

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, 2020, 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.



Ian McKay
Chief Executive Officer



Katie Curran
Chief Administrative Officer

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

| (in thousands of dollars) | 2020 | 2019 |
|---|--------------|--------------|
| Liabilities | | |
| Accounts payable and accrued liabilities (note 4) | 2,481 | 2,436 |
| Vacation pay and other leaves | 139 | 55 |
| Total liabilities | 2,620 | 2,491 |
| Financial assets | | |
| Due from the Consolidated Revenue Fund | 1,547 | 2,322 |
| Accounts receivable and advances (note 6) | 909 | 111 |
| Total financial assets | 2,456 | 2,433 |
| Net debt | 164 | 58 |
| Non-financial assets | | |
| Prepaid expenses | 3,200 | 491 |
| Tangible capital assets (note 7) | 2,574 | 1,340 |
| Total non-financial assets | 5,774 | 1,831 |
| Net financial position | 5,610 | 1,773 |

Contingent liabilities (note 8)

Contractual obligations (note 9)

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



Ian McKay
 Chief Executive Officer



Katie Curran
 Chief Administrative Officer

Ottawa, Canada
 September 14, 2020

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) | | |
|--|-----------------------------|----------------|----------------|
| | 2020 | 2020 | 2019 |
| Expenses | | | |
| Partnership and Strategy Development | 5,912 | 3,701 | 701 |
| Marketing and Outreach | 19,228 | 10,748 | 3,118 |
| Investor Services | 4,013 | 2,062 | 742 |
| Internal Services | 6,269 | 6,148 | 4,374 |
| Net September 14, 2020 | 35,423 | 22,659 | 8,935 |
| Government funding | | | |
| Net cash provided by Government of Canada | 36,057 | 26,817 | 8,803 |
| Change in due from the Consolidated Revenue Fund | 297 | (775) | 1,905 |
| Services provided without charge by other government departments (note 10) | 1,102 | 454 | - |
| Total government funding | 37,456 | 26,496 | 10,708 |
| Net results of operations after government funding | (2,033) | (3,837) | (1,773) |
| Net financial position - Beginning of year | 1,773 | 1,773 | - |
| Net financial position - End of year | 3,806 | 5,610 | 1,773 |

Segmented information (note 11)

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) | 2020 | 2019 |
|--|----------------|----------------|
| Net result of operations after government funding | (3,837) | (1,773) |
| Change due to tangible capital assets | | |
| Acquisition of tangible capital assets (note 7) | 1,647 | 1,340 |
| Amortization of tangible capital assets (note 7) | (413) | - |
| Total change due to tangible capital assets | 1,234 | 1,340 |
| Change due to prepaid expenses | 2,709 | 491 |
| Net increase in net debt | 106 | 58 |
| Net debt - Beginning of year | 58 | - |
| Net debt - End of year | 164 | 58 |

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) | 2020 | 2019 |
|---|---------------|--------------|
| Operating activities | | |
| Net cost of operations before government funding | 22,659 | 8,935 |
| Non-cash items: | | |
| Amortization of tangible capital assets (note 7) | (413) | - |
| Variations in Statement of Financial Position: | | |
| Increase in accounts receivable and advances (note 6) | 798 | 106 |
| Increase in prepaid expenses | 2,709 | 491 |
| Increase in accounts payable and accrued liabilities (note 4) | (45) | (2,014) |
| At September 14, 2020 | (84) | (55) |
| Cash used in operating activities | 25,170 | 7,463 |
| Capital investing activities | | |
| Acquisition of tangible capital assets (note 7) | 1,647 | 1,340 |
| Cash used in capital investing activities | 1,647 | 1,340 |
| Net cash provided by Government of Canada | 26,817 | 8,803 |

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 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.

Partnership and Strategy Development

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 *2019-20 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.

Liquidity risk is the risk that IIC will encounter difficulty in meeting its obligations associated with financial liabilities. IIC's objective for managing liquidity risk is to manage operations and cash expenditures within the appropriation authorized by Parliament or allotment limits approved by the Treasury Board.

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.

Consistent with Section 32 of the *Financial Administration Act*, IIC's policy to manage liquidity risk is that no contract or other arrangement providing for a payment shall be entered into with respect to any program for which there is an appropriation by Parliament or an item included in estimates then before the House of Commons to which the payment will be charged unless there is a sufficient unencumbered balance available out of the appropriation or item to discharge any debt that, under the contract or other arrangement, will be incurred during the fiscal year in which the contract or other arrangement is entered into.

(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 other leaves 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.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. IIC is not exposed to significant credit risk. Accounts receivable are due on demand. The majority of accounts receivable are due from other government of Canada departments and agencies where there is minimal potential risk of loss. The maximum exposure IIC has to credit risk equal to the carrying value of its accounts receivable.

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 ownership, 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) | 2020 | 2019 |
|--|---------------|---------------|
| Net cost of operations before government funding | 22,659 | 8,935 |
| <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) | (454) | - |
| Amortization of tangible capital assets (note 7) | (413) | - |
| Increase in vacation pay and other leaves | (84) | (55) |
| Refunds of program expenditures | 27 | 8 |
| | (924) | (47) |
| <i>Adjustments for items not affecting net cost of operations but affecting authorities:</i> | | |
| Acquisition of tangible capital assets (note 7) | 1,647 | 1,340 |
| Employee advances and overpayments (note 6) | 5 | - |
| Increase in prepaid expenses | 2,709 | 491 |
| | 4,361 | 1,831 |
| Current year authorities used | 26,096 | 10,719 |

(b) Authorities provided and used

| (in thousands of dollars) | 2020 | 2019 |
|--------------------------------------|---------------|---------------|
| Authorities provided: | | |
| Vote 1 - Program expenditures | 36,057 | 22,203 |
| Less: | | |
| Lapsed: Operating | (9,961) | (11,484) |
| Current year authorities used | 26,096 | 10,719 |

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are due within six months of year-end.

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

| (in thousands of dollars) | 2020 | 2019 |
|---|-------|-------|
| Other government departments and agencies | 57 | 948 |
| External parties | 1,301 | 877 |
| | 1,358 | 1,825 |
| Accrued liabilities | 1,123 | 611 |
| | 2,481 | 2,436 |

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

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 2019-20 expense amounts to \$551,295 (\$221,931 in 2018-19). For Group 1 members, the expense represents approximately 1.01 times (1.01 times in 2018-19) the employee contributions and, for Group 2 members, approximately 1 time (1 times in 2018-19) 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) | 2020 | 2019 |
|---|------|------|
| Receivables - Other government departments and agencies | 901 | 104 |
| Receivables - External parties | - | 9 |
| Employee advances and overpayments | 8 | (2) |
| | 909 | 111 |

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

7. Tangible capital assets

| Capital Asset Class | Cost | | | Closing Balance |
|---------------------------|-----------------|--------------|-------------------------------------|-----------------|
| | Opening Balance | Acquisitions | Disposals, Write-Offs and Transfers | |
| (in thousands of dollars) | | | | |
| Leasehold improvements | 1,340 | 759 | - | 2,099 |
| Assets under development | - | 888 | - | 888 |
| | 1,340 | 1,647 | - | 2,987 |

| Capital Asset Class | Accumulated Amortization | | | Closing Balance |
|---------------------------|--------------------------|--------------|-------------------------------------|-----------------|
| | Opening Balance | Amortization | Disposals, Write-Offs and Transfers | |
| (in thousands of dollars) | | | | |
| Leasehold improvements | - | 413 | - | 413 |
| Assets under development | - | - | - | - |
| | - | 413 | - | 413 |

| Capital Asset Class | Net Book Value | |
|---------------------------|----------------|-------|
| | 2020 | 2019 |
| (in thousands of dollars) | | |
| Leasehold improvements | 1,686 | 1,340 |
| Assets under development | 888 | - |
| | 2,574 | 1,340 |

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.

8. Contingent liabilities

No contingent liabilities are recognized in IIC's financial statements for the fiscal year ended March 31, 2020, and there are no claims outstanding as at March 31, 2020.

9. 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 |
|---------------------------|-----------------|------------------------------------|------------------|-------|
| 2021 | - | 1,014 | - | 1,014 |
| 2022 | - | - | - | - |
| 2023 | - | - | - | - |
| 2024 | - | - | - | - |
| 2025 and thereafter | - | - | - | - |

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

10. 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 of dollars) | 2020 | 2019 |
|---------------------------|------|------|
| Accommodation | 454 | - |
| | 454 | - |

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) | 2020 | 2019 |
|---|-------|-------|
| Accounts receivable | 901 | 104 |
| Accounts payable | 57 | 948 |
| Expenses | 4,626 | 1,061 |
| Acquisitions of Tangible Capital Assets | 759 | 1,340 |

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

11. 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) | Partnerships and Strategy Development | Marketing and Outreach | Investor Services | Internal Services | 2020 | 2019 |
|-----------------------------------|---|---------------------------|-------------------|----------------------|---------------|--------------|
| Expenses | | | | | | |
| Salaries and employee benefits | 705 | 1,237 | 1,744 | 2,965 | 6,651 | 3,318 |
| Professional and special services | 1,172 | 5,000 | 197 | 1,620 | 7,989 | 3,194 |
| Furniture and equipment | 28 | 14 | - | 356 | 398 | 363 |
| Telecommunications services | 1 | 5 | - | 22 | 28 | 42 |
| Information services | 563 | 4,064 | 3 | - | 4,630 | 962 |
| Rental | 231 | 254 | 3 | 203 | 691 | 226 |
| Travel | 995 | 93 | 110 | 32 | 1,230 | 728 |
| Utili September 14, 2020 | 6 | 81 | 5 | 40 | 132 | 98 |
| Repair and maintenance | - | - | - | 13 | 13 | 3 |
| Other | - | - | - | 30 | 30 | 1 |
| Net cost of operations | 3,701 | 10,748 | 2,062 | 6,148 | 22,659 | 8,935 |