



Canadian Food Inspection Agency
Future-Oriented Statement of Operations (unaudited)
for the year ending March 31
(in thousands of dollars)

	Forecast results 2024-25	Planned results 2025-26
Expenses		
Safe food and healthy plants and animals	898,259	842,023
Internal Services	205,389	205,400
Total expenses	1,103,648	1,047,423
Revenues		
Inspection fees	37,017	36,549
Registrations, permits, certificates	8,867	9,213
Miscellaneous fees and services	5,210	5,473
Establishment license fees	1,230	1,042
Administrative monetary penalties	911	985
Grading	64	60
Interest	51	56
Gain on disposal of property, plant and equipment	27	38
Revenues earned on behalf of Government	-377	-416
Total revenues	53,000	53,000
Net cost of operations before government funding and transfers	1,050,648	994,423

The accompanying notes form an integral part of the Future-Oriented Statement of Operations.

Paul MacKinnon
President

Ottawa, Canada

Date: February 17, 2025

Stanley Xu, CPA, CGA
Vice-President, Corporate Management
Branch and Chief Financial Officer

Date: January 22, 2025

Notes to the Future-Oriented Statement of Operations (unaudited)

1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared based on government priorities and the Canadian Food Inspection Agency (the Agency) plans as described in the Departmental Plan.

The information in the forecast results for fiscal year 2024-25 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 the planned results for fiscal year 2025-26.

The main assumptions underlying the forecasts are as follows:

- The Agency'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 experience. The general historical pattern is expected to continue.
- for fiscal year 2024-25, the animal health compensation payments are higher due to the avian influenza outbreak.

These assumptions are made as at December 31, 2024.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2024-25 and for 2025-26, 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, the Agency 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:

- the timing and the amount of acquisitions and disposals of property, plant and equipment, which may affect gains, losses and amortization expense;
- the implementation of new collective agreements;
- economic conditions, which may affect the amount of revenue earned;
- other changes to the operating budget, such as new initiatives, increased emergency response activities or technical adjustments later in the fiscal year; and
- variances associated with the Agency's compensation payments for animal and plant diseases, which often significantly differ from planned amounts given the unforeseeable nature of these events.

After the Departmental Plan is tabled in Parliament, the Agency 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.

3. Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2024-25 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, and inventory obsolescence, as well as utilization of inventories and prepaid expenses, and other are also included in other expenses.

b) Revenues

Revenues from regulatory fees without performance obligations are recognized when there is authority to claim inflows of economic resources and the past transaction or event has occurred.

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.

Deferred revenue consists of amounts received prior to the provision of goods or services that will be recognized as revenue in a subsequent fiscal year as the performance obligations are met.

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 Agency'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 Agency's gross revenues.

4. Parliamentary authorities

The Agency is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Agency 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 Agency 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
(in thousands of dollars)

	Forecast results 2024-25	Planned results 2025-26
Net cost of operations before government funding and transfers	1,050,648	994,423
Adjustment for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capitals assets	(23,449)	(29,416)
Accretion expense for asset retirement obligations	(200)	(199)
Gain (loss) on disposal of tangible capital assets	(138)	(50)
Services provided without charge by other government departments	(86,875)	(87,665)
Increase (decrease) in prepaid expenses	(924)	359
Increase (decrease) in inventory	(409)	16
Decrease (increase) in vacation pay and compensatory leave	6,835	1,000
Spending of revenues pursuant to Section 30 of the <i>Canadian Food Inspection Agency Act</i> ¹	53,000	53,000
Decrease (increase) in employee future benefits	(292)	(87)
Decrease (increase) in allowance for Expired Collective Agreements	20,869	(1,293)
Decrease (increase) in allowance for bad debt expense	(797)	90
Post-capitalization of tangible capital assets	15	0
Total items affecting net cost of operations but not affecting authorities	(32,365)	(64,245)
Adjustment for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	45,947	21,466
Proceeds from disposal of tangible capital assets	(249)	(305)
Total items not affecting net cost of operations but affecting authorities	45,698	21,161
Requested authorities forecasted to be used	1,063,981	951,339

b) Authorities provided/requested (in thousands of dollars)

	Forecast results for 2024-25	Planned results for 2025-26
Authorities provided/requested		
Vote 1: operating expenditures	777,984	768,794
Vote 5: capital expenditures	47,636	21,466
Statutory contributions to employee benefits plans	86,206	95,579
Statutory compensation payments	62,500	12,500
Statutory authority for spending of revenues pursuant to section 30 of the <i>Canadian Food Inspection Agency Act</i> ¹	115,787	53,000
Total authorities provided/requested	1,090,113	951,339
Less: Estimated unused authorities and other adjustments		
Vote 1: operation expenditures	24,443	0
Vote 5: capital expenditures	1,689	0
Statutory authority for spending of revenues pursuant to section 30 of the <i>Canadian Food Inspection Agency Act</i> ¹	0	0
Requested authorities forecasted to be used	1,063,981	951,339

¹ The statutory authority for spending of revenues includes the portion available from prior years (amounts of \$62,787,000 and \$0 for fiscal years 2024-2025 and 2025-2026, respectively). Those amounts are in addition to the Main Estimates figure (\$53,000,000 in each year) for that statutory authority.