

Invest in Canada Quarterly Financial Report

For the quarter ended June 30, 2018

1. Introduction

This quarterly report has been prepared by management as required by section 65.1 of the Financial Administration Act and in the form and manner prescribed by the Treasury Board GC 4400 Accounting Standard. It should be read in conjunction with the Main Estimates. This report has not been subject to an external audit or review.

1.1 Authority and Mandate

As outlined in the *Invest in Canada Act*, for the purpose of supporting economic prosperity and stimulating innovation in Canada, liC's mandate is to:

- a. promote foreign direct investment in Canada and attract and facilitate that investment; and
- b. coordinate the efforts of the government, the private sector and other stakeholders with respect to foreign direct investment in Canada.

1.2 Basis of Presentation

This quarterly report has been prepared using an expenditure basis of accounting. The accompanying Statement of Authorities includes liC's spending authorities granted by Parliament and those used by the liC, consistent with the Main Estimates, Supplementary Estimates and Treasury Board vote transfers for the 2018-19 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the government. Approvals are given in the form of annually approved limits through appropriation acts, or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

liC uses the full accrual method of accounting to prepare and present its annual financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

2. Highlights of the Fiscal Quarter and Fiscal Year-to-Date (YTD) Results

2.1 Statement of Authorities

As reflected in the attached Statement of Authorities, liC's total authorities has not changed for 18-19.

2.2 Statement of Department Budgetary Expenditures by Standard Object

As per the attached Budgetary Expenditures by Standard Object, total year-to-date net budgetary expenditures (April to June) represent 3% percent of total budgetary authorities available for use. liC spent the first quarter building capacity and will continue to ramp up operations in the quarters to come.

3. Risks and Uncertainties

Startup / organizational capacity risks

As a startup organization, there are risks in getting liC off the ground. Core to liC's business is a highly skilled, high performing team to target, support, and facilitate FDI attraction and provide world-class investor services. A key challenge will be the organization's ability to attract and retain this highly skilled work force on a timely basis. Strong operating policies, processes, and systems are needed as the organization builds its capacity and develops its programs that will ensure both the highest standard of accountability and service to clients. If liC were to fall short in these areas and not meet client expectations, its reputation could be at risk.

To mitigate these risks, compensation was benchmarked against relevant data markers including the private sector to ensure competitiveness with pay and benefits, with flexible offerings to attract the talent needed. A collaborative approach to developing programs and systems was taken and strong relationships established with key players to ensure alignment and to leverage existing systems and networks. A specialized recruiting firm was retained to assist in identifying and recruiting the talent needed for the leadership team, and other core positions.

Financial risks

There is a risk that cost estimates and the actual costs associated with establishing liC differ, resulting in funding shortfalls that impact the organization's ability to deliver on its goals. Various factors could influence this, including salaries to attract private sector positions being higher than anticipated. There is also a risk that funds will lapse in the early years, as building capacity for the corporation could take more time than anticipated.

To reduce the impacts of these risks, liC monitors its financial situation closely and adjust its expenditure plans as needed. Funding profiles have been established that include a gradual scaling up of operations to account for the time needed for set-up and recruitment.

4. Significant Changes in Relation to Operations, Personnel and Programs

No significant changes to report.

Approved by:

Original Signed by 	Original Signed by 
Ian McKay	Katie Curran
Chief Executive Officer	Chief Administrative Officer

Ottawa, Ontario
July 09, 2019

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Statement of Authorities (unaudited)

	Fiscal Year 2018-19 (in thousands of dollars)		
	Total available for use for the year ending March 31, 2019*	Used during the quarter ended June 30, 2018	Year to date used at quarter-end
(in thousands of dollars)			
Budgetary Authorities			
Vote 1 - Program Expenditures	22,203	502	502
Budgetary Statutory Authorities			
Employee Benefit Plans	982	245	245
Total Budgetary Authorities	23,185	747	747

*Includes only Authorities available for use and granted by Parliament at quarter-end

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Budgetary expenditures by Standard Object (unaudited)

	Fiscal Year 2018-19 (in thousands of dollars)		
	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended June 30, 2018	Year to date used at quarter-end
(in thousands of dollars)			
Expenditures:			
Personnel	7,439	400	400
Transportation and Communications	3,750	57	57
Information	6,000	15	15
Professional and Special Services	5,024	270	270
Rentals	362	-	-
Repair and Maintenance	120	-	-
Utilities, Material and Supplies	490	-	-
Acquisition of land, buildings and works	-	-	-
Acquisition of Machinery and Equipment	-	1	1
Other Subsidies and Payments	-	4	4
Total Net Budgetary expenditures	23,185	747	747