

2023-24 Departmental Results Report - Financial Statements

For the Year ended March 31, 2024 (unaudited)



Federal Economic Development
Agency for Northern Ontario

Agence fédérale de développement
économique pour le Nord de l'Ontario

Canada

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1. Statement of Management Responsibility Including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2024, and all information contained in these financial statements rests with the management of the Federal Economic Development Agency for Northern Ontario (Agency). These financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the Agency's Departmental Results Report, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the Financial Administration Act and other applicable legislation, regulations, authorities, and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Agency and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The Agency is subject to periodic Core Control Audits performed by the Office of the Comptroller General of Canada (OCG) and uses the results of such audits to comply with the Treasury Board Policy on Financial Management. In the year ended March 31, 2024, the Agency participated in the yearly Core Control Self-Assessment exercise which is part of the OCG's internal audit engagement in small departments over a five-year cycle. The self-assessment reviewed transactions were year-end payables, contracting and receivables management. Additionally, the Agency has been developing its own risk-based assessment of the system of ICFR in accordance with the Treasury Board Policy on Financial Management.

The financial statements of the Agency have not been audited.



Valerie Gideon, President

Sudbury, Canada

September 3, 2024

Lisa Furtado, Chief Financial Officer

August 30, 2024



2. Statement of Financial Position

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Liabilities | | |
| Accounts payable and accrued liabilities (note 4) | \$ 14,364,649 | \$ 31,029,655 |
| Vacation pay and compensatory leave | 842,448 | 847,839 |
| Employee future benefits (note 5) | 223,395 | 224,908 |
| Total liabilities | <u>15,430,492</u> | <u>32,102,402</u> |
| Financial assets | | |
| Due from Consolidated Revenue Fund | 13,771,165 | 30,779,665 |
| Accounts receivable and advances (note 6) | 1,868,297 | 450,278 |
| Loans receivable (note 7) | 66,847,403 | 69,777,989 |
| Total gross financial assets | <u>82,486,865</u> | <u>101,007,932</u> |
| Financial assets held on behalf of government | | |
| Accounts receivable and advances (note 6) | (1,276,527) | (200,623) |
| Loans receivable (note 7) | (66,847,403) | (69,777,989) |
| Total financial assets held on behalf of government | <u>(68,123,930)</u> | <u>(69,978,612)</u> |
| Total net financial assets | 14,362,935 | 31,029,320 |
| Departmental net debt | <u>1,067,557</u> | <u>1,073,082</u> |
| Non-financial assets | | |
| Tangible capital assets (note 8) | 5,325,209 | 4,045,672 |
| Total non-financial assets | <u>5,325,209</u> | <u>4,045,672</u> |
| Departmental net financial position | <u>\$ 4,257,652</u> | <u>\$ 2,972,590</u> |

Contractual obligations (note 9)

The accompanying notes form an integral part of these financial statements.



3. Statement of Operations and Departmental Net Financial Position

| | <u>2024</u> | <u>2024</u> | <u>2023</u> |
|--|-------------------|---------------------|---------------------|
| | Planned Results | Actual | Actual |
| Expenses | | | |
| Economic Development in Northern Ontario | \$ 65,309,780 | \$ 55,691,605 | \$ 106,981,860 |
| Internal Services | 5,371,394 | 7,426,965 | 7,858,049 |
| Expenses incurred on behalf of government | (972,889) | (1,081,433) | (6,292,627) |
| Total expenses | <u>69,708,285</u> | <u>62,037,137</u> | <u>108,547,282</u> |
| Revenues | | | |
| Interest on accounts receivable | - | 308,704 | 64,893 |
| Gain on disposal of non-capital assets | - | - | 1,260 |
| Revenues earned on behalf of government | - | (308,704) | (64,893) |
| Total revenues | <u>-</u> | <u>-</u> | <u>1,260</u> |
| Net cost from continuing operations | 69,708,285 | 62,037,137 | 108,546,022 |
| Net cost of operations before government funding and transfers | 69,708,285 | 62,037,137 | 108,546,022 |
| Government funding and transfers | | | |
| Net cash provided by government | | 78,663,552 | 83,799,256 |
| Change in due from the Consolidated Revenue Fund | | (17,008,500) | 24,196,094 |
| Services provided without charge by other government departments (note 10) | | 1,667,147 | 1,612,447 |
| Net cost of operations after government funding and transfers | | <u>(1,285,062)</u> | <u>(1,061,775)</u> |
| Departmental net financial position - Beginning of year | | 2,972,590 | 1,910,815 |
| Departmental net financial position - End of year | | <u>\$ 4,257,652</u> | <u>\$ 2,972,590</u> |

Segmented information (note 11)

The accompanying notes form an integral part of these financial statements.



4. Statement of Change in Departmental Net Debt

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Net cost of operations after government funding and transfers | \$ (1,285,062) | \$ (1,061,775) |
| Change due to tangible capital assets | | |
| Acquisition of tangible capital assets | 1,316,735 | 1,286,086 |
| Amortization of tangible capital assets | <u>(37,198)</u> | <u>(40,512)</u> |
| Total change due to tangible capital assets | 1,279,537 | 1,245,574 |
| Net increase in departmental net debt | (5,525) | 183,799 |
| Departmental net debt - Beginning of year | 1,073,082 | 889,283 |
| Departmental net debt - End of year | <u>\$ 1,067,557</u> | <u>\$ 1,073,082</u> |

The accompanying notes form an integral part of these financial statements.



5. Statement of Cash Flows

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------------|-----------------------------|
| Operating activities | | |
| Net cost of operations before government funding and transfers | \$ 62,037,137 | \$ 108,546,022 |
| Non-cash items: | | |
| Amortization of tangible capital assets | (37,198) | (40,512) |
| Services provided without charge by other government departments (note 10) | (1,667,147) | (1,612,447) |
| Variations in Statement of Financial Position: | | |
| Decrease (increase) in accounts payable and accrued liabilities | 16,665,006 | (24,445,561) |
| Increase in accounts receivable | 342,115 | 249,655 |
| Decrease (increase) in vacation pay and compensatory leave | 5,391 | (210,372) |
| Decrease in employee future benefits | 1,513 | 26,385 |
| Cash used in operating activities | <u>77,346,817</u> | <u>82,513,170</u> |
| Capital investing activities | | |
| Acquisitions of tangible capital assets | 1,316,735 | 1,286,086 |
| Cash used in capital investing activities | <u>1,316,735</u> | <u>1,286,086</u> |
| Net cash provided by Government of Canada | <u><u>\$ 78,663,552</u></u> | <u><u>\$ 83,799,256</u></u> |

The accompanying notes form an integral part of these financial statements.



6. Notes to the Financial Statements

1). Authority and objectives

First created as a federal initiative within the Department of Industry in 1987 with a mandate to assist in the expansion and diversification of the economy of Northern Ontario, the Federal Economic Development Agency for Northern Ontario (FedNor) was established as a standalone Regional Development Agency on August 12, 2021 via an Order-in-Council pursuant to the Public Service Rearrangement and Transfer of Duties Act.

FedNor is the Government of Canada's economic development organization for Northern Ontario. Through its programs and services, and through its financial support of projects that lead to job creation and economic growth, FedNor works with businesses and community partners to build a stronger Northern Ontario.

To achieve this strategic outcome, FedNor has a core responsibility and internal services:

- **Economic Development in Northern Ontario:** This core responsibility is designed to promote an innovative, diversified and inclusive Northern Ontario economy through investments in regional growth; including commercialization and adoption of technologies, as well as community diversification.
- **Internal Services:** Internal services are the services that are provided within a department so that it can meet its corporate obligations and deliver its programs. There are 10 categories of internal services: management and oversight services; communications services; legal services; human resources management services; financial management services; information management services; information technology services; real property management services; materiel management services; and, acquisition management services.

2). Summary of significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from the Canadian public sector accounting standards.

Significant accounting policies are as follows:

- a) **Parliamentary authorities** – FedNor is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to FedNor do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Departmental Net Financial Position and in the Statement of Financial



Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the Statement of Operations are the amounts reported in the future-oriented financial statements included in the 2023-2024 Departmental Plan.

- b) Net cash provided by Government – FedNor operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by FedNor is deposited to the CRF and all cash disbursements made by FedNor are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.
- c) Amounts due from/to the CRF – These amounts are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represents the net amount of cash that FedNor is entitled to draw from the CRF without further authorities to discharge its liabilities.
- d) Revenues – Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

With the exception of gain on disposal of non-capital assets, revenues are earned on behalf of Government and are not available to discharge FedNor's liabilities. While the Deputy Head (DP) is expected to maintain accounting control, there is no authority regarding the disposition of these revenues. Therefore, they are presented in reduction of the entity's gross revenues.

- e) Expenses – Expenses are recorded on an accrual basis.

Transfer payments such as conditionally repayable contributions and non-repayable contributions are recorded as expenses when authorization for the payment is approved as a legitimate expense under the applicable transfer payment program. Transfer payments that become repayable as a result of conditions specified in the contribution agreement are recorded as a reduction in transfer payment expenses and are reclassified as a receivable.

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation and the employer contributions to the health and dental insurance plans, are recorded as operating expenses at their estimated cost.

- f) Employee future benefits
 - i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer pension plan administered by the Government. FedNor's contributions to the plan are charged to expenses in the year incurred and represent the total departmental obligation to the plan. FedNor's responsibility with regard to the plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the plan's sponsor.



- ii. Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.
- g) Accounts and loans receivable – These are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts and loans receivable where recovery is considered appropriate and uncertain.

Transfer payments that are unconditionally repayable are recognized as loans receivable.

- i. Unconditional repayable contributions – Transfer payments that are unconditionally repayable are recognized as loans receivable. These contributions must be repaid without condition, and the loans have significant concessionary terms as they include a no-interest clause. Furthermore, they have various repayment terms.
 - ii. Conditionally repayable contributions – Transfer payments that are conditionally repayable are reclassified as accounts receivable when conditions specified in the contribution agreement come into effect or in the event of default.
- h) Allowance for impaired loans and accounts receivable – Loans and accounts receivable are classified as impaired when, in the opinion of management, there is reasonable doubt as to the timely collection of the full amount of principal and, where applicable, interest. A specific allowance is established to reduce the recorded value of the loan to its estimated net realizable value.
- i) Contingent liabilities – Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.
- j) Tangible capital assets – All tangible capital assets having an initial cost of \$10,000 or more are recorded at their acquisition cost. FedNor does not capitalize works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indigenous reserves, and museum collections.

| Asset Class | Amortization Period |
|-------------------|---------------------|
| Vehicles | 5 years |
| Computer hardware | 5 years |



- k) Measurement uncertainty – The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the allowance for doubtful accounts, the liability for employee future benefits and the useful life of tangible capital assets. Actual results could differ significantly from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.
- l) Related party transactions – Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii. Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

3). Parliamentary authorities

FedNor receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, FedNor has different net results of operations for the year on a government-funding basis rather than on an accrual-accounting basis. The differences are reconciled in the following tables:



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(a) Reconciliation of net cost of operations to current year authorities used

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------------|------------------------------|
| | <i>(in dollars)</i> | |
| Net cost of operations before government funding and transfers | \$ 62,037,137 | \$ 108,546,022 |
| Adjustments for items affecting net cost of operations but not affecting authorities: | | |
| Services provided without charge by other government departments | (1,667,147) | (1,612,447) |
| Amortization of tangible capital assets | (37,198) | (40,512) |
| Decrease in employee future benefits | 1,513 | 26,385 |
| Adjustment of previous year's Accounts Payable | 722,001 | 22,187 |
| Refund of prior year's expenditures | 771,580 | 259,743 |
| Decrease (increase) in vacation pay and compensatory leave | 5,391 | (210,372) |
| Net gain on non-capital assets | - | 1,260 |
| Total items affecting net cost of operations but not affecting authorities | <u>(203,860)</u> | <u>(1,553,756)</u> |
| Adjustments for items not affecting net cost of operations but affecting authorities: | | |
| Increase in loans and advances | 8,625,270 | 23,797,827 |
| Acquisitions of tangible capital assets | 1,316,735 | 1,286,086 |
| Salary overpayments | 1,097 | 1,688 |
| Total items not affecting net cost of operations but affecting authorities | <u>9,943,102</u> | <u>25,085,601</u> |
| Current year authorities used | <u>\$ 71,776,379</u> | <u>\$ 132,077,867</u> |

(b) Authorities provided and used

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------------|------------------------------|
| | <i>(in dollars)</i> | |
| Authorities Provided: | | |
| Vote 1 – Operating expenditures | \$ 17,302,939 | \$ 14,560,768 |
| Vote 5 – Grants and contributions | 57,867,422 | 119,218,074 |
| Statutory amounts | <u>1,470,868</u> | <u>1,385,466</u> |
| | 76,641,229 | 135,164,308 |
| Less: | | |
| Authorities available for future years | - | 1,260 |
| Lapsed authorities: Operating expenditures | 3,472,306 | 1,605,034 |
| Grants and contributions | <u>1,392,544</u> | <u>1,480,147</u> |
| Current year authorities used | <u>\$ 71,776,379</u> | <u>\$ 132,077,867</u> |

4). Accounts payable and accrued liabilities

The following table presents details of FedNor's accounts payable and accrued liabilities:



| | <u>2024</u> | | <u>2023</u> |
|---|----------------------|-----------|-------------------|
| | <i>(in dollars)</i> | | |
| Accounts payable to external parties | \$ 13,232,874 | \$ | 29,477,045 |
| Accrued salaries and wages | 812,282 | | 512,753 |
| Accounts payable to other government departments and agencies | 318,958 | | 1,039,523 |
| Other external payables | 535 | | 334 |
| Total accounts payable and accrued liabilities | \$ 14,364,649 | \$ | 31,029,655 |

5). Employee future benefits

a) Pension benefits

FedNor employees participate in the public service pension plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plan benefits and they are indexed to inflation.

Both the employees and FedNor contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to Canada's Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2023-2024 expense amounts to \$1,315,986 (\$1,254,920 in 2022-2023). For Group 1 members, the expense represents approximately 1.02 times (1.02 in 2022-2023) and, for Group 2 members, approximately 1.00 times (1.00 in 2022-2023) the employee contributions.

FedNor's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada as the plan's sponsor.

b) Severance benefits

FedNor provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured at March 31, is as follows:



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| | <u>2024</u> | <u>2023</u> |
|---|--------------------------|--------------------------|
| | <i>(in dollars)</i> | |
| Accrued benefit obligation - beginning of year | \$ 224,908 | \$ 251,293 |
| Expense for the year | (32,805) | (72,616) |
| Benefits paid during the year | 31,292 | 46,231 |
| Accrued benefit obligation - End of year | <u>\$ 223,395</u> | <u>\$ 224,908</u> |

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

6). Accounts receivable and advances

The following table presents details of FedNor's accounts receivable and advances balances.

| | <u>2024</u> | <u>2023</u> |
|--|--------------------------|--------------------------|
| | <i>(in dollars)</i> | |
| Accounts receivable from external parties | \$ 4,756,946 | \$ 1,406,206 |
| Receivables from other government departments and agencies | 591,770 | 249,655 |
| Employee advances | 1,714 | - |
| Other accounts receivable and advances | 53,894 | 43,161 |
| Subtotal | <u>5,404,324</u> | <u>1,699,022</u> |
| Allowance for doubtful accounts on receivables from external parties | (3,536,027) | (1,248,744) |
| Gross accounts receivables and advances | <u>1,868,297</u> | <u>450,278</u> |
| Accounts receivable held on behalf of government | (1,276,527) | (200,623) |
| Net accounts receivable | <u>\$ 591,770</u> | <u>\$ 249,655</u> |



7). Loans receivable

The following table presents details of FedNor's loans balances:

| | <u>2024</u> | <u>2023</u> |
|---|--------------------------|--------------------------|
| | <i>(in dollars)</i> | |
| Unconditionally repayable contributions | \$ 94,083,332 | \$ 98,219,768 |
| Less: Allowance for doubtful loans and advances | <u>27,235,929</u> | <u>28,441,779</u> |
| Net unconditionally repayable contributions | 66,847,403 | 69,777,989 |
| Gross loans receivable | <u>66,847,403</u> | <u>69,777,989</u> |
| Loans held on behalf of government | (66,847,403) | (69,777,989) |
| Net loans receivable | <u>\$ -</u> | <u>\$ -</u> |

Unconditionally repayable contributions – These loans relate to unconditionally repayable contributions made to outside parties that must be repaid without qualification. An allowance for non collectability of \$27,235,929 (\$28,441,779 in 2022-2023) relating to these loans was recorded.

The loans receivable portfolio consists of approximately 240 non-interest-bearing unconditionally repayable contributions issued, for the most part, from 2013 to 2023 with prescribed annual repayment terms.

During the accounting period, management has assessed the potential for defaulted loans and have recorded an estimated allowance for doubtful loans. The estimation is reviewed and adjusted annually.



8). Tangible capital assets

Assets under construction are recorded in the applicable capital asset class and are amortized in the year that they become available for use.

| <i>(in dollars)</i> | Cost | | | | Accumulated Amortization | | | Net Book Value | |
|---------------------------|---------------------|-------------------|---------------------------|---------------------|--------------------------|------------------|-------------------|---------------------|---------------------|
| | Opening balance | Acquisitions | Adjustments and Transfers | Closing balance | Opening balance | Amortization | Closing balance | 2024 | 2023 |
| Capital asset class | | | | | | | | | |
| Vehicles | \$ 447,483 | \$ 97,232 | \$ - | \$ 544,715 | \$ 375,560 | \$ 32,808 | \$ 408,368 | \$ 136,347 | \$ 71,923 |
| Computer hardware | 21,950 | 28,925 | - | 50,875 | 13,170 | 4,390 | 17,560 | 33,315 | 8,780 |
| Assets under construction | 3,964,969 | 767,844 | 422,734 | 5,155,547 | - | - | - | 5,155,547 | 3,964,969 |
| Total | \$ 4,434,402 | \$ 894,001 | \$ 422,734 | \$ 5,751,137 | \$ 388,730 | \$ 37,198 | \$ 425,928 | \$ 5,325,209 | \$ 4,045,672 |

9). Contractual obligations

The nature of FedNor’s activities results in multi-year contracts whereby FedNor is committed to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

| <i>(in dollars)</i> | 2025 | 2026 | 2027 | 2028 | 2029 and thereafter | Total |
|--------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
| Transfer payments | \$ 38,686,628 | \$ 20,584,667 | \$ 10,655,223 | \$ 3,329,318 | \$ 1,375,512 | \$ 74,631,348 |
| Other goods and services | 36,008 | 6,505 | 646 | - | - | 43,159 |
| Total | \$ 38,722,636 | \$ 20,591,172 | \$ 10,655,869 | \$ 3,329,318 | 1,375,512 | \$ 74,674,507 |

10). Related party transactions

FedNor is related as a result of common ownership to all government departments, agencies and Crown Corporations. FedNor enters into transactions with these entities in normal course of business and on normal trade terms. During the year, FedNor received common services, which were obtained without charge, from other government departments, as disclosed below.

a) Common services provided without charge by other government departments

During the year, FedNor received services without charge from certain common service organizations, related to accommodations and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in FedNor's Statement of Operations and Departmental Net Financial Position as follows:

| | <u>2024</u> | | <u>2023</u> |
|--|---------------------|--|---------------------|
| | <i>(in dollars)</i> | | |
| Accommodation | \$ 865,493 | | \$ 915,636 |
| Employer's contribution to the health and dental insurance plans | 801,654 | | 696,811 |
| Total | \$ 1,667,147 | | \$ 1,612,447 |

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada, audit services provided by the Office of the Auditor General are not included as an expense in FedNor Statement of Operations and Departmental Net Financial Position.

b) Other transactions with related parties

| | <u>2024</u> | | <u>2023</u> |
|--|---------------------|--|--------------|
| | <i>(in dollars)</i> | | |
| Expenses – Other government departments and agencies | \$ 9,695,212 | | \$ 4,444,196 |

Expenses and revenues disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).



11). Segmented information

Presentation by segment is based on FedNor's core responsibilities. The presentation by segment is based on the same policies as described in Note 2, Summary of Significant Accounting Policies. The following table presents the expenses incurred and revenues generated for the main core responsibilities and by major object of expenses. The segment results for the period are as follows:

| <i>(in dollars)</i> | Economic Development in Northern Ontario | Internal Services | 2024 Total | 2023 Total |
|--|--|----------------------|----------------------|-----------------------|
| Expenses | | | | |
| Transfer payments | | | | |
| Transfers to non-profit organizations | \$ 45,566,778 | \$ - | \$ 45,566,778 | \$ 92,771,075 |
| Transfers to Industry | 800,000 | - | 800,000 | 900,640 |
| Total transfer payments | 46,366,778 | - | 46,366,778 | 93,671,715 |
| Operating expenses | | | | |
| Salaries and employee benefits | 7,200,240 | 4,765,410 | 11,965,650 | 10,878,930 |
| Professional and special services | 358,743 | 1,611,088 | 1,969,831 | 1,598,826 |
| Bad debt expense | 1,081,433 | - | 1,081,433 | 6,292,627 |
| Accommodation | 520,804 | 344,689 | 865,493 | 915,636 |
| Travel | 163,269 | 117,110 | 280,379 | 233,646 |
| Furniture and equipment | - | 229,940 | 229,940 | 78,882 |
| Communication | - | 168,746 | 168,746 | 121,412 |
| Equipment repair and maintenance | - | 113,398 | 113,398 | 955,267 |
| Amortization | - | 37,198 | 37,198 | 40,512 |
| Rental | - | 20,941 | 20,941 | 25,357 |
| Utilities, materials and supplies | 338 | 16,083 | 16,421 | 23,883 |
| Postage | - | 2,362 | 2,362 | 3,216 |
| Expenses incurred on behalf of government | (1,081,433) | - | (1,081,433) | (6,292,627) |
| Total operating expenses | 8,243,394 | 7,426,965 | 15,670,359 | 14,875,567 |
| Total expenses | 54,610,172 | 7,426,965 | 62,037,137 | 108,547,282 |
| Revenues | | | | |
| Interest on accounts receivable | 308,704 | - | 308,704 | 64,893 |
| Gain on disposal of non-capital assets | - | - | - | 1,260 |
| Revenues earned on behalf of government | (308,704) | - | (308,704) | (64,893) |
| Total revenues | - | - | - | 1,260 |
| Net cost from continuing operations | \$ 54,610,172 | \$ 7,426,965 | \$ 62,037,137 | \$ 108,546,022 |

