

Future-Oriented Financial Statements - March 2025

Table of Contents

[1.0 Future-Oriented Statement of Operations](#)

[2.0 Notes to Future-oriented Statements of Operations \(unaudited\)](#)

[2.1 Authority and objectives](#)

[2.2 Methodology and significant assumptions](#)

[2.3 Variations and changes to the forecast financial information](#)

[2.4 Summary of significant accounting policies](#)

[2.5 Parliamentary authorities](#)

[2.6 Related party transactions](#)

1.0 Future-Oriented Statement of Operations

Department of Veterans Affairs
 Future-Oriented Statement of Operations (unaudited)
 For the year ended March 31
 (in thousands of dollars)

| | Forecasted Results 2024 - 2025 | Planned Results 2025 - 2026 |
|--------------------------------------|--------------------------------|-----------------------------|
| Expenses | | |
| Benefits Services and Support | \$7,177,512 | \$7,366,673 |
| Commemoration | 62,511 | 47,848 |

| | | |
|---|--------------------|--------------------|
| Veterans Ombudsman | 5,407 | 5,312 |
| Internal Services | 144,574 | 144,531 |
| Expenses incurred on behalf of Government | (5,128) | (5,128) |
| Total expenses | 7,384,876 | 7,559,236 |
| Revenues | | |
| Other | 405 | 405 |
| Revenues earned on behalf of Government | (405) | (405) |
| Total revenues | 0 | 0 |
| Net cost of operations before government funding and transfers | \$7,384,876 | \$7,559,236 |

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

2.0 Notes to Future-oriented Statements of Operations (unaudited) for the year ended March 31

2.1 Authority and objectives

The Department of Veterans Affairs was established by the Department of Veterans Affairs Act as a department under Schedule I to the Financial Administration Act.

The Veterans Affairs Portfolio consists of the Department of Veterans Affairs which reports to the Minister of Veterans Affairs and the Office of the Veterans Ombudsman which reports to Parliament through the Minister of Veterans Affairs.

Veterans Affairs Canada objectives as stated in the Department of Veterans Affairs Act are the care, treatment or re-establishment in civil life of any person who served in the Canadian Forces or merchant navy or in the naval, army or air forces or merchant navies of Her Majesty, of any person who has otherwise engaged in pursuits relating to war, and of any other person designated by the Governor in Council, and the care of the dependants or survivors of any person previously referred to herein.

The Department meets its responsibilities through its various programs. The Commemoration Program endeavours to keep alive the achievements and sacrifices made by those who have served Canada in times of war and peace. The Benefits Services and Support program provides pensions or awards for disability or death, and economic support in the form of allowances and treatment and other health-related benefits to Veterans and other eligible persons. The Office of the Veterans Ombudsman provides Veterans with an opportunity to raise awareness of their needs and concerns, and bring their issues to the attention of the Department. The Internal Services activity represents groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of the organization.

2.2 Methodology and significant assumptions

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

The information in the forecast results for fiscal year 2024-2025 is based on actual results as at December 31, 2024 and on forecasts for the remainder of the fiscal year. Forecasts have been made for planned results for fiscal year 2025-2026.

The main assumptions underlying the forecasts are as follows:

- The department's activities will remain substantially the same as in the previous year.
- The future-oriented financial information was finalized on the basis of government policies, government priorities, and external environment at the time.
- The requirements of Treasury Board Accounting Policies which are based on Canadian generally accepted accounting principles for the public sector were utilized.
- The resources provided will enable Veterans Affairs Canada to deliver the expected results specified in the Report on Plans and Priorities.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.

These assumptions are adopted as at December 31, 2024.

2.3 Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2024-2025 and for 2025-2026, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, Veterans Affairs Canada has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and

are continually evaluated.

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 amounts of acquisitions and disposals of property, plant and equipment which may affect gains, losses and amortization expense;
- b. the implementation of new collective agreements; and
- c. other changes to the operating budget, such as new initiatives or technical adjustments later in the year.

After the Departmental Plan is tabled in Parliament, Veterans Affairs Canada 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.

2.4 Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using Government of Canada's accounting policies in effect for fiscal year 2024-2025, 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) Net cash provided by Government

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

(b) Revenues

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue, provided the Department has an obligation to other parties for the provision of goods, services or the use of assets in the future. These revenues are recognized in the period in which the related expenses are incurred.

Other revenues are recognized in the period in which the underlying transactions or events that gave rise to the revenue takes place.

Revenues that are non-respendable are not available to discharge the Department's liabilities. Although the deputy head is expected to maintain accounting control, he or she has no authority over 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 as a reduction of the department's gross revenues.

(c) Expenses

The department records expenses 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 as the benefits are earned by employees under their terms of employment.

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

(d) Benefit payments

The majority of the programs administered by Veterans Affairs Canada are meant to provide future benefits for members and Veterans of the Canadian Forces. As such, an actuarially determined liability and related disclosure for these future benefits are presented in the financial statements of the Government of Canada, the ultimate sponsor of these benefits. This differs from the accounting and disclosures of benefits presented in these Future-Oriented Statement of Operations as Veterans Affairs Canada expenses these benefits as they become due and record no accruals for future benefits. Payments of benefits made directly to beneficiaries, such as pensions and allowances for disability, death and economic support, are recorded as grants or contributions, while benefits delivered through service providers, such as certain health care benefits are recorded as operating expenses. This accounting treatment corresponds to the funding provided to the Department through parliamentary authorities.

2.5 Parliamentary authorities

Veterans Affairs Canada is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to Veterans Affairs Canada 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:

(a) Reconciliation of net cost of operations to requested authorities

| | Forecasted Results 2024 - 2025 | Planned Results 2025 - 2026 |
|--|---|--|
| | (in thousands of dollars) | |
| Net cost of operations before governemnt funding and transfers | \$7,384,876 | \$7,559,236 |

| | Forecasted Results 2024 - 2025 | Planned Results 2025 - 2026 |
|--|---|--|
| Adjustments for items affecting net cost of operations but not affecting authorities: | | |
| Services provided without charge by other government departments | (48,414) | (51,971) |
| Decrease (increase) employee future benefits | 473 | 48 |
| Amortization of tangible capital assests | (633) | (600) |
| Refunds of previous years' expenditures | 43,662 | 43,762 |
| Total | 7,379,964 | 7,550,375 |
| Adjustment for items not affecting net cost of operations but affecting authorities: | | |
| Decrease in obligation for litigation settlement | 449,500 | 275,300 |
| Acquisition of tangible capital assets | 4,327 | 5,060 |
| | 453,827 | 280,360 |
| Requested authorities | \$7,833,791 | \$7,830,735 |

(b) Authorities requested

| | Forecasted Results 2024 - 2025 | Planned Results 2025 - 2026 |
|--|---|--|
| | (in thousands of dollars) | |
| Vote 1 - Operating expenditures | \$2,038,551 | \$1,993,350 |
| Vote 5 - Grants and Contributions | 5,748,855 | 5,785,482 |
| Statutory amounts | 46,385 | 51,903 |
| Requested Authorities | \$7,833,791 | \$7,830,735 |

2.6 Related party transactions

Veterans Affairs Canada is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual. Veterans Affairs Canada enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, Veterans Affairs Canada received services which were obtained without charge from other Government departments as presented in part (a).

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

During the year, Veterans Affairs Canada received services without charge from certain service organizations related to accommodations, legal fees and employer's contribution to the health and dental insurance plans and workers' compensation.

These services provided without charge have been recorded at the carrying value on the Department's Future-Oriented Statement of Operations as follows:

| | Forecasted Results 2024 - 2025 | Planned Results 2025 - 2026 |
|--|---|--|
| | (in thousands of dollars) | |

| | Forecasted Results 2024 - 2025 | Planned Results 2025 - 2026 |
|---|---|--|
| Accommodations | \$17,801 | \$18,158 |
| Employer's contribution to the health and dental insurance plans | 29,827 | 33,054 |
| Legal services | 580 | 569 |
| Workers' compensation | 206 | 190 |
| Total | \$48,414 | \$51,971 |

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 are not included in the Department's Future-Oriented Statement of Operations.

Date modified:

2026-02-24