefits cost for this position was covered by the Ministry.

Schedule 3 – Related Party Transactions

Travel Alberta Related Party Transactions Year ended March 31, 2021 (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.

At March 31, 2021, related parties included:

Two private companies that have directors and/or officers who also serve as Directors of Travel Alberta. Both organizations received a Co-operative Marketing Investment Program Grant from Travel Alberta amounting to \$20 and \$115 respectively, during the year. These Grants were provided on normal commercial terms and in accordance with Grant program guidelines.

At March 31, 2020 and March 31, 2021, 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:

	2021	2020
	<i>(in thousands)</i>	
Revenues		
Grants	\$ 39,747	\$ 41,360
Other	-	-
	<u>\$ 39,747</u>	<u>\$ 41,360</u>
Expenses		
Grants	\$ 150	\$ 12
Other Services	6	9
	<u>\$ 39,591</u>	<u>\$ 41,339</u>
Receivable from/(Payable to)	<u>\$ (46)</u>	<u>\$ -</u>
Debt to Related Parties	<u>\$ -</u>	<u>\$ -</u>

Financial Information

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Lapse/Encumbrance (unaudited)

DEPARTMENT OF JOBS, ECONOMY AND INNOVATION
FOR THE YEAR ENDED MARCH 31, 2021

	Voted Estimate ⁽¹⁾	Supplementary Estimate	Adjust- ments ⁽²⁾	Adjusted Voted Estimate	Voted Actuals ⁽³⁾	Over Expended (Unexpended)
EXPENSE VOTE BY PROGRAM						
1.0 Ministry Support Services						
1.1 Minister's Office	\$ 948	\$ -	\$ -	\$ 948	\$ 855	\$ (93)
1.2 Deputy Minister's Office	841	-	-	841	981	140
1.3 Policy and Strategy	12,804	-	-	12,804	11,211	(1,593)
	<u>14,593</u>	<u>-</u>	<u>-</u>	<u>14,593</u>	<u>13,048</u>	<u>(1,545)</u>
2.0 Tourism and Economic Development						
2.1 Program Delivery Support	2,241	-	-	2,241	4,083	1,842
2.2 Tourism and Economic Capacity	15,456	640,200	(150)	655,506	705,316	49,810
2.3 Economic Development	43,965	(600)	-	43,365	38,237	(5,128)
2.4 Grant to Alberta Enterprise Corporation	600	(600)	-	-	-	-
2.5 Grant to Alberta Innovates Corporation	131,251	25,000	-	156,251	156,251	-
2.6 Grant to Travel Alberta Corporation	37,747	2,000	-	39,747	39,747	-
	<u>231,260</u>	<u>666,000</u>	<u>(150)</u>	<u>897,110</u>	<u>943,634</u>	<u>46,524</u>
3.0 Investment Attraction and Trade						
3.1 Program Delivery Support	1,477	-	-	1,477	1,714	237
3.2 International Services	10,999	-	-	10,999	9,592	(1,407)
3.3 Investment Services	20,825	(2,500)	-	18,325	14,316	(4,009)
3.4 Trade Services	2,978	-	-	2,978	2,683	(295)
3.5 Grant to Investment Attraction Agency	6,000	-	-	6,000	6,000	-
	<u>42,279</u>	<u>(2,500)</u>	<u>-</u>	<u>39,779</u>	<u>34,306</u>	<u>(5,473)</u>
4.0 Climate Change						
4.1 Innovation and Technology	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2.0 Tourism and Economic Development Capital Payments to Related Parties						
2.5 Grant to Alberta Innovates Corporation Credit or Recovery (Shortfall)	2,250	-	-	2,250	2,250	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 290,382	\$ 663,500	\$ (150)	\$ 953,732	\$ 993,238	\$ 39,506
Encumbrance/(Lapse)						\$ 39,506
CAPITAL INVESTMENT VOTE BY PROGRAM						
1.0 Ministry Support Services	\$ 25	\$ -	\$ -	\$ 25	\$ 26	\$ 1
2.0 Tourism and Economic Development	-	200	150	350	-	(350)
3.0 Investment Attraction and Trade	1,500	-	-	1,500	722	(778)
Total	\$ 1,525	\$ 200	\$ 150	\$ 1,875	\$ 748	\$ (1,127)
Encumbrance/(Lapse)						\$ (1,127)
FINANCIAL TRANSACTIONS VOTE BY PROGRAM						
2.5 Grant to Alberta Enterprise Corporation	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ 25,000	\$ -
Total	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ 25,000	\$ -
Encumbrance/(Lapse)						\$ -

⁽¹⁾ As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" pages 71-72 of the 2020-21 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.

The department had no disclosures of wrongdoing filed with the Public Interest Disclosure Office between April 1, 2020 and March 31, 2021.