

**Financial Information Act (FIA)**

**INNOVATE BC**

Year ended March 31, 2021

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**INNOVATE BC**

**STATEMENT OF FINANCIAL INFORMATION APPROVAL**

The undersigned represents the Board of Directors of Innovate BC and approves all the statements and schedules included in this Statement of Financial Information produced under the Financial Information Act.



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Andrew Petter  
Chair, Board of Directors

September 23, 2021

*\* Prepared pursuant to the Financial Information Regulation, Schedule 1, section 9*

**INNOVATE BC**  
**MANAGEMENT REPORT**  
**FISCAL YEAR ENDED MARCH 31, 2021**

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* has been prepared by management in accordance with Public Sector Accounting Standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit and Finance Committee of the Board. The Audit and Finance Committee meets with management and the external auditors at least once a year.

The external auditors, KPMG, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of Innovate BC's system of internal controls and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Audit and Finance Committee of the Board and meet with them on a regular basis.

On behalf of Innovate BC



\_\_\_\_\_  
Raghwa Gopal  
Chief Executive Officer  
September 23, 2021



\_\_\_\_\_  
Jennie Choboter  
Chief Financial Officer  
September 23, 2021

\* Prepared pursuant to the *Financial Information Regulation, Schedule 1, section 9*



Financial statements

Innovate BC

March 31, 2021

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# Independent Auditor's Report

To the Board of Directors of **Innovate BC**

To the Ministry of Jobs, Economic Development and Competitiveness of  
British Columbia

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Grant Thornton LLP  
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333 Seymour Street  
Vancouver, BC  
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## Opinion

We have audited the financial statements of Innovate BC ( the “Entity”), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and accumulated operating surplus, changes 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Innovate BC as at March 31, 2021, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for opinion

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

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Innovate BC's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

We 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 we identify during our audit.



**Other matters**

The accompanying comparative information, which comprises the statement of financial position as at March 31, 2020, the statement of operations and accumulated operating surplus, statement of changes in net financial assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, were audited by another auditor who expressed an unmodified opinion on May 14, 2020.

Vancouver, Canada  
May 13, 2021

*Grant Thornton LLP*

Chartered Professional Accountants

# Innovate BC

## Statement of Financial Position

March 31

2021

2020

### Financial assets

#### Cash and cash equivalents

Unrestricted	\$ 402,185	\$ 1,224,901
Restricted - deferred programs (Note 6)	917,493	916,004
Restricted - NRAS endowment (Note 7)	<u>1,774,119</u>	<u>1,928,142</u>
	<u>3,093,797</u>	<u>4,069,047</u>

#### Investments (Note 3)

Unrestricted	3,233,821	5,677,537
Restricted - deferred programs (Note 6)	1,006,076	2,084,828
Restricted - NRAS endowment (Note 7)	<u>2,779,926</u>	<u>2,913,730</u>
	<u>7,019,823</u>	<u>10,676,095</u>

#### Receivables

Accounts and accrued interest receivable	26,938	231,977
Accounts receivable from Federal Government	<u>3,714,909</u>	<u>-</u>
	<u>3,741,847</u>	<u>231,977</u>
	<u>13,855,467</u>	<u>14,977,119</u>

### Liabilities

Accounts payable and accrued liabilities	578,185	251,881
Deferred program revenues (Note 6)	1,923,569	3,000,832
Deferred revenue from NRAS endowment (Note 7)	<u>4,554,045</u>	<u>4,841,872</u>
	<u>7,055,799</u>	<u>8,094,585</u>

### Net financial assets

<u>6,799,668</u>	<u>6,882,534</u>
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### Non-financial assets

Restricted - NRAS endowment investments (Note 7)	50,000,000	50,000,000
Tangible capital assets (Note 4)	153,048	161,839
Prepaid expenses	<u>144,157</u>	<u>34,211</u>
	<u>50,297,205</u>	<u>50,196,050</u>

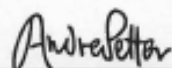
### Accumulated surplus

<u>\$ 57,096,873</u>	<u>\$ 57,078,584</u>
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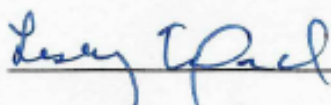
Commitments and contingencies (Note 8)

Contractual obligations (Note 9)

Impact of COVID-19 (Note 15)



Director



Director

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**Innovate BC****Statement of Operations and Accumulated Operating Surplus**

Year ended March 31	Budget 2021	2021	2020
<b>Revenue</b>			
Grants from the Province of British Columbia (Note 12)	\$ 6,090,000	\$ 6,090,000	\$ 6,090,000
Grants from the Federal Government (Note 15)	-	6,803,229	-
NRAS endowment (Note 7)	1,823,000	1,766,871	1,050,559
Program revenue (Note 6)	982,000	1,101,462	616,346
Other	1,766,000	293,075	489,435
Interest	220,000	179,233	255,325
	<u>10,881,000</u>	<u>16,233,870</u>	<u>8,501,665</u>
<b>Expenses (Note 13)</b>			
Program expenses and disbursements:			
Programs and initiatives	5,438,415	11,924,006	4,395,140
NRAS endowment funds	1,823,000	1,646,477	970,455
Salaries and benefits	2,440,085	1,999,790	2,140,772
Rent	347,000	348,478	333,182
Operational and administrative expenses	832,500	296,830	641,837
	<u>10,881,000</u>	<u>16,215,581</u>	<u>8,481,386</u>
Annual surplus	-	18,289	20,279
Accumulated surplus, beginning of year	<u>57,078,584</u>	<u>57,078,584</u>	<u>57,058,305</u>
Accumulated surplus, end of year	<u>\$ 57,078,584</u>	<u>\$ 57,096,873</u>	<u>\$ 57,078,584</u>

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**Innovate BC****Statement of Changes in Net Financial Assets**

Year ended March 31	Budget 2021		2021	2020
Annual surplus	\$	-	\$ 18,289	\$ 20,279
Additions to tangible capital assets		<b>(80,000)</b>	<b>(36,549)</b>	(113,887)
Amortization of tangible capital assets		<b>45,000</b>	<b>43,468</b>	41,579
Disposition of tangible capital assets		-	<b>5,563</b>	-
Accumulated amortization of disposition		-	<b>(3,691)</b>	1,168
		<b>(35,000)</b>	<b>27,080</b>	(50,861)
Acquisition of program funds under management		-	-	-
Funds under management transferred to Innovate BC		-	-	987,100
		-	-	987,100
Acquisition of prepaid expenses		-	<b>(167,356)</b>	(18,802)
Use of prepaid expenses		-	<b>57,410</b>	36,898
		-	<b>(109,946)</b>	18,096
Change in net financial assets		<b>(35,000)</b>	<b>(82,866)</b>	954,335
Net financial assets, beginning of year		<b>6,882,534</b>	<b>6,882,534</b>	5,928,199
Net financial assets, end of year	\$	<b>6,847,534</b>	\$ <b>6,799,668</b>	\$ 6,882,534

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# Innovate BC

## Statement of Cash Flows

Year ended March 31

2021

2020

Cash derived from (applied to)

### Operating activities

Operating surplus	\$	18,289	\$	20,279
Adjustments for items not affecting cash				
Amortization of tangible capital assets		43,468		41,579
Loss on disposal of tangible capital assets		1,872		1,168

		<u>63,629</u>		<u>63,026</u>
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Changes in non-cash working capital items

Accounts receivable		(3,509,870)		(170,714)
Program funds under management		-		987,100
Prepaid expenses		(109,946)		18,096
Accounts payable and accrued liabilities		326,304		(1,324,444)
Deferred program revenues		(1,077,263)		(350,178)
Deferred revenue from NRAS endowment		(287,827)		464,283

		<u>(4,594,973)</u>		<u>(312,831)</u>
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### Capital

Purchase of tangible capital assets		(36,549)		(113,887)
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### Investments:

Purchase of investments		(2,766,297)		(7,468,540)
Proceeds on maturity of investments		6,422,569		7,480,493

		<u>3,656,272</u>		<u>11,953</u>
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Net (decrease) in cash

		(975,250)		(414,765)
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Cash and cash equivalents, beginning of year

		<u>4,069,047</u>		<u>4,483,812</u>
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Cash and cash equivalents, end of year

	\$	<u>3,093,797</u>	\$	<u>4,069,047</u>
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# Innovate BC

## Notes to the Financial Statements

March 31, 2021

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### 1. Nature of operations

Innovate BC was established on March 15, 2018, by an amendment of the British Columbia Innovation Council Act to the Innovate BC Act (the "Act"). Prior to March 15, 2019, Innovate BC was known as British Columbia Innovation Council (the "Council"). The Council was established in 2006 by an amendment of the Innovation and Science Council Act to the British Columbia Council Act.

Innovate BC is governed by a Board of Directors, appointed by the provincial government of British Columbia (the "Province"). Innovate BC is exempt from the payment of income taxes under Section 149 of the Income Tax Act.

Under Section 13 of the Act, the directors, officers, and employees of Innovate BC have certain immunities in the exercise of their duties carried out in the connection with Innovate BC.

The objective of Innovate BC is to encourage the development and application of advanced or innovative technology to meet the needs of industry in British Columbia included the implementation, administration and funding of programs.

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### 2. Summary of significant accounting policies

#### Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") established by the Canadian Public Sector Accounting Board.

#### Cash and cash equivalents

Cash and cash equivalents include all balances held at banks and investments with a term to maturity of 90 days or less at the date of acquisition.

#### Investments

Investments, which include investments with original terms to maturity of greater than 90 days, are recorded at amortized cost plus accrued interest, which approximates market value.

Investments in privately-held corporations are recorded at a nominal market value.

#### Revenue recognition

Unrestricted contributions are recorded as revenue when received or receivable, if the amounts can be estimated and collection is reasonably assured. Other unrestricted revenue, including sales of services, are reported as revenue at the time the services are provided, or the goods delivered.

Investment income on unrestricted assets is recognized as revenue when it is earned. Investment income that is subject to external restrictions is deferred and recognized as revenue in the year in which the related expense is incurred.

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# Innovate BC

## Notes to the Financial Statements

March 31, 2021

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### 2. Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

Transfers from governments with restrictions are deferred and recognized as revenue when they are spent in accordance with the stipulations in the related agreements. Transfers from governments without restrictions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as revenue when received. Investment income earned from restricted cash and investments related to the endowment funds are deferred and recognized as revenue when they are spent or disbursed in accordance with the restrictions of the endowment.

Contributions externally restricted for non-capital specific purposes are recorded as deferred revenue and recognized as revenue in the year in which the stipulations are met.

#### Budget figures

The budget figures presented in these financial statements are based on the fiscal year 2021 operating budget, approved by the Board of Directors on February 5, 2020.

#### Financial instruments

Financial instruments are classified into two categories: fair value or amortized cost.

Investments with fixed maturity dates are recorded at amortized cost. Income on these investments is recognized in the Statement of Operations and Accumulated Surplus over the period of time the investments are held, except for those that are restricted in use. The income from investments that are restricted in use are included within deferred revenue and recognized in the Statement of Operations and Accumulated Surplus when restrictions are satisfied. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are included in the cost of the related investments.

The carrying amounts of other financial instruments such as cash and cash equivalents, and accounts receivable also approximate their fair value due to their short-term maturities.

Innovate BC does not have any financial instruments required or elected to be subsequently recorded at fair value.

#### Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

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# Innovate BC

## Notes to the Financial Statements

March 31, 2021

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### 2. Summary of significant accounting policies (continued)

#### Tangible capital assets

Tangible capital assets are initially recorded at cost which includes amounts that are directly attributed to acquisition, construction, development, or betterment of the asset. The historical cost, less residual value, of the tangible capital assets is amortized commencing at the time the asset is available for use based on the methods and rates as shown in the schedule below:

Furniture, fixtures and equipment	20% declining balance
Computer hardware and software	33% declining balance
Leasehold improvements	Straight line over the lesser of the term of the lease and the useful life of the asset

When events or circumstances indicate that a tangible capital asset no longer has any long-term service potential, the net carrying amount is written down to the residual value of the asset.

#### Prepaid expenses

Prepaid expenses are recorded at cost and amortized over the period where the benefits are received.

#### Employee future benefits

Innovate BC accrues employee vacation entitlements, included in accounts payable and accrued liabilities. Innovate BC is a member of the Public Service Pension Plan (Note 11). Defined contribution plan accounting is applied to the multi-employer defined benefit plan and, accordingly, contributions are expensed when paid or payable.

#### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant areas requiring the use of management estimates include the determination of useful lives of tangible capital assets for amortization and the accrual of liabilities. When actual results differ from the estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

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### 3. Investments

Restricted and unrestricted investments consist of term deposits and guaranteed investment certificates with maturity dates ranging from May 2021 to December 2023, bearing interest at rates ranging from 0.45% to 3.36% (2020 – 1.65% to 3.36%).

Included in unrestricted investments are shares of previous British Columbia Advanced Systems Foundation (“ASI”) program participant private corporations received in exchange for all or a portion of loan or royalty interests. As at March 31, 2021, Innovate BC has assessed these shares of privately-held corporations to have nominal market value of \$1 each for each company shareholding. The estimated market value of the long-term investments as at March 31, 2021 is \$5 (2020 - \$5).



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# Innovate BC

## Notes to the Financial Statements

March 31, 2021

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### 4. Tangible capital assets

<b>Cost</b>	Balance, March 31, 2020	Additions	Disposals	Balance, March 31, 2021
Furniture, fixtures and equipment	\$ 256,749	\$ 7,697	546	\$ 263,900
Computer hardware and software	406,373	16,533	5,017	417,889
Leasehold improvements	157,540	12,319	-	169,859
	<u>\$ 820,662</u>	<u>\$ 36,549</u>	<u>\$ 5,563</u>	<u>\$ 851,648</u>
<b>Accumulated Amortization</b>	Balance, March 31, 2020	Amortization	Disposals	Balance, March 31, 2021
Furniture, fixtures and equipment	\$ 186,180	\$ 15,223	\$ 36	\$ 201,367
Computer hardware and software	378,219	12,833	3,655	387,397
Leasehold improvements	94,424	15,412	-	109,836
	<u>\$ 658,823</u>	<u>\$ 43,468</u>	<u>\$ 3,691</u>	<u>\$ 698,600</u>
<b>Net book value</b>	2020			2021
Furniture, fixtures and equipment	\$ 70,569			\$ 62,533
Computer hardware and software	28,154			30,492
Leasehold improvements	63,116			60,023
	<u>\$ 161,839</u>			<u>\$ 153,048</u>

### 5. Accumulated surplus

Accumulated surplus is comprised of the following:

	2021	2020
Invested in tangible capital assets	\$ 153,048	\$ 161,839
NRAS endowment	50,000,000	50,000,000
Unrestricted	6,943,825	6,916,745
	<u>\$ 57,096,873</u>	<u>\$ 57,078,584</u>

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# Innovate BC

## Notes to the Financial Statements

March 31, 2021

### 6. Deferred program revenues

	Balance, March 31, 2020	Funds Received	Funds expended	Balance, March 31, 2021
Agriculture Science and Innovation	\$ 879,169	\$ -	\$ (601,368)	\$ 277,801
LEEF Student Program	916,005	14,299	(12,811)	917,493
Aquaculture & Environment Research	376,024	-	(6,622)	369,402
Industrial Innovation Scholarship	102,750	-	-	102,750
Innovation Exchange	472,600	-	(472,600)	-
#BCTECH Summit	254,284	9,900	(8,061)	256,123
	<u>\$ 3,000,832</u>	<u>\$ 24,199</u>	<u>\$ (1,101,462)</u>	<u>\$ 1,923,569</u>

Funds restricted for future program expenses have been separated and classified as restricted cash and cash equivalents – deferred programs and restricted investments – deferred programs.

### 7. Natural Resources and Applied Science Research Endowment (NRAS)

In fiscal year 2005/2006, Innovate BC was charged with stewarding an endowment contribution of \$50,000,000 from the Ministry of Economic Development. Investment earnings are restricted for the support of training, research and development in natural resources and applied sciences. As at March 31, 2021, restricted cash and investments of \$54,554,045 (2020 - \$54,841,872) are comprised of the permanently restricted endowment balance of \$50,000,000 and unspent interest earnings of \$4,554,045 (2020 - \$4,841,872). Unspent interest includes \$2,853,025 (2020 - \$1,201,576) which is committed for future payments of contracted awards (Note 9). During the year ended March 31, 2021, Innovate BC awarded Ignite Awards totaling \$1,523,551 (2020 - \$912,380) to research projects in natural resources and applied sciences.

Deferred revenue from the NRAS endowment balance comprises the following:

	<u>2021</u>	<u>2020</u>
Accumulated interest, beginning of year	\$ 4,841,872	\$ 4,377,589
Interest earned net of fees	1,479,044	1,514,842
Awards and administration fees	<u>(1,766,871)</u>	<u>(1,050,559)</u>
Accumulated interest, end of year	<u>\$ 4,554,045</u>	<u>\$ 4,841,872</u>

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# Innovate BC

## Notes to the Financial Statements

March 31, 2021

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### 8. Commitments and contingencies

(a) Operating leases:

Innovate BC has entered into operating leases for their premises and certain office equipment. Total estimated lease payments up to the end of the lease terms are as follows:

2022	\$	351,648
2023		358,776
2024		364,716
2025		303,840
2026		1,569
		<hr/>
	\$	1,380,549

(b) Contingencies:

From time to time, Innovate BC is subject to certain legal proceedings and claims which arise in the ordinary course of business. The outcome of such claims is undeterminable at this time and accordingly no provision has been made for these claims.

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### 9. Contractual obligations

Innovate BC has entered into a number of project grant contracts as at March 31, 2021 to provide future funding of research projects to be completed subsequent to year-end. These contractual obligations are funded in installments and payments are due based on the satisfaction of conditions included in the contracts. As such, no liability has been accrued in the financial statements as Innovate BC is not liable for payments until these conditions have been met.

The contractual obligations of Innovate BC are as follows:

	<u>2021</u>	<u>2020</u>
Ignite awards	\$ 2,853,025	\$ 1,201,576
Venture Acceleration Program	115,000	1,560,000
B.C. Fast Pilot	-	87,000
	<hr/>	<hr/>
	\$ 2,968,025	\$ 2,848,576

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# Innovate BC

## Notes to the Financial Statements

March 31, 2021

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### 10. Contractual rights

Innovate BC has entered into a lease contracts with third parties, and are entitled to receive payments to the end of the contract terms as follows:

2022	\$	42,948
2023		17,642
2024		17,938
2025		14,948
		<hr/>
	\$	93,476

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### 11. Employee future benefits

Innovate BC and its employees contribute to the Public Service Pension Plan (the "Plan") in accordance with the Public Sector Pension Plans Act (the "Act"). The Public Service Pension Board of Trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. As the Plan is a multi-employer, defined benefit plan, Innovate BC accounts for its payments on the basis of a defined contribution plan. The Plan covers approximately 67,000 active employees.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The latest actuarial valuation as at March 31, 2020, indicated a funding surplus of \$2,667,000,000 for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2023, with results available in early 2024.

During the year ended March 31, 2021, Innovate BC paid and expensed \$134,534 (2020 - \$142,186) for contributions to the Plan.

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### 12. Related party transactions

Innovate BC is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended March 31, 2021, Innovate BC received \$6,090,000 (2020 - \$6,090,000) in provincial funding from the Ministry of Jobs, Economic Development and Competitiveness.

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# Innovate BC

## Notes to the Financial Statements

March 31, 2021

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### 13. Expenses by object

The following is a summary of expenses by object:

	<u>2021</u>	<u>2020</u>
Expenses		
Program expenses and disbursements	\$ 13,570,483	\$ 5,365,595
Salaries and benefits (a)	1,999,790	2,140,772
Rent	348,478	333,182
Contracted services	64,830	134,720
Office expenses	86,892	152,946
Other costs	101,640	312,592
	<u>16,172,113</u>	<u>8,439,807</u>
Amortization	<u>43,468</u>	<u>41,579</u>
Total expense	<u>\$ 16,215,581</u>	<u>\$ 8,481,386</u>

- (a) Salary and benefits of \$1,053,176 were associated with the delivery of programs during the current year (2020 - \$765,858).

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### 14. Financial risk management

- (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligation resulting in a financial loss. For cash and accounts receivable, Innovate BC's credit risk is limited to the carrying value on the statement of financial position. Management does not believe that Innovate BC is subject to any significant concentration of credit risk. There have been no changes to the risk exposure from the prior year.

- (b) Liquidity risk:

Liquidity risk is the risk that Innovate BC is not able to meet its financial obligations on a timely basis or at a reasonable cost. Innovate BC has established budget processes and regularly monitors cash flows to ensure the necessary funds are on hand to fulfill upcoming obligations. There have been no changes to the risk exposure from the prior year.

- (c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect Innovate BC's income. Innovate BC utilizes market risk management to control market risk exposures to within acceptable parameters while optimizing the return on risk.

Innovate BC is not exposed to significant interest risk as it does not have amounts payable that are charged interest. There have been no changes to the risk exposure from the prior year.

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# Innovate BC

## Notes to the Financial Statements

March 31, 2021

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### 15. Impact of COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, and it is present as at March 31, 2021. At the time of the approval of these financial statements, Innovate BC has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- a. Cancellation of the 2020 BC Tech Summit based on public health recommendations on gatherings of larger than 50 people, and changes to work arrangements;
- b. Innovate BC delivered the BC Technology Sector Resiliency Program, providing business support services in response to the economic impact the COVID-19 crisis. The program was funded by Western Economic Diversification Canada (WD) and \$2,950,000 has been recognized as income in the current period on the statement of operations;
- c. Innovate BC delivered Digital Skills for Youth (DS4Y) to help underemployed post-secondary graduates enhance and develop digital and soft skills through work and training to improve their employability and use their talent to their full potential and succeed in the digital economy. The program was funded by Innovation, Sciences and Economic Development Canada and will continue in the next fiscal year and \$3,853,229 has been recognized as income in the current period on the statement of operations;
- d. Deployment of work from home protocols for Innovate BC's office.

Management has assessed the financial impact of the cancellation of the 2020 BC Tech Summit, changes to work arrangements, and additional expenses related to the COVID-19 pandemic, and the corresponding adjustments have been reflected in these financial statements.

Potential future impact on Innovate BC's business could affect future revenue. As the situation is dynamic and the ultimate duration and magnitude of the impact is uncertain, an estimate of the future financial effect on Innovate BC is not practicable at this time.

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**INNOVATE BC  
SCHEDULE OF DEBTS  
FOR THE YEAR ENDED MARCH 31, 2021**

This organization has no debts under the Financial Information Act.

*\* Prepared pursuant to the Financial Information Regulation, Schedule 1, section 4*

**INNOVATE BC  
SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

This organization has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

*\* Prepared pursuant to the Financial Information Regulation, Schedule 1, section 5*



**INNOVATE BC  
SCHEDULE OF REMUNERATION AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2021**

1. Elected Officials, Employees appointed by Cabinet and Members of the Board of Directors

Name	Position	Remuneration	Expenses
Shaver, A	Chair, Board of Directors	\$0	\$0
Total: members of the Board of Directors (A)		\$0	\$0

Innovate BC's Board of Directors do not receive any remuneration for their services to the Board. During the fiscal year 2020/21, there were no expenses claimed by board members.

2. Other Employees

Name	Remuneration	Expenses
Armstrong, S	76,832	2,813
Biesiada-Panas, A	95,816	4,274
Choboter, J	153,676	2,675
Diner, N	83,095	3,753
Divic, T	155,983	5,252
Gopal, R	204,463	25,308
Johnson, W	32,457	212
Saad, R	77,049	894
Wear, S	68,555	2,747
Whitaker, F	92,429	3,012
Wood, D	95,161	1,308
Total	1,135,516	52,248
Total employees with remuneration greater than \$75,000	1,135,516	52,248
Total employees with remuneration of \$75,000 or less	572,413	13,687
Total remuneration	1,707,929	65,935

### 3. Reconciliation

Total: members of the Board of Directors (A)	-
Total remuneration – other employees (B)	1,707,929
Total remuneration – (A) + (B)	1,707,929
Other benefits not included above	
Receiver General: CPP and EI	72,638
Pension benefits	134,534
Other benefits	84,689
Total remuneration (A) + (B)	1,999,790
Audited FS salaries and benefits	1,999,790
Difference	-

**INNOVATE BC  
STATEMENT OF SEVERANCE AGREEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

There were no severance agreement compensation payments between Innovate BC and a its non-unionized employees during fiscal year 2020/2021.

\* "Compensation" means payment was determined based on individual's base salary.

**INNOVATE BC  
SCHEDULE OF PROGRAM EXPENSES AND DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

<b>Program expenses and disbursements exceeding \$25,000</b>	
Acacia Power Solutions Inc.	39,336
Accelerate Okanagan	617,500
ACETECH	80,000
Advanced BioCarbon 3D	35,000
Aeriosense Technologies	65,000
Artificially Inspired Technologies Inc.	75,000
Aurora Industrial Machines	25,100
BC First Nations Business Development Association	50,000
BCTECH Association	300,000
Cascadia Scientific Inc.	75,000
Clad Innovations Ltd.	45,000
Council for the Advancement of Native Development Office	27,500
Creative Destruction Lab - Vancouver	100,000
CryoLogistics	75,000
Digital Skills for Youth	261,444
Ecoation Innovative Solutions	36,548
Emily Carr University of Art and Design	35,000
Enterra Feed Corporation	30,000
Foresight CAC	807,800
Geotronics Consulting Inc.	56,900
HEG Holdings Corporation (Hydra Energy)	35,000
HTEC Hydrogen Tech and Energy Corp.	75,000
Indigenous Business Development Services	35,000
Innovation Central Society (Hubspace)	401,000
Innovation Island Tech	689,500
Kamloops Innovation Centre Society	462,000
Kootenay Association for Science & Technology	577,500
Launch Academy	100,000
Lightship Works Inc.	35,000
Lucent Biosciences Inc.	30,000
Ministry of Agriculture	400,000
Mitacs	36,042
National Research Council Canada	43,890
New Ventures BC Society	740,000
Parkizio Technologies Ltd.	30,000
Point 3 Biotech Corp.	65,000
Portable Electric Ltd.	75,000
QuantoTech Solutions Ltd.	75,000

Selkirk College	58,500
Simon Fraser University	1,113,820
University of British Columbia	1,125,305
University of Victoria	223,126
Valid Manufacturing Ltd.	75,000
Victoria Innovation, Advanced Technology & Entrepreneurship Council	617,500
	9,955,311
Consolidated and distributed to suppliers who received \$25,000 or less	3,195,496
<b>Total program expenses</b>	<b>13,150,807</b>

**INNOVATE BC  
SCHEDULE OF SUPPLIERS  
FOR THE YEAR ENDED MARCH 31, 2021**

Program expenses and disbursements	13,150,807
<u>Payments for goods and services exceeding \$25,000</u>	
Amortization	43,468
BC Pension Corporation (Employer portion)	134,534
Belmar Consulting	35,250
Black Press Group Ltd.	28,410
Employees' salaries and benefits	1,683,980
Facebook	33,106
FullTech Systems Inc.	38,262
Grant Thornton	32,440
GWL Realty Advisor	349,227
LinkedIn	62,778
Minister of Finance	90,575
Receiver General (EI & CPP employer portion)	72,638
	2,604,668
Payments for goods and services of \$25,000 and under	460,106
<b>Total expenses</b>	<b>16,215,581</b>