

Atlantic Canada Opportunities Agency

2022-2023

Quarterly Financial Report
For the quarter ended December 31, 2022



**Atlantic Canada
Opportunities
Agency**

**Agence de
promotion économique
du Canada atlantique**

Canada

Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Programs

INTRODUCTION

This quarterly financial report should be read in conjunction with the Main Estimates. It has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) (FAA) and in the form and manner prescribed by the Treasury Board. This quarterly report has not been subjected to an external audit or review.

A summary description of the Atlantic Canada Opportunities Agency (ACOA) program activities can be found in the Part II of the 2022-2023 [Main Estimates](#).

Basis of presentation

This quarterly financial report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities is consistent with the Main Estimates and Supplementary Estimates (B) for the 2022-2023 fiscal year and includes ACOA's total authorities available for use as granted by Parliament and those used by the Agency during this quarter. Authorities available for use are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory authorities for specific purposes.

The authority of Parliament is required before monies can be spent by the Government.

When Parliament is dissolved for the purposes of a general election, section 30 of the FAA authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

As part of the departmental results reporting process, the Agency prepares its annual departmental financial statements on a full accrual basis in accordance with Treasury Board accounting policies. However, the spending authorities voted by Parliament remain on an expenditure basis of accounting.

ACOA financial structure

ACOA manages its expenditures under two votes:

- Vote 1 – Net operating expenditures, includes the Agency's authorities related to personnel costs (e.g., salaries) and operation and maintenance expenditures (e.g., travel).
- Vote 5 – Grants and contributions, includes authorities related to transfer payments.

Costs under Statutory Authorities, which represent payments made under legislation approved previously by Parliament and which are not part of the annual appropriation bills, include such items as the employer's share of the employee benefits plan and other minor items.

HIGHLIGHTS OF FISCAL QUARTER AND FISCAL YEAR-TO-DATE RESULTS

This section highlights significant changes to the fiscal quarter results as of December 31, 2022.

Statement of authorities: Vote 1 – Net Operating Expenditures

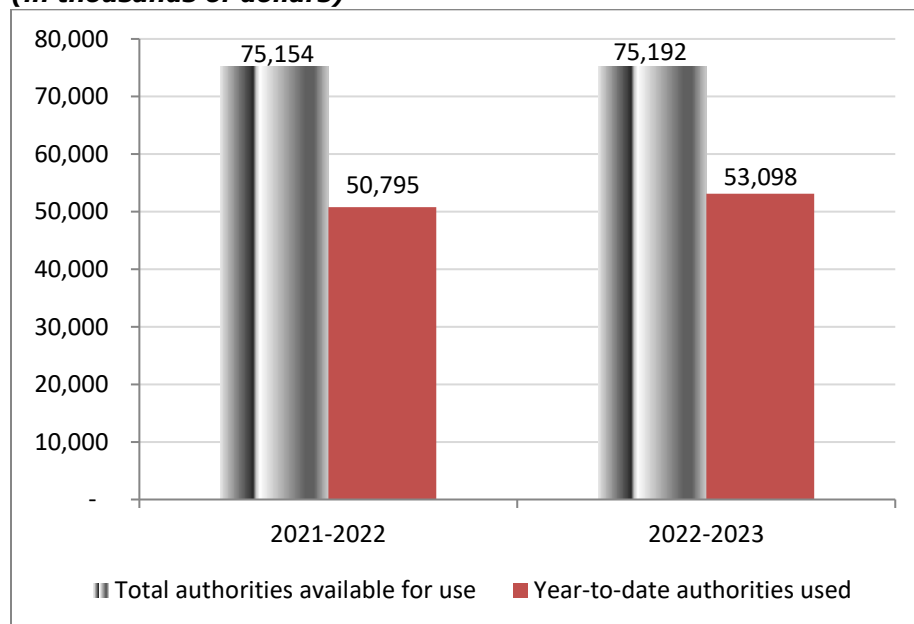
Total authorities available for fiscal year 2022-2023 are \$75.2 million, with no variance compared to the previous fiscal year at the same time.

Vote 1 authorities used year-to-date are \$53.1 million at the end of the third quarter this fiscal year, with no significant variance compared to \$50.8 million as of December 31, 2021.

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, 2021-2022 and 2022-2023.

(in thousands of dollars)



Statement of authorities: Vote 5 – Grants and Contributions

Total authorities available for use for the year ending March 31, 2023, amount to \$381.8 million, an increase of \$35.3 million compared to the \$346.5 million available for use as of December 31, 2021. This increase of \$35.3 million, or 10.2%, is explained by the following.

A total increase of \$116.8 million in Vote 5 authorities available for use related to:

- a \$29.0 million increase in temporary funding for the Canada Community Revitalization Fund;
- a \$28.2 million increase in temporary funding for the Tourism Relief Fund;
- a \$25.3 million increase related to a reprofile of funds as a result of project/contracting delays;
- a \$10.6 million increase in temporary funding for the Jobs and Growth Fund;
- a \$7.4 million increase in temporary funding announced in Budget 2018 (conclusion of transfer of funds to Natural Resources Canada) related to Protecting Jobs in Eastern Canada's Forestry Sector;
- a \$6.0 million increase in temporary funding for the Prince Edward Island Potato Stabilization and Innovation Initiative;
- a \$4.9 million increase in temporary funding for the Aerospace Regional Recovery Initiative;
- a \$4.3 million increase in temporary funding in support of the Halifax International Security Forum. (ACOA continues its role as the delivering agency, with a transfer of funds from the Department of National Defence for the annual initiative); and
- a \$1.1 million increase in temporary funding for the Black Entrepreneurship Program.

This increase is offset by a total decrease of \$81.5 million in Vote 5 authorities available for use related to:

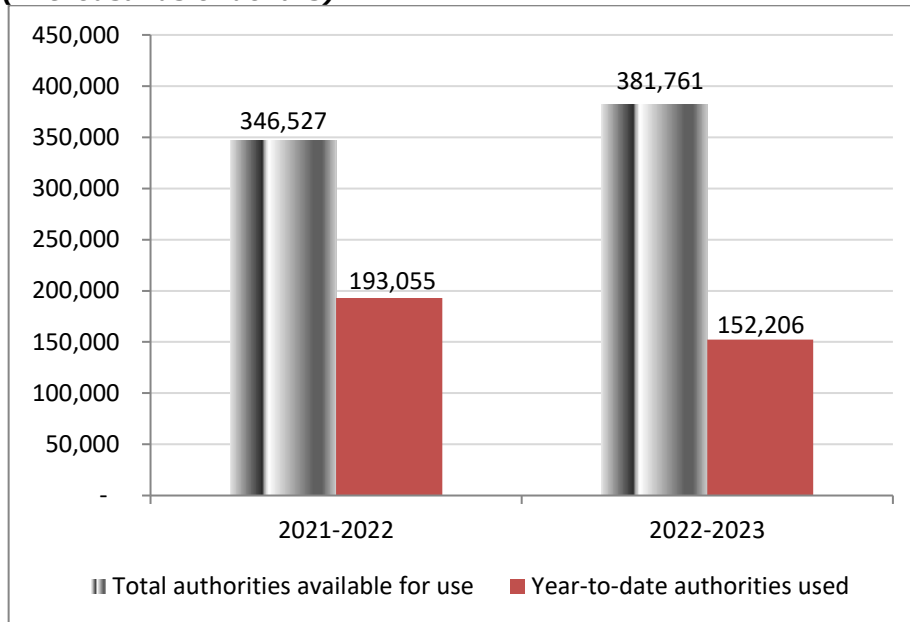
- a \$33.5 million decrease in temporary funding for the Regional Relief and Recovery Fund (RRRF) to support small and medium-sized businesses;
- a \$30.0 million decrease in temporary funding for the Regional Air Transportation Initiative (RATI); and
- an \$18.0 million decrease in temporary funding for the RRRF to support the Community Futures Network.

Vote 5 authorities used have decreased from \$193.1 million last fiscal year to \$152.2 million this fiscal year. This \$40.9 million decrease in authorities used, or 21.2%, is mainly due to the timing of contribution payments compared to the previous fiscal year, especially for COVID-19 temporary initiatives such as the RRRF and the RATI.

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, 2021-2022 and 2022-2023.

(in thousands of dollars)



Statement of authorities: budgetary statutory authorities

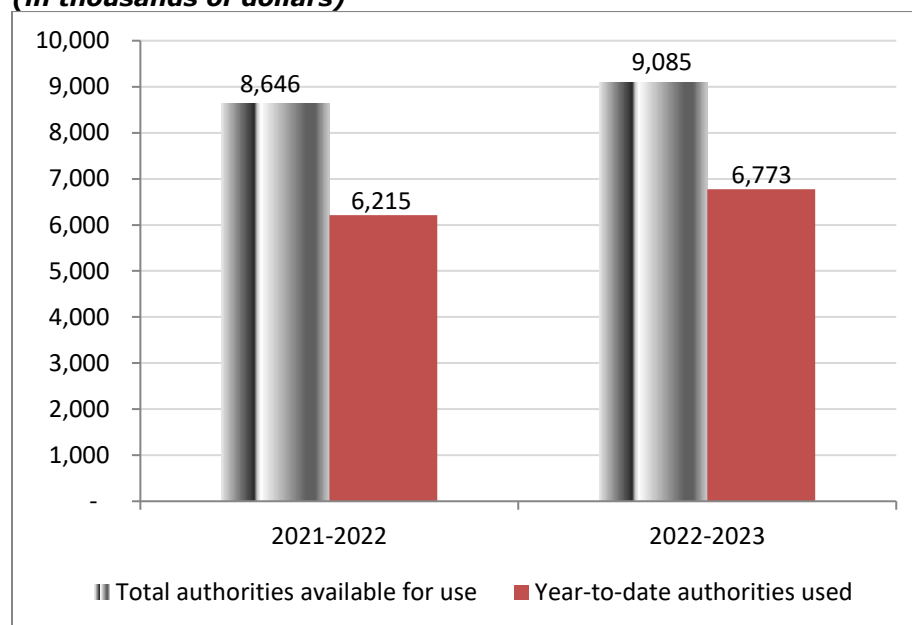
Budgetary statutory authorities available for use for the year ending March 31, 2023, have increased by \$0.5 million, or 5.1%, to \$9.1 million compared to the previous fiscal year at the same time.

Budgetary statutory authorities used year-to-date are \$6.8 million at the end of the third quarter this fiscal year, with no significant variance compared to \$6.2 million as of December 31, 2021.

Graph 3 illustrates the total authorities available for use for the year as well as the amount used year-to-date at quarter-end.

Graph 3: Comparison of Net Budgetary Authorities and Expenditures for Statutory Authorities as of December 31, 2021-2022 and 2022-2023.

(in thousands of dollars)



Statement of the Agency's budgetary expenditures by standard object

The Agency's budgetary expenditures by Standard Object for the quarter ended December 31, 2022, were \$212.1 million, which reflects a decrease of \$38.0 million, or 15.2%, from the \$250.1 million in overall expenditures for the quarter ended December 31, 2021. The variance by Standard Object relates mainly to transfer payments. The variance is explained in the Statement of Authorities: Vote 5 – Grants and Contributions.

Risks and uncertainties

ACOA conducts a regular assessment of its overarching corporate risk profile. ACOA manages financial risks through a set of appropriate mitigation measures. The financial risks are mitigated in large part by the implementation of strong internal controls over financial reporting. These include the periodic assessment of entity-level controls, general computer controls, and controls in ACOA's key business processes such as payments on grants and contributions, regular operating expenses and accounts receivable.

Furthermore, ACOA manages its budgetary and allocation processes through a well-defined framework supported by a series of automated financial controls. Periodic forecasts are required and analyses are done regularly to ensure that funds are properly managed.

Significant changes in relation to operations, personnel and programs

The following change in personnel was made during the third quarter:

- The appointment of Catherine Blewett as President of the Atlantic Canada Opportunities Agency, effective November 26, 2022.

There are no other significant changes in relation to operations, personnel and programs for this reporting period not already disclosed in the quarter ended September 30, 2022.

Approval by senior officials

Approved by:

Catherine Blewett
Deputy Head
Moncton, Canada

Stéphane Lagacé, CPA-CMA
Chief Financial Officer
Moncton, Canada

Date

Date

Statement of Authorities (*unaudited*)

Fiscal year 2022-2023 (in thousands of dollars)

Authorities	Total available for use for the year ending March 31, 2023*	Used during the quarter ended December 31, 2022	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	75,192	18,505	53,098
Vote 5 - Grants and contributions	381,761	70,319	152,206
Budgetary statutory authorities	9,085	2,259	6,773
Total authorities	466,038	91,083	212,077

Fiscal year 2021-2022 (in thousands of dollars)

Authorities	Total available for use for the year ending March 31, 2022*	Used during the quarter ended December 31, 2021	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	75,154	17,127	50,795
Vote 5 - Grants and contributions	346,527	66,831	193,055
Budgetary statutory authorities	8,646	2,072	6,215
Total authorities	430,327	86,030	250,065

*Includes only Authorities available for use and granted by Parliament at quarter-end.

Agency's budgetary expenditures by Standard Object (*unaudited*)

Fiscal year 2022-2023 (in thousands of dollars)

Expenditures	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended December 31, 2022	Year-to-date expended at quarter-end
Personnel	71,147	18,568	53,691
Transportation and communications	1,602	572	1,154
Information	663	62	263
Professional and special services	4,461	812	1,814
Rentals	2,547	475	1,423
Repair and maintenance	205	40	74
Utilities, materials and supplies	315	50	79
Acquisition of machinery and equipment	1,350	181	432
Transfer payments	381,761	70,319	152,206
Other subsidies and payments	1,987	4	941
Total net budgetary expenditures	466,038	91,083	212,077

Fiscal year 2021-2022 (in thousands of dollars)

Expenditures	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended December 31, 2021	Year-to-date expended at quarter-end
Personnel	66,377	17,202	52,381
Transportation and communications	4,244	116	190
Information	893	80	281
Professional and special services	5,137	828	1,972
Rentals	2,616	248	1,203
Repair and maintenance	383	11	34
Utilities, materials and supplies	660	38	81
Acquisition of machinery and equipment	1,511	405	490
Transfer payments	346,527	66,831	193,055
Other subsidies and payments	1,979	271	378
Total net budgetary expenditures	430,327	86,030	250,065

*Includes only Authorities available for use and granted by Parliament at quarter-end.