

Invest in Canada

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2022, and all information contained in these statements rests with the management of the Agency Invest in Canada (IIC). These financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of IIC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in IIC's *Departmental Results Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout IIC and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The Audit Committee of the Board of Directors oversees management's responsibility for maintaining adequate control systems and the quality of financial reporting.

The financial statements of IIC have not been audited.

Katie Curran
Interim Chief Executive Officer

Assia Turenne
Chief Administrative Officer
Ottawa, Canada

August 30, 2022

Invest in Canada
Statement of Financial Position (Unaudited)
As at March 31

(in thousands of dollars)	2022	2021
Liabilities		
Accounts payable and accrued liabilities (note 4)	6,126	3,682
Vacation pay and compensatory leave	112	110
Total liabilities	6,238	3,792
Financial assets		
Due from the Consolidated Revenue Fund	5,676	3,221
Accounts receivable and advances (note 6)	481	391
Total financial assets	6,157	3,612
Net debt	81	180
Non-financial assets		
Prepaid expenses	637	1,348
Tangible capital assets (note 7)	1,771	2,356
Total non-financial assets	2,408	3,704
Net financial position	2,327	3,524

Contractual obligations (note 8)

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

Invest in Canada
Statement of Operations and Net Financial Position (Unaudited)
For the year ended March 31

(in thousands of dollars)	Planned Results (note 2)		
	2022	2022	2021
Expenses			
Programs		-	-
Information Services	4,421	3,148	3,452
Marketing and Outreach	18,313	22,917	17,285
Investor Services	4,196	3,541	3,883
Internal Services	6,721	6,694	7,549
Total expenses	33,651	36,300	32,169
Net cost of operations before government funding	33,651	36,300	32,169
Government funding			
Net cash provided by Government of Canada	33,271	32,093	27,862
Change in due from the Consolidated Revenue Fund	635	2,455	1,674
Services provided without charge by other government departments (note 9)	545	555	547
Total government funding	34,451	35,103	30,083
Net results of operations after government funding	(800)	1,197	2,086
Net financial position - Beginning of year	3,524	3,524	5,610
Net financial position - End of year	4,324	2,327	3,524

Segmented information (note 10)

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

Invest in Canada
Statement of Change in Net Debt (Unaudited)
For the year ended March 31

(in thousands of dollars)	2022	2021
Net result of operations after government funding	1,197	2,086
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 7)	106	473
Amortization of tangible capital assets (note 7)	(691)	(691)
Total change due to tangible capital assets	(585)	(218)
Change due to prepaid expenses	(711)	(1,852)
Net (decrease) increase in net debt	(99)	16
Net debt - Beginning of year	180	164
Net debt - End of year	81	180

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

Invest in Canada
Statement of Cash Flows (Unaudited)
For the year ended March 31

(in thousands of dollars)	2022	2021
Operating activities		
Net cost of operations before government funding	36,300	32,169
Non-cash items:		
Amortization of tangible capital assets (note 7)	(691)	(691)
Services provided without charge by other government departments (note 10)	(555)	(547)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances (note 6)	90	(518)
Decrease in prepaid expenses	(711)	(1,852)
Increase in accounts payable and accrued liabilities (note 4)	(2,444)	(1,201)
Decrease (increase) in vacation pay and compensatory leave	(2)	29
Cash used in operating activities	31,987	27,389
Capital investing activities		
Acquisition of tangible capital assets (note 7)	106	473
Cash used in capital investing activities	106	473
Net cash provided by Government of Canada	32,093	27,862

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

Invest in Canada
Notes to the Financial Statements (Unaudited)
For the year ended March 31

1. Authority and objectives

The Invest in Canada Hub was created under the Invest in Canada Act which came into effect March 12, 2018. Invest in Canada is listed under Schedule 2 and Schedule 5 of the *Financial Administration Act*, is funded through annual appropriations and operates as Invest in Canada (IIC)

The core responsibility of IIC is to lead the Government of Canada's Foreign Direct Investment (FDI) attraction efforts by making Canada Top-of-Mind for foreign investors and providing services in support of investor decisions to expand in Canada.

Information Services

IIC is in a unique position to provide a national perspective on the FDI landscape through coordinated efforts with cross-Canada government partners. Leveraging the use of analytical tools and techniques is critical to ensuring a data-driven approach to investor engagement strategies and to build the compilation of marketplace data and economic indicator information to identify and encourage potential investor positions.

Marketing and Outreach

Core to IIC's mandate is to raise Canada's investment advantage profile through international marketing campaigns and providing a concierge service to investors working with partners to accelerate more investments, from more global markets, into more sectors to create more, good paying jobs for Canadians.

Investor Services

IIC has established a high impact FDI attraction and client support function branded as iServices. This business function will work to accelerate decision making for potential investors by offering them support to efficiently navigate Canada's economic, political and social market landscape. It will also deliver world-class aftercare, retention and reinvestment services, with the aim of turning initial investments into expanded investments

Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal Services include only those activities and resources that apply across an organization and not to those provided to a specific program. The groups of activities are Management and Oversight Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

2. Summary of significant accounting policies

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

Significant accounting policies are as follows:

(a) Parliamentary authorities

IIC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to IIC do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Net Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the Expenses section of the Statement of Operations and Net Financial Position are the amounts reported in the future-oriented Statement of Operations included in the 2021-22 Departmental Plan. The planned results amounts in the Government funding section of the Statement of Operations was prepared for internal management purposes and have not been previously published.

Invest in Canada
Notes to the Financial Statements (Unaudited)
For the year ended March 31

2. Summary of significant accounting policies (continued)

Each year, IIC presents information on planned expenditures to Parliament through the tabling of Estimates publications. These estimates result in the introduction of supply bills (which, once passed into legislation, become appropriation acts) in accordance with the reporting cycle for government expenditures. IIC exercises expenditure initiation processes such that unencumbered balances of budget allotments and appropriations are monitored and reported on a regular basis to help ensure sufficient authority remains for the entire period and appropriations are not exceeded.

(b) Net cash provided by Government

IIC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by IIC is deposited to the CRF, and all cash disbursements made by IIC are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(c) Due from the Consolidated Revenue Fund

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that IIC is entitled to draw from the CRF without further authorities to discharge its liabilities. This amount is not considered to be a financial instrument.

(d) Expenses

Expenses are recorded on the accrual basis:

- ✓ Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

(e) Employee future benefits

- ✓ Pension benefits: Eligible employees participate in the Public Service Pension Plan (Plan), a multiemployer pension plan administered by the Government of Canada. IIC's contributions to the Plan are charged to expenses in the year incurred and represent the total IIC obligation to the Plan. IIC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(f) Accounts receivable

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts receivable where recovery is considered uncertain.

Invest in Canada
Notes to the Financial Statements (Unaudited)
For the year ended March 31

2. Summary of significant accounting policies (continued)

(g) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(h) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. IIC does not capitalize intangible assets.

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

Asset Class	Amortization Period
Computer software	5 years
Informatics hardware	5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement

(i) Related Party Transactions

Inter-entity transactions

IIC is related, in terms of common control, to all government departments, agencies, and Crown corporations. IIC enters into transactions with these entities in the normal course of business, which are measured at their carrying amount, except for the following:

i) Inter-entity transactions are measured at the exchange amount when undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered.

ii) Goods or services received without charge between commonly controlled entities, when used in the normal course of the operations and would otherwise have been purchased, are recorded as revenues and expenses at the carrying amount. The Government also uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the cheque issuance services provided by Public Services and Procurement Canada are not included in IIC's Statement of Operations and Net Financial Position

Other related party transactions

Related parties also include key management personnel (KMP) having authority and responsibility for planning, directing and controlling the activities of IIC, as well as their close family members. IIC has defined its KMP to be the Chief Executive Officer and the Chief Administrative Officer.

These related party transactions are recorded at the exchange amount.

(j) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect IIC's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

Invest in Canada
Notes to the Financial Statements (Unaudited)
For the year ended March 31

3. Parliamentary authorities

IIC receives its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, IIC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year authorities used

(in thousands of dollars)	2022	2021
Net cost of operations before government funding	36,300	32,169
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
<i>Add (Less):</i>		
Services provided without charge by other government departments (note 10)	(555)	(547)
Amortization of tangible capital assets (note 7)	(692)	(692)
(Increase) decrease in vacation pay and other leaves	(2)	29
Refund of prior years' expenditures	24	27
Refunds of program expenditures	16	15
	(1,209)	(1,168)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisition of tangible capital assets (note 7)	106	473
Decrease in prepaid expenses	(711)	(1,852)
	(605)	(1,379)
Current year authorities used	34,486	29,622

(b) Authorities provided and used

(in thousands of dollars)	2022	2021
Authorities provided:		
Vote 1 - Program expenditures	35,986	36,094
Less:		
Lapsed: Operating	(1,500)	(6,472)
Current year authorities used	34,486	29,622

Invest in Canada
Notes to the Financial Statements (Unaudited)
For the year ended March 31

4. Accounts payable and accrued liabilities

The following table presents details of IIC's accounts payable and accrued liabilities:

(in thousands of dollars)	2022	2021
Other government departments and agencies	191	166
External parties	2,978	2,991
	3,169	3,157
Accrued liabilities	2,957	525
	6,126	3,682

5. Employee future benefits

a) Pension benefits

IIC's employees participate in the Public Service Pension Plan (Plan), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and IIC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to *Economic Action Plan 2012*, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2021-22 expense amounts to \$741,483 (\$731,654 in 2020-21). For Group 1 members, the expense represents approximately 1.01 times (1.01 times in 2020-21) the employee contributions and, for Group 2 members, approximately 1 time (1 times in 2020-21) the employee contributions.

IIC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the consolidated financial statements of the Government of Canada, as the Plan's sponsor.

6. Accounts receivable and advances

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

(in thousands of dollars)	2022	2021
Receivables - Other government departments and agencies	444	377
Receivables - External parties	35	-
Employee advances and overpayments	2	4
Gross accounts receivable	481	389
Accounts receivable held on behalf of Government	-	-
	481	389

Invest in Canada
Notes to the Financial Statements (Unaudited)
For the year ended March 31

7. Tangible capital assets

Capital Asset Class	Cost			
	Opening Balance	Acquisitions	Disposals, Write-Offs and Transfers	Closing Balance
<i>(in thousands of dollars)</i>				
Computer software	1,351			1,351
Leasehold improvements	2,110			2,110
Assets under development	-	106		106
	3,461	106	-	3,567

Capital Asset Class	Accumulated Amortization			
	Opening Balance	Amortization	Disposals, Write-Offs and Transfers	Closing Balance
<i>(in thousands of dollars)</i>				
Computer software	270	270	-	540
Leasehold improvements	835	422	-	1,256
Assets under development	-		-	
	1,105	692	-	1,796

Capital Asset Class	Net Book Value	
	2022	2021
<i>(in thousands of dollars)</i>		
Computer software	811	1,081
Leasehold improvements	854	1,275
Assets under development	106	-
	1,771	2,356

Assets under development are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

Invest in Canada
Notes to the Financial Statements (Unaudited)
For the year ended March 31

8. Contractual Obligations

The nature of the IIC's activities can result in some multi-year contracts and obligations whereby the IIC will be obligated to make future payments when the goods or services are received. These obligations include service contracts and equipment rental. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	Related Parties	Acquisitions of goods and services	Operating leases	Total
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027 and thereafter	-	-	-	-

9. Related party transactions

IIC is related as a result of common ownership to all government departments, agencies, and Crown corporations.

IIC enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Common services provided without charge by other government departments

During the year, IIC received services without charge from certain common service organizations related to accommodation. This service provided without charge has been recorded in the IIC's Statement of Operations and Net Financial Position as follows:

(in thousands dollars)	2022	2021
Accommodation	554	547
	554	547

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the cheque issuance services provided by Public Services and Procurement Canada are not included in the IIC's Statement of Operations and Net Financial Position.

(b) Other transactions with related parties

(in thousands dollars)	2021	2020
Accounts receivable	444	377
Accounts payable	191	166
Expenses	1,522	1,549
Acquisitions of Tangible Capital Assets	106	11

Invest in Canada
Notes to the Financial Statements (Unaudited)
For the year ended March 31

10. Segmented information

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

(in thousands of dollars)	Information Services	Marketing and Outreach	Investor Services	Internal Services	2022	2021
Expenses						
Salaries and employee benefits	666	2,501	3,063	3,192	9,422	8,123
Professional and special services	799	2,009	267	1,355	4,430	7,349
Accommodation	-	-	-	555	555	547
Amortization of tangible capital assets	-	-	-	692	692	692
Furniture and equipment	677	-	-	178	855	424
Telecommunications services	3	-	-	49	52	98
Information services	470	18,290	11	362	19,133	14,485
Rental	533	26	5	254	818	414
Travel	-	44	194	42	280	2
Utilities, materials and supplies	-	47	1	11	59	30
Repair and maintenance	-	-	-	1	1	4
Other	-	-	-	3	3	1
Net cost of operations	3,148	22,917	3,541	6,694	36,300	32,169