ONTARIO FINANCING AUTHORITY

Audited Financial Statements
for the year ended March 31, 2024

Financial Statements

Responsibility for Financial Reporting

The accompanying financial statements of the Ontario Financing Authority have been prepared in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been prepared within reasonable limits of materiality and based on information available up to June 21, 2024.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee (ARMC) of the Board.

The Board, through the ARMC, is responsible for ensuring management fulfils its responsibilities for financial reporting and internal controls. The ARMC meets regularly with management and internal audit to deal with issues raised by them and to review the financial statements before recommending approval by the Board.

The financial statements have been audited by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor General's Report, which follows, outlines the scope of the Auditor's examination and opinion on the financial statements.

On behalf of Management:

Gadi Mayman
Chief Executive Officer

Muneeb Chaudhary
Chief Financial Officer

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

INDEPENDENT AUDITOR'S REPORT

To the Ontario Financing Authority

Opinion

I have audited the financial statements of the Ontario Financing Authority (the OFA), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the OFA as at March 31, 2024, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the OFA in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the OFA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the OFA either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the OFA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OFA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the OFA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the OFA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
June 21, 2024

Shelley Spence, CPA, CA, LPA
Auditor General

ONTARIO FINANCING AUTHORITY

Statement of Financial Position

As at March 31, 2024

(in thousands of dollars)		**2024**		**2023 Restated (Note 14)**
FINANCIAL ASSETS				
Cash	$	6,188	$	9,310
Due from related-party agencies and other (Notes 6, 7, 8)		3,340		2,661
Due from the Province		8,870		4,810
		18,398		16,781
LIABILITIES				
Accounts payable and accrued liabilities (Note 10)		5,013		3,722
Recoveries payable to the Province		1,641		1,553
Employee future benefits		757		1,088
Deferred revenue (Note 4)		3,793		4,657
		11,204		11,020
Net financial assets		**7,194**		**5,761**
NON-FINANCIAL ASSETS				
Tangible capital assets (Note 3)		3,261		4,185
Prepaid expenses		532		472
		3,793		4,657
Accumulated surplus	$	**10,987**	$	**10,418**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

Greg Orencsak
Chair

Gadi Mayman
Chief Executive Officer

ONTARIO FINANCING AUTHORITY
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2024

(in thousands of dollars)

	2024 Budget	2024 Actuals	2023 Restated Actuals (Note 14)
REVENUE			
Cost recovery from the Province (Note 5)	$ 21,027	$ 20,863	$ 20,442
Cost recoveries – debt management and other financial services (Note 7)	5,575	6,386	5,283
Loan administration fees (Note 6)	2,899	4,273	3,724
Amortization of deferred revenue (Note 4)	1,373	1,265	946
Investment management fees (Note 8)	609	665	631
Interest income	-	596	372
	31,483	34,048	31,398
EXPENSES			
Salaries, wages and benefits	24,319	24,478	23,455
Administrative and general	2,892	3,436	2,901
Amortization of tangible capital assets (Note 3)	1,373	1,265	946
	28,584	29,179	27,302
Excess of revenue over expenses from operations	2,899	4,869	4,096
Payment of surplus funds to the Province (Note 11)	-	(4,300)	(3,800)
Annual surplus	2,899	569	296
Accumulated surplus at beginning of year	10,418	10,418	10,122
Accumulated surplus at end of year	$ 13,317	$ 10,987	$ 10,418

See accompanying notes to financial statements.

ONTARIO FINANCING AUTHORITY
Statement of Change in Net Financial Assets
For the year ended March 31, 2024

(in thousands of dollars)	2024 Budget	2024 Actuals	2023 Actuals
Annual surplus	$ 2,899	$ 569	$ 296
Acquisition of tangible capital assets (Note 3)	(1,373)	(341)	(3,637)
Amortization of tangible capital assets (Note 3)	1,373	1,265	946
Prepaid expenses	-	(60)	(50)
Change in net financial assets	2,899	1,433	(2,445)
Net financial assets at beginning of year	5,761	5,761	8,206
Net financial assets at end of year	$ 8,660	$ 7,194	$ 5,761

See accompanying notes to financial statements.

ONTARIO FINANCING AUTHORITY
Statement of Cash Flow
For the year ended March 31, 2024

(in thousands of dollars)	2024	2023 Restated (Note 14)
Operating transactions		
Annual surplus	$ 569	$ 296
Less: Items not affecting cash		
Amortization of tangible capital assets	1,265	946
Increase in prepaid expenses	(60)	(50)
Increase/ (decrease) in deferred revenue	(864)	2,741
Changes in non-cash working capital:		
(Increase)/decrease in due from related-party agencies and other	(679)	170
Increase in due from the Province	(4,060)	(80)
Increase in accounts payable and accrued liabilities	1,291	51
Increase/(decrease) in employee future benefits	(331)	29
Increase in recoveries payable to the Province	88	21
Cash provided by operating transactions	(2,781)	4,124
Capital transaction		
Cash used to acquire tangible capital assets	(341)	(3,637)
Cash applied to capital transactions	(341)	(3,637)
Net change in cash	(3,122)	487
Cash at beginning of year	9,310	8,823
Cash at end of year	$ 6,188	$ 9,310

See accompanying notes to financial statements.

ONTARIO FINANCING AUTHORITY

Notes to Financial Statements

For the year ended March 31, 2024

1. NATURE OF OPERATIONS

The Ontario Financing Authority (the OFA) was established as an agency of the Crown on November 15, 1993 by the *Capital Investment Plan Act, 1993* (the Act). In accordance with the Act, the OFA:

- conducts borrowing, investment and financial risk management for the Province of Ontario (the Province);
- manages the Provincial debt;
- manages the Province's key financial relationships with investors, financial institutions, rating agencies and public bodies;
- provides centralized financial services for the Province including banking and cash management;
- advises ministries, Crown agencies and other public bodies on financial policies and projects;
- assists Crown agencies and other public bodies to borrow and invest money;
- acts at the direction of the Province in lending to certain public bodies;
- invests on behalf of some public bodies;
- with Ontario Power Generation Inc., manages the investment activities of OPG's Ontario Nuclear Funds; and
- carries out the day-to-day operations of Ontario Electricity Financial Corporation and provides a broad range of financial services to Infrastructure Ontario.

In addition, the OFA's objects include:

- providing such other financial services as are considered advantageous to the Province or any public body; and
- any additional objects as directed by the Lieutenant Governor in Council.

The Memorandum of Understanding between the OFA and the Minister of Finance is an administrative agreement that serves as an important governance tool for the OFA in delivering on its mandate and objectives.

The OFA is a corporation established under the laws of Ontario. The OFA is exempt from federal and provincial income taxes under paragraph 149(1)(d) of the *Income Tax Act* (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) for government reporting entities established by the Canadian Public Sector Accounting Board.

(b) Measurement Uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the useful life of tangible capital assets, employee future benefit liabilities and accrued liabilities. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

(c) Adoption of New Accounting Standards

Effective April 1, 2023, the OFA retroactively adopted the new PS 3400*, Revenue*. The implementation of the new standard had no material impact on the recognition or measurement of the OFA's revenues. As such, the opening balance as at April 1, 2023 has not been restated.

(d) Revenue Recognition

(i) Cost recovery from the Province

The OFA receives funding for its operating expenses and the acquisition of tangible capital assets from the Province through an approved budget. Operating funding is recognized in the same period as the operating expenses are incurred. Funding received from the Province for the acquisition of tangible capital assets is recorded as deferred revenue and amortized to cost recovery revenue on the same basis as the amortization of the tangible capital assets.

(ii) Cost recoveries - debt management and other financial services

The OFA provides debt management and other financial services to various government agencies under established Service Level Agreements and recovers the cost of providing these services from the agencies. The OFA's performance obligations in connection with these services are satisfied over time through the rendering of services. As set out in the Service Level Agreements, the transaction price for these management services are equal to costs incurred by the OFA in

providing these services. Cost recoveries are accrued and billed on a quarterly basis as the OFA performs the services required to meet its obligations towards the government agencies.

(iii) Loan administration fees

The OFA provides loans to various public bodies at the direction of the Province using funding provided by the Province. These loans are included in the Province's consolidated financial statements and are not reflected in the OFA's financial statements. The OFA charges fees to recover the administrative costs for managing these loans. The transaction price is equal to a fixed annual percentage of the outstanding loan amount. Revenue from providing these services is recognized in the period in which services are rendered and in the amount to which the OFA is entitled for payment for performance to date.

(iv) Investment management fees

The OFA provides investment management services to various government agencies. The OFA's performance obligations in connection with these services are satisfied over time through the rendering of services to government agencies. The transaction price is equal to a fixed percentage of investments under management. Investment management fees are accrued and billed on a quarterly basis as the OFA performs the services required to meet its obligations towards the government agencies.

(e) Financial Instruments

The OFA's financial assets and liabilities are accounted for as follows:

- Cash is subject to an insignificant risk of change in value so carrying value approximates fair value; and
- Due from related-party agencies and other, due from the Province of Ontario, recoveries payable to the Province of Ontario and accounts payable and accrued liabilities are recorded at cost, which approximates their fair value due to their short-term nature.

The OFA does not use derivative financial instruments on its own behalf.

(f) Tangible Capital Assets

Tangible capital assets are stated at cost. Amortization is provided using the straight-line method over the estimated useful life of the assets.
The estimated useful life of the assets are as follows:

Furniture and equipment	5 years
Computer hardware	3 years
Leasehold improvements	Term of lease

The half-year provision for amortization is applied in both the year of acquisition and the year of disposal for furniture and equipment and computer hardware assets.

Assets under construction are not amortized until construction is complete and the assets are ready for their intended use.

Funding received from the Province for the acquisition of tangible capital assets is recorded as deferred revenue and amortized to cost recovery revenue on the same basis as the amortization of the tangible capital assets.

(g) Related Party Transactions:

Related party transactions are measured at the exchange amount, which is the amount of consideration and agreed to by the related parties.

3. TANGIBLE CAPITAL ASSETS

Year ended March 31, 2024

	Computer Hardware	Leasehold Improvements	Furniture and Equipment	Under Construction	Total
(in thousands of dollars)					
Cost					
Opening balance, April 1, 2023	$ 14,412	$ 2,859	$ 1,235		$ 18,506
Additions	293	39	9	–	341
Disposals	(9,273)	–	–	–	(9,273)
Closing balance, March 31, 2024	5,432	2,898	1,244	–	9,574
Accumulated Depreciation					
Opening balance, April 1, 2023	13,706	301	314	–	14,321
Amortization	449	610	206	–	1,265
Disposals	(9,273)	–	–	–	(9,273)
Closing balance, March 31, 2024	4,882	911	520	–	6,313
Net Book Value, March 31, 2024	$550	$1,987	$724	–	$3,261

Year ended March 31, 2023

	Computer Hardware	Leasehold Improvements	Furniture and Equipment	Under Construction*	Total
(in thousands of dollars)					
Cost					
Opening balance, April 1, 2022	$ 14,439	$ 1,905	$ 1,213	722	$ 18,279
Additions	243	2,369	1,025	–	3,637
Capitalization on completion*	233	489	–	(722)	–
Disposals	(503)	(1,904)	(1,003)	–	(3,410)
Closing balance, March 31, 2023	14,412	2,859	1,235	–	18,506
Accumulated Depreciation					
Opening balance, April 1, 2022	13,681	1,900	1,204	–	16,785
Amortization	528	305	113	–	946
Disposals	(503)	(1,904)	(1,003)	–	(3,410)
Closing balance, March 31, 2023	13,706	301	314	–	14,321
Net Book Value, March 31, 2023	$706	$2,558	$921	–	$4,185

*On completion of the renovation of OFA's leased office premise, $722,000 of tangible capital assets that were under construction were transferred to the depreciable asset category when they were ready for use.

4. DEFERRED REVENUE

Deferred revenue represents the unamortized portion of the cost recovered from the Province for the acquisition of tangible capital assets as well as prepaid expenses to be allocated over the period the resources are consumed.

(in thousands of dollars)	Year ended March 31, 2024		
	Tangible Capital Assets	**Prepaid Expenses**	**Deferred Revenue**
Balance, beginning of year	$4,185	$472	$4,657
Additions	341	594	935
Amortization	(1,265)	_	(1,265)
Expensed in the current year	–	(534)	(534)
Balance, end of year	$3,261	$ 532	$3,793

(in thousands of dollars)	Year ended March 31, 2023		
	Tangible Capital Assets	**Prepaid Expenses**	**Deferred Revenue**
Balance, beginning of year	$ 1,494	$ 422	$ 1,916
Additions	3,637	529	4,166
Amortization	(946)	_	(946)
Expensed in the current year	–	(479)	(479)
Balance, end of year	$4,185	$472	$4,657

Contributions received for the purchase of tangible capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the tangible capital assets acquired. This resulted in revenue being recognized of $1,265,000 (2023 – $946,000), which equals amortization expense of tangible capital assets. The $534,000 (2023 – $479,000) expensed represents the amount allocated to the current year expenses from the prepaid expenses.

5. DEBT AND INVESTMENT MANAGEMENT FOR THE PROVINCE

The OFA manages debt on behalf of the Province amounting to $447.5 billion as at March 31, 2024 (2023 – $435.3 billion) as per the interim projection published in the 2024 *Ontario Budget*. The OFA also manages investments amounting to $75.7 billion as at March 31, 2024 (2023 – $84.7 billion), including $30.3 billion (2023 – $27.9 billion) under the Ontario Nuclear Funds owned by Ontario Power Generation Inc. Those funds are jointly managed under the Ontario Nuclear Funds Agreement between the Province, OPG and certain OPG subsidiaries to set aside funds necessary for the long-term management of nuclear waste and used fuel and to decommission nuclear power stations.

Cost recovery from the Province for all debt management and investment activities for the year ended March 31, 2024 was $20.9 million (2023 – $20.4 million).

6. TRANSACTIONS WITH PUBLIC BODIES

The OFA provides financing to various public bodies on direction from the Province in furtherance of stated Provincial initiatives. These loans are included in the Province's consolidated financial statements and are not reflected in the OFA's financial statements.

Funds for these loans are advanced to the OFA by the Province under credit facilities aggregating to $14.8 billion expiring from 2036 to 2055. Of these credit facilities, $11.6 billion has been used to date for funding loans granted by the OFA to public bodies that are currently outstanding.

Loans to Public Bodies:

(in thousands of dollars)

Borrower	March 31, 2024	March 31, 2023
(i) Colleges of Applied Arts and Technology	$354,693	$340,374
(ii) Hospitals	454,085	282,915
(iii) Independent Electricity System Operator	225,251	-
(iv) Liquor Control Board of Ontario	24,149	39,609
(v) Niagara Parks Commission	20,949	23,096
(vi) Ontario Cannabis Retail Corporation	51,523	59,307
(vii) Ontario Lottery and Gaming Corporation	75,298	41,936
(viii) Ontario Northland Transportation Commission	917	1,037
(ix) Royal Ontario Museum	19,802	23,234
(x) School Boards	3,747,418	4,019,713
Total	**$4,974,085**	**$4,831,221**

As at March 31, 2024, the principal amounts receivable by the OFA on behalf of the Province represent long term and short-term loans. During the year, total interest received and flowed to the Province from these loans was $211.9 million (2023 – $205.2 million). During the year ended March 31, 2024, the OFA recognized $4.3 million (2023 – $3.7 million) in loan administration fees, of which $1.3 million is receivable at year end (2023 – $1.1 million).

(i) Colleges of Applied Arts and Technology were provided loans for various campus projects including college campus expansion, new and expanded student residences, computer equipment, parking facilities, and an energy saving capital project. As of March 31, 2024, the outstanding balance of the loans is $354.7 million (2023 – $340.4 million). These loans bear interest ranging from 2.15 per cent to 5.75 per cent and mature from 2024 to 2049.

(ii) Hospitals were provided loans for various projects including funding for long term- care development projects and implementation of new and/or upgraded health information system projects. As of March 31, 2024, the outstanding balance of the loans is $454.1 million (2023 - $282.9 million). These loans bear interest ranging from 2.49 per cent to 4.40 per cent and mature from 2030 to 2063.

(iii) The Independent Electricity System Operator (IESO) was provided a revolving credit facility up to $1,000.0 million for market liquidity purposes and $190.0 million for corporate requirements until June 29, 2026. As of March 31, 2024, the outstanding balance of these facilities is $105.3 million (2023 - nil). These facilities bear floating interest rate interest ranging from 5.19 to 5.24 per cent as of March 31, 2024. In addition, IESO was also provided a term loan of $120.0 million at an interest rate of 4.78 per cent which matures in June 2026.

iv) The Liquor Control Board of Ontario was provided a loan facility of $51.2 million to fund capital costs associated with relocating its head office. As of March 31, 2024, the outstanding balance is $24.1. million (2023 – $39.6 million). This loan bears an interest rate of 3.26 per cent and matures in April 2025.

(v) The Niagara Parks Commission (NPC) was provided a loan to finance additional capital costs incurred for the redevelopment of phase I of Table Rock House in Queen Victoria Park, Niagara Falls. As of March 31, 2024, the outstanding balance of the loan is $1.8 million (2023 – $2.2 million). This loan bears interest at 5.07 per cent and matures in April 2027. In addition, in 2020, the NPC was provided a construction loan facility of $25.0 million to redevelop the Canadian Niagara Power Generating Station as a visitor attraction. Total drawings under this facility amounting to $20.9 million was converted into a term loan in January 2023. As of March 31, 2024, the outstanding balance is $19.2 million (2023 – $20.9 million). This loan bears an interest rate of 4.58 per cent and matures in January 2033.

(vi) The Ontario Cannabis Retail Corporation was provided a loan facility of $150 million for set-up and operating costs. As of March 31, 2024, the outstanding balance is $51.5 million (2023 – $59.3 million). This loan bears an interest rate of 2.79 per cent and matures in January 2030.

(vii) The Ontario Lottery and Gaming Corporation (OLG) was provided with a term loan and construction loan facility to fund several projects. As of March 31, 2024, the outstanding balance on the term loan is $28.7 million (2023 – $41.9 million). This loan bears interest rate of 1.64 per cent and matures in April 2026. Draws on the construction loan facility as of March 31, 2024, is totalling to $46.6 million (2023 - $ 2.0 million) bearing a floating rate of interest, which is 5.50 per cent as at March 31, 2024.

(viii) The Ontario Northland Transportation Commission (ONTC) was provided loans for various projects. As of March 31, 2024 the outstanding balance is $0.9 million (2023 – $1 million) bearing an interest rate of 4.90 per cent and maturing in 2031. In addition, in 2021 ONTC was provided a revolving credit facility to a maximum amount of $5.0 million maturing on April 30, 2024. As of March 31, 2024, ONTC has not drawn any funds from this facility (2023 – nil).

(ix) The Royal Ontario Museum (ROM) was provided a loan to fund the Renaissance ROM project. As of March 31, 2024, the outstanding balance of the loan is $19.8 million (2023 – $23.2 million). This loan bears a floating interest rate, which is 5.96 per cent as at March 31, 2024 and matures on March 31, 2027.

(x) From 2006 to 2017, loans were provided to school boards under various capital programs. During the year ended March 31, 2024, school boards made semi-annual blended payments of principal and interest, leaving the total outstanding amount at $3,747.4 million (2023 – $4,019.7 million). These loans bear interest ranging from 2.99 to 5.38 per cent and mature from 2024 to 2042.

7. COST RECOVERIES – DEBT MANAGEMENT AND OTHER FINANCIAL SERVICES

The OFA provides debt management and other financial services to the related party agencies noted in the table below on a cost recovery basis. All the entities referred below are related parties except Wataynikaneyap Power LP (Watay). Debt portfolios managed on behalf of these entities totalled $18.7 billion at March 31, 2024 (2023 – $20.2 billion). The total costs recovered and receivables outstanding for related party agencies at March 31, 2024 are set out below:

(in thousands of dollars)

	March 31, 2024	March 31, 2023
Costs Recovered:		
Ontario Electricity Financial Corporation	$4,082	$4,145
Infrastructure Ontario	513	478
Building Ontario Fund (Note 9)	1,003	-
Metrolinx	27	26
Watay	761	634
Total	$6,386	$5,283
Receivables:		
Ontario Electricity Financial Corporation	$1,194	$1,199
Infrastructure Ontario	149	139
Building Ontario Fund	337	-
Metrolinx	30	30
Watay	77	-
Other	42	41
Total	$1,829	$1,409

8. INVESTMENT MANAGEMENT FEES

The OFA provides investment management services to the related party agencies noted in the table below. Fees are aimed at recovering OFA costs and are charged on the basis of either the market or par value of the assets under management based on a range of up to 0.20 per cent. Investments managed on behalf of these entities totalled $2.3 billion as at March 31, 2024 (2023 – $2.0 billion). The total investment management fees and receivables outstanding for related party agencies at March 31, 2024 are set out below:

(in thousands of dollars)

	March 31, 2024	March 31, 2023
Investment Management Fees:		
Pension Benefit Guarantee Fund	$459	$431
Financial Services Regulatory Authority of Ontario	144	126
Ontario Trillium Foundation	44	52
Venture Ontario	18	22
Total	$665	$631
Receivables:		
Pension Benefit Guarantee Fund	$133	$126
Financial Services Regulatory Authority of Ontario	42	37
Ontario Trillium Foundation	11	12
Venture Ontario	5	6
Total	$191	$181

9. SERVICES PROVIDED TO THE BUILDING ONTARIO FUND

At the direction of Treasury Board Secretariat and the Ministry of Finance, the OFA and the Ontario Infrastructure Bank [now operating as the Building Ontario Fund (BOF)] entered into a Services Agreement effective November 2, 2023. Through the Services Agreement, the OFA provides administrative and operational support to help establish the organization. During the year ended March 31, 2024, the OFA recovered costs from the BOF for services provided in the amount of $1.0 million.

Prior to the incorporation of the Ontario Infrastructure Bank on November 2, 2023, the OFA incurred $0.24 million in costs relating to the establishment of the BOF. These costs will not be recovered from the BOF.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands of dollars)

	March 31, 2024	March 31, 2023
Accounts payable	$499	$559
Operational expense accruals	2,855	1,465
Accrued other employee benefits	1,659	1,698
Total	$5,013	$3,722

Accounts payable relate largely to normal business transactions with third-party vendors and are subject to standard provincial government payment terms.

Operational expense accruals relate to goods or services received but that have not been paid, including regular salaries and wages, employee benefits and normal operating expenses.

Accrued other employee benefits is primarily comprised of an accrual for employee vacation credits.

11. PAYMENT OF SURPLUS FUNDS TO THE PROVINCE OF ONTARIO

Under section 16.4(1) of the *Financial Administration* Act, a public entity may pay into the Consolidated Revenue Fund any funds that it determines to be surplus to its current needs. In February 2024, the OFA's Board of Directors approved the payment of $4.3 million (2023–$3.8 million) to the Province of Ontario. The payment was made in February 2024.

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The main risks that the OFA's financial instruments are exposed to are credit risk and liquidity. These risks are limited to the financial instruments reflected on the statement of financial position and do not extend to the financing provided to various public bodies, disclosed in Note 6.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation or commitment into which it has entered. This risk is minimal as all of the receivables are from the Province of Ontario and related parties such as OEFC and Infrastructure Ontario.

Liquidity Risk

Liquidity risk is the risk that the OFA will not be able to meet its cash flow obligations as they fall due. The OFA's exposure to liquidity risk is minimal as all operating and capital expenses are cost recovered primarily from the Province of Ontario.

13. FUTURE EMPLOYEE BENEFITS

(a) Pension Benefits

The OFA provides pension benefits to its full-time employees through participation in the Public Service Pension Plan, a multi-employer defined benefit pension plan established by the Province of Ontario. The Treasury Board Secretariat (TBS) is responsible for funding the employer's contribution to the pension fund; the OFA has no additional liability for these future costs. In addition, the costs of post-retirement and non-pension benefits are paid by TBS and is not reported in these financial statements.

(b) Accrued Employee Benefits Obligation

Upon retirement, certain full-time employees, after five years of service, are eligible for severance entitlements equal to one week's salary for each year of eligible service up to a maximum of 50 percent of their annual salary. These severance entitlements are limited to years of eligible service as follows:

Employee Compensation Group	Severance Eligibility Details
Non-represented Management Compensation Plan and other non-represented employees	Entitlement limited to years of service accrued up to December 31, 2015 and based on salary in effect as of December 31, 2015
Senior Management Group employees	
Association of Management, Administrative and Professional Crown Employees of Ontario employees	
Non-represented Ontario Public Service Employees Union (excluded) employees	Entitlement limited to years of service accrued up to December 31, 2016 and based on salary in effect as of December 31, 2016
Non-represented Association of Law Officers of the Crown and Crown Counsel Management employees	Entitlement limited to years of service accrued up to December 31, 2004

As at March 31, 2024, the costs of these legislated severance entitlements owed to these eligible employees amounted to $2.6 million (2023 – $3.0 million).

On an ongoing basis, TBS is responsible for funding the legislated severance entitlements and accordingly no additional expense or liability is reported in these financial statements.

14. COMMITMENTS AND CONTINGENCIES

Lease Commitment:

The OFA rents its premises under a five-year operating lease effective July 1, 2022. The minimum base rental payments for the lease are as follows:

(in thousands of dollars)	
2024-25	$794
2025-26	807
2026-27	807
2027-28	202
Total	**$2,610**

The OFA is committed to pay its proportionate share of realty taxes and operating expenses for the premises for the year ended March 31, 2024, which amounted to $0.63 million (2023 – $0.57 million).

Committed Facilities:

At the direction of the Province, the OFA has committed to finance certain public bodies for which funds have not yet been advanced. The details are as follows:

The Financial Services Regulatory Authority of Ontario (FSRA) was provided a revolving credit facility of $2.0 billion in December 2022 to address the risk of a significant liquidity event or a failure affecting one or more credit unions regulated by FSRA requiring financial support in addition to the Deposit Insurance Reserve Fund (DIRF). As of March 31, 2024, FSRA has not drawn any funds from this credit facility (2023 - nil).

Infrastructure Ontario (IO) has been provided a revolving credit facility up to $100 million, until March 2028, to finance project costs on an interim basis. As of March 31, 2024, IO has not drawn any funds from this facility (2023 – nil).

In the event funds are advanced under the above facilities they will be disclosed under Note 6.

Contingencies:

At March 31, 2024, there were no claims under which the OFA would be financially liable. The Province continues to guarantee the term deposits issued by the Province of Ontario Savings Office prior to 2003.

15. RELATED PARTY TRANSACTIONS

The Province of Ontario is a related party as it is the controlling entity of the OFA. The Ministry of Public and Business Service Delivery provides payroll and benefit services. Infrastructure Ontario also negotiates lease renewals with the landlord on behalf of the OFA and recovers its cost from the OFA.

In addition, related party transactions pertaining to:

- Debt and investment management for the Province are disclosed in Note 5;
- Transactions with public bodies are disclosed in Note 6;
- Debt management and other financial services for related party agencies and other are disclosed in Note 7;
- Investment management for related party agencies are disclosed in Note 8;
- Services provided to the Building Ontario Fund are disclosed in Note 9; and
- Payment of surplus funds to the Province of Ontario in Note 11.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the basis of the financial statement presentation adopted in the current year.

17. PRIOR PERIOD CORRECTION

In prior years, there was no liability recorded for unused employee vacation credits in the financial statements. As such, the comparative figures have been restated to recognize the unused employee vacation credits as a liability (impacting accounts payable and accrued liabilities and employee future benefits) and the resulting impact on salaries, wages and benefits expense. Since the OFA recovers its costs from the Province of Ontario, there are resulting impacts on amounts due from the Province of Ontario and cost recovery revenue from the Province of Ontario. This prior year restatement has the following impact:

(in thousands of dollars)

	March 31, 2023 Previously stated	Correction	March 31, 2023 Restated
Impact to Statement of Financial Position			
Accounts payable and accrued liabilities	2,024	1,698	3,722
Employee future benefits	-	1,088	1,088
Due from the Province of Ontario	2,024	2,786	4,810
Impact to Statement of Operations and Accumulated Surplus			
Salaries, wages and benefits	23,640	(185)	23,455
Cost recovery from the Province	20,627	(185)	20,442