

Financial Statements of

INVEST ONTARIO

For the year ended March 31, 2024



Invest Ontario
250 Yonge Street, 35th Floor
Toronto, Ontario, Canada
M5B 2L7

Invest Ontario
Year ended March 31, 2024


Responsibility for Financial Reporting

The accompanying financial statements of the Invest Ontario have been prepared in accordance with Canadian public sector accounting standards and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and considering information available up to July 16, 2024.

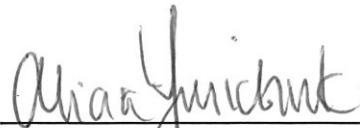
Management is responsible for the integrity of the financial statements and maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded, and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board, through the Finance, Audit and Risk Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Finance, Audit and Risk Committee is comprised of Board members who are not employees/officers of Invest Ontario and generally meets periodically with management and the Office of the Auditor General to satisfy itself that each group has properly discharged its respective responsibility.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.



Michael Fedchyshyn
Interim Chief Executive Officer



Alicia Yurichuk, CPA, CGA
Finance Director



INDEPENDENT AUDITOR'S REPORT

To Invest Ontario

Opinion

I have audited the financial statements of Invest Ontario, which comprise the statement of financial position as at March 31, 2024, and the statement of operations and accumulated surplus, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Invest Ontario as at March 31, 2024, and the results of its operations, changes in its 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 Financial Statements* section of my report. I am independent of Invest Ontario in accordance with the ethical requirements that are relevant to my audit of the 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Invest Ontario'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 Invest Ontario either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Invest Ontario's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 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 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 Invest Ontario'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 Invest Ontario'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 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 Invest Ontario to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Toronto, Ontario
July 16, 2024

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

Invest Ontario
Statement of Financial Position
As at March 31, 2024

	2024	2023
Financial Assets		
Cash	\$ 537,643	\$ 578,601
Interest Receivable	3,685	5,485
Due from Province of Ontario (note 3)	3,576,006	2,600,000
	<u>4,117,334</u>	<u>3,184,086</u>
Liabilities		
Accounts Payable and Accrued Liabilities (note 4)	1,567,248	838,831
Due to the Province of Ontario (note 5)	542,037	929,411
Net Financial Assets	<u>2,008,049</u>	<u>1,415,844</u>
Non Financial Assets		
Prepays (note 6)	416,369	146,693
	<u>416,369</u>	<u>146,693</u>
Accumulated Surplus	<u>\$ 2,424,418</u>	<u>\$ 1,562,537</u>

Ministry Funding Arrangement (note 12)
Contingencies (note 13)

The accompanying notes are an integral part of these statements.

On behalf of the Board:



Andrew MacLeod

Chair, Board of Directors



Anna Barrett

Chair, Finance, Audit and Risk Committee

Invest OntarioStatement of Operations and Accumulated Surplus
For the year ended March 31, 2024

	Budget		
	March 31,	March 31,	March 31,
	2024	2024	2023
Revenue:			
Transfer Payment – Ministry of Economic Development, Job Creation and Trade	\$ 13,910,000	\$ 10,814,876	\$ 6,149,907
Interest and Other Income	-	104,634	53,077
	13,910,000	10,919,510	6,202,984
Expenses (note 9):			
Salaries, Wages & Benefits (note 7)	\$ 9,135,251	\$ 7,640,120	\$ 3,910,679
Services (note 8)	3,668,380	1,780,278	1,655,197
Transportation & Communications	347,188	326,678	100,422
Marketing	729,500	287,776	49,445
Supplies & Equipment	29,681	22,777	16,075
	13,910,000	10,057,629	5,731,818
Annual Operating Surplus	-	\$ 861,881	\$ 471,166
Accumulated Surplus, beginning of year	1,562,537	1,562,537	1,091,371
Accumulated Surplus, end of year	\$1,562,537	\$ 2,424,418	\$1,562,537

The accompanying notes are an integral part of these statements.

Invest OntarioStatement of Changes in Net Financial Assets
For the year ended March 31, 2024

	Budget March 31, 2024	March 31, 2024	March 31, 2023
Annual Operating Surplus	\$ -	\$ 861,881	\$ 471,166
(Increase)/ decrease in Prepaids	-	(269,676)	85,962
Increase in net financial assets	-	592,205	557,128
Net financial assets, beginning of year	1,415,844	1,415,844	858,716
Net financial assets, end of year	\$1,415,844	\$ 2,008,049	\$ 1,415,844

The accompanying notes are an integral part of these statements.

Invest Ontario
Statement of Cash Flow
For the year ended March 31, 2024

	March 31, 2024	March 31, 2023
Operating transactions:		
Annual Operating Surplus	\$ 861,881	\$ 471,166
Changes in non-cash working capital:		
Interest Receivable	\$1,800	(\$4,176)
Due from Province of Ontario	(976,006)	(2,600,000)
Accounts Payable and Accrued Liabilities	728,417	388,587
Due to Province of Ontario	(387,374)	(63,021)
Prepays	(269,676)	85,962
	(\$902,839)	(\$ 2,192,648)
Cash used by operating transactions	(\$ 40,958)	(\$ 1,721,482)
(Decrease) in cash	(\$ 40,958)	(\$ 1,721,482)
Cash, beginning of year	578,601	2,300,083
Cash, end of year	\$ 537,643	\$ 578,601

The accompanying notes are an integral part of these statements.

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2024

1. Nature of the Organization

Invest Ontario (the “Corporation”) was created on July 8, 2020 by Ontario Regulation 357/20 under the *Development Corporations Act, R.S.O. 1990, c. D.10* (Ontario). It was then continued April 27, 2021 under the Invest Ontario Act, 2021 (the “Act”).

Under the Act, the objects of the Corporation are to:

- secure private sector strategic business and capital investments that support economic development, resiliency and job creation in Ontario by, among other things, providing financial assistance and incentives to promote Ontario’s overall economic competitiveness and to promote growth in Ontario;
- to conduct such further activities, consistent with its objects, as are described in any policies or directives issued by the Ministry of Economic Development, Job Creation and Trade (the “Ministry”) or as set out in any agreement with the Minister of Economic Development, Job Creation and Trade (the “Minister”); and
- to receive, hold, sell, invest and otherwise deal with its assets in carrying out its objects.

The Corporation utilizes a proactive data-driven approach to secure high-value investments in technology, life sciences and advanced manufacturing sectors, and provides customizable services to support investment opportunities, including available financial assistance, talent support, advisory supports and concierge services. The Corporation's Board of Directors approves all recommendations to the Minister for investments of the Invest Ontario Fund.

The Corporation is exempt from federal and provincial income taxes under the Income Tax Act (Canada).

2. Significant Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

The significant accounting policies used to prepare these financial statements are summarized below.

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2024

(b) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, as described below. All revenues are recorded on an accrual basis.

Funding from the Ministry of Economic Development, Job Creation and Trade:

The Ministry funds Corporation's operating activities. These funds from the Ministry are recorded as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Funds received from the Ministry are recognized as deferred revenue or accounts payable when these conditions give rise to a liability. Funds received from the Ministry are recognized as revenue in the Statements of Operations and Accumulated Surplus.

Interest income:

Interest income is recognized when earned.

(c) Expenses

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

(d) Prepaids

Prepaid expenses include services and are charged to expense over the periods expected to benefit from it.

(e) Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

(f) Financial Instruments

The Corporation's financial assets and liabilities are accounted for as follows: Cash is recognized at cost and is subject to an insignificant risk of change in value so carrying value approximates fair value. Interest receivable, accounts payable and accrued liabilities are recorded at cost.

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2024

(g) Employee Pension Plans

The Corporation's full-time employees participate in the Public Service Pension Plan (PSPP), which is a defined benefit pension plan for employees of the province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPP, determines the Corporation's annual payments to the Plan. Since the Corporation is not a sponsor of the pension plan, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the Corporation, as the sponsor is responsible for ensuring that the pension plan is financially viable. The Corporation's contributions are accounted for as if the PSPP was a defined contribution plan with contributions being expensed in the period they come due.

(h) Use of Estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. Items subject to such estimates and assumptions include accruals. Actual results could differ from those estimates.

3. Due from Province of Ontario

The Due from Province of Ontario represents the transfer payment amount owing to the Corporation by the Ministry and amounted to \$3,576,006 (2023 - \$2,600,000). Amounts due from Province of Ontario are settled separately from amounts due to Province of Ontario

4. Accounts Payable and Accrued Liabilities

Accounts payables relates to normal business transactions with third-party vendors. Accrued liabilities relates to salaries, wages, vacation and other employee benefits.

	2024	2023
Account payables & other accruals	\$ 500,584	\$ 269,609
Accrued liabilities	1,066,664	569,222
Total	\$ 1,567,248	\$ 838,831

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2024

5. Due to the Province of Ontario

During the fiscal year, the Ministry invoiced the Corporation the cost of dedicated staff, goods and services noted in Note 9. In addition, the Ministry charged the Corporation its share of costs from external service providers.

Changes to the Due to Province of Ontario balances during the year are as follows:

	2024	2023
Balance, beginning of year	\$ 929,411	\$ 992,432
Invoices received	442,037	1,051,144
Amount paid	(829,411)	(1,114,165)
Balance, end of year	\$ 542,037	\$ 929,411

6. Prepaids

	2024	2023
Analytical subscriptions & licenses	\$ 359,135	\$ 122,123
Other	57,234	24,570
Total	\$ 416,369	\$ 146,693

7. Employee Future Benefits

The Corporation has a defined benefit pension plan with the Public Services Pension Plan (PSPP) for all its employees. Employees transferred from the Ontario Public Service to the Corporation continued their pension with the PSPP. The Corporation (employer) matches employee contributions 100%. The employee's contributions are 7.4% of annual salary up to the Year's Maximum Pensionable Earnings (YMPE), and then 10.5% of the annual salary above the YMPE. Pension benefits of \$458,539 for the 2024 fiscal year (2023 - \$233,245) are included in Salaries, Wages & Benefits in the Statements of Operations and Accumulated Surplus.

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2024

8. Services

Services consists of the following:

	2024	2023
Data, client management & due diligence services	\$ 1,068,919	\$ 637,381
Professional and administrative services	711,359	1,017,816
Total	\$ 1,780,278	\$ 1,655,197

9. Related Party Transactions

During the fiscal year, in support of the Corporation's operations, the Ministry provided dedicated staff, goods and services to the Corporation on a cost basis, as follows:

- The Ministry charged the salaries and benefits (excluding pension costs) of ministry dedicated staff working at the Corporation totaled \$231,553 (2023 - \$522,047) and is recorded in Salaries, Wages & Benefits on the Statement of Operations and Accumulated Surplus.
- Included in Transportation & Communications and Services on the Statement of Operations and Accumulated Surplus are services and goods totaled \$167,271 (2023 - \$73,174) recovered by the Ministry at cost.

In addition, the following goods and services were provided at no cost to the Corporation and were not included in the Statement of Operations and Accumulated Surplus:

- Certain expenses incurred by the Corporation, specifically accommodations costs were absorbed by Ministry of Infrastructure. The costs for these services amounted to \$317,736 (2023 – \$834,611).
- In addition, certain legal expenses incurred by the Corporation were absorbed by Ministry. The costs for these services amounted to \$23,174 (2023 - \$nil).
- The Ministry provided payment and administration support and website and social media administration.

10. Ontario Centre of Innovation

The Corporation entered into an agreement with the Ontario Centre of Innovation to provide financial accounting systems, payroll and expense reporting services. The term of the original contract was from March 18, 2022 to January 31, 2023. In 2022-

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2024

2023, an extension was signed, extending the term of the contract to February 29, 2024. During the fiscal year, an amendment to the contract for a second extension was signed, extending the term of the contract to August 31, 2024. The total contract has a value of \$437,870 exclusive of HST.

11. Financial Instruments Risk Management

a) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its cash flow obligations as they fall due. The Corporation's exposure to liquidity risk is minimal as all operations funding is provided by the Ministry. The Corporation mitigates its liquidity risk by preparing cash forecasts and regular reports to the Ministry. Amounts payable balance at period end are due within the first quarter of the following fiscal period.

b) Market Risk

The Corporation's exposure to market risk is comprised of interest rate risk. Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Corporation is exposed to minimal risk through its interest-bearing bank account.

12. Ministry Funding Arrangement

A master agreement was signed on December 1, 2021 between the Ministry and the Corporation which outlines the funding arrangement. The agreement outlines that any surplus funding received from the Ministry may be refunded or future installments may be adjusted. During the fiscal year, the Ministry reduced the Corporation's quarterly transfer payment by the 2022-23 operating surplus of \$471,166. As at March 31, 2024, management has not been informed of any additional refund.

13. Contingencies

The Corporation is involved in legal action arising in the normal course of business, the outcome and ultimate disposition of which cannot be predicted with certainty. Management does not expect that the outcome of the claim against the Corporation will have a material and adverse effect on its financial statements. Any settlement concerning this contingent liability will be accounted for in the period in which the settlement occurs.