

Future-Oriented Financial Statements - March 2026

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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 2025 - 2026	Planned Results 2026 - 2027
Expenses		
Benefits Services and Support	\$7,474,201	\$7,977,673
Commemoration	47,010	48,220
Veterans Ombudsman	5,388	5,450
Internal Services	150,527	134,443

	Forecasted Results 2025 - 2026	Planned Results 2026 - 2027
Expenses incurred on behalf of Government	(5,554)	(5,554)
Total expenses	7,671,572	8,160,232
Revenues		
Other	280	280
Revenues earned on behalf of Government	(280)	(280)
Total revenues	0	0
Net cost of operations before government funding and transfers	\$7,671,572	\$8,160,232

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 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 2025-2026 is based on actual results as at November 30, 2025 and on forecasts for the remainder of the fiscal year. Forecasts have been made for planned results for fiscal year 2026-2027.

The main assumptions underlying the forecasts are as follows:

- The department's activities will remain substantially the same as in the previous year.

- 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 November 30, 2025.

2.2 Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2025-2026 and for 2026-2027, 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.

2.3 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 2025-2026, 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) Expenses

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

Other expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, loans, investments and

advances and inventory obsolescence, as well as utilization of inventories and prepaid expenses, and other are also included in other expenses.

(b) Revenues

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

Other revenues are recognized in the period the event giving rise to the revenues occurred and future economic benefits are expected to be received.

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) Benefit payments

The department records expenses on an accrual basis.

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.

2.4 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 2025 - 2026	Planned Results 2026 - 2027
	(in thousands of dollars)	
Net cost of operations before governemnt funding and transfers	\$7,671,572	\$8,160,232
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(51,985)	(50,419)
Decrease (increase) employee future benefits	(281)	56
Amortization of tangible capital assests	(618)	(749)
Refunds of previous years' expenditures	42,112	36,202
Total	7,660,800	8,145,322
Adjustment for items not affecting net cost of operations but affecting authorities:		
Decrease in obligation for litigation settlement	115,000	25,000
Acquisition of tangible capital assets	1,955	962
	116,955	25,962
Requested authorities	\$7,777,755	\$8,171,284

(b) Authorities requested

	Forecasted Results 2025 - 2026	Planned Results 2026 - 2027
	(in thousands of dollars)	
Vote 1 - Operating expenditures	\$1,807,867	\$1,767,835
Vote 5 - Grants and Contributions	5,917,798	6,353,013
Statutory amounts	52,090	50,436
Requested Authorities	\$7,777,755	\$8,171,284

Date modified:

2026-03-13