



Federal Economic
Development Agency for
Southern Ontario

Quarterly Financial Report

For the quarter ended December 31, 2025

Nancy Gardiner,
President

Carole Bourget,
Chief Financial Officer

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Quarterly Financial Report — For the quarter ended December 31, 2025

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. It should be read in conjunction with the 2025–26 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 2025–2026.

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 2025–26 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 personnel costs, operation and maintenance 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.

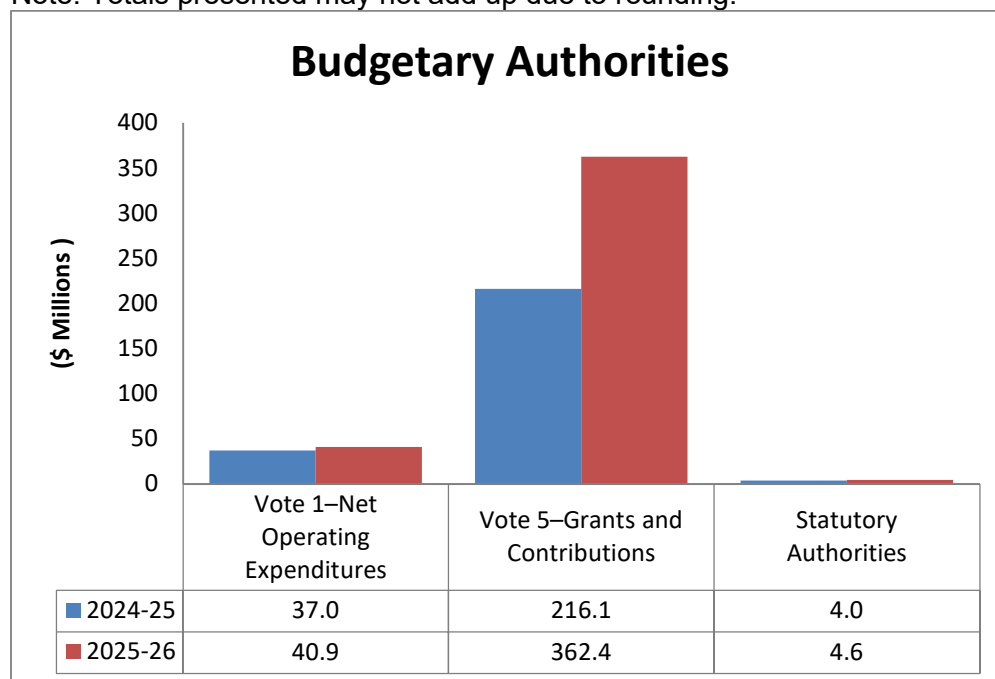
2. Highlights of fiscal quarter and fiscal year-to-date results

This section highlights the significant items that contributed to the net increase or decrease in authorities available and actual expenditures for the quarter ended December 31, 2025.

2.1 Authorities analysis

Total authorities available for use and planned expenditures as at December 31, 2025, increased to \$407.9 million, compared to \$257.1 million for the same period in 2024–25, as illustrated in the "Budgetary Authorities" table below.

Note: Totals presented may not add up due to rounding.



Text version: Budgetary Authorities table

A bar graph and table outlining the total authorities available for use and planned expenditures in the third quarter of fiscal 2025–26 compared to that in fiscal year 2024–25.

	Fiscal Year (in millions of dollars)	
	2025–26	2024–25
Vote 1 – Net Operating Expenditures	40.9	37.0
Vote 5 – Grants and Contributions	362.4	216.1
Statutory Authorities	4.6	4.0
Total	407.9	257.1

The net increase of \$150.8 million over last fiscal year relates to a:

- \$3.9 million increase in Vote 1 (Operating Authorities);
- \$146.3 million increase in Vote 5 (Grants and Contributions Authorities); and
- \$0.6 million increase in statutory authorities.

Vote 1 – Operating Authorities

Total Vote 1 Operating Authorities available for use for the year ending March 31, 2026, amounts to \$40.9 million, compared to \$37.0 million for fiscal year 2024–25. The increase is attributed to the additional operating funds provided to support further programming, including an increase in funding of the Black Entrepreneurship Program (\$0.4 million) and the Regional Artificial Intelligence Initiative (\$0.3 million), as well as the addition of the Regional Tariff Response Initiative (\$1.0 million), and the Regional Defence Investment Initiative (\$1.1 million).

Vote 5 – Grants and Contributions

Total Vote 5 Grants and Contributions Authorities available for use in fiscal year 2025–2026 is \$362.4 million, compared to \$216.1 million for fiscal year 2024–25. This increase relates to the additional funding for the Black Entrepreneurship Program (\$9.6 million) and the Regional Artificial Intelligence Initiative (\$9.6 million), as well as the addition of the Regional Tariff Response Initiative (\$103.2 million), and the Regional Defence Investment Initiative (\$31.6 million).

Statutory Authorities

Total statutory authorities granted for use in the year ending March 31, 2026 amounts to \$4.6 million, compared to \$4.0 million in 2024–25. This minor increase in the authorities relates to the statutory employee benefits plan linked to operating (personnel) authorities provided to deliver on programs.

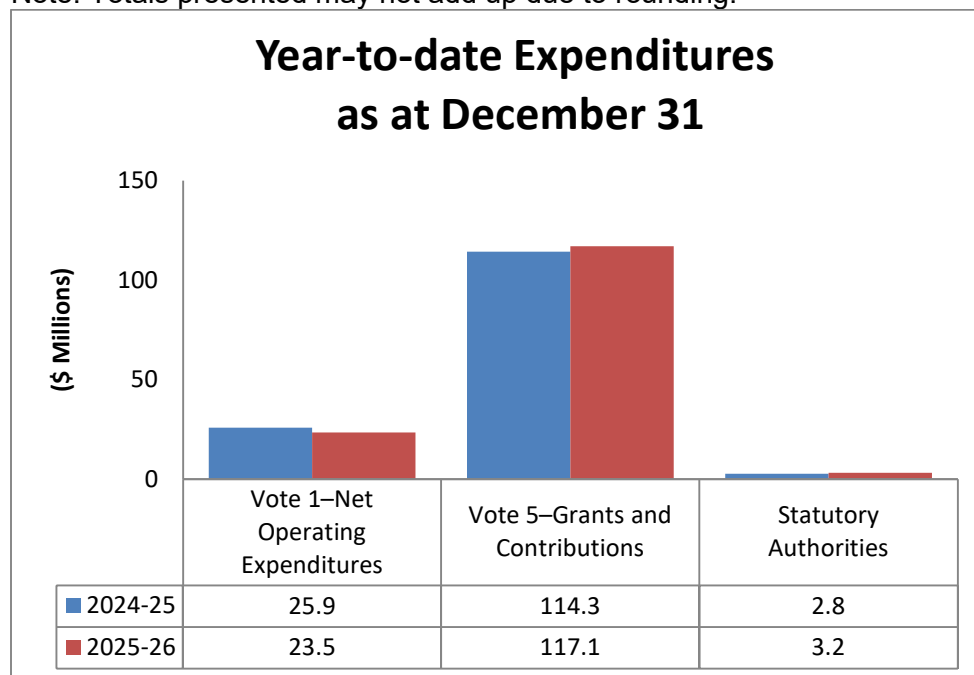
2.2 Expenditure analysis

Year-to-date expenditures

Total year-to-date expenditures as at December 31, 2025, slightly increased to \$143.8 million, compared to \$143.0 million at December 31, 2024. This is very close to being on par with prior

year spending, accounting for offsetting fluctuations between Operating and G&Cs, as outlined in both the table and graph below.

Note: Totals presented may not add up due to rounding.



Text version: Year-to-date Expenditures as at December 31, 2025

A bar graph and table showing year-to-date expenditures at December 31, 2025, compared to December 31, 2024.

	Fiscal Year (in millions of dollars)	
	2025-26	2024-25
Vote 1 – Net Operating Expenditures	23.5	25.9
Vote 5 – Grants and Contributions	117.1	114.3
Statutory Authorities	3.2	2.8
Total	143.8	143.0

Third quarter expenditures

Vote 1 - Operating Expenditures

Third quarter expenditures for personnel and other operating standard objects were \$8.2 million for 2025-26 compared to \$9.0 million in the same quarter of 2024-25. The difference of \$0.8 million, as outlined in the Statement of Authorities table in the Appendix below, is attributed to operations being more focused on core activities and operational efficiencies, resulting in a reduction in personnel expenditures (\$0.2 million) and professional services (\$0.5 million). The

remaining variance is due to smaller adjustments in spending on travel and acquisition expenditures.

Vote 5 - Grants and Contributions

Third quarter expenditures for transfer payments was \$42.8 million for 2025–26, compared to \$38.8 million in the same quarter of 2024–25 as outlined in the Statement of Authorities table in the Appendix. The difference of \$4.0 million is primarily due to an increase in cash flow requirements from recipients under the Agency’s core programming.

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

3. Risks and uncertainties

FedDev Ontario outlines key risks to its mandate in the 2025–26 Departmental Plan, notably economic disruptions from trade barriers, regional economic disparities, innovation and technological disruption, and capacity to deliver during crisis, which could impact the capacity of recipients to deliver on funded projects.

4. Significant changes in relation to operations, personnel and programs

In 2025–26, FedDev Ontario has not experienced significant changes to either operations or personnel, but the Agency has undergone adjustments in its programs, with the launch of the Regional Tariff Response Initiative in southern Ontario in August 2025, as well as the Regional Defence Investment Initiative in December 2025.

Approval by:

Nancy Gardiner
President
Ottawa, Canada

Carole Bourget
Chief Financial Officer

APPENDIX

Departmental budgetary expenditures by Standard Object (unaudited) (in thousands of dollars)¹

	Fiscal year 2025–26			Fiscal year 2024–25		
	Adjusted planned expenditures for the year ending March 31, 2026	Used during the quarter ended December 31, 2025	Year-to-date used at quarter-end	Adjusted planned expenditures for the year ending March 31, 2025	Used during the quarter ended December 31, 2024	Year-to-date used at quarter-end
Expenditures:						
Personnel ²	37,043	8,390	24,421	32,100	8,555	26,185
Transportation and communications	510	83	219	609	106	272
Information	653	133	206	748	34	137
Professional and special services	6,198	640	1,699	6,385	1,094	1,737
Rentals	582	47	164	298	69	323
Repair and maintenance	11	0	1	46	0	0
Utilities, materials and supplies	58	4	11	133	4	14
Acquisition of land, buildings and works	0	0	0	0	0	0
Acquisition of machinery and equipment	438	11	14	652	41	49
Transfer payments	362,360	42,796	117,063	216,068	38,760	114,302
Other subsidies and payments	0	-11	0	14	0	4
Total budgetary expenditures	407,853	52,092	143,797	257,054	48,663	143,023

¹ Numbers have been rounded to reconcile tables.

² Includes Employee Benefit Plan (EBP) expenses.

Statement of Authorities (unaudited) (in thousands of dollars)¹

	Fiscal year 2025-26			Fiscal year 2024-25		
	Total available for use for the year ending March 31, 2026 ²	Used during the quarter ended December 31, 2025	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2025 ²	Used during the quarter ended December 31, 2024	Year-to-date used at quarter-end
Vote 1-Net Operating Expenditures	40,911	8,214	23,490	36,988	8,970	25,922
Vote 5-Grants and Contributions	362,360	42,796	117,063	216,068	38,760	114,302
Budgetary statutory authorities	4,583	1,081	3,243	3,998	933	2,799
Total Authorities	407,853	52,092	143,797	257,054	48,663	143,023

¹ Numbers have been rounded to reconcile tables.

² Includes authorities available for use and granted by Parliament at quarter-end.