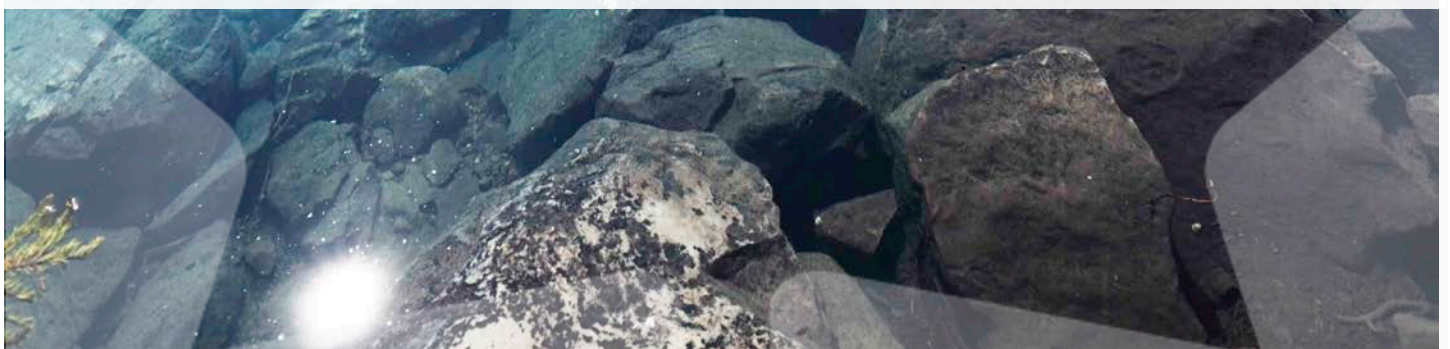


2018-2019

Financial Statements (unaudited)

For the Year Ended March 31, 2019



Western Economic Diversification Canada

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2019, and all information contained in these financial statements rests with the management of Western Economic Diversification Canada (WD). These financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of WD's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in WD's *Departmental Results Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout WD and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

WD is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board *Policy on Financial Management*.

A Core Control Audit was performed in 2013-2014 by the Office of the Comptroller General of Canada (OCG). The Audit Report and related Management Action Plan are posted on the departmental web site at <http://www.wd-deo.gc.ca/eng/18737.asp> and <http://www.wd-deo.gc.ca/eng/18738.asp>.

The financial statements of WD have not been audited.



Dylan Jones, Deputy Minister
Edmonton, Canada

09.06.2019

Date

Cathy McLean, Chief Financial Officer

Date

Western Economic Diversification Canada
Statement of Financial Position (Unaudited)

As at March 31

(in dollars)

	<u>2019</u>	<u>2018</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 45,608,121	\$ 70,738,935
Vacation pay and compensatory leave	1,362,117	1,273,791
Employee future benefits (note 5)	<u>1,139,295</u>	<u>1,216,137</u>
Total gross liabilities	48,109,533	73,228,863
Total net liabilities	48,109,533	73,228,863
Financial assets		
Due from Consolidated Revenue Fund	45,438,100	70,591,502
Accounts receivable and advances (note 6)	172,819	158,326
Loans receivable (note 7)	<u>62,801,253</u>	<u>52,112,402</u>
Total gross financial assets	108,412,172	122,862,230
Financial assets held on behalf of Government		
Loans receivable (note 7)	<u>(62,801,253)</u>	<u>(52,112,402)</u>
Total financial assets held on behalf of Government	(62,801,253)	(52,112,402)
Total net financial assets	45,610,919	70,749,828
Departmental net debt	2,498,614	2,479,035
Non-financial assets		
Tangible capital assets (note 8)	<u>1,044,504</u>	<u>545,092</u>
Total non-financial assets	1,044,504	545,092
Departmental net financial position	\$ (1,454,110)	\$ (1,933,943)

Contractual obligations (note 9)

The accompanying notes form an integral part of these financial statements.



Dylan Jones, Deputy Minister
Edmonton, Canada

09.06.2019

Date

Cathy McLean, Chief Financial Officer

Date

Western Economic Diversification Canada

Statement of Operations and Departmental Net Financial Position (*Unaudited*)

For the Year Ended March 31

(in dollars)

	2019 Planned Results	2019	2018
Expenses			
Community Initiatives	\$ 1,676,145	\$ 61,785,001	\$ 0
Innovation	34,706,131	60,237,720	0
Business Services	45,657,675	47,326,378	0
Business Growth	49,003,324	32,834,653	0
Business Development and Innovation	0	0	103,844,802
Community Economic Growth	0	0	99,010,813
Policy, Advocacy and Coordination	0	0	10,445,843
Internal Services	13,471,736	15,112,133	14,320,949
Expenses incurred on behalf of Government	<u>(1,117,638)</u>	<u>(11,118,497)</u>	<u>(16,909,529)</u>
Total expenses	143,397,373	206,177,388	210,712,878
Revenues			
Amortization of discount	373,024	263,079	1,462
Interest	89,291	90,756	69,930
Other	2,274	27,107	7,509
Revenues earned on behalf of Government	<u>(462,375)</u>	<u>(368,966)</u>	<u>(71,457)</u>
Total revenues	2,214	11,976	7,444
Net cost of operations before government funding and transfers	143,395,159	206,165,412	210,705,434
Government funding and transfers			
Net cash provided by Government of Canada		226,483,357	195,803,726
Change in due from Consolidated Revenue Fund		(25,153,402)	9,636,895
Services provided without charge by other government departments (note 10)		5,309,828	5,722,429
Transfer of the transition payments for implementing salary payments in arrears		0	(5,230)
Transfer of assets and liabilities from (to) other government departments (note 11)		<u>5,462</u>	<u>(5,369)</u>
Net cost of operations after government funding and transfers		(479,833)	(447,017)
Departmental net financial position - Beginning of year		(1,933,943)	(2,380,960)
Departmental net financial position - End of year		\$ (1,454,110)	\$ (1,933,943)

Segmented information (note 12)

The accompanying notes form an integral part of these financial statements.

Western Economic Diversification Canada
Statement of Change in Departmental Net Debt (*Unaudited*)
For the Year Ended March 31
(in dollars)

	<u>2019</u>	<u>2018</u>
Net cost of operations after government funding and transfers	\$ (479,833)	\$ (447,017)
Change due to tangible capital assets		
Acquisition of tangible capital assets	529,708	507,298
Amortization of tangible capital assets	(12,507)	(25,118)
Proceeds from disposal of tangible capital assets	0	(13,928)
Gain (loss) on disposal of tangible capital assets including adjustments	(17,789)	5,423
Transfer to other government departments (note 11)	0	(5,369)
Total change due to tangible capital assets	499,412	468,306
Net increase (decrease) in departmental net debt	19,579	21,289
Departmental net debt - Beginning of year	2,479,035	2,457,746
Departmental net debt - End of year	\$ 2,498,614	\$ 2,479,035

The accompanying notes form an integral part of these financial statements.

Western Economic Diversification Canada
Statement of Cash Flows (Unaudited)
For the Year Ended March 31
(in dollars)

	2019	2018
Operating activities		
Net cost of operations before government funding and transfers	\$ 206,165,412	\$ 210,705,434
Non-cash items:		
Amortization of tangible capital assets	(12,507)	(25,118)
Gain (loss) on disposal of tangible capital assets	(17,789)	5,423
Services provided without charge by other government departments (note 10)	(5,309,828)	(5,722,429)
Transition payments for implementing salary payments in arrears	0	5,230
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	14,493	(277,061)
Decrease (increase) in accounts payable and accrued liabilities	25,130,814	(9,348,952)
Decrease (increase) in vacation pay and compensatory leave	(88,326)	(136,878)
Decrease (increase) in employee future benefits	76,842	104,707
Transfer of assets from other government departments (note 11)	(5,462)	0
Cash used in operating activities	225,953,649	195,310,356
Capital investing activities		
Acquisitions of tangible capital assets	529,708	507,298
Proceeds from disposal of tangible capital assets	0	(13,928)
Cash used in capital investing activities	529,708	493,370
Net cash provided by Government of Canada	\$ 226,483,357	\$ 195,803,726

The accompanying notes form an integral part of these financial statements.

Western Economic Diversification Canada

Notes to the Financial Statements (*Unaudited*)

For the Year Ended March 31

1. Authority and Objectives

Western Economic Diversification Canada (WD) was established in 1987 to promote the development and diversification of the economy of western Canada and to advance the interests of the west in national economic policy, program and project development and implementation. The Minister of Innovation, Science and Economic Development is responsible for this organization.

WD delivers a wide range of initiatives across the west and makes strategic investments to build on regional competitive advantages and help grow the western economy. WD also contributes to the Government of Canada's Innovation and Skills Plan, other Government-wide priorities, and ministerial mandate letter commitments.

Its western base enables the department to foster strong partnerships with business and community organizations, research and academic institutions, Indigenous peoples, and provincial and municipal governments.

WD promotes growth and diversification in the western Canadian economy by enhancing innovation, improving business competitiveness, promoting the adoption of clean technologies and inclusive growth.

WD's strategic outcome is advanced through the following programs:

- **Innovation:** Western Canadian business are innovative;
- **Business Growth:** Western Canadian businesses are competitive and export their products/services;
- **Business Services:** Western Canadian businesses have access to advisory service and capital;
- **Community Initiatives:** Western Canadian communities have necessary public infrastructure and adjustment support to promote economic growth; and
- **Internal Services:** Effective and efficient support for advancing the department's strategic outcome.

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

2. Summary of significant accounting policies

These financial statements are prepared using the department's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

WD is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to WD do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2018-2019 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2018-2019 Departmental Plan.

(b) Net cash provided by Government

WD operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by WD is deposited to the CRF, and all cash disbursements made by WD are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(c) Amounts due from or to the CRF

Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that WD is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

Revenues are recognized in the period the event giving rise to the revenues occurred.

Revenues that are non-respendable are not available to discharge WD's liabilities. While the Deputy Head is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the entity's gross revenues.

(e) Expenses

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, legal services and workers' compensation are recorded as operating expenses at their carrying value.

(f) Employee future benefits

- I. Pension benefits: Eligible employees participate in the Public Service Pension Plan (The *Public Service Superannuation Act*), a multiemployer pension plan administered by the Government. WD's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. WD's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- II. Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts and loans receivable

Accounts and loans receivable are initially recorded at cost and where necessary, are discounted to reflect their concessionary terms. Concessionary terms of loans include cases where loans are made on a long-term, low interest or interest-free basis. Transfer payments that are unconditionally repayable are recognized as loans receivable. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts and loans receivable to amounts that approximate their net recoverable value.

(h) Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in Note 8. All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, works of art, museum collection and Crown land to which no acquisition cost is attributable; and intangible assets.

(i) Contingent Liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

For guarantees, an allowance is recorded when it is determined that a loss is likely and the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

(j) Contingent assets

Contingent assets are possible assets which may become actual assets when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, the contingent asset is disclosed in the notes to the financial statements.

(k) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are allowance for doubtful accounts, the liability for employee future benefits, the useful life of tangible capital assets and unamortized discount related to unconditionally repayable contributions. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

(l) Related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii. Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

3. Parliamentary authorities

WD receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, WD has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year authorities used

	2019	2018
	(in dollars)	
Net cost of operations before government funding and transfers	\$ 206,165,412	\$ 210,705,434
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(12,507)	(25,118)
Gain (loss) on disposal of tangible capital assets	(17,789)	5,423
Services provided without charge by other government departments	(5,309,828)	(5,722,429)
Decrease (increase) in vacation pay and compensatory leave	(88,326)	(136,878)
Decrease (increase) in employee future benefits	76,842	104,707
Decrease (increase) in accrued liabilities not charged to authorities	1,588,466	260,525
Refund of prior years' expenditures	833,927	38,663
Other	(52,485)	66,818
Total items affecting net cost of operations but not affecting authorities	(2,981,700)	(5,408,289)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	529,708	507,298
Transition payments for implementing salary payments in arrears	0	5,230
Unconditionally repayable transfer payments	38,653,648	21,220,025
Increase in employee advances	473	38,421
Total items not affecting net cost of operations but affecting authorities	39,183,829	21,770,974
Current year authorities used	\$ 242,367,541	\$ 227,068,119

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

(b) Authorities provided and used

	2019	2018
	(in dollars)	
Authorities provided:		
Vote 1 - Operating expenditures	\$ 40,027,059	\$ 38,617,715
Vote 5 - Transfer payments	199,763,274	189,690,082
Statutory amounts	3,810,645	3,755,390
Less:		
Lapsed: Operating	(1,197,437)	(1,588,456)
Lapsed: Transfer payments	(36,000)	(3,406,612)
Current year authorities used	\$ 242,367,541	\$ 227,068,119

4. Accounts payable and accrued liabilities

The following table presents details of WD's accounts payable and accrued liabilities:

	2019	2018
	(in dollars)	
Accounts payable - Other government departments and agencies	\$ 402,239	\$ 433,538
Accounts payable - External parties	42,318,311	68,040,370
Total accounts payable	42,720,550	68,473,908
Accrued liabilities	2,887,571	2,265,027
Total accounts payable and accrued liabilities	\$ 45,608,121	\$ 70,738,935

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

5. Employee future benefits

a) Pension benefits

WD's employees participate in the Public Service Pension Plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and WD contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 related to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2018-2019 expense amounts to \$2,649,150 (\$2,546,560 in 2017-2018). For Group 1 members, the expense represents approximately 1.01 times (1.01 times in 2017-2018) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2017-2018) the employee contributions.

WD's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

b) Severance benefits

Severance benefits provided to WD's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2018, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

	2019	2018
	(in dollars)	
Accrued benefit obligation - Beginning of year	\$ 1,216,137	\$ 1,320,844
Expense for the year	168,178	312,711
Benefits paid during the year	(245,020)	(417,418)
Accrued benefit obligation - End of year	\$ 1,139,295	\$ 1,216,137

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

6. Accounts receivable and advances

The following table presents details of WD's accounts receivable and advances balances:

	2019	2018
	(in dollars)	
Receivables - Other government departments and agencies	\$ 136,766	\$ 107,730
Receivables - External parties	2,798	10,893
Employee advances	33,255	39,703
Gross and net accounts receivable	\$ 172,819	\$ 158,326

Employee advances totalling \$5,462 were transferred from other government departments to WD during 2018-2019 (\$0 in 2017-2018). Refer to note 11 for further details.

7. Loans receivable

The following table presents details of WD's loans and unconditionally repayable contribution balances:

	2019	2018
	(in dollars)	
Loans receivable		
Unconditionally repayable contributions	\$ 110,251,513	\$ 88,846,484
Accrued interest - unconditionally repayable transfer payments	165,645	131,565
Less: Unamortized discount	(5,262,055)	(5,498,895)
Subtotal	105,155,103	83,479,154
Less: Allowance for uncollectibility	(42,353,850)	(31,366,752)
Gross loans receivable	62,801,253	52,112,402
Loans receivable held on behalf of Government	(62,801,253)	(52,112,402)
Net loans receivable	\$ 0	\$ 0

Unconditionally repayable contributions

The unconditionally repayable contributions portfolio consists of 128 non-interest bearing loans issued in the years from 2008 to 2019, with prescribed repayment terms. The loans are recorded at their discounted net present values using market interest rates at the time of the loans. An allowance of \$42,337,247 (\$31,315,854 in 2017–2018) has been recorded.

With respect to interest charged on unconditionally repayable transfer payments, an allowance of \$16,603 (\$50,898 in 2017–2018) has been recorded.

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

(in dollars)

8. Tangible capital assets

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Machinery and equipment	10 years
Computer hardware	3 years
Computer software	7 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset type

Assets under construction are recorded in the applicable asset class in the year they are put into service and are not amortized until they are put into service.

Capital asset class	Cost					Accumulated Amortization					Net Book Value	
	Opening Balance	Acquisitions	Adjustments (1)	Disposals and Write-Offs	Closing balance	Opening Balance	Amortization	Adjustments (1)	Disposals and Write-Offs	Closing Balance	2019	2018
Machinery and equipment	\$ 81,941	\$ 0	\$ 0	\$ 0	\$ 81,941	\$ 56,176	\$ 3,203	\$ 0	\$ 0	\$ 59,379	\$ 22,562	\$ 25,765
Computer hardware	30,494	0	0	30,494	0	12,706	0	0	12,706	0	0	17,788
Computer software	1,885,642	0	0	0	1,885,642	1,881,606	1,670	0	0	1,883,276	2,366	4,036
Leasehold improvements	262,259	29,720	0	262,259	29,720	259,317	7,634	1	262,259	4,693	25,027	2,942
Assets under construction	494,561	499,988	0	0	994,549	0	0	0	0	0	994,549	494,561
Total	\$ 2,754,897	\$ 529,708	\$ 0	\$ 292,753	\$ 2,991,852	\$ 2,209,805	\$ 12,507	\$ 1	\$ 274,965	\$ 1,947,348	\$ 1,044,504	\$ 545,092

(1) A minor rounding adjustment.

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

9. Contractual obligations

The nature of WD's activities may result in some large multi-year contracts and obligations whereby WD will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2020	2021	2022	2023	2024 and thereafter	Total
	(in dollars)					
Transfer payments						
Western Diversification Program	\$ 116,509,130	\$ 40,381,289	\$ 19,096,826	\$ 4,505,000	\$ 21,500,000	\$ 201,992,245
Community Futures Program	26,119,366	27,569,103	0	0	0	53,688,469
Growth through Regional Innovation Program (known as Regional Economic Growth through Innovation)	21,214,271	6,147,800	4,120,954	100,000	1,600,000	33,183,025
Women's Enterprise Initiative	3,575,000	3,900,000	0	0	0	7,475,000
Total	\$ 167,417,767	\$ 77,998,192	\$ 23,217,780	\$ 4,605,000	\$ 23,100,000	\$ 296,338,739

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

10. Related party transactions

WD is related as a result of common ownership to all government departments, agencies and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

WD enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Common services provided without charge by other government departments

During the year, WD received services without charge from certain common service organizations, related to accommodation, the employer's contribution to the health and dental insurance plans and workers' compensation coverage. These services provided without charge have been recorded at the carrying value in WD's Statement of Operations and Departmental Net Financial Position as follows:

	2019	2018
	(in dollars)	
Employer's contribution to the health and dental insurance plans	\$ 2,434,210	\$ 2,609,606
Accommodation	2,875,618	3,071,670
Workers' Compensation	0	41,153
Total	\$ 5,309,828	\$ 5,722,429

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada and audit services provided by the Office of the Auditor General are not included in WD's Statement of Operations and Departmental Net Financial Position.

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

(b) Administration of programs on behalf of other government departments

Under an interdepartmental letter of agreement signed with the Department of Indian Affairs and Northern Development (DIAND) on June 19, 2018, WD administers the Strategic Partnerships Initiative for Indigenous communities to participate in developing clean energy. During the year, WD incurred expenses of \$1,543,147 (\$2,023,731 in 2017-2018) on behalf of DIAND. These expenses are reflected in the financial statements of DIAND and are not recorded in these financial statements.

	2019	2018
	(in dollars)	
Strategic Partnerships Initiative	\$ 1,558,147	\$2,023,731
Total	\$ 1,558,147	\$ 2,023,731

(c) Other transactions with other government departments and agencies

	2019	2018
	(in dollars)	
Accounts receivable	\$ 136,766	\$ 107,730
Accounts payable	402,239	433,538
Expenses	2,121,679	1,422,048

Expenses disclosed in (c) exclude common services provided without charge, which are already disclosed in (a).

Western Economic Diversification Canada
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

11. Transfers from/to other government departments

	2019	2018
	(in dollars)	
Assets:		
Accounts receivable and advances (note 6)		
Transferred from Employment and Social Development Canada	\$ (3,540)	\$ 0
Transferred from Office of the Privacy Commissioner of Canada	\$ (1,922)	0
Tangible capital assets (net book value) (note 8)		
Transferred to Transport Canada	0	5,369
Total assets transferred	(5,462)	5,369
Adjustment to the departmental net financial position	\$ (5,462)	\$ 5,369

Western Economic Diversification Canada

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

(in dollars)

12. Segmented information

Presentation by segment is based on WD's core responsibility. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main core responsibilities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

	Community Initiatives	Innovation	Business Services	Business Growth	Internal Services	2019 Total	2018 Total
Transfer payments							
Non-profit organizations	\$ 511,856	\$ 35,825,809	\$ 38,836,047	\$ 22,078,468	\$ 0	\$ 97,252,180	\$ 120,056,556
Industry	58,300,000	659,173	0	2,024,057	0	60,983,230	12,890,946
Other levels of governments within Canada	113,704	115,170	0	189,843	0	418,717	34,267,979
Individuals	0	0	0	0	0	0	151,085
Total transfer payments	58,925,560	36,600,152	38,836,047	24,292,368	0	158,654,127	167,366,566
Operating expenses							
Salaries and employee benefits	2,233,206	10,733,989	4,454,265	7,322,800	9,729,123	34,473,383	34,189,524
Bad debt expense	88,051	11,003,654	0	160,000	0	11,251,705	14,348,456
Professional and special services	334,300	318,535	3,502,099	216,429	1,238,305	5,609,668	5,428,074
Accommodation	173,975	832,204	367,216	601,292	900,931	2,875,618	3,071,670
Transportation and communication	16,598	620,874	170,442	212,734	400,568	1,421,216	1,108,271
Repairs and maintenance	67	320	9,804	231	1,369,695	1,380,117	372,084
Rentals	3,991	83,035	3,947	10,834	571,508	673,315	597,434
Acquisition of machinery and equipment	1,212	7,739	3,008	4,212	561,171	577,342	825,108
Information	4,973	25,314	4,275	10,015	318,400	362,977	183,841
Utilities, materials and supplies	3,068	13,594	5,274	8,878	77,772	108,586	132,289
Amortization of tangible capital assets	0	0	0	0	12,507	12,507	25,118
Other	0	(1,690)	(29,999)	(5,140)	(67,847)	(104,676)	(26,028)
Expenses incurred on behalf of Government	(88,051)	(11,003,654)	0	(26,792)	0	(11,118,497)	(16,909,529)
Total operating expenses	2,771,390	12,633,914	8,490,331	8,515,493	15,112,133	47,523,261	43,346,312
Total expenses	61,696,950	49,234,066	47,326,378	32,807,861	15,112,133	206,177,388	210,712,878
Revenues							
Amortization of discount	82,210	180,869	0	0	0	263,079	1,462
Interest	81,847	8,909	0	0	0	90,756	69,930
Other	688	3,666	1,558	17,538	3,657	27,107	7,509
Revenues earned on behalf of Government	(164,058)	(189,868)	0	(15,000)	(40)	(368,966)	(71,457)
Total revenues	687	3,576	1,558	2,538	3,617	11,976	7,444
Net cost from continuing operations	\$ 61,696,263	\$ 49,230,490	\$ 47,324,820	\$ 32,805,323	\$ 15,108,516	\$ 206,165,412	\$ 210,705,434