

Financial Information Act (FIA) Statements

INNOVATE BC

Year ended March 31, 2022

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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.



Andrew Petter
Chair, Board of Directors

September 23, 2022

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

INNOVATE BC
MANAGEMENT REPORT
FISCAL YEAR ENDED MARCH 31, 2022


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, Grant Thornton, 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


Raghu Gopal
Chief Executive Officer
September 23, 2022


Jennie Choboter
Chief Financial Officer
September 23, 2022

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

Financial statements

Innovate BC

March 31, 2022

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Statement of Management Responsibility

Scope of Responsibility

Management has supervised preparation of the accompanying financial statements and related note disclosures and is responsible for their integrity and objectivity. The financial statements of Innovate BC have been prepared by management in accordance with Canadian public sector accounting standards.

We believe that these financial statements present fairly Innovate BC's financial position as at March 31, 2022 and the statement of operations and accumulated surplus, change in net financial assets, changes in net remeasurement gains and losses and cash flows for the year ending March 31, 2022 and that the other information contained in the entity's annual report is consistent with the financial statements as presented.

Internal Controls

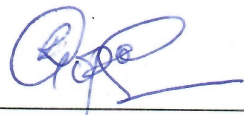
Management is responsible for the integrity of the financial statements and has established systems of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to facilitate the preparation of the financial statements in a timely manner. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. We believe our system of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the financial statements are prevented or detected in the normal course of business.

Board of Directors and Audit and Finance Committee

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's discharge of its financial reporting responsibilities. An Audit and Finance Committee is appointed by the Board. The Audit and Finance Committee reviews the financial statements, adequacy of internal controls, audit process and financial reporting with management and with the external auditors. The Audit and Finance Committee has reviewed these statements prior to recommending approval by the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

Independent Auditors

Grant Thornton has performed an independent audit of the financial statements of Innovate BC. The Auditor's Report, as attached, outlines the scope of this independent audit and expresses an opinion on the financial statements of Innovate BC.



Raghwa Gopal
Chief Executive Officer



Jennie Choboter
Secretary & CFO

Vancouver, British Columbia
May 12, 2022

Independent Auditor's Report

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

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

Opinion

We have audited the financial statements of Innovate BC, which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated operating surplus, changes in net financial assets, changes in net remeasurement gains and losses 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, 2022, and its results of operations, its changes in its net financial assets, net remeasurement gains and losses 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 Innovate BC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Innovate BC'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 Innovate BC'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 Innovate BC'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 Innovate BC 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.

Grant Thornton LLP

Vancouver, Canada
May 12, 2022

Chartered Professional Accountants

Innovate BC

Statement of Financial Position

March 31

2022

2021

Financial assets

Cash and cash equivalents \$ 18,058,651 \$ 3,093,797

Investments (Note 3) 2,165,075 7,019,823

Receivables

Accounts and accrued interest receivable 14,501 26,938

Accounts receivable from Federal Government 163,624 3,714,909

20,401,851 13,855,467

Liabilities

Accounts payable and accrued liabilities 7,459,596 578,185

Deferred program revenues (Note 6) 2,421,714 1,923,569

Deferred revenue from NRAS endowment (Note 7) 3,624,189 4,554,045

13,505,499 7,055,799

Net financial assets

6,896,352 6,799,668

Non-financial assets

Restricted - NRAS endowment investments (Note 7) 48,879,097 50,000,000

Tangible capital assets (Note 4) 142,151 153,048

Prepaid expenses 79,243 144,157

49,100,491 50,297,205

Accumulated surplus

55,996,843 57,096,873

Accumulated surplus is comprised of:

Accumulated operating surplus \$ 57,117,746 \$ 57,096,873

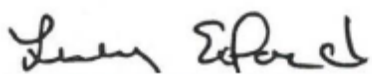
Accumulated remeasurement losses (1,120,903)

\$ 55,996,843 \$ 57,096,873

Commitments and contingencies (Note 8)

Contractual obligations (Note 9)

Impact of COVID-19 (Note 16)



Director



Director

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

Year ended March 31

Budget 2022**2022****2021**

Revenue

Grants from the Province of

British Columbia (Note 12)

\$	21,090,000	\$	20,018,939	\$	6,090,000
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Grants from the Federal

Government (Note 16)

990,000	6,087,236	6,803,229
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NRAS endowment (Note 7)

1,745,000	2,163,440	1,766,871
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Program revenue

1,065,000	579,184	1,101,462
-----------	---------	-----------

Other

45,000	66,027	293,075
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Interest

155,000	142,764	179,233
---------	---------	---------

25,090,000	29,057,590	16,233,870
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Expenses

Programs and initiatives

21,269,000	25,188,781	12,977,182
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NRAS endowment funds

1,745,000	2,163,440	1,766,871
-----------	-----------	-----------

Operational and administrative expenses

2,076,000	1,684,496	1,471,528
-----------	-----------	-----------

25,090,000	29,036,717	16,215,581
------------	------------	------------

Annual surplus

-	20,873	18,289
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Accumulated surplus, beginning of year

57,096,873	57,096,873	57,078,584
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Accumulated surplus, end of year

\$ 57,096,873	\$ 57,117,746	\$ 57,096,873
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Innovate BC**Statement of Remeasurement Gains and Losses**

Year ended March 31

2022**2021**

Accumulated remeasurement gains, beginning of year	\$ -	\$ -
Net remeasurement losses for the year	<u>(1,120,903)</u>	<u>-</u>
Accumulated remeasurement losses, end of year	<u>\$ (1,120,903)</u>	<u>\$ -</u>

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

Year ended March 31	Budget 2022		2022	2021
Annual surplus	\$ -	\$ 20,873	\$ 18,289	
Additions to tangible capital assets	(50,000)	(33,642)	(36,549)	
Amortization of tangible capital assets	-	44,340	43,468	
Disposition of tangible capital assets	-	7,466	5,563	
Accumulated amortization of disposition	-	(7,267)	(3,691)	
	<u>(50,000)</u>	<u>31,770</u>	<u>27,080</u>	
Acquisition of prepaid expenses	-	(97,316)	(167,356)	
Use of prepaid expenses	-	162,230	57,410	
	<u>-</u>	<u>64,914</u>	<u>(109,946)</u>	
Change in net financial assets	(50,000)	96,684	(82,866)	
Net financial assets, beginning of year	<u>6,799,668</u>	<u>6,799,668</u>	<u>6,882,534</u>	
Net financial assets, end of year	<u>\$ 6,749,668</u>	<u>\$ 6,896,352</u>	<u>\$ 6,799,668</u>	

Innovate BC

Statement of Cash Flows

Year ended March 31

2022

2021

Cash derived from (applied to)

Operating activities

Operating surplus	\$	20,873	\$	18,289
Adjustments for items not affecting cash				
Amortization of tangible capital assets		44,340		43,468
Loss on disposal of tangible capital assets		199		1,872

65,412 63,629

Changes in non-cash working capital items

Accounts receivable	3,563,722	(3,509,870)
Prepaid expenses	64,914	(109,946)
Accounts payable and accrued liabilities	6,881,411	326,304
Deferred program revenues	498,145	(1,077,263)
Deferred revenue from NRAS endowment	(929,856)	(287,827)

10,143,748 (4,594,973)

Financing

Purchase of tangible capital assets	(33,642)	(36,549)
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Investments:

Purchase of investments	(22,055,660)	(2,766,297)
Proceeds on maturity of investments	26,910,408	6,422,569

4,854,748 3,656,272

Net increase in cash

14,964,854 (975,250)

Cash and cash equivalents, beginning of year

3,093,797 4,069,047

Cash and cash equivalents, end of year

\$ 18,058,651 \$ 3,093,797

Cash and cash equivalents

Unrestricted	\$	13,142,572	\$	402,185
Restricted - deferred programs (Note 6)		2,421,714		917,493
Restricted - NRAS endowment (Note 7)		2,494,365		1,774,119

\$ 18,058,651 \$ 3,093,797

Innovate BC

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

Innovate BC, formerly the British Columbia Innovation Council (the “Council”), was established on March 15, 2018 by an amendment of the British Columbia Innovation Council Act. The Council was initially established in 2006 as the Innovation and Science Council of British Columbia.

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.

Innovate BC helps foster innovation in B.C. so that British Columbians in all regions of the province can benefit from a thriving, sustainable and inclusive innovation economy. A Crown Agency of British Columbia, Innovate BC funds and delivers programs that support the growth of the B.C. economy by helping companies start and scale, train talent that meets labour market needs, and encourage technology development, commercialization and adoption.

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.

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.

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.

Innovate BC

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Revenue recognition

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 2022 operating budget, approved by the Board of Directors on February 18, 2021.

Financial instruments

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

Investments in fixed income securities, 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. 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.

The restricted NRAS endowment investments portfolio held with British Columbia Investment Management Corporation, which includes investments in various equity funds, is recorded at market value.

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

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.

Other financial instruments such as cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, are recorded at amortized cost, which approximate their fair value due to their short-term maturities.

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.

Innovate BC

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

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.

Innovate BC

Notes to the Financial Statements

March 31, 2022

3. Investments

Innovate BC's investments are invested mainly through RBC Dominion Securities Inc. (RBCD) and British Columbia Investment Management Corporation (BCI).

Short term investments include the following:

	<u>2022</u>	<u>2021</u>
Unrestricted	\$ 1,035,251	\$ 3,233,821
Restricted - deferred programs	-	1,006,076
Restricted - NRAS endowment	<u>1,129,824</u>	<u>2,779,926</u>
	<u>\$ 2,165,075</u>	<u>\$ 7,019,823</u>

During the year ended March 31, 2022, Innovate BC established an investment portfolio through BCI and invested \$23,100,000 of the NRAS endowment funds in the portfolio. The portfolio market value as at March 31, 2022 is \$22,063,435. To optimize returns on investments, the securities asset mix are invested in accordance with the Innovate BC Statement of Investment Policies and Procedures, which is reviewed by the Board of Directors.

At March 31, 2022, Innovate BC had funds invested with RBCD at book value of \$29,925,000 and amortized cost of \$30,232,509.

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, 2022, 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, 2022 is \$5 (2021 - \$5).

Innovate BC

Notes to the Financial Statements

March 31, 2022

4. Tangible capital assets

Cost	Balance, March 31, 2021	Additions	Disposals	Balance, March 31, 2022
Furniture, fixtures and equipment	\$ 263,900	\$ 11,130	-	\$ 275,030
Computer hardware and software	417,889	22,512	7,466	432,935
Leasehold improvements	169,859	-	-	169,859
	<u>\$ 851,648</u>	<u>\$ 33,642</u>	<u>\$ 7,466</u>	<u>\$ 877,824</u>
Accumulated Amortization	Balance, March 31, 2021	Amortization	Disposals	Balance, March 31, 2022
Furniture, fixtures and equipment	\$ 201,367	\$ 13,951	\$ -	\$ 215,318
Computer hardware and software	387,397	14,977	7,267	395,107
Leasehold improvements	109,836	15,412	-	125,248
	<u>\$ 698,600</u>	<u>\$ 44,340</u>	<u>\$ 7,267</u>	<u>\$ 735,673</u>
Net book value	<u>2021</u>			<u>2022</u>
Furniture, fixtures and equipment	\$ 62,533			\$ 59,712
Computer hardware and software	30,492			37,828
Leasehold improvements	60,023			44,611
	<u>\$ 153,048</u>			<u>\$ 142,151</u>

5. Accumulated surplus

Accumulated surplus is comprised of the following:

	2022	2021
Invested in tangible capital assets	\$ 142,151	\$ 153,048
NRAS endowment	50,000,000	50,000,000
Remeasurement loss	(1,120,903)	-
Unrestricted	6,975,595	6,943,825
	<u>\$ 55,996,843</u>	<u>\$ 57,096,873</u>

Innovate BC

Notes to the Financial Statements

March 31, 2022

6. Deferred program revenues

	Balance, March 31, 2021	Funds Received	Funds expended	Balance, March 31, 2022
Agriculture Science and Innovation	\$ 277,801	\$ -	\$ (101,732)	\$ 176,069
LEEF Student Program	917,493	6,268	(5,300)	918,461
Aquaculture & Environment Research	369,402	-	(369,402)	-
Industrial Innovation Scholarship	102,750	-	(102,750)	-
Innovator Skills Initiative	-	15,000,000	(13,928,939)	1,071,061
#BCTECH Summit	256,123	-	-	256,123
	<u>\$ 1,923,569</u>	<u>\$ 15,006,268</u>	<u>\$ (14,508,123)</u>	<u>\$ 2,421,714</u>

Deferred funds are restricted for future program expenses.

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, 2022, restricted cash and investments are comprised of the following:

	2022	2021
BCI investments in equity funds	\$ 22,063,435	\$ -
RBCD investments in fixed income securities	<u>26,815,662</u>	<u>50,000,000</u>
Permanently restricted NRAS endowment investments	48,879,097	50,000,000
Unspent interest earnings	<u>3,624,189</u>	<u>4,554,045</u>
	<u>\$ 52,503,286</u>	<u>\$ 54,554,045</u>

Deferred revenue from the NRAS endowment balance comprises the following:

	2022	2021
Accumulated interest, beginning of year	\$ 4,554,045	\$ 4,841,872
Interest earned net of fees	1,233,584	1,479,044
Awards and administration fees	<u>(2,163,440)</u>	<u>(1,766,871)</u>
Accumulated interest, end of year	<u>\$ 3,624,189</u>	<u>\$ 4,554,045</u>

Unspent interest includes \$3,183,500 (2021 - \$2,853,025) which is committed for future payments of contracted awards (Note 9). During the year ended March 31, 2022, Innovate BC paid Ignite Awards totaling \$1,994,525 (2021 - \$1,523,551) to research projects in natural resources and applied sciences.

Innovate BC

Notes to the Financial Statements

March 31, 2022

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:

2023	\$	375,327
2024		381,267
2025		317,633
2026		1,569
		<hr/>
	\$	1,075,796

(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.

9. Contractual obligations

Innovate BC has entered into a number of project grant contracts as at March 31, 2022 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>2022</u>	<u>2021</u>
Ignite awards	\$ 3,183,500	\$ 2,853,025
Venture Acceleration Program	1,230,000	115,000
B.C. Fast Pilot	25,000	-
	<hr/>	<hr/>
	\$ 4,438,500	\$ 2,968,025

Innovate BC

Notes to the Financial Statements

March 31, 2022

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:

2023	\$	52,678
2024		44,656
2025		14,948
		<hr/>
	\$	112,282
		<hr/>

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. As at March 31, 2022 the Plan covers approximately 68,000 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, 2022, Innovate BC paid and expensed \$129,021 (2021 - \$134,534) for contributions to the Plan.

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, 2022, Innovate BC received \$21,090,000 (2021 - \$6,090,000) in provincial funding from the Ministry of Jobs, Economic Development and Competitiveness.

Innovate BC

Notes to the Financial Statements

March 31, 2022

13. Expenses by object

The following is a summary of expenses by object:

	<u>2022</u>	<u>2021</u>
Program expenses and disbursements	\$ 26,154,288	\$ 13,570,483
Salaries and benefits	1,946,621	1,999,790
Rent	362,482	348,478
Contracted services	144,136	64,830
Office expenses	64,871	86,892
Amortization	44,340	43,468
Other costs	319,979	101,640
	<u>\$ 29,036,717</u>	<u>\$ 16,215,581</u>
Total expense		

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 exposed to market risk on its investments with BCIMC.

Innovate BC

Notes to the Financial Statements

March 31, 2022

15. Fair value of financial instruments

Canadian public sector accounting standards define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The financial instruments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Innovate BC's investments are all considered to be level 1 financial instruments for which the fair value is determined based on quoted prices in active markets. Changes in fair valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year there was no transfer of securities between the different levels.

Innovate BC's investments are invested mainly through RBC Dominion Securities Inc. (RBCD) and British Columbia Investment Management Corporation (BCI).

Innovate BC

Notes to the Financial Statements

March 31, 2022

16. 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, 2022. 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. Based on the public health recommendation to cancel gatherings larger than 50 people, there were fewer staff participation in events and continued work from home protocols;
- b. Innovate BC delivered the Digital Rapid Response and 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 \$1,686,000 (2021 - \$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 \$4,401,236 (2021 - \$3,853,229) has been recognized as income in the current period on the statement of operations;
- d. Innovate BC delivered the expanded Innovator Skills Initiative program funded by the Province of British Columbia, to help underrepresented groups to get their first job in the tech sector and help businesses address talent shortages for technology. The program was delivered in partnership with Mitacs, Information and Communications Technology Council and the BC Tech Association. The Province of British Columbia provided \$15,000,000 for the 2021/22 – 2022/23 program. In the current year, \$13,928,939 has been recognized as income and \$1,071,061 has been deferred for the program delivery in next fiscal year.

Management has assessed the financial impact of 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.

17. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the current year.

**INNOVATE BC
SCHEDULE OF DEBTS
FOR THE YEAR ENDED MARCH 31, 2022**

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, 2022**

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, 2022

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

Name	Position	Remuneration*	Expenses**
Chang, J	Director	1,350	-
DeMartin, E	Director	1,350	211
Esford, L	Chair of the Audit & Finance Committee	1,850	186
Fergusson, M	Director	1,350	-
Gill, S	Director	1,050	501
Hoher, R	Director	-	-
Krysko, D	Director	-	167
LeBourdais, M	Director	-	-
Maine, E	Director	-	902
Murphy, G	Director	-	-
Petter, A	Chair, Board of Directors	-	4,530
Roemer, T	Director	1,350	861
de Rosenroll, E	Director	1,350	606
Sayani, J	Director	1,350	2,255
Sinclair, G	Director	-	-
Sparrow, B	Director	1,350	-
Stuckert, D	Vice Chair, Board of Directors	1,600	186
Williams, D	Director	-	-
Total: members of the Board of Directors (A)		13,950	10,405

*Innovate BC's Board of Directors received remuneration for their services to the Board from December 2, 2021 to March 31, 2022.

**These approved expenses include reimbursement mainly for travel to and from board meetings and Innovate BC events.

2. Other Employees

Name	Remuneration	Expenses
Armstrong, S	83,320	3,307
Biesiada-Panas, A	102,703	4,337

Chan, M	22,150	204
Choboter, J	157,518	4,427
Diner, N	88,036	2,327
Divic, T	159,515	6,526
Gopal, R	213,162	65,706
Saad, R	46,319	309
Sui, L	77,237	4,091
Wear, S	23,625	1,206
Whitaker, F	101,611	1,369
Wood, D	97,309	1,201
Wu, J	60,421	1,416
Total	1,232,926	96,426
Total employees with remuneration greater than \$75,000	1,232,926	96,426
Total employees with remuneration of \$75,000 or less	415,407	2,428
Total remuneration - other employees (B)	1,648,333	98,854

3. Reconciliation

Total: members of the Board of Directors (A)	13,950
Total remuneration – other employees (B)	1,648,333
Total remuneration – (A) + (B)	1,662,283
Other benefits not included above	
Receiver General: CPP and EI	73,945
Pension benefits	129,021
Other benefits	95,322
Total remuneration (A) + (B) + Benefits	1,960,571
Audited FS salaries and benefits	1,946,621
BOD remuneration	13,950
Total	1,960,571
Difference	-

**INNOVATE BC
STATEMENT OF SEVERANCE AGREEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

There was one severance agreement between Innovate BC and its non-unionized employee during fiscal year 2021/2022.

This agreement represents one week of compensation*.

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

** Prepared pursuant to the Financial Information Regulation, Schedule 1, section 6*

INNOVATE BC
SCHEDULE OF PROGRAM EXPENSES AND DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Program expenses and disbursements exceeding \$25,000	
1266407 BC Ltd	50,000
13195147 Canada Inc	30,000
ABH Engineering Inc	30,000
Accelerate Okanagan	608,000
Acuva Technologies	30,000
Agents of Discovery Inc	40,000
aiRadar Inc	70,000
App Growth Network	67,449
Aralea Organics Inc	25,500
Arvin Consulting	34,985
Aspect Biosystems Ltd	50,000
AutoMetrics	34,857
Ayogo Health Inc	25,500
BCTECH Association	400,000
Beatdapp Software	25,500
Black Jaguar	30,000
Blanka	51,046
Blend Projects Inc	35,500
Building Bridges with Rwanda	30,000
Canadian Advanced Air Mobility	25,144
Capra Coffee	32,091
Care Point Medical and Wellness	35,500
Care2Talk	35,500
Celayix Inc	25,500
CheckingIn Software	51,480
Chem Emergent	32,253
CloudAdvisors	30,000
CMHJ-Share	75,500
Coal Car Studio	30,000
Company Finder	30,000
Confirmed Automation Systems Inc	31,750
Connected Displays	33,493
Creator Co	30,000
Crisp Media Inc	30,000
Crosstech	50,000
Cypress Power Ltd	70,000
Daoai	50,000
David Bromley Engineering	70,000

deepND	33,430
Dr. Kaitlyn M. Goldsmith	35,266
Drive Hockey Analytics	30,000
DYNE Technologies Inc.	50,000
Easy to Dine	40,000
Easy to Scale Inc	30,000
EduFunder Technologies Inc	43,000
Email Veritas	25,500
Epic Semiconductors	25,188
EsVedra Wellness	45,396
Eversun Software Corporation	54,200
Fast and Slick	60,000
Fintros	25,500
Fireloft	35,500
Flow Advisor	35,500
Flutter Care Inc.	55,500
Foresight CAC	450,000
Fresh Prep Foods	25,500
GelMA Biotechnologies	55,408
Gluxkind	30,000
Goopter Holdings	78,554
GrantMe	30,000
Grit AI Tech	35,500
Grizzly Force	30,000
H2 Portable Power	99,000
Hahahouses	25,337
Hammer & Tong	30,000
Happipad Technologies	25,500
Health and Rehab Research Inc	60,000
Health Craft Clinic	35,500
Healthcare Systems R & A Inc	50,000
Hekate Health Sciences	30,000
HR Tech Group	30,000
Hubspace (Innovation Central Society)	488,391
Human in Motion Robotics	25,500
Hydron Energy	98,000
Idea Oven Labs	55,500
Information and Communications Technology Council of Canada	3,125,000
Innovation Island Technology Association	504,000
Inqli	35,500
JB Online Business	33,465
Jetstream	29,852
Kamloops Innovation Centre Society	375,199

Kardium Inc	62,704
Kashi Business Consulting	41,889
Kids' Shield Services	25,500
Kite Company	75,500
KnockNow	73,934
Kootenay Association for Science & Technology	356,000
Lannick Technology	30,258
Leaping Coyote Interactive	25,128
Lele Tech	50,000
Leze the Label	30,000
Life360	55,500
Limbic Media Corporation	25,500
LinkedIn Ireland	26,803
M2M Tech	63,285
MacDonald Thoughtstuff Inc	30,000
Marpole Oakridge Family Place Society	30,000
Mate Machine Inc	50,000
Meaningful Technology	72,904
Mesh Hightech	75,500
Metanaut Labs Inc	30,000
MicroWest Design	70,000
Ministry of Agriculture	51,732
Mitacs	3,044,083
MV Technology Solutions	35,500
MW CPA Corp	26,701
My Loud Speaker	35,500
NanoVation Therapeutics	40,000
Neighborli	38,000
Networks for Change	65,500
New Ventures BC Society	510,000
NextGen Smart Kitchens	25,500
North Digital	35,500
Nucli	30,000
Numu Technologies	25,500
O'Leary and Associates	25,500
Ocean Diagnostics	25,500
Oden Health Solutions	29,546
Offshore Designs Ltd	70,000
Oxygen8	50,000
Palette Skills Inc	300,000
Performance BioFilaments Inc	63,500
Perk Hero	45,500
Perti Solutions	25,500

Polyga Inc	29,500
Poseidon Ocean Systems	248,000
Prococious Technology Inc	50,000
Quantum Technology Corp	70,000
Raccoopack Studios	46,515
Rainhouse Manufacturing	25,500
Real Adulting 101	61,903
Rebel X Digital	25,500
Rebellious Unicorns Production Company	25,998
ReFrame Financial	25,500
Reliable Electrical	25,415
Renovo Creative	43,358
Richards & de Wit Management Consulting	37,200
Roomview Technologies	44,711
Sacral Solutions	35,500
Saltworks Technologies Inc	30,000
Santevia Water Systems	25,500
Scopemedia	44,384
Shackfolio	46,404
Silota Research and Development	30,000
Simon Fraser University	759,863
Simplebooklet	25,500
Simply Core	25,500
Sisa Energy	35,500
Skaha Remote Sensing	38,000
Spawnlab	25,500
Speak for Success	35,500
Squamish Nation	30,000
Streamline Track and Field	35,500
Synic Software	57,401
Talentmarketplace	26,851
Tech Bytes Foundation	50,000
TecQify Solutions	68,680
Tellex Inc	79,107
The Jibe Multimedia	35,500
ThinkCX Technologies	25,500
ThisFish	171,827
Train Fitness	25,500
TRIUMF	200,000
Trusted House Painter Ltd	35,500
Two Story Robot	25,500
Umbra & Lux Studio	30,000
University of British Columbia	1,314,662

University of Victoria	354,000
Univerus Software	25,500
UVX Inc	25,500
Van Bower Group Ltd	25,500
Vancouver Economic Commission	90,000
Vancouver Island Public Relations	50,000
Vancouver Visual Art Foundation	37,522
Victoria Innovation, Advanced Technology & Entrepreneurship Council	396,470
Victoria Hand	25,500
Vidigami Media Inc	52,130
VoltSafe Inc	30,000
VoxCell BioInnovation	37,700
Webmainland Media	26,488
White Canvas Design	25,500
WiiBid Solutions Corp	30,000
Wiser Marine Technologies	80,000
Writing Short is Hard	50,000
XplorSpace	25,500
ZE PowerGroup Inc	30,000
Zen Artech Services	74,000
	20,469,290
Consolidated and distributed to suppliers who received \$25,000 or less	5,684,998
Total program expenses	26,154,288

INNOVATE BC
SCHEDULE OF SUPPLIERS
FOR THE YEAR ENDED MARCH 31, 2022

Program expenses and disbursements	26,154,288
<u>Payments for goods and services exceeding \$25,000</u>	
Amortization	44,340
BC Pension Corporation (Employer portion)	129,021
Employees' salaries and benefits	1,647,647
Farris Vaughan, Wills & Murphy LLP	31,084
FullTech Systems Inc.	40,059
Grant Thornton	28,730
GWL Realty Advisor	362,994
Hubspot	29,675
Jim Rutkowski	66,650
Meltwater News Canada, Inc.	37,187
Minister of Finance	96,789
Receiver General (EI & CPP employer portion)	73,945
	2,588,121
Payments for goods and services of \$25,000 and under	294,308
Total expenses	29,036,717