

2022-2023 Future-Oriented Statement of Operations

March 31, 2023



Federal Economic Development
Agency for Northern Ontario

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

Canada

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Federal Economic Development Agency for Northern Ontario

Future-Oriented Statement of Operations (Unaudited)

For the year ended March 31, 2023

(in dollars)

	Forecast Results 2021-22	Planned Results 2022-23
-		
Expenses		
Economic Development in Northern Ontario	\$82,313,974	\$110,215,235
Internal Services	708,950	1,233,522
Total expenses	\$83,022,924	111,448,757
Net cost of operations before government funding and transfers	\$83,022,924	\$111,448,757
The accompanying notes form an integral part of the Future-Oriented Statement of Operations		

Notes to the Future-Oriented Statement of Operations (unaudited)

1. Methodology and Significant Assumptions

The future-oriented statement of operations has been prepared on the basis of the government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for fiscal year 2021–2022 is based on actual results for the period of August 12, 2021 to November 30, 2021 and on forecasts for the remainder of the fiscal year. Results prior to August 12, 2021 are consolidated and reported in Innovation Science and Economic Development’s (ISED) statements. Forecasts have been made for the planned results for fiscal year 2022–23.

The main assumptions are as follows:



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- FedNor became a standalone agency as of August 12, 2021 but its activities will remain substantially the same as for the previous year;
- Expenses, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.
- Estimated year-end information for 2021–22 is used as the opening position for 2022–23 planned results.

These assumptions are made as at November 30, 2021.

2. Variations and Changes to the Forecast Financial Information

Although every attempt has been made to forecast final results for the remainder of 2021–22 and for 2022–23, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing the Future-Oriented Statements of Operations, the Federal Economic Development Agency for Northern Ontario (FedNor) has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- (a) the timing and the amount of acquisitions and disposals of property, plant and equipment, which may affect gains, losses and amortization expense;
- (b) the implementation of new collective agreements;
- (c) economic conditions, which may affect the collectability of loan receivables;
- (d) other changes to the budget, such as new initiatives or technical adjustments later in the year.

After the Departmental Plan is tabled in Parliament, FedNor will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

3. Summary of Significant Accounting Policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2021–22, and is based on Canadian public sector accounting standards. These accounting policies, stated below, 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 Canadian public sector accounting standards.

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Significant accounting policies are as follows:

(a) Expenses

Transfer payments are recorded as an expense in the year the transfer is authorized, and all eligibility criteria have been met by the recipient.

Other expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, loans and advances, and other are also included in the expenses.

(b) Revenues

Revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place, except for the item listed below. Loans are non-interest bearing and, due to the uncertainty as to final collection, interest income is only charged on overdue amounts when received. Other revenues consist of other fees and gains on the disposal of capital and non-capital assets.

Revenues that are non-respendable are not available to discharge the department's liabilities. Although the deputy head is expected to maintain accounting control, she has no authority over the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the department's gross revenues.

4. Parliamentary Authorities

FedNor is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to FedNor differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, FedNor has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

Reconciliation of net cost of operations to requested authorities (in dollars)

-	Forecast 2021-22	Results	Planned 2022-23	Results
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2022-2023 Future-Oriented Statement of Operations

Net cost of operations before government funding and transfers	\$83,022,924	\$111,448,757
Adjustments for items affecting net cost of operations but not affecting authorities		
Services provided without charge by other government departments	(1,103,607)	(1,788,634)
Amortization of tangible capital assets	(18,496)	(29,592)
Decrease (increase) in vacation pay	(58,371)	(102,145)
Total items affecting net cost of operations but not affecting authorities	(1,180,474)	(1,920,371)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	54,596	55,688
Loans issued on behalf of the government	11,655,767	14,238,824
Total items not affecting net cost of operations but affecting authorities	11,710,363	14,294,512
Requested authorities forecasted to be used	\$93,552,813	\$123,822,898

Authorities requested (in dollars)

-	Forecast Results 2021-22	Planned Results 2022-23
Authorities provided/requested		
Vote 1 - Operating expenditures	\$8,754,738	\$12,580,878
Vote 5 - Grants and contributions	84,614,432	109,618,074
Statutory amounts	183,643	1,623,946
Total authorities provided/requested	\$93,552,813	\$123,822,898

