

GOVERNMENT OF ALBERTA

Annual Report

Economic
Development, Trade
and Tourism
2019-2020

Alberta 

Economic Development, Trade and Tourism, Government of Alberta | Economic Development, Trade and Tourism 2019–2020 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 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Economic Development, Trade and Tourism 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, Alberta Enterprise Corporation and Travel Alberta for which the minister is responsible; and
- other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, as separate reports, to the extent that the ministry has anything to report.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2020, 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 29, 2020, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Tanya Fir Minister of Economic Development, Trade and Tourism]

Honourable Tanya Fir

Minister of Economic Development, Trade and Tourism

Management's Responsibility for Reporting

The Ministry of Economic Development, Trade and Tourism includes the Department of Economic Development, Trade and Tourism, Alberta Enterprise Corporation, Alberta Innovates, the Alberta Research and Innovation Advisory Committee, Travel Alberta and the Northern Alberta Development Council.

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 Economic Development, Trade and Tourism. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including the financial information and performance results. The financial information and performance results, 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 2019.

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 consider 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 Economic Development, Trade and Tourism 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 Economic Development, Trade and Tourism]

Kate White
Deputy Minister of Economic Development, Trade and Tourism
June 29, 2020

Results Analysis

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Ministry Overview

The Ministry of Economic Development, Trade and Tourism 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

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

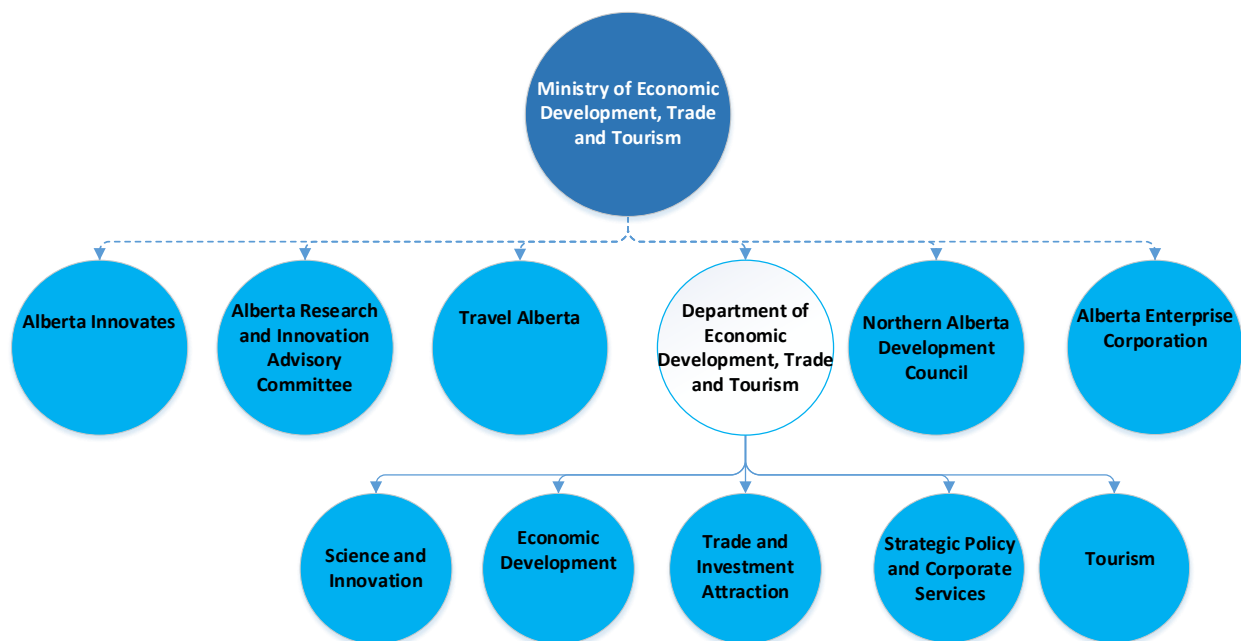
Outcome Three: Alberta's innovation system is optimized to support economic growth

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

Organizational Structure

The ministry consists of the Department of Economic Development, Trade and Tourism, as well as Alberta Innovates, the Alberta Research and Innovation Advisory Committee, Travel Alberta, the Northern Alberta Development Council and the Alberta Enterprise Corporation.

Figure One – 2019-20 Ministry Organizational Structure



Operational Overview

In 2019-20, the department included five divisions. The responsibilities of these divisions were as follows:

Science and Innovation

The Science and Innovation Division led the government's investments to support the growth of Alberta's research and innovation system and help build Alberta's advanced technology industries (life sciences, cleantech, digital). The division promoted commercialization of innovative products, processes and solutions for Alberta's technology industry. It stimulated collaboration among Alberta's small- and medium-sized enterprises and international industry partners and jurisdictions that contribute to company growth and economic diversification.

Economic Development

By providing economic information and tools for businesses, investors, and municipalities, the Economic Development Division informed investors on job creation opportunities, the adoption of technology and business practices, and worked to diversify and expand industry. It focused on the development and implementation of economic development programs such as the Alberta Export Expansion Program, the Film and Television Tax Credit and the Community and Regional Economic Support Program. The division also assisted businesses and collaborated with communities and stakeholders to create economic development and job growth across Alberta.

Trade and Investment Attraction

The Trade and Investment Attraction Division supported a government-wide approach to promote trade and attract investment to Alberta. It led Alberta's participation in international trade negotiations, advocated for Alberta's international interests, and fostered relationships. The division offered services and supports such as market intelligence, mission supports, and networking opportunities for export-ready firms.

Strategic Policy and Corporate Services

The Strategic Policy and Corporate Services Division provided strategic policy, planning and evaluation services across the ministry. It encouraged proactive collaboration among ministry divisions, as well as across government, on core policy files. The division delivered integrated corporate services for the ministry, including finance and corporate administration, as well as legislative services through a shared services agreement with Alberta Advanced Education.

Tourism

The Tourism Division worked with tourism operators to create jobs in new and expanded tourism attractions, destinations and experiences. The division worked in close partnership with Travel Alberta and provided strategic research and intelligence to support stakeholders and Travel Alberta.

Agencies

Alberta Innovates

Alberta Innovates plays 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 supports world-class researchers, entrepreneurs, and industry innovators. It offers cross-sectoral knowledge and expertise, funding, business supports, networks, and applied research facilities to turn ideas into products and products into companies. Alberta Innovates prepares an annual report separate from this one.

Alberta Research and Innovation Advisory Committee

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

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 also provides the Alberta tourism industry with the marketing tools, resources and information necessary to effectively market their businesses, leverage strategic marketing partnerships and drive a return on their marketing investments. Travel Alberta prepares an annual report separate from this one.

Northern Alberta Development Council

Northern Alberta Development Council identifies, promotes and advises on practical measures to advance economic and social development in northern Alberta. It provides 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. Northern Alberta Development Council prepares an annual report separate from this one.

Alberta Enterprise Corporation

Alberta Enterprise Corporation (AEC) promotes the development of the venture capital industry supporting knowledge-based industries in Alberta. It invests 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. AEC prepares an annual report separate from this one.

Economic Development, Trade and Tourism Trading Blocs

Economic Development, Trade and Tourism coordinates Alberta's global trade, investment, and advocacy priorities through three geographic trading blocs strategically focused on priority markets. The trading blocs are comprised of 12 international offices, and two investment attraction and trade promotion services, supported by department staff based in Alberta:

Americas Trading Bloc

- Alberta-based staff
- Alberta Mexico Office
- Alberta Washington Office and Office of the Senior Alberta Representative
- Investment attraction and trade promotion service in San Francisco

Asia Pacific Trading Bloc

- Alberta-based staff
- Alberta Beijing Office
- Alberta Guangzhou Office
- Alberta Hong Kong Office and Office of the Senior Alberta Representative
- Alberta Japan Office
- Alberta Korea Office
- Alberta Singapore Office
- Alberta Shanghai Office
- Alberta Taiwan Office

Europe, Middle East, India and Africa Trading Bloc

- Alberta-based staff
- Alberta New Delhi Office
- Alberta United Kingdom Office
- Investment attraction and trade promotion service in the United Arab Emirates

Accessing new markets around the world will continue to play a key role in helping Alberta to grow, diversify its economy, and create jobs for Albertans. Alberta's international offices and investment attraction and trade promotion services target markets where there is the highest potential for growth, where Alberta has a range of economic interests, and where complex business environments and cultures justify having on-the-ground staff.

Alberta's international network staff are on-the-ground ambassadors for Alberta and they play a role in advocating on behalf of Albertans, making trade connections, and attracting investment in key markets around the globe. Together, Alberta-based and international-based staff lead Alberta businesses on international missions, support business-to-business relationships in the pursuit of securing trade and foreign direct investment for Alberta, and advocate for Alberta through agreements and memoranda of understanding (MOUs).

This coordinated approach to advancing Alberta's international business development objectives is extended to other Government of Alberta ministries, including: Agriculture and Forestry, the former ministry of Culture and Tourism (now Culture, Multiculturalism and Status of Women), Education, Advanced Education, the former ministry of Labour (now Labour and Immigration), Health, and Energy. The coordinated approach also extends to Alberta Innovates, Alberta business development associations and entities, and Alberta-based and international businesses.

Key Highlights in the Past Year

- The ministry supported red tape reduction efforts through the development of the *Red Tape Reduction Act*, transition of its government-wide implementation to Treasury Board and Finance and participation in the Red Tape Reduction industry panels. The ministry achieved a 6.9 per cent red tape reduction in 2019-20, exceeding its five per cent target. This was accomplished through initiatives like collaborating with Alberta Innovates to streamline and standardize application forms and processes.
- The Investment and Growth Strategy was developed to guide a government-wide approach to increasing private sector job-creating investment in targeted sectors, and has been updated to support the province's economic recovery efforts in response to the COVID-19 pandemic. The strategy will focus the government's investment attraction efforts on the principal sectors of energy, agriculture, and tourism, as well as key enabling sectors with a high potential to drive momentum and growth in the wider provincial economy, such as aviation, aerospace and logistics, technology, data and telecom, as well as finance and fintech.
- With the support of the government's centralized and coordinated service to attract and support potential foreign investors, Alberta attracted 13 major investments, representing an estimated \$840 million in direct investment impact and over 950 jobs in 2019-20.
- The Innovation Capital Working Group was established to develop options to attract new investment in the province's early-stage technology companies. The working group included representatives from key areas of Alberta's technology, business, academic and financial communities. The final report of the working group was submitted in April 2020, and their advice is being considered in the context of the province's economic recovery response to the COVID-19 crisis and approach to technology and innovation.
- The *Alberta Film and Television Tax Credit (FTTC) Act* and regulations were proclaimed and the program intake launched in January 2020. This program provides either a 22 or 30 per cent refundable tax credit to support Alberta labour and production expenses for eligible film and television productions.
- In 2019-20, the Research Capacity Program (RCP) funded \$7.6 million in research infrastructure funding for 43 projects, which will leverage up to \$17 million from other sources, including the federal Canada Foundation for Innovation, institutions, industry, and non-profit organizations. The RCP helps Alberta's post-secondary institutions attract and retain talent, build innovative capacity with world-class infrastructure, and attract investments.
- The Community and Regional Economic Support (CARES) program awarded \$4 million in funding for 53 projects. These projects leveraged \$4 million from partners and enabled municipalities and communities to enhance local economic conditions and leverage regional resources to build capacity for development and job creation. Combined, this intake of the CARES program has the potential to support as many as 2,000 full-and part-time jobs in communities across Alberta.
- The Alberta Export Expansion Program (AEEP) relaunched in 2019-20, with a streamlined single program and application process, which covers both outbound and inbound travel. \$44.9 million in new export sales and 292 net new employees were reported because of AEEP support. The AEEP relaunch was also another step in our government's commitment to reduce red tape.
- In 2019-20, Economic Development, Trade and Tourism provided \$161 million to Alberta Innovates, which was spent in the areas of research, innovation and commercialization. Building on the province's strengths in environment, energy, health, food, agriculture, fibre, and emerging technologies, Alberta Innovates supports world-class researchers, entrepreneurs, and industry innovators. It offers cross-sectoral knowledge and expertise, funding, business supports, networks, and research facilities to turn ideas into products and products into

companies to support world-class researchers, entrepreneurs, and industry innovators. For example, Alberta Innovates made investments through 19 programs supporting over 630 entrepreneurs and small-to-medium enterprises (SMEs). These investments created 2,400 new jobs – 76% of which were outside the energy sector; and for every Alberta Innovates dollar invested into these SMEs, they were able to generate \$7.37 in net revenue growth and \$23.50 in follow-on investment, primarily from private funding sources.

- In 2019-20, Economic Development, Trade and Tourism provided \$41.4 million to Travel Alberta, the Alberta government’s tourism marketing agency, to manage Alberta’s national and international tourism marketing programs, services and activities and to support Alberta’s tourism industry.
- The Advisory Council on Alberta Ukraine Relations (ACAUR) provides strategic advice and recommendations to the Minister of EDTT on opportunities to further Alberta-Ukraine relations and serves as a two-way information resource with Alberta’s Ukrainian community and the Government of Alberta on Alberta-Ukraine activities. In 2019-20, Minister Fir appointed MLA Jackie Armstrong-Homeniuk, MLA Fort Saskatchewan-Vegreville, to be the new Chair of ACAUR. During its March 2, 2020 meeting, ACAUR welcomed guests Premier Jason Kenney and Minister Tanya Fir for a working session to discuss how to formulate a robust action plan and mandate for 2020-21. Premier emphasized the importance of the Ukrainian diaspora in Alberta and the need for stronger trade, investment and economic ties between Alberta and Ukraine.

Discussion and Analysis of Results

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 the economy. Economic Development, Trade and Tourism focuses on removing policy and regulatory barriers to growth and government red tape as Alberta returns to its proud tradition of a free enterprise economy. 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 Alberta Enterprise Corporation, Alberta Innovates and Travel Alberta, and advice from the Northern Alberta Development Council, the ministry works to ensure that Alberta's job creators have the supports they need to grow and thrive, paving the way to make life better for all Albertans.

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 2019-20, Economic Development, Trade and Tourism provided a range of programs and initiatives that help innovators and job creators who want to expand and hire in Alberta. This included supports for small- and medium-sized Alberta businesses, industries, communities and regions, and assisting Alberta businesses to leverage scientific and emerging technological advances to realize their full economic potential. Highlights of the results of some of these programs and initiatives include:

- The Community and Regional Economic Support (CARES) program awarded \$4 million in funding to 53 projects. These projects leveraged approximately \$4 million from partners and will enhance the local business environment, increase supports for small- and medium-sized enterprises to grow and succeed, support job creation and increase Alberta industry competitiveness. Combined, this intake of the CARES program has the potential to support as many as 2,000 full- and part-time jobs in communities across Alberta.
- The four million dollar Innovation Affiliates pilot program funded entirely by Economic Development, Trade and Tourism and delivered by the Alberta Machine Intelligence Institute (Amii), guided Alberta businesses on the path to artificial intelligence adoption. Through a highly selective application process, 43 affiliates joined the program by the end of 2019-20 and learned how to leverage artificial intelligence and machine learning technologies to support their business objectives.
- Economic Development, Trade and Tourism provided \$225,000 to Petroleum Technology Alliance Canada (PTAC) to support an initiative focused on de-risking Beyond Visual Line of Sight Unmanned Aerial Vehicle (UAV) technologies. This project aims to help position Alberta as an attractive place for businesses wanting to pursue innovations in this unique space of UAV technology.
- Economic Development, Trade and Tourism supported the Department of Energy's activities to grow investment within Alberta's natural gas sector. This included:

- Contributing to the Natural Gas Investment Strategy and petrochemical policy and program discussions led by the Department of Energy.
- Supporting engagement with the governments of British Columbia and Canada to develop and implement a united approach to promoting Canada's liquefied natural gas (LNG) investment opportunities.

Economic Development, Trade and Tourism also actively worked with other Alberta ministries and with businesses to address critical situations that affected investment attraction and job creation in Alberta:

- Disruptions to Canada's rail networks in late 2019 and again in early 2020 highlighted Alberta's reliance on the rail network and exacerbated existing market access challenges. Economic Development, Trade and Tourism engaged across ministries and with industry stakeholders to closely monitor and assess disruptions to rail service affecting Alberta businesses and consumers.
- In response to the economic changes brought on by COVID-19, Economic Development, Trade and Tourism actively engaged with industry and partner ministries to identify challenges and mass supply chain disruptions. Supply chain mapping and visibility were identified as gaps in many industrial supply chains, leaving substantial room for innovative and entrepreneurial solutions from Alberta businesses.

The Rural Alberta Business Centre (RABC) program in Hanna received \$75,000 from Economic Development, Trade and Tourism to continue operations until June 30, 2020. The RABC provided one-on-one small business support to rural small businesses in east-central Alberta and was staffed with a small business advisor who provided consistent and knowledgeable services to businesses in the region. The RABC program ended in 2018-19.

1.2 Ensure that recommendations from business leaders inform government red tape reduction initiatives to restore the Alberta advantage.

Economic Development, Trade and Tourism supported red tape reduction efforts through the development of the *Red Tape Reduction Act*, the transition of its government-wide implementation to Treasury Board and Finance, and participation in the Red Tape Reduction industry panels. Throughout this process, the ministry gathered industry intelligence and responded to submissions from the public.

In August 2019, the ministry presented to the Red Tape Reduction Tourism and Hospitality Panel. The presentation focused on how the province regulates the sector, the systemic regulatory issues that the ministry is aware of, and government's early work to reduce regulatory burden in the sector. Panelists shared their experience with red tape and provided feedback for improvement, including scaling operational health and safety requirements to the degree of risk in the industry, and working with municipalities to create consistency and predictability in permitting.

The ministry also presented to the Red Tape Reduction Small Business Panel in November 2019. Panelists shared regulatory challenges unique to small businesses across a variety of sectors, including time-consuming application processes and paperwork for accessing financing and grants, and the difficulties of navigating government processes.

Panel members will reconvene to discuss their approach for formally providing red tape reduction advice and recommendations to the Government of Alberta.

Economic Development, Trade and Tourism participated in the Alberta Chamber of Resources' Deputy Minister Discussion Panel held at its Annual General Meeting in February 2020. The panel included Deputy Ministers and Assistant Deputy Ministers from the Alberta ministries of Economic Development, Trade and Tourism; Energy; Environment and Parks; and Treasury Board and Finance. The panel discussion focused on enhancing regulatory efficiency through leading industry consultation, and ensuring timeliness and flexibility in red tape reduction across ministries.

The ministry also collaborated with internal and external stakeholders to identify and prioritize opportunities to reduce red tape within the Department of Economic Development, Trade and Tourism and its agencies and a baseline red tape count was established for the ministry. As a result, the ministry achieved 6.9 per cent red tape reduction in 2019-20, exceeding its 5 per cent target. Highlights of the ministry's red tape reductions include:

- The inclusion of provisions for winding down the Alberta Investor Tax Credit (AITC), Capital Investment Tax Credit (CITC), Interactive Digital Media Tax Credit (IDMTC) and Community Economic Development Tax Credit (CEDC) programs in the *Fiscal Measures and Taxation Act, 2019*.
- The reduction of the maximum size of the boards for both the Northern Alberta Development Council and Travel Alberta through the *Reform of Agencies, Boards, Commissions and Government Enterprises Act*.

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

The *Film and Television Tax Credit (FTTC) Act* and associated regulation were proclaimed into force on January 29, 2020. The FTTC program also launched on January 29 and is continuously accepting applications. There has been steady interest from stakeholders, including major US studios. By the end of the 2019-20 fiscal year, the first cohort of 13 film and television productions were evaluated for approval amounting to \$15.7 million in tax credits to leverage \$61.7 million in production expenditures in the province. The actual funding of the \$15.7 million in approved projects will begin in fiscal year 2020-21. Industry estimates indicate that more than 2,500 Albertans will be hired because of the filming of these productions in Alberta.

The program offers production companies a refundable tax credit to help cover Alberta production and labour costs to a maximum of \$10 million per project. Applicants may be eligible for a 22 per cent tax credit, or a 30 per cent tax credit for productions that are Alberta-based.

The tax credit is part of government's commitment to grow Alberta's cultural industries by 25 per cent over the next decade. The new program provides the industry with certainty that will translate to long-term growth in the sector.

Outcome One Initiatives Supporting Key Objectives

A total of \$90 million will be provided over three fiscal years from 2020-21 to 2022-23 to implement an Alberta Film and Television Tax Credit on eligible labour and production expenses. The tax credit is intended to attract medium and large film and television productions to Alberta in support of the province's cultural industries.

Film and Television Industry: Quick Facts

According to industry estimates, more than 3,200 Albertans are employed in the province's motion picture and video industry. According to Statistics Canada data:

- Every \$1 million of production activity in the screen-based production sector creates about 13 Alberta jobs.
- Every \$1 million of government investment under the Film and Television Tax Credit program is expected to support about 60 Alberta jobs.

Outcome One Performance Metrics

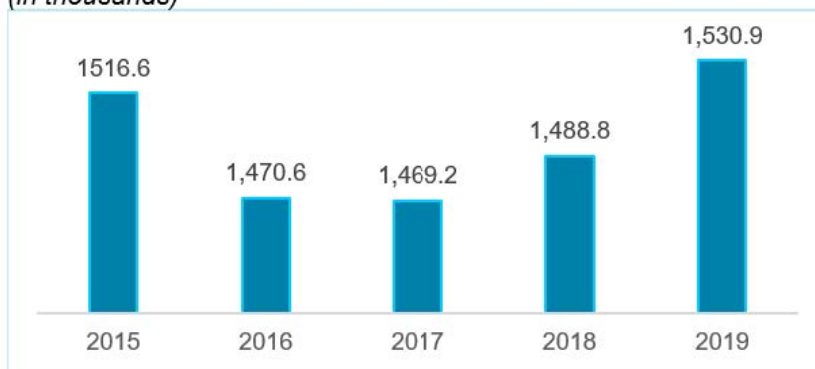
2019-23 Economic Development, Trade and Tourism Business Plan Performance Indicator 1.a:

Private sector employment

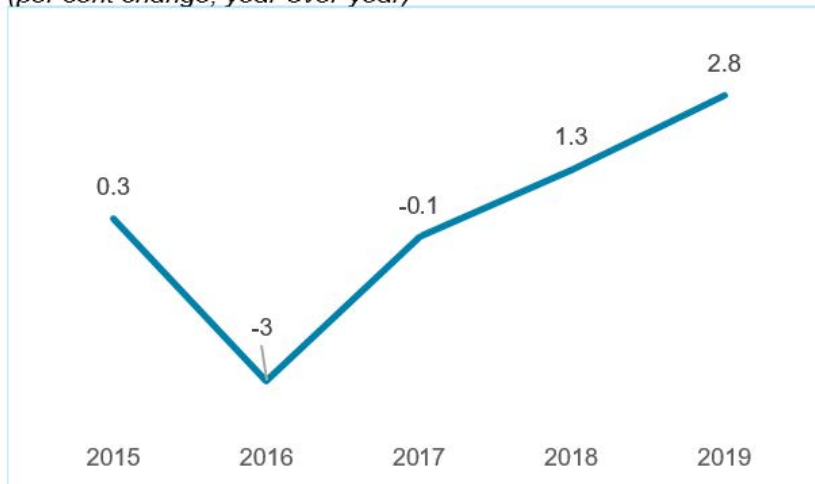
This indicator measures those who work as employees of a private firm or business. It is a measure of economic growth.

In 2019, there were 1,530,900 private sector employees in Alberta, a 2.8 per cent increase compared to 2017. In the five-year period since 2014 the number of private sector employees increased by 0.6 per cent.

Private sector employment (in thousands)



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.

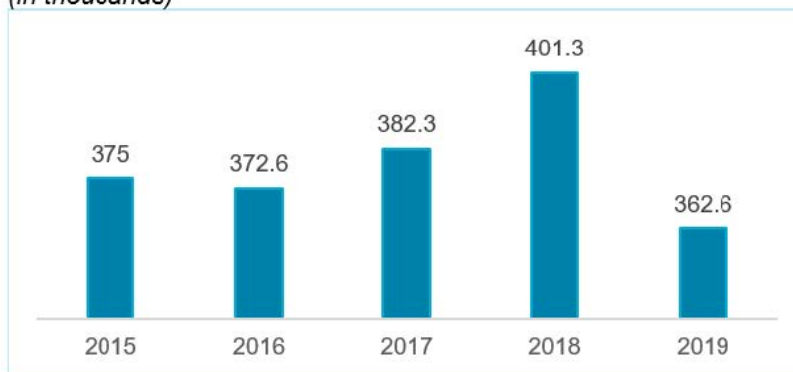
2019-23 Economic Development, Trade and Tourism Business Plan Performance Indicator 1.b:

Alberta self-employment

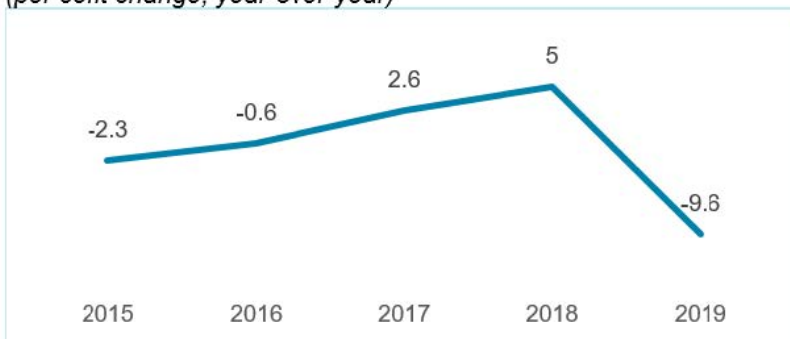
An increase in self-employed individuals is an indicator of the health of the entrepreneurial ecosystem, and is associated with increases in income, employment growth, and the economic diversification of a jurisdiction.

The number of self-employed individuals in Alberta decreased by 38,700, or 9.6 per cent, between 2018 and 2019. This contrasts with overall employment, which increased 0.5 per cent. Taken on its own, this is a sizeable decrease. However, over the same period, the number of employed Albertans (not self-employed) increased by 51,000, or 2.6 per cent. This suggests that many previously self-employed Albertans found employment elsewhere.

Self-employed individuals
(in thousands)



Self-employed individuals
(per cent change, year-over-year)



The category of self-employment includes:

- Self-employed, incorporated, with paid help.
- Self-employed, incorporated, no paid help.
- Self-employed, unincorporated, with paid help.
- Self-employed, unincorporated, with no paid help.
- Unpaid family worker.

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 enhance investors' awareness of the benefits of doing business in Alberta, and to ensure that investment in the province and trade continue to grow the economy and create new jobs. Economic Development, Trade and Tourism works with other Alberta ministries to attract, retain, and expand investment in the energy, agriculture, tourism, technology, aerospace, and financial services industries. The ministry works in collaboration with internal and external stakeholders to lead the development and implementation of the Government of Alberta's Investment and Growth Strategy. Through the Alberta Enterprise Corporation, Economic Development, Trade and Tourism works to attract venture capital investment to the province.

Key Objectives

2.1 Develop 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.

In 2019-20, Economic Development, Trade and Tourism developed an Investment and Growth Strategy designed to be a government-wide guide to increasing private sector investment in targeted sectors. This strategy will also support the province's economic recovery efforts in response to the global COVID-19 crisis. The strategy focuses the government's investment attraction efforts on the principal sectors of energy, agriculture, and tourism, as well as key enabling sectors with a high potential to fuel momentum and growth in the wider provincial economy, such as aviation, aerospace and logistics, technology, data and telecom, as well as finance and fintech. These efforts will increase Alberta's competitive advantage, improve investment attraction systems and supports, and raise the province's reputation as an investment destination to create jobs and economic growth.

A review of the Alberta International Office network was also undertaken in 2019-20. Opportunities to enhance the effectiveness of the network were identified in that review and are being implemented under the Investment and Growth Strategy, which will result in more than \$1.5 million in savings to the GoA.

2.2 Expand services and expertise for attracting and expanding international and domestic investment into Alberta companies and major projects.

Alberta's investment attraction website, www.investalberta.ca, was redesigned to improve user experience, to more effectively communicate Alberta's investment attraction messaging, and to modernize the site's look and feel.

Economic Development, Trade and Tourism was successful in attracting 13 major investment in 2019-20, representing an estimated \$840 million in direct investment impact and over 950 jobs. Key investment wins include:

- Sleeman Breweries' acquisition of Alberta's Wild Rose Brewery, announced in May 2019.
- In October 2019, Berkshire Hathaway Energy announced the launch of its Rattlesnake Ridge Wind project, a \$200 million wind farm in southeastern Alberta expected to create 150 jobs.
- In February 2020, Copenhagen Infrastructure Partners announced a \$500 million investment toward the Travers Solar project in Vulcan County. Once completed, the project

will be the largest solar farm in Canada, expected to create over 500 jobs during construction.

- Ten additional investment wins brought over \$90 million and more than 270 jobs to Alberta in the following sectors: mining and minerals, transportation and logistics, financial services, agribusiness, renewables, ICT, and manufacturing.

Economic Development, Trade and Tourism also supported the Premier's domestic and international missions, promoting Alberta as an attractive and competitive destination for investment. This included meetings to discuss national issues with federal, provincial and territorial counterparts. Highlights include missions to:

- New York, Ohio, and New Brunswick in September 2019 to promote Alberta's investment advantages; highlight Alberta's responsible energy industry and to build support for the safe operation of Line 5.
- Mexico City in November 2019 to participate in the North American Regional Meeting of the Trilateral Commission, an event that brings together influential energy, trade and investment, and governance leaders to discuss global issues.
- Houston and Dallas, Texas in November 2019 to meet with investors and business leaders in the energy sector and underscore Alberta's foundation for a reliable, safe, and environmentally responsible energy supply.
- London and Munich, to meet with key hedge fund investors, global banks and private equity firms to highlight Alberta's environmental, social and governance (ESG) standards and champion Alberta as a responsible supplier of liquefied natural gas (LNG).

The ministry also supported the minister's mission to Japan and Korea in June 2019, to promote Alberta agri-food, forestry, and energy products and services in the international market place, and to increase Alberta's profile in Asia among key international investors in Japan and Korea. The mission focused on engaging Canadian agricultural product importers to promote the safety, quality and price-competitiveness of our exports, and to showcase Alberta canola, wheat, beef, pork, and other food products.

A ministerial mission to Chicago and Minneapolis from November 19-22, 2019 focused primarily on strengthening Alberta's trade and attracting investment, particularly with regard to Alberta's agriculture sector.

- While in Chicago, the minister met with business leaders and investors to promote Alberta as the most competitive investment destination in Canada with common sense, broad-based economic policies, including one of the lowest corporate tax rates in North America.
- Illinois and Minnesota are two of Alberta's largest export markets. In 2018, Alberta exported more than \$30 billion worth of goods to Illinois, and almost \$6 billion of goods to Minnesota. Chicago and Minneapolis are also home to many company headquarters with significant investments in Alberta's agriculture sector.

The department supported two missions by the minister to build alliances in British Columbia and Québec, and to increase Alberta's profile among the international business advisory community in both provinces. During the December 2019 mission to Vancouver, and the March 2020 mission to Québec, Minister Fir met with business leaders and officials. The goals of the missions were to

restore investor confidence in Alberta's industries, attract investment and strengthen trade relations to drive economic growth and job creation in the province.

- The west coast is Canada's gateway to Pacific markets. Many Vancouver-based companies and stakeholders play a key role in attracting investment and trade for Alberta companies. Minister Fir toured the Port of Vancouver, which ships about \$10 billion worth of Alberta goods to destinations all over the globe, and addressed the Greater Vancouver Board of Trade.
- The minister's mission to Vancouver supported the government's overarching plan to lay the foundation for viable and sustainable economic growth, encouraging investment in the province and creating more jobs for Albertans.
- The minister's mission to Montréal and Québec City allowed our government to meet with key principals from Montréal's business community to gain insights into business opportunities and investment, and to engage with ministers within the Government of Québec to identify potential areas of cooperation.

Economic Development, Trade and Tourism also supported the participation of Alberta businesses in internationally focused trade shows and events to advance market opportunities for Alberta in the following sectors: oil and gas, environmental services, information and communication technologies, building products, aerospace, life sciences, advanced manufacturing, materials and nanotechnology, and clean-technology. In 2019-20, the ministry:

- Led a mission of 14 companies to Houston for Gastech 2019; facilitated natural gas supply chain service and technologies export opportunities through business-to-business meetings with global buyers (Europe, Americas, and Asia).
- Supported Alberta technology companies gaining market share in Germany and Europe through attendance at the Mobile World Congress. One Calgary company reported orders of \$3.9 million as a result of mission involvement.
- Aided the participation of delegations from Peru, Brazil, Colombia and Argentina at the 2019 Global Petroleum Show in Calgary. Facilitated 166 meetings with stakeholders and clients, creating awareness of international markets, facilitating partnerships and deals.
- Organized a mission for 18 companies to the Offshore Technologies Show (OTC) – the world's largest oil and gas tradeshow – from May 6-9 in Houston, Texas, providing opportunities for Alberta exporters to engage in value added business development programs.
- Organized a mission in support of export development efforts for 16 Alberta companies from the unmanned systems sector to the Association for Unmanned Vehicle Systems International (AUVSI) Xponential April 31-May 2 in Chicago. The mission featured a value added business program and trade show exposure where Alberta companies showcased their advanced unmanned systems technologies, innovative products, and competitive capabilities to international delegates.
- Organized a mission for eight companies and organizations in the medical devices and seniors' health field to the China International Medical Equipment Fair (CMEF) in May 2019, including facilitating meetings with Chinese partners, investors and medical device buyers, with a focus on senior care device/products, services and technologies in Beijing, Shenzhen and Shanghai.

- Organized an advanced technology mission to Tokyo to participate in Nano Tech 2020 for seven Alberta companies and organizations. This mission-enhanced Alberta's international presence by promoting Alberta's leading-edge nanotechnology products and materials to generate sales in Asian markets, and supported private sector job growth.
- Led an oil and gas trade and investment attraction mission to the Australia Petroleum Production & Exploration Association (APPEA) Conference and Exhibition 2019. Ten Alberta oil and gas service and supply companies participated in the trade mission to promote Alberta products, services and technologies. The Alberta participants reported 18 new business leads/opportunities with a total potential value of \$10 million.

In December 2019, Economic Development, Trade and Tourism relaunched the refreshed Alberta Export Expansion Program (AEEP), replacing the previous Alberta Export Expansion Package – SME Export Support Fund.

The interest from SMEs, municipalities and associations has been tremendous. For the 2019-20 fiscal year, AEEP funded 85 projects, 52 of them under the refreshed program, despite the program being paused from April 2019 to November 2019 during the government-wide program review. AEEP funding helped Alberta businesses expand their export markets and attract buyers.

Alberta Export Expansion Program: Quick Fact

Since 2016, AEEP has funded over 680 projects, which in turn have contributed to supporting over \$45 million in export sales in over 45 countries.

AEEP has a continuous intake with an annual budget of up to \$1.2 million. It has proven to be an effective support for Alberta's small- and medium-sized enterprises, municipalities, industry associations and Indigenous communities, developing and promoting exports and profiling Alberta internationally.

The refresh of AEEP also represents another step in our government's commitment to reduce red tape by one-third and get Albertans back to work. By working together, we can continue to cut the unnecessary red tape that is holding back Alberta's economy.

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

Alberta Enterprise Corporation (AEC) works to fill the gaps in the ecosystem and to create links between existing organizations. They have been instrumental in providing advice, guidance and strategic support to the ecosystem seen as critical to the venture capital (VC) industry's success. Some of AEC's annual highlights include:

- AEC's VCs and their partners have already invested over \$563 million in 50 Alberta technology companies.
- \$188 million committed for investment in 19 funds, which created access to more than \$2 billion for technology entrepreneurs.
- Created more than 1,600 direct jobs and an estimated 7,600 indirect jobs in Alberta.
- Every \$1 invested by AEC is currently worth \$1.12, meaning the value of the investments plus distributions received to date exceeds the capital cost for investments and management fees. This value will increase even further as AEC's funds mature.

- Thirty-four profitable exits to date, resulting in distributions of \$45 million to AEC.

AEC has been successful in supporting the creation of industry-driven, grassroots organizations that play a meaningful role in the innovation investment ecosystem. In 2019-2020 alone, AEC supported over 20 organizations and high impact programs, which in turn provided valuable support for Alberta technology companies. Some of these organizations and programs included:

- Invest Canada
- Startup Calgary
- Start Alberta Tech Awards
- Venture Capital Association of Alberta
- Rainforest Alberta and Rainforest YEG
- Startup TNT Investor Summit
- Chic Geek and their annual Geeky Summit and new ConnectHER
- The A100 AccelerateAB
- Valhalla Angels
- Banff Venture Forum
- Alberta Innovates Inventure\$ Conference
- BioAlberta Awards Gala
- The PROPEL Energy Forum
- McRock Capital Annual IIoT Symposium
- TEC Edmonton
- Startup Edmonton
- 150 Startups and Innovation Rodeo
- Product Calgary

Moreover, AEC has established invaluable data partnerships with global databases Crunchbase and PitchBook that serve to increase Alberta startup exposure to investors worldwide. The collective reach of these platforms exceeds 60 million people – with additional data partnerships to be added.

With support from Alberta Enterprise Corporation, Alberta is starting to see strong growth in knowledge based industries. The recent sale of Solium to Morgan Stanley for over \$1 billion Canadian, and the rise of companies like Jobber and Drivewyze demonstrate that – with the right support – Albertan can foster and grow globally competitive knowledge-based companies.

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.

International Negotiations

Economic Development, Trade and Tourism continued to advocate for Alberta's interests in international trade negotiations, the implementation of Canada's existing trade agreements, and in international dispute settlement proceedings.

The termination of U.S. tariffs on Canadian steel, aluminum and other products was announced on May 17, 2019. Canadian retaliatory tariffs were also removed in May 2019, seemingly removing a significant impediment to bilateral trade. However, on August 6, 2020 President Donald Trump announced plans to reimpose a ten per cent tariff on Canadian aluminum, which prompted the Canadian government to announce its intention to hit back with \$3.6 billion of, as of yet unspecified, tariffs of its own.

Economic Development, Trade and Tourism worked to identify and address other federal and state-level U.S. trade initiatives that negatively affected the province. These included U.S. efforts to strengthen "Buy America" procurement provisions, move forward with trade remedy cases affecting Alberta goods, and introduce Country of Origin Labelling (COOL) on beef products, as well as unilateral U.S. actions to impose national security tariffs and to secure preferential relationships with other trading partners such as China and Japan.

Economic Development, Trade and Tourism participated with the federal government and other provinces and territories in the process to ratify the Canada-U.S.-Mexico Agreement (CUSMA). Canada, the U.S., and Mexico signed a protocol of amendment to the CUSMA in December 2019. This resolved a number of issues that had impeded passage of domestic implementing legislation in the U.S. The U.S. signed its implementing legislation into law in January 2020. The Mexican Senate ratified the CUSMA in June 2019 and the protocol of amendment in December 2019. Canada passed its own implementing legislation in March 2020. The CUSMA came into force on July 1, 2020, ensuring continued stability and certainty for Alberta companies that trade in the North American marketplace.

Economic Development, Trade and Tourism continued to work closely with Justice and Solicitor General to coordinate Alberta's engagement with the federal government in the defense of a NAFTA Chapter 11 investor-state claim undertaken by a U.S. coal mining company, involving provincial measures.

Economic Development, Trade and Tourism identified and communicated provincial interests in Canada's ongoing regional and bilateral trade negotiations, including with the Pacific Alliance and the Southern Common Market (MERCOSUR). Economic Development, Trade and Tourism also closely monitored the United Kingdom's "Brexit" from the European Union, which was finalized on January 31, 2020, for potential implications for the province. The U.K. will no longer be covered under the existing Canada-European Union Comprehensive Economic and Trade Agreement (CETA) as of January 1, 2021, and Alberta has supported efforts to establish a new formal bilateral trading relationship that will protect and enhance Alberta-U.K. trade.

Economic Development, Trade and Tourism also worked with Alberta Agriculture and Forestry, the federal government and other interested parties to address ongoing bilateral trade irritants, including with India (pulses), Italy (wheat) and, most significantly, China. Chinese barriers imposed

during the year on Canadian canola seed and, briefly, meat exports had a significant, negative impact on Alberta trade. Alberta continues to support appropriate measures to resolve these irritants.

Trade and Economic Corridors

Economic Development, Trade and Tourism has supported the expansion of critical trade and economic corridors that empower Alberta shippers and address congestion in key trade and economic corridors. Letters of support to the federal government's National Trade Corridor Fund were provided for the following projects:

- \$49 million for the Port of Prince Rupert (Success)
- \$12 million for export expansion at Stewart World Port (Success)
- \$4.2 million for expansion at 40 Mile Railway (Success)
- \$200 million for the expansion of the Port of Vancouver (Success)
- \$4 million for Alberta Midland Railway (Pending)
- \$18 million for Edmonton International Airport (Pending)
- \$3 million for Battle River Railway (Pending)

Economic Development, Trade and Tourism continued implementation of the MOU with Vancouver Fraser Port Authority and relationship management with the Port, a critical piece of trade and investment enabling infrastructure. The Port of Vancouver held a Board of Directors/Executive meeting in Edmonton in November 2019. Economic Development, Trade and Tourism coordinated engagement between the Port and elected officials from across government.

Alberta has had 21 exceptions removed under the Canadian Free Trade Agreement. Our government has moved Alberta from having the third highest number of exceptions to having the fewest.

Softwood lumber decision

In December 2019, the U.S. International Trade Commission ruled that the Canadian softwood lumber industry hurts the U.S. industry. Economic Development, Trade and Tourism also continued to work with colleagues in Agriculture and Forestry to address the ongoing softwood lumber duties imposed on Alberta and other Canadian jurisdictions by the U.S. Canada is currently challenging these duties under the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA). Alberta will continue to support Canada in defending the forestry sector through litigation and appeals, including at the WTO. The province will continue making its case until it is understood that the Canada-U.S. softwood lumber trade creates benefits on both sides of the border. Free flow of trade is vital to the prosperity of both nations.

Outcome Two Initiatives Supporting Key Objectives

The Investment and Growth Strategy will enable increased private sector investment in our principal sectors of energy, agriculture, and tourism. Complimentary focus on our enabling sectors

of aviation, aerospace and logistics, technology, data and telecom, as well as finance and fintech, will create synergies and further diversification of our economy. The strategy will see a total of \$75 million invested over three fiscal years from 2020-21 to 2022-23 to boost Alberta's attractiveness to global investors and support investment attraction. This will cultivate investment opportunities within Canada, the U.S. and globally, leveraging existing globally scaled networks and advice from industry and the investment community, and through technology-based solutions for lead generation and marketing strategies.

The Invest Alberta Corporation's (IAC) mandate is to attract high-value, high-impact, job-creating investment to Alberta and promote the province as a preferred investment destination nationally and internationally. IAC will play a critical role in growing our core and enabling sectors, and will also coordinate the work of Alberta's international offices with a renewed focus of attracting foreign direct investment to Alberta. To complement the IAC's efforts, EDTT will lead aftercare and business retention and expansion efforts, focused on providing support to companies headquartered elsewhere that have already invested in Alberta.

In 2019-20, \$1.85 million in support was provided to AEC to attract venture capital to Alberta through AEC investments.

Outcome Two Performance Metrics

2019-23 Economic Development, Trade and Tourism Business Plan Performance Measure 2.a:

Cumulative value of Alberta Enterprise Corporation (and their syndicate partners) funds 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. AEC is a fund-of-funds that invests in venture capital funds and angel co-investment funds that subsequently invest into knowledge-based companies. As of March 31, 2020, AEC has invested in 19 venture capital funds, including two angel co-investment funds.

The Government of Alberta has invested a total of \$175 million in AEC. AEC funds and their syndicate partners have invested \$563 million in 50 Alberta technology companies as of March 31, 2020. Every \$1 invested by AEC has resulted in more than \$4 of investment into Alberta companies.

AEC has attracted and retained these venture capital funds as a direct result of the Government of Alberta's investment in AEC, thereby increasing access to capital for 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.

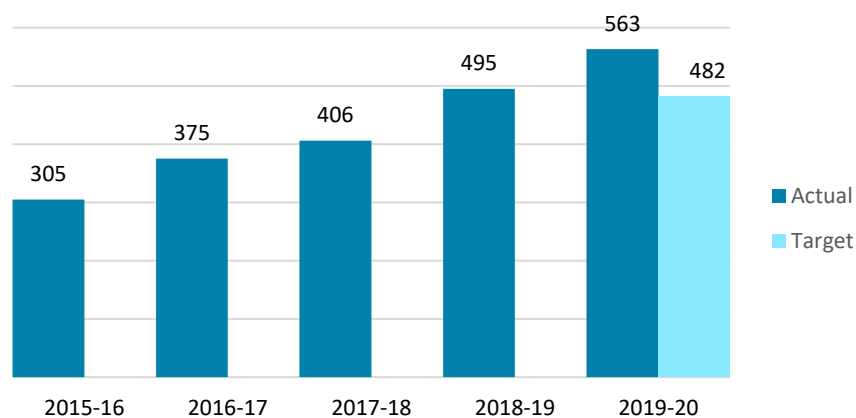
This investment has also led to more than 1,600 direct jobs and an estimated 7,600 indirect jobs in Alberta, a portfolio worth

\$1.12 for every \$1.00 invested and 34 profitable company exits by invested-in AEC venture capital firms (exits) to date, resulting in distributions of \$45 million to AEC.

The 2019-20 result of \$563 million investment cumulatively by AEC venture capital funds and their partners into Alberta companies significantly exceeds the target of \$482 million. Last year's forecast recognized the limited investable funds available to AEC, as they were almost fully committed. With potential maturity of its earliest investments, there was some probability that the overall amount of investment in Alberta companies could decrease in aggregate until there was recapitalization or more funds become available through exits and distributions.

Source: Alberta Enterprise Corporation

Cumulative Value of AEC (and their syndicate partners) funds invested in Alberta businesses
(\$ millions)



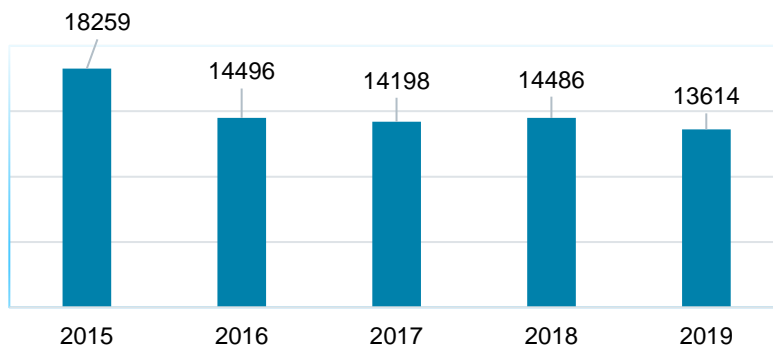
2019-23 Economic Development, Trade and Tourism Business Plan Performance Indicator 2.b:

Total non-residential investment in Alberta per capita (\$ dollars)

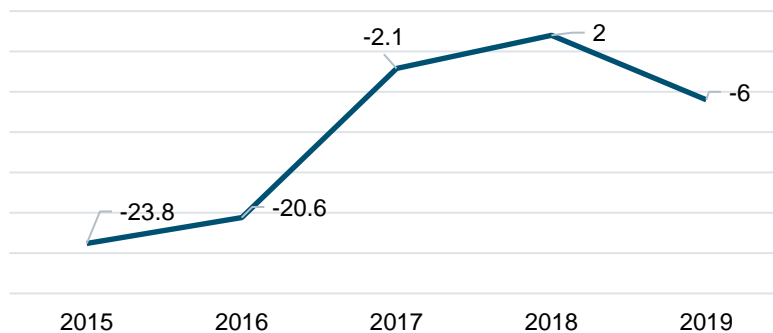
Capital investment is a sign of a growing, healthy economy. As companies expand, they purchase property, build facilities, and buy equipment. This contributes to Alberta’s GDP and improves Alberta’s long-term economic performance.

Alberta non-residential per-capita investment was \$13,614 in 2019, down six per cent from 2018. Falling capital expenditures in the oil and gas extraction sector was the largest driver of the decrease, while investment in utilities, manufacturing and business and consumer services increased. Despite the decline, Alberta remains the top ranked province for this measure.

Total non-residential investment in Alberta per capita (\$ dollars)



Total non-residential investment in Alberta per capita (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.

2019-23 Economic Development, Trade and Tourism Business Plan Performance Indicator 2.c:

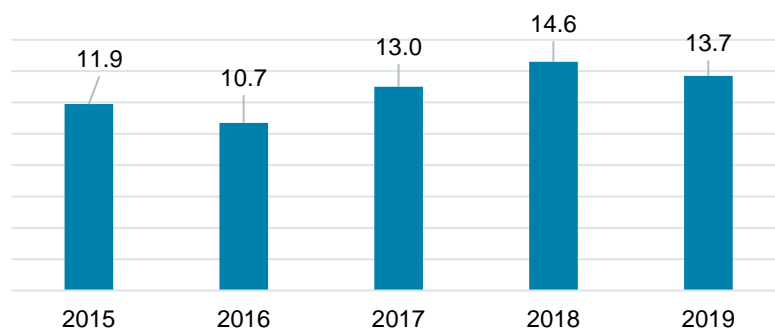
Total value of Alberta's exported products outside of the United States (\$ billions)

An increase in exports to markets outside of the U.S. is a key indicator of economic growth and diversification. Less reliance on U.S. markets lowers material risk to Alberta's economy. It measures domestic goods exports to global markets.

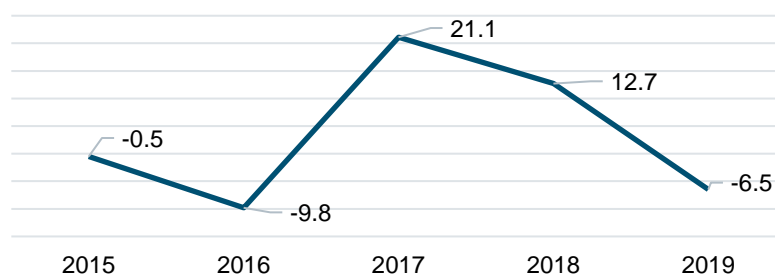
Alberta international goods exports, not including the United States, decreased 6.5 per cent from 2018 to 2019, while exports to all destinations decreased by 0.4 per cent from 2018.

Exports to Alberta's second largest export destination, China, fell 19.8 per cent from 2018-2019, while exports to Japan (third largest) and Mexico (fourth largest) fell 12.9 per cent and 11.4 per cent, respectively. Exports to other large trading partners increased, including to South Korea (5th largest, up 13.0 per cent), Bangladesh (6th largest, up 110.7 per cent) and Australia (7th largest, up 57.7 per cent), among others.

Total value of Alberta's exported products outside of the US (\$ billions)



Total value of Alberta's exported products outside of the US (per cent change year-over-year)



Source: Industry Canada; Statistics Canada. See Performance Measure and Indicator Methodology section for more information.

Note: Trade Data is updated by Statistics Canada on a monthly and annual basis, with revisions in March, April, May, August and November to previous years' data; this accounts for differences between numbers currently reported and those reported in previous business plans and annual reports. 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 that a smarter approach is taken to innovation that will modernize Alberta's economy and create new and better jobs for Albertans. Through a simplified and streamlined innovation approach, Economic Development, Trade and Tourism ensures that Alberta entrepreneurs, post-secondary institutions and businesses are better able to access innovation funding and other innovation supports. Under the Alberta Research and Innovation Framework, the ministry also provides clear direction to stakeholders to collectively build a stronger research and innovation system that delivers measurable results. Through its partnership with Alberta Innovates, and with the advice of the Alberta Research and Innovation Advisory Committee, the ministry supports and accelerates research, innovation and entrepreneurship to grow globally competitive enterprises in Alberta.

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 clear 'return on investment' criteria.

Economic Development, Trade and Tourism continued to work with Alberta Innovates to further clarify roles and streamline program delivery. This resulted in the transfer of some innovation programs from Economic Development, Trade and Tourism to Alberta Innovates. Continued analysis into year 2020 will inform options to further simplify government's approach to innovation investments, with a clear focus on return on investment. This work is anticipated to be complete by 2021.

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

There has been an interest in driving increased commercializing of technologies through investments at Alberta's post-secondary institutions (PSIs). Economic Development, Trade and Tourism's GreenSTEM pilot was created with the goal of increasing entrepreneurialism at the PSIs, leveraging the province's investments in research infrastructure and building successful clean technology companies in Alberta. The pilot aims to support high value entrepreneurs and start-ups in accessing other innovation system supports through the provision of initial seed and founder salary funding, mentorship and curated connections, and incenting technical graduates to pursue entrepreneurship in Alberta. Under the pilot, the ministry supported its 2019 cohort of eight companies in their first year of the two-year program with a funding allocation of \$2.3 million per year. The 2019-20 period resulted in the development of 24 prototypes, creation of 14 jobs, and \$6 million in other grant funding received, as well as additional private and debt financing.

Over its first year, the pilot has cemented partnerships and collaboration with the University of Calgary's Global Research Initiative in Sustainable Low Carbon Unconventional Resources, the Alberta Clean Technology Industry Alliance and the grassroots investment forum, Startup TNT, with a number of other collaborations emerging, including with the University of Alberta's Future Energy Systems and the Alberta Business School. GreenSTEM is currently in the process of holding its 2020 intake. The three participating post-secondary institutions, the Universities of Alberta, Calgary and Lethbridge, received approximately 50 applications for the program.

In December 2019, Alberta established an Innovation Capital Working Group to develop options on how to attract new investment in the province's early-stage technology companies. The working

group included representatives from key areas of Alberta's technology, business, academic and financial communities. These experts provided government with advice on how to enhance the attraction of investment capital to Alberta's start-up and early stage technology sectors and support Alberta's technology and innovation ecosystems. The final report of the working group was submitted in April 2020 and its advice is being considered in the context of the province's economic recovery response to the COVID-19 crisis and approach to technology and innovation.

3.3 Work with the Ministry of Advanced Education to measure Alberta's innovation performance against leading global research and government networks in key innovation hubs like California, Texas, Israel, London and Hong Kong.

A preliminary jurisdictional analysis comparing Alberta to key innovation hubs, including possible enhancement opportunities for Alberta's innovation system, was completed. The ministry sought validation of its findings from partners such as the Alberta Research and Innovation Advisory Committee, Alberta Innovates, industry and municipal groups, as well as post-secondary institutions. A report is currently under government review, and will inform a broader technology and innovation approach in the fall of 2020 that will help streamline and enhance Alberta's innovation system

In September 2019, Alberta signed a Memorandum of Understanding with the United Kingdom through the British Consulate in Calgary, to explore opportunities that stimulate innovation and commercialization in new and emerging technologies. The agreement focuses on science, technology and innovation in these key sectors: artificial intelligence, health and life sciences, agri-tech and agri-food technologies, clean growth and smart cities. The agreement also includes participation on a joint innovation forum that will meet twice per year to share updates and priorities with a view to converting advanced research into commercial applications leading to investment attraction, job creation and economic growth. The Alberta-United Kingdom Memorandum of Understanding will be in place until September 2022.

To date, the agreement has resulted in collaboration between the United Kingdom and Alberta in the areas of carbon capture, utilization and storage, and hydrogen. It also presents significant opportunity for Alberta to learn from and apply research and technology best practices from a global innovation hub.

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 comprehensive internal review of the barriers to intellectual property commercialization in Alberta, and of national and international best practices was conducted. The ministry sought to validate its findings from partners such as the Alberta Research and Innovation Advisory Committee, Alberta Innovates, industry and municipal groups, as well as post-secondary institutions. A report is currently under government review. This work will also inform the broader technology and innovation approach and will be considered as part of the Ministry of Advanced Education's post-secondary institution system review work.

Outcome Three Initiatives Supporting Key Objectives

Alberta Innovates

Over \$200 million was invested in the 2019-20 fiscal year in initiatives to provide streamlined research, innovation and commercialization investments and programming through Alberta Innovates, the ministry and post-secondary institutions. This work developed and advanced talent, grew emerging sectors, leveraged federal and industry funding, and attracted investment.

Alberta Innovates Quick Facts:

- Over the last five years, Alberta Innovates provided support of \$59.3 million in 962 technology commercialization projects, resulting in 2,389 net new jobs (87 per cent full time). Every \$1 of Alberta Innovates funding enabled (on average) \$7.37 of revenue generation by companies. Every \$1 of Alberta Innovates funding enabled (on average) \$23.50 of follow on investment, and 70 per cent of revenues, and 76 per cent of the jobs generated were outside the energy sector, showing results in diversification efforts.

Research Capacity Program (RCP)

The RCP is an ongoing competitive funding program that helps Alberta's post-secondary institutions attract and retain talent, build innovative capacity with world-class infrastructure, and attract investments. The RCP uses a cost-shared funding approach to provide up to 40 per cent of the total eligible project costs for successful proposals, enabling projects to leverage support from the Canada Foundation for Innovation (CFI) and other sources.

In 2019-20, the RCP funded \$7.6 million in research infrastructure funding for 43 projects at Alberta's post-secondary institutions. Economic Development, Trade and Tourism's funding, which will leverage up to \$17 million from other sources, including the CFI, institutions, industry, and non-profit organizations. The competition supported projects in alignment with the Alberta Research and Innovation Framework (ARIF), advancing government's priorities to optimize innovation in key areas such as clean resource and water management, artificial intelligence, and health innovation.

Research Capacity Program – In the News:

- As featured on Global News on December 4, 2019, Dr. Vivian Mushahwar, a biomedical engineering researcher from the University of Alberta, leads a team that has developed micro-implants that may one day restore standing and walking in patients with damaged spinal cords.
- RCP's \$3 million investment in 2013, which leveraged \$4.6 million from federal and other provincial funding partners, was pivotal in providing key infrastructure for Dr. Mushahwar's team to develop the novel technology. The implant works by placing tiny wires into the spinal cord and using electrical signals to stimulate the neural networks.
- News of the research is bringing hope to more than 85,000 Canadians currently living with spinal cord injuries, and Dr. Mushahwar is looking forward to fine-tuning her technology before pursuing human clinical trials in the near future.

Major Innovation Fund (MIF)

Economic Development, Trade and Tourism's MIF continued to demonstrate results for Alberta. In 2019, the University of Alberta held the first Autonomous System MIF symposium that attracted over 100 participants from across Canada to build partnerships in automation and machine learning innovations. In addition, in 2020 the University of Calgary-led Antimicrobial Resistance One Health MIF project has contributed to research associated with stopping the replication mechanism of the virus that causes COVID-19.

These projects secure and strengthen Alberta's competitive position in research and technology development, while attracting talent and additional investment by highlighting unique-to-Alberta initiatives.

Outcome Three Performance Metrics

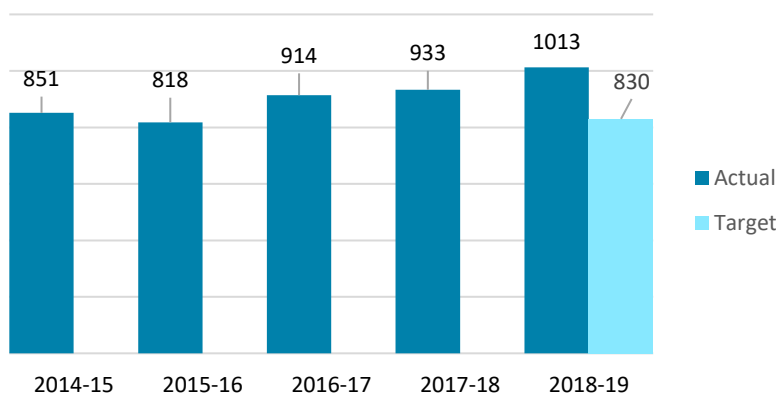
2019-20 Economic Development, Trade and Tourism Business Plan Performance Measure 3.a:

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

Sponsored research revenue (SRR) is funding received outside of the university base operating grant and includes research grants, contracts, and donations. Sponsored research revenue data describes funding from provincial and federal governments, industry, non-profit organizations, endowments, municipal and international jurisdictions. Success in acquiring and increasing SRR is accomplished through highly competitive, excellence-driven research activities. The ability of universities to attract research funding is a measure of the quality of their 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 economic competitiveness.

Total sponsored research revenue over the past 10 years shows an upward trend, with an average yearly increase of 2.7 per cent over that time.

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



- Total sponsored research revenue for the 2018-19 fiscal year was \$1,013 million, an approximate 8.6 per cent increase from 2017-18.
- The increase in total sponsored research revenue in 2018-19 was primarily related to increased research revenue from industry, endowment and other government sources.
- A number of internal and external factors influence results for this measure, such as the provincial investment climate, which influences returns on endowments and subsequent budget allocations. Additionally, the availability of federal research funding also affects the total SRR.

Source: Comprehensive Academic Research Universities, collected by Ministry of Economic Development, Trade and Tourism. See Performance Measure and Indicator Methodology section for more information.

Note: Sponsored research revenue is generated annually based on information received from Alberta's Comprehensive Academic and Research Universities from previous year activities. The last actual data available is from the 2018-19 fiscal year.

2019-20 Economic Development, Trade and Tourism Business Plan Performance Measure 3.b:

Net Small- and Medium-Sized Enterprises (SME) revenue growth for every \$1 of Alberta Innovates funding (\$ dollars)

Alberta Innovates (AI) invested \$59.3 million dollars in 631 small and medium sized enterprises (SMEs) through 962 projects completed between 2015 and 2019 calendar years. Although the sample only grew marginally in number from 629 in 2018 to 631 in 2019, nearly 30% of SMEs in the 2019 sample are new additions. This shift in sample composition is a result of the removal of awardees who completed their 5-year reporting window and the addition of new eligible SMEs.

2017 and 2018 samples exclusively showcased the results of the SMEs funded by AI's Entrepreneurial Investments (EI) Business Line. However, in addition to EI-funded SMEs, the 2019 sample includes SMEs funded by AI's other Business Lines, namely Clean Resources, Health and Post-Secondary, to provide a more holistic overview of AI's overall investments in SMEs.

EI continued to be the major funder of SMEs within AI, constituting 95% of the 2019 sample with the remaining being exclusively funded by other Business Lines. Of the EI funded clients, 5% were also funded by programs within one or more of the other Business Lines.

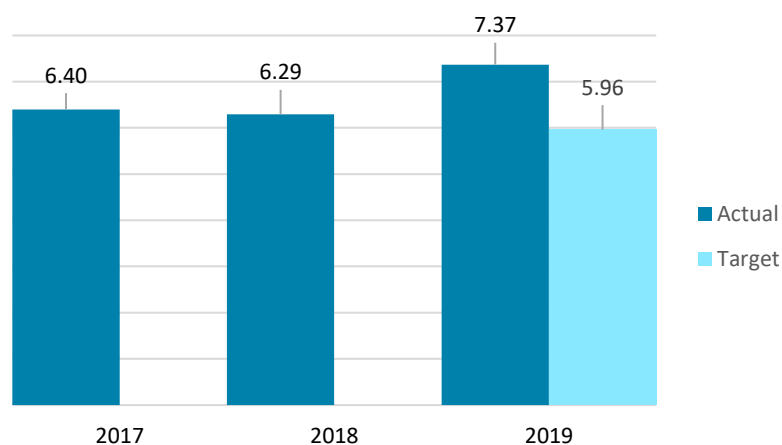
The potential for revenue generation and growth is used as a measure to assess the impact of AI-funded SMEs on the economy. In order to understand the metric from the perspective of return on investment, revenue growth is measured with respect to the AI dollars invested.

AI-funded SMEs collectively generated \$7.37 in increased revenue for every dollar invested by AI. Growth is measured as the difference in revenue between the year prior to AI direct funding (or 2010, which ever is later) and 2019.

Although the total revenue generated by the portfolio of SMEs increased by 25% year-over-year, the revenue generated per AI dollar invested only increased by 15% due to increased AI investment (denominator). While a portion of the year-over-year increase in the metric is due to the addition of new SMEs to the sample, the primary reason for growth was the improved revenue performance of existing SMEs in 2019 in comparison to the previous year.

Source: Alberta Innovates

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



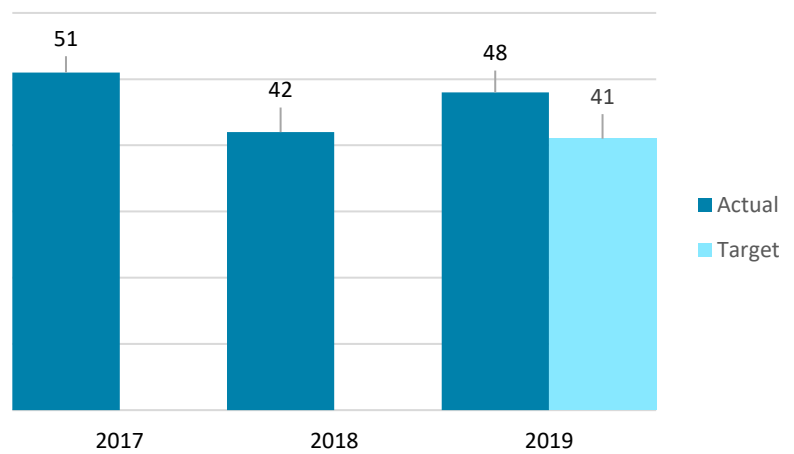
2019-20 Economic Development, Trade and Tourism Business Plan Performance Measure 3.c:

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

In addition to providing direct funding support, AI mentors and supports SMEs to expand their revenue base outside of provincial and national borders to encourage scale-up and access to new markets.

In 2019, about 48% of AI-funded post-revenue SMEs exported outside of Canada. Over 80% of the SMEs that exported in 2019-20 were existing clients with the remaining being new additions to the sample.

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



Source: Alberta Innovates

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

The ministry delivers strategic programs and services intended to grow tourism spending in Alberta to \$20 billion by 2030. Economic Development, Trade and Tourism, including Travel Alberta, works closely with internal and external stakeholders and partners to grow the industry by diversifying Alberta's tourism destinations, product offerings and seasonal visitation. A vibrant tourism industry supports trade, investment, immigration and international student recruitment to Alberta. While tourism was performing strongly through the first three quarters of 2019-20, the impacts of COVID-19 were immediate and felt throughout the industry. Alberta's tourism industry has seen deep and immediate impacts due to travel restrictions, event cancellations, and closures of parks and facilities arising from COVID-19 risk mitigation measures. The government has provided supports to the tourism industry throughout the crisis.

Key Objectives

- 4.1 Build capacity of communities, industry and government stakeholders to support and grow tourism. This will include launching a Tourism Partnership Incentive Fund to attract and support private sector support for tourism, as well as working with the federal government and airport authorities in Calgary and Edmonton to secure additional flights to Alberta from tourist source countries.**

Tourism Partnership Incentive Fund (TPIF)

Renamed the Tourism Partnership Investment Fund (TPIF), the department and Travel Alberta undertook analysis and discussion on the development of the TPIF. Final decisions on how the TPIF will be constructed will be made following the release of the Tourism Strategy, which was delayed due to COVID-19, and is anticipated in the fall of 2020.

In conjunction with development of the 10-Year Tourism Strategy, Travel Alberta will undertake a review of current grant programs and develop options for the new grant fund, which should focus on marketing and promotions. Implementation of the new grant fund is targeted for 2021.

Tourism projects were identified as a priority area under the Community and Regional Economic Support (CARES) program winter 2019 intake with 16 tourism-focused applications approved for funding.

Air Travel

The COVID-19 pandemic severely disrupted international air travel in early 2020. In the coming year, Economic Development, Trade and Tourism will work with partners to develop approaches focused on rebuilding sustainable passenger demand and flight service as part of a broader aviation, aerospace and logistics strategy. A strategy which will be aided by the Strategic Aviation Advisory Council, the partial mandate of which (as defined by the Strategic Aviation Advisory Council Act) is to make recommendations in respect to strategic planning, prioritization, securement and retention of intra-provincial, regional, national and international air services in support of economic growth, tourism development and sectoral diversification.

Tourism Entrepreneurship Startup Seminar

Economic Development, Trade and Tourism continued to help up-and-coming tourism operators get a strong start in the industry. The Tourism Entrepreneurship Startup Seminar was a free

workshop for entrepreneurs who want to build a tourism business or are new to the industry and want to strengthen their skills.

The seminars cover topics such as seasonal demand, financing and marketing. The workshops also give participants an opportunity to build networks and meet business specialists. Seven seminars took place in September and October in the following locations:

- Athabasca
- Lethbridge
- St. Paul
- Edmonton
- Grande Prairie
- Sylvan Lake
- Calgary
- High River
- Canmore
- Red Deer

Tourism Entrepreneurship Startup Seminars have taken place in 26 communities since the program started in 2018. More than 450 new and existing entrepreneurs have participated in the seminars. In addition, there were six different sessions completed in association with Indigenous Tourism Alberta that focused on providing support to Indigenous tourism entrepreneurs.

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

The ministry presented to the Red Tape Reduction Tourism and Hospitality Panel on August 6, 2019 and is working to identify and prioritize areas of opportunity within government.

This key objective requires cross-ministry collaboration. In March 2020, Treasury Board and Finance brought forward the Fiscal Measures and Taxation Act, 2020, which, when proclaimed, will apply the Tourism Levy to short-term rentals offered through online marketplaces.

In June 2019, the Government of Alberta announced the new Tourism and Commercial Recreation Lease program, which allows eligible tourism operators to apply for a lease on public land for up to 60 years, making it easier to secure financing to develop new and enhanced tourism products and experiences.

4.3 Grow new, expanded and refreshed tourism products to support destination and seasonal diversification.

Economic Development, Trade and Tourism continued to work with entrepreneurs, businesses, tourism operators, and investors on their potential new and expanded tourism products and experiences. This included working with:

- Twenty businesses/investors that were interested in new opportunities on crown lands including support for lease application and business plan reviews;
- Six existing tourism operators with leases that required assistance with lease amendments, renewals or interest in new developments on other crown land sites, including review of existing leases and compliance issues, discussions with Alberta Environment and Parks and support for extensive application processes; and
- Sixteen leads/prospects for investment in Alberta's tourism sector.

The Open Farm Days program completed its sixth season of inviting urban Albertans to travel throughout the province and visit ag-tourism experiences. Farm participation increased by 28 per cent, visits to farms increased by 81 per cent to over 42,500, and on-farm sales increased by 39 per cent to over \$260,000.

The ministry continued to support Indigenous tourism through close collaboration with the Indigenous Tourism Association of Canada and Indigenous Tourism Alberta through the development and piloting of resource programs for Indigenous tourism entrepreneurs and communities. The ministry also worked very closely with Métis Crossing in their development of the Métis Crossing Cultural Gathering Centre and with Blackfoot Crossing Historical Park in their preparation and securing of the repatriation of artifacts.

In 2019-20, ministry staff conducted in-person and online training for 253 front-line visitor services staff from over 56 community visitor information centres (VICs) and 11 provincially operated VICs. Provincial Visitor Information Centres engaged with 183,573 visitors, providing trip planning advice and travel information services.

Economic Development, Trade and Tourism officials continued to work with Environment and Parks on positioning tourism development on public lands and in Alberta Parks, including identifying suitable land-bases. Through interdepartmental meetings and collaborative projects, impediments to developing tourism on public land were identified. Work to extend tourism lease terms to 60 years on public lands was successfully implemented in the fall of 2019. Work to address additional impediments will be undertaken in 2020-21.

Economic Development, Trade and Tourism also played a prominently role in the Land-Use Framework process, working with Environment and Parks and other cross-ministry partners in identifying tourism opportunities and defending tourism priorities on public land.

4.4 Deliver targeted strategic marketing to grow tourism revenues.

Travel Alberta increased incremental revenue from high potential markets and segments by delivering targeted national and international promotional and trade initiatives throughout 2019-20. By partnering with online tour operators such as Expedia, and developing compelling promotional campaigns, Travel Alberta delivered 2.5 million leads to Alberta businesses, an increase of 10 per cent over 2018-19. In addition, working with businesses throughout the province, Travel Alberta created 87 new tourism experiences for visitors to enjoy. Continued collaboration among tourism businesses and with the Ministry of Economic Development, Trade and Tourism, Destination Canada, and other government organizations will allow Travel Alberta to continue to grow tourism revenues in the province. Revenue numbers for the 2019-20 year are anticipated to be released in July 2021.

Alberta Tourism: Quick Facts

Alberta's growing tourism industry is a cornerstone of our economy. In 2017, 36.9 million visitors spent about \$8.9 billion in Alberta to generate more than a billion dollars in revenue for our province.

The sector helps support nearly 72,500 full-time equivalent jobs in Alberta, and generates \$1.2 billion in taxes on products and services to all levels of government, including \$387 million to the provincial government.

**The Government of Alberta collaborated with Statistics Canada to develop a new tourism visitor spending economic impact model for Alberta, which generates data based on visitors' tourism spending in the province. The key indicators and assumptions from the new model differ from previous models.*

For this reason, GDP, jobs and tax revenue data for tourism in Alberta from 2017 onwards cannot be directly compared to figures reported for 2015 and prior.

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 with tourism stakeholders to develop a 10-Year Tourism Strategy, recognizing the role that the private sector can play in assisting government in promoting Alberta.

Economic Development, Trade and Tourism is leading the development of a 10-Year Tourism Strategy using a coordinated government approach towards growing the industry. It is being developed in partnership with Travel Alberta to diversify and grow Alberta's tourism industry and its product offerings, expand visitor destinations, and boost year-round visits across the province.

The ministry held targeted stakeholder sessions on the development of the strategy in Edmonton and Calgary between January 13 and 17, 2020, and an engagement session with Travel Alberta board members on January 23, 2020. Information from these sessions was supplemented by an online survey of stakeholders conducted by Travel Alberta.

With the onset of COVID-19, the 10-Year Tourism Strategy was deferred in order to ensure that the strategy reflects the new reality of tourism across the province. Work will be ongoing throughout the year to refine the draft strategy to reflect government's response to the impact of COVID-19 on tourism and to position the strategy to support the medium- to long-term recovery and rebuild of the tourism industry.

Outcome Four Initiatives Supporting Key Objectives

In 2019-20, Economic Development, Trade and Tourism provided \$41.4 million to Travel Alberta, the Alberta government's tourism marketing agency. Travel Alberta is the steward for the Alberta tourism brand and manages national and international tourism marketing programs, services and activities. Travel Alberta also provides the Alberta tourism industry with the marketing tools, resources and information necessary to effectively market their businesses, leverage strategic marketing partnerships and drive a return on their marketing investment.

A total of \$350,000 was allocated over the 2019-20 to 2020-21 fiscal years, to support work with Indigenous Tourism Alberta, communities and entrepreneurs to grow authentic Indigenous cultural experiences and attractions. This investment supported the start-up operations of Indigenous Tourism Alberta (ITA). ITA is now established, with multiple staff and offices in both Calgary and Edmonton and is the point of contact and support for Indigenous tourism operators. In 2019, ITA hosted the inaugural Alberta Indigenous Tourism Summit. The 2020 Summit was set to take place in March but was postponed due to COVID-19.

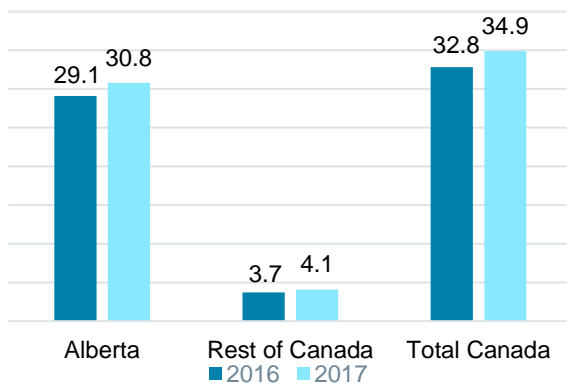
Outcome Four Performance Metrics

2019-23 Economic Development, Trade and Tourism Business Plan Performance Indicator 4.a:

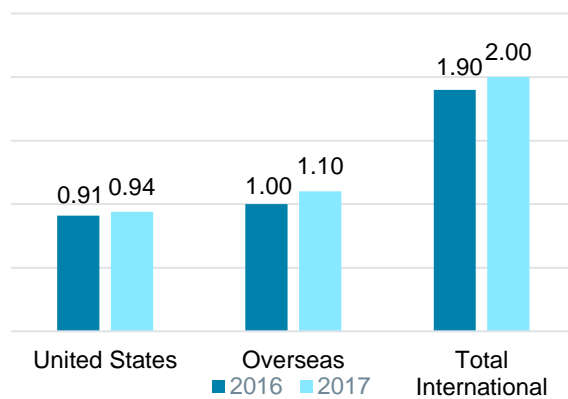
Annual volume of all tourism-related visitations (millions of person visits)

Alberta's tourism sector performed well in 2017, the most recent year for which data is available. Total visitation increased from 2016 levels. Person-visits to the province totaled 36.9 million (rounded), an increase of 6.1 per cent from 2016.

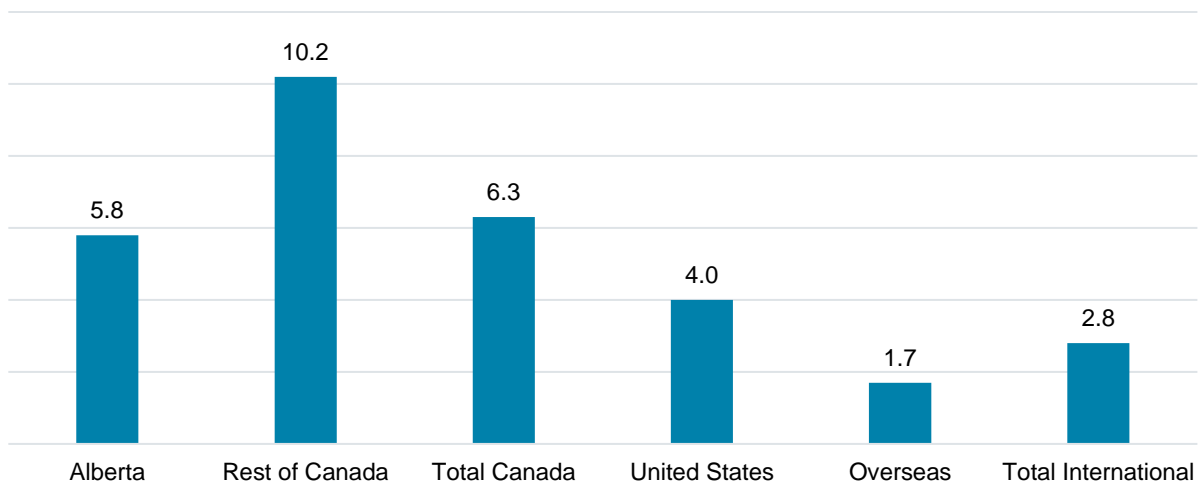
Annual volume of all tourism-related visitations (millions of person visits)



Annual volume of all tourism-related visitations (millions of person visits)



Annual volume of all tourism-related visitations (per cent change, 2016-2017)



Source: Statistics Canada: Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), September 2019.

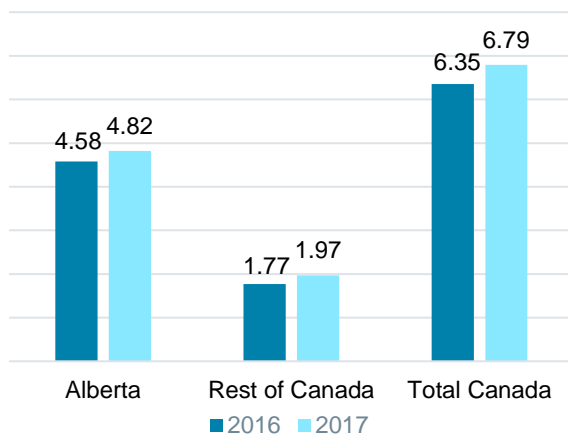
Note: Most recent data available. As there was a break in the data series in 2015, only the two most recent years with data are presented.

2019-23 Economic Development, Trade and Tourism Business Plan Performance Indicator 4.b:

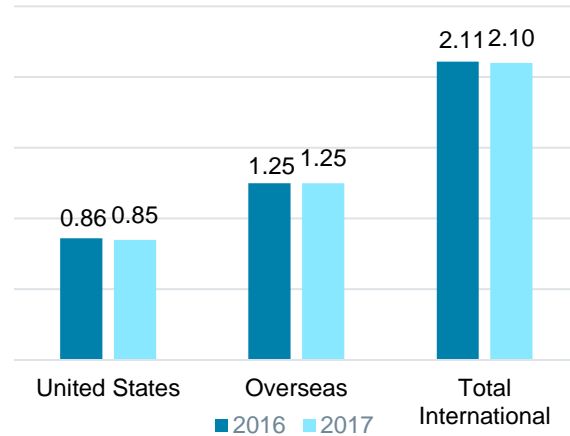
Tourism-related expenditures in Alberta by visitors (\$ billions)

In 2017, the most recent year for which data is available, total tourism expenditure increased from 2016 levels and total tourism expenditure reached its highest level ever recorded (\$8.9 billion, rounded), an increase of five per cent over 2016.

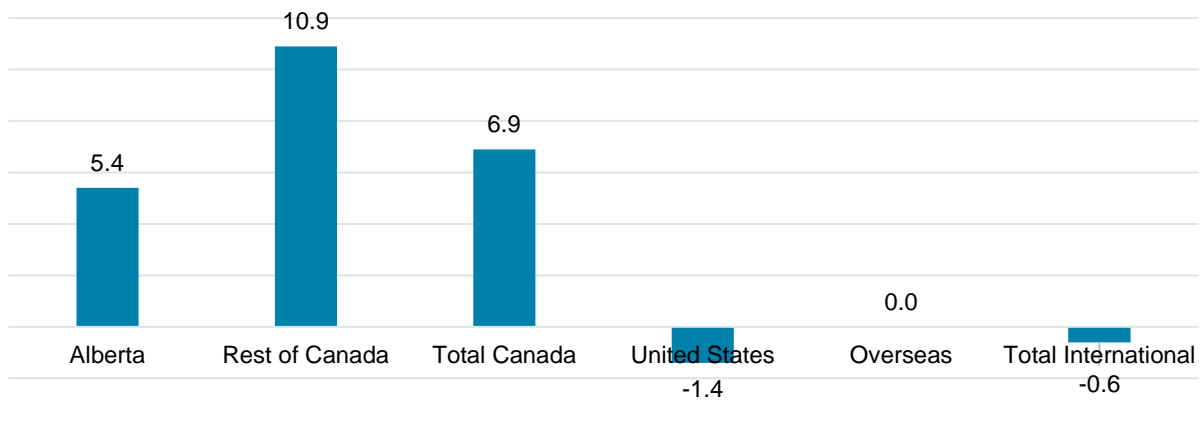
Tourism-related expenditures in Alberta by visitors (\$ billions)



Tourism-related expenditures in Alberta by visitors (\$ billions)



Tourism-related expenditures in Alberta by visitors (per cent change, 2016-2017)



Source: Statistics Canada: Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), September 2019.

Note: Most recent data available. As there was a break in the data series in 2015, only the two most recent years with data are presented.

Performance Measure and Indicator Methodology

No single measure or indicator can fully represent an outcome in the ministry annual report. The suite of performance measures and indicators reported in the report provide a better picture of our 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				2019 Actual
2015	2016	2017	2018	
1,516.6	1,470.6	1,469.2	1,488.8	1,530.9

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.

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

**Performance Indicator 1.b:
Self-employed individuals: thousands**

Prior Years' Results				2019 Actual
2015	2016	2017	2018	
375.0	372.6	382.3	401.3	362.6

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.

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

**Performance Measure 2.a:
Cumulative value of AEC (and their syndicate partners) funds invested in Alberta businesses
(\$ millions)**

Prior Years' Results				2019-20 Target	2019-20 Actual
2015-16	2016-17	2017-18	2018-19		
305.0	375.9	406.8	494.6	482.0	563.0

This measure is reported to the Government of Alberta by AEC as required by the legislation (*Alberta Enterprise Corporation Act*, S. 14 Disclosure of Information), and the Transfer Agreement (S. 16 Reporting Requirements). The last actual number is collected from the AEC Annual Report 2019-20, published in July 2020

Source: Alberta Enterprise Corporation

**Performance Indicator 2.b:
Total non-residential investment in Alberta per capita (\$ dollars)**

Prior Years' Results				2019 Actual
2015	2016	2017	2018	
18,259	14,496	14,198	14,486	13,614

Data for this indicator comes from a survey administered by Statistics Canada 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 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. This is a sample survey with a cross-sectional design. Responding to this survey is mandatory. Data is collected directly from survey respondents, extracted from administrative files and derived from other Statistics Canada surveys and/or other sources.

After the questionnaires have been completed and returned, the process of quality assurance continues through data editing. Data are screened at the micro level for internal, survey-over-survey, and year-over-year inconsistencies.

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

**Performance Indicator 2.c:
Total value of Alberta's exported products outside of the United States (\$ billions)**

Prior Years' Results				2019 Actual
2015	2016	2017	2018	
11.9	10.7	13.0	14.6	13.7

Data for this indicator 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: Industry Canada's Trade Data Online tool, which aggregates trade data from Statistics Canada and simplifies the data extraction process. Trade data is aggregated from the Canadian International Merchandise Trade (Customs Basis) survey (<http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2201>).

**Performance Measure 3.a:
Sponsored research revenue attracted by Alberta’s Comprehensive Academic and Research Universities (\$ millions)**

Prior Years’ Results				2018-19 Target	2018-19 Actual
2014-15	2015-16	2016-17	2017-18		
851	818	914	933	830	1,013

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, which outline the information required, and specific instructions regarding how the revenue should be reported. The guidelines provided to the CARUs by Economic Development, Trade and Tourism 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 Economic Development, Trade and Tourism in the Research Funding at Alberta’s Comprehensive Academic and Research Universities report.

Source: Comprehensive Academic Research Universities, collected by Economic Development, Trade and Tourism

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

Prior Years’ Results		2019 Target	2019 Actual
2017	2018		
6.40	6.29	5.96	7.37

Results and target are for investment programs delivered by Alberta Innovates based on a five-year rolling window. 2017 and 2018 samples exclusively showcased the results of the SMEs funded by AI’s Entrepreneurial Investments (EI) Business Line. In addition to EI-funded SMEs, the 2019 sample includes SMEs funded by AI’s other Business Lines, namely Clean Resources, Health and Post-Secondary, to provide a more holistic overview of AI’s overall investments in SMEs.

Source: Alberta Innovates

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

Prior Years' Results		2019 Target	2019 Actual
2017	2018		
51	42	41	48

Results and target are for investment programs delivered by Alberta Innovates based on a five-year rolling window. 2017 and 2018 samples exclusively showcased the results of the SMEs funded by AI's Entrepreneurial Investments (EI) Business Line. In addition to EI-funded SMEs, the 2019 sample includes SMEs funded by AI's other Business Lines, namely Clean Resources, Health and Post-Secondary, to provide a more holistic overview of AI's overall investments in SMEs.

Source: Alberta Innovates

**Performance Indicator 4.a:
Annual volume of all tourism visitations (millions of person visits)**

Prior Year's Result	2017 Actual
2016	
34.8	36.9

The International Travel Survey (ITS) provides data related to visitation and spending for U.S. and overseas travelers to Alberta, while the Travel Survey of Residents of Canada (TSRC) provides data on the domestic market; that is, residents of Canada, including Albertans, travelling in Alberta.

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 TSRC and the Canadian resident component of the ITS, both of which ended in 2017.

Source: Statistics Canada: Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), August 2020.

Note: Most recent data available. As there was a break in the data series in 2015, only the two most recent years with data are presented.

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

Prior Year's Result	2017 Actual
2016	
8.46	8.86

The ITS provides data related to visitation and spending for U.S. and overseas travelers to Alberta, while the TSRC provides data on the domestic market; that is, residents of Canada, including Albertans, travelling in Alberta.

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 TSRC and the Canadian resident component of the ITS, both of which ended in 2017.

Source: Statistics Canada: Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), August 2020.

Note: Most recent data available. As there was a break in the data series in 2015, only the two most recent years with data are presented

Financial Information

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Ministry Financial Highlights

Statement of Revenues and Expenses (unaudited)

Year ended March 31, 2020

	2020		2019	Change from	
	Budget	Actual	Actual	Budget	2019 Actual
<i>(in thousands)</i>					
Revenues					
Government transfers					
Government of Alberta grants	\$ 93,730	\$ 93,667	\$ 119,134	\$ (63)	\$ (25,467)
Federal and other government grants	4,000	5,906	5,244	1,906	662
Investment income	6,350	4,462	793	(1,888)	3,669
Premiums, fees and licenses	390	291	295	(99)	(4)
Other revenue	45,737	53,105	55,918	7,368	(2,813)
Ministry total	150,207	157,431	181,384	7,224	(23,953)
Inter-ministry consolidation adjustments	(99,859)	(95,584)	(121,316)	4,275	25,732
Adjusted ministry total	50,348	61,847	60,068	11,499	1,779
Expenses - directly incurred					
Programs					
Ministry Support Services	10,428	9,353	11,720	(1,075)	(2,367)
Economic Development	18,839	16,242	22,015	(2,597)	(5,773)
Trade and Investment Attraction	22,399	21,224	25,905	(1,175)	(4,681)
Science and Innovation	42,771	41,217	57,832	(1,554)	(16,615)
Jobs, Investment and Diversification	25,864	17,011	24,688	(8,853)	(7,677)
Tourism	53,846	48,820	56,673	(5,026)	(7,853)
Alberta Enterprise Corporation	1,850	1,723	1,847	(127)	(124)
Climate Change	-	415	2,866	415	(2,451)
Alberta Innovates Corporation	202,425	228,360	278,135	25,935	(49,775)
Ministry total	378,422	384,365	481,681	5,943	(97,316)
Inter-ministry consolidation adjustments	(83,587)	(91,287)	(125,201)	(7,700)	33,914
Adjusted ministry total	294,835	293,078	356,480	(1,757)	(63,402)
Annual deficit	\$(244,487)	\$(231,231)	\$(296,412)	\$ 13,256	\$ 65,181

Revenue and Expense Highlights

Revenues

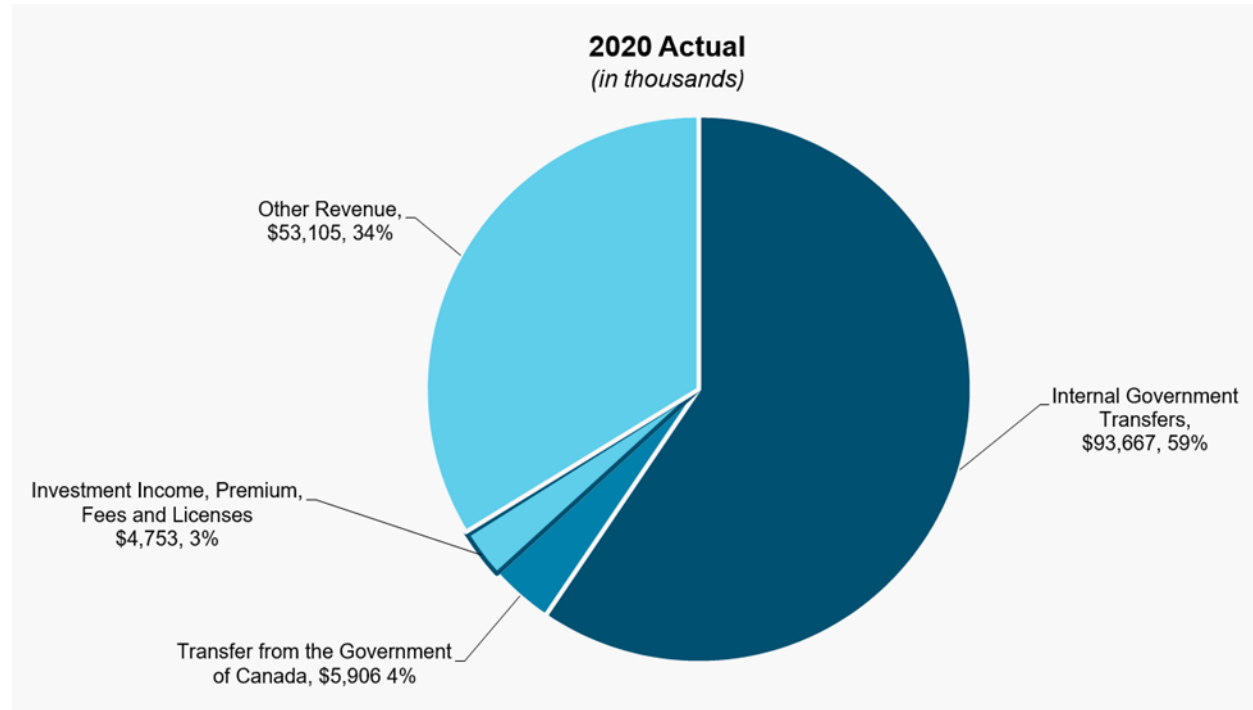
- Ministry total revenues were \$7.2 million higher than budgeted due to increased external revenue generated by Alberta Innovates. Other revenue mostly represents revenue generated by Alberta Innovates and its subsidiaries working with industry partners.
- Revenues totaled \$157.4 million in 2019-20, a decrease of \$23.9 million from 2018-19.
- Government of Alberta grants totaled \$93.7 million. This amount includes \$36.5 million from Alberta Heritage Science and Engineering Research Endowment Fund and \$48.0 million from Alberta Heritage Foundation for Medical Research Endowment Fund, which was provided to Alberta Innovates to fund program initiatives. The remaining \$9.2 million is revenues received from other ministries.
- Federal and other government grant transfers totaled \$5.9 million received by Alberta Innovates. This is an increase of \$0.7 million from 2018-19 primarily due to funding for the Strategy for Patient Oriented Research program.
- Investment income totaled \$4.5 million. This is an increase of \$3.7 million from 2018-19 primarily due to gains and losses recognized by Alberta Enterprise Corporation (AEC).
- Other Revenue totaled \$53.1 million. This is \$7.4 million higher than budget primarily due to increased external revenue and industry funding generated by Alberta Innovates. Actual results decreased by \$2.8 million from 2018-19 primarily due to reduced external revenue and industry funding generated by Alberta Innovates.

Expenses

- Expenses totaled \$384.4 million and were \$5.9 million higher than the budget. The main reasons for the variance are \$25.9 million deficit in Alberta Innovates, mainly due to capital project initiatives relating to expenses under the Climate Change Innovation and Technology Framework (CCITF) and grant payments to various programs. This is offset by:
 - \$8.9 million surplus in Jobs, Investment and Diversification relating to reduced applications for Interactive Digital Media Tax Program;
 - \$5.0 million surplus in Tourism due to reductions in grant payments for various Destination Development grants and reductions in marketing expenses resulting from COVID-19 business interruption;
 - \$3.8 million surplus in Ministry Support Services, Trade, Investment and Attraction and Science and Innovation due to vacancies, reduced service contracts and grants; and
 - \$2.6 million surplus in Economic Development due to vacancies and reduced Community and Regional Economic Support (CARES) grants.
- 2019-20 expenses were \$97.3 million lower than in prior year. This is primarily due to an \$83.0 million decrease in grant payments to post secondary institutions and external non-profit organizations from several areas within the department of EDTT, including the Community and Regional Economic Support program and the Alberta Export Expansion Program. The remaining \$14.3 million decrease is due to a reduction in tax credits issued by the department, reduction in marketing projects in Travel Alberta, COVID-19 related business interruptions and reduction in programs in Alberta Innovates.

Breakdown of Revenues (unaudited)

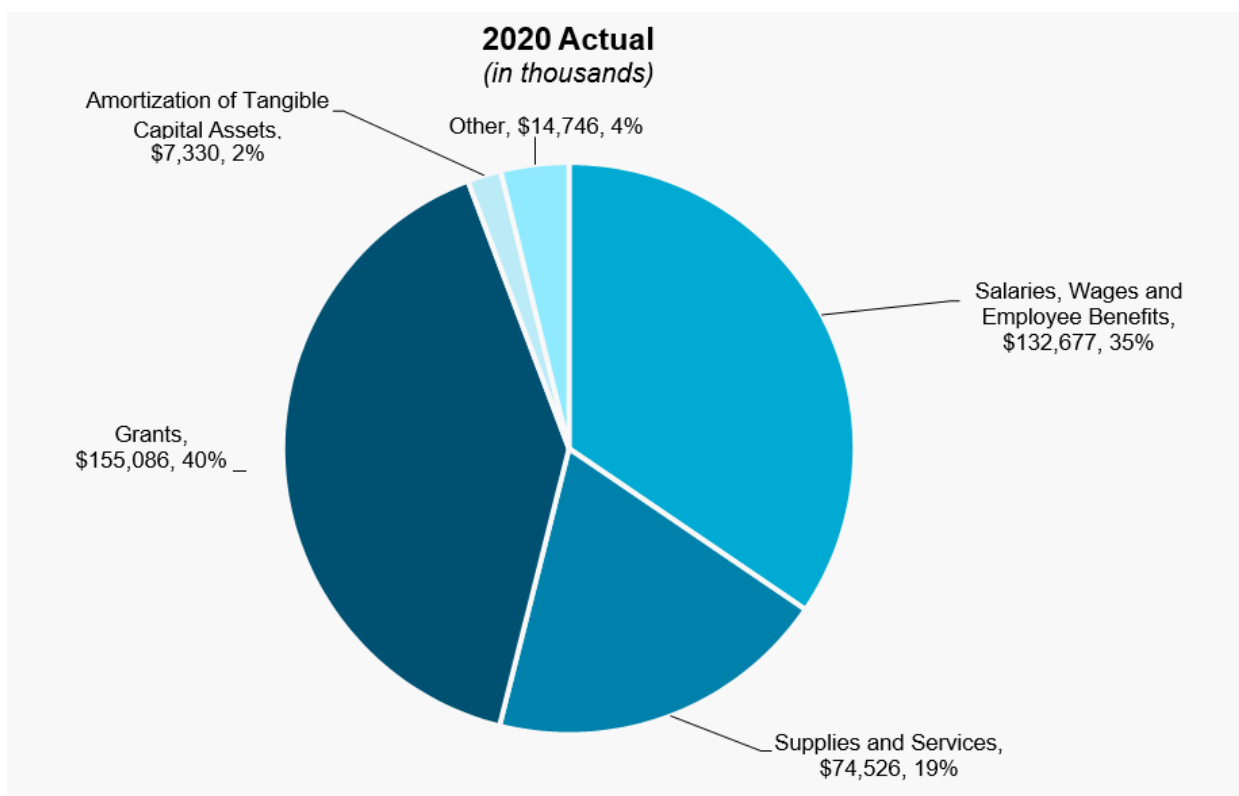
- The following information represents detailed revenues of the ministry. The objective of detailed revenues disclosure is to provide information that is useful in understanding and assessing the financial impact of the ministry's revenue.



- Revenues totaled \$157.4 million, a decrease of \$23.9 million from prior year.
- In 2019-20, Internal Government Transfers totaled \$93.7 million. Actual results consist of transfers from the Alberta Heritage Science and Engineering Research Endowment Fund amounting to \$36.5 million, from the Alberta Heritage Foundation for Medical Research Endowment Fund amounting to \$48.0 million and from other ministries amounting to \$9.2 million.
- Federal and other government grant transfers totaled \$5.9 million. This is \$1.9 million higher than budget due to more federal grants received by Alberta Innovates. There was an increase of \$0.6 million from 2018-19 primarily due to funding for the Strategy for Patient Oriented Research program.
- Investment income in the ministry's funds and agencies amounted to \$4.5 million. This is \$1.9 million lower than budget primarily due to gains and losses recognized by AEC.
- Other Revenue totaled \$53.1 million. This is \$7.4 million higher than budget primarily due to increased external revenue and industry funding generated by Alberta Innovates. Actual results decreased by \$2.8 million from 2018-19 primarily due to reduced external revenue and industry funding generated by Alberta Innovates.

Expenses – Directly Incurred Detailed by Object (unaudited)

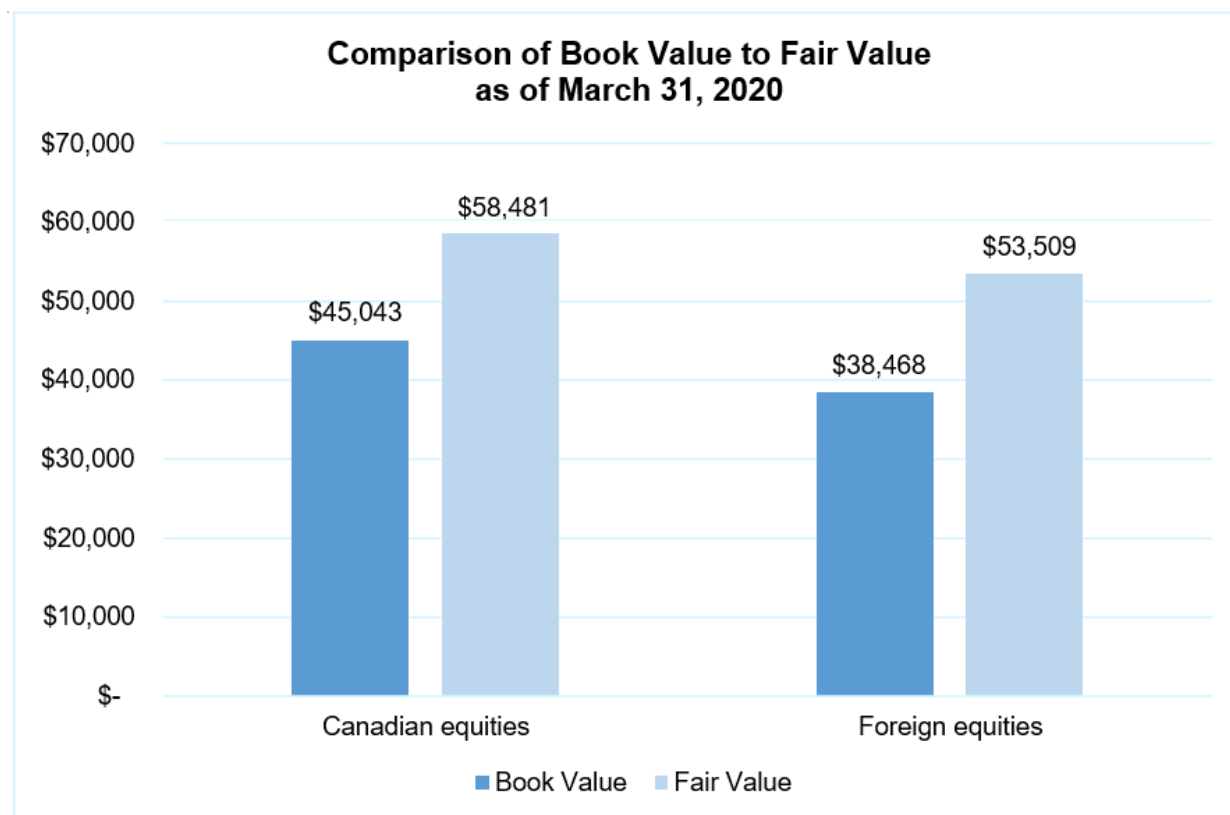
- The following information presents expenses of the ministry that were directly incurred by object of expenditure. The objective of the disclosure of expenses by object is to provide information that is useful in evaluating the economic impact of government acquiring or consuming various types of resources.



- The ministry's largest operating expense was grants, which made up 40 per cent of total operating expense. In 2019-20, \$155.1 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 \$132.7 million (35 per cent), which includes \$79.9 million for Alberta Innovates, \$8.9 million for Travel Alberta and \$43.9 million in support of AEC and the department's operations, programs and administration of grants.
- Supplies and services of \$74.5 million (19 per cent), which includes \$34.5 million for Alberta Innovates, \$29.1 million for Travel Alberta and \$19.1 million for the administration of AEC and department programs.
- The remainder of ministry expenses were classified as amortization of tangible capital assets (\$7.3 million) and other expenses (\$14.7 million), which includes Alberta Investor Tax Credits and Interactive Digital Media Tax Credits.

Supplemental Financial Information

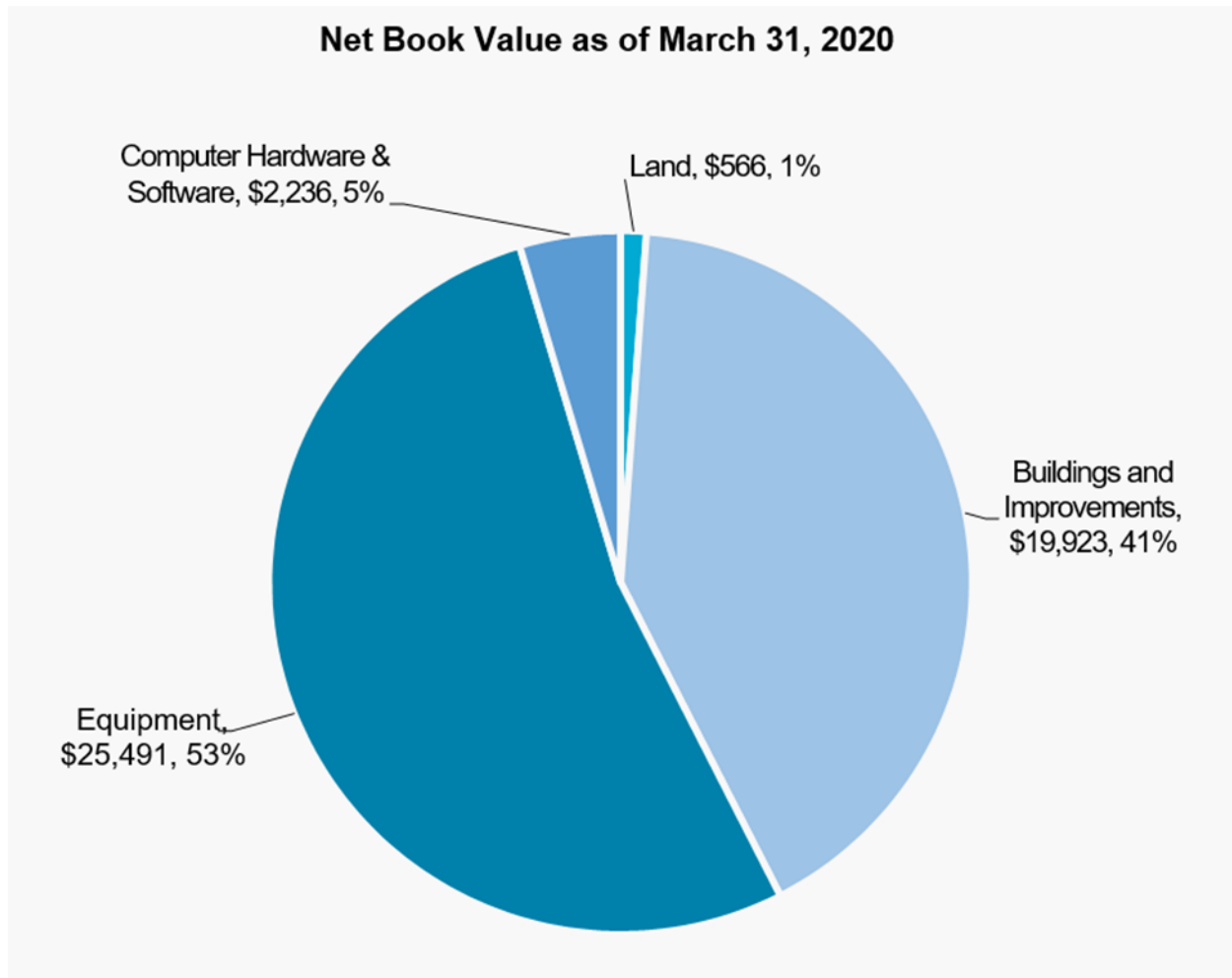
Portfolio Investments (unaudited) (in thousands)



- 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 \$1,934 (2019 - \$2,288) of other investment income that is not related to portfolio investments.

Tangible Capital Assets (unaudited)
(in thousands)



- Buildings include costs of \$17.8 million for the Alberta Carbon Conversion Technology Centre (ACCTC) and \$2.0 million for the C-FER Technologies building. In addition, there are several leasehold improvements with a net book value of \$4.8 million covering several assets such as improvements to leased space in Bell Tower, and lab facilities in Vegreville, Devon and Millwoods. Current year amortization for this category amounts to \$2.7 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 \$6,095 (2019 - \$3,299).
- Equipment also includes 60 different classes of equipment, with analyzing and testing equipment making up the majority of the value at \$12.0 million, followed by fermenters/reactors at \$3.0 million, carbon capture equipment for the ACCTC at \$2.6 million, field and farm equipment at \$1.1 million and pumps at \$0.6 million. The remaining \$6.0 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
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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, 2020, 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, 2020, 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 when it becomes available 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]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

June 19, 2020
Edmonton, Alberta

Statement of Operations

Alberta Enterprise Corporation
Statement of Operations
Year ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Revenues			
Government transfers			
Government of Alberta Grants	\$ 750	\$ 750	\$ 5,750
Other Revenue	-	16	3
	750	766	5,753
Expenses (Note 2 (b), Schedule 1)			
Operating Costs	1,850	1,733	1,847
Annual Operating Surplus (Deficit)	(1,100)	(967)	3,906
Net Investment Income (Loss) Note 7)			
Investment Income (Loss)		5,860	3,105
Investment Operational Expenses		(3,570)	(5,025)
		2,290	(1,920)
Annual Operating (Deficit) Surplus	(1,100)	1,323	1,986
Accumulated surplus at beginning of year		158,084	156,098
Accumulated surplus at end of year		\$ 159,407	\$ 158,084

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, 2020

	2020	2019
	Actual	Actual
	<i>(in thousands)</i>	
Financial Assets		
Cash (Note 5)	\$ 25,879	\$ 27,094
Accounts Receivable (Note 6)	50,000	50,000
Portfolio Investments (Note 7)	111,992	115,756
	<u>187,871</u>	<u>192,850</u>
Liabilities		
Accounts Payable and Accrued Liabilities	<u>136</u>	<u>434</u>
Net Financial Assets	<u>187,735</u>	<u>192,416</u>
Non-Financial Assets		
Prepaid Expenses	<u>371</u>	<u>191</u>
Net Assets	<u>188,106</u>	<u>192,607</u>
Net Assets		
Accumulated Surplus	159,407	158,084
Accumulated Remeasurement Gains	28,699	34,523
	<u>188,106</u>	<u>192,607</u>

Contractual Obligations (Note 9).

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

Statement of Change in Net Financial Assets

Alberta Enterprise Corporation
Statement of Change in Net Financial Assets
Year ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual Surplus (Deficit)	\$ (1,100)	\$ 1,323	\$ 1,986
Net Remeasurement (Losses) Gains (Note 7)		(5,824)	12,553
Increase in Prepaid Expenses		(180)	(187)
(Decrease) Increase in Net Financial Assets in the Year		(4,681)	14,352
Net Financial Assets at Beginning of Year		192,416	178,064
Net Financial Assets at End of Year		\$ 187,735	\$ 192,416

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, 2020

	2020	2019
	Actual	Actual
	<i>(in thousands)</i>	
Operating Transactions		
Annual Surplus	\$ 1,323	\$ 1,986
Non-cash Items included in annual surplus:		
Deferred Contributions recognized as Revenue (Note 8)	-	(5,000)
(Gain) Loss on Sale of Portfolio Investments (Note 7)	(2,290)	1,920
	(967)	(1,094)
Decrease in Accounts Receivable	-	4
Decrease in Accounts Payable and Accrued Liabilities	(298)	(44)
Increase in Prepaid Expense	(180)	(187)
Cash Applied to Operating Transactions	(1,445)	(1,321)
Investing Transactions		
Purchase of Portfolio Investments (Note 7)	(16,631)	(17,410)
Distributions received from Limited Partnerships (Note 7)	16,861	9,274
Cash Provided by (Applied to) Investing Transactions	230	(8,136)
Decrease in Cash	(1,215)	(9,457)
Cash at Beginning of Year	27,094	36,551
Cash at End of Year	\$ 25,879	\$ 27,094

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, 2020

	2020	2019
	Actual	Actual
	<i>(in thousands)</i>	
Unrealized (Losses) Gains Attributable to:		
Portfolio Investments	\$ (5,493)	\$ 15,178
Foreign Exchange	3,239	1,689
Amounts Reclassified to the Statement of Operations:		
Portfolio Investments - Realized Gains on Investments	(3,570)	(4,314)
Net Remeasurement (Losses) Gains for the Year (Note 7)	(5,824)	12,553
Accumulated Remeasurement Gains at Beginning of Year	34,523	21,970
Accumulated Remeasurement Gains at End of Year	\$ 28,699	\$ 34,523

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

Notes to the Financial Statements

Alberta Enterprise Corporation
Notes to the Financial Statements
March 31, 2020

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 Economic Development, Trade and Tourism (the Ministry) and for which the Minister of Economic Development, Trade and Tourism (the Minister) is accountable. Other entities accountable to the Minister are the Department of Economic Development, Trade and Tourism (the Department), Alberta Innovates and Travel Alberta. 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 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.

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

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

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.

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:

Financial Statement Component	Measurement
Cash	Cost
Accounts Receivable	Lower of cost or net recoverable value
Portfolio investments	Fair value
Accounts payable and 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 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.

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

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

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 Corporations share of investment other than a temporary decline then the loss is adjusted and recognized in the Statement of Operations.

Liabilities

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

Liabilities also include:

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

Foreign Currency Translation

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

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

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

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

Non-Financial Assets

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

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

Non-financial assets are limited to prepaid expenses.

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 \$111,992 (2019 - \$115,756) 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 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 Corporation's investments.

Note 3 FUTURE ACCOUNTING CHANGES

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

- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
Effective April 1, 2021, 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, 2022)**
This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these standards on the financial statements.

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

Note 4 BUDGET
(in thousands)

A preliminary business plan with budgeted deficit of \$1,100 was approved by the Board on November 27, 2019 and the full financial plan was submitted to the Minister of Economic Development, Trade and Tourism. The budget reported in the Statement of Operations reflects the \$1,100 deficit.

Note 5 CASH
(in thousands)

	2020	2019
Cash	<u>\$25,879</u>	<u>\$27,094</u>

\$49,726 (2019 - \$62,033) (Note 7) is committed for partnership capital contributions. In addition to cash, distributions from the Limited Partnerships and the \$50,000 Accounts Receivable can be used toward future cash calls.

Note 6 ACCOUNTS RECEIVABLE
(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2020	2019
Grant Receivable	<u>\$50,000</u>	<u>\$50,000</u>

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

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 and \$50,000 was allocated in 2017 for additional investments in Limited Partnerships.

The Corporation is a Limited Partner in nineteen (2019 – seventeen) Limited Partnerships and \$187,734 (2019 - \$183,411) 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)	\$ 9,816	\$ 184	\$ 10,000
Accelerate Fund I	10,000	-	10,000
Accelerate Fund II	5,577	4,423	10,000
Avrio Ventures II	5,965	35	6,000
Azure Capital Partners III ^(b)	10,820	521	11,341
Azure Opportunities Feeder Fund ^(a)	1,059	1,702	2,761
Builders VC Fund ^(b)	5,408	4,858	10,266
Chrysalix Energy III Fund ^(b)	15,739	1,261	17,000
EnerTech Capital Partners IV ^(b)	17,242	1,329	18,571
iNovia Fund 2018 ^(b)	1,444	12,626	14,070
iNovia Fund III	10,000	-	10,000
McRock Fund II	868	9,132	10,000
McRock iNfund	9,364	636	10,000
New Acres Capital Ag & Food Limited Partnership	4,463	537	5,000
Panache Ventures Investment Fund	2,250	2,750	5,000
Relay Ventures Fund III ^(b)	9,693	3,832	13,525
RIO I Limited Partnership	200	-	200
Yaletown Innovation Growth	4,100	5,900	10,000
Yaletown Ventures II	14,000	-	14,000
Total	\$ 138,008	\$ 49,726	\$ 187,734

^(a) Funds disbursed during the year include management fees of \$2,509 (2019 - \$2,889). 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 \$26,058 (2019 Restated - \$23,549).

^(b) Commitments payable in USD. Remaining commitments based on the exchange rate at March 31, 2020.

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

Note 7 PORTFOLIO INVESTMENTS (continued)

The changes in the fair values of the Corporation's investments in Limited Partnerships since April 1, 2019 are as follows:

Limited Partnerships	Funds				Net Investment Income (Loss)	Investment in Partnership, end of year	Percentage share of Partnership p 2020	Percentage share of Partnership 2019
	Investment in Partnerships, beginning of year	Disbursed to Partnerships for Investments	Distributions received from Limited Partnerships	Remeasurement Gain (Loss)				
32 Degrees D.E.Fund II (S&T AIV) ^(b)	3,185	17	(18)	(45)	(1,743)	1,396	99.99%	99.99%
Accelerate Fund I	9,683	-	(2,838)	907	1,107	8,859	99.99%	99.99%
Accelerate Fund II	3,266	1,777	(152)	87	(472)	4,506	95.46%	99.99%
Avrio Ventures II	5,537	-	(1,458)	(3,350)	1,985	2,714	6.56%	6.56%
Avrio Ventures III (New Acres)	2,258	894	-	(182)	(1,730)	1,240	4.98%	4.90%
Azure Capital Partners III ^(a)	14,122	135	-	3,468	(373)	17,352	12.42%	12.42%
Azure Opportunities Feeder Fund ^(a)	-	1,059	-	67	(236)	890	19.70%	-
Builders VC Fund ^(a)	3,644	1,606	-	1,202	(237)	6,215	4.37%	32.67%
Chrysalix Energy III Fund ^(a)	18,165	520	-	(6,088)	(310)	12,287	10.32%	10.32%
EnerTech Capital Partners IV ^(a)	12,227	1,091	(5,247)	(3,272)	714	5,513	12.66%	12.66%
iNovia Fund 2018 ^(a)	-	1,444	-	(19)	(483)	942	5.01%	6.67%
iNovia Fund III	17,365	-	(3,354)	(1,807)	3,315	15,519	9.04%	9.04%
McRock Fund II	-	868	-	-	(234)	634	9.57%	-
McRock iNfund	5,448	2,765	(3,268)	775	1,665	7,385	14.22%	14.22%
Panache Ventures Investment Fund	1,996	-	-	505	(154)	2,347	8.61%	12.12%
Relay Ventures Fund II ^(a)	6,467	2,255	-	2,054	(467)	10,309	6.80%	7.30%
RIO I Limited Partnership	200	-	-	-	-	200	12.90%	6.06%
Yaletown Innovation Growth	2,161	2,200	-	443	(289)	4,515	7.82%	8.47%
Yaletown Ventures II	10,032	-	(526)	(569)	232	9,169	15.58%	15.58%
Total Portfolio Investments 2020	115,756	16,631	(16,861)	(5,824)	2,290	111,992		
Total Portfolio Investments 2019	96,987	17,410	(9,274)	12,553	(1,920)	115,756		

^(a) Investments in the US Limited Partnerships

^(b) Impairment of \$1,678 Is included in Net Investment Income (Loss)

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

Note 7 **PORTFOLIO INVESTMENTS (continued)**

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.

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

Note 7 PORTFOLIO INVESTMENTS (continued)

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.

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. \$53,508, or 48% of the Corporation's investment, are denominated in US dollars (2019 - \$54,625, or 47%).

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 4.8% of total investments (2019 - 4.7%).

(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.

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

Note 7 PORTFOLIO INVESTMENTS (continued)

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.

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 DEFERRED REVENUE

(in thousands)

	2020	2019
	Government of Alberta	Government of Alberta
Balance, beginning of year	\$ -	\$ 5,000
Contributions receivable during the year	-	-
Less: amounts recognized as revenue		(5,000)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

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:

	2020	2019
Obligations under Operating Leases	\$ 143	\$ 210
Obligations under Service Contracts	51	33
	<u>\$ 194</u>	<u>\$ 243</u>

	Leases	Contracts	Total
2020-21	72	46	118
2021-22	71	3	74
2022-23	-	2	2
Thereafter	-	-	-
	<u>\$ 143</u>	<u>\$ 51</u>	<u>\$ 194</u>

Alberta Enterprise Corporation
Notes to the Financial Statements (continued)
March 31, 2020

Note 10 SUBSEQUENT EVENT

(in thousands)

The Corporation has been named in one (2019: nil) claim of which the outcome is not determinable. The amount specified in the claim is \$252. The resolution of the indeterminable claim may result in a liability that is significantly lower than the claimed amount, or none at all.

Note 11 COMPARATIVE FIGURES

Certain 2019 figures have been reclassified to conform to the 2020 presentation.

Note 12 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, 2020

		2020	2019
	Budget	Actual	Actual
		<i>(in thousands)</i>	
Salaries, Wages, Benefits and Payments to Consultants		\$ 1,054	\$ 1,051
Supplies and Services		526	638
Grants and Sponsorships		153	158
	\$ 1,850	\$ 1,733	\$ 1,847

Schedule 2 – Salary and Benefits Disclosure

Alberta Enterprise Corporation
Salary and Benefits Disclosure
Year ended March 31, 2020

	2020			2019	
	Base Salary (1)	Other Cash Benefits(2)	Other Non- cash Benefits(4)	Total	Total
	<i>(in thousands)</i>				
Chair of the Board	\$ -	\$ 22	\$ 2	\$ 24	\$ 43
Board Members (six) (3)	-	68	5	73	90
Executives:					
Chief Executive Officer	275	10	26	311	309
Directors, Investments (5)	327	-	8	335	321
Director, Industry Development	131	-	7	138	169
	\$ 733	\$ 100	\$ 48	\$ 881	\$ 932

(1) Base salary includes regular salary, holiday pay, 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 2020 (2019 - nil).

(3) At any given time, the Board of Directors consisted of no more than six members in 2020 (2019 - six) plus the chair, whose remuneration is disclosed separately.

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

(5) This position consisted of two members (2019 - two).

Schedule 3 – Related Party Transactions

Alberta Enterprise Corporation

Related Party Transactions

Year ended March 31, 2020

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 Economic Development, Trade and Tourism (EDTT). 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 Economic Development, Trade and Tourism 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	
	2020	2019	2020	2019
	<i>(in thousands)</i>			
Revenues				
Grants from EDTT	\$ 750	\$ 5,750	\$ -	\$ -
Expenses				
Other Services	\$ 10	\$ -	\$ 3	\$ 7
Receivable from/(Payable to)⁽¹⁾	\$ 50,000	\$ 50,000	\$ -	\$ (5)

⁽¹⁾ \$50,000 Receivable is from the Department of Economic Development, Trade and Tourism.

**Alberta Innovates
Financial Statements**

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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, 2020, 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, 2020, 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]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

June 19, 2020
Edmonton, Alberta

Consolidated Statement of Operations

Alberta Innovates
Consolidated Statement of Operations
Year ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Revenues			
Government transfers			
Funding from Economic Development, Trade and Tourism			
Base grant	\$ 131,168	\$ 135,068	\$ 160,249
Restricted grant from prior years	33,426	20,641	35,590
Other grants	10,756	6,085	20,654
Restricted capital contribution	1,540	1,691	1,341
Funding from other Government of Alberta entities - Other grants	9,200	9,137	12,354
Federal government transfers	4,000	5,906	5,245
Donations and other contributions	-	489	-
External revenue and industry funding	38,000	48,233	49,191
Investment income	2,000	1,577	2,288
Other revenue	6,523	3,079	3,192
	<u>236,613</u>	<u>231,906</u>	<u>290,104</u>
Expenses (Note 2 (b) and Schedule 1)			
Research, innovation & commercialization	117,395	125,475	183,302
Applied research	48,817	65,984	65,930
Administration	36,213	36,912	28,913
	<u>202,425</u>	<u>228,371</u>	<u>278,145</u>
Annual surplus	34,188	3,535	11,959
Accumulated surplus at beginning of year	68,729	68,729	56,770
Accumulated surplus at end of year	<u>\$ 102,917</u>	<u>\$ 72,264</u>	<u>\$ 68,729</u>

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, 2020

	2020	2019
	<i>(in thousands)</i>	
Financial assets		
Cash (Note 5)	\$ 69,990	\$ 154,670
Accounts receivable (Note 6)	100,273	15,117
	<u>170,263</u>	<u>169,787</u>
Liabilities		
Accounts payable and other accrued liabilities (Note 9)	38,304	18,142
Unspent deferred capital contributions (Note 10)	301	808
Deferred revenue (Note 10)	78,158	104,230
Deferred contract revenue (Note 10)	9,330	8,655
	<u>126,093</u>	<u>131,835</u>
Net financial assets	<u>44,170</u>	<u>37,952</u>
Non-financial assets		
Tangible capital assets (Note 12)	48,015	49,463
Prepaid expenses	1,560	1,637
	<u>49,575</u>	<u>51,100</u>
Net assets before spent deferred capital contributions	<u>93,745</u>	<u>89,052</u>
Spent deferred capital contributions (Note 10)	21,481	20,323
Net assets		
Accumulated surplus	<u>\$ 72,264</u>	<u>\$ 68,729</u>
Contingent assets (Note 7)		
Contractual rights (Note 8)		
Contingent liabilities (Note 14)		
Contractual obligations (Note 15)		

Approved by the Board of Directors

Original signed by Dr. Brenda Kenny

Dr. Brenda Kenny

Original signed by Dr. H.J (Tom) Thompson

Dr. H.J (Tom) Thompson

Consolidated Statement of Changes in Net Financial Assets

Alberta Innovates

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual surplus	\$ 34,188	\$ 3,535	\$ 11,959
Acquisition of tangible capital assets (Note 12)	(14,750)	(5,925)	(7,310)
Amortization of tangible capital assets (Note 12)	7,200	7,202	6,750
Net loss/(gain) on disposal of tangible capital assets		149	(8)
Proceeds on sale of tangible capital assets		22	9
Decrease in prepaid expenses		77	23
Net increase in spent deferred capital contributions (Note 10)		1,158	2,151
Increase in net financial assets	26,638	6,218	13,574
Net financial assets at beginning of year	37,952	37,952	24,378
Net financial assets at end of year	\$ 64,590	\$ 44,170	\$ 37,952

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, 2020

	2020	2019
	<i>(in thousands)</i>	
Operating transactions		
Annual surplus	\$ 3,535	\$ 11,959
Non-cash items included in annual surplus:		
Amortization of tangible capital assets (Note 12)	7,202	6,750
Deferred contributions recognized as revenue (Note 10)	(129,588)	(178,923)
Donation of tangible capital assets (Note 12)	(489)	-
Net loss/(gain) on disposal of tangible capital assets	149	(8)
	<u>(119,191)</u>	<u>(160,222)</u>
(Increase)/Decrease in accounts receivable	(85,156)	6,320
Decrease in prepaid expenses	77	23
Increase/(Decrease) in accounts payable and other accrued liabilities	20,162	(12,734)
Increase in deferred contract revenue	675	2,271
Contributions restricted for operating (Note 10)	101,266	176,778
Cash (applied to) provided by operating transactions	<u>(82,167)</u>	<u>12,436</u>
Capital transactions		
Acquisition of tangible capital assets (Note 12)	(5,436)	(7,310)
Proceeds on sale of tangible capital assets	22	9
Cash applied to capital transactions	<u>(5,414)</u>	<u>(7,301)</u>
Financing transactions		
Contributions restricted for capital (Note 10)	2,901	1,295
Cash provided by financing transactions	<u>2,901</u>	<u>1,295</u>
(Decrease)/Increase in cash	(84,680)	6,430
Cash at beginning of year	<u>154,670</u>	<u>148,240</u>
Cash at end of year	<u>\$ 69,990</u>	<u>\$ 154,670</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 Statement

March 31, 2020

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. The AFHR's activities are directed to promote and support medical research. 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.

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

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

(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.

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 the 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.

Alberta Innovates

Notes to the Consolidated Financial Statement (continued)

March 31, 2020

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

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.

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.

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

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

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.

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. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from an operation(s) that is no longer in productive use and/or unexpected events and is recognized when all of the following criteria are met:

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

Alberta Innovates

Notes to the Consolidated Financial Statement (continued)

March 31, 2020

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

A liability for remediation of contaminated sites from an operation(s) that is in productive use and may be due to unexpected events resulting in contamination, is recognized net of any expected recoveries, 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 measured initially at fair value, determined using present value methodology and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of the operations.

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.

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

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

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.

Financial Risk Management

The Corporation's financial instruments include cash, accounts receivable and accounts payable and 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 accrued liabilities are exposed to liquidity risk. Management manages this risk by continually monitoring cash flows.

Alberta Innovates

Notes to the Consolidated Financial Statement (continued)

March 31, 2020

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

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 accrued liabilities are \$2,549 (2019 - \$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 of these developments will have on the Corporation.

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

Note 3 FUTURE ACCOUNTING CHANGES

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

- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**

Effective April 1, 2021, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

- **PS 3400 Revenue (effective April 1, 2022)**

This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these standards on the consolidated financial statements.

Note 4 BUDGET

(in thousands)

A preliminary business plan with a budgeted surplus of \$34,188 was approved by the Board on December 4, 2019 and the full financial plan was submitted to the Minister of Economic Development, Trade and Tourism. The budget reported in the consolidated statement of operations reflects the \$34,188 surplus.

Note 5 CASH

(in thousands)

	<u>2020</u>	<u>2019</u>
Cash	<u>\$ 69,990</u>	<u>\$ 154,670</u>

Cash in the amount of \$69,990 (2019 - \$154,670) includes deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta amounting to \$52,990 (2019 - \$141,324).

As at March 31, 2020, securities held by the Corporation had a time-weighted rate of return of 1.9% per annum (2019 – 1.8% 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 Statement (continued)
March 31, 2020

Note 6 ACCOUNTS RECEIVABLE

(in thousands)

	2020		2019	
	Gross amount	Allowance for doubtful accounts	Net recoverable value	Net recoverable value
Accounts receivable	\$ 9,663	\$ 125	\$ 9,538	\$ 11,349
Alberta government departments and agencies	87,699	-	87,699	1,254
Accrued income receivable	3,036	-	3,036	2,514
	<u>\$ 100,398</u>	<u>\$ 125</u>	<u>\$ 100,273</u>	<u>\$ 15,117</u>

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

Note 7 CONTINGENT ASSETS

(in thousands)

The Corporation has no open insurance claims this year for which possible assets are being sought (2019 - three). Accordingly, no amounts have been recognized in the financial statements. In the previous year (2019) the Corporation anticipated receiving a specified amount of \$3, on the three filed insurance claims.

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.

	2020	2019
Contractual Rights from Operating Contracts	<u>\$ 45,033</u>	<u>\$ 94,591</u>

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

Operating Contracts	
2020-21	\$ 29,976
2021-22	8,694
2022-23	2,775
2023-24	1,613
2024-25	688
Thereafter	1,287
	<u>\$ 45,033</u>

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

Note 9 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

(in thousands)

	2020	2019
Accounts payable and other accrued liabilities	\$ 19,303	\$ 15,006
Alberta government departments and agencies	16,452	587
Asset retirement obligations	2,549	2,549
	<u>\$ 38,304</u>	<u>\$ 18,142</u>

Note 10 DEFERRED CONTRIBUTIONS

(in thousands)

	2020	2019
Unspent deferred capital contributions (a)	\$ 301	\$ 808
Spent deferred capital contributions (b)	21,481	20,323
Deferred operating contributions (c)	78,158	104,230
Deferred contract revenue	9,330	8,655
	<u>\$ 109,270</u>	<u>\$ 134,016</u>

(a) Unspent deferred capital contributions

	2020			2019
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 808	\$ -	\$ 808	\$ 2,223
Cash contributions received/receivable during year	1,769	1,119	2,888	1,295
Transfers from deferred revenue	470	-	470	1,470
Interest income	13	-	13	-
Transferred to spent deferred capital contributions	(2,759)	(1,119)	(3,878)	(4,180)
Balance at end of year	<u>\$ 301</u>	<u>\$ -</u>	<u>\$ 301</u>	<u>\$ 808</u>

(b) Spent deferred capital contributions

	2020			2019
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 11,291	\$ 9,032	\$ 20,323	\$ 18,172
Transferred from unspent deferred capital contributions	2,759	1,119	3,878	4,180
Less amounts recognized as revenue	(1,694)	(1,026)	(2,720)	(2,029)
Balance at end of year	<u>\$ 12,356</u>	<u>\$ 9,125</u>	<u>\$ 21,481</u>	<u>\$ 20,323</u>

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

Note 10 DEFERRED CONTRIBUTIONS (continued)

(in thousands)

(c) Deferred operating contributions

	2020			2019
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 95,462	\$ 8,768	\$ 104,230	\$ 105,816
Cash contributions received/ receivable during the year	99,773	546	100,319	175,378
Interest income	947	-	947	1,400
Transfers to unspent deferred capital contributions	(470)		(470)	(1,470)
Recognized as revenue:				
Grants	(120,390)	(5,555)	(125,945)	(175,505)
Interest income	(923)	-	(923)	(1,389)
Balance at end of year	\$ 74,399	\$ 3,759	\$ 78,158	\$ 104,230

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

Note 11 **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 \$5,664 for the year ended March 31, 2020 (2019 - \$6,228)

At December 31, 2019, the Management Employees Pension Plan reported a surplus of \$1,008,135 (2018 – surplus \$670,700), the Public Service Pension Plan reported a surplus of \$2,759,320 (2018 – surplus \$519,218) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$44,698 (2018 – deficiency \$70,310). The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

The fair value of the pension plans are subject to significant market volatility due to the economic crisis stemming from the global pandemic COVID-19 virus. To the extent that the pension plans may not recover market-losses during the remainder of 2020, the funded status of the plans would experience a correlated decline. The financial market impact of the outbreak has been rapidly evolving, which precludes a reasonable estimate of the impact.

(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.

At March 31, 2020 these plans have net accrued liability of \$nil (2019 - \$36).

	2020	2019
Benefit plans at beginning of year	\$ 36	\$ 92
Benefits paid	(36)	(56)
Benefit plans at end of year	<u>\$ -</u>	<u>\$ 36</u>

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

Note 12 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land	Building and Improvements (²)	Equipment (³)	Computer Hardware & Software	2020 Total	2019 Total
Estimated Useful Life	Indefinite	10-30 years	3-25 years	3-10 years		
Historical Cost⁽¹⁾						
Beginning of year ⁽⁴⁾	\$ 566	\$ 29,454	\$ 75,041	\$ 11,363	\$ 116,424	\$109,335
Additions ⁽⁵⁾	-	459	5,119	347	5,925	7,310
Disposals, including write-downs	-	(1,037)	(1,145)	(1,144)	(3,326)	(221)
	566	28,876	79,015	10,566	119,023	116,424
Accumulated Amortization						
Beginning of year	-	7,159	51,438	8,364	66,961	60,431
Amortization expense	-	2,704	3,422	1,076	7,202	6,750
Effect of disposals, including write- downs	-	(909)	(1,145)	(1,101)	(3,155)	(220)
	-	8,954	53,715	8,339	71,008	66,961
Net Book Value at March 31, 2020	<u>\$ 566</u>	<u>\$ 19,922</u>	<u>\$ 25,300</u>	<u>\$ 2,227</u>	<u>\$ 48,015</u>	
Net Book Value at March 31, 2019	<u>\$ 566</u>	<u>\$ 22,295</u>	<u>\$ 23,603</u>	<u>\$ 2,999</u>		<u>\$ 49,463</u>

(1) Historical costs includes work-in-progress at March 31, 2020 totaling \$6,082 (2019 - \$3,299) comprised of building and improvements \$314 (2019 - \$2,725), equipment \$5,588 (2019 - \$483), and computer hardware and software \$180 (2019 - \$91).

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

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

(4) \$2,487 was reclassified between Buildings & Improvements and Equipment for costs incurred in the prior year.

(5) \$489 of equipment was donated from external sources in 2020

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

Note 13 ACCUMULATED SURPLUS
(in thousands)

	2020		2019	
	Investments in Tangible Capital Assets	Unrestricted Surplus	Total	Total
Balance, beginning of year	\$ 29,140	\$ 39,589	\$ 68,729	\$ 56,770
Annual surplus (deficit)	(7,373)	10,908	3,535	11,959
Net investments in capital assets	5,925	(5,925)	-	-
Transfers to spent deferred capital contributions	(3,878)	3,878	-	-
Spent deferred recognized in revenue	2,720	(2,720)	-	-
Balance, end of year	\$ 26,534	\$ 45,730	\$ 72,264	\$ 68,729

Note 14 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, 2020 accruals totalling \$467 (2019 - \$nil) have been recognized as a liability.

Note 15 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.

	2020	2019
Obligations under operating leases and contracts	\$ 102,538	\$ 123,074

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

	Operating leases and contracts
2020-21	\$ 56,127
2021-22	35,643
2022-23	8,727
2023-24	1,771
2024-25	270
Thereafter	-
	\$ 102,538

Alberta Innovates
Notes to the Consolidated Financial Statement (continued)
March 31, 2020

Note 16 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. \$22,391 (2019 - \$20,345) is recorded in tangible capital assets in Note 12. \$Nil (2019 - \$462) of related deferred revenue, \$nil (2019 - \$803) of related unspent deferred capital contributions and \$19,781 (2019 - \$17,796) of related spent deferred capital contributions, are recorded in Note 10. There were no in-kind contributions received at March 31, 2020 (2019 - \$nil).

From June 2018 until June 2020 the ACCTC will be the host site for the NRG COSIA Carbon XPRIZE – a competition to pilot various carbon capture and conversion technologies. InnoTech will not be directly involved in supervising or overseeing the XPRIZE Competition, aside from its day to day role as the owner and operator of the ACCTC. After the XPRIZE competition, 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 (2019 - \$2,549) of asset retirement obligations have been recorded in Note 9.

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 17 COMPARATIVE FIGURES

Certain 2019 figures have been reclassified, where necessary, to conform to the 2020 presentation.

Note 18 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board approved the consolidated financial statements of Alberta Innovates on June 19, 2020.

Schedule 1 – Consolidated Expenses – Detailed by Object

Alberta Innovates

Consolidated Expenses - Detailed by Object

Year ended March 31, 2020

	<u>2020</u>	<u>2020</u>	<u>2019</u>
	Budget	Actual	Actual
		<i>(in thousands)</i>	
Grants	\$ 97,337	\$ 106,748	\$ 161,560
Salaries, wages and employee benefits	63,426	79,875	71,770
Supplies and services	34,462	34,546	38,065
Amortization of tangible capital assets (Note 12)	7,200	7,202	6,750
	<u>\$ 202,425</u>	<u>\$ 228,371</u>	<u>\$ 278,145</u>

Schedule 2 – Salary and Benefits Disclosure

Alberta Innovates
 Salary and Benefits Disclosure
 Year ended March 31, 2020
 (dollars in thousands)

	2020			2019 (restated)	
	Base Salary (1)	Other Cash Benefits (2)	Other Non- Cash Benefits (3)	Total	Total
Chair of the Board	\$ -	\$ 24	\$ 1	\$ 25	\$ 41
Board Members	-	59	2	61	77
Chief Executive Officer	399	259	13	671	551
Chief Operating Officer (4)	273	-	72	345	-
General Counsel & Corporate Secretary (5)	242	10	67	319	-
Vice Presidents:					
Executive Vice President, Operations (6)	29	-	8	37	376
Vice President, Clean Energy	227	6	64	297	288
Vice President, Marketing & Communications (5)	220	22	10	252	244
Vice President, Finance (7)	227	40	17	284	263
Vice President, Health (8)	267	27	19	313	295
Vice President, Investments	217	-	55	272	270

(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, Operations position was vacated May 6, 2019.

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

(8) Vice President, Health position was effective on April 16, 2018.

Schedule 3 – Consolidated Related Party Transactions

Alberta Innovates

Consolidated Related Party Transactions

Year ended March 31, 2020

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 a shared service agreement with the Ministry of Economic Development, Trade and Tourism for Information Technology and Management Services at the rate of Service Alberta consumption costs and projects indicated by the Corporation. The shared service agreement ended in October 2018.

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	
	2020	2019	2020	2019
	<i>(in thousands)</i>			
Revenues				
Grants	\$ 163,485	\$ 217,834	\$ 9,137	\$ 12,354
Other	10	10	1,918	2,182
	<u>\$ 163,495</u>	<u>\$ 217,844</u>	<u>\$ 11,055</u>	<u>\$ 14,536</u>
Expenses - Directly Incurred				
Grants	\$ -	\$ -	\$ 59,697	\$ 89,011
Other services	11	17	1,001	1,363
	<u>\$ 11</u>	<u>\$ 17</u>	<u>\$ 60,698</u>	<u>\$ 90,374</u>
Receivables from	<u>\$ 84,530</u>	<u>\$ 250</u>	<u>\$ 3,169</u>	<u>\$ 1,004</u>
Payable to	<u>\$ 552</u>	<u>\$ 10</u>	<u>\$ 15,900</u>	<u>\$ 577</u>
Unspent deferred capital contributions	<u>\$ 301</u>	<u>\$ 808</u>	<u>\$ -</u>	<u>\$ -</u>
Spent deferred capital contributions	<u>\$ 12,216</u>	<u>\$ 11,291</u>	<u>\$ 140</u>	<u>\$ -</u>
Deferred revenue	<u>\$ 59,235</u>	<u>\$ 78,273</u>	<u>\$ 15,164</u>	<u>\$ 17,189</u>
Deferred contract revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 206</u>
Contractual obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,680</u>	<u>\$ 52,627</u>

Financial Information

Alberta Innovates Consolidated Related Party Transactions (continued) Year ended March 31, 2020

Contractual rights	<u>\$ 14,420</u>	<u>\$ 59,126</u>	<u>\$ 3,825</u>	<u>\$ 6,286</u>
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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	
	2020	2019
	<i>(in thousands)</i>	
Expenses - Incurred by others ⁽¹⁾		
Accommodation ⁽²⁾	<u>\$ 20,463</u>	<u>\$ 23,095</u>
	<u>\$ 20,463</u>	<u>\$ 23,095</u>

⁽¹⁾ During the year, the Corporation received financial processing and reporting services from Service Alberta and the Department of Economic Development, Trade and Tourism 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.

Travel Alberta

Financial Statements

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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, 2020, 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, 2020, 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]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 15, 2020
Edmonton, Alberta

Statement of Operations

Travel Alberta
 Statement of Operations
 Year ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
	<i>(in thousands)</i>		
	<i>(Note 4)</i>		
Revenues			
Government Transfers			
Government of Alberta Grants	\$ 41,860	\$ 41,360	\$ 44,130
Investment Income	350	357	410
Premiums, Fees and Licences	390	291	295
Sponsorship	-	100	108
Revenue from Partners	450	394	639
	<u>43,050</u>	<u>42,502</u>	<u>45,582</u>
 Expenses - (Note 2(b), Schedules 1)			
 Programs			
Global Marketing	29,997	29,183	30,416
Regional Industry Marketing	7,891	6,588	9,933
Corporate Operations	5,216	5,650	5,502
	<u>43,104</u>	<u>41,421</u>	<u>45,851</u>
 Annual Operating Surplus (Deficit)	 (54)	 1,081	 (269)
 Accumulated Surplus at Beginning of Year		 <u>6,335</u>	 <u>6,604</u>
 Accumulated Surplus at End of Year		 <u><u>\$ 7,416</u></u>	 <u><u>\$ 6,335</u></u>

Statement of Financial Position

Travel Alberta

Statement of Financial Position

As at March 31, 2020

	2020	2019
	<i>(in thousands)</i>	
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 12,568	\$ 15,133
Accounts Receivable	29	44
	<u>12,597</u>	<u>15,177</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	5,259	8,981
	<u>5,259</u>	<u>8,981</u>
Net Financial Assets	<u>7,338</u>	<u>6,196</u>
Non-Financial Assets		
Tangible Capital Assets (Note 7)	39	95
Prepaid Expenses	39	44
	<u>78</u>	<u>139</u>
Net Assets	<u>\$ 7,416</u>	<u>\$ 6,335</u>
Net Assets		
Accumulated Surplus	<u>\$ 7,416</u>	<u>\$ 6,335</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, 2020

	2020		2019
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual Surplus (Deficit)	\$ (54)	\$ 1,081	\$ (269)
Acquisition of Tangible Capital Assets (Note 7)		-	(9)
Amortization of Tangible Capital Assets (Note 7)	54	56	77
Change in Prepaid Expenses		5	59
Increase (Decrease) in Net Financial Assets	-	1,142	(142)
Net Financial Assets at Beginning of Year		6,196	6,338
Net Financial Assets at End of Year		\$ 7,338	\$ 6,196

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, 2020

	2020	2019
	<i>(in thousands)</i>	
Operating Transactions		
Annual Surplus (Deficit)	\$ 1,081	\$ (269)
Non-cash Items Included in Annual Surplus (Deficit)		
Amortization of Tangible Capital Assets (Note 7)	56	77
	1,137	(192)
Decrease in Accounts Receivable	15	24
Decrease in Prepaid Expenses	5	59
Decrease in Accounts Payable and Accrued Liabilities	(3,722)	(1,101)
Cash Applied to Operating Transactions	(2,565)	(1,210)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 7)	-	(9)
Cash Applied to Capital Transactions	-	(9)
Decrease in Cash and Cash Equivalents	(2,565)	(1,219)
Cash and Cash Equivalents at Beginning of Year	15,133	16,352
Cash and Cash Equivalents at End of Year	\$ 12,568	\$ 15,133

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, 2020

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 Economic Development, Trade and Tourism (Ministry) and for which the Minister of Economic Development, Trade and Tourism (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.

Travel Alberta

Notes to the Financial Statements (continued)

March 31, 2020

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

Government Transfers

Transfers from all levels of 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 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 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 unearned.

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, 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 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 (continued)

March 31, 2020

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

Financial Assets

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

Financial assets are 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.

Liabilities also include contingent liabilities where future liabilities are likely.

Foreign Currency Translation

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

Non-Financial Assets

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

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

Non-financial assets include tangible capital assets and prepaid expenses.

Travel Alberta

Notes to the Financial Statements (continued)

March 31, 2020

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

Tangible Capital Assets

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

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

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.

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 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. Accrued Liabilities are based on management estimates of expenses incurred but not invoiced to the Corporation at March 31, 2020.

Travel Alberta

Notes to the Financial Statements (continued)

March 31, 2020

Note 3 FUTURE ACCOUNTING CHANGES

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

- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**

Effective April 1, 2021, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

- **PS 3400 Revenue (effective April 1, 2022)**

This standard provides guidance on how to account for and report on revenue, and specifically, addresses revenue arising from exchange transactions and unilateral transactions.

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 \$54 was approved by the Board on May 16, 2019 and the full financial plan was submitted to the Minister of Economic Development, Trade and Tourism. The budget reported in the Statement of Operations reflects the original \$54 deficit.

Note 5 CASH AND CASH EQUIVALENTS

(in thousands)

Cash and cash equivalents consist of:

	<u>2020</u>	<u>2019</u>
Cash Equivalents	\$ 29	\$ 63
Cash ⁽¹⁾	12,539	15,070
	<u>\$ 12,568</u>	<u>\$ 15,133</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. 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, 2020 securities held by CCITF had a time-weighted return of 1.9% (2019- 1.8%) per annum. Due to the short-term nature of these deposits, the carrying value approximates fair value.

⁽¹⁾ The Cash of \$12,539 includes an amount of \$7,377 that is restricted for the Corporation's Sustainability Fund (Note 8).

Travel Alberta
Notes to the Financial Statements (continued)
March 31, 2020

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

	2020	2019
Accounts Payable	\$ 3,429	\$ 4,415
Other Liabilities	106	113
Other Accrued Liabilities	1,724	4,453
	<u>\$ 5,259</u>	<u>\$ 8,981</u>

Note 7 TANGIBLE CAPITAL ASSETS
(in thousands)

	Computer Hardware and Software	Leasehold Improvements	Furniture and Equipment	2020 Total	2019 Total
Estimated Useful Life	3 years	Term of lease	5 years		
Historical Cost					
Beginning of Year	\$ 208	\$ 407	\$ 92	\$ 707	\$ 865
Additions	-	-	-	-	9
Disposals, Including Write-Downs	-	-	-	-	(167)
	<u>208</u>	<u>407</u>	<u>92</u>	<u>707</u>	<u>707</u>
Accumulated Amortization					
Beginning of Year	206	372	34	612	702
Amortization Expense	2	35	19	56	77
Effect of Disposals, Including Write-Downs	-	-	-	-	(167)
	<u>208</u>	<u>407</u>	<u>53</u>	<u>668</u>	<u>612</u>
Net Book Value at March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>	
Net Book Value at March 31, 2019	<u>\$ 2</u>	<u>\$ 35</u>	<u>\$ 58</u>		<u>\$ 95</u>

Travel Alberta
Notes to the Financial Statements (continued)
March 31, 2020

Note 8 ACCUMULATED SURPLUS
(in thousands)

Accumulated surplus is comprised of the following:

	Investment in Tangible Capital Assets	Sustainability Fund ⁽¹⁾	Unrestricted	2020 Total	2019 Total
Balance at Beginning of Year	\$ 95	\$ 6,240	\$ -	\$ 6,335	\$ 6,604
Annual Surplus (Deficit)	-	1,081	-	1,081	(269)
Net Investment in Capital Assets	(56)	56	-	-	-
Balance at the End of Year	<u>\$ 39</u>	<u>\$ 7,377</u>	<u>\$ -</u>	<u>\$ 7,416</u>	<u>\$ 6,335</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.

	2020	2019
Operating Leases	\$ 3,683	\$ 5,024
Grants	-	91
Service Contracts	24,730	35,751
	<u>\$ 28,413</u>	<u>\$ 40,866</u>

Travel Alberta
Notes to the Financial Statements (continued)
March 31, 2020

Note 9 CONTRACTUAL OBLIGATIONS (continued)

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

	Operating Leases	Grants	Service Contracts	Total
2020-21	\$ 1,425	\$ -	\$ 21,685	\$ 23,110
2021-22	1,349	-	2,790	4,139
2022-23	905	-	255	1,160
2023-24	4	-	-	4
2024-25	-	-	-	-
Thereafter	-	-	-	-
	<u>\$ 3,683</u>	<u>\$ -</u>	<u>\$ 24,730</u>	<u>\$ 28,413</u>

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 \$1,036 for the year ended March 31, 2020 (2019: \$1,020). 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, 2019, the Management Employees Pension Plan reported a surplus of \$1,008,135 (2018: surplus of \$670,700), the Public Sector Pension Plan reported a surplus of \$2,759,320 (2018: surplus of \$519,218) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$44,698 (2018: deficiency of \$70,310).

The fair value of the pension plans are subject to significant market volatility due to the economic crisis stemming from the global pandemic COVID-19 virus. To the extent that the pension plans may not recover market-losses during the remainder of 2020, the funded status of the plans would experience a correlated decline. The financial market impact of the outbreak has been rapidly evolving, which precludes a reasonable estimate of the impact.

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.

Travel Alberta

Notes to the Financial Statements (continued)

March 31, 2020

Note 11 FINANCIAL RISK MANAGEMENT (continued)

(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, 2020, the balance of accounts receivable is not materially significant and does not contain amounts that are uncollectible.

Note 12 COMPARATIVE FIGURES

Certain 2019 figures have been reclassified, where necessary, to conform to the 2020 presentation.

Note 13 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on May 15, 2020.

Schedule 1 – Expenses – Detailed by Object

Travel Alberta

Expenses - Detailed by Object

Year ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Salaries, wages and employee benefits	\$ 10,109	\$ 8,891	\$ 8,601
Supplies and services	28,332	29,090	31,031
Grants ⁽¹⁾	4,609	3,381	6,137
Financial transactions and other	-	3	5
Amortization of tangible capital assets (Note 7)	54	56	77
Total expenses	\$ 43,104	\$ 41,421	\$ 45,851

⁽¹⁾ Grants include the Corporation's Co-operative Marketing Investment Program and other grants.

Schedule 2 – Salary and Benefits Disclosure

Travel Alberta

Expenses – Salary and Benefits Disclosure

Year ended March 31, 2020

	2020			2019	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
	<i>(in thousands)</i>				
Chair of the Board of Directors ⁽⁴⁾	\$ -	\$ 11	\$ 1	\$ 12	\$ 22
Members of the Board of Directors ⁽⁵⁾	-	36	3	39	59
Chief Executive Officer	230	8	56	294	304
Executive/Vice-Presidents:					
Vice President, Business Development	170	-	38	208	211
Vice President, Global Consumer Marketing	170	-	38	208	216
Vice President, Industry Development	170	-	37	207	223
Vice President, Finance and Corporate Administration	160	-	40	200	201
	\$ 900	\$ 55	\$ 213	\$ 1,168	\$ 1,236

⁽¹⁾ Base salary includes regular salary.

⁽²⁾ Other cash benefits include honoraria and vacation payouts. There were no bonuses paid in 2020.

⁽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, professional memberships and tuition fees.

⁽⁴⁾ The position was occupied by two individuals at different times during the year. As of August 14, 2019 Board Chair resigned and the position remained temporarily vacant until October 22, 2019 when a new Board Chair was appointed.

⁽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 year.

On October 22, 2019 the appointments of six out of seven Board of Directors members, existing at that time, have been rescinded and two new board members have been appointed.

As of March 4, 2020 an additional member of the Board of Directors was appointed.

* Under the terms of the supplementary retirement plan (SRP), executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

Schedule 3 – Related Party Transactions

Travel Alberta

Related Party Transactions

Year ended March 31, 2020

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

The Corporation 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.

At March 31, 2019 and March 31, 2020, there were no related parties transactions associated with:

- Key management personnel and close family members of those individuals in the Corporation.
- Companies connected to members of the Corporation's Board of Directors.

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:

	2020	2019
	<i>(in thousands)</i>	
Revenues		
Grants	\$ 41,360	\$ 44,130
Other	-	300
	<u>\$ 41,360</u>	<u>\$ 44,430</u>
Expenses		
Grants	\$ 12	\$ 65
Other Services	9	7
	<u>\$ 41,339</u>	<u>\$ 44,358</u>
Receivable from/Payable to	<u>\$ -</u>	<u>\$ 31</u>
Debt to Related Parties	<u>\$ -</u>	<u>\$ -</u>

Other Financial Information

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Lapse/Encumbrance (unaudited)

Department of Economic Development, Trade and Tourism

For the year ended March 31, 2020

	Voted Estimate ⁽¹⁾	Supplementary Supply	Adjustments ⁽²⁾	Adjusted Voted Estimate	Voted Actuals ⁽³⁾	(Over Expended)/ Unexpended
<i>(in thousands)</i>						
Program - Operating Expense						
1.0 Ministry Support Services						
1.1 Minister's Office	\$ 1,182	\$ -	\$ -	\$ 1,182	\$ 981	\$ 201
1.2 Deputy Minister's Office	851	-	-	851	812	39
1.3 Strategic Policy and Corporate Services	8,367	-	(465)	7,902	7,644	258
	10,400	-	(465)	9,935	9,437	498
2.0 Economic Development						
2.1 Program Delivery Support	8,187	-	(505)	7,682	5,744	1,938
2.2 Industry Development	3,988	-	-	3,988	3,776	212
2.3 Entrepreneurship and Regional Development	4,588	-	-	4,588	5,221	(633)
2.4 Northern Alberta Development Council	2,076	-	-	2,076	1,670	406
2.5 Transfer to Alberta Enterprise Corporation	750	-	(10)	740	750	(10)
	19,589	-	(515)	19,074	17,161	1,913
3.0 Trade and Investment Attraction						
3.1 Program Delivery Support	2,232	-	-	2,232	1,645	587
3.2 Trade Policy	885	-	(30)	855	950	(95)
3.3 Investment Attraction and Export Development	10,633	-	400	11,033	10,756	277
3.4 International Offices	8,649	-	(20)	8,629	8,065	564
	22,399	-	350	22,749	21,416	1,333
4.0 Science and Innovation						
4.1 Program Delivery Support	431	-	-	431	326	105
4.2 Innovation and System Engagement	29,275	-	-	29,275	29,421	(146)
4.3 Science and Innovation Policy and Strategy	4,457	-	-	4,457	3,022	1,435
4.4 Technology Partnerships and Investments	8,608	-	-	8,608	8,497	111
4.5 Grants to Alberta Innovates Corporation	141,924	-	(200)	141,724	140,074	1,650
	184,695	-	(200)	184,495	181,340	3,155
5.0 Jobs, Investment and Diversification						
	2,480	-	-	2,480	2,317	163

Lapse/Encumbrance (unaudited) – Continued

Department of Economic Development, Trade and Tourism
For the year ended March 31, 2020

	Voted Estimate ⁽¹⁾	Supplementary Supply	Adjustments ⁽²⁾	Adjusted Voted Estimate	Voted Actuals ⁽³⁾	(Over Expended)/ Unexpended
	<i>(in thousands)</i>					
6.0 Tourism						
6.1 Program Support	543	-	-	543	494	49
6.2 Destination Development and Visitor Services	5,914	-	(100)	5,814	2,857	2,957
6.3 Policy and Business Development	2,737	-	-	2,737	2,599	138
6.4 Assistance to Travel Alberta Corporation	41,860	-	(500)	41,360	41,360	-
	51,054	-	(600)	50,454	47,310	3,144
7.0 Climate Change						
7.1 Innovation and Technology	-	-	-	-	429	(429)
	\$ -	\$ -	\$ -	\$ -	\$ 429	\$ (429)
Capital Grants						
Tourism						
6.2 Destination Development and Visitor Services	1,500	-	-	1,500	1,500	-
	1,500	-	-	1,500	1,500	-
Capital Payments to Related Parties						
Science and Innovation						
4.5 Grants to Alberta Innovates Corporation	2,250	-	-	2,250	2,250	-
	2,250	-	-	2,250	2,250	-
Climate Leadership Plan						
7.1 Innovation and Technology	4,000	-	-	4,000	3,260	740
	4,000	-	-	4,000	3,260	740
Total	298,367	-	(1,430)	296,937	286,420	10,517
Lapse						\$ 10,517

Lapse/Encumbrance (unaudited) - Continued

Department of Economic Development, Trade and Tourism
For the year ended March 31, 2020

	Voted Estimate ⁽¹⁾	Supplementary Supply	Adjustments ⁽²⁾	Adjusted Voted Estimate	Voted Actuals ⁽³⁾	(Over Expended)/ Unexpended
	<i>(in thousands)</i>					
Program - Capital Investment						
1.0 Ministry Support Services						
1.3 Strategic Policy and Corporate Services	25	-	-	25	13	12
Total	25	-	-	25	13	12
Lapse						
Total	\$ 25	\$ -	\$ -	\$ 25	\$ 13	\$ 12
(Encumbrance)						\$ 12

⁽¹⁾ As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" pages 72-73 of the 2019-20 *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, 2019 and March 31, 2020.