Federal Economic Development Agency for Southern Ontario

Financial Statements (Unaudited)

As at March 31, 2026

His Majesty the King in Right of Canada, as represented by the Minister responsible for the Federal Economic Development Agency for Southern Ontario, 2026

Catalogue No.

Federal Economic Development Agency for Southern Ontario

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, 2026, and all information contained in these statements rests with the management of the Federal Economic Development Agency for Southern Ontario (FedDev Ontario). These financial statements have been prepared 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 best estimates and judgement, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, FedDev Ontario 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 FedDev Ontario's Departmental Results Report, is consistent with these 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.

FedDev Ontario 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. A risk-based assessment of the system of ICFR for the year ended March 31, 2026 was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the annex.

The financial statements of FedDev Ontario have not been audited.

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Kaili Levesque	Carole Bourget
President	Chief Financial Officer
Signed at Ottawa, Canada (date)	

Federal Economic Development Agency for Southern Ontario
Statement of Financial Position (Unaudited)
As at March 31, 2026
(In thousands of dollars)

	2026	2025
Liabilities		
Accounts payable and accrued liabilities (Note 4)	79,347	41,635
Vacation pay and compensatory leave	1,660	1,816
Employee future benefits (Note 5)	559	641
Total liabilities	**81,566**	**44,092**
Financial assets		
Due from Consolidated Revenue Fund	73,903	34,445
Accounts receivable and advances (Note 6)	5,157	545
Loans Receivable (Repayable contributions) (Note 7)	716,214	663,279
Total financial assets	**795,274**	**698,269**
Financial assets held on behalf of Government		
Accounts receivable and advances (Note 6)	(5,001)	(440)
Loans Receivable (Repayable contributions) (Note 7)	(716,214)	(663,279)
Total financial assets held on behalf of Government	**(721,215)**	**(663,719)**
Total net financial assets	**74,059**	**34,550**
Departmental net debt	**7,507**	**9,542**
Non-financial assets		
Prepaid expenses	-	-
Tangible capital assets (Note 9)	-	17
Total non-financial assets	**-**	**17**
Departmental net financial position	**(7,507)**	**(9,525)**

Contractual obligations (Note 10)
Contingent liabilities (Note 11)

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

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Kaili Levesque
President
Signed at Ottawa, Canada (date)

Carole Bourget
Chief Financial Officer

Federal Economic Development Agency for Southern Ontario
Statement of Operations and Departmental Net Financial Position (*Unaudited)*
For the year ended March 31, 2026
(In thousands of dollars)

	2026 Planned Results	2026 Actual	2025
Expenses			
Economic Development in Southern Ontario	116,093	192,307	175,121
Internal Services	21,181	17,131	18,138
Expenses incurred on behalf of Government	10,547	(15,422)	(35,929)
Total expenses	**147,821**	**194,016**	**157,330**
Revenues			
Gains on disposal of assets	-	4	-
Other revenue	-	1	1
Revenues earned on behalf of Government	-	(1)	(1)
Total revenues	-	**4**	**-**
Net cost of operations before funding and transfers	**147,821**	**194,012**	**157,330**
Government funding and transfers			
Net cash provided by Government		151,916	200,264
Change in Due from Consolidated Revenue Fund		39,458	(47,463)
Services provided without charge by other government departments (Note 12)		4,672	4,491
Transfer of assets from (to) other government departments (Note 12)		(16)	-
Net cost of operations after government funding and transfers		**(2,018)**	**38**
Departmental net financial Position – Beginning of year		**(9,525)**	**(9,541)**
Departmental net financial position – End of year		**(7,507)**	**(9,525)**

Segmented information (Note 13)

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

Federal Economic Development Agency for Southern Ontario
Statement of Change in Departmental Net Debt *(Unaudited)*
For the year ended March 31, 2026
(In thousands of dollars)

	2026 Actual	2025 Actual
Net cost of operations after government funding	**(2,018)**	**38**
Change due to tangible capital assets		
Amortization of tangible capital assets (Note 9)	(1)	(7)
Net gain on disposal of tangible capital assets including adjustments	4	1
Proceeds from disposal of tangible capital assets	(4)	(1)
Transfer of assets to other government departments	(16)	-
Total change due to tangible capital assets	**(17)**	**(7)**
Change due to prepaid expenses	-	-
Departmental increase (decrease) in net debt	**(2,035)**	**31**
Departmental net debt – Beginning of year	**9,542**	**9,511**
Departmental net debt – End of year	**7,507**	**9,542**

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

Federal Economic Development Agency for Southern Ontario
Statement of Cash Flows (*Unaudited)*
For the year ended March 31, 2026
(In thousands of dollars)

	2026	2025
Operating activities		
Net cost of operations before government funding and transfers	194,012	157,330
Non cash items:		
Amortization of tangible capital assets (Note 9)	(1)	(7)
Gain (loss) on disposal of capital assets	4	1
Services provided without charge by other government departments (Note 12)	(4,672)	(4,491)
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable and advances (Note 6)	51	(65)
Increase (decrease) in prepaid expenses	-	-
Decrease (increase) in accounts payable and accrued liabilities	(37,712)	47,097
Decrease (increase) in vacation pay and compensatory leave	156	384
Decrease (increase) in future employee benefits	82	16
Transfer of assets to (from) other government departments (Note 12)		
Cash used in operating activities	**151,920**	**200,265**
Capital investing activities		
Proceeds from sale of tangible capital assets	(4)	(1)
Cash used in capital investing activities	**(4)**	**(1)**
Net cash provided by the Government of Canada	**151,916**	**200,264**

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

1. Authority and objectives

The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) operates under the authority that was established in 2009 as a separate organization under Schedule I.1 of the *Financial Administration Act* to support economic growth in southern Ontario through the delivery of federal programs and services.

FedDev Ontario's core mandate is to strengthen southern Ontario's economic capacity for innovation, economic development and growth. In support of this, the Agency will continue to drive economic growth, innovation and community diversification, with a focus on scaling up businesses, building innovation ecosystems and supporting community development in the region, and ultimately, to promote a dynamic, inclusive and globally-competitive southern Ontario.

FedDev Ontario is a reliable, long-term and trusted partner to southern Ontario's businesses and communities. It supports the government's overall economic agenda in a manner that responds to the opportunities and challenges of the southern Ontario economy.

FedDev Ontario delivers ongoing regional funding streams that are designed to support the commercialization of new technologies, business scale-up and expansion, technology adoption and adaptation, and community diversification and development. The Agency's investments target opportunities created by innovation and inclusivity, positioning the region to become a leader in the shift to a green and sustainable economy.

In addition, FedDev Ontario plays an important role as a federal delivery agent for national programs. The Community Futures Program supports rural communities as they develop and sustain their local economies. The Economic Development Initiative supports Francophone and bilingual organizations in official language minority communities. Black entrepreneurs and organizations are supported through the Black Entrepreneurship Program. The Agency also delivers targeted and temporary national initiatives in southern Ontario that respond to government priorities. These include the Regional Quantum Initiative (RQI), the Regional Trade Response Initiative (RTRI), and the Regional Defense Investment Initiative (RDII). These are key examples of the regional development agencies' (RDAs') ability to respond nimbly to emerging regional needs and priorities.

With its headquarters in Waterloo and offices in Toronto, Peterborough and Ottawa, FedDev Ontario has a presence across southern Ontario and facilitates collaboration with a broad range of stakeholders, including post-secondary institutions, not-for-profit organizations, municipal governments and the Ontario government, Indigenous communities and private sector firms. FedDev Ontario plays an important role in convening key regional stakeholders to seek a common vision and to encourage the development of coordinated plans. In addition, through ongoing

collaboration and dialogue with other federal departments and agencies, FedDev Ontario reflects the perspectives of southern Ontario in decision-making at the federal level and provides on-the-ground support in implementing key government priorities.

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

FedDev Ontario is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to FedDev Ontario 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 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 "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the future-oriented Statement of Operations included in the 2025-26 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2025-26 Departmental Plan.

b) Net cash provided by Government

FedDev Ontario operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by FedDev Ontario is deposited to the CRF, and all cash disbursements made by FedDev Ontario 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 or to the CRF

Amounts due from or to the CRF 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 represent the net amount of cash that FedDev Ontario is entitled to draw from the CRF without further appropriations to discharge its liabilities.

d) Revenues

Revenues are comprised of revenues earned from non-tax sources. They include exchange transactions where goods or services are provided for consideration where a performance obligation exists, and non-exchange transactions where no performance obligations exist to provide a good or service. These transactions can be recurring and non-recurring in nature. Recurring transactions are viewed as ongoing, routine activities that form part of the normal course of operations and can be used to indicate if they can be reasonably expected to be earned again in future years.

Revenues that are non-respendable are not available to discharge FedDev Ontario's liabilities. While the Deputy Head is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are earned on behalf of the Government of Canada and are therefore presented as a reduction of FedDev Ontario's gross revenues. Revenues earned on behalf of Government consist of the sale of services and gains on the sale of assets. These are recognized when earned.

e) 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. 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 employer contributions to the health and dental insurance plans are recorded as operating expenses at their carrying value.

f) Employee future benefits

i. Pension benefits

Eligible employees participate in the Public Service Pension Plan *(Public Service Superannuation Act),* a multi-employer plan administered by the Government. FedDev Ontario's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. FedDev Ontario'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) Financial instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. FedDev Ontario recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of accounts and loans receivable, and accounts payable and accrued liabilities.

All financial assets and liabilities are recorded at cost or amortized cost. Any associated transaction costs are added to the carrying value upon initial recognition. For financial instruments measured at amortized cost, the effective interest method is used to determine interest revenue or expense.

Accounts and loans receivable are initially recorded at cost, and, where necessary, are discounted to reflect their concessionary terms. Concessionary terms of loans include cases where loans are made on a long-term, low interest or interest-free basis or include forgiveness clauses. Unconditionally repayable contributions are recognized as loans receivable. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts and loans receivable to amounts that approximate their net recoverable value. Loans receivable are subsequently measured at amortized cost.

h) Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in note 8. All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the Indian Act, works of art, museum collection and Crown land to which no acquisition cost is attributable.

i) Contingent liabilities

Contingent liabilities are potential liabilities that 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 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) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at

March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are contingent liabilities, the liability for employee future benefits, the useful life of tangible capital assets and any valuation allowances for accounts and loans receivable.

Actual results could significantly differ 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.

3. Parliamentary authorities

FedDev Ontario 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, FedDev Ontario has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to current year authorities used *(in thousands of dollars)*

	2026	2025
Net cost of operations before government funding and transfers	194,012	157,330
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1)	(7)
Gain (loss) on disposal of tangible capital assets	4	1
Services provided without charge by other government departments	(4,672)	(4,491)
Decrease (increase) in vacation pay and compensatory leave	156	384
Decrease (increase) in employee future benefits	82	16
Refunds of prior years' expenditures	27	482
Refunds of previous years' accounts payable	89	682
Other	9	-
Total items affecting net cost of operations but not affecting authorities	(4,306)	(2,933)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Increase (decrease) in prepaid expenses	-	-
Increase (decrease) in advances	-	5
Loans issued on behalf of Government	210,979	104,086
Increase in other receivables	44	108
Total items not affecting net cost of operations but affecting authorities	211,023	104,199
Current year authorities used	**400,729**	**258,596**

b) Authorities provided and used	2026	2025
Authorities provided:		
Vote 1 - Operating Expenditures	40,920	38,991
Vote 5 - Contributions	362,360	216,068
Vote 10 - Launching a Federal Strategy on Jobs & Tourism	-	-
Statutory amounts	4,281	4,511
Less:		
Authorities available for future years	(4)	(1)
Lapsed: Operating	(6,469)	(973)
Lapsed: Contributions	(358)	-
Lapsed: Proceeds from the disposal of crown assets	(1)	-
Current year authorities used	**400,729**	**258,596**

4. Accounts payable and accrued liabilities

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

FedDev Ontario's accounts payable and accrued liabilities *(in thousands of dollars)*

	2026	2025
Accounts payable – Other government departments and agencies	315	804
Accounts payable – External parties	71,559	29,324
Other External Payables	5,247	7,055
Total accounts payable	**77,121**	**37,183**
Accrued liabilities	2,226	4,452
Total accounts payable and accrued liabilities	**79,347**	**41,635**

5. Employee future benefits

a) Pension benefits

FedDev Ontario's 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/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and FedDev Ontario 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 2025-26 expense amounts to $3,885 thousand ($4,107 thousand in 2024–25). For Group 1 members, the expense represents approximately 1.01 times (1.02 times in 2024–25) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2024–25) the employee contributions.

FedDev Ontario'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

Severance benefits provided to FedDev Ontario's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011, the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2018, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows *(in thousands of dollars):*

	2026	**2025**
Accrued benefit obligation - Beginning of year	**641**	**657**
Expense for the year	126	230
Benefits paid during the year	(208)	(246)
Accrued benefit obligation - End of year	**559**	**641**

6. Accounts receivable and advances

The following table presents details of FedDev Ontario's accounts receivable and advances balances:

FedDev Ontario's accounts receivable and advances balances *(in thousands of dollars)*

	2026	2025
Receivables - Other government departments and agencies	4,664	66
Receivables - External Parties	667	657
Employee Advances	65	80
Allowance for Doubtful Accounts	(239)	(258)
Gross accounts receivable and advances	5,157	545
Accounts receivable held on behalf of government	(5,001)	(440)
Net accounts receivable and advances	**156**	**105**

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to reflect their net recoverable value.

(in thousands of dollars)

	2026	2025
Accounts receivable from external parties		
Not past due	507	657
Number of days past due		
1 to 30	-	-
31 to 60	-	-
61 to 90	-	-
91 to 365	-	-
Over 365	-	-
Impaired	160	-
Subtotal	667	657
Less: Valuation allowance	(239)	(258)
Total	**428**	**399**

7. Loans receivable (repayable contributions)

The following table presents details of FedDev Ontario's unconditional repayable contribution balances:

FedDev Ontario's unconditional repayable contribution balances *(in thousands of dollars)*

	2026	2025
Loans receivable (repayable contributions)		
Unconditionally repayable contributions	891,868	835,449
Less: Allowance for uncollectability	(175,654)	(172,170)
Gross loans receivable (repayable contributions)	**716,214**	**663,279**
Loans receivable (repayable contributions) held on behalf of Government	(716,214)	(663,279)
Net loans receivable	**-**	**-**

Unconditionally repayable contributions

Unconditionally repayable contributions are in substance loans aimed at stimulating economic development for assistance. FedDev Ontario's unconditionally repayable contributions are non-interest bearing and have annual repayment terms of 5 to 15 years. An allowance of $175,654 thousand ($172,170 thousand for 2024-25) has been recorded.

The following table provides an aging analysis of loans receivable that are either past due or impaired and the associated valuation allowances used to reflect their net recoverable value:

(in thousands of dollars)

	2026	2025
Loans receivable		
Not past due	751,989	796,848
Number of days past due		
Less than one year	110,796	25,189
1-2 years	16,345	8,228
2-3 years	5,390	998
3-4 years	7,348	4,186
4-5 years	-	-
5+ years	-	-

Impaired	-	-
Subtotal	891,868	835,449
Less: Valuation allowance	(175,654)	(172,170)
Total	**716,214**	**663,279**

8. Risk management

FedDev Ontario has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk.

(a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss.

FedDev Ontario's maximum exposure to credit risk at March 31, 2026 and March 31, 2025 is the carrying amount of its financial assets.

FedDev Ontario has concentrations of credit risk related to accounts receivable with external parties. This mostly relates to the risk that salary overpayments may not be recoverable from current and former employees, or that such balances may become statute-barred for collection due to their age. An analysis of the age of these financial assets and the associated valuation allowances used to reflect these accounts at their net recoverable value is disclosed in note 6.

FedDev Ontario intentionally takes on counterparty risk related to certain loans receivable with concessionary terms in order to support economic development in Southern Ontario. Valuation allowances are applied accordingly to reflect these accounts at their net recoverable value, as explained in Note 7.

(b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

As the funding for FedDev Ontario's financial liabilities is drawn from the Consolidated Revenue Fund, its exposure to liquidity risk is fully mitigated.

9. Tangible capital assets

All tangible capital assets having an initial cost of $10,000 or more are recorded at their acquisition cost. FedDev Ontario does not capitalize intangibles, works of art, and historical treasures that have cultural, aesthetic, or historical value, assets located on Indian Reserves and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Vehicles	7 years

(in thousands of dollars)

	Cost					Accumulated Amortization					Net Book Value	
Capital Asset Class	**Opening Balance**	**Acquisitions**	**Transfers & Adjustments**	**Disposals and Write-Offs**	**Closing Balance**	**Opening Balance**	**Amortization**	**Transfers & Adjustments**	**Disposals and Write-Offs**	**Closing Balance**	**2026**	**2025**
Vehicles	49	-	(49)	-	-	31	1	(32)	-	-	-	17
Total	**49**	**-**	**(49)**	**-**	**-**	**31**	**1**	**(32)**	**-**	**-**	**-**	**17**

* Rounded to the nearest thousand

10. Contractual obligations

The nature of FedDev Ontario's activities can result in some large multi-year contracts whereby FedDev Ontario will be obligated 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:

(in thousands of dollars)

	Transfer Payments	Total
2027	205,594	205,594
2028	99,691	99,691
2029	16,973	16,973
2030	1,875	1,875
2031	-	-
2032 and subsequent	-	-
Total	**324,133**	**324,133**

The contractual obligations for transfer payments for 2026 and beyond are related to projects under the Southern Ontario Prosperity Program, Community Futures Program, and the Regional Economic Growth through Innovation Program.

11. Contingent liabilities

In the normal course of its operations, FedDev Ontario becomes involved in various legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability has been identified. As at March 31, 2026, FedDev Ontario has no contingent liabilities based on the legal assessment carried out by Department of Justice of potential liability.

12. Related party transactions

FedDev Ontario is related as a result of common ownership to all government departments, agencies, and Crown corporations. FedDev Ontario enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, FedDev Ontario has an agreement with the Department of Innovation, Science and Economic Development related to the provision of information technology, finance and administration services. During the year, FedDev Ontario received common services that were obtained without charge from other government departments as disclosed below.

(a) Common services provided without charge by other government departments

In 2024-25, FedDev Ontario received services without charge from certain common service organizations, related to accommodation services and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in FedDev Ontario's Statement of Operations and Departmental Net Financial Position as follows *(in thousands of dollars)*:

	2026	2025
Employer's contributions to the health and dental insurance plan	2,836	2,836
Accommodation	1,836	1,655
Total	**4,672**	**4,491**

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 payroll and cheque issuance services provided by Public Services and Procurement Canada and audit services provided by the Office of the Auditor General are not included in FedDev Ontario's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties *(in thousands of dollars)*

	2026	2025
Expenses – Other government departments and agencies	8,182	7,335

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

13. Segmented information

Presentation by segment is based on FedDev Ontario's Departmental Results Framework. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the core responsibility, by major object of expense and by major type of revenue. The segment results for the period are as follows *(in thousands of dollars)*:

Expenses **Transfer payments**	**Economic Development in Southern Ontario**	**Internal Services**	**2026 Total**	**2025 Total**
Transfers to non-profit organizations	106,964	-	106,964	104,254
Transfers to Industry	41,363	-	41,363	940
Transfer to other levels of government	2,619	-	2,619	5,697
Total transfer payments	**150,946**	**-**	**150,946**	**110,891**
Operating expenses				
Salaries and employee benefits	23,723	12,247	35,970	39,905
Professional and special services	758	2,979	3,737	3,816
Accommodation	1,213	623	1,836	1,655
Travel	168	213	381	325
Amortization	-	1	1	7
Communication (and postage)	88	269	357	231
Furniture and equipment	1	476	477	67
Equipment repair and maintenance	-	1	1	-
Rental	1	280	281	410
Utilities, materials, and supplies	2	29	31	22
Bad debt expense	15,407	15	15,422	35,929
Other operating expenses	-	(2)	(2)	1
Expenses incurred on behalf of Government	(15,407)	(15)	(15,422)	(35,929)
Total operating expenses	**25,954**	**17,116**	**43,070**	**49,439**
Total expenses	**176,900**	**17,116**	**194,016**	**157,330**
Revenues				
Other revenue	-	581	1,037	1,037
Revenues earned on behalf of Government	-	(581)	(1,037)	(1,037)
Total revenues	**-**	**-**	**-**	**-**
Net cost from continuing operations	**176,900**	**17,116**	**194,016**	**157,330**

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting of Federal Economic Development Agency for Southern Ontario for Fiscal Year 2025-2026

Introduction

In support of an effective system of internal control, the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) planned to conduct self-assessments of key control areas that were identified to be assessed in the 2025 to 2026 fiscal year. More details are provided in section 2.

FedDev Ontario is adjusting it's core control testing plan to align with the Office of the Comptroller General's updated schedule of assessing various key control areas over a three-year period. The assessment plan is provided in section 3.

Assessment results for the 2025 to 2026 fiscal year

FedDev Ontario planned to conduct and complete the assessment of key control areas as indicated in the following table. However, the Office of the Comptroller General, from which FedDev Ontario receives its self-assessment templates took a temporary pause to re-evaluate the self-assessment process for the 2025 to 2026 fiscal year. Additional details are also provided.

Key control areas	**Remediation required**	**Summary results and action plan**
Acquisition Cards	Not applicable	Deferred until the 2026 to 2027 fiscal year.
Leave	Not applicable	Deferred, pending re-assessment of risk by the service-provider.
Special Financial Authorities	Not applicable	Deferred, pending re-assessment of risk by the service-provider.

Assessment plan

FedDev Ontario will assess the performance of its system of internal control by focusing on key control areas over a cycle of years as shown in the following table.

Key control areas	**2025 to 2026 fiscal year**	**2026 to 2027 fiscal year**	**2027 to 2028 fiscal year**	**2028 to 2029 fiscal year**
Acquisition Cards	Deferred	Yes		
Leave	Deferred			
Special Financial Authorities	Deferred			
Transfer Payments		Yes		
Delegation			Yes	