



# 2023-24 ANNUAL REPORT

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# MESSAGE FROM OUR BOARD CHAIRPERSON

AS 2023 CAME TO A CLOSE, ALBERTA INNOVATES CELEBRATED THE SUCCESSFUL COMPLETION OF OUR FIVE-YEAR STRATEGIC PLAN. IN REFLECTING ON THE ACCOMPLISHMENTS OF THE PREVIOUS FIVE YEARS AND LOOKING TO THE NEEDS OF THE ORGANIZATION IN THE COMING YEARS, THE BOARD DETERMINED IT WAS TIME TO MOVE IN A BOLD, NEW DIRECTION WITH A SHARPENED FOCUS ON NOT JUST INNOVATION BUT ALSO PRODUCTIVITY AND TECHNOLOGY.



**Tony Williams**

We've also made a commitment to fostering strong collaboration with our partners who have emerged in the innovation, technology, and productivity ecosystem. This renewed focus will enhance our ability to support Alberta's growth and development.

As the board chair, I was pleased in June 2024 to appoint Dr. Michael Mahon as Interim CEO to guide Alberta Innovates for the next year. Dr. Mahon is a globally acknowledged leader and researcher, and we are fortunate to have recruited someone of his caliber while we look for a new permanent CEO over the coming year.

I want to thank former CEO Laura Kilcrease for her hard work and commitment over the last seven years, particularly in seeing through the implementation of the five-year strategic plan that took us to the end of 2023.

Alberta Innovates plays an important role in advancing research and innovation in our province, and our board is also evolving. I would like to welcome the following new directors:

- Vice Chair, **Dr. Jodi Abbott** C.M. ICD.D
- **Robert Fernandez**
- **Brad Severin** FCPA FCA CFP TEP
- **Richard Wong**

I extend my thanks to past Board Chair, Brenda Kenny, for her dedicated service and significant contributions to Alberta Innovates as well as departing members: Dr. Tom Thompson, Dr. Anne Snowdon, Alison Jackson, Chelsey Reschke, Rod Schatz, and Ruth McHugh.

Alberta Innovates is privileged to have many key partners in the innovation and technology sector in this province. Many of these partners are new in the last five years and need to be better considered in our next phase of planning. Inventures, Alberta Innovates' signature event, will provide one excellent opportunity to improve collaboration and further grow those partnerships.

This is a transformative time for Alberta Innovates. Building on Alberta's strengths, we will focus our future work on enhancing productivity and technology. Our board is excited to move the organization and the work employees do with its many partners in the research and innovation sector forward.

With so much exciting, new work ahead of us, it's also important to reflect on the significant accomplishments that have led us to this point. With that in mind, I am pleased to provide this 2023-24 Annual Report as a showcase of our work with Albertans across all stages of the entrepreneurial and innovation journey.

# 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 WE ARE SITUATED ON TRADITIONAL TERRITORY OF THE TREATY 6, TREATY 7 AND TREATY 8 FIRST NATIONS; HOME TO THE 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, 2024, 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 *Sustainable Fiscal Planning and Reporting Act*. All material economic, environmental or fiscal implications, of which we are aware, have been considered in preparation of this report.

*Original signed by Tony Williams*

Chairperson

May 24, 2024

Date of Approval of Financial Statements



# EXECUTIVE SUMMARY

THE ALBERTA AND NATIONAL ECONOMIES SUFFERED BUMPS AND BRUISES LAST YEAR, PARTLY DUE TO PERSISTENT INFLATION AND TIGHT MONETARY POLICY CAUSING PAIN FOR BUSINESSES AND HOUSEHOLDS. PROVINCIAL GDP GREW AT A SIGNIFICANTLY SLOWER PACE IN 2023 COMPARED TO THE YEAR BEFORE, AT 2.5 PER CENT VERSUS FIVE PER CENT GROWTH IN 2022.

Businesses and households felt the pain as they renewed loans at higher interest rates and venture capital (VC) investments within Canada dropped by 45 per cent in 2023. Despite this, Alberta was able to largely maintain the momentum it had gained over the last two years, with VC investment in the province declining by a relatively modest eight per cent but still seeing \$707 million in VC investments across 86 deals in 2023.

Against this backdrop of economic turbulence and national concerns about declining productivity, Alberta Innovates stayed the course in 2023–24 with programming aligned to its [areas of significant economic opportunity](#) and provincial priorities, including the Alberta Technology and Innovation Strategy (ATIS). Our activities were based on our long-term view of provincial needs and opportunities, along with our assessment of how and where research and innovation (R&I) can help Alberta weather short and medium-term ups and downs and address global challenges.

## Highlights

The launch of the Hydrogen Centre of Excellence (HCOE) resulted in significant activity for Alberta Innovates and our subsidiaries, C-FER Technologies and InnoTech Alberta. Of the overall \$50 million revenue grant provided to Alberta Innovates from the Government of Alberta, we invested \$9.9 million in funding to support hydrogen-related projects.

Through support of the HCOE, C-FER and InnoTech invested in capital projects to build necessary

infrastructure to support the growth of Alberta's hydrogen economy. Additional funding for these projects was received from partners such as Prairies Economic Development Canada (PrairiesCan).

Our subsidiaries continue work with industry to support the need to accelerate clean energy systems in Alberta and beyond to meet net zero goals. Among other things, our services and facilities will enable industry to:

- Develop and test the infrastructure, equipment and technologies required to bring hydrogen into widespread use as lower-carbon fuel.
- De-risk production of carbon fibre made from bitumen, so Alberta's vast oil sands reserves can provide a feedstock for the manufacture of this highly useful industrial material, lower downstream emissions and create enormous new economic opportunities.
- Explore using geothermal energy from beneath the Earth's surface as an alternate energy source for industrial heat and power applications.
- Convert raw biomass into components that can be used to manufacture biofuels, biochemicals and other renewable, bio-based products.

InnoTech's work with multiple partners led the province to adopt alternative reclamation and certification processes for certain types of well-sites. Reclamation costs will be reduced while achieving equal or better environmental outcomes.

C-FER continued to apply machine learning and artificial intelligence to help Canadian and global pipeline operators better understand current and projected future conditions of their pipeline networks. This work helps to inform decisions about improved safe pipeline operation, maintenance and repair.

We strengthened the innovation ecosystem **across all sectors** through our entrepreneurial programs and services, ecosystem development program and our accelerator program:

- We continued to fund five accelerators with our partners in the Scaleup and Growth Accelerator Program (Scaleup GAP) to provide end-to-end business support services for growth-oriented companies. The accelerators graduated 325 companies which in turn attracted \$282 million in new investment – an increase of \$134.5 million since last year – and generated more than \$58 million in new revenue.
- The Alberta Innovates-funded Regional Innovation Networks (RINs) across Alberta provided support services to 1,231 unique companies in 2023–24. RINs also reported 211 new companies being formed/incorporated in their regions during the same period.

The Accelerating Innovations into Care (AICE) suite of programs supported innovators to advance health technologies into care with the aim of maximizing economic and health impacts for Alberta. In 2023–24, the programs invested \$10 million in projects and companies supported through AICE programs raised nearly \$14 million in additional private investment.

In 2023–24, we launched two challenges in the Digital4Health (D4H) program to grow collaborations between health service delivery partners and digital health tech solution providers. We partnered with Alberta Blue Cross for D4H's first challenge, focused on using health technologies to address various workplace and wellness challenges such as chronic disease and obesity. The second challenge, in collaboration with the Glenrose Rehabilitation Hospital Foundation, was designed to explore and test innovative solutions for equitable access to rehabilitation care in remote and rural Alberta communities.

We continued to build a bridge between research and the marketplace through programs like Campus Alberta Small Business Engagement by connecting academic experts with Alberta small- and medium-sized enterprises (SMEs). We also invested in R&D for emerging technologies like quantum.

In our agriculture portfolio, we provided grant funding either directly in agri-food innovation and chronic wasting disease projects, or for livestock and crop research through our membership in the Agriculture Funding Consortium comprised of farmer organizations, government and funders.

Our signature annual event – Inventures – brings together investors, policymakers and innovators to spark creative collisions and deal-making. A critical means through which Alberta Innovates accelerates innovation in the province, Inventures 2023 continued its post-pandemic climb in participation, attracting 3,100 attendees from 32 countries. We featured 298 speakers, had 42 participants in pitch competitions and reached a broader audience of viewers with a combined 638 hours of Inventures Unbound Live Stream programming. Inventures saw \$139 million to \$256 million in business carried out, negotiated or begun at the conference and it created \$2.5 million in economic activity.

We encourage you to explore our annual report in more detail to learn about our investments and impacts in 2023–24.

# CONTEXT AND OUTLOOK

## THE 2023–24 FISCAL YEAR IN ALBERTA AND ACROSS CANADA WAS DOMINATED BY NATIONAL CONCERNS OF INFLATION, RISING INTEREST RATES, DECLINING PRODUCTIVITY AND COST OF LIVING PRESSURES ON CANADIANS.

Despite these national pressures, Alberta’s economy grew, although at a reduced rate from the year before and more in line with historical averages. Real GDP growth was estimated at 2.5 per cent, down from five per cent in 2022, according to the [Government of Alberta Fiscal Plan](#). Fueling Alberta’s growth was a continued population boom. [Government statistics](#) show Alberta grew by more than 200,000 people, a 4.4 per cent increase and the highest growth rate in Canada. Most of this growth came from international migration as well as significant inter-provincial migration into Alberta.

Showcasing the value of innovation must remain a priority against this conflicting backdrop of rising growth and rising costs. In health care, as an example, simply providing unlimited funding will not make the system more effective or efficient. Innovation is needed to find new ways to address historic challenges faster, smarter and more efficiently.

With that in mind, Alberta is well positioned. After record venture capital (VC) investment in 2022, Alberta again had a strong year as it saw [\\$707 million invested across 86 deals in 2023](#). Investments in other provinces declined considerably compared to 2022. But Alberta maintained the momentum it had gained over the last two years, with VC investment declining by only eight per cent, compared to a national drop of about 45 per cent.

Looking ahead, Alberta’s population growth is expected to continue. Nationally, the Bank of Canada is anticipated to begin reducing interest rates in 2024. The completion of the Trans Mountain pipeline expansion project in the spring of 2024 will allow more of Alberta’s landlocked resources to be transported to tidewater. This will require ongoing energy diversification and technologies that can reduce emissions and develop new products from our oil and gas resources.

Drought, wildfires, floods and other adverse weather events at home and around the world will continue to affect society’s capacity to respond to both the human and financial cost of these emergencies. It also emphasizes the need to develop strategies and practices to mitigate and adapt to climate change and protect land and water resources.

Global food security will increasingly be challenged by population growth and weather. It will require ongoing investment and innovation in smart agriculture to increase yields and production while reducing economic and environmental costs.

Containing health care while improving patient access and outcomes will continue to challenge service providers and governments here and elsewhere. Using health data and technology can help to address these pressing needs.

Alberta Innovates has supported the development and adoption of artificial intelligence (AI) in Alberta for more than two decades and provides funding to the internationally renowned [Alberta Machine Intelligence Institute \(Amii\)](#), one of Canada’s three centres of excellence that form the Pan-Canadian AI Strategy. Amii’s principal investigators are world leaders in several sub-fields of machine learning and AI.

They work closely with global scientific and business communities to push the bounds of knowledge. These technologies continue to be a strategic priority for investment by Alberta Innovates. While there are tremendous opportunities – economic and otherwise – [Canadians remain skeptical](#) and many do not trust the technology at a base level. Proponents of artificial intelligence counter public unease by emphasizing the power of this transformative technology to solve the greatest challenges facing humankind and the planet.

Alberta Innovates and its partners remain committed to transparency and to building trust to highlight how innovation and technology are making a positive difference.

Science and innovation have the potential to create a better tomorrow. The ideas and science being pioneered today will lead to tomorrow’s opportunities. Alberta Innovates and its subsidiaries have addressed the challenges identified above and the opportunities, through strategic initiatives, programs and services. We will continue to be responsive to market pull and we will continue to anticipate future challenges that will need solutions.

# 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 THAT IMPROVE THE LIVES OF ALBERTANS.

This annual report highlights the results and achievements related to the key initiatives and activities presented in our 2023–26 Business Plan. The results show many of the ways our strategic actions have contributed to our corporate goals and our organizational mandate as set by the Government of Alberta.

Cascaded and interconnected relationships exist between the R&I priorities of the Government of Alberta and our corporate priorities, goals and business and operating plans. This ensures the positive impact we create for Albertans aligns with government priorities and strategies, including those in the [Investment and Growth Strategy](#) and the [Alberta Technology and Innovation Strategy](#) (ATIS).

Alberta Innovates leverages a variety of enterprise-level systems to gather information including finance and administrative data and complements this through other tools that collect additional evidence about the progress, outcomes and impacts. We use two important tools to gather information annually from our clients, about the achievements they made through our investments. These tools are the Post-Investment Report and the Annual Outcomes Report. The Post-Investment Report collects information from small- and medium-sized enterprises (SMEs) that completed funding between 2019 and 2023 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 our R&I investments in SMEs and the amount of revenue generated.

The 753 responses received for this report represent a response rate of 77 per cent.

Information from researchers, and other non-SME clients who held research grants with Alberta Innovates during the 2023–24 period is collected through the Annual Outcomes Report. KPIs include measures such as the number of people supported through our investments. The response rate was 94 per cent, with 463 reports completed by clients.

Client satisfaction is gathered on application forms, and through the Post-Investment Report and the Annual Outcomes Report.

The methods, sources and tools used for the KPIs reported in the annual report are described in detail in the Alberta Innovates 2023–26 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. Program objectives may therefore focus on a specific aspect of the R&I continuum or within a specific sector, rather than extending across the continuum from Discover to Use or being sector-agnostic. As such, each corporate goal and its associated objectives and KPIs may not be relevant or equally relevant to individual programs or services provided by Alberta Innovates.

The following pages in this section of the report summarize Alberta Innovates' achievements in 2023–24 for each corporate goal and its objectives. Our performance for each KPI is compared to the target presented in our 2023–26 Business Plan.

**Actuals within 10 per cent of the target are considered as being "on target." The far-right column provides a visual representation of performance relative to target. A bullseye symbol indicates performance was "on target" and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively.** Insights for results that were not on target are provided immediately below each table.

Key program and client highlights achieved throughout the year are provided below the results table for each corporate goal. These highlights may demonstrate additional achievements beyond those reflected in the KPIs. We also 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 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

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

Objective	KPIs	Baseline (Actuals 2020–21)	Actuals 2021–22	Actuals 2022–23	Target 2023–24	Actual 2023–24	Performance to Target#
1.1 Strategically invest in research & innovation that aim to benefit Alberta.	1.1.1 \$ invested in areas of research, innovation and commercialization	\$153.3M	\$156M	\$156M	\$161M	\$155M	🎯
	1.1.2 # of clients supported through grant investments (excluding trainees)	n/a*	974	976	≥970	998	🎯
	1.1.3 Projected annual GHG emission reduction (Mt CO <sub>2</sub> e) by 2030 by all completed and active projects	17Mt	18Mt	18Mt	21Mt	21Mt	🎯
1.2 Support SMEs to develop and commercialize innovations.	1.2.1 # of new hires (jobs) in Alberta in SMEs funded by Alberta Innovates	2,460	3,197	5,709	3,100	4,522	↑
	1.2.2 % difference in year-over-year job growth for SMEs funded by Alberta Innovates, compared with all Alberta companies	11.7%	4.9%	12.6%	≥10%	-3%	↓
	1.2.3 % difference in survival rate for SMEs funded by Alberta Innovates, compared with Canadian SMEs after 6 years	28.8%	27.6%	27.4%	≥25%	24.7%	🎯
	1.2.4 % difference in revenue-generating SMEs funded by Alberta Innovates that export, compared with all Alberta companies that export	44.5%	52.5%	54.5%	≥40%	46.2%	🎯

## GOAL 1 (CONTINUED)

Objective	KPIs	Baseline (Actuals 2020–21)	Actuals 2021–22	Actuals 2022–23	Target 2023–24	Actual 2023–24	Performance to Target#
1.3 Enhance Alberta's research and innovation system by providing expertise and supporting capacity development	1.3.1 # of clients supported through in-kind supports and services	n/a	4,162**	4,374	≥4,200	7,649	🎯
	1.3.2 # of trainees supported to enhance the knowledge workforce in strategic areas	n/a*	1,574	1,887	≥1,650	3,271, with 659 receiving direct support from Alberta Innovates***	🎯
	1.3.3 # new research studies submitted to Health Research Ethics Boards of Alberta (HREBA) to safeguard the rights and welfare of individuals volunteering to participate in research	559	621	461	630	521‡	↓

# A bullseye symbol indicates performance was "on target" and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively.

\* 2021–22 was baseline year for data capture given the change in methodology for people supported KPIs

\*\* 2021–22 was baseline year for data capture.

\*\*\* The number of trainees directly supported through Alberta Innovates funding are validated through our systems as unique counts; those supported indirectly through Alberta Innovates investments in other R&I activity, e.g., participation in research labs and or projects of funded researchers, are more difficult to validate and may reflect double-counting in some instances.

‡ Due to delays in data from the University of Calgary, actuals from April 1, 2023, to December 31, 2023, were supplemented with an estimate of submissions for January 2024 to March 2024. The estimate was based on activity in the same period in previous years.

## Variance to Target

1.2.1 and 1.2.2 – The SMEs in our Post-Investment Report vary annually as those 5-years post-funding are no longer included and new SMEs are added. Changes in the report’s population and sample size partially account for some of the variation observed in the KPI results. For example, approximately 30 fewer SMEs were included in the 2023–24 report compared to the prior year, and the response rate was slightly lower. In addition, the SMEs that dropped from the 2023–24 sample because they were past the five-year report period, had created 1500 new jobs, which accounts for much of the variance compared to the 2022–23 actuals (a banner year for the new job count numbers, and an anomaly when comparing the KPI results over time). Conversely, while new SMEs were added to the 2023–24 report and contributed to the job count number, they did so at lower volume than companies that had dropped out of the report. The KPI variance in 2023–24 is also consistent with trends identified by Statistics Canada<sup>1</sup>, where SMEs in 2023 were more likely to expect a decrease in revenue and less likely to hire new employees.

1.3.3 – The number of new research studies submitted to HREBA in 2023–24 was below target due primarily to the delays in the opening of the Calgary Cancer Centre.

## Highlights

The Hydrogen Centre of Excellence (HCOE) is a major energy initiative led by Alberta Innovates, with the applied research and engineering expertise of our two subsidiaries, C-FER and InnoTech. The centre is a funding program, testing and service facility, and forum to drive the development and use of hydrogen in Alberta. The HCOE has spurred significant activity for Alberta Innovates, C-FER and InnoTech. As part of the overall \$50 million revenue grant provided to Alberta Innovates from the Government of Alberta, we invested \$9.9 million in grant funding in 2023–24 to support hydrogen-related projects that range from bench-scale, proof-of-concept through to small field pilots. Multi-year commitments to the centre by the Government of Alberta and Alberta Innovates stimulated additional hydrogen funding. Natural

Resources Canada committed \$15 million of federal funding directly to HCOE projects in Alberta over several years, and Emissions Reduction Alberta (ERA) announced their own \$25 million Hydrogen Challenge.

The Accelerating Innovations into Care (AICE) suite of programs support innovators to advance health technologies into care with the aim of maximizing economic and health impacts for Alberta. In 2023–24, the suite of programs invested \$10 million in projects, and companies funded by us raised nearly \$14 million in additional private investment. Multi-year investments in AICE projects approved in previous years had client successes in 2023–24, including innovative technologies for patient use (e.g., cardiac monitors, enhanced oxygen delivery and use of virtual reality to transform eye exams) and making new products available to Albertans and industry (e.g., an application that uses artificial intelligence for dental practice, an enhanced prostate cancer screening test, and a new low-radiation imaging device for breast cancer).

Partnership for Research and Innovation in the Health System (PRIHS) launched its eighth cycle in April 2023. In collaboration with Alberta Health Services, this program is intended to bring value to patients, providers and partners within the system. In 2023–24, \$6.2 million in funding was provided to projects, including four multi-year initiatives leveraging digital health solutions to address health system challenges and develop new models of care.

In November 2023, Alberta Innovates rebranded the ImplementAB.digHealth program and launched the Digital4Health (D4H) program to focus on health and wellness priorities within the province. The program encourages collaborations between health service delivery partners and digital health tech solution providers for pilot-testing, evaluation and adoption of technology-enabled care. We partnered with Alberta Blue Cross for D4H’s first challenge – using health technologies to address various workplace and wellness challenges such as chronic disease and obesity. We launched a second challenge in February 2024 in partnership with the Glenrose Rehabilitation Hospital Foundation, to explore and test innovative solutions for equitable access to rehabilitation care in remote and rural Alberta communities.

<sup>1</sup> (Source: Statistics Canada. (2023). *Canadian Survey on Business Conditions, first quarter of 2023*.)

LevMax Synergy (2.0) aims to advance digital health research and innovation in Alberta to improve health outcomes, maximize economic benefits and support clients. Through a collaboration with the federal Tri-Agencies<sup>2</sup>, the program enables us to leverage the Tri-Agencies peer-reviewed process to efficiently identify nationally competitive health research projects at Alberta post-secondary institutions, thus reducing resource requirements within our organization. The program received 25 applications in June 2023 – an increase of 24 per cent compared to previous cycle – and spent \$4.7 million to fund projects in 2023–24.

We continue to develop and grow Alberta’s R&I talent pool in artificial intelligence, digital health and other emerging technology areas through initiatives such as our Graduate Student Scholarships, Postdoctoral Fellowship, Industry Commercialization Associates, Industry r&D Associates, High School Youth Research Summer (HYRS), Summer Research Studentships (SRS) and +1 Option (pilot) programs. Some key highlights in 2023–24 include:

- The Associates programs created 134 new jobs with employee retention rates between 71 and 80 per cent.
- 367 students received emerging technology scholarships through the Graduate Student Scholarships program.
- 26 Postdoctoral Fellowships were awarded for work in data-driven health research and technology acceleration, including 17 prestigious recruitment fellowships that increase the competitiveness of Alberta as a destination for digital health innovation.
- HYRS and SRS provided 249 students with paid experiential learning opportunities at the intersection of health and emerging technology in the summer of 2023. These programs have been expanded at Alberta’s undergraduate universities, polytechnic institutions, community colleges and comprehensive research universities. Other students will benefit from these opportunities in the summers of 2024 and 2025 through our total investment of \$4.6 million to 10 post-secondary institutions.

Launched in August 2023, the Digital Health Sandbox initiative invests in Alberta SME-led innovation projects. More than \$1.3 million was invested in 2023–24 into six three-year projects in the startup phase.

In 2023–24, A pRoject Ethics Consensus Community Initiative (ARECCI) received 2,688 project submissions through its Ethics Screening and Ethics Guidelines decision-making tools. These tools had 1,926 unique users worldwide during the same period. This reflects nearly a 22 per cent increase in usage and a 15 per cent increase in unique users over the previous year.

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*Alberta Innovates celebrates the success of a made-in-Alberta life sciences company, Nanostics Inc.*

*Nanostics recently launched the ClarityDX Prostate Test in Alberta. This innovative blood test marks a significant advancement in prostate cancer screening. Alberta Innovates is proud to have supported Dr. John Lewis and this company for nearly 10 years through our Industry r&D Associates and AICE-Market Access programs as well as others.*

<sup>2</sup> Canadian Institutes of Health Research; Natural Sciences and Engineering Research Council; Social Sciences and Humanities Research Council.

InnoTech invested a total of \$7 million through its Strategic Investment Grant into industrial technology areas of strategic importance including: Bitumen Beyond Combustion; carbon capture, utilization and decarbonization; hydrogen technologies; clean technologies; applied data sciences; circular economy; and land and nature-based solutions.

Regional Innovation Networks (RINs) provided services to 1,231 unique companies in 2023–24 and gained 1,072 new entrepreneur and/or company clients. RINs also reported 211 new companies being formed/ incorporated in their regions during the same period.

Our Technology Development Advisors (TDAs) provided senior-level coaching and advisory services to high-potential, high-growth technology or innovation companies with more than 1,430 clients across the province, including 540 new clients. TDAs also provided in-kind support to RIN partner organizations to assist with RIN clients and initiatives.

Leveraging the Ecosystem Development Partnerships (EDP) program and supporting the objectives of our Capital Access program, we invested in activities to provide clients with increased access to capital, elevated their investment readiness, educated and activated early-stage investors, and drove the deployment of private capital into Alberta Innovates client companies. This included funding for two investment summits hosted by Startup TNT. Eighty qualified companies pitched at these events and \$1.13 million was invested by 110 angel investors in 12 Alberta companies. Of the companies funded, 68 per cent were companies identifying as Black, Indigenous and people of colour (BIPOC) and 24 per cent were founded by females. For every \$1 invested by Alberta Innovates into the summits, Alberta companies attracted \$4.54 in angel capital.

We funded five accelerators with our partners in the Scaleup and Growth Accelerator Program (Scaleup GAP) to provide end-to-end business support services for growth-oriented companies. The accelerators graduated 325 companies which in turn attracted \$282 million in new investment – an increase of \$134.5 million since last year – and generated more than \$58 million in new revenue. Nearly half was new export revenue.

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*RINs are highly regarded innovation organizations in rural and urban communities across the Alberta. They are seen as a part of the Alberta-advantage for companies in the province. We fund them to provide services and supports to help local tech and knowledge-based businesses innovate and grow. The RINs have provided support to over 9,525 companies since 2015, helping to diversify regional economies and build a strong entrepreneurial culture in Alberta.*

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*Powered by Alberta Innovates, the Rural Women's Entrepreneurs in Tech (RWEIT) supports rural women technology entrepreneurs across the province. The RWEIT builds collaborative partnerships with the RINs and other ecosystem service providers in Alberta to ensure equitable access to support for self-identified women and non-binary entrepreneurs. The team bridges gaps for rural clients while connecting them with Alberta's innovation ecosystem through workshops and one-on-one coaching with an Entrepreneur Ecosystem Navigator. All with the intent to increase the number of underrepresented women entrepreneurs in technology.*

We invested \$4.2 million in grant funding into agri-food innovation projects in areas such as:

- Chronic wasting disease, a highly contagious neurodegenerative prion disease in the deer family which poses risks to Alberta’s agricultural sector and threatens a sustainable food source for Indigenous communities and our export markets.
- Agriculture research projects in livestock and crops through the Agriculture Funding Consortium. The Consortium includes farmer organizations, governments and funders working collaboratively to receive applications and (co-)fund research that supports sustainability, diversification and long-term growth for agriculture and the food industry across the Prairies.
- Projects featuring robust partnerships between post-secondary institutions and private industry to address various aspects of the agri-food value chain and explore new technologies and processes that enhance sector productivity.

Our support of emerging technology-based R&D projects through the NSERC Alliance – Alberta Innovates Advance (Advance) program contributed to the formation of three spin-off companies in the areas of quantum, smart thermal and membrane manufacturing technologies.

Alberta Innovates helped catalyze academic-industry partnerships that support the growth of Alberta SMEs through programs such as Advance and Campus Alberta Small Business Engagement. These programs provided funding support to 67 new clients who were SMEs or researchers.

The Health Research Ethics Board of Alberta (HREBA) hosted by Alberta Innovates provided support to more than 3,000 research staff across the province and 2,170 active trials (includes both new and ongoing trials). The Board also provided support to patients and families with inquiries related to research projects approved through its committees.

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*With co-funding from Alberta Innovates, BioIndustrial Innovation Canada and Prairies Economic Development Canada (PrairiesCan), researchers at the University of Alberta are working with industry partners – including Davy Textile Solutions, Mark’s, Techfibre Industries and Plantae Technologies – to convert hemp into an environmentally friendly fibre that can be used in everything from dental floss to workwear. As there is currently no domestic supply of filament or staple fibre in Canada, the implementation of this project is expected to make a significant contribution to the Canadian textile industry and provide additional opportunities for relevant sectors throughout the supply chain.*

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*Mojow Autonomous Solutions Inc. is developing an artificial intelligence data recording kit called the EYEBOX™, which, when incorporated into farming equipment, enables automated data collection and operation. With Alberta Innovates funding, the team developed and tested path-planning software capable of efficiently covering an entire farm field, ensuring no gaps and minimal overlap. After receiving support from Alberta Innovates, Mojow Autonomous Solutions Inc. was able to secure additional funding from the Canadian Agri-food Automation and Intelligence Network (CAAIN) to continue development of the technology.*

<sup>3</sup> [Canadian-made, environmentally-friendly fibres could boost textile manufacturing | Folio \(ualberta.ca\)](https://ualberta.ca)

## 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)	Actuals 2021–22	Actuals 2022–23	Target 2023–24	Actual 2023–24	Performance to Target#
2.1 Increase proportion of revenue generated by InnoTech and C-FER from sources other than Government of Alberta	2.1.1 % increase in revenue generated by InnoTech and C-FER from sources other than Government of Alberta	n/a*	-1%	8.9%	2.4%	1.5%	↓
2.2 Optimize use of InnoTech and C-FER resources.	2.2.1 % of InnoTech capacity utilized to enhance and provide the delivery of services to clients (effective utilization)	76%	76.5%	82.3%	75-80%	82.2%	🎯
	2.2.2 % of C-FER capacity utilized to provide the delivery of services to clients (effective utilization)**	‡	‡	29.30%	‡	27%	🎯
2.3 Leverage partner relationships and funding to advance technology development in Alberta.	2.3.1 \$ (external) leveraged for each \$1 invested by InnoTech <sup>a</sup>	\$6.81	\$4.78	\$4.29	\$4.10	\$4.01	🎯
	2.3.2 \$ leveraged for InnoTech's growth focus areas** for each \$1 invested by InnoTech <sup>a</sup>	n/a***	\$0.54	\$0.74	≥\$0.5	\$0.77	🎯
	2.3.3 \$ leveraged for InnoTech's core areas for each \$1 invested by InnoTech <sup>a, β</sup>	n/a***	\$5.79	\$5.04	≥\$2.5	\$4.63	🎯

# A bullseye symbol indicates performance was "on target" and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively.

\* The methodology for this KPI was revised since the 2023-26 Business Plan to reflect year-over-year (incremental) revenue growth within our subsidiaries from non-Government of Alberta sources. This better conveys our priority of attracting higher non-GOA revenue year-over-year as compared to the previous methodology of using a static baseline (\$38.1 M in 2020-21) when calculating annual revenue growth.

\*\* Objective 2.2 had a single KPI in Business Plan 2023-26 that aimed to report the combined results for our two subsidiaries. However, the use of different methodologies for calculating effective utilization within each organization required two KPIs to be used within this report. Specifically, InnoTech measures effective utilization as the "percentage of time staff are spending on billable projects, business development, or operations and maintenance activities" and C-FER's measure reflects the "percentage of time staff are spending on billable projects".

‡ 2022–23 will be baseline year for data capture. Targets have been set for 2024-25, 2025-26, 2026-27 in the Alberta Innovates 2024-27 Business Plan.

\*\*\* 2021-22 was baseline year for data capture.

a The actuals for 2022-23 as reported in the 2024-27 Business Plan were subsequently updated in the 2023-24 Annual Report to account for a revision in the methodology used for the KPIs. The revision was implemented to align the inclusion and exclusion criteria of the KPIs with other related KPIs.

β For 2.3.3, an oversight was identified in the data calculation used in the 2023-26 Business Plan which led to an erroneously reported value of \$2.5. This was subsequently corrected to \$5.79 using the appropriate methodology.

## GOAL 2 (CONTINUED)

Objective	KPIs	Baseline (Actuals 2020–21)	Actuals 2021–22	Actuals 2022–23	Target 2023–24	Actual 2023–24	Performance to Target#
2.4 Transition technologies and products to market through our applied R&D expertise and services.	2.4.1 # of jobs created by clients accessing InnoTech's applied R&D services	288	312	318	≥300	329	🎯
	2.4.2 Advancement of InnoTech-supported technologies along Technology Readiness Levels	1.5 levels	1.5 levels	1.9 levels	≥1.5 levels	1.5 levels <sup>≠</sup>	🎯
	2.4.3 GDP impacts resulting from InnoTech-supported advancement of technologies, products, processes, job creation or maintenance	\$818M	\$794M	\$805M	\$750–850M	\$828M	🎯

<sup>≠</sup> Estimated advancement in Technology Readiness Levels since not assessed every fiscal.

### Variance to Target

2.1.1 – Year-over-year non-Government of Alberta revenue growth was highest in 2022–23 primarily due to recovering from reduced business activities and economic factors due to COVID. While non-Government of Alberta revenues grew an additional 1.5 per cent in 2023–24 compared to 2022–23, this was slightly below the target.

### Highlights

Alberta Innovates provided \$4 million in capital funding to C-FER and InnoTech to build necessary infrastructure to advance Alberta's hydrogen economy. These facilities enable Alberta Innovates to respond to opportunities that support the growth of the hydrogen economy.

- InnoTech completed two capital projects for the Hydrogen Centre of Excellence (HCOE), namely the High Temperature Testing Lab for testing hydrogen production process technologies and the Carbon, Catalyst and Solid Sorbent Characterization Lab for

preparing and analyzing materials used in hydrogen projection. InnoTech is also on track for opening the Hydrogen Quality Centre in 2024 which will provide accredited hydrogen testing services to ensure hydrogen quality meets requirements for intended end-users.

- C-FER received an additional \$1.8 million from Prairies Economic Development Canada (PrairiesCan) in 2023–24 to establish a unique facility for testing hydrogen infrastructure, equipment and technologies. More than \$8 million in research projects with 13 Canadian and international organizations is also supported by C-FER and HCOE funding.
- C-FER developed concepts for the safe transportation of compressed hydrogen to international markets.
- C-FER developed new products for evaluating and constructing wells for suitable underground storage of hydrogen.

- C-FER performed work in areas such as hydrogen transmission, natural gas and hydrogen underground storage, and pipeline integrity for large industry groups.

C-FER continued to apply machine learning and artificial intelligence to help Canadian and global pipeline operators better understand current and projected future conditions of their pipeline networks. This work helps to inform decisions about improved safe pipeline operation, maintenance and repair.

InnoTech completed installation of a Pressure Reaction Tower to fill a key gap in derisking pre-commercial-scale fibre processing technologies before new manufacturing facilities can be built to produce bio-based products at industrial scale in Alberta. The tower is a continuous chemical extraction system for converting lignocellulosic biomass into pulp, sugars (for biofuels and biochemicals), resins and polymers.

C-FER leverages joint industry initiatives to add value in areas such as pipeline leak detection, wellbore integrity and electrical submersible pump reliability. For example, the joint industry initiative evaluating the reliability of electrical submersible pumps has been providing valuable input to a group of more than 20 operators for over 26 years.

A five-year project led by InnoTech, delivered with the help of numerous partners, resulted in the Alberta Ministry of Environment and Protected Areas issuing an [Interim Directive](#) that allows for alternative reclamation and certification processes for certain types of well-sites. This will reduce reclamation costs while achieving equal or better environmental outcomes.

InnoTech completed two key experiments to support the warm dimethyl ether recovery process (patent pending). This process, which can be deployed in existing operations or new facilities, has the potential to reduce GHG emissions by up to 86 per cent and reduce water consumption by up to 79 per cent compared to traditional steam-assisted gravity drainage bitumen extraction.

C-FER continued to support clean energy transformation by working with Canadian companies to assess the feasibility of novel geothermal energy recovery schemes for industrial heat and power applications. C-FER performed other work related to the long-term storage of nuclear waste.

Companies continued to use facilities at the Alberta Carbon Conversion Technology Centre (ACCTC), owned and operated by InnoTech, to test and de-risk carbon capture and conversion technologies as well as hydrogen technologies. To accommodate increased demand, ACCTC made changes to one bay to enable up to seven companies to concurrently test their technologies and transition from the demonstration and prototype stages into industry-deployable technologies.

InnoTech became a national cluster of Next Generation Manufacturing Canada (NGen) to support the development of new manufacturing and materials technologies that aim to improve mine productivity and support the clean energy transition.

C-FER has been working with clients to validate technologies for small nuclear reactors, including those using molten salt technologies.

InnoTech contributed to Alberta's net-zero goals through technical engagements with Alberta Carbon Hub operators to identify key challenges associated with successful CO<sub>2</sub> storage projects.

InnoTech initiated an engineering design development project to create a larger-scale carbon fibre pilot plant and lab facilities. A future facility such as this will enable carbon fibre technologies to be de-risked at a larger production scale – creating new opportunities for Alberta's bitumen resources to be used to manufacture carbon fibre.

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*“Producing carbon fibre from Alberta’s bitumen creates opportunities for the energy industry. As we transition away from bitumen as fuel, Alberta is well-positioned to lead this next frontier. We’re proud to be the driving force behind this novel technology.”*

Laura Kilcrease, CEO, Alberta Innovates

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*InnoTech successfully completed the Aquatic Mesocosm joint industry project with funding from three oil sands producers. This project evaluated the chemical and ecological responses of different types of oil sands tailings and process water under a variety of natural ecological treatments.*

## GOAL 3

ALBERTA'S R&I SYSTEM IS STRENGTHENED THROUGH OUR STRATEGIC PARTNERSHIPS AND COLLABORATIONS.

Objective	KPIs	Baseline (Actuals 2020–21)	Actuals 2021–22	Actuals 2022–23	Target 2023–24	Actual 2023–24	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	\$51.6M	\$46.1M	\$54.3M	↑

# A bullseye symbol indicates performance was “on target” and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively.

\* Targets are aligned to the combined budget amounts for (i) federal government transfers, (ii) external revenue and industry funding, and (iii) investment income on the most recent Consolidated Statement of Operations.

### Variance to Target

3.1.1 – Variance is attributed primarily to higher federal government transfers recognized in accordance with the terms of agreements as well as higher investment income due to increased interest rates.

### Highlights

Alberta Innovates partnered with Corporate Knights, a leading sustainable-economy media and research organization, to launch the first Corporate Knights Future 50 report of Canada’s fastest growing sustainable companies, released at Inventures 2022. This was followed with a [second ranking in 2023](#) of emerging Canadian companies whose business activities align with the transition to a clean economy.

C-FER collaborated with several U.S.-based research organizations to advance understanding in areas such as underground gas storage well integrity and the use of non-metallic pipe for transmission pipelines. This included Pipeline Research Council International, Lawrence Berkeley National Laboratory, the Gas Technology Institute and the Pipeline and Hazardous Materials Safety Administration.

The Hydrogen Centre of Excellence has quickly become a core component of the nascent hydrogen ecosystem, helping to attract foreign investment, deploy new infrastructure and raise public awareness about hydrogen as an energy source.

Alberta Innovates leveraged its strong relationship with Natural Resources Canada (NRCan) to attract \$15 million of federal funding to HCOE Competitions 1 and 2 and partnered with ERA for its \$25 million Hydrogen Challenge. This allowed for larger and broader competitions while enabling redeployment of HCOE funding to support additional future programming.

The Health Research Ethics Board of Alberta partnered with the Ontario Cancer Research Ethics Board to expedite pediatric cancer research. This partnership allows SickKids Hospital in Toronto, the Stollery Children’s Hospital in Edmonton, and Alberta Children’s Hospital in Calgary, to open the same research study at the same time at the different sites. This is the first partnership of its kind in Alberta and will allow for a joint ethics review while complying with provincial, federal and international regulations.

We continued to provide technical support to and combined programming with Emissions Reduction Alberta (ERA). Alberta Innovates staff actively managed more than 115 ERA projects valued at more than \$4.3 billion. We also leveraged our investment by combined programming with ERA to advance carbon fibre (i.e., Bitumen Beyond Combustion) initiatives.

In September 2023, we co-hosted the Alberta Clinical Research Consortium annual conference with Network of Networks (N2) and the National Research Council.

More than 180 attended the event which showcased Alberta's strengths in clinical research across priority areas, also innovators and companies, advances in therapies and biomanufacturing, and emerging opportunities for Alberta to deliver better care through R&I.

Also in September 2023, we signed a [Memorandum of Understanding](#) with Nordic Health Lab of Denmark to accelerate ideas, collaborate and build a better, more vibrant health ecosystem for both Alberta and Denmark.

We are expanding the existing processing facility at the Bioprocessing Innovation Centre (BPIC), in partnership with Prairies Economic Development Canada (PrairiesCan) and Alberta Agriculture and Irrigation. This expansion will fill gaps in the existing capacity to support the development, scaleup and optimization of production processes for identified industries. It will also provide necessary technical services to the biomaterials industry. Upon completion of the project, BPIC will be the only facility in Western Canada to provide a one-stop shop to support the growth of the biomaterial sector.

The Alberta SPOR<sup>4</sup> SUPPORT Unit (AbSPORU) provided in-kind services, capacity development, trainee and knowledge mobilization support to the University of Calgary's "One Child, Every Child: A Transformational Health Research Initiative." This initiative received a historic investment of \$268 million through the Canada First Research Excellence Fund.

AbSPORU also collaborated with the Alberta Health Services Indigenous Wellness Core and the Métis Settlements Health Board on a digital health initiative aimed at improving health equity and culturally safe primary care.

We launched the Ethics of Innovation Consortium with the University of Alberta, to help innovators and organizations incorporate ethics approaches in the design and implementation of digital- and data-enabled technologies. A new course titled "Ethics for Innovators" was piloted for SMEs, innovators, policy-makers and organizations. It outlines a critical thinking approach to ethical principles from concept to development and implementation of their innovation.

A pRoject Ethics Consensus Community Initiative (ARECCI) focused on ethics in research, quality improvement and evaluation at its annual conference in September. Representatives from health care delivery organizations and provincial ministries in Alberta and British Columbia drafted an Organized Recognized Review (ORR) Framework that aims to build capacity for organizations to conduct their own ethics review of quality improvement and evaluation projects.

Complementing funds received from Alberta Innovates in 2023–24, RINs acquired more than \$18 million in additional funding from current and new partners such as PrairiesCan, the National Research Council, Emissions Reduction Alberta, City of Medicine Hat and the Natural Sciences and Engineering Research Council of Canada (NSERC).

Our TDAs and RINs actively engaged in co-work and referrals with federal and provincial organizations such as NRC-IRAP, MITACS and PrairiesCan.

We partnered with six Alberta entities in 2023–24 through our Ecosystem Development Partnerships (EDP) program to strengthen economic competitiveness and foster a thriving health innovation community. Projects supported activities such as capacity development, medical device and digital health technology development, prototyping, validation and market fit expertise.

The EDP program also provided investment to support strategic readiness and unification and growth of emerging technology ecosystems. For example, the Canadian Blockchain Consortium received initial capital to support the market analysis and planning for the development of a white paper. This publication was critical to establish the government's position and contributed to investment traction for data centres and established Alberta as a leader in the national consortium.

While we were advancing priorities of the Alberta Technology and Innovation Strategy (ATIS) during 2023–24, we also remained strategically aligned with federal research programs including NSERC, Canadian Institutes of Health Research (CIHR) and others through our programs such as Advance, Campus Alberta Small Business Engagement and LevMax.

<sup>4</sup> Strategy for Patient Oriented Research (SPOR)

In the lead-up to COP28, Alberta Innovates initiated the co-ordination of methane emissions reduction leaders in Alberta to bring forward a strategic “Team Alberta” approach. The new group, called Methane Emission Technology Solutions, includes Modern West Advisory, Petroleum Technology Alliance Canada, NGIF, Tourmaline and the University of Calgary.

We continued to collaborate with the Government of Alberta, the Government of Canada and other national bodies on nuclear energy. A Memorandum of Understanding was signed with Atomic Energy Canada Limited (AECL) to enable research, technology-sharing and innovation collaboration. In February 2024, Alberta Innovates hosted AECL, Canadian Nuclear Laboratories, Government of Alberta and agency representatives, InnoTech, C-FER and industry in a two-day workshop to advance collaboration on small modular nuclear reactors and hydrogen. Alberta Innovates also signed onto the Hydrogen Safety Centre initiative led by Canadian Nuclear Laboratories as a supporting partner.

## GOAL 4

### ROBUST STAKEHOLDER CONNECTIVITY EXISTS ACROSS ALBERTA'S INNOVATION SYSTEM.

Objective	KPIs	Baseline (Actuals 2020–21)	Actuals 2021–22	Actuals 2022–23	Target 2023–24	Actual 2023–24	Performance to Target#
4.1 Provide opportunities to strengthen the innovation journey by bringing together entrepreneurs, investors, researchers and global thought leaders.‡	4.1.1 #/% of local, national and international participants attending Inventures	*	*	3,056	3,800	3,096	↓
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	59%	54%	54%	≥54%	59%**	🎯

# A bullseye symbol indicates performance was "on target" and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively.

\* Inventures was not held in 2020 or 2021 due to the COVID-19 pandemic.

\*\* Public opinion survey conducted in October 2023.

‡ Two KPIs outlined in the 2023-26 Business Plan were removed as operational changes led to data no longer being collected. Data for 4.1.2 was no longer available when the Unbound content model was adapted to an integrated web-based format in response to rapidly evolving online content consumption preferences. Similarly, data for 4.1.2 ended when the LearnHow platform was discontinued in 2023-24 with the launch of our new corporate website.

### Variance to Target

4.1.1 – Earlier projections for Inventures attendance in 2023–24 were forecast shortly after the COVID-19 disruption of annual conference and travel trend lines. Projections were based on the expected return of market appetite for in-person conferences and networking, but also faced the rapid increase in post-COVID conference offerings.

## Highlights

Inventures 2023 attracted 3,096 attendees from 32 countries, featured 298 speakers, had 42 participants in pitch competitions and reached a broader audience of viewers, with a combined 638 hours of Inventures Unbound livestream programming. This premier innovation event saw \$139 million to \$256 million in business carried out, negotiated or begun at the conference and it created \$2.5 million in economic activity.

The Scaleup GAP program led a delegation of 50 founders to South by Southwest's (SXSW) annual technology conference in March 2024. Delegates reported more than 1,300 new connections and benefited from more than 4,350 interactions due to Alberta Innovates social media coverage of the event. Three new deals were closed during the trip.

Alberta Innovates continued to actively promote our experts, capacity and capabilities through earned media outreach to local and national media, industry influencers and a mix of paid media across multiple platforms. Alberta Innovates, InnoTech and C-FER websites collectively attracted 279,634 new users in 2023, representing an increase of 37,000 from the previous year.

We expanded the awareness of our thought leadership by hosting events such as Inventures and webinars, and through the participation of our staff as panelists and speakers at conferences and roundtables.

A delegation of Alberta Innovates, C-FER and InnoTech senior leaders attended the 28th meeting of the Conference of Parties to the United Nations Framework Convention on Climate Change (COP28). Through panels, meetings and networking events, the delegation engaged with others from around the world about initiatives and innovations in energy, clean technology and agriculture that help advance a net-zero economy.

Alberta Innovates, C-FER and InnoTech demonstrate our knowledge and expertise as participants, panelists and speakers at recognized events such as the Canadian Hydrogen Convention, World Petroleum Congress, ADIPEC in Abu Dhabi, Carbon Capture Canada Conference and Thrive Global Impact Summit. These events also provide an opportunity to showcase our supports and services to potential clients and partners.

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*"Attending with such a strong delegation truly supercharged the experience. I attended SXSW last year on my own and the opportunities brought forward by Alberta Innovates and the entire delegation working together to share insights were infinitely more valuable!!"*

SXSW Alberta Innovates delegate

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*Our facilities and experts attracted government and industry representatives from Canada and around the world. In 2023–24, we toured and briefed visitors from Japan, the United Kingdom, Denmark, Vietnam, Argentina, China, Korea and the United States who were interested in learning more about how our expertise and facilities are advancing innovative solutions.*

We continued outreach activities that included seeking partnerships and engaging with provincial and national organizations and agencies to increase opportunities for Alberta innovations and entrepreneurs to be successful.

Twelve researchers who received support through our Advance and Campus Alberta Small Business Engagement programs were finalists of the 2023 ASTech Awards, which honour the best of the best in science and technology innovation in Alberta. The finalists contributed to the fields of health care, AI/ML, aerospace technology and energy/cleantech including environmental applications.

Expertise at the Health Research Ethics Board of Alberta, an initiative hosted by Alberta Innovates, is being leveraged by the Office of Information and Privacy Commission to support the review of regulations related to research.

C-FER continued to foster a strong relationship with Edmonton Global to help support the subsidiary's brand recognition globally and create future business opportunities.

C-FER and InnoTech's Technical Advisory Committee includes membership from Canadian industry.

Through this participation, our subsidiaries are strongly positioned to identify the gaps and challenges facing industry and identify opportunities where our corporation can provide technical support to overcome these challenges.

C-FER maintained and strengthened relationships with Canadian, United States and internationally based industry organizations such as the Canadian Standards Association, Pipeline Research Council International, American Petroleum Institute and the International Standards Organization. C-FER participates in technical workshops on a common challenge or technical topic, provides technical expertise to standards and code development, and submits joint applications with U.S.-based organizations.

We continued to participate in health technology and innovation workshops and conferences such as MedTech Canada, Alberta Health Services i4 Conference, BIO International Convention and others. Through these activities, Alberta Innovates continued to position Alberta as a citizen-centred health system, showcased leaders across the health spectrum, and highlighted our programs and investments in talent, research, commercialization and health system transformation.

The RINs funded by Alberta Innovates collectively supported the collaboration and growth of companies across the province by sharing services and co-developing programs. The RINs currently have a network of 132 active partners across the ecosystem. These include economic development agencies; for-profit and not-for-profit groups; post-secondary institutions; companies; cities, towns and municipalities; provincial and federal agencies; First Nations; and other EDI-represented organizations.

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*Nearly 50 per cent of the RIN partners are rural and provide entrepreneurial supports across all geographic areas in the province.*

*More than 400 events were hosted by the RINs in 2023–24 to create and nurture connectivity and collaboration across innovation stakeholders and companies.*

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*Our Technology Development Advisors continued to be active players in the innovation ecosystem. They represented Alberta Innovates at more than 450 events in 2023–24 and average 25,000 engagements with stakeholders and companies annually.*

We continued to provide valued input to the Bitumen Value Enhancement Committee, a forum bringing together academic and industry leaders working together to strategically align technology opportunities around bitumen value-addition.

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*An updated version of Alberta Innovates' [Bitumen Beyond Combustion \(BBC\) White Paper](#) in November 2023. This vision to transform how bitumen can be used in a low-carbon world was shared with our strategic partners and released to the public.*

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*We also released the [Spring 2024 edition of Making Waves](#), Alberta Innovates' annual publication highlighting our investments through our Water Innovation Program and our progress toward the goals of Alberta's Water for Life Strategy.*

## GOAL 5

VALUE FOR OUR ORGANIZATION AND CLIENTS IS CREATED WITH FUTURE-FOCUSED BUSINESS PRACTICES AND CONTINUOUS IMPROVEMENTS IN OPERATIONAL EXCELLENCE.

Objective	KPIs	Baseline (Actuals 2020–21)	Actuals 2021–22	Actuals 2022–23	Target 2023–24	Actual 2023–24	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%	72.6%	55-60%	73.7%	↑
	5.1.2 % of clients with a positive client experience	94%	90%	86%	≥90%	89%	🎯
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%	66%	🎯
5.3 Develop equity, diversity and inclusion (EDI) framework for the organization to drive lasting change.	5.3.1 % of applicants who identify as a member of a visible minority	36%	56%	44%	≥27.8%**	42%	🎯

# A bullseye symbol indicates performance was “on target” and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively.

\* Data collected in Q3 of every other fiscal year. Last survey November 2023.

\*\* Target adjusted based on most recent Census of Canada data for visible minorities in Alberta (2021).

### Variance to Target

5.1.1 – We are within 10 per cent variance of our actual from 2022–23 and well above the Government of Alberta targets for the Red Tape Reduction initiative. The target was overly conservative given our 2022–23 actuals.

## Highlights

Alberta Innovates and our subsidiaries continued to adjust programs and services to reflect equity diversity and inclusion (EDI) and environmental, social and governance (ESG) best practices. This included monitoring policies for fairness and adjusting them to ensure equitable participation of Indigenous proponents in program offerings.

- We have adjusted eligibility criteria for our health talent programs with a focus on fostering participation from more diverse types of talent and post-secondary institutions, including those based in rural and northern communities. This resulted in six new post-secondary institutions signed on to administer our studentship programs.
- Our RINs are required to engage in EDI-funded activities and pursue EDI-led representation in their partnership structures. In 2023–24, RINs organized 60 EDI-specific events and programming with 2,500 total EDI-identified participants.

Alberta Innovates continues to monitor and review changing attitudes and approaches to ESG while also monitoring shifting cultural and societal views on the economy. This is completed through regular environmental scanning activities.

Active support of Truth and Reconciliation occurs through staff training, land acknowledgements and corporate initiatives on the National Day of Truth and Reconciliation. More than 60 per cent of our employees have participated in Indigenous Introductory Training. The Sacred Science video series, developed in collaboration with Indigenous communities, Alberta Innovates and InnoTech, combines Indigenous and Western science perspectives to advance understanding between scientists and Indigenous communities. C-FER is working closely with two First Nations to identify intentional ways to work in partnership on energy projects.

*RINs have demonstrated high effectiveness in creating quality EDI-based engagement. The BIPOC Foundation, Immigrant Techies, Alberta Women Entrepreneurs, The 51, Blackfoot Confederacy Tribal Council, Black Business Ventures Association, Blood Tribe Economic Development, Community Futures Treaty 7, Piikani Resource Development and Papaschase First Nation are some of the groups actively engaged with RINs around the province.*

For the third year in a row, [Alberta Innovates](#) and [InnoTech](#) were recognized as one of Alberta's top employers via [Alberta's Top 80 Employers'](#) list. This list highlights Alberta companies that are leaders in offering outstanding work environments.

Alberta Innovates remains committed to investing in the growth and development of our employees. In 2023, the organization commenced a three-year leadership program that targeted 150 employees to provide competencies that enable leaders to understand and better navigate a changing business environment.

We continued to make it easier for our clients to access our programs and services. We have reduced requirements for our clients by nearly 74 per cent since 2019–20, by standardizing grant application forms, reports and other client tools. This improvement is more than double the target set by the Government of Alberta in its Red Tape Reduction Initiative.

Alberta Innovates continues to explore ways to increase operational efficiencies and become a data-driven organization through new platforms and technologies to support information management, contracts and data, and data management. In 2023, we launched Client Insights, a customer relationship management system.

# MANAGEMENT DISCUSSION & ANALYSIS

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THE RESULTS IN ALBERTA INNOVATES CONSOLIDATED FINANCIAL STATEMENTS ARE FOR R&I ACTIVITIES SUPPORTING ORGANIZATIONAL OBJECTIVES FOR THE ECONOMIC AND SOCIAL WELL-BEING OF ALBERTANS, IN ALIGNMENT WITH GOVERNMENT OF ALBERTA PRIORITIES. 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, 2024.

## Revenue

2023–24 total revenue of \$263.7 million was higher than the budget and prior year by \$16.5 million and \$18.6 million, respectively. This was primarily due to additional revenue from the Ministry of Technology and Innovation to allow Alberta Innovates to fund the approved budget expenditures. Additional restricted grant funding received in prior years and higher Federal Government Transfers have also been recognized as revenue in accordance with the terms of the Agreements.

Investment income was higher than budget and prior year due to increased interest rates.

External revenue and industry funding, generated primarily by InnoTech and C-FER, remained stable at approximately \$42 million.

## 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 \$155.4 million were comparable to the prior year and \$5.4 million lower than budget. This was primarily due to the timing of grant Investment Agreements, Amendments and milestone payments.

**Applied Research:** Includes expenses for InnoTech Alberta Inc. and C-FER Technologies (1999) Inc.

Applied Research expenses of \$53.5 million were higher than budget by \$4.0 million mainly due to the impact of inflation on supplies and services.

**Administration:** Includes all corporate services such as Corporate Planning and Reporting, Facilities Services, Finance, General Counsel, Human Resources, Information Technology, and Marketing and Communications. These are essential backbone functions in the Corporation that provide support to the Research, Innovation & Commercialization and Applied Research business lines, thereby enabling productive and efficient operations that advance Alberta Innovates towards its strategic priorities and goals.

Administration expenses were higher than budget and prior year actuals by \$1.1 million and \$3.6 million, respectively. This was primarily due to the impact of inflation on supplies and services as well as increased labour costs.

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

Amortization of \$7.1 million was comparable to the prior year and \$1.8 million lower than budget due to the timing of capital asset purchases and subsequent timing of amortization.

Alberta Innovates receives a budgeted revenue and expense target from the Government of Alberta. 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 \$183.4 million is spending that the organization can direct to strategic priorities and operations. Alberta Innovates' net operating expenses were comparable to budget.

(dollars in thousands)

	2023–24 Budget	2023–24 Actual	2022–23 Actual
<b>Gross Operating Expenses</b>	\$ 252,896	\$ 250,834	\$ 248,832
Amortization	\$ (8,900)	(7,092)	\$ (7,248)
Inter-governmental transfers	\$ (60,610)	(60,064)	\$ (62,357)
<b>Net Operating Expenses</b>	<b>\$ 183,386</b>	<b>\$ 183,678</b>	<b>\$ 179,227</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 may 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 \$133.3 million 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 1.2 million 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 of \$180 million.

## 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.

The Facilities Services team at Alberta Innovates works with the Ministry of Technology and Innovation, the Ministry of Infrastructure and our corporate Finance team to offer strategic and operational support for program accommodation, capital project planning, budgeting and project implementation for Alberta Innovates and its subsidiaries. The table below summarizes all capital categories and their corresponding funding information.

### Alberta Innovates Capital Program (dollars in thousands)

	2023–24 Budget	2023–24 Actual	2022–23 Actual
<b>Capital Target</b>			
<b>Capital Investment - T&amp;I Base Grant Funding</b>			
Capital Maintenance and Renewal (CMR)	\$ 4,807	\$ 5,222	\$ 1,971
Hydrogen Centre of Excellence (note 1)	5,000	3,485	633
Pressure Reaction Tower System (note 2)	1,000	925	1,075
Design Development - Intermediate Scale Carbon Fibre Pilot Facility	400	-	-
Design Development – Larger Scale Fermentation & Support Equipment	400	-	-
	<b>\$ 11,607</b>	<b>\$ 9,632</b>	<b>\$ 3,679</b>
<b>Capital Investment – Other</b>			
Alberta Innovates Self – Financed Investment	\$ 8,500	\$ 1,564	\$ 2,388
BBC Carbon Fibre (federal funding) (note 3)	-	2,112	-
Hydrogen Centre of Excellence (federal funding) (note 1)	-	2,229	430
Other funded projects	-	876	-
	<b>8,500</b>	<b>6,781</b>	<b>2,818</b>
<b>Total Capital Target</b>	<b>\$ 20,107</b>	<b>\$ 16,413</b>	<b>\$ 6,497</b>

**Note 1** – The Ministry of Technology & Innovation and the federal government have invested \$13.3 million funding over multiple years for the Hydrogen Centre of Excellence to establish unique facilities for the testing of hydrogen infrastructure, equipment, and technologies. \$6.8 million has been spent as of March 31, 2024 (\$5.7 million in 2023–24) on various approved capital projects at different stages of the project life cycle – design, planning and construction.

**Note 2** – The Pressurized Reaction Tower system can chemically and thermally treat fibrous material such that it can be used in higher value textiles, paper, specialty packaging and chemical products. Capital funding of \$2 million received from the Ministry of Technology & Innovation over two fiscal years has been fully spent.

**Note 3** – The federal government has invested \$10 million into a Bitumen Beyond Combustion Carbon Fibre Facility which includes equipment to pre-treat feedstock before spinning it into green filaments and a continuous carbon fibre processing system to convert filaments to carbon fibre at the pilot scale. As of March 31, 2024, \$2.1 million has been completed in 2023–24 on planning, engineering and equipment procurement.

## Commercial Lease Arrangements

Our Facilities Services team works diligently to ensure effective space utilization for program accommodation. The Victoria Group and C-FER East Pylypow leases have been renewed. We have also consolidated our Bell Tower operations 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 2023–24. 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 the R&I system in Alberta can be adversely affected by reductions to our budget and limitations on expenditures.

In 2023–24, our Board and Executive team worked closely with the Ministry to obtain an additional \$20 million of base operating funding over a three-year period ending in 2025–26. These funds will cover approved budget expenditures in those years.

We continue to leverage our partnerships, both new and existing, 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 meet our mandate, steer the innovation system and bring benefits to Albertans. Limitations such as the labour market conditions, budget reductions, legislative directives (including salary restraints) and other mandates can affect our ability to recruit and retain highly qualified staff and ensure we are adequately resourced to meet the needs of our stakeholders and clients.

Tools such as our biennial Employee Engagement Survey, last completed in Fall 2023, assist us in understanding how we can continually improve our workplace and drive our performance forward.

Our brand and marketing strategies, including our brand awareness survey which is completed annually in the fall, provide an effective way to continue to build, reinforce and monitor our reputation in the ecosystem.

## Long-Term Investment Model and Demonstrating Impact

Reporting complexities, competing demands on our resources – and, in some cases, longer-term investments required to advance innovation – may affect our ability to fulfill our mandate 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 consistently review and 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.

Our staff maintain existing and build new relationships with our colleagues in the ministry and, more specifically, our Senior Management Team is engaged in various discussions with the Ministry of Technology and Innovation and other ministries to provide input into guiding strategies for the R&I system in Alberta.

# 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 consolidated 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.

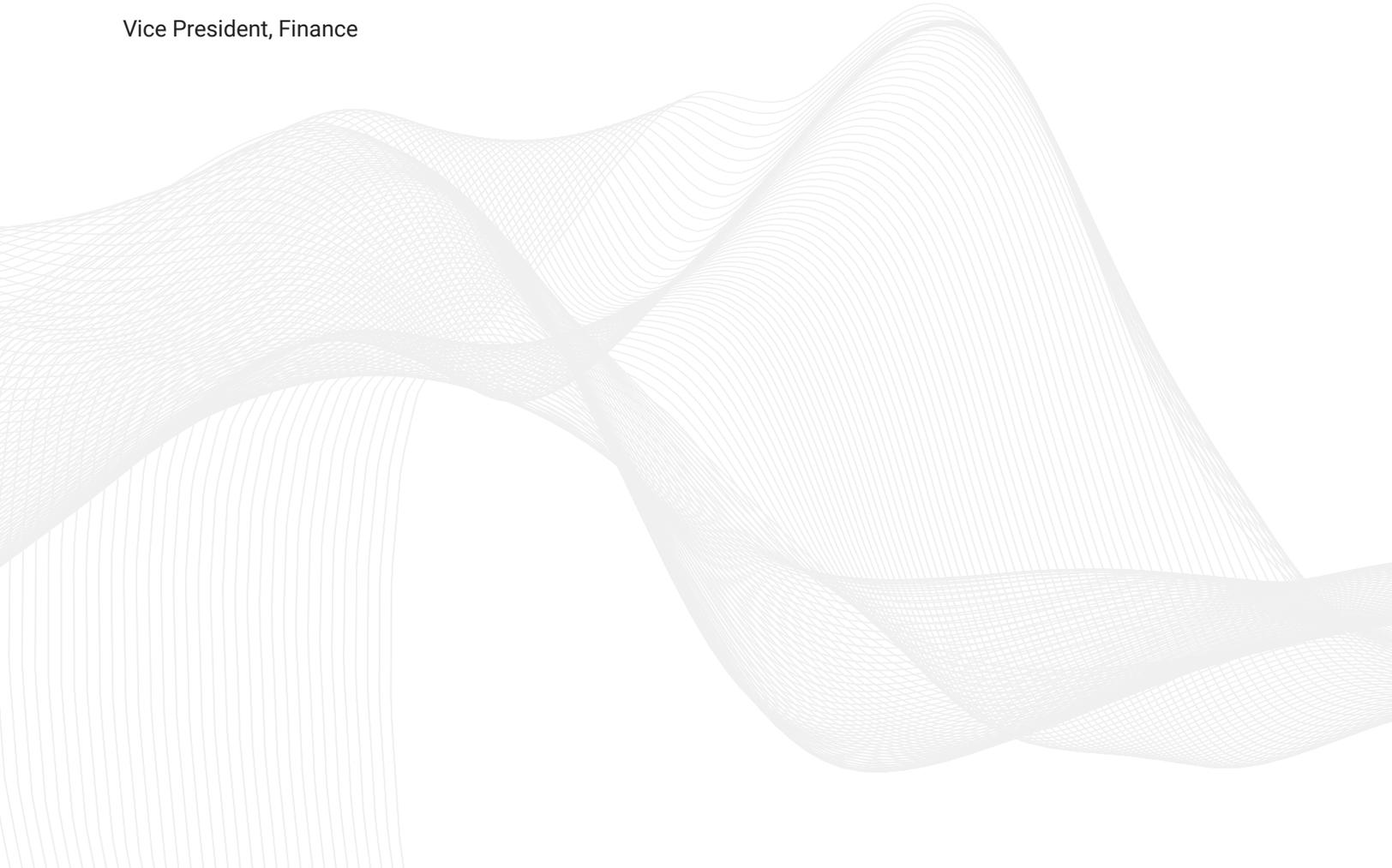
The Auditor General of the Province of Alberta, the corporation's external auditor appointed under the *Auditor General Act*, performs an annual independent audit of Alberta Innovates' consolidated financial statements in accordance with Canadian generally accepted auditing standards.

*Original signed by Laura Kilcrease*

Chief Executive Officer

*Original signed by Barry McNabb*

Vice President, Finance



# STATUTORY REPORT

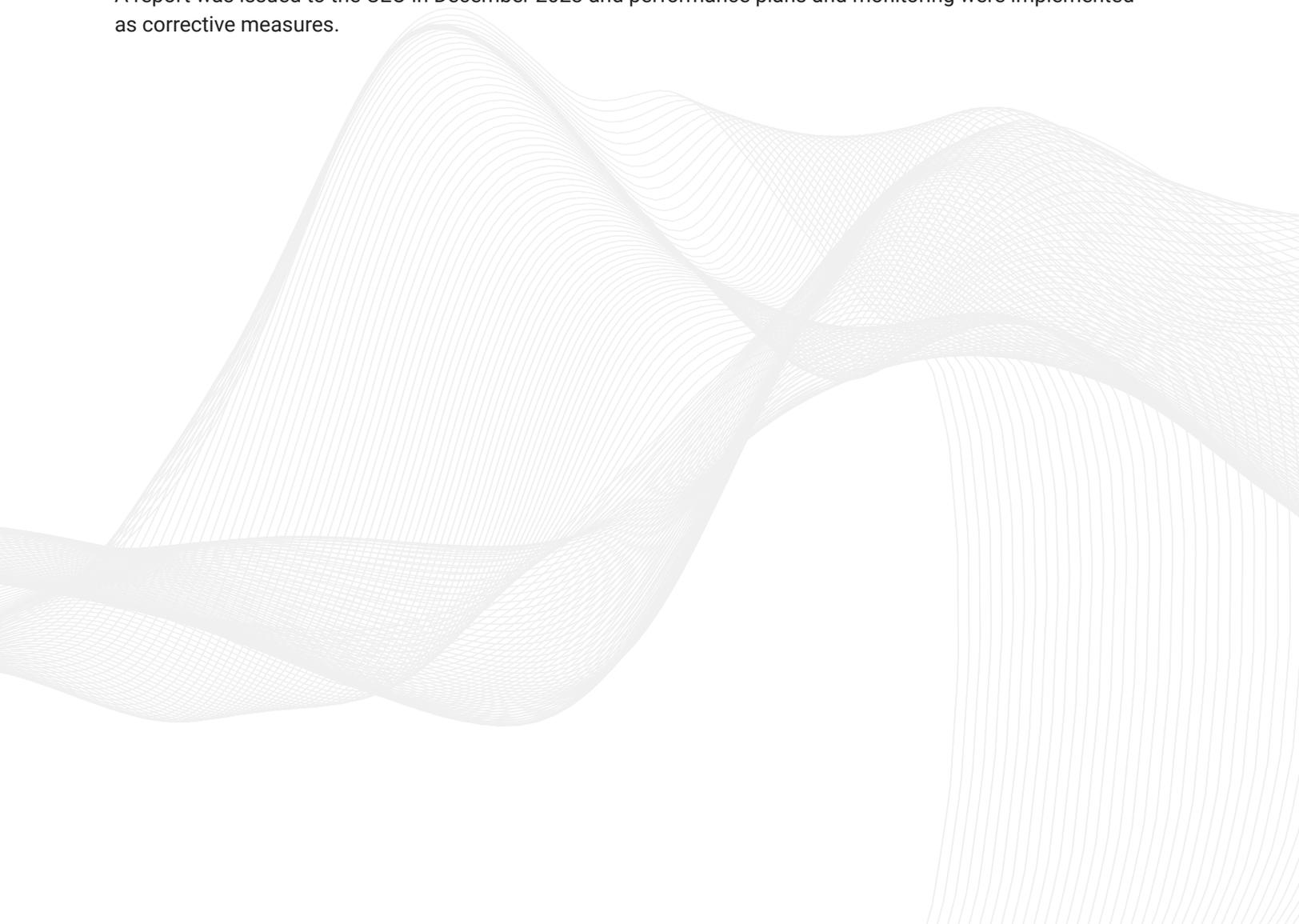
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## PUBLIC INTEREST DISCLOSURE ACT

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.

A complaint alleging failure to adhere to due diligence standards was filed against four employees pursuant to the Alberta Innovates Whistleblower Policy. The complaint was investigated, and the allegations were founded. A report was issued to the CEO in December 2023 and performance plans and monitoring were implemented as corrective measures.



# 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, 2024, 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, 2024, 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 24, 2024  
Edmonton, Alberta

**ALBERTA INNOVATES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2024**

	2024		2023
	(Note 5) Budget	Actual	Actual
	<i>(in thousands)</i>		
<b>Revenues (Note 2 (b))</b>			
Government transfers			
Funding from Technology and Innovation			
Base operating grant	\$ 162,346	\$ 163,146	\$ 147,040
Strategic relationship grants	18,000	15,984	17,527
Deferred grants from prior years	12,100	20,195	16,857
Deferred capital contribution	3,000	2,351	1,929
Funding from other Government of Alberta entities - other grants	4,260	6,018	7,993
Federal government transfers	3,600	8,163	7,201
External revenue and industry funding	42,000	42,861	41,790
Investment income	500	3,233	2,621
Other Government of Alberta revenue	1,426	1,786	2,137
	247,232	263,737	245,095
<b>Expenses (Note 2 (b) and Schedule 1)</b>			
Research, innovation and commercialization	160,769	155,416	155,500
Applied research	49,522	53,536	54,920
Administration	33,705	34,790	31,164
Amortization	8,900	7,092	7,248
	252,896	250,834	248,832
<b>Annual surplus (deficit)</b>	(5,664)	12,903	(3,737)
<b>Accumulated surplus at beginning of year</b>	30,557	30,557	34,294
<b>Accumulated surplus at end of year</b>	\$ 24,893	\$ 43,460	\$ 30,557

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

**ALBERTA INNOVATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**

	<b>2024</b>	<b>2023</b>
	<i>(in thousands)</i>	
<b>Financial assets</b>		
Cash (Note 6)	\$ 80,820	\$ 90,431
Accounts receivable (Note 7)	22,148	15,805
	102,968	106,236
<b>Liabilities</b>		
Accounts payable and other accrued liabilities (Note 9)	27,646	24,064
Unspent deferred capital contributions (Note 10)	570	985
Deferred revenue (Note 10)	41,527	60,972
Deferred contract revenue (Note 10)	11,408	9,794
Asset retirement obligations (Note 11)	3,025	2,813
	84,176	98,628
<b>Net financial assets</b>	18,792	7,608
<b>Non-financial assets</b>		
Tangible capital assets (Note 13)	50,024	40,784
Prepaid expenses	4,996	2,150
	55,020	42,934
<b>Net assets before spent deferred capital contributions</b>	73,812	50,542
Spent deferred capital contributions (Note 10)	30,352	19,985
<b>Net assets</b>	\$ 43,460	\$ 30,557

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 Tony Williams*

Tony Williams  
Board Chair  
May 24, 2024

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

Dr. H.J (Tom) Thompson  
Audit Chair  
May 24, 2024

**ALBERTA INNOVATES**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**YEAR ENDED MARCH 31, 2024**

	2024		2023
	Budget	Actual	Actual
	<i>(in thousands)</i>		
<b>Annual surplus (deficit)</b>	\$ (5,664)	\$ 12,903	\$ (3,737)
Acquisition of tangible capital assets (Note 13)	(20,107)	(16,413)	(6,497)
Amortization of tangible capital assets (Note 13)	8,900	7,092	7,248
Net loss/(gain) on disposal of tangible capital assets		81	(2)
Proceeds on sale of tangible capital assets		-	2
(Increase)/Decrease in prepaid expenses		(2,846)	8
Net increase in spent deferred capital contributions (Note 10)		10,367	535
<b>Increase (decrease) in net financial assets</b>	<b>(16,871)</b>	<b>11,184</b>	<b>(2,443)</b>
<b>Net financial assets at beginning of year</b>	<b>7,608</b>	<b>7,608</b>	<b>10,051</b>
<b>Net financial assets (net debt) at end of year</b>	<b>\$ (9,263)</b>	<b>\$ 18,792</b>	<b>\$ 7,608</b>

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

**ALBERTA INNOVATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2024**

	<b>2024</b>	<b>2023</b>
	<i>(in thousands)</i>	
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 12,903	\$ (3,737)
Non-cash items included in annual surplus (deficit):		
Amortization of tangible capital assets (Note 13)	7,092	7,248
Deferred contributions recognized as revenue (Note 10)	(134,785)	(130,981)
Net loss/(gain) on disposal of tangible capital assets	81	(2)
	(114,709)	(127,472)
Increase in accounts receivable	(6,343)	(2,163)
(Increase)/Decrease in prepaid expenses	(2,846)	8
Increase/(Decrease) in accounts payable and other accrued liabilities	3,582	(9,188)
Increase/(Decrease) in deferred contract revenue	1,614	(830)
Contributions restricted for operating (Note 10)	111,935	121,156
Increase in asset retirement obligations (Note 11)	212	146
Cash applied to operating transactions	(6,555)	(18,343)
<b>Capital transactions</b>		
Acquisition of tangible capital assets (Note 13)	(16,413)	(6,497)
Proceeds on sale of tangible capital assets	-	2
Cash applied to capital transactions	(16,413)	(6,495)
<b>Financing transactions</b>		
Contributions restricted for capital (Note 10)	13,357	3,373
Cash provided by financing transactions	13,357	3,373
<b>Decrease in cash</b>	(9,611)	(21,465)
<b>Cash at beginning of year</b>	90,431	111,896
<b>Cash at end of year</b>	\$ 80,820	\$ 90,431

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

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**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.

Revenues from transactions with performance obligations are recognized when the Corporation provides the promised goods and/or services to a payor. The Corporation uses the percentage of completion method to recognize revenue tied to performance obligations.

Cash received for goods and/or services not yet provided before year end is recognized as unearned revenue and recorded in deferred contract revenue under liabilities.

Revenues from transactions with no performance obligations are recognized at their realizable value the Corporation has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset.

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.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2024**

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

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

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).

External Revenue and Industry Funding

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

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

Other Government of Alberta Revenue

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

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.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2024**

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

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

**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.

Accounts Receivable

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

**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 generally amortized on a straight-line basis 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.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2024**

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

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

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.

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.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2024**

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

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

**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 \$3,025 (2023 - \$2,813) 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.

**Note 3 CHANGE IN ACCOUNTING POLICY**

Effective April 1, 2023, the Corporation adopted the PS3400 Revenue Standard. There were no changes to the measurement of revenues on adoption of the new standard.

At the beginning of the same fiscal reporting period, PSG-8 Purchased Intangibles Guidelines and PS 3160 Public Private Partnerships also came into effect. The new standard and guideline did not have any impact on the Corporation's consolidated financial statements.

**Note 4 FUTURE CHANGES IN ACCOUNTING STANDARDS**

On April 1, 2026, the Corporation will adopt the following new conceptual framework and account standard approved by the Public Sector Accounting Board:

• **The Conceptual Framework for Financial Reporting in the Public Sector**

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

• **PS 1202 Financial Statement Presentation**

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

Management is currently assessing the impact of the conceptual framework and the standard on the consolidated financial statements.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2024**

**Note 5 BUDGET**  
*(in thousands)*

A preliminary business plan with a budgeted deficit of \$5,664 was approved by the Board on March 23, 2023 and the full financial plan was submitted to the Minister of Technology and Innovation. The budget reported in the Consolidated Statement of Operations reflects the original \$5,664 deficit and additional reclassifications required for more consistent presentation with current and prior year results.

**Note 6 CASH**  
*(in thousands)*

	<b>2024</b>	<b>2023</b>
Cash	\$ 80,820	\$ 90,431

Cash in the amount of \$80,820 (2023 - \$90,431) includes deposits in the Consolidated Liquidity Solution (CLS) of the Province of Alberta amounting to \$58,057 (2023 - \$84,040).

As at March 31, 2024, \$53,505 of the cash balance is restricted as it represents grants received that have restrictions on their use (2023 - \$71,751).

**Note 7 ACCOUNTS RECEIVABLE**  
*(in thousands)*

	<b>2024</b>		<b>2023</b>	
	<b>Gross amount</b>	<b>Allowance for doubtful accounts</b>	<b>Net recoverable value</b>	<b>Net recoverable value</b>
Accounts receivable	\$ 11,518	\$ 435	\$ 11,083	\$ 8,148
Accrued income receivable	11,065	-	11,065	7,657
	\$ 22,583	\$ 435	\$ 22,148	\$ 15,805

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

**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.

	<b>2024</b>	<b>2023</b>
Contractual rights from operating contracts	\$ 63,065	\$ 84,718

	<b>Operating contracts</b>
2024-25	\$ 32,783
2025-26	26,037
2026-27	3,135
2027-28	129
2028-29	46
Thereafter	935
	\$ 63,065

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2024**

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

	2024	2023
Accounts payable	\$ 4,965	\$ 4,474
Other accrued liabilities	22,681	19,590
	<u>\$ 27,646</u>	<u>\$ 24,064</u>

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

	2024	2023
Unspent deferred capital contributions (a)	\$ 570	\$ 985
Spent deferred capital contributions (b)	30,352	19,985
Deferred operating contributions (c)	41,527	60,972
Deferred contract revenue	11,408	9,794
	<u>\$ 83,857</u>	<u>\$ 91,736</u>

(a) Unspent deferred capital contributions

	2024			2023	
	Government of Alberta	Other	Total	Total	
Balance at beginning of year	\$ 985	\$ -	\$ 985	\$ 1,094	
Cash contributions received/receivable during year	5,807	7,550	13,357	3,373	
Transferred to spent deferred capital contributions	(6,222)	(7,550)	(13,772)	(3,482)	
Balance at end of year	<u>\$ 570</u>	<u>\$ -</u>	<u>\$ 570</u>	<u>\$ 985</u>	

(b) Spent deferred capital contributions

	2024			2023	
	Government of Alberta	Other	Total	Total	
Balance at beginning of year	\$ 13,208	\$ 6,777	\$ 19,985	\$ 19,450	
Transferred from unspent deferred capital contributions	6,222	7,550	13,772	3,482	
Less amounts recognized as revenue	(2,369)	(1,036)	(3,405)	(2,947)	
Balance at end of year	<u>\$ 17,061</u>	<u>\$ 13,291</u>	<u>\$ 30,352</u>	<u>\$ 19,985</u>	

(c) Deferred operating contributions

	2024			2023	
	Government of Alberta	Other	Total	Total	
Balance at beginning of year	\$ 58,065	\$ 2,907	\$ 60,972	\$ 67,850	
Cash contributions received/receivable during the year	107,998	3,137	111,135	120,304	
Interest income	800	-	800	852	
Recognized as revenue:					
Grants	(126,709)	(3,871)	(130,580)	(127,193)	
Interest income	(800)	-	(800)	(841)	
Balance at end of year	<u>\$ 39,354</u>	<u>\$ 2,173</u>	<u>\$ 41,527</u>	<u>\$ 60,972</u>	

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2024**

**Note 11 ASSET RETIREMENT OBLIGATIONS**

*(in thousands)*

	<b>2024</b>	<b>2023</b>
Asset Retirement Obligations, beginning of year	\$ 2,813	\$ 2,667
Accretion expense	72	67
Revision in estimates	140	79
Asset Retirement Obligations, end of year	\$ 3,025	\$ 2,813

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 may be subsequently re-measured at each financial reporting date 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 asset retirement obligation estimate is \$2,424 measured using a present value technique. At March 31, 2024, the undiscounted amount of estimated future cash flows required to settle this obligation is \$2,831 and is discounted using a discount rate of 4.23%.

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

For the year ended March 31, 2024, a recovery of \$1,504 was recognized.

**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 \$4,817 for the year ended March 31, 2024 (2023 - \$5,104).

At December 31, 2023, the Management Employees Pension Plan reported a surplus of \$1,316,313 (2022 – surplus of \$924,735), the Public Service Pension Plan reported a surplus of \$4,542,500 (2022 – surplus of \$4,258,721) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$21,343 (2022 – deficiency of \$25,117). 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.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2024**

**Note 13 TANGIBLE CAPITAL ASSETS**  
*(in thousands)*

	Land	Building and Improvements <sup>(2)</sup>	Equipment <sup>(3)</sup>	Computer Hardware & Software	2024 Total	2023 Total
<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	\$ 30,500	\$ 88,732	\$ 11,414	\$ 131,212	\$ 125,105
Additions	-	2,841	11,627	1,945	16,413	6,497
Disposals, including write-downs	-	-	(145)	-	(145)	(390)
	<u>566</u>	<u>33,341</u>	<u>100,214</u>	<u>13,359</u>	<u>147,480</u>	<u>131,212</u>
<b>Accumulated Amortization</b>						
Beginning of year	-	16,734	63,498	10,196	90,428	83,570
Amortization expense	-	2,267	4,232	593	7,092	7,248
Effect of disposals, including write-downs	-	-	(64)	-	(64)	(390)
	<u>-</u>	<u>19,001</u>	<u>67,666</u>	<u>10,789</u>	<u>97,456</u>	<u>90,428</u>
<b>Net Book Value at March 31, 2024</b>	<u>\$ 566</u>	<u>\$ 14,340</u>	<u>\$ 32,548</u>	<u>\$ 2,570</u>	<u>\$ 50,024</u>	
<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>

(1) Historical costs includes work-in-progress at March 31, 2024 totaling \$7,860 (2023 - \$4,051) comprised of building and improvements \$1,262 (2023 - \$247), equipment \$6,598 (2023 - \$3,515), and computer software & hardware \$nil (2023 - \$289).

(2) Buildings and improvements include leasehold improvements (amortized over the life of the lease).

(3) Equipment includes laboratory equipment, heavy equipment, vehicles, office equipment, and other equipment.

**Note 14 ACCUMULATED SURPLUS**  
*(in thousands)*

	2024			2023
	<b>Investments in Tangible Capital Assets <sup>(1)</sup></b>			
	Unrestricted Surplus	Total	Total	
Balance, beginning of year	\$ 20,799	\$ 9,758	\$ 30,557	\$ 34,294
Annual surplus (deficit)	(7,173)	20,077	12,903	(3,737)
Net investments in capital assets	16,413	(16,413)	-	-
Transfers to spent deferred capital contributions	(13,772)	13,772	-	-
Spent deferred recognized in revenue	3,405	(3,405)	-	-
Balance, end of year	<u>\$ 19,672</u>	<u>\$ 23,789</u>	<u>\$ 43,460</u>	<u>\$ 30,557</u>

<sup>(1)</sup> The Corporation's closing accumulated surplus invested in tangible capital assets have been reduced by the Corporation's asset retirement obligation of \$3,025.

**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, 2024 accruals totaling \$368 (2023 - \$368) have been recognized as a liability.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2024**

**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>2024</b>	<b>2023</b>
Obligations under operating leases and contracts	\$ 133,307	\$ 148,236

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

	<b>Operating leases and contracts</b>
2024-25	\$ 78,775
2025-26	37,906
2026-27	11,941
2027-28	4,357
2028-29	188
Thereafter	140
	\$ 133,307

**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. \$23,835 (2023 - \$23,543) is recorded in tangible capital assets in Note 13. \$9,509 (2023 - \$11,377) of related spent deferred capital contributions is recorded in Note 10. There were no in-kind contributions received at March 31, 2024 (2023 - \$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, \$2,424 (2023 - \$2,277) 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 2023 figures have been reclassified, where necessary, to conform to the 2024 presentation.

**ALBERTA INNOVATES**  
**CONSOLIDATED EXPENSES - DETAILED BY OBJECT**  
**YEAR ENDED MARCH 31, 2024**

**SCHEDULE 1**

	<u>2024</u>	<u>2024</u>	<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<i>(in thousands)</i>	
Grants	\$ 139,355	\$ 129,083	\$ 131,936
Salaries, wages and employee benefits	66,197	68,285	66,780
Supplies and services	38,444	46,374	42,868
Amortization of tangible capital assets (Note 13)	8,900	7,092	7,248
	<u>\$ 252,896</u>	<u>\$ 250,834</u>	<u>\$ 248,832</u>

**ALBERTA INNOVATES  
SALARY AND BENEFITS DISCLOSURE  
YEAR ENDED MARCH 31, 2024  
(in thousands)**

**SCHEDULE 2**

	2024			2023	
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chair of the Board	\$ -	\$ 20	\$ 1	\$ 21	\$ 28
Board Members	-	50	2	52	82
Chief Executive Officer	441	122	22	585	737
Executive/Vice Presidents:					
Chief Cleantech Officer & Vice President, Clean Resources	285	11	73	369	359
Chief Operating Officer	313	9	82	404	395
Executive Vice President, Impacts	269	1	68	338	324
General Counsel & Corporate Secretary	263	1	70	334	331
Vice President, Finance (4)	239	25	19	283	225
Vice President, Health	285	30	18	333	313
Vice President, Marketing & Communications	249	26	11	286	257
Associate Vice President, Investments	200	1	41	242	233
	<b>\$ 2,544</b>	<b>\$ 296</b>	<b>\$ 407</b>	<b>\$ 3,247</b>	<b>\$ 3,284</b>

(1) Base salary includes regular salary.

(2) Other cash benefits include honoraria for the Chair and Board Members. Other cash benefits for the Executive/Vice Presidents include vacation payouts, car and living allowance, payments in lieu of pension, employee health care expense accounts and lump sum amounts.

(3) Other non-cash benefits include employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, 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 effective June 13, 2022.

**ALBERTA INNOVATES  
RELATED PARTY TRANSACTIONS  
YEAR ENDED MARCH 31, 2024**

**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.

	<u>Entities in the Ministry</u>		<u>Other Entities Outside of the Ministry</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u> (restated)
	<i>(in thousands)</i>			
<b>Revenues</b>				
Grants	\$ 201,676	\$ 183,353	\$ 6,018	\$ 7,993
Interest	-	-	3,157	2,378
Other	-	-	1,786	2,137
	<u>\$ 201,676</u>	<u>\$ 183,353</u>	<u>\$ 10,961</u>	<u>\$ 12,508</u>
<b>Expenses - Directly Incurred</b>				
Grants	\$ -	\$ -	\$ 54,434	\$ 55,878
Other services	-	-	5,630	6,479
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,064</u>	<u>\$ 62,357</u>
<b>Receivables from</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,045</u>	<u>\$ 1,496</u>
<b>Payable to</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,075</u>	<u>\$ 3,555</u>
<b>Prepaid expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ -</u>
<b>Unspent deferred capital contributions</b>	<u>\$ 570</u>	<u>\$ 985</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Spent deferred capital contributions</b>	<u>\$ 16,991</u>	<u>\$ 13,120</u>	<u>\$ 70</u>	<u>\$ 88</u>
<b>Deferred revenue</b>	<u>\$ 35,578</u>	<u>\$ 50,557</u>	<u>\$ 3,776</u>	<u>\$ 7,533</u>
<b>Deferred contract revenue</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326</u>	<u>\$ 100</u>
<b>Contractual obligations</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,324</u>	<u>\$ 57,109</u>
<b>Contractual rights</b>	<u>\$ 39,300</u>	<u>\$ 60,500</u>	<u>\$ 3,574</u>	<u>\$ 2,523</u>

### 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>2024</b>	<b>2023</b>
	<i>(in thousands)</i>	
Expenses - Incurred by others <sup>(1)</sup>		
Accommodation <sup>(2)</sup>	\$ 22,311	\$ 21,976
	<u>\$ 22,311</u>	<u>\$ 21,976</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, 2024**

**SCHEDULE 4**

<b>Program</b>	<b>2024</b>		<b>2023</b>	
	<b>Expenses - Incurred by Others</b>			
	<b>Expenses<sup>(1)</sup></b>	<b>Accommodation Costs</b>	<b>Total Expenses</b>	<b>Total Expenses</b>
	<i>(in thousands)</i>			
Research, innovation and commercialization	\$ 155,416	\$ -	\$ 155,416	\$ 155,500
Applied research	53,536	-	53,536	54,920
Administration	34,790	22,311	57,101	53,140
Amortization	7,092	-	7,092	7,248
	<u>\$ 250,834</u>	<u>\$ 22,311</u>	<u>\$ 273,145</u>	<u>\$ 270,808</u>

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



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