



**Federal Economic Development Agency for
Southern Ontario**

Quarterly Financial Report

For the Quarter ended December 31, 2023

Nancy Gardiner,
President

Carole Bourget, CPA
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, 2024

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Quarterly Financial Report — For the Quarter ended December 31, 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 2023–24](#).

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 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 December 31, 2023.

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

Total authorities as of December 31, 2023 total \$465.0 million which is a decrease compared to \$703.9 million for the same period last fiscal year, as illustrated in the "Statement of Authorities" table.

The net decrease of \$238.9 million relates to:

- \$2.6 million decrease in Vote 1 (Operating Authorities);
- \$236.0 million decrease in Vote 5 (Grants and Contributions Authorities); and
- \$0.3 million decrease in statutory authorities.

Vote 1 – Operating Authorities

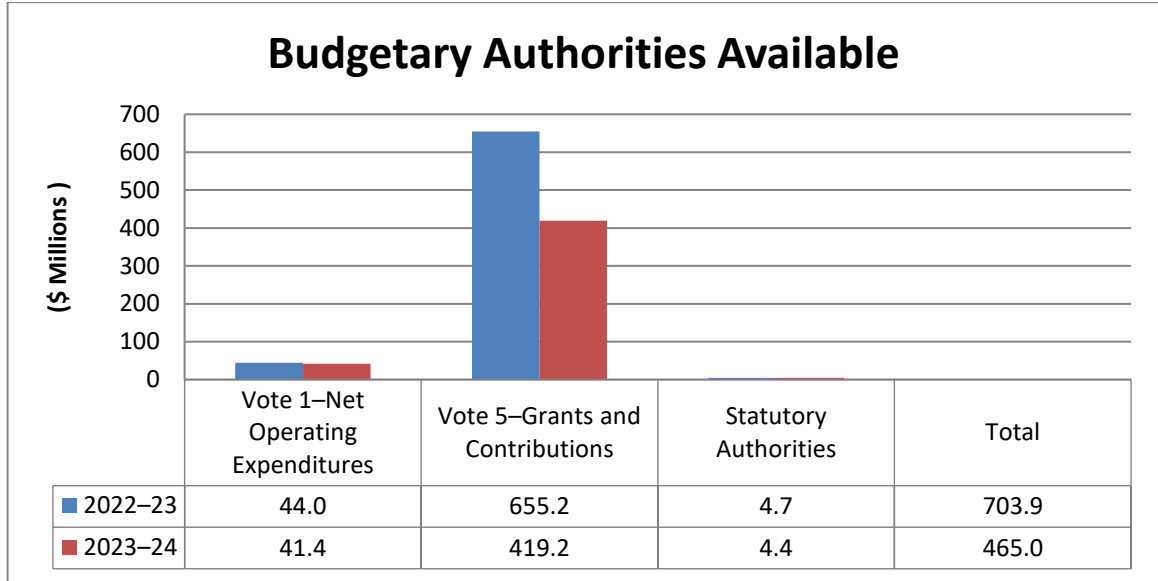
Total Vote 1 Operating Authorities available for use for the year ending March 31, 2024, amount to \$41.4 million, compared to \$44.0 million for fiscal year 2022–23, which is a net decrease of \$2.6 million. The net decrease is attributed to the reduction of operating funds as the temporary, multi-year initiatives announced in Budget 2021 come to a close.

Vote 5 – Grants and Contributions

Total Vote 5 Grants and Contributions Authorities in 2023–24 is \$419.2 million, compared to \$655.2 million for fiscal year 2022–23, which is a net decrease of \$236.0 million. This decrease relates to the sunseting of Budget 2021 initiatives to support economic recovery in southern Ontario.

Statutory Authorities

Total statutory authorities granted for use for the year ending March 31, 2024, amount to \$4.4 million, compared to \$4.7 million in 2022–23, which represents a net decrease of \$0.3 million. This decrease in the authorities relates to annual adjustments made to authorities provided for employee benefits plan.



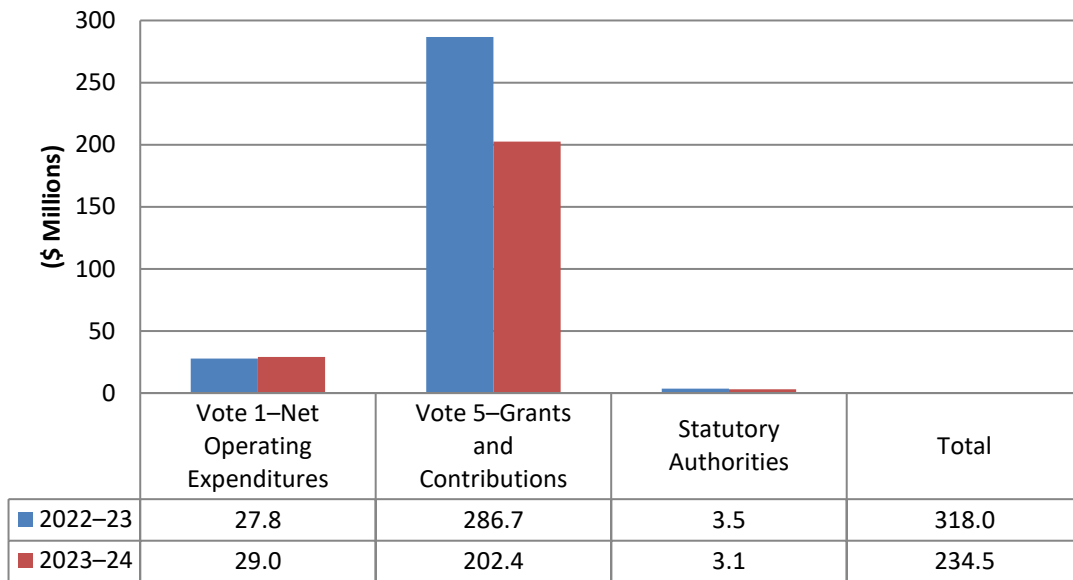
	Fiscal Year (in millions of dollars)	
	2023–24	2022–23
Vote 1 – Net Operating Expenditures	41.4	44.0
Vote 5 – Grants and Contributions Authorities	419.2	655.2
Statutory Authorities	<u>4.4</u>	<u>4.7</u>
Total	465.0	703.9

* Totals presented may not reconcile due to rounding

2.2 Expenditure Analysis

Year-to-date expenditures as at December 31, 2023, totaled \$234.5 million, a decrease of \$83.5 million, compared to \$318.0 million at December 31, 2022. The decrease in spending is primarily attributed to the reduction of grants and contributions made through the Budget 2021 temporary programming, as those initiatives come to a close.

Year To Date Expenditures as at December 31, 2022



	Fiscal Year (in millions of dollars)	
	2023-24	2022-23
Vote 1 – Net Operating Expenditures	29.0	27.8
Vote 5 – Grants and Contributions	202.4	286.7
Statutory Authorities	<u>3.1</u>	<u>3.5</u>
Total	234.5	318.0

* Totals presented may not reconcile due to rounding.

Budgetary expenditures in the third quarter of 2023-24 totaled \$87.9 million, compared to \$127.4 million in the same period of 2022-23, as illustrated in the “Third Quarter Budgetary Expenditures” chart. The net decrease of \$39.6 million is attributed primarily to decreased spending in grants and contributions for the sunseting of Budget 2021 initiatives.

Vote 1 (Operating Expenditures)

Operating expenditures in the third quarter of 2023–24 were \$11.0 million compared to \$9.7 million in the same period of 2022–23. The change in operating expenditures is primarily driven by increased expenditures under the Personnel standard object. Year-to-date personnel expenses increased by \$ 0.3 million over fiscal 2022–23, which aligns with spending plans to wind down the Budget 2021 multi-year recovery programming. Total expenditures across other operating standard objects remained consistent with prior year activity.

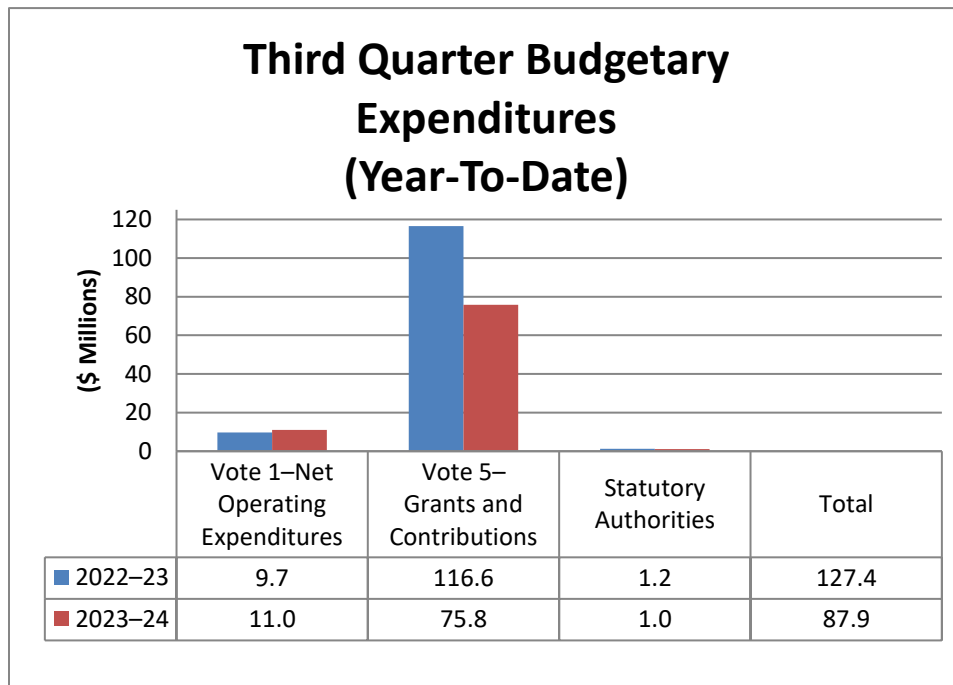
Vote 5 (Grants and Contributions)

Spending on transfer payments was \$75.8 million in the third quarter of 2023–24, compared to \$116.6 million in the same quarter of 2022–23. The decrease in quarterly spending is primarily attributed to the sunseting of Budget 2021 initiatives. Year-to-date grants and contributions expenditures total \$202.4 million, a decrease of \$84.3 million from 2022–23. This aligns with decreased spending related to Budget 2021 initiatives.

Statutory Authorities

Spending through statutory authorities was \$1.0 million in the third quarter of 2023–24, compared to \$1.2 million in the same quarter of 2022–23. This decrease in expenditures is attributed to lower costs for employee benefit plan contributions related to decreased salary authorities.

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



	Fiscal Year (in millions of dollars)	
	2023-24	2022-23
Vote 1 – Net Operating Expenditures	11.0	9.7
Vote 5 – Grants and Contributions	75.8	116.6
Statutory Authorities	1.0	1.2
Total	87.9	127.4

* Totals presented may not reconcile due to rounding.

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.

Subsequent to the quarter end, Carole Bourget was appointed as FedDev Ontario's Chief Financial Officer January 2, 2024

Approval by Senior Officials

Nancy Gardiner,
President
Ottawa, Canada

Carole Bourget,
Chief Financial Officer

Federal Economic Development Agency for Southern Ontario

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Statement of Authorities (unaudited) ¹

	Fiscal Year 2023–24			Fiscal Year 2022–23		
	Total available for use for the year ending March 31, 2024 ²	Used during the quarter ended December 31, 2023	Year to date used at quarter-end	Total available for use for the year ending March 31, 2023 ²	Used during the quarter ended December 31, 2022	Year to date used at quarter-end
(in thousands of dollars)						
Vote 1–Net Operating Expenditures	41,386	11,026	28,954	44,023	9,699	27,817
Vote 5–Grants and Contributions	419,225	75,793	202,405	655,183	116,557	286,658
Budgetary statutory authorities:	4,368	1,037	3,113	4,722	1,180	3,541
Total authorities	464,979	87,856	234,472	703,928	127,436	318,016

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 2023–24			Fiscal Year 2022–23		
	Total available for use for the year ending March 31, 2024 ²	Used during the quarter ended December 31, 2023	Year to date used at quarter-end	Total available for use for the year ending March 31, 2023 ²	Used during the quarter ended December 31, 2022	Year to date used at quarter-end
Expenditures:						
Personnel ²	35,193	10,772	29,035	37,227	9,726	28,700
Transportation and communications	740	175	416	715	127	210
Information	900	140	327	866	195	263
Professional and special services	7,500	808	2,052	7,405	422	1,569
Rentals	375	55	86	346	81	128
Repair and maintenance	59		1	54	1	7
Utilities, materials and supplies	162	112	126	155	9	32
Acquisition of land, buildings and works	-		-	0	-	-
Acquisition of machinery and equipment	806	3	28	759	318	397
Transfer payments	419,225	75,793	202,405	655,183	116,557	286,658
Other subsidies and payments	19 -	2 -	4	1,218	-	52
Total budgetary expenditures	464,979	87,856	234,472	703,928	127,436	318,016

¹ Numbers have been rounded to reconcile tables.

² Includes employee benefit plan (EBP) expenses.