

**Federal Economic Development
Agency for Southern Ontario**

**Quarterly Financial
Report**

For the Quarter ended December 31, 2021

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President

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as represented by the Minister responsible for the Federal

Economic Development Agency for Southern Ontario, 2022

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Quarterly Financial Report — For the Quarter ended December 31, 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 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 December 31, 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 \$427.7 million for third quarter of fiscal 2021-22 compared to \$695.6 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 \$105.7 million in Supplementary Estimates A, \$63.3 million in Supplementary Estimates B and \$1.6 million in other adjustments.

The net decrease of \$267.8 million from previous fiscal year relates to:

\$4.2 million increase in Vote 1 (Operating Authorities);

\$21.1 million decrease in Vote 5 (Grants and Contributions Authorities); and

\$250.9 million decrease in statutory authorities.

Vote 1 – Operating Authorities

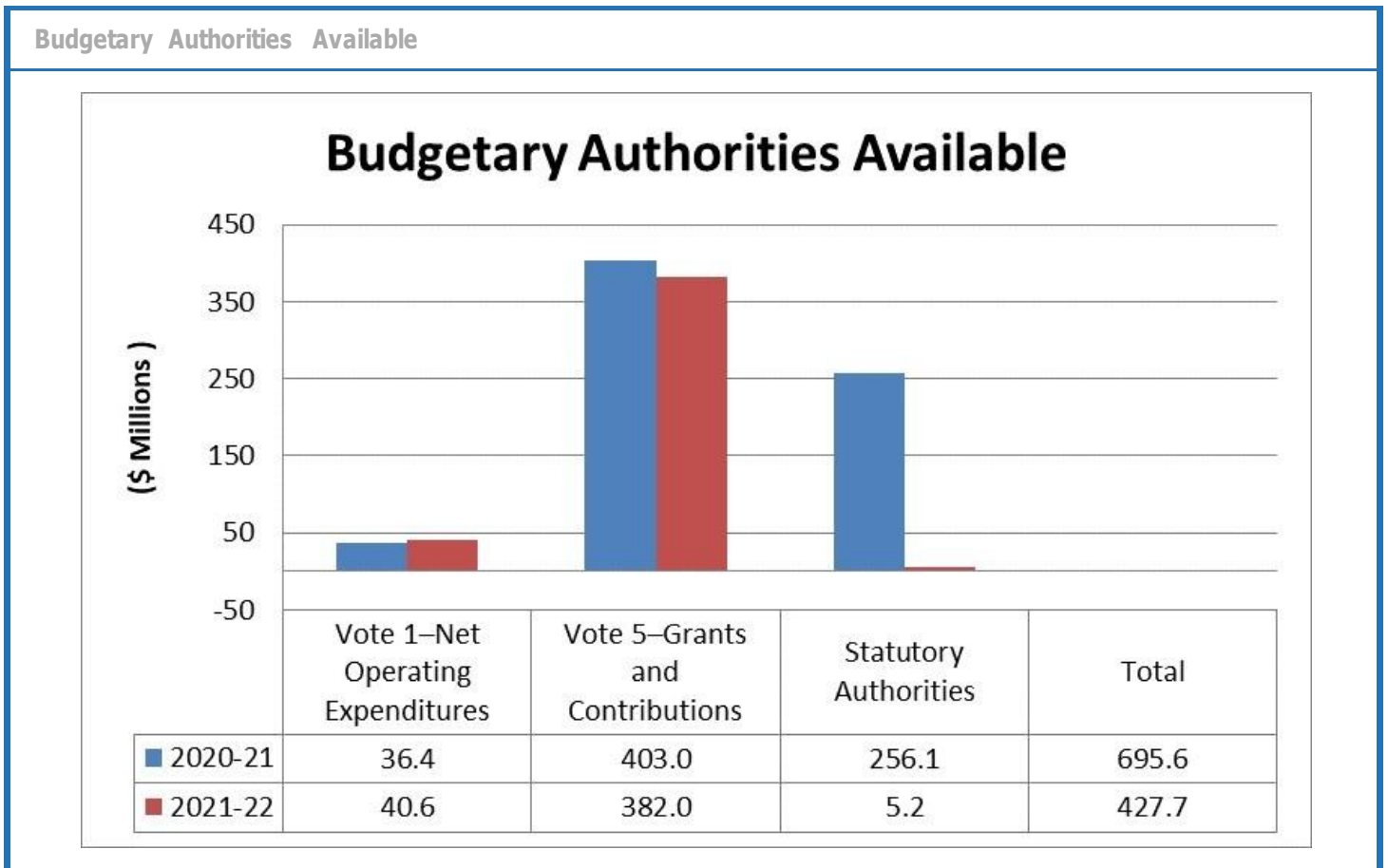
Total Vote 1 Operating Authorities available for use for the year ending March 31, 2022, amount to \$40.6 million, compared to \$36.4 million for fiscal year 2020-21, which is a net increase of \$4.2 million. The net increase is attributed to FedDev Ontario receiving additional authorities in 2021-22 to support the delivery of temporary initiatives such as the Jobs and Growth Fund, Tourism Relief Fund, Canada Community Revitalization Fund, Aerospace Regional Recovery Initiative and others.

Vote 5 – Grants and Contributions

Total Vote 5 Grants and Contributions Authorities available for use in 2021-22 is \$381.9 million, compared to \$403.0 million for fiscal year 2020-21, which is a net decrease of \$21.1 million. The 2021-22 Main Estimates approved \$222.1 million in Vote 5 Authorities, with an additional \$159.9 million approved in Supplementary Estimates A and Supplementary Estimates B. This reduction is primarily related to increased authorities in 2020-21 for the Regional Relief and Recovery Fund, offset by new authorities in 2021-22 for Budget 2021 initiatives.

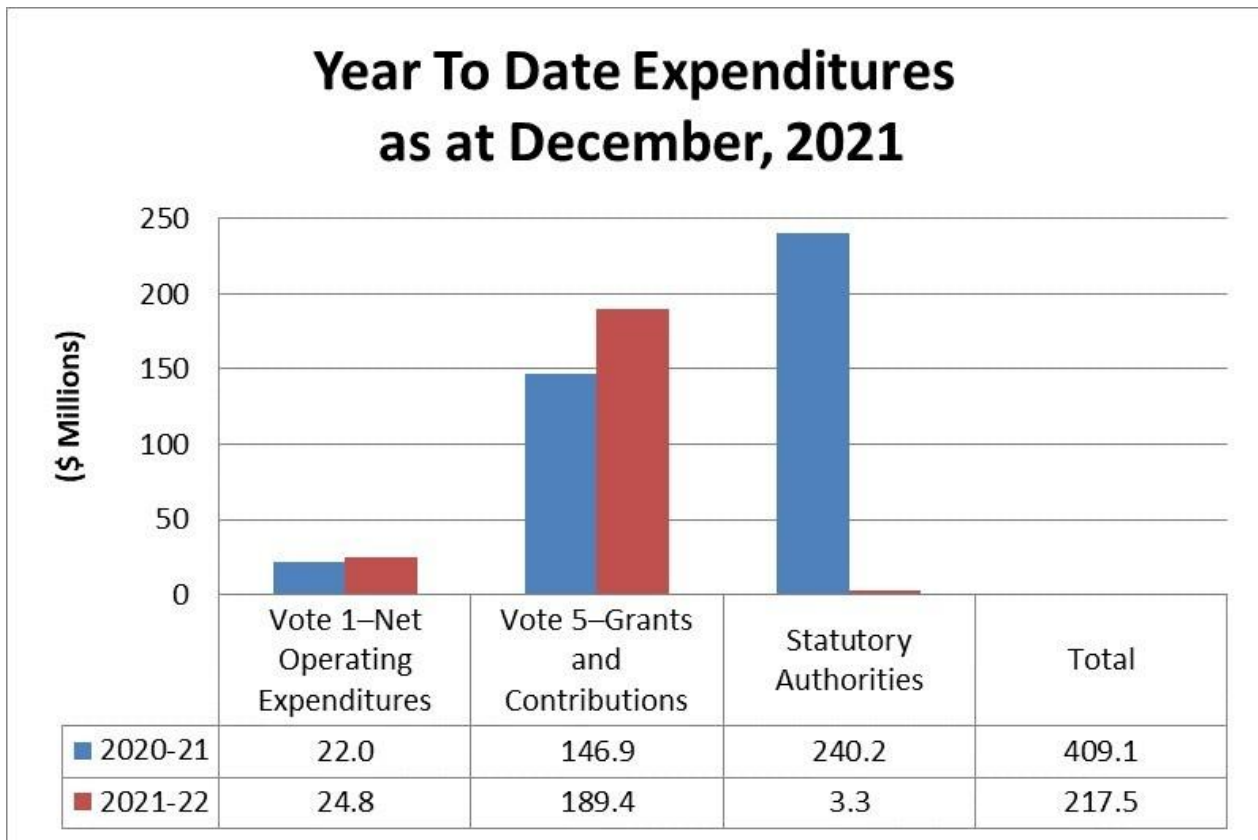
Statutory Authorities

Total statutory authorities granted for use for the year ending March 31, 2022, amount to \$5.2 million, compared to \$256.1 million in 2020-21, which is a net decrease of \$250.9 million. This decrease in the authorities 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 December 31, 2021, totaled \$217.6 million, a decrease of \$191.6 million, compared to \$409.1 million at December 31, 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*.



Budgetary expenditures in the third quarter of 2021-22 totaled \$61.1 million, compared to \$136.3 million in the same period of 2020-21, as illustrated in the "Third Quarter Budgetary Expenditures" chart. The net decrease of \$75.2 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)

Spending on operating expenditures through voted authorities was \$8.8 million in the third quarter of 2021-22, compared to \$7.7 million in the same quarter of 2020-21. The increase in quarterly spending is primarily attributed to increased operating authorities provided to support COVID-19 relief and recovery programming. Expenditures in other operating standard objects did not see material fluctuations.

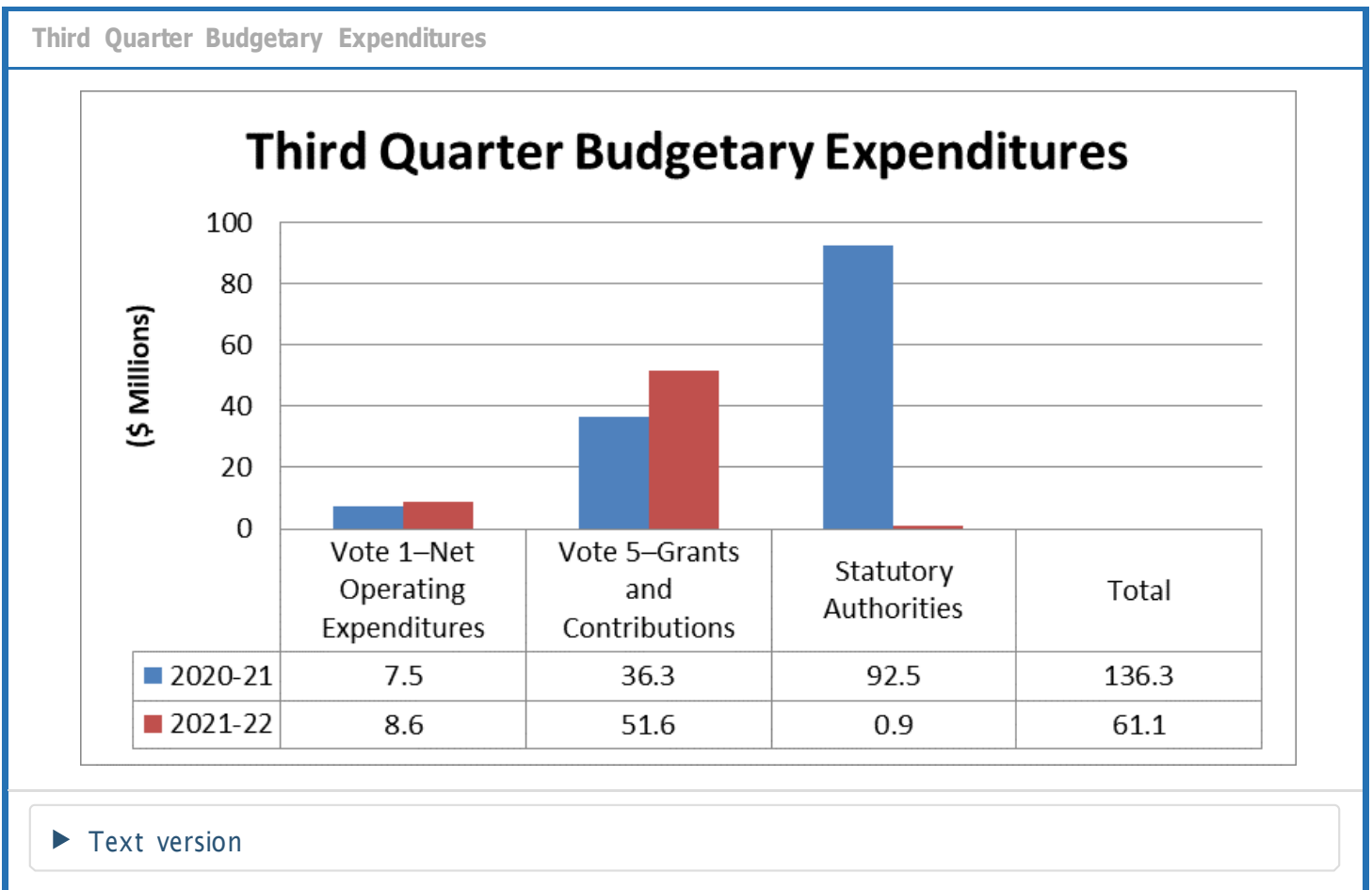
Vote 5 (Grants and Contributions)

Spending on transfer payments through voted authorities was \$51.6 million in the third quarter of 2021-22, compared to \$36.3 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 third quarter of 2021–22, compared to \$92.5 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 elevated amount of new programming and authorities to regional economic development agencies to support businesses and communities recover from the 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.

Approval by Senior Officials

Nancy Gardiner, President 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 December 31, 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 December 31, 2020	Year to date used at quarter-end
Vote 1–Net Operating Expenditures	40,572	8,607	24,805	36,400	7,503	21,982
Vote 5–Grants and Contributions	381,962	51,585	189,421	403,015	36,320	146,937
Budgetary statutory authorities:	5,192	928	3,302	256,146	92,465	240,207
Total authorities	427,726	61,120	217,528	695,560	136,288	409,125

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 2021-22			Fiscal Year 2020-21		
	Adjusted Planned expenditures for the year ending March 31, 2022	Used during the quarter ended December 31, 2021	Year to date used at quarter-end	Adjusted Planned expenditures for the year ending March 31, 2021	Used during the quarter ended December 31, 2020	Year to date used at quarter-end
Expenditures:						
Personnel ²	36,511	8,777	25,984	31,308	7,726	22,328
Transportation and communications	599	2	12	1,285	3	19
Information	777	114	201	574	141	200
Professional and special services	6,739	581	1,784	6,544	461	1,796
Rentals	243	6	31	195	11	154
Repair and maintenance	48	1	3	66	13	13
Utilities, materials and supplies	139	7	20	129	10	28
Acquisition of land, buildings and works	0	-	-	-	-	-
Acquisition of machinery and equipment	695	46	71	443	36	135
Transfer payments	381,962	51,585	189,421	654,994	127,889	384,457
Other subsidies and payments	13	1	1	22	(2)	(5)
Total budgetary expenditures	427,726	61,120	217,528	695,560	136,288	409,125

1

Numbers have been rounded to reconcile tables.

2

Includes employee benefit plan (EBP) expenses.
