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# Financial Documents

This resource has been created to assist Alberta Innovates Applicants in submitting financial documents with their funding application.

Financial documents which follow Alberta Innovates requirements are processed with fewer delays than applications which contain incorrect or incomplete information.

## Financial Statements

Alberta Innovates funding applications request the following of all applicants:

*... attach the last 3 fiscal year end financial statements (or all years if the organization was founded less than 3 years ago) including the most recent quarter as prepared on an audited, or review engagement, or notice to reader basis. If such audited financial statements do not exist, then un-audited internally prepared financial statements for the same period must be attached.*

The primary financial statements required, the income statement, balance sheet, cash flow statements, are defined below:

- **Income statement:** sometimes referred to as a “profit and loss” (P&L) statement, or a statement of “revenue and expense,” an income statement communicates how much money the business is making, and how much money the company is spending
- **Balance sheet:** communicates the company’s assets and liabilities (what the company owns, and what the company owes)
- **Cash flow statement:** communicates the cash that is coming into the business, and the cash that is leaving the business.

When submitting financial statements, please ensure the statement dates correspond to the Alberta Innovates requirements. Applicants are required to attach:

- The last 3 fiscal year end financial statements. If the organization was founded less than 3 years ago, all fiscal year end statements are required.

- Statements for the current fiscal year, up to and including the most recent completed quarter. This means, that if an application is submitted in a company's third financial quarter, financial statements for the first and second quarter should be provided, preferably in a consolidated format in which the respective totals for Q1 and Q2 are summed.

## Pro Forma Statement

In addition to Financial Statements, Alberta Innovates grant applications also request a pro forma financial statement be provided.

A **pro forma statement** communicates a business' expectations of its future performance. Pro forma statements should include both revenue projections and expense projections. These projections are informed by the company's past performance and reasonable assumptions for the future.

Alberta Innovates considers a 3-year forecast/projection to be the standard requirement.

When preparing a pro forma statement for Alberta Innovates, ensure the company's projections have been recently updated. Pro forma statements wherein the first projected year is in the past are not considered recently updated. This is also true for pro forma statements embedded within the business plan.

## Financial Documents: Examples

### Example A:

A business incorporated in 2019.

Submits application in November of 2023.

Assume fiscal year Jan 1- Dec 31.

The following documents would be required at the time of application:

- Financial Statements for the following fiscal years:
  - 2020
  - 2021
  - 2022
- Current Fiscal Year: financial statements from Q1 through Q3, preferably in a consolidated format in which the respective totals for Q1, Q2 and Q3 are summed.
- Proforma Statement: the first full year of projections submitted should be 2024.

**Example B:**

A business incorporated in April 2021.

Submits application in May of 2023.

Assume fiscal year Apr 1-Mar 31.

The following documents would be required at the time of application:

- Full year (or “year-end”) financial statements (income statement, balance sheet, and cash flow statement) for the following fiscal years:
  - 2021/2022
  - 2022-2023
- Current Fiscal Year: financial statements to the nearest quarter, no statements for the current fiscal are required
- Proforma Statement: the first full year of projections submitted should be 2024-2025, however the applicant may also include projections for the remainder of 2023-2024 year.

**Example C:**

A business incorporated in October 2023.

Submits application in November of 2023.

Assume fiscal year Jan 1- Dec 31.

- The following documents would be required at the time of application: Full year (or “year-end”) financial statements for the previous fiscal years would not be available. The following financial information would be accepted in this scenario:
  - An income statement, balance sheet, and cash flow statement for the period during which the company has operated is still required
  - If operating for less than a quarter, it is advisable that the company submit financial statements which demonstrate the current state of the business, including sales, expenses, assets, liabilities and cash flow
- Proforma Statement: the first full year of projections submitted should be 2024.