



# 2022-23 ANNUAL REPORT

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# MESSAGE FROM OUR BOARD CHAIRPERSON

THROUGHOUT ALBERTA'S HISTORY, INNOVATION TRULY HAS BEEN THE PATH TO OUR SUCCESS. OUR ORGANIZATION'S ROOTS TRACE BACK TO THE UNIVERSITY OF ALBERTA AND SCIENTIFIC PIONEERS WHO FIRST UNLOCKED THE POTENTIAL OF THE OILSANDS. THROUGH DECADES OF STEADY GOVERNMENT OF ALBERTA FOCUS AND CALIBRATED FUNDING, ALBERTA INNOVATES HAS ADVANCED RESEARCH AND DEVELOPMENT AND PRIORITY INVESTMENT. THE OUTCOME IS WE HAVE BUILT ON ALBERTA'S TRADITIONAL AREAS OF STRENGTH IN AGRICULTURE, ENERGY AND FORESTRY TO DELIVER JOB GROWTH NOW AND TO SET THE STAGE FOR GREATER PROSPERITY TOMORROW. FROM REGIONAL INNOVATION NETWORKS WORKING AT THE COMMUNITY LEVEL TO OUR PARTNERSHIPS WITH LARGE INDUSTRY AND ALBERTA'S TREMENDOUS POST-SECONDARY INSTITUTIONS, WE TOUCH ALL PARTS OF THIS PROVINCE.



**Brenda Kenny PhD**

Today, we are continuing our mission through investments in artificial intelligence, digital health programs and support for growing our clean technology sector. Our business accelerators are growing the number of investable companies and expanding our diverse technology sector. All the while we're continuing to expand our traditional industries with the development of our Bitumen Beyond Combustion initiative and support for smart agriculture and food development, enabling us to power Alberta's economy into the future.

According to the Canadian Venture Capital Private Equity Association (CVCA), Alberta attracted a record amount of investment for the fifth year in a row in 2022, with \$729 million invested across 85 deals. The technology sector contributed \$32 billion (adjusted for inflation) to Alberta's GDP in 2021, a 99.5 per cent increase from ten years ago.

There's been a 200 per cent increase in the number of tech companies in Alberta from 2012 to 2021 – that's 2,800 ventures generating new jobs. With only 12 per cent of those companies connected to the energy and mining sector, the diversification of Alberta's economy is a reality. Innovation is a key driver behind it. Innovation is something we can all agree on. It's the path to economic growth and diversification.

Alberta Innovates is looking ahead to the challenges that lay before us and we are taking them on. As the province's lead innovation agency, we take our role seriously, searching out transformative ideas and technologies to shape into opportunities for the Alberta of tomorrow. We look for the game-changing technologies that will bolster the economy like crop monitoring sensors, carbon fibre spun from bitumen, or preventative digital care for osteoporosis and help bring them into the marketplace.

Alberta Innovates is bringing closer the incredible future we know exists for innovators, entrepreneurs researchers and industry in Alberta, and across the world.

# MESSAGE FROM OUR CEO

INNOVATION IS MORE THAN OUR NAME, IT'S OUR MISSION.

FOR OVER 100 YEARS ALBERTA INNOVATES HAS BEEN HELPING INVENTORS, ENTREPRENEURS AND INDUSTRY ADVANCE NEW TECHNOLOGIES BY BRINGING TOGETHER INVESTMENT WITH ALBERTA'S KNOW-HOW AND RECORD OF SUCCESS.



**Laura J. Kilcrease**

We made tremendous strides forward in many areas in the 2022–23 fiscal year. Some of these have had immediate impact and others will help position Alberta for on-going success in the future.

We launched the \$50M Hydrogen Centre of Excellence with support from the Government of Alberta. This is an exciting initiative that will help to advance the hydrogen economy in Alberta.

After launching last January, the Scaleup and Growth Accelerator Program has finished a full year of programming. Already dozens of companies have worked with the five accelerators to grow their companies and bring them closer to commercial success, faster. Companies participating have seen \$12.4M in revenue growth and attracted over \$147.5M in investment so far. More importantly, the program is starting to put Alberta on the map, attracting companies from across the country and around the world.

2022 also marked the successful return of our signature event Inventure\$ as an in-person conference in Calgary. We were thrilled to bring over 2,400 people together to be inspired, get connected, do business and celebrate innovation.

In the final quarter of our fiscal year, Alberta's technology ecosystem had investments totaling \$225M, a 10 per cent increase over the same period the previous year. The tech industry employed 188,200 Albertans in 2022, representing eight per cent of the provincial workforce.

We're proud to be part of this ecosystem. For every dollar that Alberta Innovates invested in companies in 2022–23, those companies attracted an additional \$33.47 in funding from other sources. Companies we have supported over the last 5 years have contributed to the creation of over 5,840 jobs. In 2022–23 our portfolio of 1,280 projects had an estimated total value of \$1.33B.

There is still more success ahead of us. Our Bitumen Beyond Combustion initiative is yielding successful results in transforming oilsands bitumen into carbon fibre, a precursor of a new advanced manufacturing industry in Alberta. Our smart agriculture projects and support for the Canadian Agri-food Automation and Intelligence Network will help bring food security to more people. Our digital health strategy is advancing technologies and applications to improve patient outcomes, including examining the integration of artificial intelligence in research and discovery.

I'm proud of the work accomplished by our employees who are behind these successes and care for the future of Alberta.

This is more than our job, it's our mission.

# LAND ACKNOWLEDGEMENT

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WE ACKNOWLEDGE THE MANY FIRST NATIONS, MÉTIS AND INUIT WHO HAVE LIVED ON AND CARED FOR THESE LANDS FOR GENERATIONS. WE ARE GRATEFUL FOR THE TRADITIONAL KNOWLEDGE KEEPERS AND ELDERS WHO ARE STILL WITH US TODAY AND THOSE WHO HAVE GONE BEFORE US.

ALBERTA INNOVATES RESPECTFULLY ACKNOWLEDGES THAT WE ARE SITUATED ON TRADITIONAL TERRITORY OF THE TREATY 6, TREATY 7 AND TREATY 8 FIRST NATIONS; HOME TO MÉTIS SETTLEMENTS, THE MÉTIS NATION OF ALBERTA, AND REGIONS 2, 3 AND 4 WITHIN THE HISTORICAL NORTHWEST MÉTIS HOMELAND.

WE RESPECT THE HISTORIES, LANGUAGES AND CULTURES OF FIRST NATIONS, MÉTIS AND INUIT WHOSE PRESENCE CONTINUES TO ENRICH OUR VIBRANT COMMUNITY.



# ACCOUNTABILITY STATEMENT

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The Alberta Innovates Annual Report for the year ended March 31, 2023, was prepared under the Board's discretion in accordance with the *Alberta Research and Innovation Regulation*, and the ministerial guidelines established pursuant to the *Alberta Public Agencies Governance Act (APAGA)* and the *Fiscal Planning and Transparency Act*. All material economic, environmental or fiscal implications, of which we are aware, have been considered in preparation of this report.

*Original signed by Brenda Kenny*

Chairperson

May 30, 2023

Date of Approval of Financial Statements



# EXECUTIVE SUMMARY

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ALBERTA GREW IN MANY WAYS IN 2022–23. OUR ECONOMY GREW AT ONE OF THE HIGHEST RATES IN THE COUNTRY AND WE ATTRACTED RECORD AMOUNTS OF VENTURE CAPITAL INVESTMENT – NEARLY 20 PER CENT MORE THAN THE PREVIOUS YEAR AND THE FIFTH CONSECUTIVE YEAR OF RECORD GROWTH. ALBERTA IS BRIMMING WITH INNOVATION OPPORTUNITIES AND INVESTORS ARE NOTICING. THE PROVINCE IS PROSPERING AND DIVERSIFYING AND ALBERTA INNOVATES SERVES AS A CATALYST FOR THAT GROWTH.

Alberta Innovates was also at the ready as our economy emerged from the pandemic and that has not changed as we face today's challenges. Every individual in the province will be impacted in some way by inflationary pressures, the need for more sustainability in the energy and agriculture sectors, and the escalating cost of health care. Alberta Innovates is foundational to the research and innovation (R&I) ecosystem's ability to confront these and other challenges directly, displaying resilience as we strive to foster economic growth and enhance diversification.

Alberta Innovates had a very busy and productive year in 2022–23. We rolled out a number of initiatives that seamlessly integrated the various components of our organization – Alberta Innovates and our subsidiaries, C-FER Technologies (C-FER) and InnoTech Alberta (InnoTech) – on a larger scale than ever before. Some highlights of our year include:

- The launch of the Hydrogen Centre of Excellence (HCOE) resulted in significant activity for Alberta Innovates, C-FER and InnoTech.
  - > \$20M was awarded to 18 projects to examine everything hydrogen, from its production, transmission, distribution and storage through to end-uses.
  - > C-FER and InnoTech invested in new capital projects to upgrade their facilities ensuring they can respond to opportunities to support the growth of the hydrogen economy.
- More than 2,400 people joined us in-person and another 550 online for the 2022 Inventure\$ event in Calgary.
- Our five Scaleup and Growth Accelerators graduated more than 230 companies. Companies accessing support through the Accelerators raised nearly \$148M in investment and had \$12.4M in revenue growth.
- We supported more than 25 initiatives through our Ecosystem Development Partnerships (EDP) Program to build a R&I economy in Alberta that serves as a competitive advantage for innovators while simultaneously transforming products and services for Albertans.
- A pRoject Ethics Community Consensus Initiative (ARECCI) celebrated its 20th year and remains the gold standard for identifying and mitigating ethical risks in health system and human service improvement projects.
- We continued to make it easier for clients to access our programs and services by reducing administrative requirements (i.e., red tape) by more than 72 per cent since 2019–20, more than two times higher than the target set by the Government of Alberta.

We are very proud of the activities, programs and services we led and were a part of in 2022–23. We invite you to read through this Annual Report for details about the value we deliver and to learn more about how Alberta innovates.

# CONTEXT AND OUTLOOK

## THE 2022–23 FISCAL YEAR WAS A SIGNIFICANT REBOUND YEAR FOR ALBERTA'S ECONOMY EVEN AS GLOBAL EVENTS WEIGHED HEAVILY ON ECONOMIES THROUGHOUT THE WORLD.

Alberta's economy grew at an estimated rate of 4.8 per cent in 2022 and fully recovered from the economic downturn of the COVID-19 pandemic.<sup>1</sup> Strong commodity markets and high energy prices driven by post-pandemic demand also supported strong economic activity. Higher farm input costs were offset by higher grain and cattle prices and expanded food processing capacity. Alberta also led the country with both population growth and job growth higher than the national average.

There was significant venture capital investment in Alberta technology firms in 2022. The Canadian Venture Capital & Private Equity Association (CVCA) reported 85 investments in companies in Alberta valued at \$729M – a 20 per cent increase from the year before. This is the fifth consecutive year for record venture capital investment growth in the province.<sup>2</sup>

However, many significant challenges persist that will keep innovation an ongoing priority necessary for the well-being of our province and its economy.

Inflationary pressures dominated much of the economic forecasts in the 2022–23 fiscal year as central banks across the globe struggled to reign them in. Alberta's year-over-year inflation rate doubled in 2022 to reach 6.4 per cent, while Canada finished 2022 with a year-over-year inflation rate of 6.8 per cent which was the largest increase since 1982.<sup>3</sup> Canada was not alone as similar increases were seen in many advanced countries around the world. Although inflation affected many sectors of the economy, the public's attention predominantly centered around food prices. In 2022, Alberta experienced a 10.8 per cent increase in food prices and was second highest in the country for food inflation. This emphasized the ongoing need for attention and investment on food security matters and underscored the importance of innovation in agri-food production and distribution.

Conversations about global emissions targets continued to look to technology and innovation for answers, both within and outside of Alberta. While Alberta has reduced oil & gas methane emissions by nearly 45% between 2014 and 2021, the province remains the only region in Canada to experience increased GHG emissions between 2005 and 2021, and it continues to be the largest emitter.<sup>4,5</sup> Alberta Innovates has been driving clean resource technology development – including hydrogen – as an area of economic opportunity for the province for many years. Our province is well positioned to be a key player in a new energy economy.

This year, innovations in artificial intelligence seized the spotlight in public discussions. With the broad availability and applicability of artificial intelligence tools, the expertise developed in Alberta has become even more valuable as industry, academia, business and the public seek clarity and assurance around the potential of this powerful technology.

Looking ahead in 2023, Alberta Innovates will continue to focus on its five identified areas of significant economic opportunity for Alberta. By working closely with multiple levels of government, private sector entities, researchers, post-secondary institutions and more, our initiatives, programs and services will forge a pathway of opportunities for the province. Our ultimate objective is to foster innovations that Albertans and Alberta companies want and need for economic growth, jobs, and a more diverse and sustainable economy.

<sup>1</sup> [Economic Trends February 2023 – Government of Alberta](#)

<sup>2</sup> Year-End 2022: Canadian Venture Capital Market Overview [https://www.cvca.ca/assets/files/reports/year-end-2022-vc-pe-canadian-market-overview/CVCA\\_VC\\_Q4\\_2022\\_FINAL\\_V3.pdf](https://www.cvca.ca/assets/files/reports/year-end-2022-vc-pe-canadian-market-overview/CVCA_VC_Q4_2022_FINAL_V3.pdf)

<sup>3</sup> [Statistics Canada](#)

<sup>4</sup> <https://open.alberta.ca/publications/methane-emissions-management-upstream-oil-and-gas-sector>

<sup>5</sup> Government of Canada, Environment and Natural Resources <https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/greenhouse-gas-emissions.html>



# RESULTS AND ACHIEVEMENTS

INNOVATION IS THE CATALYST FOR ECONOMIC STRENGTH, JOB CREATION, IMPROVED HEALTH AND WELL-BEING, AND ENVIRONMENTAL SUSTAINABILITY. AS ALBERTA'S ONLY CROSS-SECTORAL RESEARCH AND INNOVATION (R&I) AGENCY, ALBERTA INNOVATES IS UNIQUELY POSITIONED TO TRANSFORM GREAT IDEAS INTO SCALABLE SOLUTIONS TO IMPROVE THE LIVES OF ALBERTANS.

This Annual Report highlights the results and achievements related to activities we presented in our 2022–25 Business Plan. The results depict many of the ways in which our strategic actions and investments have contributed to our corporate goals and ultimately our organizational mandate set by the Government of Alberta.

Cascaded and interconnected relationships exist between the government's R&I priorities and our corporate priorities, goals and business and operating plans. This ensures that the positive impact we create for Albertans aligns with government priorities and strategies including those outlined in Alberta's Recovery Plan (June 2020) and the Alberta Technology and Innovation Strategy (ATIS; February 2022).

We leverage a variety of enterprise-level systems and administrative data (Finance, Grants Administration Service, etc.) as well as other tools to gather information on our results and impacts. Two important tools are used systematically on an annual basis to gather information from our clients about the achievements they made through our investments. The post-investment survey collects information from small and medium-sized enterprises (SMEs) that completed funding between 2018 and 2022 (599 responses received this year) and follows each SME annually for a five-year period. Results from this survey include key performance indicators (KPIs) such as the number of new hires (jobs) in Alberta from R&I investments in SMEs.

The second tool collects information from researchers, students and other non-SME clients who held grants with Alberta Innovates during the 2022–23 period is collected through the annual outcomes report (318 responses received this year). This report gathers information such as the number of people supported through our investments.

Information is gathered about client satisfaction on an annual basis through the post-investment survey and the annual outcomes report. In fiscal year 2022–23, we also undertook a more comprehensive Client Experience survey through a third-party vendor (Ipsos) to follow-up on a similar survey that completed in 2019. The Client Experience survey reaches a broader sample of our clients – including those who have applied unsuccessfully to our programs – and generates more extensive information that is used to complement the information we collect annually.

The methods, sources and tools used for the KPIs reported in the Annual Report are described in detail the Alberta Innovates 2022–25 Business Plan Indicator Data Codebook. The codebook is available upon request by emailing [pme@albertainnovates.ca](mailto:pme@albertainnovates.ca).

Individual programs are designed with specific objectives based on the need that the program was developed to address. These objectives may focus on a specific aspect of the R&I continuum as opposed to extending across the continuum from Discover to Use. As such, each corporate goal and its associated KPIs are not necessarily relevant or equally relevant

to each program or service provided by Alberta Innovates. Key program and client highlights achieved throughout the year are provided below the results table for each corporate goal; highlights may demonstrate additional achievements beyond those reflected in the KPIs. We encourage you to explore the many other notable successes achieved by our clients and our organization over the past year as shared through news and stories on our website and YouTube channel, by listening to our SHIFT podcast and checking us out on social media.

The following tables report Alberta Innovates achievements in 2022–23 for each corporate goal and its objectives. Our performance for each KPI is compared to the target presented in our 2022–25 Business Plan, with actuals that are within a 10 per cent variance of the target being considered to be “on target”. The right-most column provides a visual representation of performance relative to target, with a bullseye symbol indicating ‘on target’ and arrows pointing up and down representing more than a 10 per cent variance above or below target, respectively. The notes immediately below each table provide insights about results that were not “on target”.

## THE R&I CONTINUUM



**Discover** – aims to create new knowledge or understanding that may or may not have specific applications in mind from the outset. This type of research is usually performed at universities.



**Develop** – involves developing knowledge gained during the Discover stage toward a particular use. This development work typically occurs in applied research areas at universities, colleges and polytechnics, as well as industrial research laboratories.



**Use** – is about translating and applying developed research to address needs in the ‘real-world.’ This activity focuses on processes for the uptake, spread and scale of application-ready innovations. Examples include technology adaptation, technology commercialization, product and market innovation, and translational research in health care.

## GOAL 1

INNOVATION IS STIMULATED IN AREAS OF STRATEGIC IMPORTANCE BY INVESTMENTS IN PROGRAMS, SUPPORTS AND SERVICES.

Objective	KPIs	Baseline (Actuals 2020–21)	Actual 2021–22	Target 2022–23	Actual 2022–23	Performance to Target
1.1 Support research & innovation clients in Alberta in areas of strategic importance.	1.1.1 \$ invested in areas of strategic importance	\$153.3M	\$156.4M	\$160.7M	\$155.5M	🎯
	1.1.2 # of people supported (trainees, researchers, entrepreneurs, etc.)	1,445	1,415	≥1,450	1,582	🎯
1.2 Facilitate job creation.	1.2.1 # of new hires (jobs) in Alberta from R&I investments in SMEs	2,460	3,197	2,910	5,709	↑
	1.2.2 # of jobs created through applied R&D services	311	350	≥300	323	🎯
1.3 Support the growth of innovation in areas of strategic importance.	1.3.1 # projects leveraging digital health technologies to improve the lives of Albertans	100	140	120	145	🎯
	1.3.2 Projected Annual GHG Emission Reduction (Mt CO <sub>2</sub> e) by 2030 from all completed and active projects	17 Mt CO <sub>2</sub> e	18 Mt CO <sub>2</sub> e	17 Mt CO <sub>2</sub> e	18.2 Mt CO <sub>2</sub> e	🎯
	1.3.3 # of smart agriculture and food technology development projects supported	60	65	72	69	🎯
	1.3.4 % difference in year over year job growth for Alberta Innovates funded SMEs*	11.6%	4.9%	≥10%	12.63%	🎯
	1.3.5 % difference in survival rates for Alberta Innovates funded SMEs **	28%	27.6%	≥25%	27.4%	🎯
	1.3.6 # of active projects leveraging artificial intelligence	103	88	125	129	🎯

\*Relative to % year over year job growth of all companies in Alberta.

\*\*Relative to % survival rate for Canadian SMEs after 6 years.

Each year the sample changes for our Post Investment Survey, one of our inputs for the KPIs in this goal. The composition of this survey changes as SMEs fall out of the sample if they are more than five years post the completion of their last funding from Alberta Innovates and new SMEs are added to the sample from the current year. This change in composition has led to significant increases in the related KPIs for this goal. The SMEs added to the sample this year performed significantly better than those that fell off the sample and the ones that appeared in both samples (2021 and 2022). For example, the job number reported this year showed an increase of 78.5 per cent from that of last year. The major increase in the reported metric year over year (YoY), is largely due to this identified shift in portfolio composition.

## Highlights

Our Scaleup and Growth Accelerator Program is showing the world the volume and quality of startups in Alberta. This has drawn attention of the investment community which resulted in not just investments of \$147.5M, in investment raised, but also new fund creation. Nearly 235 Alberta companies graduated from the five global accelerators and this program also introduced 97 global companies to Alberta, with four completing Alberta registrations after participating in the global accelerator.

In its first funding competition, the Hydrogen Centre of Excellence awarded \$20M to 18 projects to examine everything hydrogen, from its production, transmission, distribution and storage through to end-uses. The total value of the funded projects, including matching investments for project partners, is over \$200 million.

Our Regional Innovation Networks (RINs) provided more than 7,400 technology and knowledge-based SMEs companies with programs and services to help accelerate their growth, while our Technology Development Advisors engaged with nearly 2,500 companies and actively assisted more than 1,500 of those.

Through programs such as Accelerating Innovation into CarE (AICE), Partnership for Research and Innovation in the Health System (PRIHS), LevMax and the Ecosystem Development Program, we supported novel health ecosystem partnerships, digital health implementation projects and early-stage research projects. The projects and initiatives supported work to minimize barriers to the adoption of digital health technologies in health care and communities by developing new or adjusting existing digital health innovation programs and services.

Following extensive stakeholder consultation, Alberta Innovates launched a \$9M Water Innovation competition to fund 18 new projects in the areas of water security solutions in rural, remote and Indigenous communities; integrated water management; and climate change solutions.

*Companies accessing support through one of the five Accelerators funded through our Scaleup and Growth Accelerator Program have contributed to the following economic impact for Alberta:*

- \$147.5M investment raised;
- 5,876 new customers served;
- 118 new jobs; and
- \$12.4M in revenue growth

*“AICE-Validate was integral to our success. At that point, we were very early staged. There wasn’t a lot of investment from the private sector. AICE-Validate helped us to continue to validate our tests, to understand the product market fit, and to go through some of the steps for really working with specialists who could help us to bring this to the clinic, including lab specialists and market access specialists.”*

*Dr. Oliver Bathe, CEO Qualisure Diagnostics*

## Highlights *(continued)*

We continued to grow Alberta's emerging technology talent pool by supporting more than 625 highly skilled individuals through our MSc/PhD Scholarships, Post Doctoral Fellowships, High School Youth Researcher Summer (HYRS) Program and Summer Research Studentships (SRS).

Nearly 300 researchers accessed Alberta SPOR Support Unit (AbSPORU) services for assistance with patient engagement and data access and analytics.

We supported nearly 300 new projects to help grow technology and knowledge-based SMEs through our suite of programs that focus on commercialization of new product development and technology solutions. This suite includes the Micro-Voucher, Voucher, Product Demonstration, Industry Associates and International Technology Partnership programs.

Through programs such as Advance, CASBE and the Ecosystem Development program, we invested nearly 120 emerging technology projects and initiatives that are developing proof of concepts and adopting innovations in emerging technology areas.

In addition to our continued support of Canadian Agri-food Automation and Intelligence Network (CAAIN), we have invested in 13 new smart agriculture and food technology projects. These investments are made through our Agri-Food Innovation and Bioindustrial Innovation Programs or in partnership with provincial agriculture agencies through our participation in the Agriculture Funding Consortium.

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*OptiSeis Solutions Ltd., a recipient of a Land and Biodiversity grant, recently won the Energy Ventures Pitch Competition at the Houston Energy Transition Initiative Conference.*

*OptiSeis is developing a new approach for acquiring seismic data that reduces the environmental impact of collecting subsurface information. Their technology, EcoSeis will enable companies to acquire the same high quality subsurface seismic images as conventional techniques while reducing the area of trees cleared on seismic programs by over 50 per cent.*

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*With an investment from Alberta Innovates' Smart Agriculture and Food Digitalization and Automation Challenge (SAFDAC), Verge Ag is developing an interactive web app for farmland and artificial intelligence optimized equipment deployment. Verge Ag's technology helps farmers ensure machinery is being deployed in the right place at the right time, reducing costs and increasing environmental sustainability. Savings total \$12-\$14 per acre of cultivated farmland annually resulting in a potential annual economic impact of \$252M across the province's 21M acres of farmland.*

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*Areto Labs, a client of our Accelerator program, was a recent recipient of an investment from The Firehood at the inaugural Women Founders Summit hosted by DMZ, a world-leading tech incubator in Toronto. The Edmonton-based, women-owned technology company also received funding from other Alberta Innovates programs including Product Scaleup, Digital Traction and our Industry Associates program.*

*Their suite of apps uses artificial intelligence to analyze sentiment on social media, moderate online abuse and deliver communication campaigns through automated messaging to help protect public figures & employees online, increase brand loyalty and engagement, grow fanbase, and bust trolls.*



## GOAL 2

APPLIED RESEARCH, DEVELOPMENT AND ENGINEERING SERVICES ARE PROVIDED THAT VALIDATE, TEST AND TRANSLATE INNOVATION INTO REAL-WORLD USE.

Objective	KPIs	Baseline (Actuals 2020–21)	Actual 2021–22	Target 2022–23	Actual 2022–23	Performance to Target
2.1 Increase proportion of non-Government of Alberta revenue in InnoTech and C-FER.	2.1.1 % increase in non-Government of Alberta revenue for C-FER and InnoTech	n/a*	-3%	1%	3%	↑
2.2 Optimize use of InnoTech and C-FER resources.	2.2.1 % of capacity utilized to enhance and provide the delivery of services to clients (effective utilization) – InnoTech	76%	76.5%	70-75%	82.3% InnoTech	🎯
	2.2.2 % of capacity utilized to provide the delivery of services to clients (effective utilization) – C-FER**	±			29.3% C-FER*	
2.3 Leverage partner relationships and funding to advance technology development in Alberta.	2.3.1 \$ leveraged for consortia and joint industry projects for each \$1 invested by InnoTech	\$3.80	\$4.78	\$4.00	\$4.30	🎯

\*Actuals in 2020–21 are not a valid baseline since revenue-generating capabilities were significantly hindered by staff reductions.

Therefore, the forecasted revenue of \$38.1M for 2021–22 from non-Government of Alberta sources will be used as baseline.

\*\*Methodology varies between C-FER and InnoTech when calculating utilization rates. C-FER measures utilization as 'Percentage of time staff are spending on billable projects' while InnoTech measures utilization as 'Percentage of time staff are spending on billable projects, business development, or operations and maintenance activities.

\*2022–23 will be baseline year for data capture. Targets will be set in subsequent years.

Our subsidiaries are beginning to see an increase in activity with the recovery of the provincial economy which is reflected in the increase in 2.1.1.

### Highlights

InnoTech's R&D activities resulted in an estimated \$805M of economic impact to Alberta's economy in 2022–23.

Our subsidiaries are helping clients address hydrogen challenges in many ways:

- C-FER secured \$2M from Prairies Economic Development Canada (PrairiesCan) to match funds from the Hydrogen Centre of Excellence to support building infrastructure to test equipment in hydrogen environments. These funds were used to establish three small-scale testing systems for evaluating

the performance of materials in various hydrogen ratio environments. In addition, these funds are supporting more than \$8M in research projects with 13 Canadian and international groups.

- InnoTech secured \$3.7M in capital funding from the Hydrogen Centre of Excellence to enhance facilities needed to support client research and development and technology de-risking. Facility enhancements include a high temperature test lab; multipurpose hydrogen test lab; hydrogen end-use test equipment and modifications to the Alberta Carbon Conversion Technology Centre (ACCTC) to support hydrogen production.

## Highlights *(continued)*

- Through a client-funded study, InnoTech developed testing and qualification standards for preventing or mitigating hydrogen-induced damage to steel pipelines that are recommended as revisions to existing CSA standards for pipeline coatings and liners.
- C-FER and InnoTech co-created a suite of pipeline coating and liner qualification test methods specific for hydrogen environments. These new services are being offered by C-FER with InnoTech's support.
- InnoTech also acquired access to specialized testing equipment necessary for hydrogen fuel certification through a 5-year research agreement with a lab equipment supplier.

In an effort to accelerate the adoption and reduce the cost of commercial deployment of carbon capture, conversion, utilization and storage technologies, InnoTech worked with Alberta Innovates and Pathways Alliance to advance a technology validation program that leverages expertise and facilities at InnoTech, C-FER, Natural Resources Canada (NRCan), National Research Council and Carbon Management Canada.

InnoTech partnered with the Clean Resource Innovation Network (CRIN) to develop a dimethyl ether (DME) assisted bitumen in-situ recovery process that can reduce direct GHG emissions by up to 86 per cent and reduce water consumption by up to 79 per cent relative to steam-assisted gravity drainage. Another project is testing several alternative materials for field application to close or remediate oil and gas wells and has the potential to save the industry nearly \$3B, generate 200 highly qualified full-time jobs, reduce GHG emissions, and provide groundwater protection benefits.

InnoTech supported a number of technologies to address gaps across the “seed-to-final product” spectrum of emerging local hemp and cannabis industries. This work included:

- A microbial product to support augmented in-field retting of hemp straw creating a higher value and quality product
- The development of crop management protocols by field testing management practices for high-cannabinoid hemp varieties with high-value bioactive

compounds under central prairie climatic conditions.

- Tested the tolerance of industrial hemp varieties to different broad leaf and grassy herbicides.

InnoTech's MARIOS consortium took over the National Research Council's test equipment and associated projects related to materials reliability assessment. This enhances opportunities for additional revenue generation through expansion of InnoTech's materials testing service and broader targeting of mining companies across North America.

InnoTech supported the acceleration and development of large-scale production pathways for short and continuous carbon fibre from bitumen-derived asphaltene while promoting their use in manufactured products. Some of the key activities included:

- Enhancing lab capacity to produce small quantities of carbon fibre for materials validation and for creating representative product prototypes.
- Obtaining funding from the Government of Alberta to plan for an enhanced carbon fibre pilot facility that will support the newly announced the Carbon Fibre Grand Challenge Phase III and other industrial projects. Funding from Alberta Innovates supported optimization of asphaltene-based bitumen feedstocks used to produce carbon fibre.
- Engaging with a broad range of potential asphaltene-based feedstock producers, carbon fibre producers and end-users around applications of asphaltene-based bitumen carbon fibre.

## GOAL 3

INNOVATION GROWTH IN AREAS OF OPPORTUNITY IS ENHANCED THROUGH PARTNERSHIPS AND COLLABORATIONS THAT INCREASE THE SUPPORTS AVAILABLE TO ALBERTA'S R&I SYSTEM.

Objective	KPIs	Baseline (Actuals 2020–21)	Actual 2021–22	Target 2022–23	Actual 2022–23	Performance to Target
3.1 Leverage partner relationships and funding to support the R&I system in Alberta.	3.1.1 \$ attracted to Alberta Innovates from external sources	\$43.5M	\$44.2M	\$48.1M	\$51.6M	🎯

### Highlights

InnoTech supported Alberta Innovates in the delivery and execution of the Hydrogen Centre of Excellence by initiating four new testing services and facilities: the High Temperature Test Lab for production process testing; the Multipurpose Hydrogen Test Lab for transmission, storage, and end use devices; procuring Hydrogen End Use Test Equipment; and the modification of the Alberta Carbon Conversion Technology Centre (ACCTC) to support hydrogen production.

The Alberta Innovates Impact Action Lab (IAL) continued their work with provincial, national and international leaders to address regional needs by embedding impact into strategy and practice. Two highlights are the IAL's work supporting the planning and facilitation of the inaugural Banff Innovation Summit and collaborated with Alberta researchers and innovators to embed impact into five provincial and national grants that attracted over \$200 million for R&I activities within the province. IAL also delivered numerous training events for purposes of building capacity with local universities and federal agencies and advanced impact knowledge through publications and webinars.

As it celebrates its 20th anniversary, A pRoject Ethics Community Consensus Initiative (ARECCI) remains the gold standard for identifying and mitigating ethical risks in in health system and human service improvement projects. The initiative provides training, tools and guidance to sponsors and results in more ethically and better designed projects that reduce risk to people participating in health and human services research. In 2022–23, our expertise was leveraged by more than 1,679 unique users in 23 countries who accessed the gold-standard screening tool and guidelines.

We continued to foster relationships with three levels of government to support and fund the Scale-up and Growth Accelerator program, namely: PrairiesCan at the Federal level; the Ministry of Technology and Innovation at the provincial level; and at the municipal level with the City of Edmonton via Edmonton Unlimited and the City of Calgary via the Opportunity Calgary Investment Fund.

Through our Ecosystem Development Partnerships (EDP) Program, we supported more than 25 initiatives to enhance the R&I ecosystem in Alberta. By way of these partnerships, we are working to build a R&I economy that serves as a competitive advantage for innovators while simultaneously transforming products and services for Albertans.

The Government of Alberta provided \$18.7M over three years (beginning in 2022–23) to support the eight Regional Innovation Networks (RINs) in Alberta. RINs help small and start-up technology firms to bring their products and solutions to market. They do this by creating a network of programs and services to accelerate the growth of technology and knowledge-based businesses.

Alberta Innovates received government approval to launch two strategic initiatives, including \$4.4 M to explore and establish a digital health sandbox and \$ 9.0 M to continue our work integrating artificial intelligence into health research and innovation.

A continued collaboration with the Ministry of Technology and Innovation and PrairiesCan resulted

## Highlights *(continued)*

in a \$80.5M investment to Applied Pharmaceutical Innovation (API) and University of Alberta under the Canadian Critical Drug Initiative. Of this, \$20M is a direct match to our existing \$20M investment of the Li Ka Shing Applied Virology Institute (LKSAVI).

Through Alberta Innovates' leadership and vision, the Alberta SPOR Support Unit's (AbSPORU) novel Phase II Participation Agreement established a pivotal governance structure. This structure integrated critical partners including Alberta Health Services, Alberta Health, Alberta's comprehensive research universities, the national SPOR Networks, Alberta Innovates, and others –to build and sustain Alberta's learning health system through the spread, scale, and advancement of patient-oriented research, putting patients at the centre of health research and health-care innovation.

Alberta Innovates, Alberta Energy, Alberta Environment and Protected Areas, and PrairiesCan collaborated in a series of brainstorming sessions to identify strategic studies required to advance plastics circular economy technology development and implementation in Alberta. One of studies being led by Alberta Innovates is near completion and a second study, being led by Alberta Energy is in progress.

Through a strong partnership with seven Government of Alberta ministries, we are supporting the creation of a world-class Hydrogen Centre of Excellence (HCOE). This fiscal year, the HCOE provided support for the development of hydrogen-focused technologies across the entire value chain. The Centre has committed \$20M to projects with Federal funding partners including NRCan and PrairiesCan. Industry and other funding groups provided a total of \$169M in additional support for these projects.

Alberta Innovates and Emissions Reduction Alberta (ERA) partnered with other major provincial and federal funding organizations to host a reverse pitch event "Maximizing Cleantech Funding Potential" in November 2022 with more than 200 clean tech innovators in attendance. The event had three key objectives: build awareness of funders and supports for clean technology; broaden partnerships and collaboration in the innovation system; and support quality deal flow to stimulate clean technology solutions.

Led by Alberta Environment and Protected Areas, the Government of Alberta supported the Alberta Water Council initiative to renew the water for Life Strategy Action Plan. Alberta Innovates contributed to Government of Alberta efforts in establishing new government actions, key performance indicators and timelines for the updated Action Plan, including those related to innovation targeted to address key gaps and opportunities.

Alberta Innovates hosted the launch of an Alberta-based consortium in January 2023 to bring together industry, policy-makers, researchers and innovators, academia, Indigenous peoples and other interested stakeholders to advance the evaluation of small modular nuclear reactor commercial viability in Alberta.

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*"The Regional Innovations Networks (RINs) throughout the province are like the central nervous system of the startup ecosystem in Alberta. Organizations that participate in the RINs are dedicated to building a diverse economic landscape in Alberta by breaking down barriers for entrepreneurs in the province, which is especially important to those who are outside of urban centres. The RINs are there to listen to entrepreneurs and respond to their needs. There is a real sense of collaboration to build new relationships on behalf of innovators, to cross-deliver programs, and to share learnings or best practices that make each RIN stronger."*

*Madeline Kendrew, Director of Academy at Platform Calgary*

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*"With the support, expertise and resources from Alberta Innovates, AbSPORU has become a key force in the Alberta health research ecosystem. Our ultimate goal for Phase II is to bridge the gap between research evidence and health care practice to make a positive impact on health policies, health outcomes and health care."*

*Kelli Buckreus, Executive Director, Alberta SPOR SUPPORT Unit*

## GOAL 4

THE R&I SYSTEM IS STRENGTHENED THROUGH NEW AND EXISTING STAKEHOLDER RELATIONS THAT DRIVE SUPPORTIVE STRATEGIES AND PRACTICES.

Objective	KPIs	Baseline (Actuals 2020–21)	Actual 2021–22	Target 2022–23	Actual 2022–23	Performance to Target
4.1 Provide opportunities to reduce innovation barriers by bringing together entrepreneurs, investors, researchers and global thought leaders.	4.1.1 #/% of local, national and international participants attending Inventure\$ in-person or online	n/a*	*	3,000	3,056	🎯
	4.1.2 # of subscribers to Alberta Innovates' Unbound platform for virtual engagement events	9,842	10,000	9,000	12,000	↑
4.2 Build increased recognition and support for Alberta Innovates' value in the provincial R&I system.	4.2.1 % of Albertans aware of Alberta Innovates, as per Brand Awareness Survey	59%**	59%**	59-61%	54%	🎯

\*INVENTURE\$ conference did not take place in person in 2020 or 2021 due to pandemic.

\*\*Result from awareness survey conducted in October 2021. The awareness survey is conducted in the Fall of each year by a third-party. The survey is targeted at Albertans and how aware they are of Alberta Innovates and its subsidiaries.' after 'October 2021.

Virtual engagement options continue to rise in popularity for stakeholder engagement and audiences increasingly expect an online presence or options for significant events. Alberta Innovates will continue supporting its Unbound platform as an option for stakeholder engagement both for individual events as well as for Inventure\$. Virtual engagement options also improve access to information and events for individuals who may have accessibility needs and can be an important tool for inclusion with diverse audiences. As an organization that engages across Alberta's vast distances and beyond its borders, Unbound continues to be an important tool.

## Highlights

In June 2022, Alberta Innovates held its third in-person Inventure\$ event in Calgary. This event brings together the world's brightest minds, angel investors, venture capitalists and industry leaders to create connections, strike deals and launch creative ideas. With 2,491 people in attendance over three days and 565 registrants watching online, delegates heard from over 300 speakers in 200 sessions and discovered new innovations through six pitch competitions.

*"Alberta Innovates is pleased to have successfully, and safely, held an in-person event this year. We know that when we meet collectively, we experience creative collisions. Contacts are established, deals are made, and we all leave Inventure\$ having learned something new."*

*Laura Kilcrease, CEO, Alberta Innovates*



## Highlights *(continued)*

C-FER and InnoTech, along with six Canadian industry clients (Suncor, Trans Mountain, TC Energy, Keyera, Imperial and CNRL) formed a Technical Advisory Committee to advise the subsidiaries on current industry needs and long-term strategic trends. Committee members, responsible for the energy transition in their respective organizations, help drive discussion and action focussed on prioritizing challenges in clean energy that could be addressed through future Joint Industry Projects. Insights will also help to align investments across InnoTech and C-FER in seed projects, facilities, and equipment in terms of their scale, scope and timing relative to the evolving needs of industry.

Working collaboratively with a multitude of partners and stakeholders, the Alberta Clinical Research Consortium (ACRC) has set the provincial strategy to build capacity and capabilities in clinical research. The Phase III strategy was released in September 2022, which includes increasing administrative efficiency, advancing data-enabled innovation and digital health, building a qualified workforce, integrating research into care, and defining pathways to commercialization. By focusing on these strategic areas, the ACRC develops key resources and support for Alberta's clinical research and innovation system, capitalizing on emerging opportunities for innovation and economic growth.

C-FER worked closely with Edmonton Global to engage locally with the Edmonton Region Hydrogen Hub and internationally at the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC) conference in Abu Dhabi to inform other international jurisdictions, governments and energy industries of C-FER's capabilities as well as the potential to leverage the Hydrogen Centre of Excellence.

Stakeholder engagement with more than 200 innovators were held in emerging health areas, including challenges and opportunities to advance digital in health research and the first ever Alberta Cannabis and Psychedelic in Health research symposium.

Alberta Innovates hosted quarterly webinar sessions for researchers and entrepreneurs who are driving water innovation in Alberta. With an average of 430 registrants in 2022–23, these webinars provided a unique opportunity for researchers, entrepreneurs and stakeholders to learn about projects that are transforming how we manage and treat water in Alberta. They also provide a means for registrants to connect with one another and share their expertise.

In support of Alberta Water for Life Strategy goals, we led stakeholder consultations to identify current and emerging gaps and opportunities related to reliable water supplies, safe-secure drinking water and healthy aquatic ecosystems. We then initiated a funding competition in response to our work with stakeholders.

Working with the federal Trade Commissioner Service, C-FER participated in events to promote Alberta Innovates' work in hydrogen and carbon capture, utilization and sequestration (CCUS) through a mission to Denmark and a presentation to the Norwegian Energy Partners. With the help of the Trade Commissioner Service, C-FER also provided facility tours for more than 120 Canadian and International visitors during the Canadian Hydrogen Convention in April 2023.

## GOAL 5

CREATE ADDED VALUE FOR OUR BUSINESS AND CLIENTS WITH FUTURE-FOCUSED BUSINESS PRACTICES AND CONTINUOUS IMPROVEMENTS IN OPERATIONAL EXCELLENCE.

Objective	KPIs	Baseline (Actuals 2020–21)	Actual 2021–22	Target 2022–23	Actual 2022–23	Performance to Target
5.1 Build a future-focused organization grounded in continuous improvement.	5.1.1 Cumulative % reduction in client requirements for accessing Alberta Innovates programs and services (Red Tape Reduction)	30.6%	61.7%	50-55%	72.6%	↑
	5.1.2 % of clients with a positive client experience	94%	90%	≥90%	86%*	🎯
5.2 Promote a culture that attracts, engages and retains top talent.	5.2.2 Overall employee engagement rating on biennial survey*	69%	69%	72%	**	-
5.3 Identify and address equity, diversity and inclusivity gaps internally and in relation to our investments.	5.3.1 % of applicants who identify as a member of a visible minority	36%	56%	≥23.5%***	44%	↑

\*Data collection was completed by a third party (Ipsos) using a slightly different methodology than baseline year.

\*\*Data collected in Q3 of every other fiscal year. Last survey November 2021.

\*\*\*Based on 2016 Census of Canada data for visible minorities in Alberta.

Alberta Innovates continued to make progress in reducing our red tape reduction count for the benefit of Albertans through continued use of our standardized applications forms across our programs. The removal of several forms associated with sunsetted programs that no longer have active grants also led to a reduced count.

The targets for 5.3.1 were based on Census of Canada data as we did not have sufficient internal data over a period of time to inform the target. Going forward, the target methodology will be updated to be based on our actuals.

## Highlights

As part of the government's Red Tape Reduction initiative, Alberta Innovates continued to make it easier for our clients to access Alberta Innovates programs and services. Through efforts that included standardizing the application forms used by clients to access our programs, we reduced client requirements by more than 72 per cent since 2019–20, an improvement that was more than two times higher than the target set of the Government of Alberta.

Alberta Innovates' Equity, Diversity and Inclusivity (EDI) Council is finding meaningful and purposeful ways to embed EDI principles in our operations and programming. Progress is being made on the development of the organization's EDI strategy including learning opportunities and other initiatives.

Bringing together Indigenous knowledge and western science creates opportunities for new solutions to environmental challenges. This includes issues that are important to the Indigenous people, who have a rich history and connection with the land and the diverse life it supports. The Sacred Science video series, developed in collaboration with Indigenous communities in Alberta, Alberta Innovates and InnoTech Alberta, tells the stories of how these communities are leveraging these two knowledge systems to tackle complex conservation and land management challenges and to preserve their traditional cultures. The videos were produced by Two Canoes Media, an Indigenous-owned film and media marketing company. Leads from Alberta Innovates and InnoTech are working in consultation with the communities on a plan to make the video series available publicly.

A number of projects are underway to increase Alberta Innovates' and its subsidiaries' operational efficiencies. One of the major initiatives with significant progress in 2022–23 is the development of a Customer Relationship Management (CRM) system which will be integrated across all three organizations.

InnoTech delivered training on indigenous community engagement to staff that is being developed into a framework for use across all of Alberta Innovates. Staff throughout the corporation also participated in the Government of Alberta's Indigenous Learning initiatives in support of Truth and Reconciliation.

In early 2023, Alberta Innovates conducted a client satisfaction survey through Ipsos, a market research company as a follow-up to a survey completed in 2019. The survey, which was distributed to clients regardless of the success of their applications, had a 10-point increase in overall satisfaction year-over-year (2023 vs 2019) with 76 per cent of clients reporting their overall experience of working with us as good (rated from 5–7 on a 7-point scale). Satisfaction among clients with successful application was 86 per cent. In addition to the satisfaction ratings, two-thirds of clients reported receiving what they needed from Alberta Innovates, and this represented a 23-point increase year-over-year from 2019. Further, 86 per cent of clients indicated that they would work with us again (a 26-point increase from 2019).

# MANAGEMENT DISCUSSION & ANALYSIS

THE RESULTS OF THE ALBERTA INNOVATES CONSOLIDATED FINANCIAL STATEMENTS REFLECT THE OBJECTIVES OF THE ORGANIZATION TO SUPPORT R&I ACTIVITIES ALIGNED TO MEET GOVERNMENT OF ALBERTA PRIORITIES FOR THE ECONOMIC AND SOCIAL WELL-BEING OF ALBERTANS. THIS INCLUDES, WITHOUT LIMITATION, ACTIVITIES DIRECTED AT THE DISCOVERY, COMMERCIALIZATION AND APPLICATION OF KNOWLEDGE IN THE SECTORS OF AGRICULTURE, ENERGY, ENVIRONMENT, FORESTRY, HEALTH AND OTHER SECTORS DETERMINED BY THE REGULATIONS.

Two wholly owned subsidiary corporations, C-FER Technologies (1999) Inc. and InnoTech Alberta Inc., along with the Alberta Foundation for Health Research, are also reporting entities of Alberta Innovates.

The Office of the Auditor General Alberta issued an unqualified audit report on the consolidated financial statements for the year ending March 31, 2023.

## Revenue

2022–23 total revenue of \$245.1M was higher than the budget and prior year by \$17.8M and \$26.1M respectively mainly due to an additional \$12M of base grant funding being received from the Ministry of Technology & Innovation. The additional \$12M was required to replace internal cash reserves that were drawn down in prior years to fund a portion of the approved budget expenditures. Additional restricted grant funding received in prior years has also been recognized as revenue in 2022–23 in accordance with the terms of the agreements. Investment income was also higher than budget and prior year due to higher interest rates.

External revenue and industry funding, generated primarily by our two subsidiaries InnoTech and C-FER, has remained stable at approximately \$42M.

## Expenses

The expenses have been expressed in terms of Alberta Innovates business lines:

**Research, Innovation & Commercialization:** Includes investments in Accelerators, Clean Resources, Entrepreneurial Investments, Health, and Post-Secondary Investments & Emerging Technologies. Research, Innovation and Commercialization expenses of \$155.5M were comparable to prior year and \$5.2M lower than budget primarily due to timing of grant agreements, amendments, and milestone payments.

**Applied Research:** Includes expenses for InnoTech Alberta Inc. and C-FER Technologies (1999) Inc. Applied Research expenses of \$54.9M were higher than budget and prior year by \$5.48M and \$2.4M respectively mainly due to the impact of inflation on supplies and services.

**Administration:** Includes all corporate services such as finance, marketing and communications, information services, facilities, legal, human resources, purchasing and corporate reporting and planning. Administration serves a critical function in the Corporation by providing essential supports to the other business lines (Research, Innovation & Commercialization and Applied Research). These corporate services enable the operational business lines to work productively and efficiently toward achieving Alberta Innovates strategic priorities and goals. Corporate services play a direct role in advancing Alberta Innovates' strategic priority.

Administration expenses were within \$1M of the \$32.1M budget target. Expenses were \$3.4M higher than prior year mainly due to the impact of inflation on supplies and services and filling key vacant positions.

**Amortization:** Includes amortization for all business lines.

The gross operating expense target includes amortization and inter-governmental transfers. Inter-governmental transfers are grants or contracts to other government entities that are then eliminated upon consolidation by the Government of Alberta. Alberta Innovates' net expense target of \$181.7M is spending that the organization can direct to strategic priorities and operations. Alberta Innovates was slightly under the expense target by \$2.5M, primarily due to the deferral of restricted base grant funding from the Ministry of Technology & Innovation.

Alberta Innovates receives a budgeted revenue and expense target from the Government of Alberta. Although the organization has an accumulated surplus from prior years of underspending, the organization is limited to the expense target provided.

	2022–23 Budget	2022–23 Actual	2021–22 Actual (Restated)
<b>Gross Operating Expenses</b>	\$ 250,722	\$ 248,832	\$ 244,271
Amortization	\$ (8,400)	\$ (7,248)	\$ (7,505)
Inter-governmental transfers	\$ (60,610)	\$ (62,357)	\$ (54,898)
<b>Net Operating Expenses</b>	<b>\$ 181,712</b>	<b>\$ 179,227</b>	<b>\$ 181,868</b>

## Committed Funding

Alberta Innovates has funding commitments for specific purposes that are allocated over time. In addition, Alberta Innovates receives funding from third parties, including partnerships that require Alberta Innovates to match the third-party funding. The funding grant must meet all eligibility criteria, the expenditure must be a contractual obligation and the grant must be approved before the expenditure is recognized as an expense in the financial statements. Other funding sources are allocated to Alberta Innovates by agreement. The agreement must be approved in accordance with internal policies and standards before the expenditure is incurred and recorded as an expense in the financial statements.

Alberta Innovates has \$148.2M of contractual obligations that will become liabilities over the next five years.



# CAPITAL PLANNING AND LEASE ARRANGEMENTS

Alberta Innovates and its subsidiaries occupy a significant inventory of research and office facilities, most of which are owned and operated by Alberta Infrastructure. In addition to the Government of Alberta facilities, we also occupy space with commercial lease arrangements. Alberta Innovates currently operates across 11 locations: Edmonton (5), Calgary (3), Devon, Vegreville and Victoria, B.C, with well over 1.2M square feet of space and 600 acres of research farmland. In addition to our facilities, we also have a substantial inventory of research equipment with an estimated replacement asset value in excess to \$180M.

## Capital Planning

Adequate infrastructure is a critical and necessary requirement to support our vision, sustain program effectiveness and manage program growth aligned to corporate and provincial priorities.

Working in conjunction with Alberta Infrastructure, the Alberta Innovates Facility Services team provides strategic and operational support for capital projects and accommodation for Alberta Innovates and its subsidiaries. During 2022–23, the team managed the development and implementation of nearly \$12.5M of capital projects (\$6M reflected in Alberta Infrastructure financial statements; \$6.5M reflected in Alberta Innovates financial statements). The following are highlights of key capital activities recently completed or underway:

- Fume Hood Replacement Program (Total Capital Plan Funding: \$88.3M; 2022–23 expenditure: \$6M)
  - > The goal of this project is to replace failing fume hoods and address base building renewal requirements and deficiencies associated with the fume hood and lab operations. Approved funding in Alberta Infrastructure financial statements.
  - > Phase I of the project was completed at the end of 2022–23. Phase II construction and master planning for the remaining phases are currently underway.
- Pressurized Reaction Tower (Total Capital Plan Funding: \$2M, 2022–23 expenditure: \$1M)
  - > The Pressurized Reaction Tower is a Canadian-designed system that can chemically and thermally treat fibrous material such that it can be used in higher value textiles, paper, specialty packaging and chemical products. The project will be completed in 2023–24 and available to entities needing de-risking or process development assistance as one of InnoTech Alberta's standard services.
- Clean Hydrogen Centre of Excellence (Total Capital Plan Funding: \$10M; 2022–23 expenditure: \$1.1M)
  - > Advancing a clean hydrogen economy was identified under Alberta's Recovery Plan to help create jobs and diversify our economy. The Alberta Hydrogen Roadmap contains a specific policy pillar to "Activate Technology and Innovation" with a key action of establishing a Clean Hydrogen Centre of Excellence.
  - > Of the \$10M total capital funding from the Technology & Innovation Ministry, \$6.3M of projects have been approved in 2022–23 and are underway at various stages of the project life cycle – design, planning and construction.
- Capital Maintenance and Renewal (Total Capital Funding: \$3.1M; 2022/23 expenditure: \$2.1M)
  - > \$2.1M was incurred to support a wide range of maintenance and renewal projects to ensure Alberta Innovates and its subsidiaries had the necessary infrastructure for the effective operation of our programs and services and to meet the needs of our clients.

## Commercial Lease Arrangements

Facilities services is working diligently to renew leases for the Victoria Group and C-FER East Pylypow spaces. We have consolidated space in Bell Tower by moving staff from the 11th floor to the 14th floor.

# REPORT ON RISK MANAGEMENT

Alberta Innovates embeds risk management practices into its strategic, business and operational planning to drive effective and accountable action and decision-making, management practice and Board governance oversight. Our enterprise risk management framework is consistent with generally accepted global risk management standard frameworks, aligns with the Government of Alberta's risk management framework and reflects adoption of best practices.

Our Executive reviewed and updated our corporate-level risks each quarter in 2022–23. Each risk was assigned an overall rating based on the likelihood of the risk occurring and the potential impact of the risk on our goals and operations. Informed approaches on how best to respond to the individual risks were also developed and implemented as necessary. The corporate risk register – which includes all the information above – was reviewed by our Board of Directors each quarter.

The key risks faced by Alberta Innovates last year were:

## Budget Reductions and Limitations on Expenditures

Our organization's ability to fund and transform Alberta's R&I system is adversely affected by reductions to our budget and limitations on expenditures.

In 2022–23, our Board and senior management worked closely with the Ministry to minimize these impacts, including obtaining an additional \$12M to fund our approved budget expenditures. We also leveraged our relationships with new and existing partners and stakeholders to bring in additional revenue and contracts for Alberta Innovates and our subsidiaries.

## Resource Recruitment and Retention

Our workforce is key to our efforts to transform the R&I system in Alberta. Limitations such as labour market conditions, budget reductions, legislative directives (including salary restraints) and other mandates affect our ability to recruit and retain highly qualified staff.

Tools such as our Employee Engagement Survey (completed every two years with the most recent being Fall 2021) assist us in understanding how we can continually improve our workplace and drive our performance forward.

Our brand marketing strategies also provide an effective way to continue to build and reinforce our positive reputation in the ecosystem.

## Reporting Complexities and Investment Model

The complex nature of our business (with many stakeholders and partners), competing demands on our resources and, in some cases, longer-term investments required to advance innovation, all affect our ability to deliver on our objectives and adequately demonstrate the impact of our investments within yearly budget cycles. This could potentially lead to a loss of confidence about the impacts made by Alberta Innovates.

We manage this risk by maintaining existing and building new relationships with our colleagues in the Ministry. Our senior management engaged in various discussions with the Ministry to provide important input into guiding strategies for the R&I ecosystem in Alberta. We also continuously improve our processes to measure, monitor and report on the value we generate, including target-setting and more in-depth analyses of results and impacts.

# MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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Alberta Innovates management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the annual report including the financial statements, performance results, and supporting management information. Systems of internal control are designed and maintained to produce reliable information that meet reporting requirements, and to ensure that transactions are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained, and assets are properly accounted for and safeguarded. The annual report has been approved by the Board of Directors and is prepared in accordance with ministerial guidelines.

The Auditor General of the Province of Alberta, the corporation's external auditor appointed under the *Auditor General Act*, performs an annual independent audit of Alberta Innovates' financial statements in accordance with Canadian generally accepted auditing standards.

*Original signed by Laura Kilcrease*

Chief Executive Officer

*Original signed by Barry McNabb*

Vice President, Finance



# STATUTORY REPORT

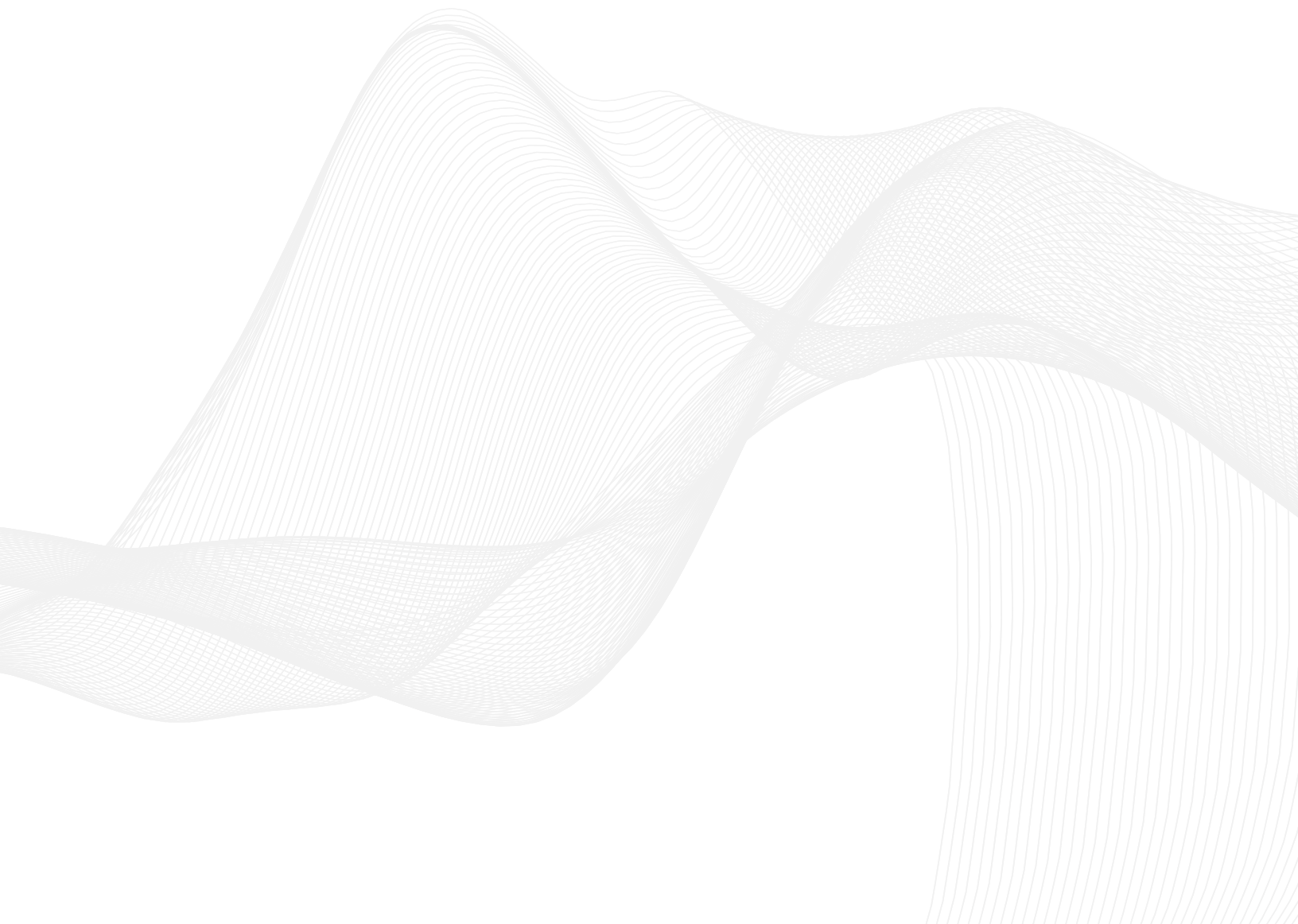
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## PUBLIC INTEREST DISCLOSURE ACT

Section 32 of the *Public Interest Disclosure Act* requires the corporation to report annually on the following parts of the Act:

- (a) the number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
- (b) the number of investigations commenced by the designated officer as a result of the disclosures; and
- (c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2022–23, Alberta Innovates had no disclosures of wrongdoing filed with the Public Interest Disclosure Office.



# AUDITED FINANCIAL STATEMENTS

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## Independent Auditor's Report

To the Board of Directors of Alberta Innovates

### Report on the Consolidated Financial Statements

#### Opinion

I have audited the consolidated financial statements of Alberta Innovates (the Group), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for opinion

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

#### Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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

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

My objectives are to obtain reasonable assurance about whether the consolidated 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 my 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated 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 my 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 Group'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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General

May 30, 2023  
Edmonton, Alberta

**ALBERTA INNOVATES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2023**

	<b>2023</b>		<b>2022</b>
	(Note 5)		(Restated - See Note 3)
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<i>(in thousands)</i>		
<b>Revenues</b>			
Government transfers			
Funding from Technology and Innovation			
Base grant	\$ 129,465	\$ 147,040	\$ 127,635
Restricted grant from prior years	8,403	16,857	11,142
Other grants	31,307	17,527	25,632
Restricted capital contribution	2,500	1,929	2,208
Funding from other Government of Alberta entities -			
Other grants	5,260	7,993	6,198
Federal government transfers	5,600	7,201	5,442
External revenue and industry funding	42,000	41,790	38,551
Investment income	500	2,621	229
Other Government of Alberta revenue	2,223	2,137	1,936
	<u>227,258</u>	<u>245,095</u>	<u>218,973</u>
<b>Expenses (Note 2 (b) and Schedule 1)</b>			
Research, innovation and commercialization	160,669	155,500	156,396
Applied research	49,522	54,920	52,564
Administration	32,131	31,164	27,806
Amortization	8,400	7,248	7,505
	<u>250,722</u>	<u>248,832</u>	<u>244,271</u>
<b>Annual deficit</b>	<u>(23,464)</u>	<u>(3,737)</u>	<u>(25,298)</u>
<b>Accumulated surplus at beginning of year</b>	34,294	34,294	59,592
<b>Accumulated surplus at end of year</b>	<u>\$ 10,830</u>	<u>\$ 30,557</u>	<u>\$ 34,294</u>

The accompanying notes and schedules are part of these consolidated financial statements.

**ALBERTA INNOVATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
		(Restated - See Note 3a)
	<b>(in thousands)</b>	
<b>Financial assets</b>		
Cash (Note 6)	\$ 90,431	\$ 111,896
Accounts receivable (Note 7)	15,805	13,642
	<u>106,236</u>	<u>125,538</u>
<b>Liabilities</b>		
Accounts payable and other accrued liabilities (Note 9)	24,064	33,252
Unspent deferred capital contributions (Note 10)	985	1,094
Deferred revenue (Note 10)	60,972	67,850
Deferred contract revenue (Note 10)	9,794	10,624
Asset retirement obligations (Note 11)	2,813	2,667
	<u>98,628</u>	<u>115,487</u>
<b>Net financial assets</b>	<u>7,608</u>	<u>10,051</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 13)	40,784	41,535
Prepaid expenses	2,150	2,158
	<u>42,934</u>	<u>43,693</u>
<b>Net assets before spent deferred capital contributions</b>	<u>50,542</u>	<u>53,744</u>
Spent deferred capital contributions (Note 10)	19,985	19,450
<b>Net assets</b>		
Accumulated surplus (Note 14)	<u>\$ 30,557</u>	<u>\$ 34,294</u>

Contractual rights (Note 8)

Contingent liabilities (Note 15)

Contractual obligations (Note 16)

The accompanying notes and schedules are part of these consolidated financial statements.

**Approved by the Board of Directors**

*Original signed by Dr. Brenda Kenny*

Dr. Brenda Kenny  
Board Chair

*Original signed by Dr. H.J (Tom) Thompson*

Dr. H.J (Tom) Thompson  
Audit Chair

**ALBERTA INNOVATES**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**YEAR ENDED MARCH 31, 2023**

	<b>2023</b>		<b>2022</b>
			(Restated - See Note 3a)
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<i>(in thousands)</i>		
<b>Annual deficit</b>	\$ (23,464)	\$ (3,737)	\$ (25,298)
Acquisition of tangible capital assets (Note 13)	(16,503)	(6,497)	(2,930)
Amortization of tangible capital assets (Note 13)	8,400	7,248	7,505
Net (gain)/loss on disposal of tangible capital assets		(2)	12
Proceeds on sale of tangible capital assets		2	-
Decrease (Increase) in prepaid expenses		8	(566)
Net increase (decrease) in spent deferred capital contributions (Note 10)		535	(590)
Other adjustments (Note 3)		-	231
<b>Decrease in net financial assets</b>	(31,567)	(2,443)	(21,636)
<b>Net financial assets at beginning of year</b>	10,051	10,051	31,687
<b>(Net debt) net financial assets at end of year</b>	<u>\$ (21,516)</u>	<u>\$ 7,608</u>	<u>\$ 10,051</u>

The accompanying notes and schedules are part of these consolidated financial statements.



**ALBERTA INNOVATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2023**

	<b>2023</b>	<b>2022</b>
		(Restated - See Note 3a)
	<b>(in thousands)</b>	
<b>Operating transactions</b>		
Annual deficit	\$ (3,737)	\$ (25,298)
Non-cash items included in annual deficit:		
Amortization of tangible capital assets (Note 13)	7,248	7,505
Deferred contributions recognized as revenue (Note 10)	(130,981)	(122,130)
Net (gain)/loss on disposal of tangible capital assets	(2)	12
	<u>(127,472)</u>	<u>(139,911)</u>
Increase in accounts receivable	(2,163)	(129)
Decrease/(Increase) in prepaid expenses	8	(566)
(Decrease)/Increase in accounts payable and other accrued liabilities	(9,188)	14,544
(Decrease)/Increase in deferred contract revenue	(830)	2,836
Contributions restricted for operating (Note 10)	121,156	123,285
Increase in asset retirement obligations (Note 11)	146	65
Cash (applied to) provided by operating transactions	<u>(18,343)</u>	<u>124</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets (Note 13)	(6,497)	(2,930)
Proceeds on sale of tangible capital assets	2	-
Cash applied to capital transactions	<u>(6,495)</u>	<u>(2,930)</u>
<b>Financing transactions</b>		
Contributions restricted for capital (Note 10)	3,373	2,572
Cash provided by financing transactions	<u>3,373</u>	<u>2,572</u>
<b>Decrease in cash</b>	(21,465)	(234)
<b>Cash at beginning of year</b>	111,896	112,130
<b>Cash at end of year</b>	<u><u>\$ 90,431</u></u>	<u><u>\$ 111,896</u></u>

The accompanying notes and schedules are part of these consolidated financial statements.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**Note 1 AUTHORITY AND PURPOSE**

Alberta Innovates is a Provincial corporation, as defined in the *Financial Administration Act*. It was established effective November 1, 2016 under the *Alberta Research and Innovation Act*. The *Alberta Research and Innovation Act* was amended to dissolve the four corporations: Alberta Innovates - Bio Solutions, Alberta Innovates - Energy and Environment Solutions, Alberta Innovates - Health Solutions, and Alberta Innovates - Technology Futures and create one new research and innovation corporation, "Alberta Innovates." Two wholly owned subsidiary corporations C-FER Technologies (1999) Inc. and InnoTech Alberta Inc. along with the Alberta Foundation for Health Research are also reporting entities of Alberta Innovates ("The Corporation").

The objectives of the Corporation are to support, for the economic and social well-being of Albertans, research and innovation activities aligned to meet Government of Alberta priorities, including, without limitation, activities directed at the discovery, commercialization and application of knowledge in the areas of agriculture, energy, environment, forestry, health and other areas determined by the regulations.

The Corporation is exempt from income taxes under the *Income Tax Act*.

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity and Method of Consolidation**

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Corporation and its wholly owned subsidiaries InnoTech Alberta Inc., C-FER Technologies (1999) Inc. and the Alberta Foundation for Health Research (AFHR). The AFHR operates under the *Alberta Companies Act* and is a registered charitable organization for income tax purposes. All inter-entity balances and transactions have been eliminated on consolidation.

The accounts of government sector entities are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to the Corporation's accounting policies and the results of each line item in their financial statements (revenue, expense, assets, and liabilities) are included in the Corporation's results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

**(b) Basis of Financial Reporting**

**Revenues**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as deferred revenue and recorded in accounts payable and other accrued liabilities. Externally restricted revenue is recognized as revenue in the period in which the resources are used for the purpose specified. Funds received prior to meeting the criteria are recorded as deferred revenue until the resources are used for the purpose specified.

External revenue is contract revenue that is recognized using the percentage of completion method. The Corporation makes full provision for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated.

Investment income includes interest income. Investment income earned from restricted sources is deferred and recognized when the terms imposed have been met.

Other revenue is contract and fee for service work billed to Alberta Government ministries and agencies, post secondary institutions and school divisions.

**Government Transfers**

Transfers from all governments are referred to as government transfers.

Government transfers and associated externally restricted investment income are recognized as deferred revenue or deferred capital contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Corporation complies with its communicated use of the transfer.

All other government transfers, without stipulations for use of the transfer, are recognized as revenue when the transfer is authorized and the Corporation meets the eligibility criteria (if any).

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2023**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)**

**(b) Basis of Financial Reporting (Continued)**

Donations and Non-Government Contributions

Donations and non-government contributions are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government contributions may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations and non-government contributions are recognized as revenue in the year received or in the year the funds are committed to the Corporation if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, non-government contributions and realized and unrealized gains and losses for the associated, externally restricted, investment income are recognized as deferred revenue if the terms for their use, or the terms along with the Corporation's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and, when applicable, the Corporation complies with its communicated use.

In-kind donations of services and materials are recognized at fair value when such value can reasonably be determined.

**Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Transfers include entitlements, grants and transfers under shared cost agreements. Grants and transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

**Valuation of Financial Assets and Liabilities**

The Corporation's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash	Cost
Accounts Receivable	Lower of Cost or Net Recoverable Value
Accounts Payable and Other Accrued Liabilities	Cost
Asset Retirement Obligations and Environmental Liabilities	Cost or Present Value

The Corporation has no assets or liabilities in the fair value category, has no significant foreign currency transactions and has no significant remeasurement gains or losses. Consequently, no statement of remeasurement gains and losses has been presented.

**Financial Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the Corporation's financial claims on external organizations and individuals, as well as cash.

Cash

Cash comprises of cash on hand and demand deposits in the Consolidated Liquidity Solution (CLS). Effective July 4, 2022, the CLS replaces the Consolidated Cash Investment Trust Fund (CCITF) as the Province's cash pooling structure. The new CLS structure will enhance the effectiveness and efficiency from Province's cash management perspective. A CLS participant is paid interest on monthly basis on their cash balance at an interest rate based on 12 week rolling average of the Province's 3 month cost of borrowing.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2023**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)**

**(b) Basis of Financial Reporting (Continued)**

**Liabilities**

Liabilities represent present obligations of the Corporation to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Liabilities also include:

- all financial claims payable by the Corporation at the year end;
- accrued employee vacation entitlements; and
- contingent liabilities where future liabilities are likely.

Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital assets (TCA). Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to;

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transactions or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. A liability for remediation of a contaminated site may arise from an operation that is either in productive use or no longer in productive use and may also arise from an unexpected event resulting in contamination. The resulting liability is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

Other environmental liabilities are recognized when all of the following criteria are met:

- i. the Corporation has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- ii. the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand;
- iii. the transaction or events obligating the Corporation have already occurred; and
- iv. a reasonable estimate of the amount can be made.

**Non-Financial Assets**

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services.
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations

Non-financial assets include tangible capital assets and prepaid expenses.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2023**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)**

**(b) Basis of Financial Reporting (Continued)**

Tangible Capital Assets

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as asset retirement cost. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Work in progress, which included facilities and improvements projects and development of information systems, is not amortized until after a project is complete (or substantially complete) and the asset is put into service.

Tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	10-30 Years
Equipment	3-25 Years
Computer hardware and software	3-10 Years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the time of contribution.

Prepaid Expenses

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

**Financial Risk Management**

The Corporation's financial instruments include cash, accounts receivable and accounts payable and other accrued liabilities. The Corporation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Corporation's financial instruments are exposed to credit risk, market risk, and liquidity risk.

**a) Credit Risk**

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the Corporation. The Corporation's accounts receivable are exposed to credit risk. Management manages this risk by continually monitoring the creditworthiness of counterparties and by dealing with counterparties that it believes are creditworthy.

**b) Market Risk**

Market risk is the risk of loss from unfavourable change in fair value or future cash flows of a financial instrument causing financial loss. Market risk is comprised of currency risk, interest rate risk and price risk. The Corporation's cash is exposed to interest rate risk. Management manages this risk by continually monitoring the Corporation's deposits in the Consolidated Liquidity Solution (CLS) and their corresponding rate of return.

**c) Liquidity Risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation's accounts payable and other accrued liabilities are exposed to liquidity risk. Management manages this risk by continually monitoring cash flows.

**Measurement Uncertainty**

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. There is measurement uncertainty related to asset retirement obligations as it involves estimates in determining settlement amount, discount rates and timing of settlement. Changes to any of these estimates and assumptions may result in change to the obligation.

Asset retirement obligations, recognized as \$2,813 (2022 restated (note 3a) - \$2,667) in these financial statements, consists of estimated decommissioning costs for the Alberta Carbon Capture Technology Centre and estimated end of lease obligations at Bell Tower.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2023**

**Note 3 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR YEAR RECLASSIFICATION ERROR**  
*(in thousands)*

**(a) Change in Accounting Policy**

Effective April 1, 2022, the Corporation adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On the effective date of the PS 3280 standard, the Corporation recognized the following to conform to the new standard;

- i. asset retirement obligations, adjusted for accumulated accretion to the effective date
- ii. asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- iii. accumulated amortization on the capitalized cost; and
- iv. adjustment to the opening balance of the accumulated surplus / deficit.

Amounts are measured using information, assumptions and discount rates where applicable that are current on the effective date of the standard. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

In previous years, the Corporation accounted for its asset retirement obligations based on an estimate of future liability. The Corporation has now measured these asset retirement obligations using either the present value method or cost escalation technique as recommended by the new standard.

Impact on the prior year's financial statements as a result of the change in accounting policy is as follows:

	2022		
	As previously reported	Adjustment recognized	As restated
<b>Consolidated Statement of Operations</b>			
Revenue	\$ 218,973	\$ -	\$ 218,973
Expense	244,243	28	244,271
Annual deficit	(25,270)	(28)	(25,298)
Accumulated surplus at beginning of year	59,876	(284)	59,592
Accumulated surplus at end of year	34,606	(312)	34,294
<b>Consolidated Statement of Financial Position</b>			
Financial asset	\$ 125,538	\$ -	\$ 125,538
Liability	115,369	118	115,487
Net financial assets	10,169	(118)	10,051
Non-financial asset	43,887	(194)	43,693
Net assets	34,606	(312)	34,294
<b>Consolidated Statement of Change in Net Financial Assets</b>			
Annual deficit	\$ (25,270)	\$ (28)	\$ (25,298)
Other Changes-E.g. Amortization, Acquisition, Disposal of TCA	3,468	194	3,662
Net financial assets at beginning of year	31,971	(284)	31,687
Net financial assets at end of year	10,169	(118)	10,051

**(b) Correction of Prior Year Reclassification Error**

Impact on relevant prior year sections as a result of errors and reclassifications is as follows:

**Statement of operations & schedule 4:**

	2022				
	As previously reported	Reclass (1)	Eliminations (2)	Restatement (3)	As restated
Research, innovation and commercialization	\$ 156,077	\$ 1,598	\$ (1,278)	\$ -	\$ 156,397
Applied research	51,220	-	1,278	65	52,563
Administration	29,404	(1,598)	-	-	27,806
Amortization	7,542	-	-	(37)	7,505
	244,243	-	-	28	244,271

(1) Figures have been reclassified to conform to the 2023 presentation

(2) Consolidation elimination entries were incorrectly allocated across the expense lines in the prior year

(3) Restatement due to change in accounting policy



**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2023**

**Note 3 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR YEAR RECLASSIFICATION ERROR (Continued)**

**Contractual rights (Note 8):**

	2022		
	As previously reported	Adjustment recognized	As restated
Contractual rights from operating contracts	\$ 61,779	\$ (13,790)	\$ 47,989

**Note 4 FUTURE CHANGES IN ACCOUNTING STANDARDS**

On April 1, 2023, the Corporation will adopt the following new account standards approved by the Public Sector Accounting Board:

• **PS 3400 Revenue**

This standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.

• **PS 3160 Public Private Partnerships**

This standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

Management is currently assessing the impact of these standards on the consolidated financial statements.

**Note 5 BUDGET**

(in thousands)

A preliminary business plan with a budgeted deficit of \$23,464 was approved by the Board on March 25, 2022 and the full financial plan was submitted to the former Minister of Jobs, Economy and Innovation. The budget reported in the Consolidated Statement of Operations reflects the original \$23,464 deficit and additional reclassifications required for more consistent presentation with current and prior year results.

**Note 6 CASH**

(in thousands)

	2023	2022
Cash	\$ 90,431	\$ 111,896

Cash in the amount of \$90,431 (2022 - \$111,896 ) includes deposits in the Consolidated Liquidity Solution (CLS) of the Province of Alberta amounting to \$84,040 (2022 - \$101,551 in the Consolidated Cash Investment Trust Fund).

As at March 31, 2023, \$71,751 of the cash balance is restricted as it represents grants received that have restrictions on their use (2022- \$79,568).

**Note 7 ACCOUNTS RECEIVABLE**

(in thousands)

	2023		2022	
	Gross amount	Allowance for doubtful accounts	Net recoverable value	Net recoverable value
Accounts receivable	\$ 8,060	\$ 318	\$ 7,742	\$ 10,158
Alberta government departments and agencies	1,496	-	1,496	1,035
Accrued income receivable	6,567	-	6,567	2,449
	<u>\$ 16,123</u>	<u>\$ 318</u>	<u>\$ 15,805</u>	<u>\$ 13,642</u>

Accounts Receivable are unsecured, non-interest bearing and reported at their estimated net recoverable value.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2023**

**Note 8 CONTRACTUAL RIGHTS**  
*(in thousands)*

Contractual rights are rights of the Corporation to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

	2023	2022 (Restated - Note 3b)
Contractual rights from operating contracts	\$ 84,718	\$ 47,989

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating contracts
2023-24	\$ 41,618
2024-25	20,735
2025-26	21,646
2026-27	383
2027-28	153
Thereafter	183
	<u>\$ 84,718</u>

**Note 9 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES**  
*(in thousands)*

	2023	2022 Restated - See Note 3a
Accounts payable and other accrued liabilities	\$ 20,509	\$ 30,197
Alberta government departments and agencies	3,555	3,055
	<u>\$ 24,064</u>	<u>\$ 33,252</u>

**Note 10 DEFERRED CONTRIBUTIONS**  
*(in thousands)*

	2023	2022
Unspent deferred capital contributions (a)	\$ 985	\$ 1,094
Spent deferred capital contributions (b)	19,985	19,450
Deferred operating contributions (c)	60,972	67,850
Deferred contract revenue	9,794	10,624
	<u>\$ 91,736</u>	<u>\$ 99,018</u>

(a) Unspent deferred capital contributions

	2023	2022
	<b>Government of Alberta</b>	<b>Other</b>
Balance at beginning of year	\$ 1,089	\$ 5
Amounts reclassified <sup>(1)</sup>	-	-
Cash contributions received/receivable during year	3,003	370
Transfers from deferred revenue	-	-
Interest income	-	-
Transferred to spent deferred capital contributions	(3,107)	(375)
Balance at end of year	<u>\$ 985</u>	<u>\$ 1,094</u>

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2023**

**Note 10 DEFERRED CONTRIBUTIONS (Continued)**

(b) Spent deferred capital contributions

	2023			2022	
	Government of Alberta	Other	Total	Total	
Balance at beginning of year	\$ 12,048	\$ 7,402	\$ 19,450	\$ 20,040	
Amounts reclassified <sup>(1)</sup>			-	584	
Transferred from unspent deferred capital contributions	3,107	375	3,482	2,031	
Less amounts recognized as revenue	(1,947)	(1,000)	(2,947)	(3,205)	
Balance at end of year	\$ 13,208	\$ 6,777	\$ 19,985	\$ 19,450	

(c) Deferred operating contributions

	2023			2022	
	Government of Alberta	Other	Total	Total	
Balance at beginning of year	\$ 64,593	\$ 3,257	\$ 67,850	\$ 63,490	
Cash contributions received/receivable during the year	115,781	4,523	120,304	123,201	
Interest income	852	-	852	84	
Transfers to unspent deferred capital contributions		-	-	-	
Recognized as revenue:					
Grants	(122,320)	(4,873)	(127,193)	(118,842)	
Interest income	(841)	-	(841)	(83)	
Balance at end of year	\$ 58,065	\$ 2,907	\$ 60,972	\$ 67,850	

<sup>(1)</sup> Certain amounts included in unspent deferred capital contributions were reclassified to spent deferred capital contributions.

**Note 11 ASSET RETIREMENT OBLIGATIONS**

(in thousands)

	2023	2022
		(Restated - See Note 3a)
Asset Retirement Obligations (i)	\$ 2,813	\$ 2,667
(i) Asset Retirement Obligations		
	2023	2022
		(Restated - See Note 3a)
Asset Retirement Obligations, beginning of year	\$ 2,667	\$ 2,602
Liability incurred	-	-
Liability settled	-	-
Accretion expense	67	65
Revision in estimates	79	-
Asset Retirement Obligations, end of year	\$ 2,813	\$ 2,667

Tangible capital assets with associated retirement obligations include buildings and leasehold improvements.

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently re-measured taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on existing agreement, third party quotes, legislation and professional judgement.

Where a present value technique is used to measure a liability, the liability is adjusted for the passage of time and is recognized as accretion expense in the Consolidated Statement of Operations. When a present value technique is not used, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability.

Included in ARO estimate is \$2,277 measured using a present value technique. At March 31, 2023, the undiscounted amount of estimated future cash flows required to settle this obligation is \$2,640 and is discounted using a discount rate of 3.17%.

Asset retirement obligations are expected to be settled over the next 3 to 5 years.

For the year ended March 31, 2023, a recovery of \$1,199 was recognized.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2023**

**Note 12 BENEFIT PLANS**

(in thousands)

(a) The Corporation participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), the Public Service Pension Plan (PSPP), as well as, a Supplementary Retirement Plan for Public Service Managers (MSRP). The Corporation does not have sufficient plan information on MEPP, PSPP or the MSRP to follow the standards for defined benefit accounting and therefore follows the standard for defined contribution accounting. Accordingly, pension expense recognized for the MEPP/PSPP/MSRP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits. The expense for these pension plans is equivalent to the annual contributions of \$5,104 for the year ended March 31, 2023 (2022 - \$5,102).

At December 31, 2022, the Management Employees Pension Plan reported a surplus of \$924,735 (2021 – surplus of \$1,348,160), the Public Service Pension Plan reported a surplus of \$4,258,721 (2021 – surplus of \$4,588,479) and the Supplementary Retirement Plan for Public Service Managers reported a deficit of \$25,117 (2021 – deficit of \$20,982). The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

(b) The Benefit Plans consists of the unfunded liability for the Corporation's supplemental retirement plan, the benefits under which are paid for entirely by the Corporation when they come due. There are no plan assets. There are no active members remaining in the plan and one retired member eligible for benefits.

**Note 13 TANGIBLE CAPITAL ASSETS**

(in thousands)

	Land	Building and Improvements <sup>(2)</sup>	Equipment <sup>(3)</sup>	Computer Hardware & Software	2023 Total	2022 Total
						(Restated - See Note 3a)
<b>Estimated Useful Life</b>	Indefinite	10-30 years	3-25 years	3-10 years		
<b>Historical Cost <sup>(1)</sup></b>						
Beginning of year	\$ 566	\$ 29,693	\$ 84,230	\$ 10,616	\$ 125,105	\$ 123,029
Additions	-	807	4,892	798	6,497	2,930
Disposals, including write-downs	-	-	(390)	-	(390)	(854)
	566	30,500	88,732	11,414	131,212	125,105
<b>Accumulated Amortization</b>						
Beginning of year	-	14,287	59,713	9,570	83,570	76,907
Amortization expense	-	2,447	4,175	626	7,248	7,505
Effect of disposals, including write-downs	-	-	(390)	-	(390)	(842)
	-	16,734	63,498	10,196	90,428	83,570
<b>Net Book Value at March 31, 2023</b>	<u>\$ 566</u>	<u>\$ 13,766</u>	<u>\$ 25,234</u>	<u>\$ 1,218</u>	<u>\$ 40,784</u>	
<b>Net Book Value at March 31, 2022</b>						
(Restated - See Note 3a)	<u>\$ 566</u>	<u>\$ 15,406</u>	<u>\$ 24,517</u>	<u>\$ 1,046</u>		<u>\$ 41,535</u>

<sup>(1)</sup> Historical costs includes work-in-progress at March 31, 2023 totaling \$4,051 (2022 - \$1,272) comprised of building and improvements \$247 (2022 - \$329), equipment \$3,515 (2022 - \$943), and computer software & hardware \$289 (2022 - \$nil).

<sup>(2)</sup> Buildings and improvements include leasehold improvements (amortized over the life of the lease).

<sup>(3)</sup> Equipment includes laboratory equipment, heavy equipment, vehicles, office equipment, and other equipment.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2023**

**Note 14 ACCUMULATED SURPLUS**

(in thousands)

	<b>2023</b>			<b>2022</b> (Restated - See Note 3a)
	<b>Investments in Tangible Capital Assets</b>	<b>Unrestricted Surplus</b>	<b>Total</b>	<b>Total</b>
Balance, beginning of year	\$ 22,085	\$ 12,209	\$ 34,294	\$ 59,592
Annual deficit	(7,248)	3,511	(3,737)	(25,298)
Net investments in capital assets	6,497	(6,497)	-	-
Transfers to spent deferred capital contributions	(3,482)	3,482	-	-
Spent deferred recognized in revenue	2,947	(2,947)	-	-
Balance, end of year	\$ 20,799	\$ 9,758	\$ 30,557	\$ 34,294

**Note 15 CONTINGENT LIABILITIES**

(in thousands)

The Corporation is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2023 accruals totaling \$368 (2022 - \$368) have been recognized as a liability.

**Note 16 CONTRACTUAL OBLIGATIONS**

(in thousands)

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	<b>2023</b>	<b>2022</b>
Obligations under operating leases and contracts	\$ 148,236	\$ 131,179

Estimated payment requirements for each of the next five years and thereafter are as follows:

	<b>Operating leases and contracts</b>
2023-24	\$ 81,337
2024-25	44,131
2025-26	17,103
2026-27	3,815
2027-28	1,700
Thereafter	150
	<u>\$ 148,236</u>

**Note 17 ALBERTA CARBON CONVERSION TECHNOLOGY CENTRE**

(in thousands)

The Alberta Carbon Conversion Technology Centre (ACCTC) is a commercialization and testing centre designed to advance CO<sub>2</sub> capture and conversion technologies, and conduct related research. InnoTech Alberta Inc, a wholly owned subsidiary of the Corporation, completed the purchase and transfer of the ACCTC on March 15, 2018. \$23,543 (2022 - \$24,015) is recorded in tangible capital assets in Note 13. \$11,377 (2022 - \$13,252) of related spent deferred capital contributions is recorded in Note 10. There were no in-kind contributions received at March 31, 2023 (2022 - \$nil).

From June 2018 until March 2021 the ACCTC was the host site for the NRG COSIA Carbon XPRIZE – a competition to pilot various carbon capture and conversion technologies. InnoTech was not directly involved in supervising or overseeing the XPRIZE Competition, aside from its day to day role as the owner and operator of the ACCTC. Now that the XPRIZE competition is over, InnoTech will own and operate the ACCTC, which will be marketed to industry and government as a carbon capture testing site until December 2027. At that time, exclusive use of the site and ownership of the ACCTC will pass back to the owner of the land, who may elect to wholly or partially de-commission the ACCTC. Accordingly, \$2,277 (2022 Restated - \$2,131) of asset retirement obligations have been recorded in Note 11.

The corporation has entered into various contractual arrangements with respect to ACCTC including a license of occupation, an operating costs recovery agreement, and a repayable contribution agreement. The impact on contractual rights, contractual obligations, contingent assets, and contingent liabilities, when known, has been reflected in these consolidated financial statements in accordance with the accounting policies described in Note 2.

**Note 18 COMPARATIVE FIGURES**

Certain 2022 figures have been reclassified, where necessary, to conform to the 2023 presentation.

**Note 19 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The Board approved the consolidated financial statements of Alberta Innovates on May 30, 2023.



**ALBERTA INNOVATES**  
**CONSOLIDATED EXPENSES - DETAILED BY OBJECT**  
**YEAR ENDED MARCH 31, 2023**

**SCHEDULE 1**

	<u>2023</u>	<u>2023</u>	<u>2022</u>
			(Restated - See Note 3a)
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<i>(in thousands)</i>	
Grants	\$ 141,155	\$ 131,936	\$ 139,678
Salaries, wages and employee benefits	64,823	66,780	63,277
Supplies and services	36,344	42,868	33,811
Amortization of tangible capital assets (Note 13)	8,400	7,248	7,505
	<u>\$ 250,722</u>	<u>\$ 248,832</u>	<u>\$ 244,271</u>

**ALBERTA INNOVATES  
SALARY AND BENEFITS DISCLOSURE  
YEAR ENDED MARCH 31, 2023  
(in thousands)**

**SCHEDULE 2**

	2023				2022
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chair of the Board	\$ -	\$ 27	\$ 1	\$ 28	\$ 19
Board Members	-	79	3	82	51
Chief Executive Officer	429	295	13	737	522
Chief Cleantech Officer & Vice President, Clean Resources	277	11	71	359	329
Chief Operating Officer	303	13	79	395	377
General Counsel & Corporate Secretary	253	10	68	331	325
Vice Presidents:					
Executive Vice President, Impacts	258	1	65	324	310
Vice President, Finance (4)	186	20	19	225	245
Vice President, Health	269	28	16	313	318
Associate Vice President, Investments (5)	192	1	40	233	204
Vice President, Marketing & Communications	224	23	10	257	247
Vice President, Organizational Development (6)	176	42	13	231	261
	\$ 2,567	\$ 550	\$ 398	\$ 3,515	\$ 3,208

(1) Base salary includes regular salary.

(2) Other cash benefits include honoraria for the Chair and Board Members. Other cash benefits for the Chief Executive Officer, Chief Cleantech Officer & Vice President Clean Resources, Chief Operating Officer, General Counsel & Corporate Secretary and Vice Presidents include vacation payouts, car and living allowance, payments in lieu of pension, employee health care expense accounts and lump sum amounts. There were no bonuses paid in 2023.

(3) Other non-cash benefits include employee benefits and contributions or payments made on behalf of employees including pension, parking, dental coverage, major medical, group life insurance, short term disability plan, CPP, EI, Workers Compensation Board premiums and professional memberships.

(4) Vice President, Finance was vacated February 9, 2022 and was filled on June 13, 2022.

(5) Associate Vice President, Investments position was effective May 31, 2021.

(6) Vice President, Organizational Development position was vacated January 19, 2023.

**ALBERTA INNOVATES**  
**RELATED PARTY TRANSACTIONS**  
**YEAR ENDED MARCH 31, 2023**

**SCHEDULE 3**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's Consolidated Financial Statements. Related parties also include key management personnel and close family members of those individuals in the Corporation. The Corporation and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Corporation had the following transactions with related parties recognized in the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	<b>Entities in the Ministry</b>		<b>Other Entities Outside of the Ministry</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<i>(in thousands)</i>			
<b>Revenues</b>				
Grants	\$ 183,353	\$ 166,617	\$ 7,993	\$ 6,198
Interest	-	-	2,378	-
Other	-	-	4,515	1,936
	<u>\$ 183,353</u>	<u>\$ 166,617</u>	<u>\$ 14,886</u>	<u>\$ 8,134</u>
<b>Expenses - Directly Incurred</b>				
Grants	\$ -	\$ -	\$ 55,878	\$ 53,795
Other services	-	-	6,479	1,103
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,357</u>	<u>\$ 54,898</u>
<b>Receivables from</b>		\$ -	\$ 1,496	\$ 1,035
<b>Payable to</b>	\$ -	\$ -	\$ 3,555	\$ 3,055
<b>Prepaid expenses</b>	\$ -	\$ -	\$ -	\$ 118
<b>Unspent deferred capital contributions</b>	\$ 985	\$ 1,089	\$ -	\$ -
<b>Spent deferred capital contributions</b>	\$ 13,120	\$ 11,942	\$ 88	\$ 106
<b>Deferred revenue</b>	\$ 50,557	\$ 54,486	\$ 7,533	\$ 10,107
<b>Deferred contract revenue</b>	\$ -	\$ -	\$ 100	\$ 100
<b>Contractual obligations</b>	\$ -	\$ -	\$ 57,109	\$ 44,704
<b>Contractual rights</b>	\$ 60,500	\$ 22,763	\$ 2,523	\$ 3,630

**Schedule 3 - Related Party Transactions (Continued)**

The above transactions do not include support service arrangement transactions disclosed below. The Corporation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the consolidated financial statements. Accommodation expenses incurred by others are disclosed in Schedule 4.

	<b>Other Entities Outside of the Ministry</b>	
	<b>2023</b>	<b>2022</b>
	<i>(in thousands)</i>	
Expenses - Incurred by others <sup>(1)</sup>		
Accommodation <sup>(2)</sup>	\$ 21,976	\$ 20,545
	<u>\$ 21,976</u>	<u>\$ 20,545</u>

<sup>(1)</sup> During the year, the Corporation received financial processing and reporting services from Service Alberta and the Department of Technology and Innovation at no cost. The dollar value of these services cannot be accurately determined.

<sup>(2)</sup> The Corporation's share of accommodation costs is based on the proportion of space occupied compared to the total space occupied by all Ministries.

**ALBERTA INNOVATES**  
**CONSOLIDATED ALLOCATED COSTS**  
**YEAR ENDED MARCH 31, 2023**

**SCHEDULE 4**

	2023		2022 (Restated - See Note 3b)	
	<div>Expenses - Incurred by Others</div>			
Program	Expenses <sup>(1)</sup>	Accommodation Costs	Total Expenses	Total Expenses
	(in thousands)			
Research, innovation and commercialization	\$ 155,500	\$ -	\$ 155,500	\$ 156,396
Applied research	54,920	-	54,920	52,564
Administration	31,164	21,976	53,140	48,351
Amortization	7,248		7,248	7,505
	<u>\$ 248,832</u>	<u>\$ 21,976</u>	<u>\$ 270,808</u>	<u>\$ 264,816</u>

<sup>(1)</sup> Expenses - Directly Incurred as per Consolidated Statement of Operations.



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