

**Federal Economic Development
Agency for Southern Ontario**

**Quarterly Financial
Report**

For the Quarter ended June 30, 2021

James Meddings
President

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Quarterly Financial Report for the Quarter ended June 30, 2021

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 2021-22 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's (FedDev Ontario) mandate is 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 2021-22](#).

1.2 Basis of Presentation

This quarterly report has been prepared 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 2021-22 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 and payments. In fiscal year 2020-21, statutory authorities and expenditures included funding provided through the *Public Health Events of National Concern Payments Act* for the Regional Relief and Recovery Fund.

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 June 30, 2021.

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

Total authorities available for use and planned expenditures decreased to \$362.8 million for first quarter of fiscal 2021-22 compared to \$440.1 million for fiscal year 2020-21, as illustrated in the ["Statement of Authorities" table](#).

FedDev Ontario has received \$257.1 million in funding through the [2021-22 Main Estimates](#) and an additional \$105.7 million in [Supplementary Estimates A](#).

The net decrease of \$77.3 million over last fiscal year relates to:

- \$8.3 million increase in Vote 1 (Operating Authorities);
- \$59.3 million increase in Vote 5 (Grants and Contributions Authorities); and
- \$144.9 million decrease in statutory authorities.

Vote 1 – Operating Authorities

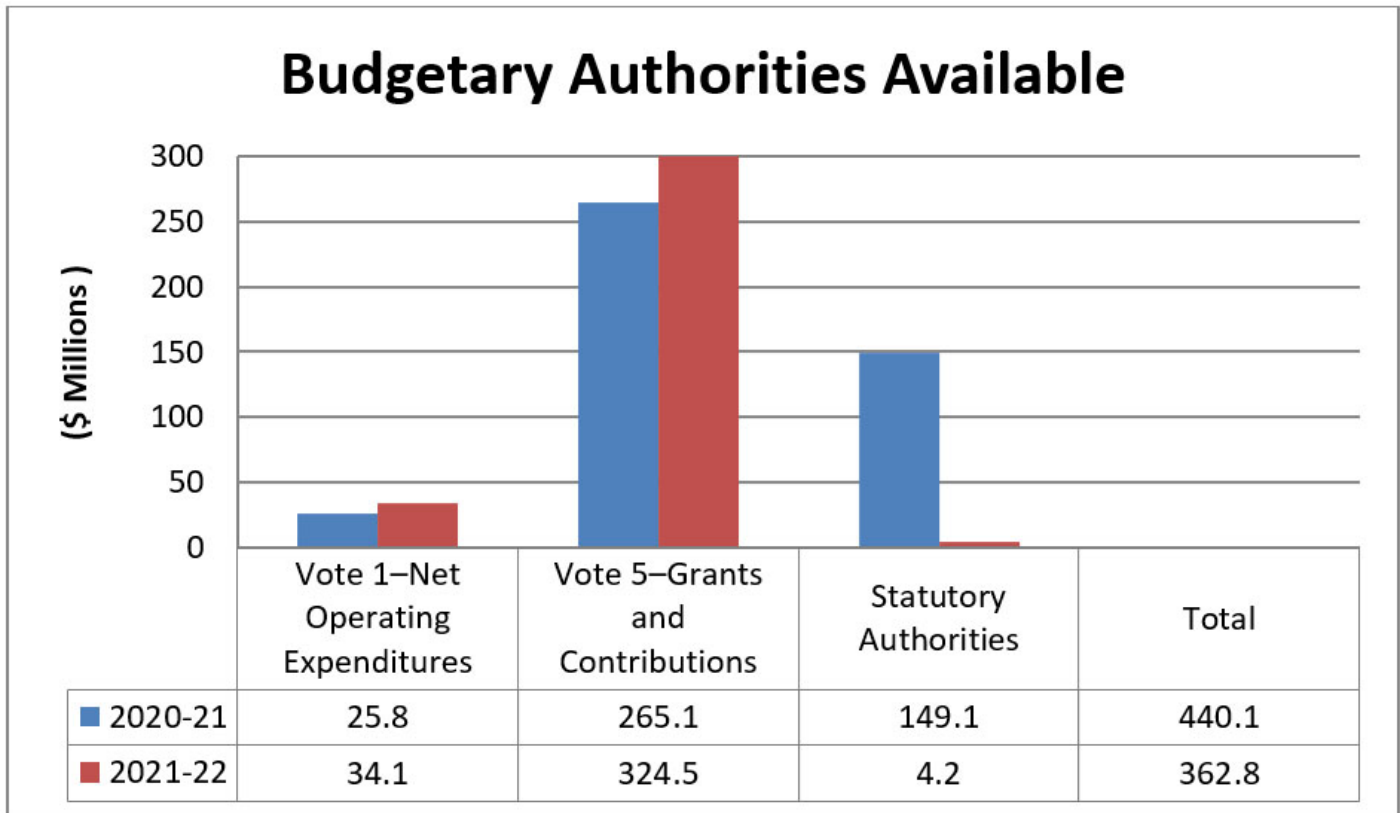
Total Vote 1 Operating Authorities available for use for the year ending March 31, 2022, amount to \$34.1 million, compared to \$25.8 million for fiscal year 2020-21, which is a net increase of \$8.3 million. The net increase is attributed to FedDev Ontario receiving its full supply during this quarter compared to 2020-21 (75 percent of the Agency's authorities was available to spend at this time last year) as well as additional authorities provided in 2021-22 for temporary programs.

Vote 5 – Grants and Contributions

Total Vote 5 Grants and Contributions Authorities available for use in 2021–22 is \$324.5 million, compared to \$265.1 million for fiscal year 2020–21, which is a net increase of \$59.4 million. The 2021–22 Main Estimates approved \$222.1 million in Vote 5 Authorities, with an additional \$102.4 million for the extension of RRRF and a reprofile for the Regional Air Transportation Initiative approved in Supplementary Estimates A.

Statutory Authorities

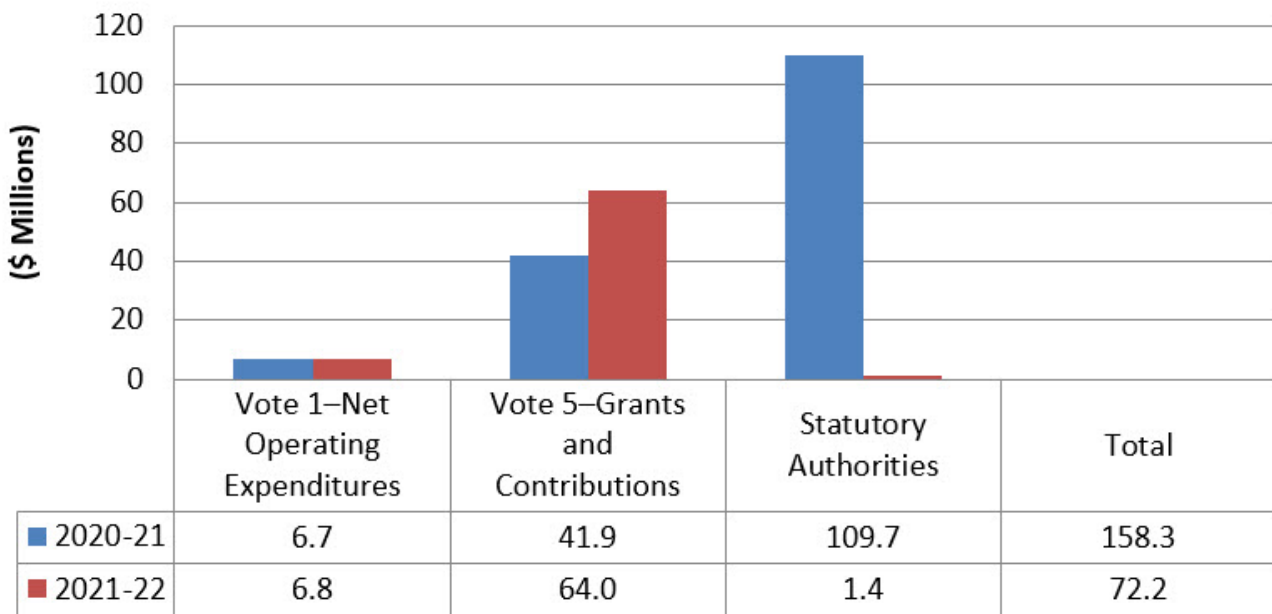
Total statutory authorities granted for use for the year ending March 31, 2022, amount to \$4.2 million, compared to \$149.1 million in 2020–21, which is a net decrease of \$144.9 million. This decrease in the authorities granted is a direct result of the *Public Health Events of National Concern Payments Act* which expired December 31, 2020, that authorized payments to recipients in 2020–21 under the RRRF program.



2.2 Expenditure Analysis

Year-to-date and first quarter expenditures as at June 30, 2021, totaled \$72.2 million, a decrease of \$86.1 million, compared to \$158.3 million at June 30, 2020. The decrease in spending is primarily attributed to transfer payments delivered in 2020–21 supporting the Regional Relief and Recovery Fund under the Statutory authority of the *Public Health Events of National Concern Payments Act*.

Year To Date Expenditures as at June 30, 2021



Vote 1 (Operating Expenditures)

First quarter expenditures for personnel increased by \$0.7 million (or 10 percent) compared to the same period in the previous fiscal year. The increase in expenditures aligns with operating capacity required to support COVID-19 relief and recovery programming.

Expenditures in other operating standard objects did not see material fluctuations.

Vote 5 (Grants and Contributions)

Spending on transfer payments through voted authorities was \$64 million in the first quarter of 2021-22, compared to \$41.9 million in the same quarter of 2020-21. The increase in quarterly spending is attributed the 2021-22 extension of the Regional Relief and Recovery Fund, which accessed voted funding through the Supplementary Estimates A this year.

Statutory Authorities

Spending through statutory authorities was \$1.4 million in the first quarter of 2021-22, compared to \$109.7 million in the same quarter of 2020-21. This decrease in expenditures is attributed to increased prior year payments related to the Public Health Events of National Concern Payments Act which expired December 31, 2020. Current year expenditures have returned to normal levels representing statutory expenditures for the Employee Benefits Plan.

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

3. Risks and Uncertainties

2021-22 brought an unprecedented amount of new programming and authorities to help rebuild regional economies, including southern Ontario, and support recovery from COVID-19. The ability to spend authorities this year will be influenced by the capacity of recipients to launch projects and expend funds and the uncertainty around the path of the COVID-19 pandemic in the coming months.

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

Budget 2021 announced a suite of new programs to be delivered by regional development agencies across Canada to support the economic recovery from COVID-19. New programs launched in the summer of 2021 include the Jobs and Growth Fund, Tourism Relief Fund, Canada Community Revitalization Fund, Aerospace Regional Recovery Initiative, targeted funding for Major Festivals and Events , and a top-up to the Black Entrepreneurship Program. In 2021-22, \$270 million is allocated to FedDev Ontario's Authorities to deliver these new initiatives announced in Budget 2021.

Approval by Senior Officials

Chris Padfield,
President (acting)
Ottawa, Canada

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

Statement of Authorities (unaudited) ¹

(in thousands of dollars)

	Fiscal Year 2021-22			Fiscal Year 2020-21		
	Total available for use for the year ending March 31, 2022 ²	Used during the quarter ended June 30, 2021	Year to date used at quarter-end	Total available for use for the year ending March 31, 2021 ²	Used during the quarter ended June 30, 2020	Year to date used at quarter-end
Vote 1-Net Operating Expenditures	34,149	6,808	6,808	25,828	6,679	6,679
Vote 5- Grants and Contributions	324,458	63,968	63,968	265,138	41,931	41,931
Budgetary statutory authorities	4,236	1,446	1,446	149,138	109,655	109,655
Total authorities	362,843	72,222	72,222	440,104	158,265	158,265

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)

Expenditures	Fiscal Year 2021-22			Fiscal Year 2020-21		
	Planned expenditures for the year ending March 31, 2022 ²	Used during the quarter ended June 30, 2021	Year to date used at quarter-end	Planned Expenditures for the year ending March 31, 2021 ²	Used during the quarter ended June 30, 2020	Year to date used at quarter-end
Personnel ²	31,397	7,665	7,665	19,843	6,945	6,945
Transportation and communications	469	3	3	882	10	10
Information	587	20	20	393	31	31
Professional and special services	5,050	525	525	4,483	484	484
Rentals	210	15	15	133	27	27
Repair and maintenance	37		-	45		
Utilities, materials and supplies	105		-	89	4	4
Acquisition of land, buildings and works	-		-	-	-	-
Acquisition of machinery and equipment	519	5	5	303	77	77
Transfer payments	324,458	63,968	63,968	413,917	150,690	150,690
Other subsidies and payments	11	21	21	15	(3)	(3)
Total budgetary expenditures	362,843	72,222	72,222	440,104	158,265	158,265

1

Numbers have been rounded to reconcile tables.

2

Includes employee benefit plan (EBP) expenses.
