

Canadian Radio-television
and Telecommunications
Commission

2022-23

**Financial statements (unaudited) for
the year ended March 31, 2023**

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Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2023, and all information contained in these financial statements rests with the management of the Canadian Radio-television and Telecommunications Commission (CRTC). These financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the CRTC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the CRTC's Departmental Results Report, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the CRTC and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The CRTC will be subject to periodic Core Control Audits performed by the Office of the Comptroller General (OCG) and will use the results of such audits to adhere to the Treasury Board *Policy on Financial Management*.

In the interim, the CRTC has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2023, in accordance with the Treasury Board *Policy on Financial Management*, and the results and action plan are summarized in the annex.

The financial statements of the CRTC have not been audited.

Vicky Eatrides
Chairperson and Chief Executive Officer
Gatineau, Canada
July 25, 2023

Claude Doucet, CPA
Chief Financial Officer
Gatineau, Canada
July 21, 2023

Canadian Radio-television and Telecommunications Commission
Statement of Financial Position (Unaudited)
As at March 31, 2023
(in thousands of dollars)

	2023	2022
Liabilities		
Accounts payable and accrued liabilities (note 4)	8,845	5,393
Vacation pay and compensatory leave	3,835	4,352
Deferred revenues (note 5)	147	
Employee future benefits (note 6)	1,477	1,646
Total gross liabilities	14,304	11,391
Liabilities held on behalf of Government		
Deferred revenues (note 5)	(147)	-
Total liabilities held on behalf of Government	(147)	-
Total net liabilities	14,157	11,391
Financial assets		
Due from Consolidated Revenue Fund	3,447	3,932
Accounts receivable and advances (note 7)	2,648	2,181
Total gross financial assets	6,095	6,113
Financial assets held on behalf of Government		
Accounts receivable and advances (note 7)	(821)	(674)
Total financial assets held on behalf of Government	(821)	(674)
Total net financial assets	5,274	5,439
Departmental net debt	8,883	5,952
Non-financial assets		
Prepaid expenses	639	668
Tangible capital assets (note 8)	4,084	4,116
Total non-financial assets	4,723	4,784
Departmental net financial position	(4,160)	(1,168)

Contingent liabilities (note 9)

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

Vicky Eatrides
Chairperson and Chief Executive Officer
Gatineau, Canada
July 25, 2023

Claude Doucet, CPA
Chief Financial Officer
Gatineau, Canada
July 21, 2023

Canadian Radio-television and Telecommunications Commission
Statement of Operations and Departmental Net Financial Position (Unaudited)
For the Year Ended March 31, 2023
(in thousands of dollars)

		2023	2023	2022
		Planned		
		Results		
Expenses				
	Support for Canadian Content Creation	23,093	21,836	20,454
	Connection to the Communications System	28,931	28,263	26,757
	Protection Within the Communications System	14,053	14,373	14,293
	Internal services	20,066	20,100	19,282
	Expenses incurred on behalf of Government	(54)	(146)	(1,024)
Total expenses		86,089	84,426	79,762
Revenues				
	Rights and privileges	123,709	123,710	119,642
	Regulatory fees	76,471	84,841	75,442
	Miscellaneous revenues	1,369	746	904
	Revenues earned on behalf of Government	(141,427)	(147,261)	(136,620)
Total revenues		60,122	62,036	59,368
Net cost of operations before government funding and transfers		25,967	22,390	20,394
Government funding and transfers				
	Net cash provided by Government		11,654	14,178
	Change in due from Consolidated Revenue Fund		(485)	(731)
	Other transfers of assets and liabilities (to) / from other government departments		(60)	(7)
	Services provided without charge by other government departments (note 10)		8,169	8,225
Net cost (revenue) of operations after government funding and transfers			2,992	(1,285)
Departmental net financial position - Beginning of year			(1,168)	(2,453)
Departmental net financial position - End of year			(4,160)	(1,168)

Segmented information (note 11)

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

Canadian Radio-television and Telecommunications Commission
Statement of Change in Departmental Net Debt (*Unaudited*)
For the Year Ended March 31, 2023
(in thousands of dollars)

	2023	2022
Net cost (revenue) of operations after government funding and transfers	2,992	(1,285)
Change due to tangible capital assets		
Acquisition of tangible capital assets	748	1,388
Amortization of tangible capital assets	(780)	(490)
Loss on disposal of tangible capital assets	-	(126)
Total change due to tangible capital assets	(32)	772
Change due to prepaid expenses	(29)	154
Net increase (decrease) in departmental net debt	2,931	(359)
Departmental net debt - Beginning of year	5,952	6,311
Departmental net debt - End of year	8,883	5,952

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

Canadian Radio-television and Telecommunications Commission
Statement of Cash Flows (Unaudited)
For the Year Ended March 31, 2023
(in thousands of dollars)

	2023	2022
Operating activities		
Net cost of operations before government funding and transfers	22,390	20,394
Non-cash items:		
Amortization of tangible capital assets	(780)	(490)
Other transfers of assets and liabilities (to) / from other government departments	(60)	(7)
Services provided without charge by other government departments (note 10)	(8,169)	(8,225)
Loss on disposal of tangible capital assets	-	(126)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	320	(124)
Increase (decrease) in prepaid expenses	(29)	154
Decrease (increase) in accounts payable and accrued liabilities	(3,452)	612
Decrease (increase) in vacation pay and compensatory leave	517	341
Decrease (increase) in future employee benefits	169	261
Cash used in operating activities	10,906	12,790
Capital investing activities		
Acquisitions of tangible capital assets	748	1,388
Cash used in capital investing activities	748	1,388
Net cash provided by Government of Canada	11,654	14,178

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

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

1. Authority and objectives

The CRTC was created by Parliament in 1968 under the *Canadian Radio-television and Telecommunications Commission Act*. The CRTC reports to Parliament through the Minister of Canadian Heritage.

The CRTC is vested with the authority to regulate and supervise all aspects of the Canadian broadcasting system, as well as the telecommunications services providers and common carriers that come under federal jurisdiction. The CRTC's powers in the area of broadcasting regulation derive from the *Broadcasting Act*. Its powers over telecommunications come from the *Telecommunications Act* and from various "special acts" of Parliament passed for specific telecommunications companies. The CRTC also has specific responsibilities under *Canada's Anti-Spam Legislation* for investigation and enforcement activities to counter spam and malware as well as under the *Canada Elections Act* to establish and maintain a Voter Contact Registry.

The following are the program descriptions that support the CRTC Core Responsibility to regulate and supervise the communications system:

Support for Canadian Content Creation

This program focuses on ensuring that a wealth of Canadian content is created and made available to all Canadians on a variety of platforms. Through its orders, decisions, licensing frameworks, and other regulatory activities, the CRTC encourages the creation of diverse programming that reflects the attitudes, opinions, ideas, values, and artistic creativity of Canadians. By requiring the display of Canadian content in entertainment programming and the provision of information and analysis concerning Canada, the CRTC is enabling Canadians to better participate in their country's democratic and cultural life.

Connection to the Communications System

This program focuses on ensuring that Canadians can connect to a choice of accessible, innovative, and quality telecommunication services at affordable prices. More specifically, guided by its legislative mandate, the CRTC regulates where market forces are not sufficient to produce, promote and sustain a competitive telecommunications market. Such regulatory measures include requiring large incumbent telephone and cable companies to provide essential wholesale telecommunications services to their competitors in a manner that encourages ongoing investment and innovation, as well as more choice for Canadians for such services.

Protection Within the Communications System

Through this program, the CRTC promotes compliance with and enforcement of its various laws and regulations, including unsolicited communications. It helps to ensure that Canadians have access to emergency communication services such as 9-1-1 service and alerting systems. As a result, Canadians have increased protection and benefit from a more secure communication system. The following are the CRTC's key objectives and outcomes in protecting Canadians: access to emergency communication services; protection from unsolicited commercial communications; and empowerment through information, awareness and knowledge.

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

Internal Services

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of Programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of ten distinct services that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. These services are: Acquisition Management Services, Communications Services, Financial Management Services, Human Resources Management Services, Information Management Services, Information Technology Services, Legal Services, Materiel Management Services, Management and Oversight Services, Real Property Management Services.

2. Summary of significant accounting policies

These financial statements are prepared using the CRTC's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities and vote-netting

The CRTC is financed in part by the Government of Canada through Parliamentary authorities (e.g. Statutory Vote for Employee Benefits Plans [EBP], Budgetary Vote for the *Canada's Anti-Spam Legislation* and Voter Contact Registry activities) and the balance by vote-netted fees it collects from the regulated industries. Vote-netting is a means of funding selected programs or activities wherein Parliament authorizes a department to apply revenues collected from fee payers towards costs directly incurred for specific activities. The CRTC has the authority to use a portion of: a) the Part I licence fees collected from broadcasters; b) the annual telecommunications fees collected from telecommunications carriers; and c) the unsolicited telecommunications fees from telemarketers to finance the regulatory costs it incurs in discharging its statutory responsibilities under the *Broadcasting Act* and *Telecommunications Act* (i.e. spendable revenue). The balance of these three fees recovers the costs for items funded through authorities (e.g. EBP) and costs incurred by other government departments on the CRTC's behalf and are classified as non-spendable revenue. Part II broadcasting licence fees are entirely classified as non-spendable revenue.

The accounting of fees collected and the charges to the authorities in a given year do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through fee collection and through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2022-23 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2022-23 Departmental Plan.

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

(b) Net cash provided by Government

The CRTC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the CRTC is deposited to the CRF, and all cash disbursements made by the CRTC are paid from the CRF. The net cash provided to Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(c) Amounts due from or to the CRF

Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the CRTC is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

The CRTC collects fees under the authority of the *Broadcasting Act* and *Telecommunications Act* and the regulations made pursuant to these Acts, namely the *Broadcasting Licence Fee Regulations, 1997*, the *Telecommunications Fee Regulations, 2010* and the *Unsolicited Telecommunications Fees Regulations*. The CRTC's regulatory fees recover the CRTC's costs associated with its program activities. The Part II licence fees are regulatory charges imposed in relation to a broadcaster's privilege (i.e. rights and privileges). These fees recover part of the Government of Canada's substantial annual investment in the Canadian broadcasting system. Miscellaneous revenues are mainly comprised of revenues received as a result of administrative monetary penalties (AMPs) imposed due to contraventions of the *Telecommunications Act* relating to the National Do Not Call List (DNCL) and *Canada's Anti-Spam Legislation (CASL)* and other revenues such as: interest on overdue accounts receivable for CRTC broadcasting licence fees, telecommunications fees and AMPs, miscellaneous non tax revenue (e.g. access to information fees), and gain on disposal of capital and non-capital assets to outside parties. All revenue from AMPs is recorded as non-responsible non-tax revenue.

Revenues from regulatory fees are recognized based on the services provided in the year.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenues are then recognized in the period in which the related expenses are incurred.

Deferred revenue consists of amounts received in advance of the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned.

Other revenues are recognized in the period the event giving rise to the revenues occurred.

Revenues that are non-responsible are not available to discharge the CRTC's liabilities. While the Chairperson and Chief Executive Officer is expected to maintain accounting control, he or she has no authority regarding the disposition of non-responsible revenues. As a result, non-responsible revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the entity's gross revenues.

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

(e) Expenses

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, and workers' compensation are recorded as operating expenses at their carrying value.

(f) Employee future benefits

(i) Pension benefits – Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The CRTC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The CRTC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(ii) Severance benefits – The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts receivable

Accounts receivable are initially recorded at cost. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts receivable to amounts that approximate their net recoverable value.

(h) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost.

The CRTC does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

Asset Class	Amortization period
Informatics equipment	3 years
Informatics software	5 years
Vehicles	5 years
Equipment	5 years
Leasehold improvements	25 years

Assets under construction are recorded in the applicable capital asset class in the year that they are put into service and are not amortized until they are put into service.

(i) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(j) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are contingent liabilities, allowance for doubtful accounts, the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

(k) Related party transactions

Related party transactions are recorded at the exchange amount.

3. Parliamentary authorities

The CRTC receives most of its funding through fees assessed against the regulated industries, as well as a portion from annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the CRTC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

(a) Reconciliation of net cost of operations to current year authorities used:

	2023	2022
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	22,390	20,394
Adjustments for items affecting net cost of operations but not affecting authorities:		
Decrease (increase) in employee future benefits	169	261
Services provided without charge by other government departments	(8,169)	(8,225)
Amortization of tangible capital assets	(780)	(490)
Refund of prior years' expenditures and adjustments to payables at year end	4	123
Decrease (increase) in vacation pay and compensatory leave	517	341
Gain (loss) on disposal of tangible capital assets	-	(126)
Overpayments to be recovered	5	(14)
Other transfers of assets and liabilities (to) / from other government departments	(60)	-
Total items affecting net cost of operations but not affecting authorities	(8,314)	(8,130)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	748	1,388
Loans issued on behalf of Government	-	2
Others	231	171
Increase (decrease) in prepaid expenses	(29)	154
Total items not affecting net cost of operations but affecting authorities	950	1,715
Current year authorities used	15,026	13,979

(b) Authorities provided and used

	2023	2022
	(in thousands of dollars)	
Authorities provided:		
Vote 1 - Operating expenditures	15,286	13,083
Statutory amounts	8,291	7,836
Less:		
Lapsed: Operating	(8,551)	(6,940)
Current year authorities used	15,026	13,979

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

4. Accounts payable and accrued liabilities

The following table presents details of the CRTC's accounts payable and accrued liabilities:

	2023	2022
	(in thousands of dollars)	
Accounts payable - Other government departments and agencies	300	95
Accounts payable - External parties	3,198	-
Total accounts payable	3,498	95
Accrued liabilities	5,347	5,298
Total accounts payable and accrued liabilities	8,845	5,393

5. Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming from amounts received from external parties for fees prior to services being performed. During March 2023, a number of broadcasting undertakings paid their 2023-24 Part I broadcasting licence fees in advance of the April 24, 2023 due date. As a result of this partial collection of the Part I broadcasting licence fees, which are restricted to fund the expenditures related to the CRTC broadcasting activities for the government fiscal year 2023-2024, the CRTC has recorded this amount as deferred revenue. Revenue is recognized in the period in which these expenditures are incurred or in which the service is performed. Details of the transactions related to this account are as follows:

	2023	2022
	(in thousands of dollars)	
Opening balance	-	-
Amounts received	147	-
Revenue recognized	-	-
Gross closing balance	147	-
Deferred revenues held on behalf of Government	(147)	-
Net closing balance	-	-

6. Employee future benefits

(a) Pension benefits

The CRTC's employees participate in the Public Service Pension Plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

Both the employees and the CRTC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to *Economic Action Plan 2012*, employee contributors have been divided into two groups – Group 1 related to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2022-2023 expense amounts to \$5.4 million (\$5.3 million in 2021-2022). For Group 1 members, the expense represents approximately 1.02 times (1.01 times in 2021-2022) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2021-2022) the employee contributions.

The CRTC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

Severance benefits provided to the CRTC's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2023, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

	2023	2022
	(in thousands of dollars)	
Accrued benefit obligation - Beginning of year	1,646	1,907
Expense for the year	35	(93)
Benefits paid during the year	(204)	(168)
Accrued benefit obligation - End of year	1,477	1,646

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

7. Accounts receivable and advances

The following table presents details of the CRTC's accounts receivable and advances balances:

	2023	2022
	(in thousands of dollars)	
Receivables - Other government departments and agencies	501	191
Receivables - External parties	1,700	1,435
Employee advances	1,129	1,124
Overpayments to be recovered	194	188
Subtotal	3,524	2,938
Allowance for doubtful accounts on receivables from external parties	(876)	(757)
Gross accounts receivable	2,648	2,181
Accounts receivable held on behalf of Government	(821)	(674)
Net accounts receivable	1,827	1,507

8. Tangible capital assets (in thousands of dollars)

Capital asset class	Cost				Accumulated amortization				Net book value	
	Opening balance	Acquisitions	Adjustments	Closing balance	Opening balance	Amortization	Adjustments	Closing balance	2023	2022
Equipment	552	46	-	598	388	58	-	446	152	164
Vehicles	71	-	-	71	52	10	-	62	9	19
Informatics equipment	2,958	30	201	3,189	2,887	45	-	2,932	257	71
Informatics software	7,278	-	-	7,278	3,603	653	-	4,256	3,022	3,675
Leasehold improvements	346	-	-	346	159	14	-	173	173	187
Assets under construction	-	672	(201)	471	-	-	-	-	471	-
Total	11,205	748	-	11,953	7,089	780	-	7,869	4,084	4,116

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

9. Contingent liabilities

Claims have been made against the CRTC in the normal course of operations. These claims for which the outcomes are not determinable and reasonable estimates can be made by management amount to approximately \$30,000 at March 31, 2023.

10. Related party transactions

The CRTC is related as a result of common ownership to all government departments, agencies, and Crown corporations. The CRTC enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Common services provided without charge by other government departments

During the year, the CRTC received services without charge from certain common service organizations, related to accommodation, the employer's contribution to the health and dental insurance plans and worker's compensation coverage. These services provided without charge have been recorded at the carrying value in the CRTC's Statement of Operations and Departmental Net Financial Position as follows:

	2023	2022
	(in thousands of dollars)	
Employer's contribution to the health and dental insurance plans	4,850	5,071
Accommodation	3,258	3,095
Worker's compensation	61	59
Total	8,169	8,225

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada and audit services provided by the Office of the Auditor General of Canada are not included in the CRTC's Statement of Operations and Departmental Net Financial Position.

Canadian Radio-television and Telecommunications Commission
Notes to the Financial Statements (unaudited)
For the Year Ended March 31, 2023

(b) Other transactions with other government departments and agencies:

	2023	2022
	(in thousands of dollars)	
Accounts receivable	501	191
Accounts payable	300	95
Expenses	1,479	510
<i>services provided without charge, which are already disclosed in (a).</i>		

11. Segmented information

Presentation by segment is based on the CRTC's Departmental Results Framework. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main Programs, by major object of expense and by major type of revenue. The segment results for the period are as follows:

<i>(in thousands of dollars)</i>	Support for Canadian Content Creation	Connection to the Communication s System	Protection Within the Communication s System	Internal Services	2023 Total	2022 Total
Expenses						
Salaries and employee benefits	18,079	23,141	11,750	16,500	69,470	67,325
Professional and special services	830	1,823	712	1,384	4,749	4,425
Accommodation	845	1,082	549	781	3,257	3,095
Rentals	485	598	359	409	1,851	1,076
Information	766	504	212	248	1,730	1,683
Machinery and equipment	190	369	200	323	1,082	456
Transportation and telecommunications	250	301	203	143	897	836
Amortization	201	239	174	166	780	490
Repair and maintenance	115	141	73	99	428	126
Utilities, materials and supplies	45	51	32	39	167	107
Bad debt	27	12	107	-	146	1,024
Loss on disposal of tangible capital assets	-	-	-	-	-	126
Other	3	2	2	8	15	17
Expenses incurred on behalf of Government	(27)	(12)	(107)	-	(146)	(1,024)
Total expenses	21,809	28,251	14,266	20,100	84,426	79,762
Revenues						
Rights and privileges	123,710	-	-	-	123,710	119,642
Regulatory fees	23,830	37,273	7,648	16,090	84,841	75,442
Miscellaneous revenues	-	-	745	1	746	904
Revenues earned on behalf of Government	(130,975)	(15,200)	(551)	(535)	(147,261)	(136,620)
Total revenues	16,565	22,073	7,842	15,556	62,036	59,368
Net cost of operations before government funding and transfers	5,244	6,178	6,424	4,544	22,390	20,394

Annex: internal control over financial reporting

1. Introduction

In support of an effective system of internal control, Canadian Radio-television and Telecommunications Commission (CRTC) conducted self-assessments of key control areas that were identified to be assessed in the 2022 to 2023 fiscal year. A summary of the assessment results and action plan is provided in subsection 2.

CRTC will assess all key control areas over a five-year cycle. The assessment plan is provided in subsection 3.

2. Assessment results for the 2022 to 2023 fiscal year

CRTC completed the assessment of key control areas as indicated in the following table. A summary of the results, action plans, and additional details are also provided.

Key control areas	Remediation required	Summary results and action plan
Delegation	Yes	Issues about reviewing and updating the delegation chart were identified. Remedial actions addressed.

With respect to the key control areas of the delegation of spending and financial authorities, for the most part, controls related to spending and financial authorities were functioning well and form an adequate basis for the CRTC’s system of internal control. Some issues about reviewing and updating the delegation chart were identified and addressed during the fiscal year.

3. Assessment plan

CRTC will assess the performance of its system of internal control by focusing on key control areas over a cycle of years as shown in the following table.

Assessment plan					
Key control areas	2022 to 2023 fiscal year	2023 to 2024 fiscal year	2024 to 2025 fiscal year	2025 to 2026 fiscal year	2026 to 2027 fiscal year
Delegation	X				
Contracting		X			
Year-end Payables		X			
Receivables		X			
Pay Administration			X		
Travel			X		
Financial Management Governance			X		
Hospitality				X	
Fleet Management				X	
Accountable Advances				X	
Acquisition cards					X
Leave					X
Special Financial Authorities					X