

Statement of Financial Information

INNOVATE BC

Year ended March 31, 2024

TABLE OF CONTENTS

1. Statement of Financial Information Approval
2. Management Report
3. Audited Financial Statements for the fiscal year ended March 31, 2024
4. Schedule of Debts
5. Schedule of Guarantee and Indemnity Agreements
6. Schedule of Remuneration and Expenses
7. Statement of Severance Agreements
8. Schedule of Program Expenses and Disbursements
9. Schedule of Payments to Suppliers of Goods and Services

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.



Emilie de Rosenroll
Chair, Board of Directors

September 18, 2024

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

INNOVATE BC

MANAGEMENT REPORT FISCAL YEAR ENDED MARCH 31, 2024

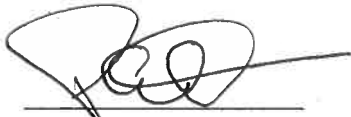
The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* has been prepared by management in accordance with Public Sector Accounting Standards, and the integrity and objectivity of these statements are management's responsibility. Management 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



Peter Cowan
CEO + President
September 18, 2024



Lawrence Davis
Chief Financial Officer
September 18, 2024

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



Financial statements

Innovate BC

March 31, 2024

Contents

	Page
Statement of Management Responsibility	
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Operations and Accumulated Operating Surplus	5
Statement of Remeasurement Gains and Losses	6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 16

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, 2024 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, 2024 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.



Tomica Divic
VP, Operations



Anna Biesiada-Panas
Director, Finance

Vancouver, British Columbia
May 13, 2024

Independent Auditor's Report

Grant Thornton LLP
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To the Board of Directors of **Innovate BC**

To the Ministry of Jobs, Economic Development and Innovation ("JEDI")

Opinion

We have audited the financial statements of Innovate BC, which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated operating surplus, statement of remeasurement gains and losses, 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, 2024, 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 '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 13, 2024

Chartered Professional Accountants

Innovate BC

Statement of Financial Position

March 31

2024

2023

Financial assets

Cash and cash equivalents	\$	8,416,471	\$	6,256,698
Investments (Note 3)		6,143,996		7,471,216
Receivables				
Accounts receivable and accrued interest receivable		15,395		13,821
Accounts receivable from Federal Government		530,512		814,828
		<u>15,106,374</u>		<u>14,556,563</u>

Liabilities

Accounts payable and accrued liabilities		3,649,020		2,259,116
Deferred program revenues (Note 6)		149,533		1,595,214
Deferred revenue from NRAS endowment (Note 7)		4,398,655		3,780,538
		<u>8,197,208</u>		<u>7,634,868</u>

Net financial assets

	<u>6,909,166</u>	<u>6,921,695</u>
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Non-financial assets

Restricted - NRAS endowment investments (Note 7)		51,209,906		48,350,189
Tangible capital assets (Note 4)		161,303		138,020
Prepaid expenses		87,773		80,020
		<u>51,458,982</u>		<u>48,568,229</u>

Accumulated surplus (Note 5)

	<u>\$ 58,368,148</u>	<u>\$ 55,489,924</u>
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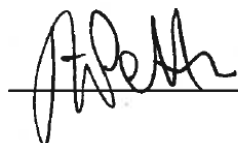
Accumulated surplus is comprised of:

Accumulated operating surplus	\$	57,158,242	\$	57,139,735
Accumulated remeasurement gains (losses)		1,209,906		(1,649,811)
	\$	<u>58,368,148</u>	\$	<u>55,489,924</u>

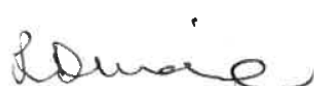
Commitments and contingencies (Note 8)

Contractual obligations (Note 9)

On behalf of the Board of Directors



Director



Director

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

Year ended March 31	Budget 2024	2024	2023
Revenue			
Grants from the Province of British Columbia (Note 12)	\$ 10,428,000	\$ 16,564,617	\$ 11,208,000
Program revenue	-	1,595,214	2,441,178
NRAS endowment (Note 7)	1,700,000	1,842,753	1,435,923
Grants from the Federal Government	-	840,653	1,435,447
Investment income	320,000	595,074	468,235
Other	55,000	507,616	76,378
	<u>12,503,000</u>	<u>21,945,927</u>	<u>17,065,161</u>
Expenses (Note 13)			
Programs and initiatives	6,488,000	17,658,224	13,171,906
Operational and administrative expenses	4,315,000	2,426,443	2,435,343
NRAS endowment funds	1,700,000	1,842,753	1,435,923
	<u>12,503,000</u>	<u>21,927,420</u>	<u>17,043,172</u>
Annual surplus	-	18,507	21,989
Accumulated surplus, beginning of year	<u>57,139,735</u>	<u>57,139,735</u>	<u>57,117,746</u>
Accumulated surplus, end of year	<u>\$ 57,139,735</u>	<u>\$ 57,158,242</u>	<u>\$ 57,139,735</u>

Innovate BC**Statement of Remeasurement Gains and Losses**

Year ended March 31

2024**2023**

Accumulated remeasurement losses, beginning of year	\$ (1,649,811)	\$ (1,120,903)
Unrealized gains (losses) on investments	3,342,999	(525,885)
Realized gains on investments reclassified to statement of financial position as deferred revenue from NRAS	<u>(483,282)</u>	<u>(3,023)</u>
Net remeasurement gains (losses) for the year	<u>2,859,717</u>	<u>(528,908)</u>
Accumulated remeasurement gains (losses), end of year	<u>\$ 1,209,906</u>	<u>\$ (1,649,811)</u>

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

Year ended March 31	Budget 2024		2024	2023
Annual surplus	\$ -	\$	18,507	\$ 21,989
Additions to tangible capital assets	(50,000)		(74,270)	(42,160)
Amortization of tangible capital assets	-		50,887	45,771
Disposition of tangible capital assets	-		3,762	6,827
Accumulated amortization of disposition	-		(3,662)	(6,307)
	(50,000)		(4,776)	26,120
Acquisition of prepaid expenses	-		(67,303)	(61,474)
Use of prepaid expenses	-		59,550	60,697
	-		(7,753)	(777)
Change in net financial assets	(50,000)		(12,529)	25,343
Net financial assets, beginning of year	6,921,695		6,921,695	6,896,352
Net financial assets, end of year	\$ 6,871,695	\$	6,909,166	\$ 6,921,695

Innovate BC

Statement of Cash Flows

Year ended March 31

2024

2023

Cash derived from (applied to)

Operating activities

Operating surplus	\$	18,507	\$	21,989
Adjustments for items not affecting cash				
Amortization of tangible capital assets		50,887		45,771
Loss on disposal of tangible capital assets		100		520
		<u>69,494</u>		<u>68,280</u>

Changes in non-cash working capital items

Accounts receivable		282,742		(650,524)
Prepaid expenses		(7,753)		(777)
Accounts payable and accrued liabilities		1,389,904		(5,200,480)
Deferred program revenues		(1,445,681)		(826,500)
Deferred revenue from NRAS endowment		618,117		156,349
		<u>906,823</u>		<u>(6,453,652)</u>

Financing

Purchase of tangible capital assets		<u>(74,270)</u>		<u>(42,160)</u>
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Investments

Purchase of investments		(29,320,693)		(6,365,786)
Proceeds on maturity of investments		30,647,913		1,059,645
		<u>1,327,220</u>		<u>(5,306,141)</u>

Net increase (decrease) in cash 2,159,773 (11,801,953)

Cash and cash equivalents, beginning of year 6,256,698 18,058,651

Cash and cash equivalents, end of year \$ 8,416,471 \$ 6,256,698

Cash and cash equivalents

Unrestricted	\$	4,297,870	\$	2,767,016
Restricted - deferred programs (Note 6)		149,533		1,595,214
Restricted - NRAS endowment (Note 7)		<u>3,969,068</u>		<u>1,894,468</u>
	\$	<u>8,416,471</u>	\$	<u>6,256,698</u>

Innovate BC

Notes to the Financial Statements

March 31, 2024

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.

A Crown Agency of British Columbia, Innovate BC works to foster innovation across the province and bolster the growth of the local economy through delivering a wide range of programs that help companies start and scale, access talent and encourage technology development, commercialization, and adoption. Innovate BC also harnesses crucial data collection and research, and works to forge strategic industry and community partnerships that create more opportunities for B.C. innovators.

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, 2024

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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 2024 operating budget, approved by the Board of Directors on February 28, 2023.

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 Natural Resources and Applied Science Research Endowment ("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, receivables 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, 2024

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.

3. Investments

Innovate BC's investments are invested through Vancouver City Savings Credit Union ("Vancity"), RBC Dominion Securities Inc. ("RBCD"), TD Canada Trust and British Columbia Investment Management Corporation ("BCI").

Investments include the following:

	<u>2024</u>	<u>2023</u>
Unrestricted	\$ 5,714,409	\$ 5,585,146
Restricted - NRAS endowment	<u>429,587</u>	<u>1,886,070</u>
	<u>\$ 6,143,996</u>	<u>\$ 7,471,216</u>

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, 2024, 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, 2024 is \$5 (2023 - \$5).

Innovate BC

Notes to the Financial Statements

March 31, 2024

4. Tangible capital assets

Cost	2023	Additions	Disposals	2024
Furniture, fixtures and equipment	\$ 302,963	\$ 4,379	\$ -	\$ 307,342
Leasehold improvements	169,859	-	-	169,859
Computer hardware and software	440,335	69,891	3,762	506,464
	<u>\$ 913,157</u>	<u>\$ 74,270</u>	<u>\$ 3,762</u>	<u>\$ 983,665</u>
Accumulated Amortization	2023	Amortization	Disposals	2024
Furniture, fixtures and equipment	\$ 230,135	\$ 14,785	\$ -	\$ 244,920
Leasehold improvements	140,660	15,412	-	156,072
Computer hardware and software	404,342	20,690	3,662	421,370
	<u>\$ 775,137</u>	<u>\$ 50,887</u>	<u>\$ 3,662</u>	<u>\$ 822,362</u>
Net book value	2023			2024
Furniture, fixtures and equipment	\$ 72,828			\$ 62,422
Leasehold improvements	29,199			13,787
Computer hardware and software	35,993			85,094
	<u>\$ 138,020</u>			<u>\$ 161,303</u>

5. Accumulated surplus

Accumulated surplus is comprised of the following:

	2024	2023
Invested in tangible capital assets	\$ 161,303	\$ 138,020
NRAS endowment	50,000,000	50,000,000
Remeasurement gains (losses)	1,209,906	(1,649,811)
Unrestricted	6,996,939	7,001,715
	<u>\$ 58,368,148</u>	<u>\$ 55,489,924</u>

Innovate BC
Notes to the Financial Statements
March 31, 2024

6. Deferred program revenues

	2023	Funds received	Funds expended	2024
On-Farm Technology Adoption	\$ -	\$ 149,533	\$ -	\$ 149,533
Integrated Marketplace	1,595,214	-	(1,595,214)	-
	<u>\$ 1,595,214</u>	<u>\$ 149,533</u>	<u>\$ (1,595,214)</u>	<u>\$ 149,533</u>

Deferred funds are restricted for future program expenses.

7. Natural Resources and Applied Science Research Endowment

In fiscal year 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, 2024, restricted cash and investments are comprised of the following:

	2024	2023
BCI investments in equity funds	\$ 39,281,254	\$ 22,113,725
Invested in fixed income securities	<u>11,928,652</u>	<u>26,236,464</u>
Permanently restricted NRAS endowment investments	51,209,906	48,350,189
Unspent interest earnings	<u>4,398,655</u>	<u>3,780,538</u>
	<u>\$ 55,608,561</u>	<u>\$ 52,130,727</u>

Deferred revenue from the NRAS endowment balance comprises the following:

	2024	2023
Accumulated interest, beginning of year	\$ 3,780,538	\$ 3,624,189
Interest earned net of fees	2,460,870	1,581,523
Funds returned	-	10,749
Awards and administration fees	<u>(1,842,753)</u>	<u>(1,435,923)</u>
Accumulated interest, end of year	<u>\$ 4,398,655</u>	<u>\$ 3,780,538</u>

Unspent interest includes \$1,562,350 (2023 - \$1,827,350) which is committed for future payments of contracted awards (Note 9). During the year ended March 31, 2024, Innovate BC paid Ignite Awards totaling \$1,630,000 (2023 - \$1,256,150) to research projects in natural resources and applied sciences.

Innovate BC

Notes to the Financial Statements

March 31, 2024

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:

2025	\$ 327,729
2026	<u>1,569</u>
	<u>\$ 329,298</u>

(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, 2024, 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>2024</u>	<u>2023</u>
Ignite awards	\$ 1,562,350	\$ 1,827,350
Venture Acceleration Program	334,000	661,250
BC On Farm Technology Adoption Program	91,369	-
Integrated Marketplace Initiative	<u>2,793,270</u>	<u>-</u>
	<u>\$ 4,780,989</u>	<u>\$ 2,488,600</u>

10. Contractual rights

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

2025	\$ 18,907,700
2026	1,359,334
2027	<u>2,453,000</u>
	<u>\$ 22,720,034</u>

Innovate BC

Notes to the Financial Statements

March 31, 2024

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 71,000 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, 2023, indicated a funding surplus of \$4,491,000,000 for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2026, with results available in early 2027.

During the year ended March 31, 2024, Innovate BC paid and expensed \$175,979 (2023 - \$147,229) 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, 2024, Innovate BC received \$14,526,150 (2023 - \$12,791,000) in provincial funding from the Ministry of Jobs, Economic Development and Innovation and \$2,188,000 (2023 - \$Nil) in provincial funding from the Ministry of Agriculture and Food.

13. Expenses by object

The following is a summary of expenses by object:

	2024	2023
Program expenses and disbursements	\$ 17,753,986	\$ 13,720,252
Salaries and benefits	3,059,538	2,231,442
Office expenses and other costs	446,330	504,470
Rent	384,846	372,440
Contracted services	231,835	168,797
Amortization	50,887	45,771
	<u>\$ 21,927,420</u>	<u>\$ 17,043,172</u>

Innovate BC

Notes to the Financial Statements

March 31, 2024

14. Financial risk management

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 cash equivalents and receivables, 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.

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.

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 BCI.

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 and level 2 financial instruments. 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 British Columbia Investment Management Corporation, Vancouver City Savings Credit Union and Toronto-Dominion Canada Trust.

**INNOVATE BC
SCHEDULE OF DEBTS
FOR THE YEAR ENDED MARCH 31, 2024**

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, 2024

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, 2024

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

Name	Position	Remuneration*	Expenses**
Breznitz, D.	Director	3,369	-
de Rosenroll, E.	Vice Chair, Board of Directors	5,437	3,902
DeMartine, E.	Director	4,475	-
Esford, L.	Director	7,125	-
Ferguson, M.	Director	4,475	-
Hilton, C.	Director	-	1,742
Kelly, L.	Director	4,394	-
Nyberg, T.	Director	5,013	-
Petter, A.	Chair, Board of Directors	11,725	9,661
Ramsay, A.	Director	4,044	2,383
Roemer, T.	Director	375	94
Sayani, J.	Director	4,825	1,621
Stuckert D.	Director	2,687	-
Total: members of the Board of Directors (A)		57,944	19,403

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

2. Other Employees

Name	Remuneration	Expenses
Anna Biesiada-Panas	121,801	7,469
Fernanda Whitaker	131,524	7,262
Jennie Choboter	184,701	6,237
Jinny Wu	140,365	1,829
Lily Sui	91,178	3,717
Lucie Hiltner	128,770	19,259
Maggie Chan	108,920	6,229
Michael Gleboff	82,379	1,180
Michelle Foster	76,972	1,382
Ming Yan	79,109	9,770
Radwa Saad	76,593	627
Sheila Schindel	117,619	19,603
Stacey Armstrong	88,690	6,504
Tomica Divic	207,378	9,569
Total	1,635,999	100,637
Total employees with remuneration greater than \$75,000	1,635,999	100,637
Total employees with remuneration of \$75,000 or less	975,206	74,138
Total remuneration - other employees (B)	2,611,205	174,775

3. Reconciliation

Total: members of the Board of Directors (A)	57,944
Total remuneration – other employees (B)	2,611,205
Total remuneration – (A) + (B)	2,669,149
Other benefits not included above	
Receiver General: CPP and EI	140,620
Pension benefits	176,205
Other benefits	131,508
Total remuneration (A) + (B) + Benefits	3,117,482
Audited FS salaries and benefits	3,059,538
BOD remuneration	57,944
Total	3,117,482
Difference	-

**INNOVATE BC
STATEMENT OF SEVERANCE AGREEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

There were no severance agreements between Innovate BC and its non-unionized employees during fiscal year 2023/2024.

* “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, 2024

Program Expenses and Disbursements exceeding \$25,000	
Accelerate Okanagan	395,000
Aerometrix Services Inc.	100,000
Ashley Mammel, Kevin Mammel	63,231
B&S Dhaliwal Enterprise Inc.	43,120
BQE Water	75,000
Brackenhurst Farm (1978) Ltd	45,459
Browns Bay Packing Company	100,000
CanDry Technologies	60,000
Cartwheel Farm	32,237
Conation Farms Ltd.	150,000
Crush Dynamics	100,000
Deadwood Innovations Ltd. & Nak'azdli Development Corp. (Deadwood Renewables Inc.)	100,000
Earth Apple Organic Farm	36,395
Farment Bio Solutions	95,000
Flash Forest	100,000
Foresight CAC	265,000
Gina Fernandes Harfman	98,853
Globe Series	35,000
Gowling WLG	91,000
Graham Dairy Farms Ltd.	95,472
Hardenberg & Sons Farm Managements Ltd.	150,000
HP Cattle	31,130
Hubspace (ICS)	210,000
Industrial Plankton Inc.	100,000
Innovation Asset Collective	76,500
Innovation Island Tech	106,250
Jim Brothers Land and Cattle LP dba Little Fort Herefords	66,025
Kamloops Innovation Centre Society	187,796
Kootenay Association for Science and Technology (KAST)	160,000
Kenettas Farms Inc.	39,486
Lawson Lundell LLP	362,599
Lentelus Organics	32,955
McMillan LLP	146,000
Ministry of Jobs, Economic Development and Innovation	337,949
Mitacs	58,333
New Ventures BC Society	2,994,160
Niche Wine Company	71,888
Oyen Wiggs Green & Mutala LLP	164,001
Perpetual Motion Patents	127,000

PKM Canada Marine Terminal	712,000
Provincial Health Services Authority (PHSA)	1,800,000
Pushr Marketing Inc.	27,000
PWC LLP	29,692
Rapidia Tech Inc	270,000
S Sundher Orchards Ltd.	26,000
S&B Dhaliwal Enterprise Inc.	45,721
Salvatore DiMaria	85,707
Sandhar Farms Ltd.	88,042
Shadow Produce Ltd.	150,000
Siemens Farms Ltd.	95,118
Simon Fraser University	628,857
TechBrew Robotics	100,000
The Alacrity Foundation of B.C.	1,400,000
The University of British Columbia (UBC)	480,000
TRIUMF (TRIUMF)	90,000
TSL Hothouse Ltd.	64,248
Tuytel Holsteins Ltd.	73,951
University of British Columbia	97,500
University of Northern British Columbia (UNBC)	90,000
University of Victoria (UVic)	365,000
Van Eekelen Enterprises Ltd.	75,000
Vancouver Airport Authority (YVR)	2,104,180
Vancouver Convention Centre	40,000
VIATEC	355,000
VoltSafe	100,000
Total	16,895,855
Consolidated and distributed to suppliers who received \$25,000 or less	858,131
Total Program Expenses	17,753,986

INNOVATE BC
SCHEDULE OF PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES
FOR THE YEAR ENDED MARCH 31, 2024

Program Expenses and Disbursements	17,753,986
<u>Payments for goods and services exceeding \$25,000</u>	
Amortization	50,886
BC Pension Corporation (Employer portion)	176,205
Boyden Canada Inc.	63,050
Employees' salaries and benefits	2,612,401
Engage Innovate AS	40,000
FullTech Systems Inc.	62,460
Grant Thornton	40,929
GWL Realty Advisors Inc. ITF	385,225
Hubspot, Inc.	33,165
Jim Rutkowski	35,437
Lawson Lundell LLP	55,111
Minister of Finance	126,835
Receiver General (EI & CPP employer portion)	140,661
Total	3,822,365
Payments for goods and services of \$25,000 and under	351,069
Total Expenses	21,927,420