

NORTHERN ONTARIO HERITAGE FUND CORPORATION
ANNUAL REPORT
2024-2025



Lieutenant Colonel The Honourable Edith Dumont Lieutenant Governor of the Province of Ontario

May it please Your Honour:

For the information of Your Honour and the Legislative Assembly, I have the privilege of presenting the annual report of the Northern Ontario Heritage Fund Corporation for the fiscal year ending March 31, 2025.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'G. Pirie', with a large loop at the top and a horizontal stroke at the bottom.

Hon. George Pirie
Chair, Northern Ontario Heritage Fund Corporation
Minister of Northern Economic Development and Growth

Introduction from George Pirie, Board Chair

For those of us that call Northern Ontario home, we know that this region has so much to offer. Making up the vast majority of the province's landmass, but only a fraction of the population, there is room to grow and thrive as our talented people and rich resources become ever more connected.

Since 1988, the Northern Ontario Heritage Fund Corporation (NOHFC) has supported the growth and development of community and regional economies, company start-ups and expansions, infrastructure initiatives, and job creation and retention across the North.

Today, the NOHFC's vision of a strong and prosperous Northern Ontario is more important than ever. NOHFC programs, which include the Community Enhancement Program, Cultural Supports Program, Invest North Program, and People and Talent Program, have uplifted and continue to uplift important community and business initiatives. Our NOHFC programs are responsive, flexible and accessible. They are helping to build Northern Ontario's economy now and well into the future.

Through the NOHFC, we continue to position Northern Ontario as a globally competitive economy, where our people and communities thrive, where our infrastructure is renewed, expanded and modernized, and where our business environment is healthy and vibrant.

During this time of economic uncertainty, our government has pledged to protect Ontario. That means working with all partners, and using all tools at our disposal to build an economy in the North that is stronger, more competitive, and more self-reliant. Through the NOHFC, the government will make strategic investments that help us to accomplish this goal.

Northern Ontario has a lot to offer, and the world is waiting. Let's continue building up the North together by creating opportunities through the NOHFC.

A handwritten signature in black ink, appearing to read 'George Pirie', with a stylized, looping initial 'G'.

George Pirie
Chair of the Northern Ontario Heritage Fund Corporation
Minister of Northern Economic Development and Growth

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NOHFC Board of Directors During Fiscal 2024-2025

POSITION	NAME of DIRECTOR	BOARD APPOINTMENT TERM	LOCATION DIRECTOR RESIDES	ATTENDANCE PERCENTAGE
Chair	Pirie, George	27-Mar-2025 - N/A	Timmins	100%
Past Chair	Rickford, Greg	29-Jun-2018 – 26-Mar-2025	Keewatin	100%
Vice Chair	Sinclair, David	18-Dec-2002 - 18-Dec-2027	Kenora	88%
Member	Biasucci, Salvatore (Sam)	29-Aug-2019 – 29-Aug-2026	Sault Ste. Marie	100%
Member	Chirico, Peter	29-Aug-2019 – 29-Aug-2026	North Bay	100%
Member	Cornell, Kim	25-Oct-2021 – 25-Oct-2024	Devlin	60%
Member	Hook, James	02-Jun-2021 – 06-Aug-2024	Keewatin	67%
Member	Fox, Michael	17-May-2011 – 06-Jun-2025	Thunder Bay	50%
Member	Blenkarn, Tonia	24-Apr-2020 – 24-Apr-2025	Pointe Au Baril	75%
Member	Marcil, Laurie	09-Jan-2020 – 09-Jan-2028	North Bay	88%
Member	Kamphof, Bernie	16-Apr-2020 - 16-Apr-2025	Murillo	88%
Member	Slade, Fred	31-Jan-2019 – 30-Jan-2028	Sudbury	88%
Member	Spinney, Bill	09-Jan-2020 – 08-Jan-2028	Nobel	75%
Member	Mitchell, Donald	11-Jun-2020 – 11-Jun-2025	Sault Ste. Marie	88%
Member	Ballance, Kimberly	18-Jun-2020 – 18-Jun-2025	Ear Falls	63%
Member	Belanger, Lucy	01-Oct-2020 – 30-Sep-2025	Thunder Bay	88%
Member	Prodaniuk, Sue	26-Nov-2020 – 25-Nov-2025	Thunder Bay	100%
Member	Bittner, Karen	01-Feb-2024 – 01-Feb-2027	Blind River	88%
Member	Nelson, Theresa	01-Feb-2024 – 01-Feb-2027	Nipigon	25%
Member	Reid, Kari	01-Feb-2024 – 01-Feb-2027	Timmins	88%

POSITION	NAME of DIRECTOR	BOARD APPOINTMENT TERM	LOCATION DIRECTOR RESIDES	ATTENDANCE PERCENTAGE
Member	Suski, Diane	28-Mar-2024 – 28-Mar-2025	Noelville	100%
Member	Pilon, Melanie	28-Jan-2025 – 28-Jan-2028	Wawa	100%

Appointees to the Northern Ontario Heritage Fund Corporation Board of Directors receive \$1.00 annually.

The Northern Ontario Heritage Fund Corporation (NOHFC)

The NOHFC was established in 1988, with a mandate to promote and stimulate economic development initiatives in Northern Ontario by providing financial assistance to projects that stabilize, diversify and foster the economic growth of the region.

The NOHFC is a board-governed agency established under the enabling legislation of the *Northern Ontario Heritage Fund Act*. NOHFC has an appointed Board of Directors, chaired by the Minister of Northern Economic Development and Growth (MNEDG). NOHFC's objectives are set out in the *Northern Ontario Heritage Fund Act* as follows:

- (a) to advise and make recommendations to the Lieutenant Governor in Council on any matter relating to the growth and diversification of the economy of Northern Ontario;
- (b) to promote and stimulate economic initiatives in Northern Ontario; and
- (c) to commission studies and enter into contracts in connection with the objects set out in clauses (a) and (b) above.

NOHFC provides funding toward approved projects in the territorial districts of Northern Ontario. In January 2025, NOHFC expanded its service area to include the District of Muskoka. The territorial districts eligible for NOHFC support now include Algoma, Cochrane, Kenora, Manitoulin, Muskoka, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay and Timiskaming.

Strategic Direction

In September 2023, NOHFC received a mandate letter from the Honourable Greg Rickford, former Minister of Northern Development. The letter provided strategic direction and agency expectations to help NOHFC meet its mandate and align with Government priority and direction while aligning with the Agencies and Appointments Directive (AAD).

The strategic direction and priorities included were:

- Supporting broader community and organization participation in NOHFC programming, with an emphasis on increasing the participation of Indigenous communities and partners.
- Continuing to provide superior client service.
- Enabling easier, efficient processes that reduce burden to submitting applications.
- Supporting the ministry and any third parties in a mandate review to ensure alignment with government priorities.

The expectations to help achieve these priorities included:

Competitiveness, Sustainability and Expenditure Management

- Operating within the agency's financial allocations.
- Identifying efficiencies and savings through innovative practices, and/or improved program sustainability.
- Complying with applicable direction related to accounting practices and supply chain centralization, including leveraging Supply Ontario's bulk purchasing arrangement and working with Supply Ontario on strategic procurement initiatives.

- Complying with realty interim measures for agency office space.

Transparency and Accountability

- Abiding by applicable government directives and policies and ensuring transparency and accountability in reporting.
- Adhering to accounting standards and practices, and responding to audit findings, where applicable.
- Identifying appropriate skills, knowledge, and experience needed to effectively support the board's role in agency governance and accountability, and providing the Minister with annual skills matrices to ensure the board has qualified appointees.
- Reviewing and updating agency key performance indicators (KPIs) annually to ensure efficiency, effectiveness, and sustainability.

Risk Management

- Developing and implementing an effective process for the identification, assessment, and mitigation of agency risks, including cyber security, and any future emergency risks.

Workforce Management

- Optimizing organizational capacity to support the best possible public service delivery, including redeploying resources to priority areas, where needed.
- Supporting the implementation of the Community Jobs Initiative (CJI) by identifying opportunities to relocate new or existing agencies to lower cost communities across Ontario (per Management Board of Cabinet (MBC) Realty Directive, s. 5.4), as applicable.
- Aligning Human Resource and Accommodations strategies with Ontario Public Service (OPS) Directives and Policy.
- Adhering to Treasury Board / Management Board of Cabinet (TB/MBC) labour and bargaining mandates.
- Prudently and efficiently managing operational funding and workforce size.

Diversity and Inclusion

- Developing and encouraging diversity and inclusion initiatives promoting an equitable, inclusive, accessible, anti-racist and diverse workplace.
- Adopting an inclusion engagement process to ensure all voices are heard to inform policies and decision-making.

Data Collection

- Improving how the agency uses data in decision-making, information-sharing, and reporting, to inform outcome-based reporting and improve service delivery.
- Increasing data sharing with Supply Ontario, when applicable, regarding procurement spending and planning, contract arrangements and vendor relations to support data-driven decision-making.

Digital Delivery and Customer Service

- Exploring and implementing digitization for online service delivery to ensure customer service standards are met.
- Using a variety of approaches or tools to ensure service delivery in all situations.

NOHFC's Board of Directors, in consultation with NOHFC's administration and the Ministry of Northern Economic Development and Growth (MNEDG), developed a strategic plan for the 2024-2025 fiscal year to set out the strategic framework of NOHFC, including the vision, mission, guiding principles and strategic priorities to meet the mandate letter direction.

Vision

NOHFC will be a catalyst for key strategic investments to stimulate economic development and diversification in Northern Ontario.

Mission

To partner with communities, not-for-profits, businesses, and entrepreneurs across Northern Ontario to create jobs and strengthen the economy.

Guiding Principles

The following principles provide overall program direction throughout NOHFC's day-to-day operations, irrespective of changes in its goals, requirements or resources.

Recognition of Northern Ontario's Unique Circumstances

NOHFC programs and initiatives continue to be an important means of supporting the unique needs of Northern Ontario, while also contributing to a strong resilient Ontario. In 2021, NOHFC launched enhanced programs and services, which align well with the current path to build a stronger Ontario together.

Adaptability

The strategic planning process is an ongoing activity that provides NOHFC with a management tool for adapting to changes in the future.

Reflective, Flexible and Forward-Thinking

It is the intent that the NOHFC Board of Directors review the strategic priorities and plans, at minimum, on an annual basis.

Inclusiveness

NOHFC continues to develop and deliver its programs and initiatives in a manner that recognizes the needs of the North's diverse communities, including, but not limited to, Indigenous communities.

Strategic Priorities

In support of Building a Strong Ontario Together, NOHFC continues to provide financial support to the following strategic initiatives:

Innovation, Research and Development, and Commercialization

Support applied research and development projects and initiatives that lead to innovative products and services with commercialization potential.

- Support and encourage partnerships among educational institutions, research organizations and industry to develop and grow innovative products and industries in Northern Ontario.
- Support the commercialization of ideas and innovation in partnership with northern stakeholders / partners.

Creativity, Productivity and Entrepreneurial Development

Support an environment that promotes creativity, productivity, and entrepreneurial development.

- Support collaboration with educational institutions and industry to promote productivity and entrepreneurial development.
- Assist northern stakeholders / partners to attract and retain a highly skilled and creative workforce.
- Provide assistance to entrepreneurs at various stages of their business' growth.

Partnerships and Collaboration

Maximize opportunities to leverage NOHFC funding through partnerships and collaboration to ensure the success of projects and sustainable economic outcomes.

- Engage leaders in economic development discussions to increase awareness, knowledge and access to NOHFC programs.
- Support projects that demonstrate collaboration and partnership amongst public and private sector organizations in Northern Ontario.
- Work collaboratively with other funding partners to assist in the development and funding of projects that result in job creation and support a growing and sustainable Northern Ontario economy.

Furthermore, within the Agency, NOHFC continues to focus on:

Organization Development and Renewal

Engaging in continuous improvement and human resource development to improve the efficiency, effectiveness, access, and delivery of NOHFC programs, as well as improve performance measurement.

- Continued development of information technology capabilities and enhance existing systems to improve access for clients to NOHFC programs and NOHFC staff to program statistics.
- Implement regular, ongoing dialogue between the NOHFC Board and staff to plan and engage in strategic thinking in the new and emerging opportunities and key government initiatives.
- Develop business approaches and best practices that allow staff and program delivery partners to proactively communicate and work with stakeholders / partners to promote and facilitate access to NOHFC programs.

- Provide tools and training that enable staff and the Board to fulfill their roles and responsibilities effectively in an increasingly demanding environment.

Awareness, Education, and Recognition

Develop effective marketing, communication, and outreach tools that increase awareness, understanding, and recognition of NOHFC, its programs, applications, and other processes.

- Develop effective marketing and communications tools to educate targeted clients to improve access to NOHFC programs.

NOHFC Administration

NOHFC's administration plays a significant role in the success of NOHFC programing and achieving its mandate through managing the day-to-day operations, client relationships and providing the required materials for the NOHFC Board to make funding decisions.

NOHFC maintains a Memorandum of Understanding (MOU) with the MNEDG. The MOU includes that MNEDG will arrange for the provision of services and support from MNEDG to NOHFC in consultation with the Board, Chair, and the Executive Director to ensure fulfillment of NOHFC's mandate and to support its day-to-day activities.

These support and services include MNEDG management and staff who are assigned to NOHFC. All management and staff assigned to NOHFC remain Ontario Public Service (OPS) employees and the Executive Director has a dual reporting structure to the Chair and Board of Directors of NOHFC, as well as to MNEDG. All management and staff are compensated through the OPS compensation framework and are subject to all OPS human resources directives and policies.

During the 2024-2025 fiscal year, NOHFC had a total of 25 full-time equivalent (FTE) positions assigned consisting of both unionized and non-unionized employees. The chart below shows NOHFC's actual FTE count as of March 31 of each fiscal year and does not account for changes or vacancies throughout the year.

Employee Group	FTE Count at March 31, 2023	FTE Count at March 31, 2024	FTE Count at March 31, 2025
OPSEU	14	13	14
AMAPCEO	5	5	5
Management	4	4	4
Total	23	22	23

Summary of Achievements

NOHFC successfully fulfilled its mandate to strengthen Northern Ontario's economy during the 2024-2025 fiscal year through prioritizing economic development programs that offer financial assistance to stimulate growth, create and preserve jobs, and attract investment to the region. Furthermore, NOHFC focused on improving client services and client experiences. Under the guidance of the Honourable Greg Rickford, past Chair of the NOHFC Board and former Minister

of Northern Development, NOHFC's Board of Directors showed their dedication by ensuring that the programs stayed relevant and addressed the specific needs of Northern Ontario.

This was achieved by:

- Supporting broader community and organization participation in NOHFC's programming with an emphasis on increasing the participation of Indigenous communities and partners.
- Achieving all milestones in NOHFC's information technology and system renewal project, enabling easier, efficient processes that increase access to information and make it easier to apply for funding.
- Facilitating informed funding decisions of the Board and operating decisions to maximize funding approvals and manage operating expenses within the allocation from the province.
- Oversight of third-party and partner due diligence and service delivery to enable superior client service.
- Maintaining a continuous improvement process, including developing training, and support to enable superior client service and supporting increased participation by new applicants.
- Supporting an agency mandate review to ensure NOHFC programs are aligned with government priorities.

NOHFC Support Programs

The following streamlined programs are available and provide support to help increase economic development and job creation in the North:

Invest North Program <ul style="list-style-type: none"> ○ Innovation Stream ○ Investment Stream 	Community Enhancement Program <ul style="list-style-type: none"> ○ Rural Enhancement Funding Stream ○ Enhance Your Community Stream
People & Talent Program <ul style="list-style-type: none"> ○ Indigenous Workforce Development Stream ○ Workforce Development Stream 	Cultural Supports Program <ul style="list-style-type: none"> ○ Community Events Stream ○ Film & Television Stream

Overall, the renewed programs are designed to:

- Provide targeted and strategic investments into economic development;
- Make it easier for more people and businesses to apply;
- Support more projects in rural northern communities;
- Target existing and emerging markets;
- Provide more work opportunities for Indigenous people; and
- Help grow a skilled workforce, including skilled trades.

NOHFC Performance Measures – Targets and Results

NOHFC measures and tracks its overall performance through a series of key performance indicators, including number of jobs to be created or retained and the total dollars leveraged, as a result of NOHFC investments.

Total Jobs to Be Created or Retained April 1, 2024 – March 31, 2025

Job Category	Total Jobs Supported through NOHFC Approved Investments
Jobs to be Created or Retained	589
Internship Jobs	603
Jobs to be created as a result of Infrastructure Project Activities	979
Total	2,409

Jobs to Be Created or Retained Through NOHFC Investments

Fiscal Year	Jobs to Be Created and Retained	Targeted Jobs to Be Created and Retained	Targeted New Jobs to be Created Only
2024-2025	2,409	1,800	1,189

Total Dollars Leveraged from NOHFC Investments

Fiscal Year	Actual	Target
2024-2025	3.79	3

Number of Projects Approved

Fiscal Year	Total Projects Approved
2024-2025	936

For the 2024-2025 fiscal year, NOHFC supported 936 strategic investments projects that stabilized, diversified, and fostered economic growth in the region.

Financial support was committed to businesses, non-profit organizations, Indigenous communities, and municipalities that resulted in 2,409 jobs to be created or retained, exceeding NOHFC's 1,800 fiscal year job target.

The job target is an estimate based on NOHFC approved funding amounts and the type of funding approved during the fiscal year. For fiscal year 2024-2025, in accordance with the letter of direction from the Ministry of Northern Development, dated September 29, 2023, NOHFC continued to focus on supporting community-based projects, with an emphasis on increasing Indigenous support, as these partners traditionally have not accessed NOHFC for financial support. Public sector construction projects often result in lower job creation or retention numbers when compared to private sector projects. For 2024-2025, due to the timing of NOHFC Board meetings around the fiscal year end, NOHFC had a higher than planned number of approvals for private sector projects, leading to the jobs to be created or retained exceeding the target for the fiscal year.

Based on the key performance indicators, NOHFC investments continue to be a catalyst for growth and a positive impact in Northern Ontario. Leverage is a performance measure that indicates that the financial support provided by NOHFC for projects in Northern Ontario results in further investments by external funders and investors, creating or retaining jobs in all economic sectors across the North. For 2024-2025, NOHFC's leverage target was 3.0, and the actual leverage performance measure of 3.79 exceeded this target. For every dollar of support NOHFC approved, another \$3.79 is invested from other sources in Northern Ontario.

NOHFC Financial Performance – Target and Results

Schedule of Revenues, Expenses, and Accumulated Surplus by the NOHFC for the Three Years Ending March 31

	2025 Budget (000's)	2025 Actual* (000's)	2024 Actual* (000's)	2023 Actual* (000's)
<u>Revenue</u>				
Province of Ontario grant (Note 1)	\$100,000	\$100,000	\$100,000	\$100,000
Interest on cash and cash equivalents (Note 2)	2,000	3,825	4,601	2,839
Interest on loans receivable (Note 3)	900	818	846	972
Recoveries (Note 4)	-	2,503	3,120	2,249
Total Revenue	102,900	107,146	108,567	106,060
<u>Expenses</u>				
Conditional Contributions (Note 5)	101,502	108,207	112,937	85,523
Credit losses (Note 6)	2,800	750	233	301
Administration:				
Salaries and Benefits	2,894	2,725	2,519	2,502
Transportation & Communication (Note 7)	250	175	190	117
Services (Note 8)	2,305	1,842	1,667	1,420
Management Fees	3,500	3,172	3,170	2,826
Marketing (Note 8)	500	15	35	8
Supplies and Equipment	30	4	5	4
System Modernization (Note 9)	-	188	1,445	1,209
Total Expenses	113,781	117,078	122,201	93,910
Annual (Deficit)/Surplus		(9,932)	(13,634)	12,150
Accumulated Surplus, beginning of year		<u>296,202</u>	<u>309,836</u>	<u>297,686</u>
Accumulated Surplus, end of year		<u>\$286,270</u>	<u>\$296,202</u>	<u>\$309,836</u>

*Actuals are based on audited financial statements

Notes to the Schedule of Revenue, Expenses and Accumulated Surplus and Analysis of Variances to Budgeted and Prior Year Amounts

Note 1 – The annual allocation from the MNEDG for 2024-2025 was \$100 million.

Note 2 – Interest earned on cash was lower than expected as interest rates declined. The average interest rate was 4.78% compared to 5.39% in the previous fiscal year.

Note 3 – NOHFC's loan portfolio did not increase as anticipated because of the focus on supporting community infrastructure and clients opting to take conditional contribution funding only under the Invest North Program streams, resulting in less interest revenue being earned on the outstanding loan balances.

Note 4 – Recoveries represents prior year provision for credit losses that were recovered during the fiscal year, and conditional contribution previously expensed that were paid back to NOHFC.

Note 5 – Conditional contributions significantly higher than budgeted. The impacts of the COVID-19 pandemic that caused project delays are no longer an issue, thus more payment claims were submitted and reimbursed than planned.

Note 6 – Credit losses expense was lower than budgeted. NOHFC's loan portfolio repayment performance has been higher than expected, lowering the overall repayment risk coupled with a smaller loan portfolio balance.

Note 7 – Transportation and communication expense was lower than budgeted as less staff travelled than planned and fewer in person board meetings when compared to the previous fiscal year.

Note 8 – Services and Marketing expense was lower than budgeted as NOHFC focused on completing the system modernization project.

Note 9 – System Modernization expenses were higher than planned as a number of expenses were carried over from the previous fiscal year after the budget was prepared. The system is now live and total project costs did not exceed the overall total budget.

Three-Year Comparison of Revenue and Expenses

Fiscal Year	Revenue	Expenses	Revenue Over Expenses (Expenses Over Revenue)
2022-2023	\$106,060	\$93,910	\$12,150
2023-2024	\$108,567	\$122,201	(\$13,634)
2024-2025	\$107,146	\$117,078	(\$9,932)

Summary of Administrative Expenses for the Year Ended March 31, 2025

Expense	Total	Percentage of Total Expenses
Salaries and benefits	\$2,725	33.6%
Transportation and communication	175	2.2%
Services	1,842	22.6%
Management fees	3,172	39.0%
Marketing	15	0.2%
Supplies and equipment	4	0.1%
System modernization	188	2.3%
Total	\$8,121	100%

Three-Year Comparison of Administrative Expenses

Expense	2022-2023	2023-2024	2024-2025
Salaries and benefits	\$2,502	\$2,519	\$2,725
Transportation and communication	117	190	175
Services	1,420	1,667	1,842
Management fees	2,826	3,170	3,172
Marketing	8	35	15
Supplies and equipment	4	5	4
System modernization	1,209	1,445	188
Total	\$8,086	\$9,031	\$8,121

Appendix 1 – Audited Financial Statements of Northern Ontario Heritage Fund Corporation for year ended March 31, 2025

Financial Statements of

**NORTHERN ONTARIO HERITAGE FUND
CORPORATION**

For the year ended March 31, 2025


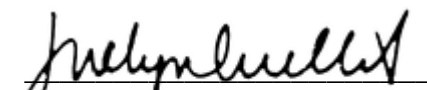
Northern Ontario Heritage Fund Corporation
Year ended March 31, 2025**Management's Responsibility for Financial Reporting**

The accompanying financial statements of the Northern Ontario Heritage Fund Corporation (NOHFC) have been prepared in accordance with Canadian public sector accounting standards and are the responsibility of management. The preparation of 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 properly prepared within reasonable limits of materiality and in light of information available up to June 17, 2025.

Management is responsible for the integrity of the financial statements and maintains a system of internal controls designed to provide reasonable assurance that the 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.

The Board, through the Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Audit Committee, comprised of members who are not employees/officers of NOHFC generally meets periodically with management and the Office of the Auditor General to satisfy itself that each group has properly discharged its respective responsibility.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor'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's Report outlines the scope of the Auditor's examination and opinion.


John Guerard, CPA, CA
Executive Director
Jocelyn Ouellet, CPA, CMA
Manager Financial Services

INDEPENDENT AUDITOR'S REPORT

To the Northern Ontario Heritage Fund Corporation

Opinion

I have audited the financial statements of the Northern Ontario Heritage Fund Corporation (NOHFC), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and accumulated surplus, changes 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 NOHFC as at March 31, 2025, 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 NOHFC 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 NOHFC'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 NOHFC either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NOHFC'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.

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 NOHFC'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 NOHFC'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 NOHFC 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 17, 2025

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Statement of Financial Position

March 31, 2025, with comparative information for 2024

(\$000s)	2025	2024
Financial Assets		
Cash	\$ 92,689	\$ 77,552
Accrued interest receivable	63	57
Loans receivable (note 3)	17,799	16,992
Due from Province of Ontario (note 4)	182,500	207,500
Total financial assets	293,051	302,101
Liabilities		
Accounts payable and accrued liabilities (note 5)	6,781	5,899
Net financial assets	286,270	296,202
Accumulated Surplus	\$ 286,270	\$ 296,202

Commitments (note 7)

The accompanying notes are an integral part of these statements.

On behalf of the Board:



Vice Chair



Audit Committee Member

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2025, with comparative information for 2024

(\$000s)	Budget 2025	2025	2024
Revenues:			
Province of Ontario grant (note 4)	\$ 100,000	\$ 100,000	\$ 100,000
Interest on cash	2,000	3,825	4,601
Interest on loans receivable	900	818	846
Recoveries	-	2,503	3,120
Total revenues	102,900	107,146	108,567
Expenses:			
Conditional contributions	101,502	108,207	112,937
Credit losses (note 3)	2,800	750	233
Administration (note 6)	9,479	8,121	9,031
Total expenses	113,781	117,078	122,201
Annual (Deficit)	\$ (10,881)	\$ (9,932)	\$ (13,634)
Accumulated surplus, beginning of year		296,202	309,836
Accumulated surplus, end of year		\$ 286,270	\$ 296,202

The accompanying notes are an integral part of these statements.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Statement of Changes in Net Financial Assets

For the year ended March 31, 2025, with comparative information for 2024

(\$000s)	Budget		
	2025	2025	2024
Annual (Deficit)	\$ (10,881)	\$ (9,932)	\$ (13,634)
Net financial assets beginning of year		296,202	309,836
Net financial assets, end of year		\$ 286,270	\$ 296,202

The accompanying notes are an integral part of these statements.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Statement of Cash Flows

For the year ended March 31, 2025, with comparative information for 2024

(\$000s)	2025	2024
Operating activities:		
Cash received from:		
Province of Ontario grant (note 4)	\$ 125,000	\$ 100,000
Interest on loans receivable	801	837
Interest on cash	3,825	4,601
Recoveries	208	924
	129,834	106,362
Cash paid for:		
Conditional contributions	(107,317)	(113,834)
Administration costs	(8,129)	(8,652)
	(115,446)	(122,486)
Cash provided by (used in) operating activities	14,388	(16,124)
Investing activities:		
Loan disbursements	(7,492)	(4,458)
Loan repayments	8,241	8,260
Cash provided by investing activities	749	3,802
Increase/(decrease) in cash	15,137	(12,322)
Cash, beginning of year	77,552	89,874
Cash, end of year	\$ 92,689	\$ 77,552

The accompanying notes are an integral part of these statements.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

1. Nature of the organization:

The Northern Ontario Heritage Fund Corporation (the “Corporation”) was established, without share capital, on June 1, 1988 under the *Northern Ontario Heritage Fund Act*. The purpose of the Corporation is to promote infrastructure improvements and economic development opportunities in Northern Ontario by providing financial assistance by way of conditional contributions, forgivable performance loans, and term loans. As an Ontario Crown agency, the Corporation is exempt from federal and provincial income taxes under the *Income Tax Act* (Canada).

The Corporation partners with communities, businesses and entrepreneurs across Northern Ontario to create or retain jobs and strengthen the Northern Economy through the delivery of targeted programs.

During fiscal 2024-25, the Corporation delivered four programs focused on creating or retaining jobs and strengthening the Northern Economy: Community Enhancement, People and Talent, Invest North and Cultural Supports. Funding for these programs is offered as a conditional contribution and/or loan.

2. Significant accounting policies:

The significant accounting policies used to prepare these financial statements are summarized below.

(a) Basis of accounting:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

(b) Revenue recognition - Provincial government funding transfer:

The Province of Ontario (Province) contributes funds to provide capital for the Corporation’s lending and financial assistance activities.

Transfers from the Province are recognized as revenue in the financial statements when the transfer is authorized and eligibility criteria are met, except to the extent that conditions give rise to an obligation that meets the definition of a liability. Funds received from the Province are recognized as deferred revenue when these conditions give rise to a liability. Funds received from the Province are recognized in the Statement of Operations and Accumulated Surplus as the liabilities are settled.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

2. Significant accounting policies (continued):

(c) Cash:

Cash consist of funds on deposit in chartered banks.

(d) Financial instruments:

The Corporation initially recognizes the measurement of cash, loans receivable, accounts payable and accrued liabilities at cost and are subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs are added to the carrying value for financial instruments measured at cost or amortized cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus. A statement of remeasurement gains and losses has not been presented as there is nothing to report therein.

(e) Revenue recognition – interest income on cash and loans receivable:

Interest income is recognized when earned on the accrual basis of accounting. Interest revenue on loans receivable is recognized in an amount estimated to be recoverable. Interest income ceases to be recognized when the collectability of either the principal or interest is not reasonably assured.

(f) Loans receivable:

Loans receivable are recorded at cost less any provision for loss allowance amount. Provision for loss allowances are used to reflect collectability and risk of loss, therefore loans receivable are recognized at the lower of cost and the net recoverable value.

The provision for loss allowances on loans consists of provisions on specific loans and a general provision on the remaining loans and is deducted from loans receivable. The general provision is based on historical experience of loans in good standing as well as all current relevant information available to management. Changes in the valuation of provision for loss allowances are reflected in the Statement of Operations and Accumulated Surplus as a credit loss expense, or as recoveries if the provision is subsequently reduced due to a reassessment of collectability.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

2. Significant accounting policies (continued):

Factors used to estimate impairment include, but are not limited to:

- Collection experience
- Financial performance of the borrower
- Project success
- Economic conditions
- Repayment deferral or restructure

Based on the individual assessment of each loan, the loan is not considered impaired if the collectability of the outstanding balance is considered to be in good standing. A general provision for credit loss is applied to these balances to further reduce the credit risk exposure to the Corporation.

Loans are written off when there is no realistic prospect of recovery. Write-offs of loans are required to be approved by the Corporation's Board of Directors and are not reversed in subsequent periods. The carrying amount of the loan, net of any provision for loss allowances, is reduced by the amount of the loss and recorded as a credit loss expense in the Statement of Operations and Accumulated Surplus. Amounts received from previously written-off loans are recorded as recoveries in the Statement of Operations and Accumulated Surplus.

(g) Conditional contributions and forgivable loans:

Conditional contributions and forgivable loans provided to recipients are recognized as an expense in the Statement of Operations and Accumulated Surplus when they are authorized, and all eligibility criteria have been met by the recipient.

(h) Use of estimates:

Preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimated. Significant estimates include the provision for credit losses and the loan discount which considers payment history, credit worthiness, and risk of the industry that the borrower operates in.

The provision for credit losses, see Note 3, is subject to measurement uncertainty due to the credit risk associated with borrower's ability to repay their loans.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

3. Loans receivable:

The purpose of the Corporation is to promote infrastructure improvements and economic development opportunities in Northern Ontario. Loans are provided as a means of financial assistance to various organizations to promote and stimulate economic initiatives in Northern Ontario.

Loans receivable balances consist of loans in good standing and loans in arrears net of provision for credit losses and loan discounts. Loans in good standing are loans in which repayments are consistently being made. Loans in arrears are loans in which repayments have not been made or which are being restructured.

2025 (\$000s)			
	Loans in Good Standing	Loans in Arrears	Total
Loan Balance	\$ 23,353	\$ 3,596	\$ 26,949
Provision for credit Losses	(5,761)	(3,363)	(9,124)
Loan Discounts	(26)	-	(26)
Net Loan Balance	\$ 17,566	\$ 233	\$ 17,799

2024 (\$000s)			
	Loans in Good Standing	Loans in Arrears	Total
Loan Balance	\$ 25,650	\$ 2,588	\$ 28,238
Provision for credit Losses	(8,626)	(2,583)	(11,209)
Loan Discounts	(37)	-	(37)
Net Loan Balance	\$ 16,987	\$ 5	\$ 16,992

Generally, loans bear fixed interest rates ranging from 0% to 9.20% (2024 0% to 8.70%) and are fully repayable within 3 to 20 years from the date disbursed. Loan security is taken in accordance with NOHFC's Lending Practice Policy and is specific to each loan to mitigate risk. Note 8 provides further detail on NOHFC's security practices.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

3. Loans receivable (continued):

The changes in the provision for credit losses are as follows:

(\$000s)	2025	2024
Balance, beginning of year	\$ 11,209	\$ 16,953
Loans written off in the year	(540)	(3,780)
Changes in provisions on active loans	750	233
Recovery of prior year provision	(2,295)	(2,197)
Balance, end of year	\$ 9,124	\$ 11,209

Credit losses shown in the Statement of Operations and Accumulated Surplus are as follows:

(\$000s)	2025	2024
Loans written off in the year	\$ 540	\$ 3,780
Less: amounts provided for in previous years	(540)	(3,780)
Credit losses	—	—
Changes in provision on active loans	750	233
Discount adjustment	—	—
Net increase in loan loss provision	750	233
Credit losses	\$ 750	\$ 233

The change in the loan discount balances are as follows:

(\$000s)	2025	2024
Balance, beginning of year	\$ 37	\$ 48
Amount amortized to interest on loans receivable	(11)	(11)
Balance, end of year	\$ 26	\$ 37

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

4. Due from Province of Ontario:

(\$000s)	2025	2024
Balance, beginning of year	\$ 207,500	\$ 207,500
Approved transfer payment allocation	100,000	100,000
Amounts received	(125,000)	(100,000)
Balance, end of year	\$ 182,500	\$ 207,500

The amount Due from the Province of Ontario is the transfer payment amount owing to the Corporation by the Province, which is a non-interest bearing payable to the Corporation when cash balances are required.

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities relate largely to normal business transactions with recipients, in accordance with conditional grant agreements and amounts due to the Ministry of Northern Economic Development and Growth (MNEDG) for administrative expenses.

(\$000s)	2025	2024
Due to MNEDG	\$ 1,461	\$ 1,469
Accrued liabilities	5,320	4,430
Total	\$ 6,781	\$ 5,899

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

6. Administration expenses:

Details of administration expenses in the year are as follows:

(\$000s)	Budget		
	2025	2025	2024
Salaries and benefits	\$ 2,894	\$ 2,725	\$ 2,519
Transportation and communications	250	175	190
Services	2,305	1,842	1,667
Management fees	3,500	3,172	3,170
Marketing	500	15	35
System modernization	-	188	1,445
Supplies and equipment	30	4	5
	\$ 9,479	\$ 8,121	\$ 9,031

The Province of Ontario provides pension benefits for all of the Corporation's permanent staff through participation in the Public Service Pension Plan and the Ontario Public Service Employees' Union Pension Plan which are both multi-employer defined benefit pension plans established by the Province of Ontario. The costs of the pension plans, and other post-retirement non-pension benefits provided to eligible staff are paid by the Province and are not included in these financial statements.

7. Commitments:

Funds committed but not disbursed as at March 31, 2025 as eligibility criteria has not yet been met by recipients are \$254,125,962 (2024 - \$268,187,847).

(\$000s)	2025	2024
Conditional Contributions	\$ 236,016	\$ 247,201
Loans	18,110	20,987
Total	\$ 254,126	\$ 268,188

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

8. Financial instruments:

The main risks that the Corporation's financial instruments are exposed to are credit risk, liquidity risk, and market risk.

(a) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation or commitment that it has entered into. The Corporation is exposed to credit risk through its loans receivable. The Corporation provides credit to its loan portfolio clients in the normal course of operations. To mitigate the risk, the Corporation screens loan applicants; registers security, such as through a general security agreement, for the full value of the loan funding amounts over \$250,000; and maintains provisions for contingent credit losses. The Corporation is also exposed to credit risk through the amount Due from the Province of Ontario. However, the risk is considered low as the balance owing is from the Province. The maximum credit risk is the carrying amount of the loans receivable and other receivable balances. Refer to notes 3 and 4 for further details.

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to liquidity risk through its accounts payable and accrued liabilities. The Corporation's exposure to liquidity risk is low as financial assets exceed the current commitments. The Corporation mitigates this risk by monitoring cash activities and expected outflows. Accounts payable and accrued liabilities are due within the first quarter of the following fiscal year. Refer to note 5 for further details.

(c) Market risk:

Market risk is comprised of currency risk, interest rate risk and other price risk. The Corporation does not conduct any transactions that are denominated in foreign currency and therefore is not exposed to currency risk. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Corporation is subject to interest rate risk on its loans receivable with fixed interest rates. A 1% increase or decrease in interest rates would not have a material impact.

There have not been any changes from the prior year in the Corporation's exposure to the above risks or the policies, procedures and methods it uses to manage and measure those risks.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

9. Related Party Transactions:

The Corporation is an Agency of the Province. MNEDG oversees the activities of the Corporation on behalf of the Province. Transactions that occur between the Corporation and MNEDG are commonly controlled by the Province and are related.

Administrative expenses, as presented in note 6, are provided by MNEDG and charged at cost. Included in management fees is \$2,000,566 (2024 - \$1,999,674) paid to the MNEDG for due diligence services rendered throughout the year.

Accounts payable and accrued liabilities includes amounts due to MNEDG at fiscal year-end for administrative expenses (see note 5).

Due from Province of Ontario represents amounts due to the Corporation from MNEDG at fiscal year-end (see note 4).

The Statement of Operations and Accumulated Surplus includes \$5,871,663 (2024 - \$8,205,792) of conditional contributions made to other entities commonly controlled by the Province of Ontario, and their related entities.