

**Federal Economic  
Development Agency for  
Southern Ontario**

# **Quarterly Financial Report**

For the quarter ending June 30, 2023

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Nancy Gardiner,  
President

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CFO

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as represented by the Minister responsible for the Federal Economic  
Development Agency for Southern Ontario, 2024

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## Quarterly Financial Report — For the quarter ended June 30, 2023

### 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 2023–24 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 2023–2024.

### 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 2023–24 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 and Minister's motor car allowance.

## 2. Highlights of fiscal quarter and fiscal year-to-date 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, 2023.

### 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 \$431.5 million for first quarter of fiscal 2023–24, compared to \$700.6 million for fiscal year 2022–23, as illustrated in the "Budgetary Authorities" table.

FedDev Ontario has received \$431.5 million in funding through the [2023–24 Main Estimates](#) and had no items in [Supplementary Estimates A](#).

The net decrease of \$269 million over last fiscal year relates to:

- \$4.2 million decrease in Vote 1 (Operating Authorities);
- \$264.3 million decrease in Vote 5 (Grants and Contributions Authorities); and
- \$0.5 million decrease in statutory authorities.

#### *Vote 1 – Operating Authorities*

Total Vote 1 Operating Authorities available for use for the year ending March 31, 2024 amounts to \$36.5 million, compared to \$40.7 million for fiscal year 2022–23, which is a net decrease of \$4.2 million. The net decrease is attributed to the sunsetting of multi-year initiatives announced in Budget 2021 and subsequent reduction in operating requirements.

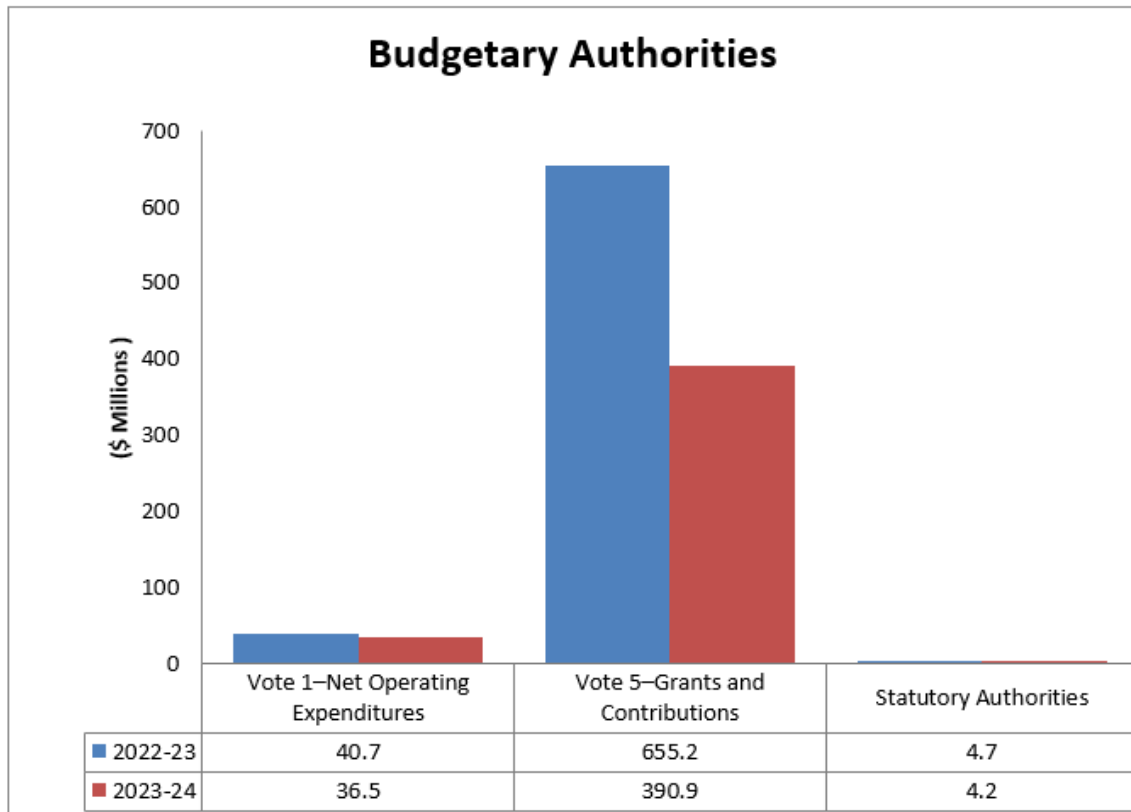
#### *Vote 5 – Grants and Contributions*

Total Vote 5 Grants and Contributions Authorities available for use in 2023–24 is \$390.9 million, compared to \$655.2 million for fiscal year 2022–23, which is a net decrease of

\$264.3 million. This decrease relates to the winding down of many Budget 2021 initiatives that are supporting economic recovery in southern Ontario.

### Statutory Authorities

Total statutory authorities granted for use for the year ending March 31, 2024, amounts to \$4.2 million, compared to \$4.7 million in 2022–23, which is a net decrease of \$0.5 million. This decrease in the authorities relates to the statutory employee benefits plan linked to operating (personnel) authorities provided to deliver on Budget 2021 programs.

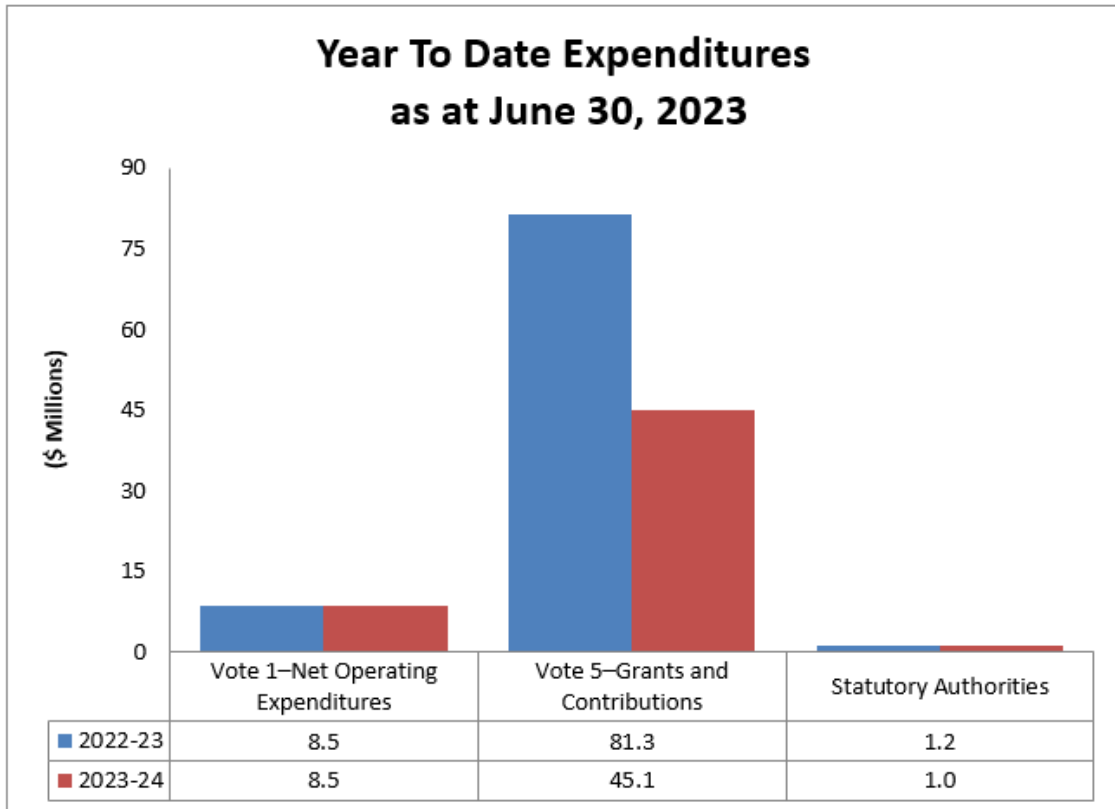


	Fiscal Year (in millions of dollars)	
	2023–24	2022–23
Vote 1 – Net Operating Expenditures	36.5	40.7
Vote 5 – Grants and Contributions	390.9	655.2
Statutory Authorities	4.2	4.7
<b>Total*</b>	<b>431.6</b>	<b>700.6</b>

\* Totals presented may not add up due to rounding

## 2.2 Expenditure analysis

Year-to-date expenditures as at June 30, 2023 totaled \$54.6 million, a decrease of \$36.3 million, compared to \$90.9 million at June 30, 2022. This difference is primarily attributed to decreased transfer payments for Budget 2021 initiatives that are winding down in 2023–24.



	Fiscal Year (in millions of dollars)	
	2023–24	2022–23
Vote 1 – Net Operating Expenditures	8.5	8.5
Vote 5 – Grants and Contributions	45.1	81.3
Statutory Authorities	<u>1.0</u>	<u>1.2</u>
<b>Total*</b>	<b>54.6</b>	<b>90.9</b>

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

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

First quarter expenditures for personnel and other operating standard objects did not see any fluctuations from the previous fiscal year in the same quarter.

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

Spending on transfer payments through voted authorities was \$45.1 million in the first quarter of 2023–24, compared to \$81.3 million in the same quarter of 2022–23. The difference of \$36.2 million is primarily due to decreased transfer payments for sunsetting Budget 2021 initiatives.

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

### **3. Risks and uncertainties**

In 2023–24 FedDev Ontario will be winding down the suite of Budget 2021 initiatives, returning to its core of innovation-based initiatives and smaller national programs. Mounting macroeconomic pressures, uncertainty around potential economic slowdowns, and impacts of interest rate increases have the potential to impact the capacity of recipients to deliver on funded projects.

### **4. Significant changes in relation to operations, personnel and programs**

After delivering more than \$496 million for the Regional Relief and Recovery Fund (RRRF) and over \$600 million in Budget 2021 initiatives, FedDev Ontario is returning to pre-pandemic reference levels. Over the course of the 2023–24 fiscal year, the Agency will be transitioning to operational and staffing levels that reflect this lower level of grants and contributions programming.

### **Approval by Senior Officials**

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Nancy Gardiner  
President  
Ottawa, Canada

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

**Federal Economic Development Agency for Southern Ontario**

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For the quarter ended June 31, 2023

**STATEMENT OF AUTHORITIES - (unaudited) (in thousands of dollars)<sup>1</sup>**

	Fiscal year 2023–24			Fiscal year 2022–23		
	Total available for use for the year ending March 31, 2024 <sup>2</sup>	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2023 <sup>2</sup>	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end
<b>Vote 1–Net Operating Expenditures</b>	36,460	8,505	8,505	40,682	8,464	8,464
<b>Vote 5–Grants and Contributions</b>	390,892	45,074	45,074	655,183	81,287	81,287
<b>Budgetary statutory authorities</b>	4,151	1,037	1,037	4,720	1,180	1,180
<b>Total Authorities</b>	<b>431,503</b>	<b>54,616</b>	<b>54,616</b>	<b>700,585</b>	<b>90,931</b>	<b>90,931</b>

1 Numbers have been rounded to reconcile tables.

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



Federal Economic Development Agency for Southern Ontario

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For the quarter ended June 31, 2023

Departmental budgetary expenditures by Standard Object (unaudited) (in thousands of dollars)<sup>1</sup>

	Fiscal year 2023–24			Fiscal year 2022–23		
	Adjusted planned expenditures for the year ending March 31, 2024	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Adjusted planned expenditures for the year ending March 31, 2023	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end
<b>Expenditures:</b>						
<b>Personnel<sup>2</sup></b>	31,451	8,780	8,780	36,183	9,005	9,005
<b>Transportation and communications</b>	635	91	91	639	29	29
<b>Information</b>	769	57	57	774	35	35
<b>Professional and special services</b>	6,574	574	574	6,616	526	526
<b>Rentals</b>	307	20	20	309	22	22
<b>Repair and maintenance</b>	48	1	1	48	0	0
<b>Utilities, materials and supplies</b>	137	4	4	138	15	15
<b>Acquisition of land, buildings and works</b>	0	0	0	0	0	0
<b>Acquisition of machinery and equipment</b>	674	15	15	678	12	12
<b>Transfer payments</b>	390,892	45,074	45,074	655,183	81,287	81,287
<b>Other subsidies and payments</b>	16	0	0	16	0	0
<b>Total budgetary expenditures</b>	<b>431,503</b>	<b>54,616</b>	<b>54,616</b>	<b>700,585</b>	<b>90,931</b>	<b>90,931</b>

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

<sup>2</sup> Includes Employee Benefit Plan (EBP) expenses.