Canadian Heritage financial statements for the year ended March 31, 2025

On this page

List of tables

List of acronyms and abbreviations

PCH	Department of Canadian Heritage
ICFR	Internal control over financial reporting
CRF	Consolidated Revenue Fund

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, 2025, and all information contained in these statements rests with the management of the Department of Canadian Heritage (PCH). 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 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 PCH's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in PCH'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 PCH 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, 2025, was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the annex.

The effectiveness and adequacy of PCH's system of internal control is reviewed by the work of internal control and internal audit staff, who conduct periodic audits of different areas of PCH's operations, and by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The financial statements of the Department of Canadian Heritage have not been audited.

Original signed

Isabelle Mondou
Deputy Minister

Gatineau, Canada
Date: September 10,2025

Véronique Côté
Chief Financial Officer
Gatineau, Canada
Date: September 5,2025

Table 1. Statement of Financial Position (Unaudited) as of March 31 (in thousands of dollars)

	2025	2024
Liabilities		
Accounts payable and accrued liabilities (Note 4)	**820,798**	732,258
Vacation pay and compensatory leave	**13,069**	12,992
Employee future benefits (Note 5)	**4,389**	4,585
Other liabilities	**1,409**	1,983
Total net liabilities	**839,665**	751,818
Financial assets		
Due from the Consolidated Revenue Fund	**820,932**	731,201
Accounts receivable and advances (Note 6)	**7,108**	12,372
Total gross financial assets	**828,040**	743,573
Financial assets held on behalf of government		
Accounts receivable and advances (Note 6)	**(564)**	(152)
Total financial assets held on behalf of government	**(564)**	(152)
Total net financial assets	**827,476**	743,421
Departmental Net debt	**12,189**	8,397
Non-financial assets		
Prepaid expenses	**569**	1,139
Inventory (Note 7)	**1,397**	1,975
Tangible capital assets (Note 8)	**4,788**	5,458
Total non-financial assets	**6,754**	8,572
Departmental net financial position	**(5,435)**	175

Contractual obligations (Note 9)

Contingent liabilities (Note 10)

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

Original signed

Isabelle Mondou
Deputy Minister
Gatineau, Canada
Date: September 10,2025

Véronique Côté
Chief Financial Officer
Gatineau, Canada
Date: September 5,2025

Table 2. Statement of Operations and Departmental Net Financial Position (Unaudited) for the year ended **March 31 (in thousands of dollars)**

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	2025 Planned Results	**2025 Actual**	**2024 Actual**
Expenses			
Creativity, Arts and Culture	**552,358**	**709,692**	690,480
Heritage and Celebration	**125,032**	**128,071**	175,564
Sport	**255.029**	**322,976**	283,731
Diversity and Inclusion	**253,048**	**273,795**	301,168
Official Languages	**631,528**	**624,533**	606,167
Internal Services	**104,181**	**116,939**	118,076
Total expenses	**1,921,176**	**2,176,006**	2,175,186
Revenues			
Revenue from the 1979 Federal-provincial Lottery-agreement	**91,163**	**91,426**	89,288
Miscellaneous revenues	**5,731**	**8,428**	7,451
Sale of goods and services	**2,374**	**3,376**	3,280
Revenues earned on behalf of Government	**(91,235)**	**(91,501)**	(89,341)
Total revenues	**8,033**	**11,729**	10,678
Net cost of operations before government funding and transfers	**1,913,143**	**2,164,277**	2,164,508
Government funding and transfers			
Net cash provided by Government of Canada	**-**	**2,033,137**	2,189,669
Change in due from Consolidated Revenue Fund	**-**	**89,730**	(53,628)
Services provided without charge by other government departments (Note 11)	**-**	**35,583**	33,524
Other transfers of assets and liabilities (to) / from other government departments	**-**	**217**	(62)
Total government funding and transfers	**-**	**2,158,667**	2,169,503
Net cost of operations after government funding and transfers	**-**	**5,610**	(4,995)
Departmental net financial position - Beginning of year	**-**	**175**	(4,820)
Departmental net financial position - End of year	**-**	**(5,435)**	175

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Segmented information (note 12)

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

Table 3. Statement of Change in Departmental Net Debt (Unaudited) for the year ended March 31 (in thousands of dollars)

	2025	2024
Net cost of operations after government funding and transfers	**5,610**	(4,995)
Change due to tangible capital assets		
Acquisitions and improvements to tangible capital assets	**747**	1,173
Amortization of tangible capital assets	**(1,446)**	(1,447)
Transfer from (to) other government departments	**29**	(19)
Total change due to tangible capital assets	**(670)**	(293)
Change due to inventory	**(578)**	(540)
Change due to prepaid expenses	**(570)**	571
Net increase (decrease) in net debt	**3,792**	(5,257)
Departmental net debt - Beginning of year	**8,397**	13,654
Departmental net debt - End of year	**12,189**	8,397

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

Table 4. Statement of Cash Flow (Unaudited) for the year ended March 31 (in thousands of dollars)

	2025	2024
Operating activities		
Net cost of operations before government funding and transfers	**2,164,277**	2,164,508
Non-cash items:		
Amortization of tangible capital assets	**(1,446)**	(1,447)
Services provided without charge by other government departments (Note 11)	**(35,583)**	(33,524)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	**(5,676)**	6,780
Increase (decrease) in prepaid expenses	**(570)**	571
Decrease in inventory	**(578)**	(540)
Decrease (increase) in accounts payable and accrued liabilities	**(88,540)**	73,344
Decrease (increase) in liabilities held on behalf of government	**-**	(21,757)
Increase in vacation pay and compensatory leave	**(77)**	(90)
Decrease in employee future benefits	**196**	222
Decrease in other liabilities	**574**	387
Transfer of salary overpayments (to) from other government departments	**(187)**	42

Cash used in operating activities	**2,032,390**	2,188,496
Capital investing activities		
Acquisitions and improvements to tangible capital assets	**747**	1,173
Cash used in capital investing activities	**747**	1,173
Net cash provided by Government of Canada	**2,033,137**	2,189,669

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

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

1. Authority and objectives

The Department of Canadian Heritage (PCH) was established in 1995 under the *Department of Canadian Heritage Act,* which centers on fostering and promoting "Canadian identity and values, cultural development, and heritage."

PCH is responsible for formulating policies and delivering programs that promote an environment where Canadians can experience dynamic cultural expressions, celebrate its history and heritage and build strong communities. PCH invests in the future by supporting the arts, our official and indigenous languages and our athletes and the sport system.

The following set of core responsibilities reflect PCH's mandate:

- Creativity, arts and culture
- Heritage and celebration
- Sport
- Diversity and inclusion
- Official languages

Internal Services are grouped as a final responsibility, and serve the PCH as a whole.

A description of PCH's core responsibilities and internal services are as follows:

Creativity, Arts and Culture: Ensures that a wide range of Canadian artistic and cultural content is accessible at home and abroad. Provides opportunities for Canadians to participate and engage in Canada's creative life, fostering a sense of belonging and inclusion. Fosters creativity, innovation, growth and employment opportunities in Canada's cultural sector, and in the creative economy. Support policy, legislative and regulatory measures; deliver funding programs that support creation, professional training, cultural infrastructure and arts presentation; business development and marketing initiatives; and the establishment of partnerships in Canada and abroad.

Heritage and Celebration: Offers opportunities for Canadians to participate in celebrations and commemorations of national significance, and in local festivals and heritage events. Invests in the development of learning materials and experiences that give Canadians opportunities to enhance their understanding of Canada's history. Facilitates access to heritage and provides support to heritage institutions to preserve and present heritage to all Canadians. Delivers projects, programs and services; grants, contributions and tax incentives; conducts research; provides authoritative information and expertise; and supports the implementation of heritage-related legislation.

Sport: Promotes and enhances Canadian participation in sport from initial introduction to sport to the highest levels through transfer payments and policy leadership. Ensures that all Canadians have access to quality aligned sport programs in a safe and welcome environment regardless of race, gender or physical disability. Fosters the development of high-performance athletes, coaches, officials, leaders and organizations within the Canadian Sport System. Assists Canadian communities in hosting the Canada Games and international sport events.

Diversity and Inclusion: Focuses on celebrating Canada's diversity, identity and multicultural heritage, promoting resilient communities and reinforcing the rights of Canadians, as a means to foster diversity and inclusion and supports legislation on multiculturalism. Promotes and supports domestic implementation of international human rights treaties, constitutional and quasi-constitutional rights in Canada. Works in collaboration with a variety of Governmental and non-governmental organizations to support the provision of programs and services on matters of diversity and inclusion. Supports the engagement, participation and inclusion of Canadian youth in their communities and in exchange activities. Revitalizes, preserves and promotes Indigenous languages and cultures and celebrates achievements, and strengthens Indigenous communities through investments in a variety of initiatives.

Official Languages: Supports the promotion of Canada's two official languages in Canadian society as well as the development of official-language minority communities by collaborating with voluntary organizations and provincial and territorial governments. Fosters a coordinated approach to ensure participation from across the federal government in the implementation of the Official Languages Act, and the coordination of related horizontal initiatives.

Internal Services: Internal Services are those groups of related activities and resources that the federal government considers to be services in support of Programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

2. Summary of significant accounting policies

These financial statements are prepared using the PCH's 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

PCH is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to PCH do 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 2024-25 Departmental Plan. Planned results are not presented in the “Government funding and transfers” section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2024-25 Departmental Plan.

b. Consolidation

These consolidated financial statements include the accounts of the following sub-entities for which the Deputy Minister is accountable for: Canadian Conservation Institute and PCH Information Network. The accounts of these sub-entities have been consolidated with those of PCH, and all inter-organizational balances and transactions have been eliminated.

c. Net cash provided by Government of Canada

PCH operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by PCH is deposited to the CRF, and all cash disbursements made by PCH 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 Government.

d. 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 PCH is entitled to draw from the CRF without further authorities to discharge its liabilities.

e. Revenues

Revenues from 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. Most of PCH revenues are recurring. 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.

Fund received in advance from external parties that are non-respendable are recorded as deferred revenue. Revenues that are non-respendable are not available to discharge PCH’s liabilities. While the Deputy Minister is expected to maintain accounting control, she has no authority regarding the disposition of non-respendable revenues. As a result, deferred non-respendable revenues are considered to be liabilities held on behalf of Government and non-respendable revenues earned on behalf of the Government of Canada are presented as a reduction of PCH's gross revenues.

f. Expenses

Expenses are recorded on the accrual basis:

- Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses 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 financial statements. Transfer payments that become repayable as a result of conditions specified in the contribution agreement, are recorded as a reduction to transfer payment expense and as a receivable.
- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, legal services and workers' compensation are recorded as operating expenses at their carrying value.

g. Employee future benefits

- **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. PCH's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. PCH'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.

- **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.

h. Accounts receivable

Accounts receivables are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts receivable where recovery is considered uncertain.

i. Inventory

Inventory consists of parts, materials and supplies held for future program delivery and not intended for resale. Inventory is valued at the actual cost. If there is no longer any service potential, inventory is valued at the lower of cost or net realizable value.

j. Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. PCH does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on First Nation reserves and museum collections.

k. Contingent liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail 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.

l. Transactions involving foreign currencies

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 year-end. Gains and losses resulting from foreign currency transactions are respectively included in the miscellaneous revenues and other operating expenses in the Statement of Operations and Departmental Net 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, 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, 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

PCH receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, PCH 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:

Table 5. Reconciliation of net cost of operations to current year authorities used (in thousands of dollars)

	2025	2024
Net cost of operations before government funding and transfers	**2,164,277**	2,164,508
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	**(1,446)**	(1,447)
Services provided without charge by other government departments	**(35,583)**	(33,524)
Increase in vacation pay and compensatory leave	**(77)**	(90)
Decrease in employee future benefits	**196**	222
Bad debt expense	**(4,189)**	(889)
Refund of prior years' expenditures	**7,049**	6,400
Refund of program expenditures & others	**10,330**	15,482
Total items affecting net cost of operations but not affecting authorities	**(23,720)**	(13,846)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions and improvements to tangible capital assets	**747**	1,173
Increase (decrease) in prepaid expenses	**(570)**	571
Accrued liabilities not charged to authorities	**494**	595
Decrease in inventory	**(578)**	(540)
Total items not affecting net cost of operations but affecting authorities	**93**	1,799
Current year authorities used	**2,140,650**	2,152,461

Table 6. Authorities provided and used (in thousands of dollars)

	2025	2024
Authorities provided:		
Vote 1 – Operating expenditures	**255,241**	261,952
Vote 5 – Grants and contributions	**1,886,715**	1,904,991
Statutory amounts	**34,078**	34,235
Total authorities	**2,176,034**	2,201,178
Less:		
Authorities available for future years	**47**	12

Lapsed: Operating expenditures	**6,566**	9,302
Lapsed: Grants and contributions	**28,771**	39,403
Current year authorities used	**2,140,650**	2,152,461

Additional information on the use of authorities, including an explanation of variances and lapsed amounts, can be found in PCH's Departmental Result Report.

4. Accounts payable and accrued liabilities

The following table presents details of PCH'S accounts payable and accrued liabilities:

Table 7. Details of the PCH's accounts payable and accrued liabilities (in thousands of dollars)

	2025	2024
Accounts payable - External parties	**797,178**	705,491
Accounts payable - Other government departments and agencies	**3,506**	5,741
Accrued salaries, wages and employee benefits	**20,114**	21,026
Net accounts payable and accrued liabilities	**820,798**	732,258

5. Employee future benefits

a. Pension benefits

PCH'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 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and PCH 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 2024-25 expense amounts to $19.6 million ($18.3 million in 2023-24). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2023-24) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2023-24) the employee contributions.

The PCH's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

b. Severance benefits

Severance benefits provided to PCH's 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, 2025, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

Table 8. Changes in the obligations during the year (in thousands of dollars)

	2025	2024
Accrued benefit obligation - Beginning of year	**4,585**	4,807
Expense for the year	**780**	1,052
Benefits paid during the year	**(976)**	(1,274)
Accrued benefit obligation - End of year	**4,389**	4,585

6. Accounts receivable and advances

The following table presents details of the PCH'S accounts receivable and advances:

Table 9a. Details of the PCH's accounts receivable and advances (in thousands of dollars)

	2025	2024
Receivables - External parties	**11,611**	11,268
Receivables - Other government departments and agencies	**703**	2,415
Employee advances	**69**	115
Subtotal	**12,383**	13,798
Allowance for doubtful accounts on receivables from external parties	**(5,275)**	(1,426)
Gross accounts receivable	**7,108**	12,372
Accounts receivable held on behalf of Government	**(564)**	(152)
Net accounts receivable and advances	**6,544**	12,220

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.

Account receivables from external parties

Table 9b. Accounts receivable from external parties (in thousands of dollars)

	2025	2024
Not past due	**2,581**	3,376
Number of days past due		
1 to 30	**363**	1,985

31 to 60	**258**	3,664
61 to 90	**971**	467
91 to 365	**1,643**	1,023
Over 365	**5,795**	753
Subtotal	**11,611**	11,268
Less: Valuable allowance	**(5,275)**	(1,426)
Total	**6,336**	9,842

7. Inventory

The following table presents details of the PCH's inventory, valued using the actual cost method:

Table 10. Details of the PCH's inventory, valued using the actual cost method (in thousands of dollars)

	2025	2024
Canadian Symbols - Promotional items	**1,358**	1,874
Canadian Gift Bank for Dignitaries	**39**	101
Total inventory	**1,397**	1,975

8. Tangible capital assets

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

Table 11a. Amortization period of tangible capital assets

Asset Class	**Amortization Period**
Machinery and equipment	5 to 10 years
Computer Hardware	5 years
Computer Software	3 to 5 years
Vehicles	7 to 10 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement

Table 11b. Tangible capital assets (in thousands of dollars) - Cost

Cost	Opening Balance	Acquisitions	Adjustments	Disposals and write-offs	Closing Balance
Machinery and equipment	13,407	526	-	-	**13,933**
Computer Hardware	764	-	-	-	**764**
Computer Software	10,623	-	-	-	**10,623**
Vehicles	623	-	9	30	**602**
Leasehold improvements	17,689	221	-	-	**17,910**
Total	43,106	747	9	30	**43,832**

Table 11c. Tangible Capital Assets (in thousands of dollars) – Accumulated Amortization

Accumulated Amortization	Opening Balance	Amortization	Adjustments	Disposals and write-offs	Closing Balance	Net Book Value	
						2025	2024
Machinery and equipment	11,468	551	-	-	12,019	**1,914**	1,939
Computer Hardware	126	36	-	-	162	**602**	638
Computer Software	10,176	447	-	-	10,623	**-**	447
Vehicles	513	36	(20)	30	499	**103**	110
Leasehold improvements	15,365	376	-	-	15,741	**2,169**	2,324
Total	37,648	1,446	(20)	30	39,044	**4,788**	5,458

9. Contractual obligations

The nature of PCH's activities can result in some large multi-year contracts and obligations whereby PCH will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

Table 12. Estimate on significant contractual obligations (in thousands of dollars)

	2026	2027	2028	2029	2030 and subsequent	Total
Transfer payments	1,102,879	748,106	537,479	40,971	-	**2,429,435**

10. Contingent liabilities

Contingent liabilities arise in the normal course of operations, and their ultimate disposition is unknown. They are grouped into two categories as follows:

Claims and litigation

Claims have been made against PCH in the normal course of operations. These claims include items with pleading amounts. There are no claims and litigations at March 31, 2025 (none in 2023-24) for which the outcome is determinable, and a reasonable estimate can be made by management.

Guarantees provided by PCH

Pursuant to s. 3(1) of the Canada Travelling Exhibition Indemnification Act the Minister of Canadian Heritage is authorized to enter into indemnification agreements with owners of objects or appurtenances on loan to travelling exhibitions in Canada. Under the Act, maximum levels of liability are established including no more than $600 million in respect of each travelling exhibition and no more than $3,000 million at any given time in respect of all travelling exhibitions. The Canada Travelling Exhibitions Indemnification Regulations set out specific requirements to be met when owners are seeking indemnification agreements with the Minister. The Regulations also set limitations on the scope of indemnity, establish deductibles, define maximums for and period of coverage, set requirements for condition reporting, outline a claims procedure, and provide for dispute resolution.

11. Related party transactions

PCH 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 a close family member of that individual. PCH enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, PCH has various agreements such as the one with Parks Canada for the provision of functional services related to the financial system. During the year, PCH received common services which were obtained without charge from other government departments as disclosed below.

a. Common services provided without charge by other government departments

During the year, PCH received services without charge from certain common service organizations, related to accommodation, legal services, the employer’s contribution to the health and dental insurance plans and workers’ compensation coverage. These services provided without charge have been recorded at the carrying value in PCH’s Statement of Operations and Departmental Net Financial Position as follows:

Table 13. Services provided without charge (in thousands of dollars)

	2025	2024
Employer's contribution to the health and dental insurance plans	**18,286**	19,282

Accommodation	**16,438**	13,306
Legal services	**797**	870
Workers' compensation	**62**	66
Total	**35,583**	33,524

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, are not included in PCH's Statement of Operations and Departmental Net Financial Position.

b. Other transactions with other government departments and agencies

Table 14. Other transactions with related parties (in thousands of dollars)

	2025	2024
Expenses	**46,341**	45,1[illegible]
Revenues	**3,876**	3,195

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

12. Segmented Information

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

Table 15. Expenses incurred and revenues generated by core responsibility, by major object of expenses and by major type of revenues (in thousands of dollars)

	Creativity, Arts and Culture	Heritage and Celebration	Sport	Diversity and Inclusion	Official Languages	Internal Services	Unallocated	**2025**	2024
Transfer payments									
Non-profit organizations	492,396	58,263	247,015	235,276	161,396	-	-	**1,194,346**	1,203,819
Other levels of government within Canada	10,704	5,885	11,923	1,042	434,523	-	-	**464,077**	451,191
Industry	130,122	544	-	-	625	-	-	**131,291**	145,188
Individuals	-	2,187	39,494	-	-	-	-	**41,681**	33,994

Other countries and international organizations	13,066	-	-	-	-	-	-	**13,066**	11,627
Total transfer payments	646,288	66,879	298,432	236,318	596,544	-	-	**1,844,461**	1,845,819
Operating expenses									
Salaries and employee benefits	54,076	42,414	20,016	31,122	22,445	90,050	-	**260,123**	263,551
Professional and special services	2,645	8,069	2,115	1,555	3,450	13,689	-	**31,523**	32,766
Accommodation	3,409	2,691	1,282	1,962	1,414	5,680	-	**16,438**	13,306
Information	725	645	461	86	224	693	-	**2,834**	2,416
Travel and relocation	695	620	463	562	287	505	-	**3,132**	3,247
Utilities, materials and supplies	15	1,304	-	13	6	85	-	**1,423**	2,057
Amortization	3	580	-	1	4	858	-	**1,446**	1,447
Freight and communications	-	97	-	23	-	354	-	**474**	569
Repair and maintenance	2	1,064	-	1	1	312	-	**1,380**	1,347
Rentals	105	2,372	200	48	133	3,126	-	**5,984**	5,834
Other operating	1,729	1,336	7	2,104	25	1,587	-	**6,788**	2,827
Total Operating expenses	63,404	61,192	24,544	37,477	27,989	116,939	-	**331,545**	329,367
Total expenses	709,692	128,071	322,976	273,795	624,533	116,939	-	**2,176,006**	2,175,186
Revenues									
Revenue from the 1979 Federal-provincial Lottery-agreement	-	-	-	-	-	-	91,426	**91,426**	89,288
Miscellaneous revenues	7,106	138	-	-	-	1,184	-	**8,428**	7,451
Sale of goods and services	-	810		1	-	2,565	-	**3,376**	3,280
Revenues earned on behalf of Government	-	(75)	-	-	-	-	(91,426)	**(91,501)**	(89,341)
Total revenues	7,106	873	-	1	-	3,749	-	**11,729**	10,678
Net cost from operations	702,586	127,198	322,976	273,794	624,533	113,190	-	**2,164,277**	2,164,508

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