

**Federal Economic Development
Agency for Southern Ontario**

Quarterly Financial Report

For the Quarter ended December 31, 2020

James Meddings
President

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Quarterly Financial Report — For the Quarter Ended December 31, 2020

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 December 31, 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 \$695.6 million for fiscal 2020-21, compared to \$263.4 million for fiscal year 2019-20, as illustrated in the "Statement of Authorities" table.

FedDev Ontario has received \$253.2 million in funding through the [2020-21 Main Estimates](#) ⁱ, \$253.7 million in [Supplementary Estimates A](#), \$188.7 million in [Supplementary Estimates B](#).

The net increase of \$432.1 million over last fiscal year relates to:

- ♦ \$5.1 million increase in Vote 1 (Operating Authorities);
- ♦ \$174.5 million increase in Vote 5 (Grants and Contributions Authorities); and
- ♦ \$252.5 million increase in statutory authorities.

Vote 1 – Operating Authorities

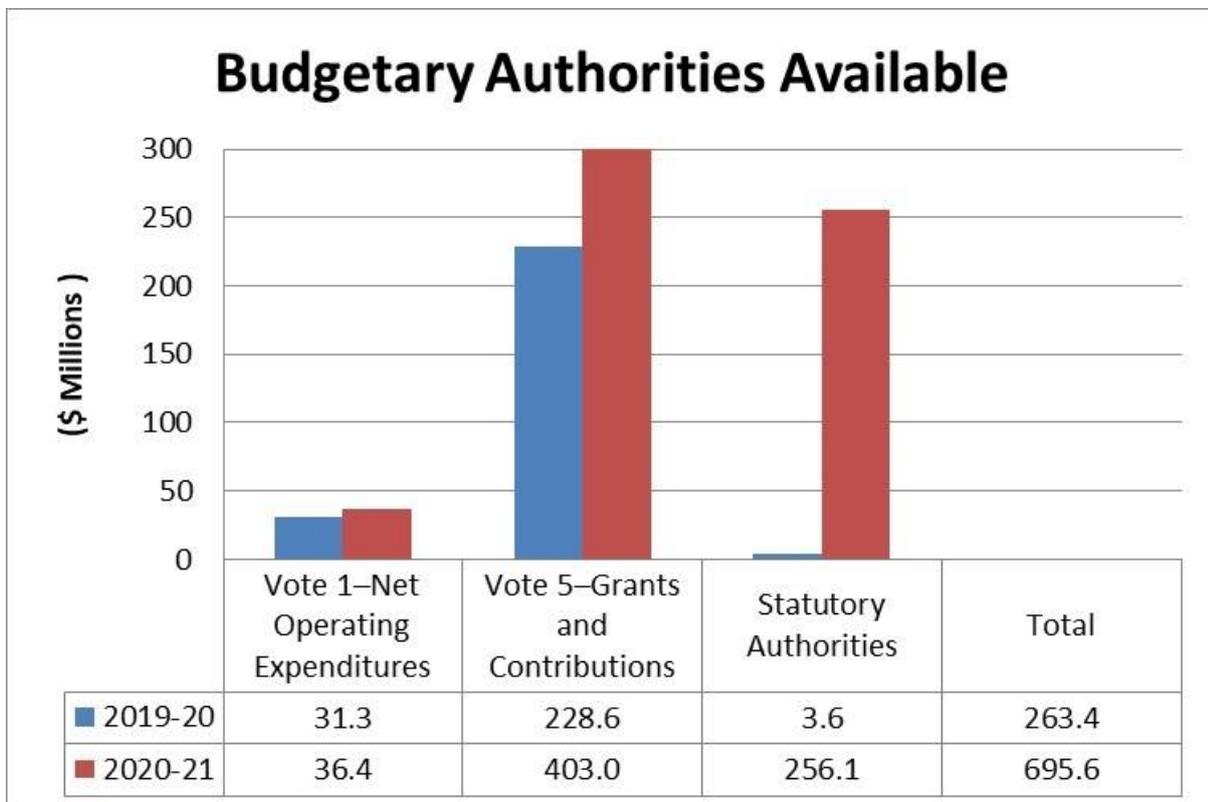
Total Vote 1 Operating Authorities available for use for the year ending March 31, 2021, amount to \$36.4 million, compared to \$31.3 million for fiscal year 2019-20, which is a net increase of \$5.1 million. The net increase is attributed to additional funding provided in 2020-21 to support the delivery of the Regional Relief and Recovery Fund (RRRF).

Vote 5 – Grants and Contributions

Total Vote 5 Grants and Contributions Authorities available for use in 2020–21 is \$403 million, compared to \$228.6 million for fiscal year 2019–20, which is a net increase of \$174.4 million. The 2020–21 Main Estimates approved \$218.2 million in Vote 5 Authorities, with additional amounts approved in Supplementary Estimates A (\$101.5 million) and Supplementary Estimates B (\$83.3 million) primarily related to the RRRF.

Statutory Authorities

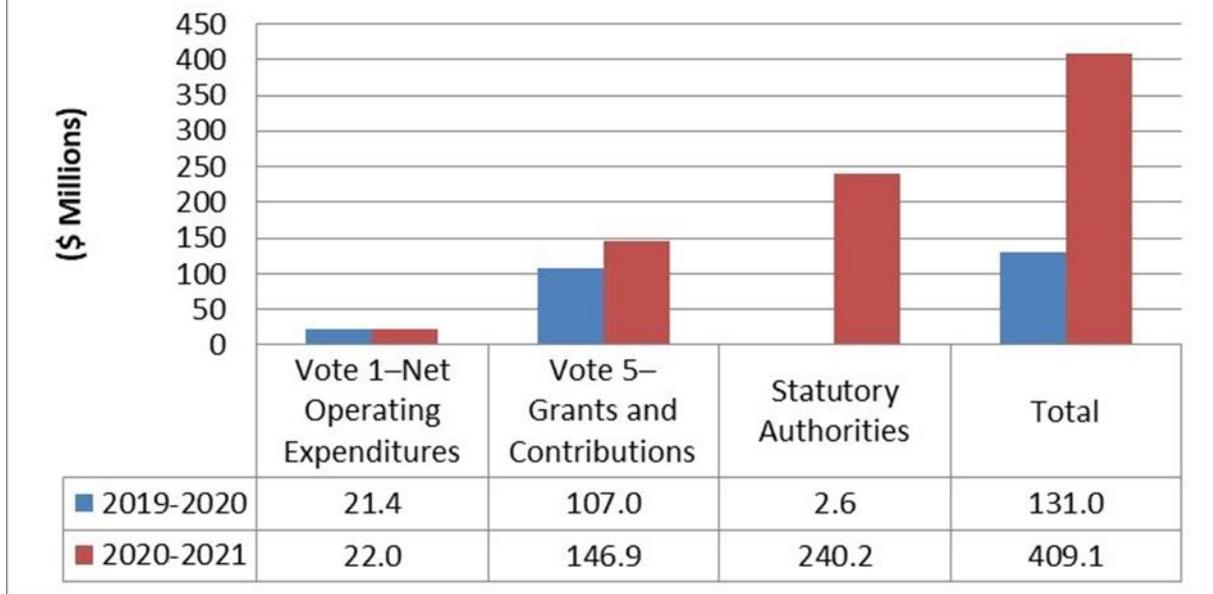
Total statutory authorities granted for use for the year ending March 31, 2021, amount to \$256.1 million, compared to \$3.6 million in 2019–20, which is a net increase of \$252.5 million. This increase is attributed to the RRRF authorities granted to FedDev Ontario as part of the *Public Health Events of National Concern Payments Act*.



2.2 Expenditure Analysis

Year-to-date expenditures as at December 31, 2020, totaled \$409.1 million, an increase of \$278.1 million, compared to \$131.0 million at December 2019. The increase in spending is primarily attributed to transfer payments made through the RRRF.

Year To Date Expenditures as at December 31, 2020



Note: Totals presented may not add up due to rounding

Budgetary expenditures in the third quarter of 2020-21 totaled \$136.3 million, compared to \$58.9 million for the same period in 2019-20, as illustrated in the "Departmental Budgetary Expenditures by Standard Object" tables. The net increase of \$77.4 million can be attributed primarily to increased payments through the RRRF.

Vote 1 (Operating Expenditures)

Third quarter expenditures for personnel increased by \$0.2 million (or 3 percent) compared to the same period in the previous fiscal year. The increase in personnel expenditures aligns with the increased capacity required for delivery of the RRRF.

Expenditures for transportation and telecommunications decreased by \$0.2 million (or 98.6 percent) compared to the same period in the previous fiscal year, as a result of reduced spending on travel due to the COVID-19 pandemic.

Further, expenditures for professional and special services experienced a decrease of \$1.1 million (or 70 percent) compared to the same period in the previous fiscal year, due to the timing of payments for service agreements with other government departments.

Expenditures in other standard objects did not see significant fluctuations.

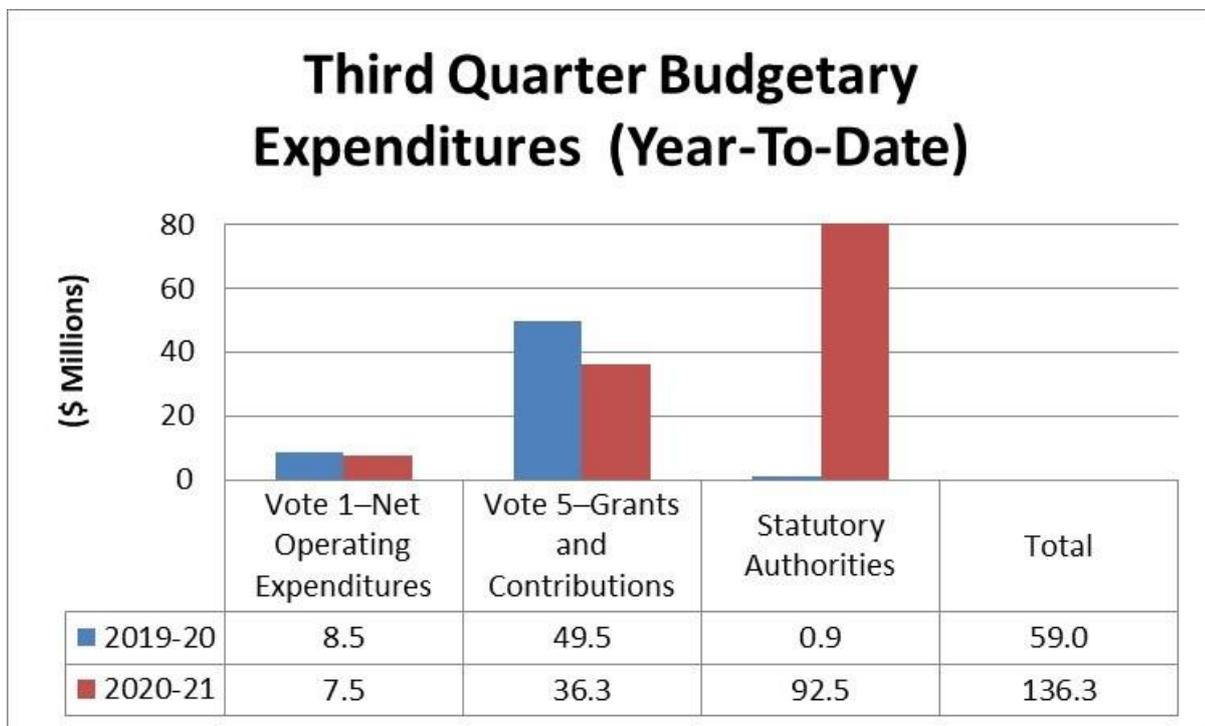
Vote 5 (Grants and Contributions)

Spending on transfer payments through voted authorities was \$36.3 million in the third quarter of 2020-21, compared to \$49.5 million in the same quarter of 2019-20. The decrease in quarterly spending is attributed to the timing of payments through core programming and is expected to align on the annualized basis.

Statutory Authorities

Spending through statutory authorities was \$92.5 million in the third 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 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*).



Note: 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 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 FedDev Ontario's operations, it is not anticipated that the COVID-19 outbreak will have a major operating impact on FedDev Ontario.

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

In response to the COVID-19 pandemic, \$436.4 million was allocated to FedDev Ontario's Authorities to deliver the RRRF.

Approval by Senior Officials

James Meddings

President

Ottawa, Canada

Lisa St-Amour, MBA, CPA, CMA

Chief Financial Officer

Statement of Authorities (unaudited) ¹

(in thousands of dollars)

	Fiscal Year 2020–21			Fiscal Year 2019–20		
	Total available for use for the year ending March 31, 2021 ²	Used during the quarter ended December 31, 2020	Year to date used at quarter-end	Total available for use for the year ending March 31, 2020 ²	Used during the quarter ended December 31, 2019	Year to date used at quarter-end
Vote 1-Net Operating Expenditures	36,400	7,503	21,982	31,290	8,548	21,395
Vote 5-Grants and Contributions	403,015	36,320	146,937	228,565	49,533	106,985
Budgetary statutory authorities:	256,146	92,465	240,207	3,566	883	2,648
Total authorities	695,560	136,288	409,125	263,421	58,964	131,028

¹ Numbers have been rounded to reconcile tables.

² Includes authorities available for use and granted by Parliament at quarter-end.

Departmental budgetary expenditures by Standard Object (unaudited) ¹

(in thousands of dollars)

	Fiscal Year 2020–21			Fiscal Year 2019–20		
	Planned expenditures for the year ending March 31, 2021 ²	Used during the quarter ended December 31, 2020	Year to date used at quarter-end	Planned Expenditures for the year ending March 31, 2020 ²	Used during the quarter ended December 31, 2019	Year to date used at quarter-end
Expenditures:						
Personnel ²	31,308	7,726	22,328	28,221	7,524	20,328
Transportation and communications	1,285	3	19	821	217	585
Information	574	141	200	307	83	191
Professional and special services	6,544	461	1,796	5,025	1,529	2,506
Rentals	195	11	154	122	27	175
Repair and maintenance	66	13	13	71	17	27
Utilities, materials and supplies	129	10	28	83	14	47
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	443	36	135	158	22	188
Transfer payments	654,994	127,889	384,457	228,565	49,533	106,985
Other subsidies and payments	22	(2)	(5)	48	(2)	(3)
Total budgetary expenditures	695,560	136,288	409,125	263,421	58,964	131,029

Footnotes

- i Includes \$252.2 million voted for FedDev Ontario, and \$1.0 million transferred from Treasury Board Secretariat Vote 25 - Operating Budget Carry Forward.
 - 1 Numbers have been rounded to reconcile tables.
 - 2 Includes employee benefit plan (EBP) expenses.
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