

**Federal Economic Development  
Agency for Southern Ontario**

**Quarterly Financial Report**

For the Quarter ended September 31, 2021

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Nancy Gardiner  
President

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

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# Quarterly Financial Report — For the Quarter ended September 30, 2021

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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 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 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 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.

## 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, 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 \$364.3 million for second quarter of fiscal 2021-22 compared to \$548.1 million for fiscal year 2020-21, as illustrated in the "Statement of Authorities" table.

FedDev Ontario received \$257.1 million in funding through the [2021-22 Main Estimates](#) and an additional \$107.2 million in [Supplementary Estimates A](#) and other adjustments.

The net decrease of \$183.8 million from previous fiscal year relates to:

- ♦ \$8.7 million increase in Vote 1 (Operating Authorities);
- ♦ \$59.4 million increase in Vote 5 (Grants and Contributions Authorities); and
- ♦ \$251.9 million decrease in statutory authorities.

#### Vote 1 – Operating Authorities

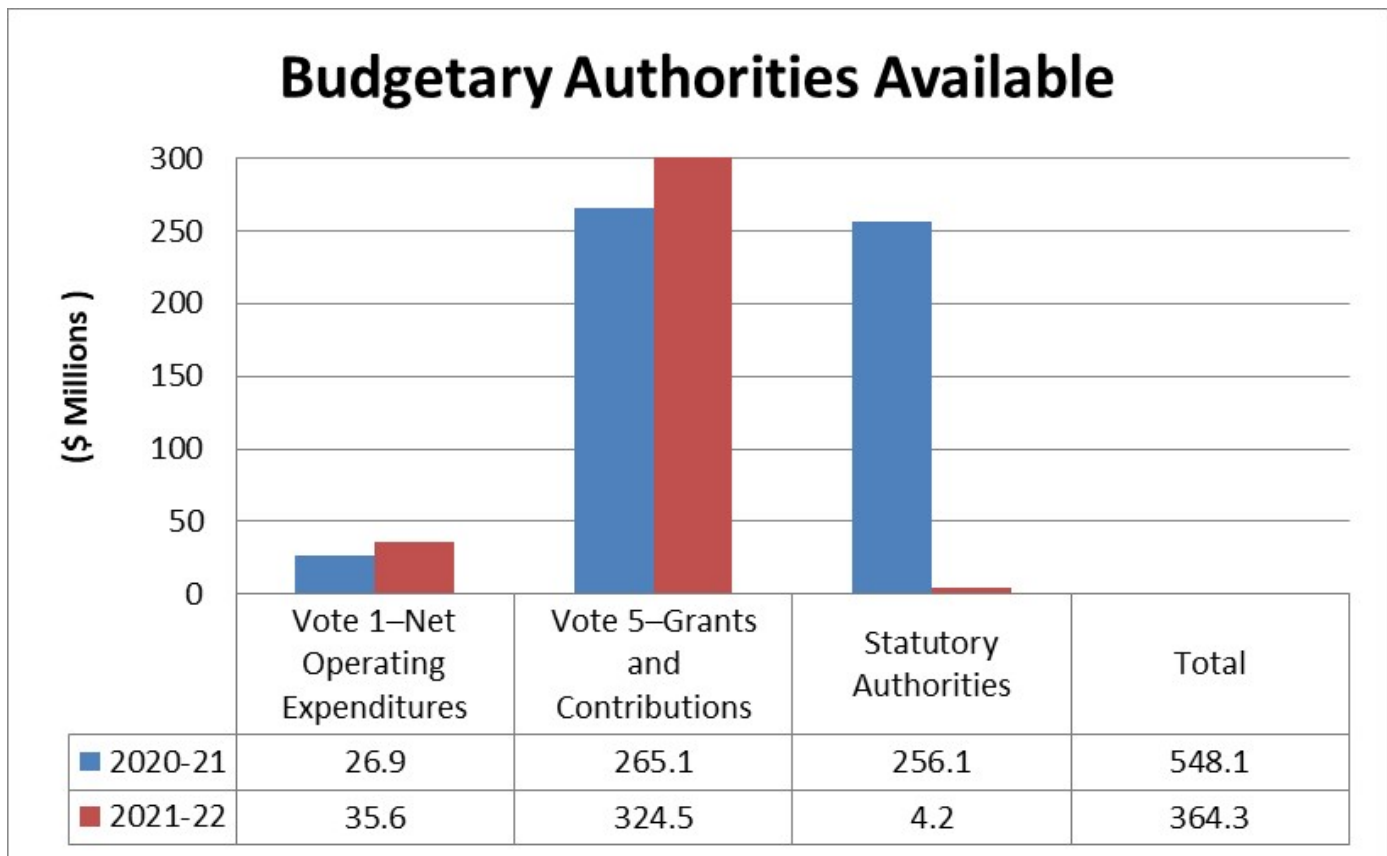
Total Vote 1 Operating Authorities available for use for the year ending March 31, 2022, amount to \$35.6 million, compared to \$26.9 million for fiscal year 2020-21, which is a net increase of \$8.7 million. The net increase is attributed to FedDev Ontario receiving interim supply (75 percent) in second quarter 2020-21 compared to receiving full supply in 2021-22, 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 approved in Supplementary Estimates A.

## Statutory Authorities

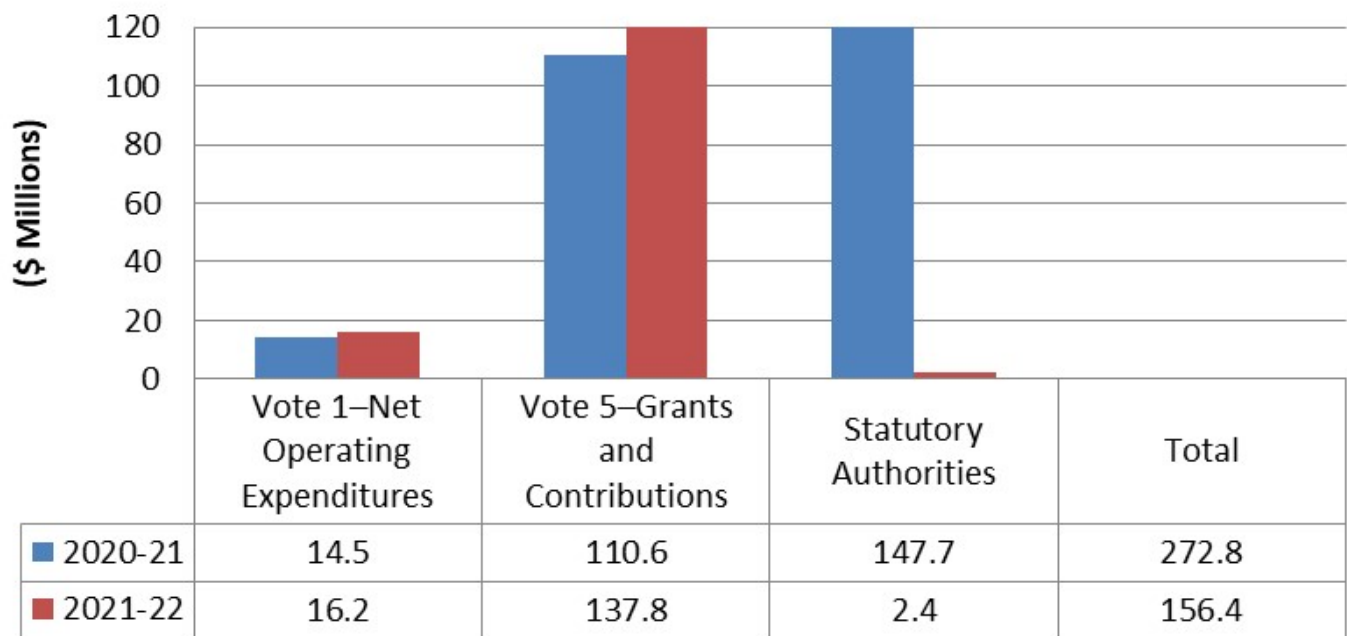
Total statutory authorities granted for use for the year ending March 31, 2022, amount to \$4.2 million, compared to \$256.1 million in 2020-21, which is a net decrease of \$251.9 million. This decrease in the authorities granted is a direct result of the *Public Health Events of National Concern Payments Act* which expired December 31, 2020, that authorized payments to recipients in 2020-21 under the Regional Relief and Recovery Fund program.



## 2.2 Expenditure Analysis

Year-to-date expenditures as at September 30, 2021, totaled \$156.4 million, a decrease of \$116.4 million, compared to \$272.8 million at September 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 September 30, 2021



Budgetary expenditures in the second quarter of 2021–22 totaled \$84.2 million, compared to \$114.6 million in the same period of 2020–21, as illustrated in the "Second Quarter Budgetary Expenditures" chart. The net decrease of \$30.4 million can be attributed primarily to increased spending in 2020–21 through the Regional Relief and Recovery Fund granted to FedDev Ontario as part of the *Public Health Events of National Concern Payments Act*.

### **Vote 1 (Operating Expenditures)**

Second quarter expenditures for personnel increased by \$1.9 million (or 25 percent) compared to the same period in the previous fiscal year. The increase in personnel expenditures aligns with the increased operating authorities provided to support COVID–19 relief and recovery programming.

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

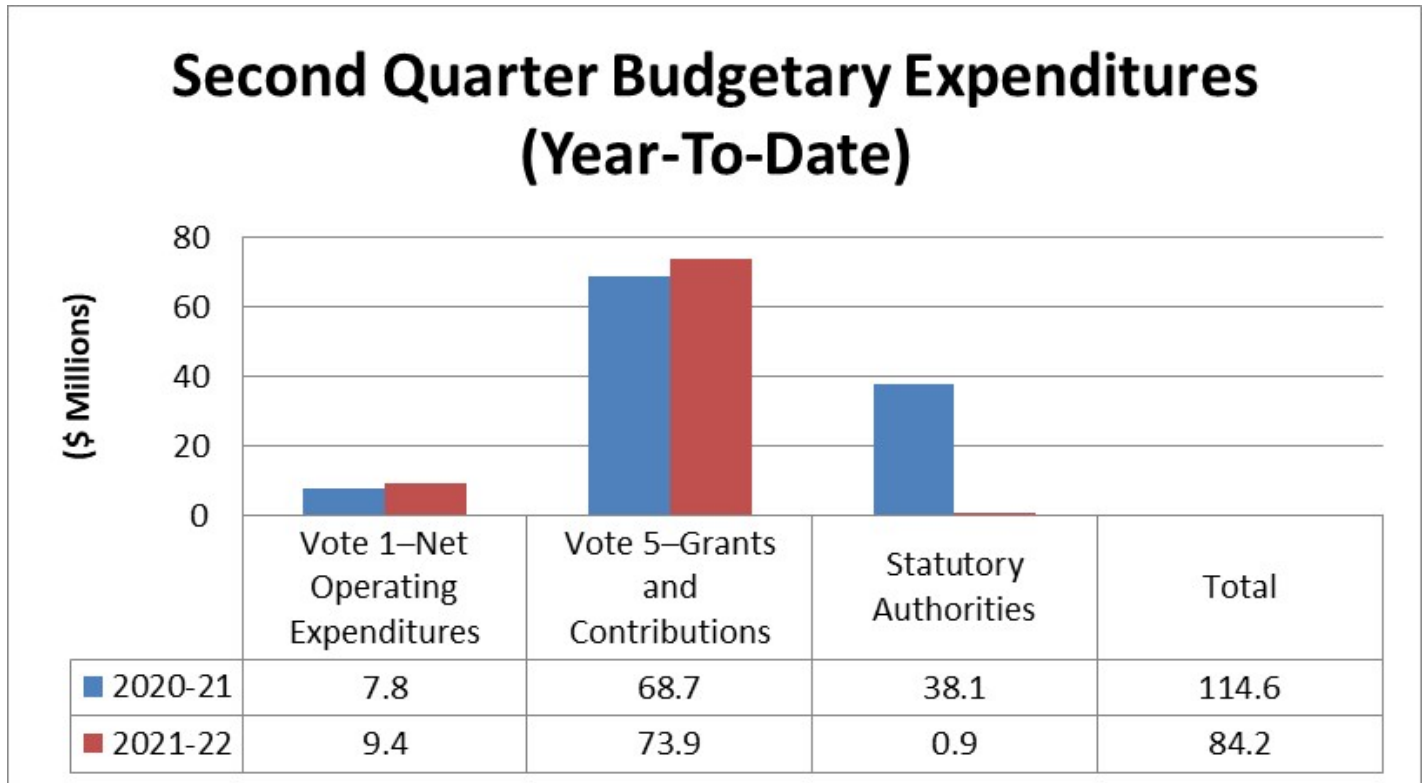
### **Vote 5 (Grants and Contributions)**

Spending on transfer payments through voted authorities was \$73.9 million in the second quarter of 2021–22, compared to \$105.9 million in the same quarter of 2020–21. The decrease in quarterly 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*.

## Statutory Authorities

Spending through statutory authorities was \$0.9 million in the second quarter of 2021–22, compared to \$38.1 million in the same quarter of 2020–21. This decrease in expenditures is attributed to 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 has brought an unprecedented amount of new programming and authorities to regional economic development agencies to support businesses and communities recover from the severe impacts of COVID–19. FedDev Ontario's ability to fully spend its authorities this year will be influenced by the capacity of recipients from across southern Ontario to launch projects and make investments, and the ongoing uncertainties of the pandemic.

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

Budget 2021 announced a suite of new programs being 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 and targeted funding for Major Festivals and Events.

During this quarter, Nancy Gardiner was appointed as FedDev Ontario's President, effective September 1, 2021.

## Approval by Senior Officials

Nancy Gardiner,  
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 2021-22			Fiscal Year 2020-21		
	Total available for use for the year ending March 31, 2022 <sup>2</sup>	Used during the quarter ended September 30, 2021	Year to date used at quarter-end	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
Vote 1-Net Operating Expenditures	35,556	9,390	16,198	26,858	7,798	14,478
Vote 5- Grants and Contributions	324,458	73,868	137,836	265,138	68,686	110,617
Budgetary statutory authorities:	4,236	928	2,374	256,146	38,088	147,742
<b>Total authorities</b>	<b>364,250</b>	<b>84,186</b>	<b>156,408</b>	<b>548,142</b>	<b>114,572</b>	<b>272,837</b>

<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) 1**  
**(in thousands of dollars)**

	Fiscal Year 2021-22			Fiscal Year 2020-21		
	Adjusted	Used	Year to	Adjusted	Used	Year to

	Planned expenditures for the year ending March 31, 2022	during the quarter ended September 30, 2021	date used at quarter-end	Planned expenditures for the year ending March 31, 2021	during the quarter ended September 30, 2020	date used at quarter-end
<b>Expenditures:</b>						
Personnel <sup>2</sup>	31,813	9,542	17,207	24,682	7,658	14,603
Transportation and communications	538	7	10	882	6	16
Information	670	67	87	393	28	59
Professional and special services	5,761	678	1,203	4,483	851	1,335
Rentals	243	10	25	133	116	143
Repair and maintenance	42	2	2	45	-	-
Utilities, materials and supplies	120	13	13	89	13	17
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	592	20	25	303	22	99
Transfer payments	324,458	73,868	137,836	517,117	105,878	256,568
Other subsidies and payments	13	-21	-	15	-	(3)
<b>Total budgetary expenditures</b>	<b>364,250</b>	<b>84,186</b>	<b>156,408</b>	<b>548,142</b>	<b>114,572</b>	<b>272,837</b>

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

<sup>2</sup> Includes employee benefit plan (EBP) expenses.