

Supply Ontario 2021-22 Annual Report



**Supply
Ontario**

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Ce document
est disponible en français.

ISSN 2817-027X

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Message from the Chair



On behalf of the board of directors, I am pleased to present Supply Ontario's annual report.

In fall 2020, the premier announced the creation of a new agency, Supply Ontario, to enable a whole-of-government approach when purchasing goods and services—leveraging provincial purchasing power to ensure consistent access to high-quality and reliable products at the best value for the people of Ontario.

Currently, supply chain management is highly fragmented across the Ontario Public Service (OPS), Broader Public Sector (BPS), and health sector, making it challenging to source goods and services and achieve optimum value. The COVID-19 pandemic shone a spotlight on the vulnerability of existing supply chains to meet the needs of businesses in the public and private sectors and for people throughout Ontario.

A primary focus over the past year has been establishing the agency's operational foundation, building internal capacity, engaging with key stakeholders and initiating the process to transform Ontario's supply chain to deliver value creation, province-wide resiliency and economic development for the people of Ontario.

On behalf of the entire board, we would like to extend our appreciation to the Supply Ontario team, our partners and stakeholders for their contributions over the past year and working together to address the challenges going forward.

A handwritten signature in dark ink, appearing to read 'Paul G. Smith', with a stylized, flowing script.

Paul G. Smith

Chair, Board of Directors,
Supply Ontario

About Supply Ontario

Corporate

The agency is a corporation without share capital established by Ontario Regulation 612/20 made under the *Supply Chain Management Act (Government, Broader Public Sector and Health Sector Entities)*, 2019. As per section 4(a) of the Memorandum of Understanding (MOU), Centralized Supply Chain Ontario operating as Supply Ontario, is designated as a board governed provincial agency under the Agencies and Appointments Directive and is classified as an operational service agency.

Supply Ontario and ApprovisiOntario, the English and French business names, were registered on November 5, 2020.

Mandate and Vision

Mandate

Supply Ontario's mandate is rooted in its legislative authority as set out in the *Supply Chain Management Act (Government, Broader Public Sector and Health Sector Entities)*, 2019 (the "SCMA") and regulation (O. Reg 612/20)

As set out in regulation, the agency's mandate is to rationalize procurement across much of the public sector by providing and supporting supply chain management and procurement activities for the following entities:

- **Government entities** – such as ministries, provincial agencies, the Independent Electricity System Operator, and Ontario Power Generation and its subsidiaries.
- **Broader public sector entities** – such as school boards, publicly-funded post-secondary educational institution, children's

aid societies, and shared services and group purchasing organizations that procure for the aforementioned entities.

- **Health sector entities** – such as hospitals, the Ottawa Heart Institute, and shared services and group purchasing organizations that procure for the aforementioned entities.

Supply Ontario has the authority under O. Reg. 612/20, of the SCMA to collect the following information from the prescribed entities:

- Current inventories of any goods and future inventory requirements
- Current and future procurement activities
- Supply chain opportunities, contingencies, and constraints
- Information about contracts related to the procurement of goods or services
- Any other information related to supply chain management or vendor performance that the Supply Ontario specifies

Section 20 of O. Reg 612/20 of the SCMA provides Supply Ontario with the authority to issue direction and guidance to covered entities regarding supply chain management activities.

20. (1) The Corporation may provide notice to a government entity, a broader public sector entity or a health sector entity stating that the Corporation will provide or support supply chain management, as specified in the notice, on behalf of the entity beginning on a specified date.

Vision

Supply Ontario's vision is to achieve a world-class capability that harnesses Ontario's buying power to enable economic development, province-wide supply chain resilience, and value for Ontarians.

Governance

Board of Directors

Supply Ontario is governed by a board of directors. The board is accountable, through the chair, to the minister. The minister is accountable to the Legislative Assembly of Ontario for ensuring the agency's fulfilment of its mandate and compliance with legislation and government policies. The board is responsible for setting the goals, objectives and strategic direction for the agency within its mandate and for carrying out the roles and responsibilities assigned to it in the *SCMA* and O. Reg. 612/20, the MOU and applicable government directives.

Supply Ontario's board of directors can have up to 13 members. Currently the board consists of five members. Board members were appointed by Order in Council on January 15, 2021, for a period of 12 months. All five board appointments were extended by an additional 12 months, expiring on January 14, 2023.

The table below illustrates the appointees' total annual remuneration for fiscal year 2021-22 (excluding expenses).

Supply Ontario board members are remunerated according to the rates set out in Order in Council 1495/2020. The Order in Council establishes the following rates for the chair, vice chair and other members of the board:

Chair: Annual compensation of \$30,000 plus \$500 per diem

Vice chair: Annual compensation of \$10,000 plus \$400 per diem

Other members of the board: Annual compensation of \$5,000 plus \$300 per diem

Per diems are administered in accordance with the Agencies and Appointments Directive and Supply Ontario's Board Remuneration and Expense Policy and Procedures. In Q4 2020/21 the board met four times. In 2021-22 the board met eight times.

Appointee	Total remuneration (2020-21)	Total remuneration (2021-22)
Paul G. Smith – Chair	\$9,500	\$33,750
George Szewchuk – Vice Chair	\$4,100	\$13,000
Dr. Gillian Kernaghan	\$2,450	\$7,100
Allan MacDonald	Remuneration waived by board member	Remuneration waived by board member
John Stipan	Remuneration waived by board member	Remuneration waived by board member

Highlights from the Past Year

This report outlines the agency's activities and operational performance and includes audited financial statements for Supply Ontario's first full fiscal year, which ended March 31, 2022, as well as the period from November 5, 2020, to March 31, 2021.

Setting the Foundation

As a new agency, the priority was to establish foundational corporate capabilities and capacity, including building a team. New and critical relationships with government and across the stakeholder ecosystem needed attention and development.

The current public sector supply chain landscape is fragmented with various legacy supply chain management practices. Observations include:

- No single steward of government spend
 - » Approximately \$30B of provincial spend total across 6,000 entities
 - » There is redundancy and duplication within and across the public sector
 - » There is limited visibility or optimization of supply and demand across the province
- Limited customer focus
 - » Vendor experiences and performance management are inconsistent
 - » There is inadequate assessment and determination of customer value

- Emphasis on lowest price
 - » Zero risk tolerance and a lack of coordination in procurements result in missed opportunities for innovation and large-scale impact
 - » A focus on price rather than on total value can limit economic development, job creation and support for sectors that would strengthen Ontario's supply chain

A complex transformation agenda is required to realize the mandate and vision of Supply Ontario. This past year Supply Ontario has been very diligent and focused on seeking learnings from other jurisdictions to help inform foundations that need to be in place to enable transformation.

Agency Start Up

The corporate build of Supply Ontario was new, which required extensive planning to sequence activities, understand interdependencies and facilitate all necessary approvals to operationalize day-to-day activities. Initially, an interim team spearheaded the work of establishing strict financial controls, developing a comprehensive financial management policy framework, establishing delegations of financial management authority, creating budgets and executing transfer payment agreements with government for the 2020-21 and 2021-22 fiscal years.

Leadership team and capacity

Identifying and recruiting talent and capacity in the organization was a key priority in the first year. Attracting talent in a start-up environment during the pandemic presented a number of challenges.

Supporting employees as they integrate into a fully remote environment has been an agency priority. In support of this work, human resources (HR) developed and implemented foundational policies and prepared a cultural roadmap including a diversity, inclusion and belonging framework. Additional work—such as the implementation of HR systems like onboarding, payroll, pension, an employee and family assistance plan, benefits, and attendance—was supported by HR and in place for new hires as they arrived.

HR also developed a compensation framework and policy, and proposed approach to Bill 124, *Protecting a Sustainable Public Sector for Future Generations Act, 2019*. Its pay-for-performance guidelines for designated executives and employees were drafted, and its job evaluation plans finalized to include market comparators.

Corporate Governance

As a new organization, Supply Ontario's first governance priority was to establish its corporate by-law that sets out the rules to govern the agency and its board of directors. By-law No. 1 was approved at Supply Ontario's first board meeting on January 21, 2021.

A Memorandum of Understanding (MOU) with the Minister of Government and Consumer Services was finalized in July 2021 that reflects the accountability framework between the minister and the chair of Supply Ontario.

The purpose of the MOU is to:

- Reflect the accountability framework between the minister and the agency
- Clarify the roles and responsibilities of the respective decision makers of each party
- Clarify the operational, administrative, financial, staffing, auditing and reporting arrangements

In conjunction with the MOU, the Agencies and Appointments Directive sets out requirements and roles for provincial agencies and responsible ministries, as well as rules for the remuneration of government appointments. By March 31, 2022, the agency was in full compliance with all the requirements set out by the Agencies and Appointments Directive.

Stakeholder ecosystem

Over the past year, Supply Ontario connected with ministries, shared services organizations, group purchasing organizations, industry associations and the BPS to commence building relationships across a very large ecosystem. The engagements focused on discussions regarding the agency's mandate, transformation approach and focus, perspectives on challenges in the current public sector landscape or specific sectors and areas to explore for future collaborations. In addition, the CEO attended industry events as a keynote speaker and panelist.

In fall 2021, the organization launched an external-facing website, social media accounts on LinkedIn and Twitter and an email subscription list to connect with stakeholders.

Mandate Approach

Lessons learned and engagements that informed start up and transformation approach

Supply Ontario completed jurisdictional reviews with feedback from the marketplace, enabling partners, the private sector and government peers such as the State of New York, Amazon, Google and Home Depot. Through our scan, we learned the critical elements to build a commercially focused, client-centric agency. Success requires high quality data from the entire system, strong oversight from a procurement authority that can drive performance rather than consolidate operations and people and good relationships. It is also important to recognize that while there are often large opportunities for value and change, there is no single “silver bullet” that can fix complex issues overnight.

Data Collection

Supply Ontario gathered spend data from across the province's covered entities including the OPS, BPS and health sector. Understanding what the province needs, when and by whom is the foundation to creating an effective and efficient supply chain. Data was leveraged to produce insightful intelligence around the public sector supply chain. This intelligence guided decisions related to value creation, supply chain resilience and economic development efforts, as well as future policy and legislative considerations.

Supply Ontario will continue to engage covered entities as it conducts its initial data accumulation.

Data Accumulation

As of March 31, 2022, Supply Ontario has consolidated over 50 per cent of the Ontario public sector's addressable spend. This represents over \$16B of spend data, more than three times what had been collected previously, providing the agency with an understanding of how and where various ministries, agencies, broader public sector and healthcare entities spend. This information can be used to develop agreements between the province and vendors that ensure continuity of supply, support job creation and deliver services that provide the greatest value for tax dollars.

The continuous consolidation of data will provide a whole-of-government view of spending data that will become the backbone of the province's supply chain. It will provide the agency with the insights to deliver the products hospitals need, the services seniors rely upon, essentials for rural and urban communities and more. Leveraging a data-driven decision model will allow Supply Ontario to help the province focus on the greatest immediate and future needs.

Strategic Frameworks

Supply Ontario worked with the government to develop an initial Ontario Supply Chain strategy, approved by Supply Ontario's board of directors and cabinet office in the winter of 2021-22. The strategy focused on three pillars: value creation, resilience, and economic development. The pillars were enabled by data collection of supply chain information and aggregate public sector spend view that would empower the government's efforts to inform legislation and policy related needs.



Value creation - Ensure Ontarians are getting the greatest value from every dollar spent by leveraging the buying power of the entire province



Resilience - Strengthen the province's resilience, ensuring a rapid response to unexpected events with reliable access to critical products.



Economic development - Support innovation, economic development, supplier diversity and domestic production across the province

Supply Ontario established a framework using three interventions for its start-up operating model. The mechanism would be informed by performance data that is aggregated from operating entities across the public sector supply chain.



Lead - Strategy, transformation and programs for the province's public sector supply chain



Enable - A single commercial voice and source of data for the province's public sector supply chain



Execute - Evolve procurement practices to drive value creation, efficiencies, rationalization, and resilience, and partnering with vendors to enable better outcomes

Testing and learning

Aligning our public sector's procurement spend with innovative supply chain ideas and best practices is central to our strategy for value creation, resilience and economic development across the supply chain ecosystem. Early exploratory initiatives provided clear learnings that are now incorporated into our approach. This included initiating a collaboration agreement with Mohawk Medbuy Corporation that optimized provincial agreements to identify savings through strategic sourcing. This collaboration will be further explored to cover the healthcare sector.

Performance Management

Supply Ontario will develop and implement comprehensive performance measures to monitor, optimize and report on the status of core business functions within the agency, in a manner that aligns with the expectations of the Government of Ontario. The outcome-based performance measures will be used by the agency to track and foster a culture of continuous improvement.

The definition of measures and how they will be calculated will be done in an iterative manner that evolves over time. Supply Ontario continues to define and collect baseline data to set targets for future years.

Once performance measures and targets have been approved, they will be included along with results in the agency's future annual reports.

Risk Management

In 2021-22, Supply Ontario was focused on its critical start-up activities. During the year, Supply Ontario implemented its enterprise risk management framework and identified key risks that remain ongoing as it continues to ramp up its operations. Strategies to mitigate the identified risks were developed and continued to be reviewed regularly.

Key Risks and Mitigation Strategies

Supply Ontario has been managing the following key risks and mitigation plans as it ramps up its operations and will continue to in the next fiscal year. They include:

Supply Ontario		
Key Risk	Risk Rating ¹	Mitigation Plan
Strategic risks pertaining to Supply Ontario's mandate and strategic objectives		
Alignment of roles and responsibilities Supply Ontario's broad mandate and scope may require clarification of roles and responsibilities within the public sector.	Medium	Supply Ontario began implementing its operating framework, which clearly articulates the agency's mandate and priorities. Supply Ontario is continuing strategic engagements with the public sector to advance its mandate and to clarify the governance model (including roles and responsibilities).
Change Resistance Resistance from partners and/or stakeholders may affect Supply Ontario's ability to implement transformational changes and achieve desired outcomes.	Medium	Supply Ontario will develop a stakeholder engagement strategy to obtain buy-in and support change management activities with stakeholders. Implementation of value creation opportunities will support realization of committed targets set by the government.

¹ Risk rating = likelihood and impact of risk

Supply Ontario

Key Risk	Risk Rating ¹	Mitigation Plan
Operational risks pertaining to policy implementation and program delivery		
Access to and acquisition of supply chain data <p>Delays in accessing and/or acquiring supply chain data may delay Supply Ontario's ability to assess the supply chain ecosystem, which could in turn affect timely and effective implementation of Supply Ontario's operating model.</p>	Medium-High	<p>Supply Ontario will leverage insight using the available data obtained through value creation initiatives to help inform the development of a master data management strategy.</p> <p>Supply Ontario will continue to engage major stakeholders to identify data collection requirements and assess data transfer options.</p> <p>Supply Ontario will establish a province-wide supply chain architecture including a reference data model.</p>
Operational risks pertaining to policy implementation and program delivery		
Workforce recruitment <p>Recruitment challenges in finding key talent, where demand for supply chain professionals during the pandemic has increased</p>	Medium-High	<p>Supply Ontario will develop a balanced resourcing strategy, recruit talent from both the public and private sectors, and harness expertise in the supply chain ecosystem.</p> <p>Supply Ontario may also hire contract staff to help resource departments and with transition efforts.</p>

Management Discussion and Analysis

The 2021-22 fiscal year was Supply Ontario's first full year of operation. The ministry provided Supply Ontario with a funding allocation of \$16.9M, which was used to support critical operational start-up activities including recruitment and establishing an operating framework appropriate for Ontario's supply chain ecosystem.

Supply Ontario ended the fiscal year in a surplus position of \$6.6M, primarily driven by delays in hiring staff and the agency's office realty strategy.

Supply Ontario will continue to move quickly on its staffing strategies and implement its critical agency infrastructure (e.g., implementing data collection initiatives) so that it will be well positioned to meet its mandate.

Audited Financial Statements

Centralized Supply Chain Ontario
(o/a Supply Ontario)
March 31, 2022



Centralized Supply Chain Ontario

(o/a Supply Ontario)

Financial Statements

March 31, 2022

Management's responsibility for financial reporting

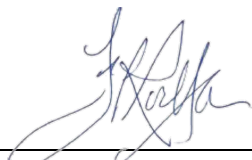
The accompanying financial statements of Centralized Supply Chain Ontario (operating as Supply Ontario) have been prepared in accordance with Canadian public sector accounting standards, and, where appropriate, include amounts based on management's best estimates and judgments.

Management 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 of directors oversees management's responsibilities for financial reporting and internal controls.

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's Report, which appears on the following pages, outlines the scope of the Auditor's examination and opinion.

On behalf of management:



Frank Rochon
Chief Executive Officer



Anthony DiCaita
Chief Administrative Officer



INDEPENDENT AUDITOR'S REPORT

To Centralized Supply Chain Ontario

Opinion

I have audited the financial statements of Centralized Supply Chain Ontario (operating as Supply Ontario), which comprise the statements of financial position as at March 31, 2022 and 2021, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021, 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 Supply Ontario as at March 31, 2022 and 2021, and the results of its operations, changes in its net financial assets and its cash flows for the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021 in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audits 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 Supply Ontario in accordance with the ethical requirements that are relevant to my audits 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 Supply Ontario'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 Supply Ontario either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Supply Ontario'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 Supply Ontario'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 Supply Ontario'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 Supply Ontario 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 audits.

Toronto, Ontario
June 30, 2022


Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

Statements of Financial Position

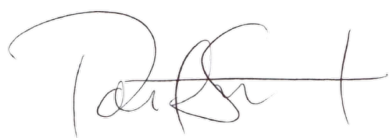
As at March 31, 2022 and March 31, 2021

(in thousands of dollars)

	Note	March 31, 2022	March 31, 2021
Financial Assets			
Cash		\$ 8,696	\$ 77
Accounts receivable	3	852	3
		9,548	80
Liabilities			
Accounts payable and accrued liabilities	5	2,458	67
Due to Province	7	439	-
Net financial assets		6,651	13
Non-Financial Assets			
Prepaid expenses	4	23	-
Accumulated Surplus		\$ 6,674	\$ 13

The accompanying notes are an integral part of these financial statements.

Approved by the board of directors



Paul G. Smith
Chair, Board of Directors



George Szewchuk
Vice Chair, Board of Directors

Statements of Operations and Accumulated Surplus

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

		April 1 to March 31, 2022 Budget	April 1 to March 31, 2022 Actual	November 5, 2020 to March 31, 2021 Actual
	Note			
Revenues:				
Province of Ontario	1, 7	\$ 16,887	\$ 16,887	\$ 357
Other income	2		27	-
		16,887	16,914	357
Expenses				
Salaries, wages and benefits	6, 7	11,016	5,102	318
Transportation and communication		4	7	-
Services		5,602	5,141	26
Supplies and equipment		265	3	-
		16,887	10,253	344
Annual Operating surplus		-	6,661	13
Accumulated surplus, beginning of period		-	13	-
Accumulated surplus, end of period		\$ -	\$ 6,674	\$ 13

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Financial Assets

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

		April 1 to March 31, 2022 Budget	April 1 to March 31, 2022 Actual	November 5, 2020 to March 31, 2021 Actual
	Note			
Annual Operating surplus		\$ -	\$ 6,661	\$ 13
Change in non-financial assets:				
Prepaid expenses	4	-	(23)	-
Increase in Net financial asset		-	6,638	13
Net financial asset, beginning of period		13	13	-
Net financial asset, end of Period		\$ 13	\$ 6,651	\$ 13

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

		April 1 to March 31, 2022	November 5, 2020 to March 31, 2021
Operating activities			
Annual Operating Surplus		\$ 6,661	\$ 13
Changes in working capital items:			
Accounts Receivable	3	(849)	(3)
Prepaid Expenses	4	(23)	-
Accounts payable and accrued liabilities	5	2,391	67
Due to Province		439	-
Cash from operating activities		1,958	64
Net increase/(decrease) in cash		8,619	77
Cash, beginning of year		77	-
Cash, end of year		\$ 8,696	\$ 77

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

1. Nature of the Agency

Centralized Supply Chain Ontario (Supply Ontario) is a Crown agency reporting to the Ministry of Government and Consumer Services. Supply Ontario was established on November 5, 2020 under O. Regulation 612/20 made under the Supply Chain Management Act (Government, Broader Public Sector and Health Sector Entities), 2019. The period ending March 31, 2021 is the inaugural year of operations.

Supply Ontario's objects and duties include:

- provide and support supply chain management on behalf of government entities, broader public sector entities and health sector entities;
- collect supply chain management and vendor performance data from government entities, broader public sector entities and health sector entities;
- provide and support supply chain management in respect of personal protective equipment on behalf of entities other than government entities, broader public sector entities and health sector entities.

During the periods of November 5, 2020 to March 31, 2021 and April 1 to March 31, 2022, Supply Ontario was engaged in set-up activities and as such have not commenced providing procurement on behalf of government entities, broader public sector entities or health sector entities.

Supply Ontario is primarily funded by the Province of Ontario through the Ministry of Government and Consumer Services. As a Crown Corporation of the Province of Ontario, Supply Ontario is exempt from federal and provincial income taxes under the Income Tax Act (Canada).

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards as established by the Public Sector Accounting Board (PSAB) of The Chartered Professional Accountants of Canada (CPA Canada).

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

b) Revenue Recognition:

(i) Province of Ontario

The Province of Ontario (Province) contributes funds to provide funding in connection with Supply Ontario's objectives. Transfers from the Province, through Ministry of Government and Consumer Services, are referred to as government transfers and are recognized as revenue in the financial statements when the transfer is authorized and any 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 Statements of Operations and Accumulated Surplus as the liabilities are settled.

(ii) Other Income

Interest income is recorded on an accrual basis and recognized as earned.

c) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expenses.

d) Cash

Cash includes cash on hand, balances with banks and short-term deposits with maturities of less than three months.

e) Financial Instruments

Supply Ontario'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
- Accounts receivable, accounts payable, accrued liabilities and due to province are recorded at cost.

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

f) Related Party Transactions:

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

g) Employee Pension Benefits

Supply Ontario's full-time employees participate in the Public Service Pension Plan (PSPP), which is a defined benefit pension plan for employees of the province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPP, determines Supply Ontario's annual payments to the Plan. Since Supply Ontario is not a sponsor of the pension plan, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of Supply Ontario, as the sponsor is responsible for ensuring that the pension plan is financially viable. Supply Ontario's contributions are accounted for as if the PSPP was a defined contribution plan with contributions being expensed in the period they come due.

h) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. Items subject to such estimates and assumptions include accruals. Actual results could differ from those estimates.

3. Accounts Receivable

('000s)	2022		2021	
Recoverable HST	\$	852	\$	3
TOTAL	\$	852	\$	3

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

4. Prepaid Expenses

('000s)	2022	2021
Insurance	\$ 20	\$ -
Other Prepaid Expenses	\$ 3	\$ -
TOTAL	\$ 23	\$ -

5. Accounts Payable and Accrued Liabilities

Accounts payable relate to normal business transactions with third-party vendors. Accrued liabilities relate to accruals for salaries, wages and benefits and other expenses.

('000s)	2022	2021
Accounts payables	\$ 2,242	\$ -
Accrued liabilities	\$ 216	\$ 67
TOTAL	\$ 2,458	\$ 67

6. Employee Pension Benefits

Supply Ontario provides pension benefits to substantially all of its permanent employees. Supply Ontario's contribution, and the amount expensed in Salaries, wages and benefits, to this plan for the year ended Mar 31, 2022 was \$90 (2021 - \$0).

7. Related Party transactions

Supply Ontario is a Crown Agency of the Province of Ontario and is therefore a related party to other organizations that are controlled by or subject to significant influence by the Province. There transactions are as follows:

- Ministry of Government and Consumer Services provided: i) staff support of \$764 expensed in Salaries, Wages and Benefits (2021 - \$106) and, ii) services of \$78 (2021 - \$26) and iii) included in Due to Province is \$119 (2021 - \$0)

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

7. Related party transactions

- Ministry of the Attorney General provided staff support of \$990 expensed in Salaries, Wages and Benefits (2021 - \$145) and included in Due to Province is \$251 (2021 - \$0)
- Ministry of Children, Community and Social Services provided staff support of \$130 expensed in Salaries, Wages and Benefits (2021- \$0) and included in Due to Province is \$29 (2021 - \$0)
- Treasury Board Secretariat provided staff support of \$71 expensed in Salaries, Wages and Benefits (2021- \$0) and included in Due to Province is \$35 (2021 - \$0)
- Infrastructure Ontario provided services of \$5 (2021- \$0) and included in Due to Province is \$5 (2021 - \$0)

8. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Supply Ontario will not be able to meet its cash flow obligations as they fall due. Supply Ontario's exposure to liquidity risk is minimal as all funding is sourced primarily from the Province of Ontario.