

Quarterly Financial Report

For the Quarter ended December 31, 2025 (unaudited)



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1. Introduction

This Quarterly Financial Report (QFR) has been prepared by management as required by the Federal Economic Development Agency for Northern Ontario (FedNor) under section 65.1 of the [Financial Administration Act](#), in the form and manner prescribed by the Treasury Board.

This report must be read in conjunction with the [Main Estimates](#) and [Supplementary Estimates](#) (as applicable) for the fiscal year 2025–2026. These documents provide a brief description of FedNor’s mandate and programs.

This report has not been subject to an external audit or review.

1.1 Authority, mandate and programs

FedNor was 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. In fiscal year 2021-2022, by way of [Order in Council P.C. 2021-0840](#) dated August 6, 2021, and effective as of August 12, 2021, the control and supervision of the Federal Economic Development Initiative for Northern Ontario, previously under the Department of Industry, was transferred to the Federal Economic Development Agency for Northern Ontario.

FedNor works to create opportunities for economic growth by helping businesses become more competitive, innovative and productive, by working with diverse communities to develop and diversify local economies, and by championing the strengths of the region.

A summary description of FedNor’s core responsibilities can be found on its [external website](#), as well as in the [2025-2026 Departmental Plan](#).

1.2 Basis of presentation

This quarterly report was prepared by FedNor using an expenditure basis of accounting. The accompanying Statement of Authorities includes the department’s spending authorities granted by Parliament, and those used by the department consistent with the Main Estimates and Supplementary Estimates (as applicable) for the 2025–2026 fiscal year. This 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.



Prior authority from Parliament is required before funds can be spent by the Government. Authorities available for use are given through appropriation acts in the form of annually approved limits, or through legislation in the form of statutory spending authorities for specific purposes.

FedNor uses the full accrual method of accounting to prepare and present its annual financial statements that make up part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

1.3 Financial structure and definitions of the Federal Economic Development Agency for Northern Ontario (FedNor)

The following descriptions are referred to throughout the report:

- **Operating (Vote 1):** Amount approved for the fiscal year for the department to spend on salary and operating expenditures.
- **Grants and Contributions (Vote 5):** Amount approved for the fiscal year for the department to provide Grants and Contribution (G&C) funding to prospective recipients.
- **Authority:** Approvals from Parliament to spend up to a specific amount.
- **Employee benefit plan (EBP):** The department's contribution to public service employee benefit plans.

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

This section highlights significant changes to the fiscal quarter results as of December 31, 2025. For more details on FedNor's Statement of Authorities, see Appendix 6.1: Statement of Authorities.

Statement of Authorities: Vote 1 – Net Operating Expenditures

As of December 31, 2025, total authorities available for fiscal year 2025–2026 are \$16.84 million, compared to \$16.45 million as of December 31, 2024. This represents an increase of \$0.39 million (2.4%) this year.

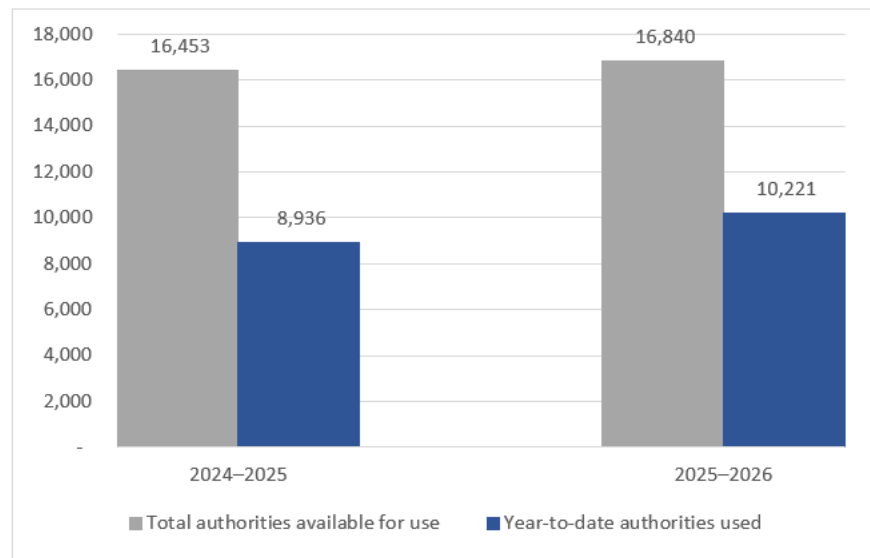
The increase can mainly be attributed to additional temporary program funding.

Vote 1 authorities used year-to-date are \$10.22 million at the end of the third quarter this fiscal year compared to \$8.94 million as of December 31, 2024. This represents an increase of \$1.28 million (14.3%) this year, and the increase is attributable to FedNor's effort to attain its operational human resources complement since becoming a standalone agency.

Graph 1 illustrates the total authorities available for use for the year, as well as the amount used year-to-date at quarter-end.

Graph 1: Comparison of Net Budgetary Authorities and Expenditures for Vote 1 as of December 31, 2024–2025 and 2025–2026

(in thousands of dollars)



Statement of Authorities: Vote 5 – Grants and Contributions

As of December 31, 2025, total authorities available for fiscal year 2025–2026 are \$69.39 million, compared to \$47.93 million as of December 31, 2024. This represents an increase of \$21.46 million (44.8%) this year.

This variance consists of a number of items resulting in the net increase of \$21.46 million, as follows:

- **Increase in funding (\$21.46 million)**
 - Black Entrepreneurship Program: + \$0.06 million
 - Artificial Intelligence Initiative: + \$1.19 million
 - Regional Defence Investment Initiative: + \$3.00 million
 - Regional Tariff Response Initiative and its top-up: + \$12.21 million
 - The completion of a Strategic Innovation Fund loan repayment to Innovation, Science and Economic Development Canada: + \$5.00 million

Vote 5 authorities used year-to-date are \$40.04 million at the end of the third quarter this fiscal year compared to \$22.06 million as of December 31, 2024. The \$17.98 million increase (81.5%) reflects

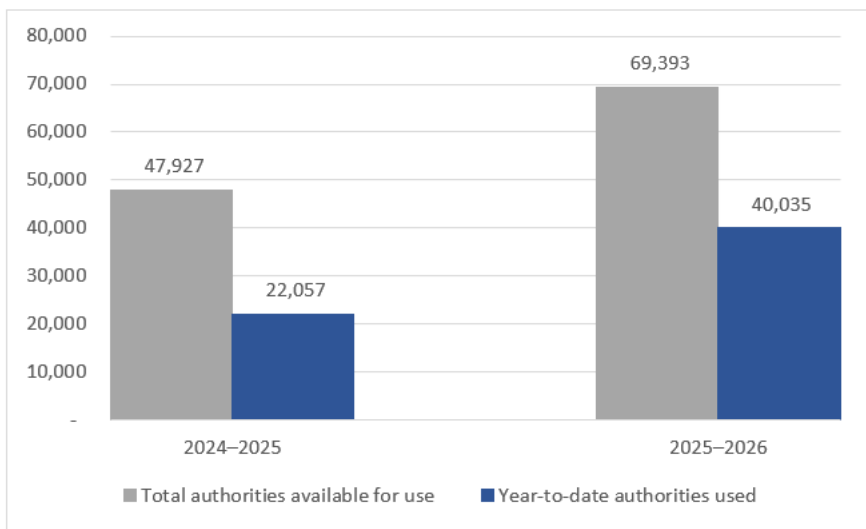


higher budget availability this year, primarily due to new funding for the Regional Tariff Response Initiative and Regional Defence Investment Initiatives, as well as increased funding for the Regional Artificial Intelligence Initiative and for the Regional Economic Growth through Innovation program following the conclusion of the \$5.0 million Strategic Innovation Fund loan repayments in 2024-25.

Graph 2 illustrates the total authorities available for use for the year, as well as the amount used year-to-date at quarter end.

Graph 2: Comparison of Net Budgetary Authorities and Expenditures for Vote 5 as of December 31, 2024–2025 and 2025–2026

(in thousands of dollars)



3. Risks and uncertainties

FedNor has a Memorandum of Understanding with Innovation, Science and Economic Development Canada (ISED) to continue providing internal services to FedNor, including information technology infrastructure and support, and security services.

In terms of transfer payment program and transfer payment recipient risk, FedNor transfers funds to recipients each year, while balancing program and recipient risks to deliver on its mandate. FedNor undertakes risk assessments on new, existing and reformed programs, as well as an annual general assessment of each recipient to identify areas of risk. As the majority of Grant and Contribution funding is being provided through existing programs with well-functioning internal controls, the department continues to seek improvements to enhance those controls. From an internal management



perspective, FedNor will continue to monitor, and when required, develop clear mitigation actions towards its financial risks.

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

There have been no significant changes during the third quarter of the fiscal year 2025-26.

5. Approval of senior officials

The purpose of this section is to provide the approval of senior officials, as required by the Policy on Financial Management, as follows:

Approved by:

Original signed by

Valerie Gideon
President

February 23, 2026

Original signed by

Daniel Audet
Chief Financial Officer

February 12, 2026



6. Appendices

6.1 Statement of Authorities (unaudited)

	Fiscal year 2025–26		
<i>(in thousands of dollars)</i>	Total available for use for the year ending March 31, 2026 ⁽¹⁾	Used during the quarter ended December 31, 2025	Year to date used at quarter end
Vote 1 — Operating expenditures	16,840	3,848	10,221
Vote 5 - Grants and contributions	69,393	23,649	40,035
Total voted authorities	86,233	27,497	50,256
Employee benefit plans	2,054	513	1,541
Total budgetary statutory authorities	2,054	513	1,541
Total authorities	88,287	28,010	51,797

⁽¹⁾ Includes only authorities available for use and granted by Parliament at quarter end.

	Fiscal year 2024–25		
<i>(in thousands of dollars)</i>	Total available for use for the year ending March 31, 2025 ⁽¹⁾	Used during the quarter ended December 31, 2024	Year to date used at quarter end
Vote 1 - Operating expenditures	16,453	3,547	8,936
Vote 5 - Grants and contributions	47,927	7,155	22,057
Total voted authorities	64,380	10,702	30,993
Employee benefit plans	1,795	448	1,346
Total budgetary statutory authorities	1,795	448	1,346
Total authorities	66,175	11,150	32,339

⁽¹⁾ Includes only authorities available for use and granted by Parliament at quarter end.



6.2 Departmental budgetary expenditures by standard object (unaudited)

(in thousands of dollars)

	Fiscal year 2025–26		
	Planned expenditures for the year ending March 31, 2026 ⁽¹⁾	Expended during the quarter ended December 31, 2025	Year to date used at quarter end
Expenditures:			
Personnel	16,468	3,852	10,712
Transportation and communications	454	107	223
Information	752	150	202
Professional and special services	1,004	248	549
Rentals	56	1	8
Repair and maintenance	36	1	6
Utilities, materials and supplies	13	2	7
Acquisition of machinery and equipment	111	-	55
Transfer payments	69,393	23,649	40,035
Total gross budgetary expenditures	88,287	28,010	51,797
Total net budgetary expenditures	88,287	28,010	51,797

⁽¹⁾ Includes only authorities available for use and granted by Parliament at quarter end.

(in thousands of dollars)

	Fiscal year 2024–25		
	Planned expenditures for the year ending March 31, 2025 ⁽¹⁾	Expended during the quarter ended December 31, 2024	Year to date used at quarter end
Expenditures:			
Personnel	15,242	3,581	9,304
Transportation and communications	350	104	205
Information	1,371	27	112
Professional and special services	910	253	607
Rentals	158	4	4
Repair and maintenance	46	8	19
Utilities, materials and supplies	16	2	7
Acquisition of machinery and equipment	155	16	24
Transfer payments	47,927	7,155	22,057
Total gross budgetary expenditures	66,175	11,150	32,339
Total net budgetary expenditures	66,175	11,150	32,339

⁽¹⁾ Includes only authorities available for use and granted by Parliament at quarter end.

