



**Federal Economic Development Agency for
Southern Ontario**

Quarterly Financial Report

For the Quarter ended September 30, 2022

Nancy Gardiner, President

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Chief Financial Officer

His Majesty the King in Right of Canada, as represented by the Minister responsible for
the Federal Economic Development Agency for Southern Ontario, 2023

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Quarterly Financial Report — For the Quarter ended September 30, 2022

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 [2022–23 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 economic capacity for innovation, economic development and growth, and to promote a dynamic, inclusive and globally-competitive southern Ontario.*”

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 2022–23](#).

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 2022–23 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 salary and operating 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 Minister's motor car allowance.

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, 2022.

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

Total authorities (including \$1.5 million in Operation Budget Carry Forward) and planned expenditures increased to \$702.1 million for second quarter of fiscal 2022–23 compared to \$364.3 million for fiscal year 2021–22, as illustrated in the "Statement of Authorities" table.

The net increase of \$337.8 million over last fiscal year relates to:

- \$6.6 million increase in Vote 1 (Operating Authorities);
- \$330.7 million increase in Vote 5 (Grants and Contributions Authorities); and
- \$0.5 million increase in statutory authorities.

Vote 1 – Operating Authorities

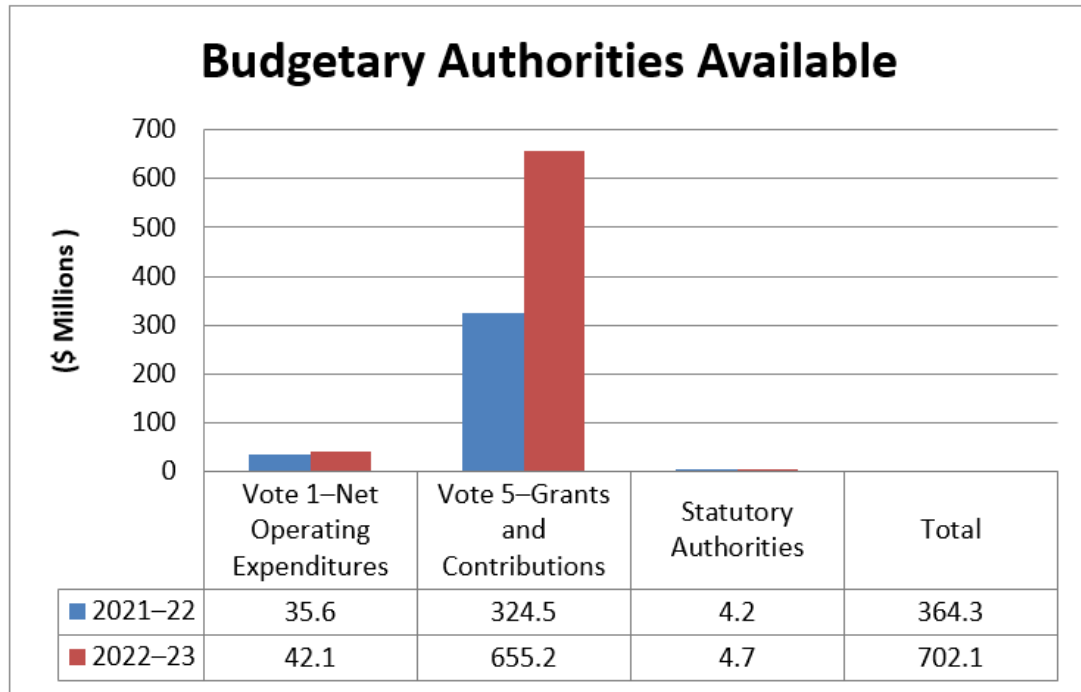
Total Vote 1 Operating Authorities available for use for the year ending March 31, 2023, amount to \$42.1 million, compared to \$35.6 million for fiscal year 2021–22, which is a net increase of \$6.5 million. The net increase is attributed to additional operating funding provided to support the delivery of a suite of multi-year initiatives announced in Budget 2021.

Vote 5 – Grants and Contributions

Total Vote 5 Grants and Contributions Authorities available for use in 2022–23 is \$655.2 million, compared to \$324.5 million for fiscal year 2021–22, which is a net increase of \$330.7 million. This increase relates to funding received from Budget 2021 to support the economic recovery in southern Ontario.

Statutory Authorities

Total statutory authorities granted for use for the year ending March 31, 2023, amount to \$4.7 million, compared to \$4.2 million in 2021–22, which represents a net increase of \$0.5 million. This increase in the authorities relates to the statutory employee benefits plan linked to the increased operating (personnel) authorities provided to deliver on Budget 2021 programs.



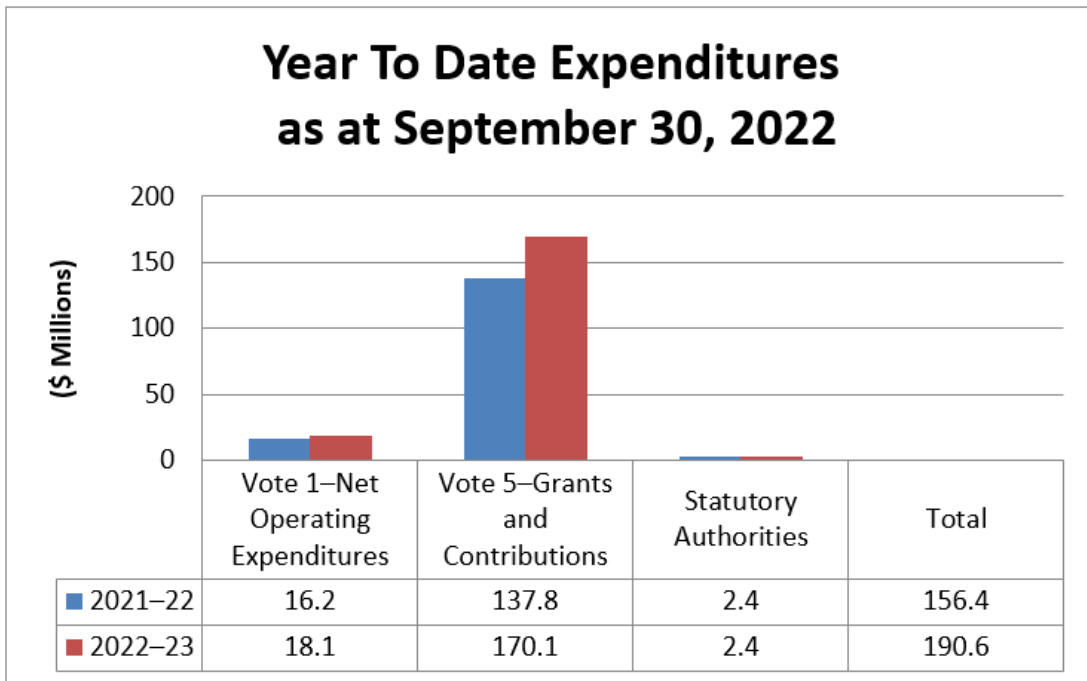
	Fiscal Year (in millions of dollars)	
	2022–23	2021–22
Vote 1 – Net Operating Expenditures	42.1	35.6
Vote 5 – Grants and Contributions Authorities	655.2	324.5
Statutory Authorities	<u>4.7</u>	<u>4.2</u>
Total	702.1	364.3

* Totals presented may not add up due to rounding

2.2 Expenditure Analysis

Year-to-date expenditures as at September 30, 2022, totaled \$190.6 million, an increase of \$34.2 million, compared to \$156.4 million at September 30, 2021. The increase in spending is primarily attributed to transfer payments related to the Budget 2021 initiatives.

Year To Date Expenditures as at September 30, 2022



	Fiscal Year (in millions of dollars)	
	2022-23	2021-22
Vote 1 – Net Operating Expenditures	18.1	16.2
Vote 5 – Grants and Contributions	170.1	137.8
Statutory Authorities	<u>2.4</u>	<u>2.4</u>
Total	190.6	156.4

* Totals presented may not add up due to rounding.

Budgetary expenditures in the second quarter of 2022-23 totaled \$99.6 million, compared to \$84.2 million in the same period of 2021-22, as illustrated in the “Second Quarter Budgetary Expenditures” chart. The net increase of \$15.4 million is attributed primarily to transfer payments related to the Budget 2021 initiatives.

Vote 1 (Operating Expenditures)

Operating expenditures in the second quarter of 2022-23 were \$9.7 million compared to \$9.4 million in the same period of 2021-22. The change in operating expenditures is primarily driven by an increase of \$0.4 million in salary expenditures and decrease of \$0.1 million in other operating objects. Year-to-date personnel expenses increased by \$1.8 million over fiscal 2021-22 which aligns with the increased operating authorities provided to support Budget 2021 multi-year recovery programming.

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

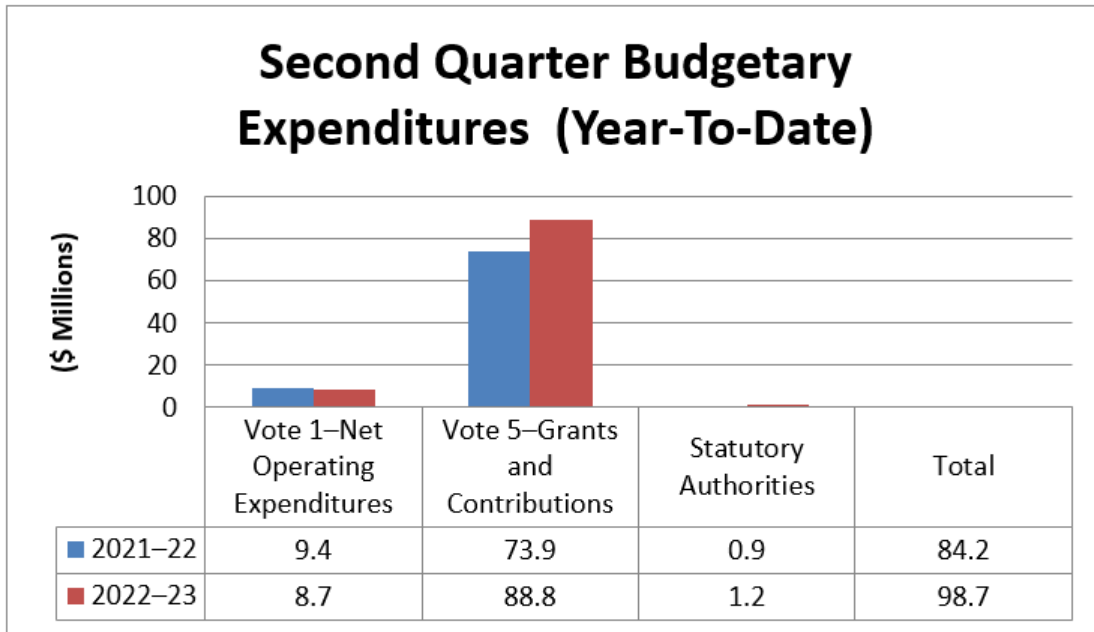
Vote 5 (Grants and Contributions)

Spending on transfer payments was \$88.8 million in the second quarter of 2022–23, compared to \$73.9 million in the same quarter of 2021–22. The increase in quarterly spending is primarily attributed to the Budget 2021 initiatives, offset against high 2021–22 expenditures for the Regional Relief and Recovery Fund. Year-to-date Grants and Contributions expenditures total \$170.1 million, an increase of \$32.3 million from 2021–22. This aligns with increased spending related to Budget 2021 initiatives.

Statutory Authorities

Spending through statutory authorities was \$1.2 million in the second quarter of 2022–23, compared to \$0.9 million in the same quarter of 2021–22. This increase in expenditures is attributed to higher costs for employee benefit plan contributions related to increased salary authorities.

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



	Fiscal Year <i>(in millions of dollars)</i>	
	2022–23	2021–22
Vote 1 – Net Operating Expenditures	8.7	9.4
Vote 5 – Grants and Contributions	88.8	73.9
Statutory Authorities	1.2	0.9
Total	98.7	84.2

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

3. Risks and Uncertainties

In 2022–23 FedDev Ontario has the highest authorities level in its history, with new programing and authorities to support government priorities to rebuild regional economies during the recovery from the pandemic. The ability to spend these authorities during this fiscal year will be influenced by the capacity of recipients to launch projects and make investments. There also continues to be some uncertainty around the path of the pandemic, which could have an influence on projects moving forward.

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

On August 31, 2022, the Honourable Filomena Tassi was named the Minister responsible for the Federal Economic Development Agency for Southern Ontario.

Launched in the summer of 2021, the Budget 2021 suite of multi-year programs are being delivered by regional development agencies across Canada to support economic recovery from the pandemic. These programs have significant financial authorities for grants and contributions investments across southern Ontario through the Jobs and Growth Fund, Tourism Relief Fund, Canada Community Revitalization Fund, Aerospace Regional Recovery Initiative and targeted support for Major Festivals and Events.

Approval by Senior Officials

Nancy Gardiner,
President
Ottawa, Canada

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

Federal Economic Development Agency for Southern Ontario

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Statement of Authorities (unaudited) ¹

	Fiscal Year 2022–23			Fiscal Year 2021–22		
	Total available for use for the year ending March 31, 2023 ²	Used during the quarter ended September 30, 2022	Year to date used at quarter-end	Total available for use for the year ending March 31, 2022 ²	Used during the quarter ended September 30, 2021	Year to date used at quarter-end
(in thousands of dollars)						
Vote 1–Net Operating Expenditures	42,150	9,655	18,118	35,556	9,390	16,198
Vote 5–Grants and Contributions	655,183	88,814	170,101	324,458	73,868	137,836
Budgetary statutory authorities:	4,722	1,180	2,361	4,236	928	2,374
Total authorities	702,055	99,649	190,580	364,250	84,186	156,408

¹ Numbers have been rounded to reconcile tables.

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

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Departmental budgetary expenditures by Standard Object (unaudited) ¹

(in thousands of dollars)	Fiscal Year 2022–23			Fiscal Year 2021–22		
	Adjusted Planned expenditures for the year ending March 31, 2023	Used during the quarter ended September 30, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Used during the quarter ended September 30, 2021	Year to date used at quarter-end
Expenditures:						
Personnel ²	36,554	9,969	18,974	31,813	9,542	17,207
Transportation and communications	715	54	83	538	7	10
Information	866	33	68	670	67	87
Professional and special services	7,405	621	1,147	5,761	678	1,203
Rentals	346	25	47	243	10	25
Repair and maintenance	54	6	6	42	2	2
Utilities, materials and supplies	155	8	23	120	13	13
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	759	67	79	592	20	25
Transfer payments	655,183	88,814	170,101	324,458	73,868	137,836
Other subsidies and payments	18	52	52	13	(21)	-
Total budgetary expenditures	702,055	99,649	190,580	364,250	84,186	156,408

¹ Numbers have been rounded to reconcile tables.

² Includes employee benefit plan (EBP) expenses.