

**Federal Economic  
Development  
Agency for Southern Ontario**

**Quarterly Financial Report**

For the Quarter ended September 30, 2020

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President

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# Quarterly Financial Report — For the Quarter Ended September 30, 2020

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## Statement outlining results, risks and significant changes in operations, personnel and programs

### 1. Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This report should be read in conjunction with the 2020-21 Main Estimates and Supplementary Estimates. This quarterly report has not been subject to an external audit or review.

#### 1.1 Authority, Mandate and Core Responsibility

The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) is mandated to "strengthen southern Ontario's capacity for innovation, economic development and growth."

Details and additional information on FedDev Ontario's authorities, mandate and core responsibility can be found in [Part II of the Main Estimates](#) and FedDev Ontario's [Departmental Plan for 2020-21](#).

#### 1.2 Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes FedDev Ontario's spending authorities granted by Parliament and those used by FedDev Ontario, consistent with the Main and Supplementary Estimates for the 2020-21 fiscal year. This quarterly report has been prepared using a special-purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

FedDev Ontario uses the full accrual method of accounting to prepare and present its annual financial statements that are part of its performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

### 1.3 FedDev Ontario's Financial Structure

FedDev Ontario manages its expenditures under two votes:

- ♦ Vote 1 – Net operating expenditures include the Agency's authorities related to personnel costs, operation and maintenance expenditures; and
- ♦ Vote 5 – Grants and contributions include all authorities related to transfer payments.

Expenses under budgetary statutory authorities, for which payments are made under a law previously approved by Parliament and which are not part of the annual appropriations bills, include items such as the Government of Canada's portion of the employee benefit plan.

Of particular note this fiscal year, due to COVID-19, there is a significant increase in authorities and spending under the *Public Health Events of National Concern Payments Act* as part of the statutory vote.

## 2. Highlights of Fiscal Quarter and Fiscal Year-to-Date (YTD) Results

This section highlights the significant items that contributed to the net increase or decrease in authorities available for the year and actual expenditures for the quarter ended September 30, 2020.

### 2.1 Authorities Analysis (Vote 1 – Operating and Vote 5 – Grants and Contributions and Statutory Authorities)

Total authorities available for use and planned expenditures increased to \$548.1 million for fiscal 2020–21, compared to \$262.7 million for fiscal year 2019–20, as illustrated in the "Budgetary Authorities Available" table.

At present, FedDev Ontario has received \$186.4 million (75%) of its Main Estimates funding, an additional \$253.7 million in [Supplementary Estimates A](#), and \$103.4 million in statutory funding under the *Public Health Events of National Concern Payments Act* identified in [Supplementary Estimates B](#). The Agency is expected to receive full supply of its allocated Main Estimates (remaining \$65.7 million), and Supplementary Estimates B (\$85.3 million) in December 2020.

The net increase of \$285.4 million relates to:

- ♦ \$3.7 million decrease in Vote 1 (Operating Authorities);
- ♦ \$36.6 million increase in Vote 5 (Grants and Contributions Authorities); and
- ♦ \$252.5 million increase in statutory authorities.

#### Vote 1 – Operating Authorities

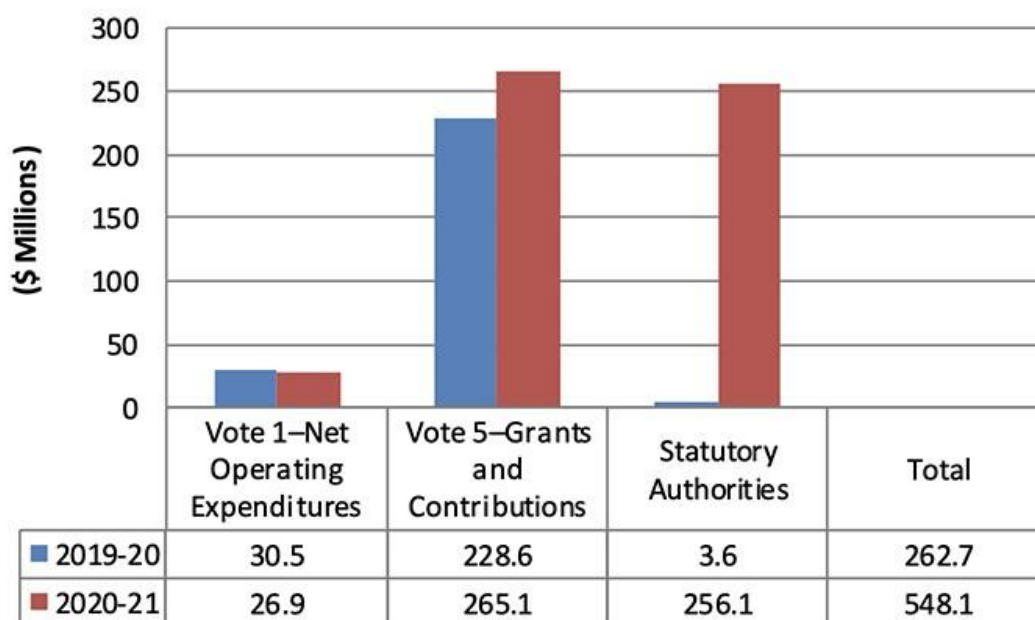
Total Vote 1 Operating Authorities available for use for the year ending March 31, 2021 amount to \$26.9 million, compared to \$30.5 million for fiscal year 2019-20, which is a net decrease of \$3.7 million. The net decrease is due to FedDev Ontario not in receipt of its full supply, which is expected to be released in December 2020.

## Vote 5 – Grants and Contributions

Total Vote 5 Grants and Contributions Authorities available for use in 2020-21 is \$265.1 million, compared to \$228.6 million for fiscal year 2019-20, which is a net increase of \$36.6 million. Vote 5 Grants and Contributions Authorities available include \$101.5 million, primarily for the Regional Relief and Recovery Fund (RRRF), approved during the Supplementary Estimates A, as well as the interim supply of \$163.6 million (75%) of FedDev Ontario's Main Estimates. Full supply, remaining \$54.5 million, is expected to be received in December 2020.

### Statutory Authorities

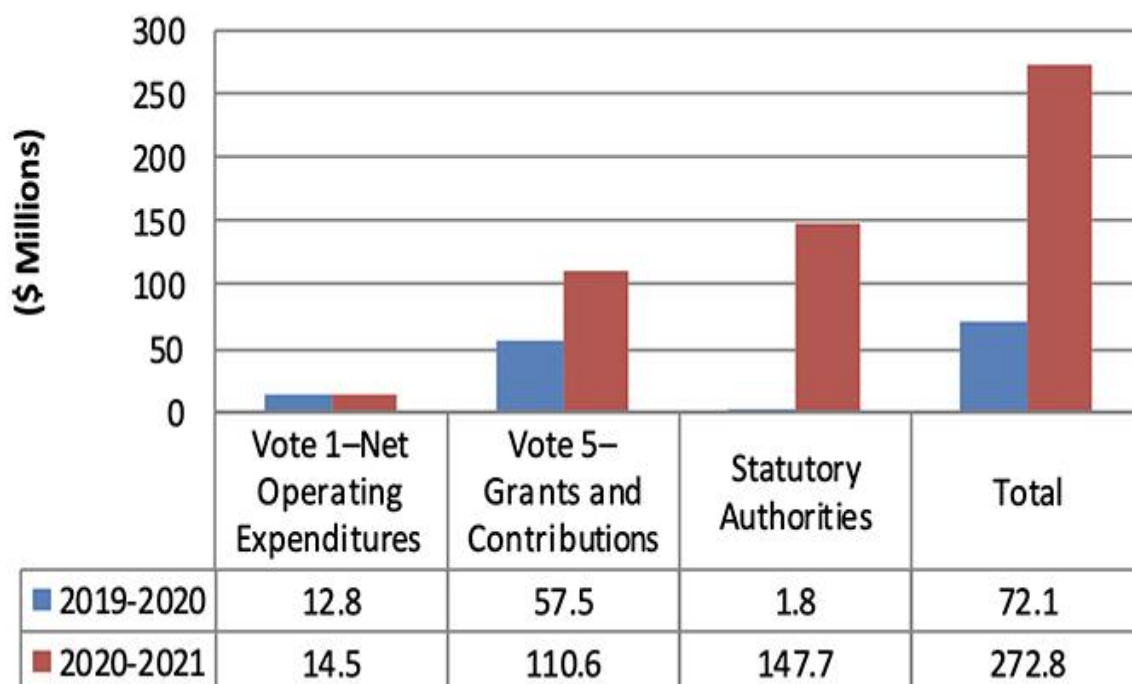
Total Statutory Authorities granted for use for the year ending March 31, 2021 amount to \$256.1 million, compared to \$3.6 million in the previous fiscal of 2019-2020, which is a net increase of \$252.5 million. The increase in Statutory Authorities available is attributed to the Regional Relief and Recovery Fund (RRRF) authorities granted to FedDev Ontario as part of the *Public Health Events of National Concern Payments Act*.



\* Totals presented may not add up due to rounding

## 2.2 Expenditure Analysis

Year-to-date expenditures as at September 30, 2020, totaled \$272.8 million, an increase of \$200.7 million, compared to \$72.1 million at the same point in 2019. The increase in spending is primarily attributed to the Regional Relief and Recovery Fund (RRRF) granted to FedDev Ontario as part of the *Public Health Events of National Concern Payments Act*.



Budgetary expenditures in the second quarter of 2020-21 totaled \$114.6 million, compared to \$42.9 million for the same period in 2019-20, as illustrated in the "Second Quarter Budgetary Expenditures" chart. The net increase of \$71.7 million can be attributed primarily to increased spending through the Regional Relief and Recovery Fund (RRRF) granted to FedDev Ontario as part of the *Public Health Events of National Concern Payments Act*.

### Vote 1 (Operating Expenditures)

Second quarter expenditures for Vote 1 are \$7.8 million compared to \$6.7 million for the same period in the previous fiscal year. The overall increase of \$1.1 million is related to an increase of \$1.3 million (or 20 per cent) in personnel expenditures for delivery of the RRRF and a decrease of \$0.2 million (or 97 per cent) in expenditures for transportation and telecommunications as a result of reduced spending on travel due to the COVID-19 pandemic.

Expenditures in other standard objects did not see significant fluctuations.

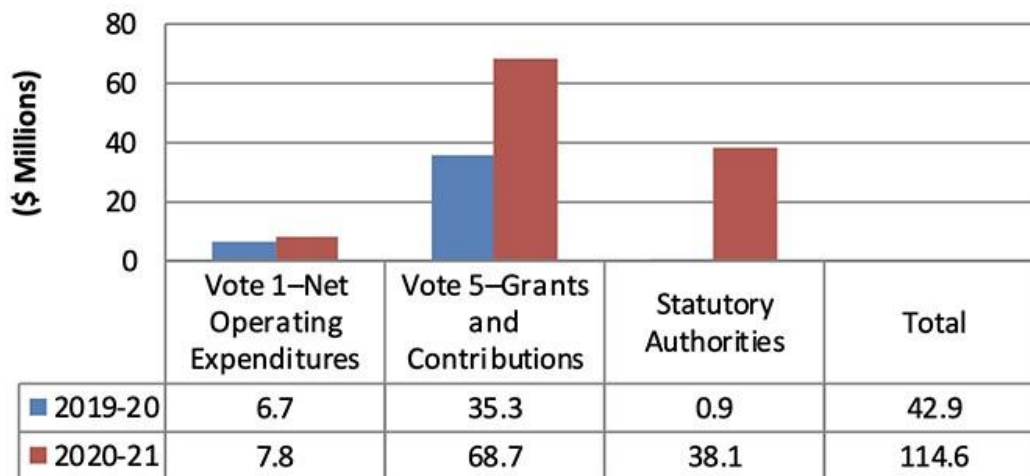
### Vote 5 (Grants and Contributions)

Spending on transfer payments through voted authorities was \$68.6 million in the second quarter of 2020-21, compared to \$35.3 million in the same quarter of 2019-20. The increase in spending is primarily in response to the Regional Relief and Recovery Fund (RRRF) granted to FedDev Ontario as part of the *Public Health Events of National Concern Payments Act*.

### Statutory Authorities

Spending through statutory authorities was \$38.1 million in the second quarter of 2020-21, compared to \$0.9 million in the same quarter of 2019-20. The increase in spending is attributed to transfer payments made through the Regional Relief and Recovery Fund (RRRF) as part of the *Public Health Events of National Concern Payments Act*.

(For additional information on expenditures, see the Departmental Budgetary Expenditures by Standard Object table in the Appendix).



\* Totals presented may not add up due to rounding.

### 3. Risks and Uncertainties

As a response to the COVID-19 pandemic, \$436.4 million was allocated to FedDev Ontario's Authorities to deliver the Regional Relief and Recovery Fund (RRRF). The RRRF provides financial contributions in the form of interest-free loans to help support fixed operating costs of SMEs, where business revenues have been affected by the COVID-19 pandemic. Given the nature of the FedDev Ontario's operations, it is not anticipated that the COVID-19 outbreak will have a major operating impact on FedDev Ontario.

Of the total \$695.5 million proposed for use to FedDev Ontario, \$548.1 million is available for use as of the second quarter. FedDev Ontario is expected to receive its full supply for the 2020-21 Main Estimates and remaining Supplementary Estimates B authorities in December 2020.

### 4. Significant Changes in Relation to Operations, Personnel and Programs

In response to the COVID-19 pandemic, \$436.4 million additional funding was allocated to FedDev Ontario's Authorities, to deliver the Regional Relief and Recovery Fund (RRRF). The RRRF provides financial contributions in the form of interest-free loans to help support fixed operating costs of SMEs, where business revenues have been affected by the COVID-19 pandemic.

#### Approval by Senior Officials

James Meddings  
 President  
 Ottawa, Canada

Lisa St-Amour, MBA, CPA, CMA  
 Chief Financial Officer

**Statement of Authorities (unaudited) <sup>1</sup>**

(in thousands of dollars)

	Fiscal Year 2020–21			Fiscal Year 2019-20		
	Total available for use for the year ending March 31, 2021 <sup>2</sup>	Used during the quarter ended September 30, 2020	Year to date used at quarter-end	Total available for use for the year ending March 31, 2020 <sup>2</sup>	Used during the quarter ended September 30, 2019	Year to date used at quarter-end
<b>Vote 1–Net Operating Expenditures</b>	26,858	7,798	14,478	30,519	6,718	12,848
<b>Vote 5–Grants and Contributions</b>	265,138	68,686	110,617	228,565	35,344	57,452
<b>Budgetary statutory authorities:</b>	256,146	38,088	147,742	3,566	882	1,765
<b>Total authorities</b>	548,142	114,572	272,837	262,650	42,944	72,065

<sup>1</sup> Numbers have been rounded to reconcile tables.

<sup>2</sup> Includes authorities available for use and granted by Parliament at quarter-end.



**Departmental budgetary expenditures by Standard Object (unaudited)**  
**(in thousands of dollars)**

**1**

	Fiscal Year 2020-21			Fiscal Year 2019-20		
	Adjusted Planned expenditures for the year ending March 31, 2021 <sup>2</sup>	Used during the quarter ended September 30, 2020	Year to date used at quarter- end	Planned expenditures for the year ending March 31, 2020 <sup>2</sup>	Used during the quarter ended September 30, 2019	Year to date used at quarter- end
<b>Expenditures:</b>						
<b>Personnel <sup>3</sup></b>	24,682	7,658	14,603	27,450	6,363	12,804
<b>Transportation and communications</b>	882	6	16	821	218	368
<b>Information</b>	393	28	59	307	47	108
<b>Professional and special services</b>	4,483	851	1,335	5,025	667	977
<b>Rentals</b>	133	116	143	122	131	148
<b>Repair and maintenance</b>	45	-	-	71	4	10
<b>Utilities, materials and supplies</b>	89	13	17	83	20	33
<b>Acquisition of land, buildings and works</b>	-	-	-	-	-	-
<b>Acquisition of machinery and equipment</b>	303	22	99	158	151	166
<b>Transfer payments</b>	517,117	105,878	256,568	228,565	35,344	57,452
<b>Other subsidies and payments</b>	15	-	-3	48	(1)	(1)
<b>Total budgetary expenditures</b>	548,142	114,572	272,837	262,650	42,944	72,065

## Footnotes

- 1 Numbers have been rounded to reconcile tables.
  - 2 Authorities available include 75% of Main Estimates in addition to Supplementary Estimates A funding as available for use and granted by Parliament at quarter-end (full supply is expected in December, 2020).
  - 3 Includes employee benefit plan (EBP) expenses.
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