



2013-14

Annual Report

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Vice President, Bio and Industrial Technologies Industry Sector

* Member of the Governance and Compensation Committee

** Member of the Audit Committee

Alberta Innovates-Technology Futures 2013-14 Annual Report

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1 Executive Summary

Part of Alberta's research and innovation system, AITF provides: technical research and development support and advisory services; business innovation and talent development programs; and regionally accessible commercialization support.

Outcomes being achieved by AITF include the commercialization of technologies, development of new knowledge-based industry clusters and establishment of an entrepreneurial culture in Alberta. These outcomes enhance economic diversification by increasing the productivity and competitiveness of existing businesses and establishment and growth of sustainable new businesses. Aligned to Provincial priorities, AITF's suite of programs and services are designed to meet the needs of entrepreneurs, companies, researchers, post-secondary institutions and investors, to build globally competitive commerce in Alberta.

Financial Results:

- Over 900 companies supported through contract revenue and product sales of \$75.8 million
- 206 companies provided with business innovation and development services
- 12 provincial post-secondary institutions supported in achieving sustainable research excellence
- \$161.6 million in total revenue
- \$5.9 million annual operating surplus
- \$22.8 million in working capital

Annual operating surplus was \$5.9 million compared to a budgeted surplus of \$0.5 million. This variance is mainly due to increased operating results in R&D operations and savings in corporate overhead of \$1.6 million, unexpended grants awarded of \$2 million and unused reserves and contingency funds of \$1.8 million.

2 Accountability Statement

Alberta Innovates-Technology Futures' annual report for the year ended March 31, 2014 was prepared under the Board's direction in accordance with the Alberta Research and Innovation Regulation, and the ministerial guidelines established pursuant to the *Alberta Public Agencies Governance Act (APAGA)* – proclaimed June 12, 2013 and the *Fiscal Management Act* - proclaimed April 1, 2013. All material economic, environmental, or fiscal implications of which we are aware have been considered in the preparation of this report.

Original signed by Ron Triffo

Ron Triffo, PEng
Chair, Board of Directors

3 Management's Responsibility for Reporting Statement

Alberta Innovates-Technology Futures' 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-Technology Futures' consolidated financial statements in accordance with Canadian generally accepted auditing standards.

Original signed by Stephen Lougheed

Original signed by Keith Salmon

Stephen Lougheed
President and Chief Executive Officer

Keith Salmon, CA
Chief Financial Officer and Vice President,
Finance and Administration

4 Message from Ron Triffo Chair, Board of Directors



The past year was one of progressive change focussed on enhancing AITF's operations to deliver high impact results within an evolving Alberta Innovates system. To meet its mandate as outlined by the Government of Alberta, AITF worked to support new business development, deliver economic impact, create new jobs and provide a range of social benefits. Among the outcomes, which reflect AITF's collaboration with industry, academia and the Province, were: a partnership with GE Licensing connecting Alberta entrepreneurs with GE-developed IP and technology; the reopening of an Alberta forest products mill – with its complement of employment opportunities – that is exporting value-added oriented strand board products to China using AITF patented processes; and enhanced resource management through the efforts of the Alberta Biodiversity Monitoring Institute.

Operations supported more than 900 companies; generated \$75.8 million in contract revenue and product sales; provided hundreds of companies with business innovation, commercialization and development services directly and indirectly through our partners in the Regional Innovation Network; and aided 12 provincial post-secondary institutions in achieving sustainable research excellence.

The Board contributed recommendations to the Government of Alberta's Expert Panel for an Alberta Institute of Applied Research and Commercialization in October 2013. Our recommendations encouraged clear leadership, improved measures and refined focus. We see the ongoing discussions as an excellent opportunity to boldly enhance Alberta's innovation and commercialization system.

Collaborative partnerships are leading to increasingly tangible long- and short-term outcomes of economic and social benefit to Alberta and Canada. Work continues on a growing number of initiatives with government line departments, industry groups and other system participants addressing essential challenges of importance and relevance to the Province.

Ideally, all activities and investments link to technology adoption, implementation and commercialization delivering increasingly sustainable economic and social benefits to Alberta.

These considerations guided AITF management through a comprehensive strategic planning process. In 2013-14 the Board and Executive team worked to enhance AITF's contributions within Alberta's innovation system, introducing operational adjustments ensuring our facilities, talent, assets and investments are aligned to support the competitive positioning of Alberta and its industry sectors.

A year of planning and transition, 2013-14 has positioned AITF to continue its evolution to a highly collaborative, sector-focused organization, contributing high value through Alberta's innovation and commercialization system.

Original signed by Ron Triffo

Ron Triffo, PEng
Chair, Board of Directors

5 Year in Review

Improving Internal Processes

AITF implemented a new financial software solution across AITF and C-FER Technologies. The JD Edwards system enhances operational effectiveness, contributes to greater corporate and personal efficiency, is adaptable to technological and industry trends, and provides a solid foundation for further process enhancements.

Safety is a top priority at AITF. In 2013-14 a new, employee-driven safety operating framework was launched. Designed to ensure ownership through high levels of employee engagement, the approach is opening communication channels within the organization, ensuring effective safety-conscious decision-making at all levels as well as the identification and implementation of best practices.

Developing Capability and Talent

An example of outcomes being achieved in the attraction and retention of highly qualified personnel to Alberta, is evidenced in AITF naming Dr. Hans Joachim Wieden as the Innovates Centre of Research Excellence (iCORE) Chair of Bioengineering in September. AITF's \$2-million investment, over five years, enables Wieden's University of Lethbridge research team to study how biological systems can be engineered to achieve breakthroughs in materials science, chemistry, biochemistry, health and nanoscience. Wieden's team is focusing on developing new antibiotics that may improve resistance to disease-producing pathogens. Wieden's students have benefitted from geekStarter, another AITF-funded program. geekStarter helps undergraduate and high-school student teams in nanotechnology, information and communications technology and omics (genomics, proteomics, metabolomics, transcriptomics and regulomics) explore research and innovation.

Two of AITF's geekStarter iGEM high school teams won big at the Massachusetts Institute of Technology, in Cambridge in June. The International Genetically Engineered Machine competition (iGEM) is a Synthetic Biology competition which sees students, either in their own school or a university lab, create or design biological systems that operate in living cells. The Consort, Alberta team won best human practices award for engaging and educating their community about synthetic biology. The Lethbridge team won first place overall, showing Alberta's strong presence on the scientific world stage.

From Proof of Concept to Product Demonstration and Scale-up

AITF hosted Cellulose Nanocrystals (CNC) pilot plant commissioning at its Edmonton facility in September. The \$5.5-million facility, a collaboration between the governments of Canada and Alberta in partnership with industry under the Western Economic Partnership Agreement, supports researchers in testing and validating CNC from forest and agriculture materials for use in drilling fluids, paints and industrial coatings, automotive components, building materials, plastics and packaging.

The Government of Alberta showcased unique technology measuring ambient air quality at AITF's Edmonton facility. AITF managed the development and demonstration of the DiAL (Differential Absorption Light Detection and Ranging) technology, which remotely measures methane, carbon dioxide and particulates.

Market Ready Solutions for Alberta's Small and Medium Enterprises

The Alberta - Finland Innovation and Commercialization program achieved an inaugural collaboration between Alberta-based Fluid Clarification and Finland's Sofi Filtration to improve water cleaning in industrial processes in the petroleum sector. AITF's program enhances commercialization activities, improves global competitiveness and enables international market development and access for small- and medium-sized enterprises.

Another entrepreneurial success was Absolute Combustion International. With AITF support Absolute is market-ready with its potential game-changing technology for the burner industry. "2013 was our valley of death; we were lucky to get through last year," says President and CEO Darsell Karrington. "Large companies and venture capitalists like to exercise more control of their investments, but as entrepreneurs we wanted to maintain control of the company and our technology. AITF's support enabled us to do that."

The wide range of achievements realized in 2013-14, combined with the strategic planning and reorganization currently underway, position AITF for greater operational impact, a strong leadership role in the innovation system and more optimal performance in delivering on its mandate.

6 Management's Discussion and Analysis

This discussion and analysis of the operations of Alberta Innovates-Technology Futures (AITF) for the year ended March 31, 2014 should be read in conjunction with the Corporation's 2013-14 audited consolidated financial statements. The 2013-14 audited consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting standards.

Forward-Looking Statements

This Annual Report contains forward-looking statements about the objectives of AITF and management's expectations, beliefs, intentions and strategies for the future.

All forward-looking statements related to future events reflect management views at March 31, 2014 and are subject to certain risks, uncertainties and assumptions. Actual results, performance and/or achievements may materially differ from any such forward-looking statements. Risks, uncertainties and assumptions include, but are not limited to: general economic conditions; actions by government authorities; actions by regulatory authorities; availability of staff; foreign exchange rates; competitor activity; pricing pressures and significant major catastrophic natural events.

Executive Summary

Part of Alberta's research and innovation system, AITF provides: technical research and development support and advisory services; business innovation and talent development programs; and regionally accessible commercialization support.

Outcomes being achieved by AITF include the commercialization of technologies, development of new knowledge-based industry clusters and establishment of an entrepreneurial culture in Alberta. These outcomes enhance economic diversification by increasing the productivity and competitiveness of existing businesses and establishment and growth of sustainable new businesses. Aligned to Provincial priorities, AITF's suite of programs and services are designed to meet the needs of entrepreneurs, companies, researchers, post-secondary institutions and investors, to build globally competitive commerce in Alberta.

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Corporate Profile

Established in January 2010 as a Provincial Corporation (as defined in the Financial Administration Act) and operating under the authority of the Alberta Research and Innovation Act, AITF supports research and innovation activities targeting the development and growth of technology-based sectors in alignment with Government of Alberta priorities.

AITF is accountable to the Minister of Innovation and Advanced Education. C-FER Technologies (1999) Inc. is a wholly owned subsidiary of AITF.

Alberta Innovates was conceptualized as a mechanism to align, focus and optimize provincial research and innovation investments and efforts. Technology Futures collaborates with its sister Alberta Innovates Corporations (Bio Solutions, Energy & Environment Solutions and Health Solutions) within the Alberta Research and Innovation System. Strategically aligned to the direction of the Government of Alberta, the Innovation System supports: effective resource and environmental management; a broadened economic base; and, resilient and healthy communities.

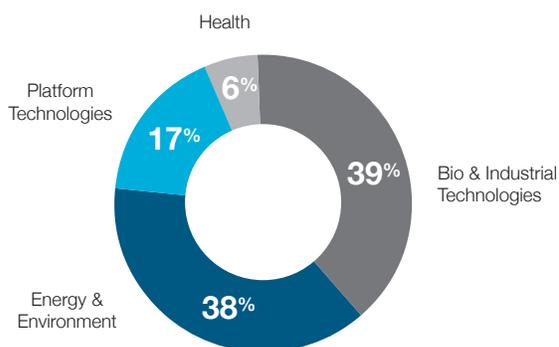
Core Business

During 2013-14, AITF worked in the following operational sectors: Energy and Environment; Bio and Industrial Technologies; Health; and Platform Technologies. Each sector, except Platform Technologies, delivered R&D services on a fee-for-service basis enhancing business competitiveness, accelerating the commercialization of new technologies and building commerce.

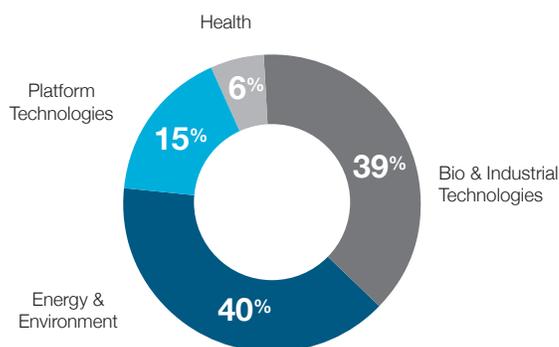
Client-focused services address industry and business needs for contract research, consortia management, technology transfer, joint research partnerships, collaboration agreements, and pilot plant scale-up and product development.

Each sector also utilized AITF's Business Innovation Services (BIS) to move technology to market through programs enhancing product commercialization, technology transfer and technology development. BIS also provides advisory services to entrepreneurs, start-ups and small and medium enterprises (SMEs). Some of the programs utilized include: Investment and Deployment; Regional Innovation Network; Industry Funding for Commercialization; and Nanotechnology Programs.

Core Business 2013-14



Core Business 2012-13



a. Bio and Industrial Technologies:

The Bio and Industrial Technologies sector services represent 39% or \$60.9 million of AITF's 2013-14 expenditures in the following portfolios and programs:

- Advanced Materials
 - Corrosion Engineering
 - Surface Engineering
 - Welding and Slurry Engineering
- Industrial Sensors Technologies
 - Technical Services
 - Applied Spectroscopy and Vision Systems
 - Instrument Product Development & Engineering
- Bioresource Technologies
 - Biotechnology & Genomics
 - Feedstock Development & Microbial Products
 - Processing Technologies
 - Engineering Composite Products

b. Energy and Environment:

AITF's Energy and Environment sector represent 38% or \$59.1 million of AITF's 2013-14 expenditures including the following portfolios and programs:

Petroleum

- Heavy Oil & Oil Sands
 - o Tight Oil & Gas Recovery
 - o Surface Mining Research
 - o Multiphase Flow Meter Testing
 - o In Situ Recovery of Heavy Oil and Bitumen
- Fuels and Lubricants

Environment and Carbon Management

- Clean Energy
- Environmental Analysis
- Geoscience & CO₂ Storage
- Land and Water Management
- Wildlife Ecology

C-FER

- Exploration and Production
 - o Production Operations
 - o Drilling and Completions
 - o Engineering Services
- Technical Projects and Services
- New Technology Ventures
- Pipelines and Structures
 - o Design & Construction
 - o Integrity & Operations

c. Platform Technologies

Platform Technologies consists of the Innovates Centre of Research Excellence which optimizes Alberta's research investments aligned to expanding knowledge in the platform areas of Information and Communications Technology, Nanotechnology and Omics to applications relevant to the health, energy, environment and bio-industrial priorities of Alberta.

Platform Technologies also recruits top global and promising mid-career researchers working in priority areas important to Alberta to work in dynamic collaborations with industry, government and academic partners to support achievement of the very best research outcomes.

Platform Technologies creates the foundation of world-class industry/academic research capacity required to drive commercialization and enhance economic diversification in Alberta. Platform Technologies represent 17% or \$26.1 million of AITF's 2013-14 expenditures. Program elements consist of:

- Alberta Innovates Centres
- Strategic and Industrial Chair Programs
- Visiting Researcher Grants
- Strategic Networking and Development
- Alberta Innovates Graduate Student Scholarships
- Alberta Doctoral Awards for Chinese Students
- Collaborative Centre Grants
- Undergraduate support for international competition and collaboration

d. Health

AITF's Health Sector represents 6% or \$9.6 million of AITF's 2013-14 expenditures and include the following programs:

- Microbial Fermentation
- Non-Clinical Services
- Chemical Synthesis
- Health Products and Biomedical Technology

AITF Outcomes and Performance Measures

The following measurement framework was used in 2013-14 to measure external outcomes and performance. All operating sectors contribute to these results through their programs, grants, investments, partnerships, and fee-for-service contracts with over 900 companies and government departments.

Performance Objective 1: Alberta will continue to attract and retain world class highly qualified and skilled people that form the foundation of an innovative jurisdiction.

Outcome(s): AITF accelerates innovation in Alberta through the attraction, education, training, and deployment of Highly Qualified/Skilled People into Alberta's key economic sectors, and directed research activities that will accelerate basic and applied research deployment.

Performance Measure	Last Year Actual	Target 2013-14	Actual 2013-14
1a. Retention of HQ/SP	N/A	75%	64%
1b. Leverage of HQ/SP Funding	3:1	3:1	3:1

Performance Objective 2: Alberta will be a leader in applied technology R&D addressing both immediate and long term needs of industry, as well as providing R&D capacity and expertise that address key Government priorities.

Outcome(s): AITF's business units work with customers to accelerate technology investments so that they can more quickly be moved into system/subsystem incorporation. As well, AITF business units create and develop technologies that are linked to Government of Alberta strategic research and development priorities and that have an ability to move out into industry within the next 3-5 years.

Performance Measure	Last Year Actual	Target 2013-14	Actual 2013-14
2a. Contract Revenue and Product Sales	\$75.7M	\$78.5M	\$75.8M
2b. Account Retention	54%	55%	57%
2c. Investment Leverage	4:2	4:3	4:2

Performance Objective 3: Alberta will lead in the deployment and commercialization of innovative technologies by helping customers bring new products, technologies, or production methods to the market.

Outcome(s): AITF will make it easier for technology companies to start and successfully grow their businesses here at home, versus believing they need to relocate to other jurisdictions to be successful. This will result in more competitive companies, improved employment opportunities, and economic sustainability for Alberta.

Performance Measure	Last Year Actual	Target 2013-14	Actual 2013-14
3a. Economic Impact	\$1,666M	\$1,600M	\$1,671M
3b. Mandate Effectiveness	14.64X	13X	14.58X
3c. Jobs Created	532	550	414

^{1a.} % of highly qualified and skilled people, through HQ/SP programs, that were retained in Alberta.

^{1b.} Ratio of AITF dollars to non-AITF dollars in HQ/SP funding areas.

^{2a.} Dollar value of external R&D contracts and product sales.

^{2b.} % of revenue accounts that were retained year over year.

^{2c.} Ratio of contract revenue to provincial investment.

^{3a.} As estimated by an annual economic impact assessment by means of sampling a portion of AITF's clients and partners. Economic impact on the province is defined as "the increase in sales, cost savings or funding attracted by an AITF customer, partner or grant recipient, whom the customer, partner or grant recipient attributes to the work that AITF did with or for them or the grant awarded to them." AITF plans to initiate, in 2014, a review of its performance measures and methodology to ensure that future measurements are relevant and meaningful to its stakeholders.

^{3b.} Mandate effectiveness is the annual economic impact divided by the provincial investment. Provincial investment is funding to AITF from the Provincial Government including annual grant, contract revenue and the cost of accommodation.

^{3c.} Jobs are those created by customers and partners and are defined as "the jobs created or saved resulting from the work done by AITF for a customer or partner or grant awarded by AITF to a grant recipient."

Financial Results *(all figures in \$000's)*

Actual results for the years ended March 31, 2013 and 2014 are summarized below along with the 2013-14 and 2014-15 budgets and include the consolidated results for AITF and its wholly owned subsidiary C-FER Technologies (1999) Inc.

	2012-13 Actual	2013-14 Actual	2013-14 Budget	2014-15 Budget ¹
Grants from the Province of Alberta	82,479	83,673	95,122	96,049
External Contract Revenue	53,174	58,843	61,210	61,637
Contract Revenue from the Province	14,595	11,168	9,484	16,446
Product Sales	7,924	5,748	7,845	7,184
Other Revenue	1,012	2,149	600	700
Total Revenue	159,184	161,581	174,261	182,016
Salaries, Wages and Employee Benefits	64,666	73,248	74,042	81,220
Grants Awarded	54,804	46,528	58,045	61,910
Annual Operating Surplus	4,549	5,902	457	-1,061
Investment in Capital Assets	7,344	5,557	6,000	6,000
Cash	54,491	70,274	33,036	38,412
Restricted Grant in Deferred Revenue ²	15,842	27,291	0	0
Working Capital ³	18,555	22,827	15,736	15,112
Employee Turnover	15.6%	10.3%	10%	10%

¹ The 2014-15 Business Plan and Budget was approved by AITF's Board of Directors. Further revisions to the plan and budget are currently being contemplated.

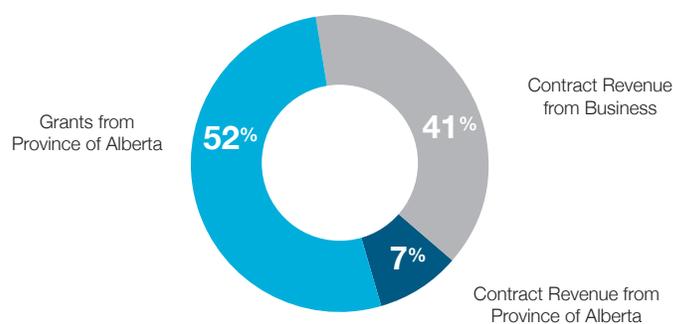
² Restricted Grant in Deferred Revenue is the portion of the annual grant that is restricted for specified programs and which remained unspent at year-end. This deferred grant will be recognized in future periods.

³ Working Capital = Current Assets less Current Liabilities

Revenue

For 2013-14, AITF's total revenue was \$161.6 million, of which \$83.7 million was the annual core grant from the Province of Alberta. External contract revenue and product sales with businesses totaled \$64.6 million. Contract revenue from the Alberta Government was \$11.2 million.

Revenue by Source 2013-14



Grant funds were used to make awards of \$46.5 million. The remainder was used to support commercialization, technology transfer, strategic programs and investment in capital equipment. The Province's annual core grant to AITF is vital to maintain stability, leverage consortia and generate additional longer-term research support from other government and industry sources. AITF strives to maintain long-term strategic research and development capacity on behalf of the Government of Alberta while ensuring relevance through market discipline and industry linkages.

Grants awarded support the product and market development and commercialization needs of industry, post-secondary institutions and other research performers. Funding also supports other regional delivery providers, to create a pan-Alberta approach to commercialization and accelerated growth within technology-based organizations and networks.

Total revenue for 2013-14 was \$161.6 million which is \$12.7 million less than budget mainly due to less Government of Alberta Grants. Grants from the Province of Alberta were \$11.5 million less than budget as unexpended grants under a Restricted Grant Agreement with the Province of Alberta are recorded as deferred revenue on the Statement of Financial Position and will be recognized as revenue in future years.

External contract revenue was \$58.8 million which is \$2.4 million less than budget. There was less external contract revenue, higher contract revenue from the Province of Alberta of \$1.6 million and lower product sales of \$2.1 million. Product sales were primarily attributable to prototype sensors developed for use in oil sands operations.

Leverage

Most of the AITF program research investment attracts further funding, either by other provincial and federal research investments, or by partnership with industry. iCORE programs report approximately 3 to 1 leverage of direct investment in research from both strategic and industrial chairs.

AITF's centre research funding is similarly levered but across a wider diversity of sources. For example, the Alberta Innovates Centre for Machine Learning attracted about 3 times the initial investment of \$2M during 2013-14 from principal investigators and research investments on targeted projects.

Research investments in highly qualified people (e.g., Graduate Student Scholarships and the Postdoctoral Fellowships) have a leverage of 3 to 1. The Industrial Associates programs' leverage comes from matching funds through the placement of highly skilled people in industry.

Expenses

Salaries, Wages and Employee Benefits were \$73.2 million which was \$0.8 million less than budget due to a lower level of hiring than anticipated. Salaried employees represented an average of 606 full time equivalents during 2013-14 which is an increase of 39 from the previous year. Employee turnover was 61 or 10% and 100 full and part-time employees were hired.

Grants awarded were \$46.5 million which was \$11.5 million less than budget mainly due to unexpended grant balance under the Restricted Grant Agreement. The under expenditure of grants awarded was due to a lack of qualified applicants for some programs and a re-design delay in a couple of other programs. These unexpended grants will be available for distribution in future years.

Annual Operating Surplus

Annual operating surplus was \$5.9 million compared to a budget of \$0.5 million. This variance is mainly due to increased operating results in R&D operations and savings in corporate overhead of \$1.6 million, unexpended grants awarded of \$2 million and unused reserves and contingency funds of \$1.8 million.

Capital Assets

AITF invests in lab and research equipment and infrastructure for the R&D Operational Sectors. \$5.6 million was invested in capital assets during 2013-14 (\$7.3 million in 2012-13).

Financial Condition

Total AITF assets were \$117.7 million which is \$13.6 million more than 2012-13. This was mainly due to higher cash related to the \$11.5 million increase in deferred revenue associated with the Restricted Grant Agreement. There was also a \$1.6 million increase to Tangible Capital Assets. Total accounts receivable and other assets were \$16.5 million. The age profile of accounts receivable at year-end was 19.7% over 90 days.

Working capital was \$22.8 million compared to \$18.6 million last year-end. Net assets were \$53.7 million.

Outlook

AITF is currently examining its role in Alberta's innovation system and identified a need to adjust its operations to ensure the innovation resources and investments it manages addresses the grand challenges essential to the competitive position of Alberta's industry sectors. AITF's operations are being aligned to meet industry requirements enhancing the effectiveness in delivering economic and social benefits to Alberta. AITF plans to initiate, in 2014, a review of its performance measures and methodology to ensure that future measurements are relevant and meaningful to its stakeholders.

The 2014-15 operating budget shows \$38.4 million in cash and \$47.2 million in net assets. Potential capital projects totalling \$124 million have been identified to provide adequate lab space, and to replace aging capital infrastructure and obsolete equipment. To finance these potential capital projects, AITF will seek out new sources of funding that may include private and public sources like P3's, utilizing corporate working capital reserves and borrowings. The identified capital projects are critical to the corporation's capacity to meet its mandate for the province.

The budget for 2014-15 has \$182 million in total revenue which includes \$96 million in grants from the province. External contract revenue is budgeted at \$61.6 million, a \$2.8 million increase. Alberta Government contract revenue is expected to be \$16.4 million which is a \$5.2 million increase due to more contract work in the Environment and Health Sectors and additional investment in technology to market programs. Product sales are budgeted at \$7.2 million which is a \$1.4 million increase over last year.

AITF successfully implemented a new financial system as the foundation for the new Corporate Information System (CIS). Additional phases of the project will include grant management, customer relationship management, project management and human resources management components.

AITF strives to streamline corporate overhead by driving efficiencies and alternative delivery methods when reasonable and prudent to do so. Corporate overhead as a percentage of gross revenue was 6.6% during 2013-14 compared to a budget of 6.5%. The 2014-15 target is 7%.

Enterprise Risk Management

AITF is exposed to many factors that could adversely affect its operations and outcomes. As part of the Enterprise Risk Management process, senior management identifies risks pertaining to the organization's stakeholders, markets, financial circumstances and operations (e.g. facility, health, safety and environment, legal and employee). Additional risks and uncertainties AITF is not aware of, may also become important factors that adversely affect the corporation.

Each risk factor is assessed on its likeliness to occur and impact, compared to the previous year's assessment, provided risk mitigation actions and strategies, and ranked by senior management. A comprehensive risk assessment is presented annually to the Audit Committee of the Board of Directors. The five highest ranked risks are:

Recruiting and retaining the world-class engineers, scientists and staff who have a direct bearing on the research that is undertaken and its value to Alberta.

Highly qualified researchers with excellent reputations are subject to recruitment by industry and government. Retirement of employees is a significant concern as a large portion of the current workforce is or will soon become eligible for full pension status. The loss of next generation scientific and professional leadership could have significant repercussions on AITF's ability to deliver on its Provincial mandate, maintain credibility, and maintain international and global scientific/technical leadership.

To mitigate these risks, AITF has a comprehensive performance management and compensation system designed to attract and retain top scientists and engineers. AITF will also establish development strategies for individuals identified as future program and operational leaders; strategically hire new employees; develop an orderly and systematic knowledge transition process to offset the loss of knowledge; and establish alternative working arrangements for potential retirees.

Fluctuations in demand for fee-for-service R&D based on economic downturns, international competition or customer specific factors can cause work to become scarce in affected sectors.

To mitigate this risk, AITF will focus on client relationship management, the delivery of unique and superior services and products that match capacity to demand, and continue to emphasize issues deemed critical to Alberta. AITF will focus on long term projects including Environmental Monitoring, partnerships with the Alberta Biomaterials Development Centre and AOSTRA 2.0 concepts with COSIA, and the Government of Alberta and other bio-economy initiatives being pursued by the province.

A significant decrease in grant support could jeopardize AITF's ability to operate, lead to loss of customers and partners, and limit the ability to achieve the mandate.

AITF is highly dependent on ongoing support from Alberta Infrastructure, the Ministry that owns, operates and maintains all AITF facilities. AITF risk mitigation strategies include working with the Province to secure funding for renovations, accessing new financing sources, re-allocation of existing programs within current facilities, and prioritizing programs for future growth or reduction.

Strategic planning and priorities must be in areas beneficial to AITF's provincial mandate or core grant from the province could be reduced and/or relevance as a funding organization could be lost.

AITF will continue to enhance the alignment of its strategic and operating plans to Government of Alberta priorities and goals by redesigning corporate performance measures and improving the linkage between employee performance goals and operating plan objectives.

The Alberta Innovates system changes have significantly challenged corporate branding resulting in a loss of visibility and understanding by some customers.

Reputation is strongly dependent on people outside government understanding AITF. Any of the risks faced by AITF, as well as a major crisis, have the potential to negatively impact corporate reputation. To mitigate these risks, AITF will deliver on the innovation and economic development agenda as outlined in the Alberta Innovates strategy.

Controls and Procedures

Internal control systems have been established and procedures are followed to effectively safeguard company assets, pay statutory withholdings and remittances, and ensure transactions are executed in accordance with all relevant legislation, regulations and policies. There has been no change to AITF's internal controls over financial reporting during the year ended March 31, 2014.

Internal controls to monitor grant agreements are part of the Knowledge Management System. This system will manage and monitor contracts and intellectual property knowledge including grant recipient objectives.

Corporate Governance

Board of Directors

AITF's Board of Directors presently includes eight members all of whom are independent and free from any interest that could interfere with their ability to act in the best interest of the Corporation and its owner, the Government of Alberta.

The Board's mandate is to oversee and make AITF's management accountable, working in support of the company's best interests.

The Board fulfills its mandate by:

- Overseeing the strategic and business planning process
- Satisfying itself as to the integrity of the CEO and executive officers
- Reviewing and monitoring the Corporation's principal business risks as identified by management, along with the systems for managing such risks
- Approving, developing and monitoring the senior executive team
- Ensuring AITF has policies and processes in place to communicate effectively with the Government of Alberta, other stakeholders, and the public in general
- Reviewing and approving the annual audited financial statements, quarterly financial statements and related Management Discussion and Analysis based on recommendations of the Audit Committee
- Ensuring that management maintains the integrity of the Corporation's internal controls and management information systems especially in relation to the integrity of financial data, accounting principles, environmental regulations, corporate strategy implementation and material decisions.

Audit Committee

The Audit Committee monitors, evaluates, advises and makes recommendations to the Board on matters affecting financial reporting, the annual financial audit, risk management and the internal control policies and practices of the Corporation.

Governance and Compensation Committee

The Governance and Compensation Committee ensures an appropriate corporate governance system is in place for the Board to discharge its obligations, reviews compensation and performance of the CEO and other senior management, and assesses the performance of the Board and Board Committees.

No updates were made to the corporation's bylaws, code of conduct, conflict of interest policies and intellectual property practices in 2013-14 although reviews were undertaken. It is expected any adjustments required will be finalized, approved and implemented in 2014-15.

This Management Discussion and Analysis is dated as of May 28, 2014

7 Consolidated Financial Statements

March 31, 2014

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Auditor's Report



Independent Auditor's Report

To the Board of Directors of Alberta Innovates-Technology Futures

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Alberta Innovates-Technology Futures, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alberta Innovates-Technology Futures as at March 31, 2014, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General
May 28, 2014
Edmonton, Alberta

Consolidated Statement of Financial Position

As At March 31, 2014
(dollars in thousands)

	2014	2013
Assets		
Cash (Note 4)	\$ 70,274	\$ 54,491
Accounts Receivable and Other Assets (Note 5)	16,542	20,351
Tangible Capital Assets (Note 6)	30,883	29,253
	117,699	104,095
Liabilities		
Accounts Payable and Accrued Liabilities	19,582	24,017
Unearned Revenue (Note 7)	17,116	16,428
Deferred Revenue (Note 7)	27,291	15,842
	63,989	56,287
Net Assets		
Net Assets at Beginning of Year	47,808	43,259
Annual Operating Surplus	5,902	4,549
Net Assets at End of Year	53,710	47,808
	\$ 117,699	\$ 104,095
Contractual Obligations (Note 8)		

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

Approved by the Board of Directors

Original signed by Ron Triffo

Ron Triffo
Board Chair

Original signed by J. Douglas Gilpin

J. Douglas Gilpin
Director and Chair of the Audit Committee

Consolidated Statement of Operations

For the year ended March 31, 2014
(dollars in thousands)

	2014 Budget	2014 Actual	2013 Actual
Revenues			
Government Transfers			
Government of Alberta Grants	\$ 95,122	\$ 83,673	\$ 82,479
External Contract Revenue	61,210	58,843	53,174
Contract Revenue from Province of Alberta	9,484	11,168	14,595
Product Sales	7,845	5,748	7,924
Other Revenue	-	1,232	223
Investment Income	600	917	789
	174,261	161,581	159,184
Expenses – Directly Incurred (Note 2 (b) and Schedule 1)			
Bio & Industrial Technologies	63,633	60,892	60,203
Energy & Environment	67,648	59,056	61,772
Platform Technologies	30,273	26,120	23,833
Health	12,250	9,611	8,827
	173,804	155,679	154,635
Annual Operating Surplus	\$ 457	\$ 5,902	\$ 4,549

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

Consolidated Statement of Cash Flows

For the year ended March 31, 2014
(dollars in thousands)

	2014	2013
Operating Transactions		
Annual Operating Surplus	\$ 5,902	\$ 4,549
Non-Cash Items:		
Amortization of Tangible Capital Assets	3,787	3,701
Unearned Revenue recognized as revenue	6,765	10,650
Deferred Revenue recognized as revenue	83,673	82,479
Loss/(Gain) on Disposal of Tangible Capital Assets	45	(1)
Impairment of Tangible Capital Assets	-	473
	100,172	101,851
Decrease in Accounts Receivable and Other Assets	3,809	158
Decrease in Accounts Payable and Accrued Liabilities	(4,435)	(339)
Decrease in Unearned Revenue	(6,077)	(8,296)
Decrease in Deferred Revenue	(72,224)	(66,637)
Cash Provided by Operating Transactions	21,245	26,737
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,557)	(7,344)
Proceeds on Sale of Tangible Capital Assets	95	9
Cash Applied to Capital Transactions	(5,462)	(7,335)
Increase in Cash	15,783	19,402
Cash, Beginning of Year	54,491	35,089
Cash, End of Year	\$ 70,274	\$ 54,491

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

Notes to the Consolidated Financial Statements

Year ended March 31, 2014

NOTE 1 AUTHORITY AND PURPOSE

Alberta Innovates-Technology Futures (the Corporation) is a Provincial Corporation, as defined in the Financial Administration Act, that was established on January 1, 2010 and operates under the authority of the *Alberta Research and Innovation Act*. The objects of the Corporation are to support, for the economic and social well-being of Albertans, research and innovation activities targeted at the development and growth of technology-based sectors and aligned to Government of Alberta priorities, including, without limitation, activities directed at the commercialization of technology and the application of knowledge.

The Corporation is exempt from Canadian federal and Alberta provincial income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 subsidiary, C-FER Technologies (1999) Inc. All intercompany balances and transactions have been eliminated on consolidation.

b) Basis of Financial Reporting

i) Revenue Recognition

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

ii) Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms for use of the transfer, or the terms along 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 terms are met and, when applicable, the Corporation complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Corporation is eligible to receive the funds.

iii) Contract and Other Revenue

Contract revenue 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.

Revenue from product sales is recognized when products are delivered.

Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collection. Gains and losses arising from disposals of investments are included in the determination of investment income.

iv) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Interest expense includes debt servicing costs such as amortization of discounts and premiums, foreign exchange gains and losses, and issuance costs.

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

v) Assets

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 of the Corporation are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Tangible Capital Assets

Tangible capital assets of the Corporation are recorded at historical cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for major systems enhancements is \$25,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution. Fair value is defined as the amount of consideration that would be agreed upon in an arms length transaction between knowledgeable, willing parties who are under no compulsion to act. Amortization is only charged if the asset is in use.

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.

vi) Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

vii) Net Assets

Net assets represent the difference between the carrying value of assets held by the Corporation and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Corporation operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these consolidated financial statements do not report a net debt indicator.

viii) Valuation of Financial Assets and Liabilities

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

Financial Statement Component	Measurement
Cash	Fair Value
Accounts Receivable and Other Assets	Amortized cost
Accounts Payable and Accrued Liabilities	Amortized cost

Other than cash, the Corporation has no assets or liabilities in the fair value category, has not engaged in foreign currency transactions and has no remeasurement gains or losses. Consequently, no statement of remeasurement gains and losses has been presented.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

ix) Financial Risk Management

The Corporation's financial instruments include cash, accounts receivable and other assets and accounts payable and 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

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. 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 Cash Investment Trust Fund (CCITF) and their corresponding rate of return.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation's accounts payable and accrued liabilities are exposed to liquidity risk. Management manages this risk by continually monitoring cash flows.

It is management's opinion that the Corporation is not exposed to significant credit risk, market risk and liquidity risk arising from its financial instruments.

x) Employee Future Benefits

The Corporation participates in multi-employer defined benefit pension plans with related government entities that provide pensions for the Corporation's participating employees based on years of service and earnings. The Corporation does not have sufficient plan information on these pension plans to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension costs included in these financial statements are comprised of the cost of the employer contributions for the current service period of employees during the year and additional employer contributions for service relating to prior years.

The Corporation operates a defined contribution pension plan. Pension costs included in these consolidated financial statements are comprised of the cost of employer contributions for the current service of employees during the year. There are no unfunded liabilities with respect to pension and pension costs.

xi) Measurement Uncertainty

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies.

xii) Future Accounting Changes

PS 3260 – Liability for Contaminated Sites. This accounting standard is effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of chemical, organic or radioactive material, of live organism that exceeds an environmental standard. The Corporation may be required to recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. Management is currently assessing the impact of this adoption in the financial statements and cannot provide an estimate of any potential liability at this time.

NOTE 3 BUDGET

(in thousands)

A preliminary business plan with a budgeted surplus of \$457 was approved by the Board on May 29, 2013 and the full financial plan was submitted to the Minister of Innovation and Advanced Education. The budget reported in the statement of operations reflects the original \$457 surplus.

NOTE 4 CASH

(in thousands)

Cash in the amount of \$70,274 (2013 - \$54,491) includes deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta amounting to \$66,788 (2013 - \$51,466). The CCITF is managed with the objective of providing competitive investment income to depositors while maintaining appropriate security and liquidity of depositors' capital.

CCITF is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2014, securities held by the Corporation had a time-weighted rate of return of 1.19% per annum (2013 – 1.23% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

NOTE 5 ACCOUNTS RECEIVABLE AND OTHER ASSETS

(in thousands)

	2014			2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts receivable	\$ 10,127	\$ 301	\$ 9,826	\$ 11,678
Alberta Government Departments and Agencies	949	-	949	899
Accrued income receivable	4,995	-	4,995	7,164
Prepaid	772	-	772	610
	<u>\$ 16,843</u>	<u>\$ 301</u>	<u>\$ 16,542</u>	<u>\$ 20,351</u>

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

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land	Building & Improvements ^(a)	Equipment ^(a)	Computer Hardware ^(a)	2014 Total	2013 Total
Estimated Useful Life	Indefinite	25-30 years	5-20 years	3 years		
Historical Cost						
Beginning of year	\$ 566	\$ 5,818	\$ 59,007	\$ 5,934	\$ 71,325	\$ 64,427
Additions	-	743	2,846	1,968	5,557	7,344
Disposals	-	(35)	(1,470)	(8)	(1,513)	(446)
	<u>\$ 566</u>	<u>\$ 6,526</u>	<u>\$ 60,383</u>	<u>\$ 7,894</u>	<u>\$ 75,369</u>	<u>\$ 71,325</u>
Accumulated Amortization						
Beginning of year	\$ -	\$ 2,103	\$ 37,168	\$ 2,801	\$ 42,072	\$ 38,336
Amortization expense	-	298	2,999	490	3,787	3,701
Effect of disposals	-	(7)	(1,358)	(8)	(1,373)	35
	<u>\$ -</u>	<u>\$ 2,394</u>	<u>\$ 38,809</u>	<u>\$ 3,283</u>	<u>\$ 44,486</u>	<u>\$ 42,072</u>
Net Book Value at End of Year	<u>\$ 566</u>	<u>\$ 4,132</u>	<u>\$ 21,574</u>	<u>\$ 4,611</u>	<u>\$ 30,883</u>	
Net Book Value at Beginning of Year	<u>\$ 566</u>	<u>\$ 3,715</u>	<u>\$ 21,839</u>	<u>\$ 3,133</u>		<u>\$ 29,253</u>

(a) The net book value of capital assets under construction that are not currently being amortized is \$7,530 (2013 - \$10,017).

NOTE 7 UNEARNED/DEFERRED REVENUE*(in thousands)*

	2014	2013
Unearned Revenue (a)	\$ 17,116	\$ 16,428
Deferred Revenue (b)	27,291	15,842
	\$ 44,407	\$ 32,270
(a) Unearned Revenue	2014	2013
	<hr/>	<hr/>
Balance, beginning of year	\$ 16,428	\$ 14,074
Government contract revenue received	5,850	12,290
Investment income received	15	38
Government contract revenue recognized into revenue	(6,765)	(10,650)
Investment income recognized into revenue	(15)	(38)
Net changes for contract revenue	1,603	714
	<hr/>	<hr/>
	\$ 17,116	\$ 16,428
(b) Deferred Revenue	2014	2013
	<hr/>	<hr/>
Balance, beginning of year	\$ 15,842	\$ -
Government transfers received	95,122	98,321
Government transfers recognized into revenue	(83,673)	(82,479)
	<hr/>	<hr/>
	\$ 27,291	\$ 15,842

Unearned revenue represents unexpended, externally restricted funds. Deferred revenue represents a funding agreement between the Corporation and the Ministry of Innovation and Advanced Education.

NOTE 8 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.

	2014	2013
Obligations under:		
Operating Leases	\$ 5,500	\$ 1,644
Grants	97,200	85,361
	<hr/>	<hr/>
	\$ 102,700	\$ 87,005

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

Obligations Under Operating Leases and Grants

	Operating Leases	Grants	Total
2015	\$ 1,487	\$ 39,334	\$ 40,821
2016	1,355	22,874	24,229
2017	955	18,754	19,709
2018	894	13,918	14,812
2019	809	2,320	3,129
	\$ 5,500	\$ 97,200	\$ 102,700

NOTE 9 BENEFIT PLANS

(in thousands)

The Corporation participates in three multi-employer pension plans, Management Employees Pension Plan, Supplementary Retirement Plan and Public Service Pension Plan, as well as a Defined Contribution Plan. The expense for these pension plans is equivalent to the annual contributions of \$6,125 for the year ended March 31, 2014 (2013 – \$5,200).

At December 31, 2013, the Management Employees Pension Plan reported a surplus of \$50,457 (2012 - deficiency \$303,423), the Public Service Pension Plan reported a deficiency of \$1,254,678 (2012 - deficiency \$1,645,141) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$12,384 (2012 - deficiency \$51,870).

NOTE 10 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

NOTE 11 APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on May 28, 2014.

Schedule 1 – Expenses Detailed by Object

For the year ended March 31, 2014
(dollars in thousands)

	2014 Budget	2014 Actual	2013 Actual
Salaries, Wages & Employee Benefits	\$ 74,042	\$ 73,248	\$ 64,666
Grants	58,045	46,528	54,804
Supplies & Services	36,780	32,116	31,464
Amortization of Tangible Capital Assets	4,937	3,787	3,701
	\$ 173,804	\$ 155,679	\$ 154,635

Schedule 2 – Salary and Benefits Disclosure

For the year ended March 31, 2014
(dollars in thousands)

	2014				2013
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
Chair of the Board	\$ -	\$ 18	\$ -	\$ 18	\$ 15
Board Members	-	74	-	74	67
Chief Executive Officer	344	88	47	479	424
Executives:					
CFO and Vice-President Finance and Administration	255	32	77	364	390
Executive Vice-President ⁽⁴⁾	299	47	10	356	40
Vice-President, Bio & Industrial Technologies ⁽⁵⁾	221	27	65	313	22
Vice-President, Business Innovation Services ⁽⁶⁾	-	-	-	-	19
Vice-President, Communications	198	34	57	289	263
Vice-President, Health ⁽⁷⁾	227	14	31	272	18
Vice-President, Corporate & Legal Services ⁽⁸⁾	243	57	45	345	20
Vice-President, Innovates Centres of Research Excellence ⁽⁹⁾	328	-	32	360	353
Vice-President, Food & Agriculture ⁽¹⁰⁾	81	-	4	85	-

(1) Base salary includes regular base pay.

(2) Other cash benefits include honoraria for board members. Other cash benefits for executives include vacation pay, car and living allowance, lump sum payments and payments in lieu of pension.

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

(4) Executive Vice President position was effective February 19, 2013.

(5) Vice President, Bio & Industrial Technologies position was effective March 7, 2013.

(6) Vice President, Business Innovation Services position was vacated April 30, 2012.

(7) Vice President, Health position was effective March 7, 2013.

(8) Vice President, Corporate & Legal Services position was effective March 7, 2013.

(9) Vice-President, Innovates Centres of Research Excellence is seconded from the University of Alberta.

(10) Vice-President, Food & Agriculture position was effective November 1, 2013.

Schedule 3 – Related Party Transactions

For the year ended March 31, 2014
(dollars in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

Entities in the Ministry refers to entities consolidated in the Ministry of Innovation and Advanced Education. Other entities outside of the Ministry relates to the remaining entities consolidated at the Provincial level.

Alberta Innovates-Technology Futures had the following transactions with related parties which are recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities Outside of the Ministry	
	2014	2013	2014	2013
Revenues				
Grants	\$ 83,673	\$ 82,479	\$ -	\$ -
Contract Revenue from Province of AB	8,461	12,346	2,707	2,249
	\$ 92,134	\$ 94,825	\$ 2,707	\$ 2,249
Expenses – Directly Incurred				
Grants	\$ 28,042	\$ 29,262	\$ 101	\$ 28
Other Services	1,411	1,281	462	621
	\$ 29,453	\$ 30,543	\$ 563	\$ 649
Receivable from	\$ 239	\$ 302	\$ 710	\$ 597
Payable to	\$ 366	\$ 2,036	\$ 25	\$ 8
Unearned Revenue	\$ 8,901	\$ 10,376	\$ 398	\$ 421
Deferred Revenue	\$ 27,291	\$ 15,842	\$ -	\$ -
Contractual Obligations	\$ 78,360	\$ 68,794	\$ -	\$ -

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 recorded in the financial statements. Accommodation expenses incurred by others are disclosed in Schedule 4.

	Other Entities Outside of the Ministry	
	2014	2013
Expenses – Incurred by Others		
Accommodation (1)	\$ 19,718	\$ 16,681
	\$ 19,718	\$ 16,681

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

Schedule 4 – Allocated Costs

For the year ended March 31, 2014
(dollars in thousands)

Program	2014			2013
	Expenses – Incurred by Others			Total Expenses
	Accommodation			
	Expenses (a)	Costs (b)	Total Expenses	
Bio & Industrial Technologies	\$ 60,892	\$ 8,650	\$ 69,542	\$ 67,391
Energy & Environment	59,056	9,159	68,215	69,662
Platform Technologies	26,120	350	26,470	24,195
Health	9,611	1,559	11,170	10,068
	\$ 155,679	\$ 19,718	\$ 175,397	\$ 171,316

(a) Expenses – Directly Incurred as per Consolidated Statement of Operations.

(b) Accommodation costs incurred by others have been allocated based upon full-time equivalent staff.

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