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Library and Archives Canada

Financial Statements
For the Year Ended
March 31, 2024

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Note: To avoid making the French text too cumbersome, the masculine gender is used to refer to both men and women.

Library and Archives Canada

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, 2024, and all information contained in these statements rests with the management of Library and Archives Canada (LAC). 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 presented 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 LAC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in LAC'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 LAC; 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 the effectiveness of associated key controls, and to make any necessary adjustments. A risk-based assessment of the system of ICFR for the year ended March 31, 2024, was completed in accordance with the Treasury Board Policy on Financial Management, and the results and action plans are summarized in the annex.

The financial statements of LAC have not been audited.

Leslie Weir
Librarian and Archivist of Canada
Gatineau, Quebec
August 28, 2024

Nancy Taillon
Assistant Deputy Minister,
Corporate Services and Chief Financial Officer
Gatineau, Quebec
August 26, 2024

Library and Archives Canada

Statement of Financial Position (Unaudited)
As on March 31

	2024	2023 Restated (note 18)
	(in thousands of dollars)	
Liabilities		
Obligation under Public-Private Partnership (note 4)	**129,430**	132,152
Accounts payable and accrued liabilities (note 5)	**28,193**	19,936
Vacation pay and compensatory leave	**5,796**	5,191
Deferred revenue (note 7)	**1,367**	1,575
Employee future benefits (note 8)	**2,348**	2,019
Total net liabilities	**167,134**	160,873
Financial assets		
Due from Consolidated Revenue Fund	**28,000**	20,021
Accounts receivable and advances (note 9)	**1,980**	1,540
Total net financial assets	**29,980**	21,561
Departmental net debt	**137,154**	139,312
Non-financial assets		
Tangible capital assets (note 11)	**335,397**	306,466
Prepaid expenses	**337**	327
Collections (note 12)	**1**	1
Total non-financial assets	**335,735**	306,794
Departmental net financial position	**198,581**	167,482

Contractual obligations (note 14)
Contingent liabilities (note 15)
Environmental liabilities and asset retirement obligations (note 16)

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

Leslie Weir
Librarian and Archivist of Canada
Gatineau, Quebec
August 28, 2024

Nancy Taillon
Assistant Deputy Minister,
Corporate Services and Chief Financial Officer
Gatineau, Quebec
August 26, 2024

Library and Archives Canada

Statement of Operations and Departmental Net Financial Position (Unaudited)

For the year ended March 31

	2024 Planned Results	2024	2023
		(in thousands of dollars)	
Expenses			
Acquiring and preserving documentary heritage	**89,428**	**97,795**	83,369
Providing access to documentary heritage	**54,344**	**63,263**	38,395
Internal services	**52,320**	**54,306**	47,509
Total expenses	**196,092**	**215,364**	169,273
Revenues (note 6)			
Sales of goods and information products	**215**	**162**	403
Gain on disposal of non-capital assets	**–**	**4**	3
Rights and privileges	**–**	**68**	–
Miscellaneous revenues	**2,287**	**4,077**	3,522
Revenues earned on behalf of Government	**–**	**(181)**	(14)
Total revenues	**2,502**	**4,130**	3,914
Net cost of operations before government funding and transfers	**193,590**	**211,234**	165,359
Government funding and transfers			
Net cash provided by Government of Canada		**208,414**	197,620
Change in due from Consolidated Revenue Fund		**7,979**	2,234
Services provided without charge by other government departments (note 13)		**25,831**	22,305
Transfer of assets and liabilities to/from other government departments		**109**	73
Net revenue of operations after government funding and transfers		**(31,099)**	(56,873)
Departmental net financial position—beginning of year		**167,482**	110,609
Departmental net financial position—end of year		**198,581**	167,482

Segmented information (note 17)

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

Library and Archives Canada

Statement of Change in Departmental Net Debt (Unaudited)
For the year ended March 31

	2024	2023
	(in thousands of dollars)	
Net revenue of operations after government funding and transfers	**(31,099)**	(56,873)
Change due to tangible capital assets		
Acquisition of tangible capital assets	**35,793**	52,516
Amortization of tangible capital assets	**(6,524)**	(6,042)
Proceeds from disposal of tangible capital assets	**–**	–
Net (loss) or gain on disposal of tangible capital assets including adjustments	**(338)**	–
Total change due to tangible capital assets	**28,931**	46,474
Change due to prepaid expenses	**10**	94
Net increase (decrease) in departmental net debt	**(2,158)**	(10,305)
Departmental net debt—beginning of year	**139,312**	149,617
Departmental net debt—end of year	**137,154**	139,312

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

Library and Archives Canada

Statement of Cash Flows (Unaudited)
For the year ended March 31

	2024	2023
	(in thousands of dollars)	
Operating activities		
Net cost of operations before government funding and transfers	**211,234**	165,359
Non-cash items:		
Construction in progress—Preservation Storage Facility	**–**	28,319
Amortization of tangible capital assets (note 11)	**(6,524)**	(6,042)
Gain (loss) on disposal and write-down of tangible capital assets	**(338)**	–
Services provided without charge by other government departments (note 13)	**(25,831)**	(22,305)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	**440**	(290)
Increase (decrease) in prepaid expenses	**10**	94
Decrease (increase) in the Obligation under Public-Private Partnership	**2,722**	10,105
Decrease (increase) in other liabilities	**(8,983)**	(1,744)
Transfer of assets to/from other government departments	**(109)**	(73)
Cash used in operating activities	**172,621**	173,423
Capital investing activities		
Acquisitions of tangible capital assets (note 11)	**35,793**	24,197
Proceeds from disposal of tangible capital assets	**–**	–
Cash used in capital investing activities	**35,793**	24,197
Net cash provided by the Government of Canada	**208,414**	197,620

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

Library and Archives Canada

Notes to the Financial Statements (Unaudited)
For the year ended March 31

1. Authority and objectives

(a) Description of the authority and objectives

Library and Archives Canada (LAC) is a government institution that was established on May 21, 2004, as a result of the amalgamation of the former National Library of Canada and National Archives of Canada. LAC's role was confirmed in the 2004 *Library and Archives of Canada Act*, which assigns discretionary power to the Librarian and Archivist of Canada in attaining LAC's objectives. Pursuant to the Act, no government or ministerial record may be destroyed without the prior written consent of the Librarian and Archivist of Canada. Government records deemed to be of historical or archival importance shall be transferred to their care and control.

LAC is a Schedule I.1 organization within the *Financial Administration Act* and reports to Parliament through the Minister of Canadian Heritage. LAC's mandate is as follows:

- to preserve the documentary heritage of Canada for the benefit of current and future generations;
- to serve as a source of enduring knowledge accessible to all, contributing to the cultural, social and economic advancement of Canada as a free and democratic society;
- to facilitate in Canada co-operation among communities involved in the acquisition, preservation and diffusion of knowledge; and
- to serve as the continuing memory of the Government of Canada and its institutions.

(b) Description of core responsibilities

i) Acquiring and preserving documentary heritage: LAC acquires documentary heritage of historical value and preserves it for current and future generations, as mandated in the *Library and Archives of Canada Act*. Its collection is made up of documentary heritage preserved in a variety of media and formats. LAC advises the Government of Canada and its institutions on the management of information and ensures that records of historical value are transferred to its collection. Through legal deposit, all materials submitted by Canadian publishers become part of its collection, as well as a sampling of Internet content. Other records of national significance are acquired to document Canadian society. LAC uses state-of-the-art techniques and infrastructure to restore the collection and provide optimal conditions for long-term preservation. LAC also builds its capacity and expertise to ensure the availability of digital records.

ii) Providing access to documentary heritage: LAC provides access to its collection, while respecting legal, policy and contractual obligations. Using cutting-edge technologies, LAC enables Canadians to access and consult its collection and enrich their knowledge of Canada's documentary heritage. LAC makes digital content available through its website and social media to improve access to its collection. As well, LAC provides online and in-person services at its four service points. LAC uses innovative strategies, such as crowdsourcing (Co-Lab) and the DigiLab, to complement the digital content of its collection. LAC also promotes Canadian heritage by creating exhibitions that enable the public to discover its collection in cultural sites throughout Canada. Through the Documentary Heritage Communities Program, LAC supports memory organizations by increasing their capacity to preserve and make their collections accessible.

iii) Internal services: Internal services are the services that are provided within a department so that it can meet its corporate obligations and deliver its programs. There are 10 categories of internal services:

- management and oversight services
- communications services
- legal services
- human resources management and security services
- financial management services
- information management services
- information technology services
- real property management services
- materiel management services
- acquisition management services

2. Summary of significant accounting policies

These financial statements have been prepared using the Government of Canada 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
LAC is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to LAC does 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 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 *2023–2024 Departmental Plan*. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position or in the Statement of Change in Departmental Net Debt because these amounts were not included in the *2023–2024 Departmental Plan*.

(b) Net cash provided by the Government
LAC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by LAC is deposited to the CRF, and all cash disbursements made by LAC are paid from the CRF. The net cash provided by the 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 LAC is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues and deferred revenues

Revenues are comprised of revenues earned from non-tax sources. They include exchange transactions, where goods or services are provided for consideration where a performance obligation exists, and non-exchange transactions, where no performance obligations exist to provide a good or service. These transactions can be recurring or non-recurring in nature. Recurring transactions are viewed as ongoing, routine activities that form part of the normal course of operations and can be used to indicate if they can be reasonably expected to be earned again in future years.

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-respendable are not available to discharge the department's liabilities. While the Deputy Head is expected to maintain accounting control, they have 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 as a reduction of the entity's gross revenues. Revenues earned on behalf of Government consist of the sale of services and gains on the sale of assets. These are recognized once they are earned.

(e) Expenses

i) Transfer payments are recorded as an expense in the year that the transfer is authorized, if all eligibility criteria have been met by the recipient.

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

iii) Services provided without charge by other government departments for accommodation and employer contributions to the health and dental insurance plans 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 multi-employer pension plan administered by the Government. LAC's contributions to the Plan are charged to expenses in the year incurred and represent the total obligation to the Plan. LAC'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) Financial instruments
A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. LAC recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of accounts receivable and advances, as well as the Obligation under Public-Private Partnership, accounts payable and accrued liabilities.

All financial assets and liabilities are recorded at cost or amortized cost. Any associated transaction costs are added to the carrying value upon initial recognition. For financial instruments measured at amortized cost, the effective interest method is used to determine interest revenue or expense.

See note 10 on risk management for risks related to LAC's financial instruments.

(h) Non-financial assets
The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in note 11. All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act,* works of art, museum collections and Crown land to which no acquisition cost is attributable, or intangible assets.

Purchased intangibles are identifiable non-monetary economic resources without physical substance that are acquired in exchange transactions from arm's length third parties. Purchased intangibles exclude software, which is included in tangible capital assets. Commencing April 1, 2023, the cost of a purchased intangible is capitalized as an asset when the department controls the intangible and when the intangible contributes to the capacity of the government to deliver services and products, generate future cash inflows or reduce cash outflows. Purchased intangible assets are amortized to expense over the estimated useful life of the assets. Prior to April 1, 2023, purchased intangibles were expensed as incurred.

(i) Contingent liabilities
Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely 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) Environmental liabilities and asset retirement obligations
An environmental liability for the remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects management's best estimate of the amount required to remediate the sites to the current minimum environmental standard for its use prior to contamination.

An asset retirement obligation is recognized when all of the following criteria are satisfied: there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The costs to retire an asset are normally capitalized and amortized over the asset's estimated remaining useful life. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or is no longer in productive use. In this case, the asset retirement cost would be expensed. The measurement of the liability is the Government's best estimate of the amount required to retire a tangible capital asset.

When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable and expected to occur over extended future periods, a present value technique is used. The discount rate used reflects the Government's cost of borrowing, associated with the estimated number of years to complete remediation.

The recorded liabilities are adjusted each year, as required, for present-value adjustments, inflation, new obligations, changes in management estimates and actual costs incurred.

(k) Foreign currency transactions
Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect at March 31. Gains and losses resulting from foreign currency transactions are included in Other expenses in note 17, Segmented information.

(l) Collections
LAC's collections are presented in the Statement of Financial Position at a nominal value of $1,000. Items purchased for the collections are recorded as an expense in the year of acquisition. Items collected from the federal government are not recorded in the Statement of Financial Position.

(m) 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 and 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, environmental liabilities and asset retirement obligations, 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.

(n) Related party transactions
Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

i) Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
ii) Certain services received on a without-charge basis are recorded for departmental financial statement purposes at the carrying amount.

3. Parliamentary authorities

LAC receives most of its funding through 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, LAC 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.

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

	2024	2023
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	**211,234**	165,359
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	**(25,831)**	(22,305)
Amortization of tangible capital assets	**(6,524)**	(6,042)
Decrease (increase) in employee future benefits	**(329)**	252
Decrease (increase) in vacation pay and compensatory leave	**(605)**	(125)
Bad debt expense	**(51)**	–
Refund of previous year's expenditures	**85**	43
Revenue not available for spending during the fiscal year	**637**	568
Gain (loss) on disposal and write-down of tangible capital assets	**(338)**	–
Other	**–**	(13)
Total items affecting net cost of operations but not affecting authorities	**(32,956)**	(27,622)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	**35,793**	52,516
Decrease in the Obligation under Public-Private Partnership	**2,722**	10,105
Increase (decrease) in prepaid expenses	**10**	94
Increase (decrease) in salary advances	**6**	2
Other	**70**	47
Total items not affecting net cost of operations but affecting authorities	**38,601**	62,764
Current-year authorities used	**216,879**	200,501

(b) Authorities provided and used

	2024	2023
Authorities provided:	(in thousands of dollars)	
Vote 1—Operating expenditures	**167,001**	132,202
Vote 5—Capital expenditures	**54,740**	103,465
Statutory amounts	**16,019**	11,852
Less:		
Authorities available for future years	**(4)**	(3)
Lapsed: Operating	**(4,384)**	(4,267)
Lapsed: Capital	**(9,539)**	(14,278)
Lapsed: Frozen allotments	**(6,954)**	(28,470)
Current-year authorities used	**216,879**	200,501

4. Obligation under Public-Private Partnership

LAC has signed a public-private partnership agreement with Plenary Property Gatineau for the design and construction of the Preservation Storage Facility, as well as the optimization of the Preservation Centre and maintenance of both buildings for a 30-year period. LAC has owned the Preservation Storage Facility since its completion in June 2022. Obligations for future years are as follows:

Estimated future payments for PPP	Reduction of financial liability (in thousands of dollars)
2025	8,200
2026	8,200
2027	8,200
2028	8,200
2029	8,200
2030 and subsequent years	189,394
Total estimated payments	**230,394**
Less: imputed interest (2.5%)	100,964
Balance of obligation under public-private partnership	**129,430**

Information about the project can be found on LAC's website.

5. Accounts payable and accrued liabilities

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

	2024	2023 Restated (note 18)
	(in thousands of dollars)	
Accounts payable—Other government departments and agencies	**1,377**	776
Accounts payable—External parties	**18,151**	11,960
Total accounts payable	**19,528**	12,736
Accrued liabilities	**8,665**	7,200
Total accounts payable and accrued liabilities	**28,193**	19,936

6. Revenues

The department has the following major types of revenues: sales of goods and information products, rights and privileges, gain on disposal of non-capital assets and miscellaneous revenues, as well as revenues earned on behalf of the Government. These are recorded when all performance obligations are satisfied and are disaggregated as follows:

	2024	2023
Revenues	(in thousands of dollars)	
Sales of goods and information products (exchange)	162	403
Gain on disposal of non-capital assets (non-exchange)	4	3
Rights and privileges (exchange)	68	-
Other revenues (exchange)	4,077	3,522
Revenues earned on behalf of Government	(181)	(14)
Total revenues[1]	**4,130**	3,914

[1] Total non-recurring revenues of $3,970 were incurred in relation to gain on disposal of non-capital assets.

7. Deferred revenues

Departmental deferred revenues for the year consist of the following balances:

	2024				2023
	Opening balance	**Receipts and other credits**	**Earned and other charges**	**Closing balance**	Closing balance restated (note 18)
	(in thousands of dollars)				
Other deferred revenues—Specified purpose accounts	1,575	773	(981)	1,367	1,575
Net deferred revenues	**1,575**	**773**	**(981)**	**1,367**	1,575

8. Employee future benefits

(a) Pension benefits

LAC'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 two percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plan benefits, and they are indexed to inflation.

Both the employees and LAC 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 relates 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 2023–2024 expense amounts to $9,480,842 ($7,730,572 in 2022–2023). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2022–2023) the employee contributions, and for Group 2 members, approximately 1.00 times (1.00 times in 2022–2023) the employee contributions.

LAC'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.

(b) Severance benefits

Severance benefits provided to LAC 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, 2024, substantially all settlements for immediate cash-out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

Information about the severance benefits, measured as on March 31, is as follows:

	2024	2023
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	**2,019**	2,271
Obligation adjustment	**654**	73
Benefits paid during the year	**(325)**	(325)
Accrued benefit obligation, end of year	**2,348**	2,019

9. Accounts receivable and advances

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

	2024	2023
	(in thousands of dollars)	
Receivables—Other government departments and agencies	**1,364**	1,282
Receivables—External parties	**596**	255
Employee advances	**20**	3
Total accounts receivable	**1,980**	1,540

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to reflect their net recoverable value.

	2024	2023
	(in thousands of dollars)	
Accounts receivable from external parties		
Not past due	**269**	200
Number of days past due		
1 to 30	**322**	40
31 to 60	**37**	–
61 to 90	**–**	–
91 to 365	**6**	4
Over 365	**13**	11
Sub-total	**647**	255
Less: Valuation allowance	**51**	–
Total	**596**	255

10. Risk management

LAC has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk.

(a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. LAC's maximum exposure to credit risk at March 31, 2023, and March 31, 2024, is the carrying amount of its financial assets. LAC has determined that there is no significant concentration of credit risk related to accounts receivable from external parties. An analysis of the age of these financial assets and the associated valuation allowances used to reflect these accounts at their net recoverable value is disclosed in note 9.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. As the funding for LAC's financial liabilities is drawn from the Consolidated Revenue Fund, its exposure to liquidity risk is fully mitigated.

11. Tangible capital assets

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

Asset class	Amortization period
Buildings	40–100 years
Machinery and equipment	3–15 years
Computer hardware	2–7 years
Computer software	2–10 years
Other equipment	3–40 years
Vehicles	3–5 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement

Assets under construction and software under development are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

Cost (in thousands of dollars)	**Opening balance**	**Acquisitions**	**Adjustments**[1]	**Disposals and write-offs**	**Closing balance**
Land	8,475	–	–	–	**8,475**
Buildings	310,719	–	3,700	–	**314,419**
Machinery and equipment	644	22	–	–	**666**
Computer hardware	4,723	17	–	–	**4,740**
Computer software	20,403	–	–	–	**20,403**
Other equipment	36,629	400	–	–	**37,029**
Vehicles	604	131	–	–	**735**
Leasehold improvements	19,211	–	–	–	**19,211**
Building under construction	42,743	35,131	(3,700)	(338)	**73,836**
Software under development	407	92	–	–	**499**
Total	**444,558**	**35,793**	**–**	**(338)**	**480,013**

[1] Adjustments include assets under construction of $3,700,287 that were transferred to other categories upon completion of the assets.

Accumulated amortization (in thousands of dollars)	**Opening balance**	**Amortization**	**Adjustments**	**Disposals and write-offs**	**Closing balance**
Buildings	77,505	3,787	–	–	**81,292**
Machinery and equipment	644	–	–	–	**644**
Computer hardware	4,426	117	–	–	**4,543**
Computer software	17,278	362	–	–	**17,640**
Other equipment	29,130	1,382	–	–	**30,512**
Vehicles	521	41	–	–	**562**
Leasehold improvements	8,588	835	–	–	**9,423**
Total	**138,092**	**6,524**	–	–	**144,616**

Net book value (in thousands of dollars)	**2024**	2023
Land	**8,475**	8,475
Buildings	**233,127**	233,214
Machinery and equipment	**22**	–
Computer hardware	**197**	297
Computer software	**2,763**	3,125
Other equipment	**6,517**	7,499
Vehicles	**173**	83
Leasehold improvements	**9,788**	10,623
Buildings under construction	**73,836**	42,743
Software under development	**499**	407
Total	**335,397**	306,466

12. Collections

LAC preserves Canada's documentary heritage and serves as the continuing memory of the Government of Canada, thereby contributing to the country's cultural, social and economic advancement as a free and democratic society.

While the nominal value attributed to the collections in these financial statements is consistent with Canadian public sector reporting standards, this is not representative of the historical or market value of the collections. Although not capitalized like other assets, such as buildings or equipment, the collections are irreplaceable treasures with inestimable legal, evidentiary, cultural and monetary value for Canadians. The collections include documentary material transferred free of charge from government departments, publications received through legal deposit, purchased materials and donated materials for which receipts may have been issued for tax purposes.

13. Related party transactions

LAC is related, as a result of common ownership, to all government 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 close family member of that individual.

LAC 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, LAC received services without charge from certain common service organizations, related to accommodation and the employer's contribution to the health and dental insurance plans. These services, provided without charge, have been recorded in LAC's Statement of Operations as follows:

	2024	2023
	(in thousands of dollars)	
Accommodation	**15,982**	15,255
Employer's contribution to the health and dental insurance plans	**9,849**	7,050
Total	**25,831**	22,305

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 LAC's Statement of Operations and Departmental Net Financial Position. Similarly, LAC manages records in all formats on behalf of other federal government organizations across the country.

(b) Other transactions with related parties

	2024	2023
	(In thousands of dollars)	
Expenses—Other government departments and agencies	**37,358**	30,686
Revenues—Other government departments and agencies	**3,017**	2,880

Expenses and revenues disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).

14. Contractual obligations

The nature of LAC's activities can result in some large multi-year contracts and obligations whereby the institution will be obligated to make future payments for the acquisition of goods or services as well as for the construction and management of special-purpose facilities. The main contractual obligations for which a reasonable estimate can be made are summarized below:

Contractual obligations
(in thousands of dollars)

	2025	2026	2027	2028	2029	2030 and after	Total
Capital assets	43,207	28,800	8,463	3,134	3,241	114,256	201,101
Operations and maintenance	8,471	11,527	10,521	10,900	11,229	180,932	233,580
Total	**51,678**	**40,327**	**18,984**	**14,034**	**14,470**	**295,188**	**434,681**

15. Contingent liabilities

Contingent liabilities arise in the normal course of business, and their outcome is unknown. At the date of the financial statements, no event that would give rise to an important contingent liability was known.

16. Environmental liabilities and asset retirement obligations

At the date of the financial statements, LAC had not recognized any environmental liabilities or asset retirement obligations.

17. Segmented information

Presentation by segment is based on LAC's core responsibilities. The presentation by segment is based on the accounting policies as described in note 2, Summary of significant accounting policies. The following table presents the expenses incurred and revenues yielded for the core responsibilities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

	2024				2023
	(in thousands of dollars)				
	Acquiring and preserving documentary heritage	**Providing access to documentary heritage**	**Internal services**	**Total**	Total
Transfer payments	–	3,247	–	3,247	2,507
Operating expenses					
Salaries and employee benefits	46,157	49,081	39,023	134,261	98,052
Professional and special services	17,290	1,247	4,749	23,286	19,603
Accommodation	8,280	5,418	2,284	15,982	15,255
Payments in lieu of taxes	8,395	–	–	8,395	10,595
Amortization of tangible capital assets	6,002	381	141	6,524	6,042
Rental costs	859	33	5,126	6,018	4,350
Interest on other liabilities—PPP	5,478	–	–	5,478	5,108
Acquisition of machinery and equipment	731	2,540	2,194	5,465	3,144
Utilities, materials and supplies	3,454	625	193	4,272	2,923
Repair and maintenance	634	24	224	882	808
Travel and relocation	138	363	192	693	422
Communications services	9	243	124	376	382
Loss on disposal and write-down of tangible capital assets	338	–	–	338	–
Other expenses	30	61	56	147	82
Total operating expenses	97,795	60,016	54,306	212,117	166,766
Total expenses	97,795	63,263	54,306	215,364	169,273
Revenues					
Miscellaneous revenues	495	3,322	260	4,077	3,522
Sales of goods and information products	–	162	–	162	403
Rights and privileges	–	68	–	68	–
Gain on disposal of non-capital assets	–	–	4	4	3
Revenues earned on behalf of Government	–	(68)	(113)	(181)	(14)
Total revenues	495	3,484	151	4,130	3,914
Net cost from continuing operations	**97,300**	**59,779**	**54,155**	**211,234**	165,359

18. Adjustments to prior year's results

In 2023–2024, BAC conducted a review of transactions in the accounts of the Statement of Financial Position and determined that one type of transaction was not presented under the appropriate account category. This change has been applied retroactively and comparative information for 2022–2023 has been restated. The effect of this adjustment is presented in the table below.

A reconciliation of the restatement for the significant financial statement line items follows:

	2023 As previously	Effect of the adjustment	2023 Restated
		(in thousands of dollars)	
Statement of Financial Position			
Accounts payable and accrued liabilities (note 5)	19,791	145	19,936
Deferred revenue (note 7)	1,720	(145)	1,575
Total net liabilities	160,873	–	160,873

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Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting
Fiscal Year 2023–2024

1. Introduction

In support of an effective system of internal control, LAC conducted self-assessments of key control areas that were identified to be assessed in the 2023–2024 fiscal year. A summary of the assessment results and action plan is provided in subsection 2.

LAC is in the process of assessing all key control areas over a cycle of years as provided in the assessment plan in subsection 3 (fiscal years 2022–2023 to 2026–2027).

2. Assessment results for the 2023–2024 fiscal year

LAC 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
Contracting	Yes	Issues were identified and corrective measures will be implemented.
Year-end payables	Yes	Issues were identified and corrective measures have been implemented.
Receivables	No	Internal controls are functioning as intended, no action plan required.

The key findings are summarized below:

Contracting
For the most part, key controls related to contracting were functioning well and form an adequate basis for LAC's system of internal control. Some issues related to the Procurement Management Framework were identified and corrective measures will be implemented.

Year-end payables
For the most part, key controls related to year-end payables were functioning well and form an adequate basis for LAC's system of internal control. Some issues related to the timing of the certification authority were identified and addressed during the fiscal year.

Receivables
Key controls related to receivables were functioning well and form an adequate basis for LAC's system of internal control.

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Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting
Fiscal Year 2023–2024

3. LAC's assessment plan

LAC 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	**2022–2023 fiscal year**	**2023–2024 fiscal year**	**2024–2025 fiscal year**	**2025–2026 fiscal year**	**2026–2027 fiscal year**
Delegation	X				
Transfer Payments	X				
Contracting		X			
Year-end Payables		X			
Receivables		X			
Pay Administration			X		
Financial Management Governance			X		
Acquisition Cards				X	
Leave				X	
Special Financial Authorities				X	
Travel					X
Hospitality					X
Accountable Advances					X