

Canadian Northern Economic Development Agency

Quarterly Financial Report

For the quarter ended June 30, 2022

Cat. No. R106-1E-PDF

ISSN 2816-5861

Introduction

The Canadian Northern Economic Development Agency (the Agency) works with Northerners, Indigenous groups, communities, businesses, organizations, and other federal departments to help foster long-term economic sustainability in Nunavut, Northwest Territories, and the Yukon. CanNor's programs are summarized in [Part II of the Main Estimates](#).

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. It should be read in conjunction with the [Main Estimates](#) and the [Supplementary Estimates \(A\)](#). This report has not been subject to an external audit or review.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Agency's spending authorities granted by Parliament, and those used by the Agency consistent with the Main Estimates and Supplementary Estimates (A) for the 2022-2023 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.

The Agency uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of fiscal quarter and fiscal year-to-date (YTD) results

A. Changes to Authorities

This quarterly financial report reflects the results of the current fiscal period compared to the authorities provided in the Main Estimates and Supplementary Estimates A for the fiscal year 2022-2023, as well as budget adjustments approved by the Treasury Board up to June 30, 2022.

Total authorities available for spending in the first quarter of the fiscal year 2022-2023 were \$101.2 million compared with \$84.2 million at the end of the first quarter of 2021-2022, representing a net increase of \$17 million, or 20%. This variance is primarily attributable to funding received to administer Budget 2021 programs, such as the Tourism Relief Fund, the Jobs and Growth Fund and the Canada Community Revitalization Fund.

The following table compares total authorities by vote at the end of the first quarter of the current fiscal year and the previous fiscal year.

Comparison of Authorities Available for Spending as at June 30 of Fiscal Years 2021-2022 and 2022-2023

Authorities available (in thousands of dollars)	2021-2022	2022-2023	Variance
Vote 1 – Operating Expenditures	20,169	22,055	1,886
Vote 5 – Grants and Contributions	62,045	77,062	15,017
Statutory	1,962	2,105	143
Total Authorities	84,176	101,222	17,046

B. Changes in Year-to-Date Expenditures

At the end of the first quarter of 2022-2023, total budgetary expenditures for the quarter ended June 30, 2022, were \$16.3 million compared with \$12.8 million reported for the same period of 2021-2022, representing an increase of \$3.5 million, or 28%. The increase is mainly attributed to the increasing demand for contributions to help northern communities build and improve community infrastructure projects.

Comparison of Year-to-Date Expenditures for the Quarter Ended June 30 of Fiscal Years 2021-2022 and 2022-2023

Authorities available (in thousands of dollars)	2021-2022	2022-2023	Variance
Vote 1 – Operating Expenditures	3,867	4,427	560
Vote 5 – Grants and Contributions	8,392	11,309	2,917
Statutory	491	526	35
Total Authorities	12,750	16,262	3,512

Risks and Uncertainties

The Agency has seen rapid growth with increased funding, growth in programs and services offered, staff, and responsibilities, particularly as a result of the global COVID-19 pandemic. Administrative capacity, corporate services, and governance capacity have not scaled with the growth in funding and programming, placing a significant burden on the Agency's leadership and staff.

To meet the challenge, the Agency developed and maintained a comprehensive Corporate Risk Profile to support risk-based decision-making and guided by the Treasury Board of Canada Secretariat Guide to Integrated Risk Management and the Canadian Standards Association's ISO 31000. The Agency closely monitors its environment and operations to manage its corporate risks, ensures appropriate mitigation strategies are in place, and allocates and reallocates resources as required. This approach supports effective service delivery, better project

management, increased value for money, and ultimately better results for Northerners and Indigenous communities.

As Canada emerges from the pandemic, the Agency will closely monitor the risks associated with COVID-19, and ensure appropriate mitigation strategies are in place to effectively deliver on our mandate.

Significant Changes in Relation to Operations, Personnel and Programs

There have been no significant changes in relation to operations, personnel and programs during this quarter.

Approved by:

Paula Isaak
President

Roger Tetreault, CPA, CMA
Chief Financial Officer

**Statement of Authorities
 (unaudited)**

(in thousands of dollars)

	Fiscal year 2022-2023			Fiscal year 2021-2022		
	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2022*	Used during the quarter ended June 30, 2021	Year-to-date used at quarter-end
Vote 1 - Operating expenditures	22,055	4,427	4,427	20,169	3,867	3,867
Vote 5 - Transfer payments	77,062	11,309	11,309	62,045	8,392	8,392
Budgetary statutory authorities	2,105	526	526	1,962	491	491
Total authorities	101,222	16,262	16,262	84,176	12,750	12,750

*Includes only Authorities available for use and granted by Parliament at quarter-end.

**Departmental Budgetary Expenditures by Standard Object
 (unaudited)**

(in thousands of dollars)

	Fiscal year 2022-2023			Fiscal year 2021-2022		
	Planned expenditure for the year ending March 31, 2023	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end	Planned expenditure for the year ending March 31, 2022	Used during the quarter ended June 30, 2021	Year-to-date used at quarter-end
Expenditures:						
Personnel	16,138	3,902	3,902	15,221	3,769	3,769
Transportation and communications	1,138	385	385	981	18	18
Information	111	1	1	95	2	2
Professional and special services	3,485	249	249	3,001	113	113
Rentals	2,568	383	383	2,211	370	370
Repair and maintenance	240	24	24	207	0	0
Utilities, materials and supplies	160	9	9	138	2	2
Acquisition of machinery and equipment	321	0	0	277	0	0
Transfer payments	77,062	11,309	11,309	62,045	8,392	8,392
Other subsidies and payments	0	0	0	0	84	84
Total budgetary expenditures	101,222	16,262	16,262	84,176	12,750	12,750