



Canadian Heritage Future-Oriented Statement of Operations

**Unaudited for the years-ending March 31, 2024, and March
31, 2025**

Cette publication est également disponible en français.

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Table 1: Future-Oriented Statement of Operations for the years ending March 31, 2024, and March 31, 2025 (unaudited) (in thousands of dollars)

	Forecast results 2024	Planned results 2025
Expenses		
Creativity, Arts and Culture	676,288	552,358
Heritage and Celebration	172,914	125,032
Sport	287,738	255,029
Diversity and Inclusion	312,385	253,048
Official Languages	602,755	631,528
Internal Services	120,324	104,181
Total expenses	2,172,404	1,921,176
Revenues		
Revenue from the 1979 Federal-provincial Lottery-agreement	89,288	91,163
Miscellaneous revenues	6,572	5,731
Sale of goods and services	3,589	2,374
Revenues earned on behalf of Government	(89,360)	(91,235)
Total revenues	10,089	8,033
Net cost of operations before funding and transfers	2,162,315	1,913,143

Information for the year ending March 31, 2024, includes actual amounts from April 1, 2023, to December 31, 2023.

The accompanying notes form an integral part of this future-oriented statement of operations.

1. Authority and Objectives

The Department of Canadian Heritage was established in 1995 under the *Department of Canadian Heritage Act*.

Canadian Heritage plays a vital role in the cultural, civic, and economic life of Canadians and promotes an environment in which all Canadians take full advantage of dynamic cultural experiences, celebrating our history and heritage, and participating in building creative communities.

Canadian Heritage is responsible for formulating and implementing policies, programs and services that enable Canadians to create, share, and participate in a rich cultural and civic life. The Department invests in supporting the arts and culture, heritage, official languages, civic engagement, indigenous languages, inclusion, and sport.

2. Methodology and Significant Assumptions

The Future-Oriented Statement of Operations has been prepared based on the government priorities and the plans of the department as described in the Departmental Plan.

The information in the forecast results for fiscal year 2023-24 is based on actual results as at December 31, 2023, and on forecasts for the remainder of the fiscal year. Forecasts have been established for the planned results for the 2024-25 fiscal year.

The main assumptions underlying the forecasts are as follows:

- (a) The Department of Canadian Heritage's activities will remain substantially the same as in the previous year.
- (b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on experience. The general historical pattern is expected to continue.
- (c) Allowances for uncollectible amounts are based on historical trends and the anticipated economic environment in the coming years.

These assumptions were adopted as of January 9, 2024.

3. Variations and Changes to the Forecasted Financial Information

While every attempt has been made to forecast results for the remainder of fiscal year 2023-24 and for 2024-25, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, the Department of Canadian Heritage has established estimates and assumptions concerning the future. These estimates and assumptions may differ from actual results. Estimates and assumptions are continually evaluated, and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- (a) The timing and numbers of acquisitions and disposals of tangible capital assets which may affect gains/losses and amortization expense.
- (b) Implementation of new collective agreements.
- (c) Economic conditions which may affect both the amount of revenue earned and the collectability of accounts receivable.
- (d) Other changes to the operating budget such as new or modified initiatives, or technical adjustments required later in the fiscal year.

After the Departmental Plan is tabled in Parliament, the Department of Canadian Heritage will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

4. Summary of Significant Accounting Policies

This Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for the 2023-24 fiscal year and is 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) Consolidation

This Consolidated Future-Oriented Statement of Operations includes the accounts of the following sub-entities that the deputy head is accountable for: Canadian Conservation Institute and Canadian Heritage Information Network. The accounts of these sub-entities have been consolidated with those of the Department of Canadian Heritage, and all inter-organizational balances and transactions have been eliminated.

b) Expenses

Expenses are recorded on an accrual basis. Expenses for the department's operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employer contributions to health and dental insurance plans, legal services, and workers' compensation, which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued and expenses are recorded as the benefits are earned by employees under their terms of employment. Expenses also include a provision for bad debt on accounts receivable and amortization of tangible capital assets.

Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement or, in the case of transactions which do not form part of an existing program, when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the Future-Oriented Statement of Operations. Transfer payments that

become repayable because of conditions specified in the contribution agreement are recorded as a reduction to transfer payment expenses and as a receivable.

c) Revenues

Revenues from the sale of goods and services are recognized in the accounts based on the goods and services provided in the year.

Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Revenues that are non-respendable are not available to discharge the Department of Canadian Heritage's liabilities. While the deputy head is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are earned on behalf of the Government of Canada and are therefore presented in reduction of the department's gross revenues.

5. Parliamentary authorities

The department is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the department differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, the department has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

Table 2: Reconciliation of net cost of operations to requested authorities (in thousands of dollars)

	Forecast results 2024	Planned results 2025
Net cost of operations before government funding and transfers	2,162,315	1,913,143
Adjustment for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1,441)	(1,768)
Services provided without charge by other government departments	(34,914)	(34,685)
Decrease (increase) in vacation pay	(549)	381
Decrease (increase) in employee future benefits	986	42
Bad debt expense	88	-
Refunds of prior years' expenditures	10,115	7,518
Total items affecting net cost of operations but not affecting authorities	(25,715)	(28,512)
Adjustment for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	734	2,980
Total items not affecting net cost of operations but affecting authorities	734	2,980
Requested authorities Forecasted to be Used	2,137,334	1,887,611

Table 3: Authorities provided/requested (in thousands of dollars)

	Forecast results 2024	Planned results 2025
Authorities provided/requested:		
Vote 1 - Operating expenditures	261,894	237,296
Vote 5 - Grants and contributions	1,905,810	1,620,231
Statutory amounts	32,642	30,084
Less:		
Estimated unused operating authorities	(5,868)	-
Estimated unused grants and contributions authorities	(57,144)	-
Requested authorities Forecasted to be Used	2,137,334	1,887,611