

NATIONAL CAPITAL COMMISSION  
COMMISSION DE LA CAPITALE NATIONALE

**QUARTERLY FINANCIAL REPORT FOR THE THREE MONTHS**

**ENDED JUNE 30, 2018**

Canada



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2018**

The three month period ended June 30, 2018 resulted in a surplus of \$2.7 million. The surplus is mainly due to timing differences with respect to the receipt and use of government appropriations including an amount of \$2.1 million representing the difference between capital parliamentary appropriations received and amortization of tangible capital assets expense, as well as to non-recurring compensation for contamination of \$2.1 million received from PSPC for land transferred to the NCC. This surplus was partially offset by a loss on disposal of capital assets of \$0.9 million, as well as combined increases of \$0.6 million in salary and employee benefits and amortization. Recurring revenues are slightly above budget and recurring operating expenses are consistent with budget. Investments in capital assets were lower than planned.

### **A. Year-Over-Year Results Analysis**

Revenues increased by \$0.3 million, or 3.1% compared to the same period last year. The favorable variance resulted primarily from other sources of revenue, as outlined below:

- Rental operations and easements increased by \$0.3 million, or 4.9% to \$6.0 million;
- User access fees increased by \$0.2 million, or 28.2% to \$0.9 million;
- Headquarter sublease increased by \$0.1 million, or 20.4% to \$0.7 million;
- Interest revenues increased by \$0.1 million, or 35.4% to \$0.6 million;
- Monetary sponsorships increased marginally to \$0.1 million; and
- Other revenues increased by \$1.4 million, or 122.8% to \$2.4 million primarily as a result of \$2.1 million in compensation for contamination received from Public Service and Procurement Canada (PSPC) for land transferred to the NCC which was fully recognized as revenue during the first quarter of 2018-2019;
- Offset in part by a decrease in recoveries of \$1.9 million, or 73.9% to \$0.7 million, primarily the result of non-recurring funding installments recognized for the National Holocaust Monument and Rideau Hall projects in the previous year.

Operating expenses decreased by \$0.3 million, or 0.8%, compared to the same period last year. The results by Program were as follows:

- Stewardship and protection decreased by \$0.5 million, or 2.0%, to \$22.6 million, primarily due to the commemoration monument project and rehabilitation projects in the previous year;
- Long-term planning increased by \$0.1 million, or 13.0%, to \$1.1 million;
- Internal services were in-line with last year at \$8.4 million.

Funding from the Government of Canada through parliamentary appropriations increased by \$3.6 million, or 18.4%, compared to the same period last year. The results by main categories of appropriations were as follows:

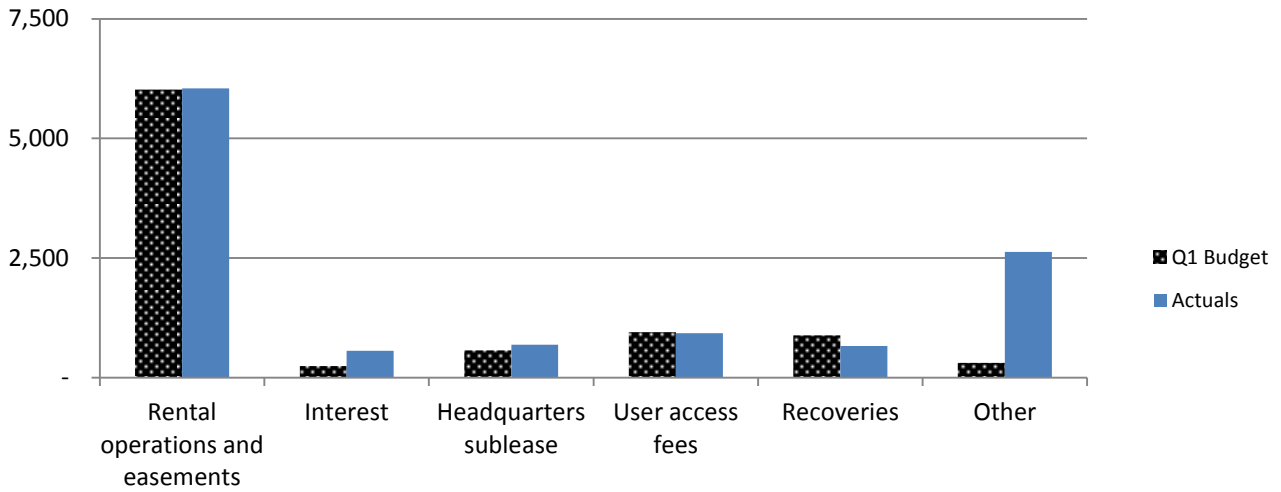
- Appropriations for operating expenditures increased by \$0.1 million, or 0.6%, to \$16.0 million;
- Appropriations for capital expenditures increased by \$3.5 million, an increase of 93.4% to \$7.3 million.

### **B. Budgetary Analysis**

The revenue budget for the 2018-2019 fiscal year includes non-recurring items such as the compensation received from PSPC for land transferred to the NCC, recoveries and contributions related to various projects and commemorations, with \$2.6 million recognized by the end of the first quarter, representing 86.5% of the annual budget. Total recurring revenues of \$8.9 million represent 26.6% of the annual budget as at June 30, 2018.

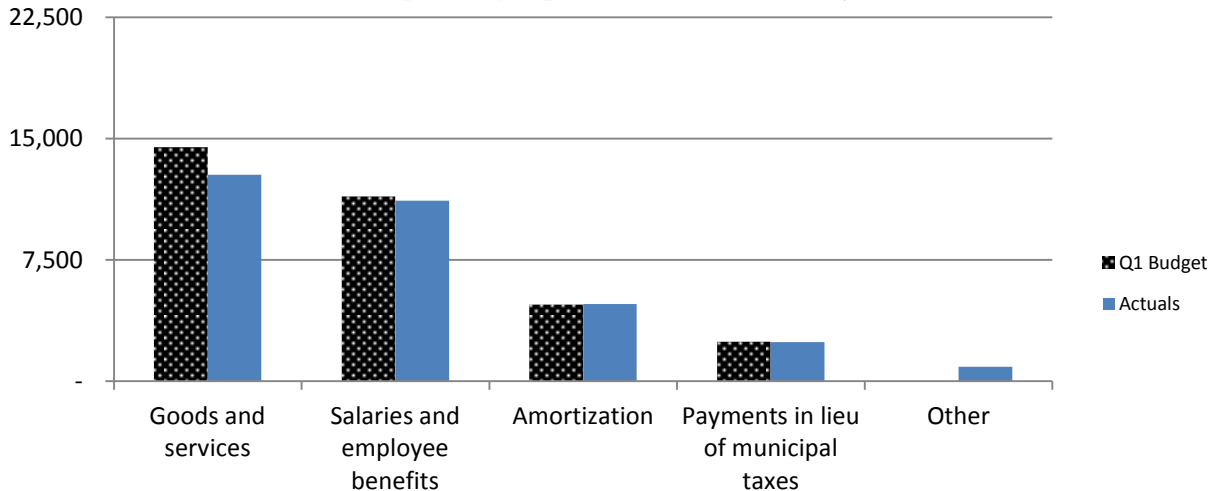
The following chart provides details of the first quarter revenues compared to the budget of \$9.0 million. Notably, other revenues are trending higher than budget, due to the unplanned receipt of compensation received from PSPC for land transferred to the NCC. Headquarters sublease and interests are also trending higher than budget.

**Revenues by type (\$000's)**



The following chart provides details of the first quarter operating expenses of \$32.0 million compared to the budget of \$33.0 million. The variances are due primarily to timing differences as follows: delays in goods and services expenses regarding the construction of a commemoration monument (\$0.6M), operational projects funded from the Federal Contaminated Site Action Plan (\$0.5M) and lower than planned expenditures for LeBreton Long Term Vision (0.2M), offset by a a loss on disposal of tangible capital asset of \$0.9M. Salaries show a favorable variance to date of \$0.3 million due to vacancies compared to the budget, and other combined goods and services surpluses of \$0.3 million to date mostly due to timing differences realted to operating projects.

**Operating expenses by object (\$000's)**



### C. Use of Parliamentary Appropriations

The NCC receives its funding from a number of sources: parliamentary appropriations, rental operations and easements, investment revenues, user access fees, cost recoveries, gains on disposals of tangible capital assets and other revenues. The NCC draws down its parliamentary appropriations according to cash flow projections provided to the Minister of Canadian Heritage. As the nature of expenditures are not constrained by source of funding, direct matching of appropriations received and receivable to specific use is not applicable.

The NCC received \$23.2 million, or 21.4% of its annual budget for appropriations for the period ended June 30, 2018. Parliamentary appropriations drawdowns are based on forecasted cash flow expenditures. The following illustrates the forecast of the parliamentary appropriations by vote.

**NCC Parliamentary Appropriations by vote (\$000's)**

<b>Vote</b>	<b>Annual Budget</b>	<b>Gov't Apps Recognized</b>	<b>% Recognized</b>	<b>Approved Supplementary Estimates</b>	<b>Forecast to March 2019</b>
Operational vote	68,117	15,989	23.5%	-	52,128
Supplementary estimates	-	-	-	-	-
<i>sub-total</i>	68,117	15,989	23.5%	-	52,128
Capital vote	40,312	7,260	18.0%	-	33,052
Supplementary estimates	-	-	-	-	-
<i>sub-total</i>	40,312	7,260	18.0%	-	33,052
<b>Total</b>	<b>108,429</b>	<b>23,249</b>	<b>21.4%</b>	-	<b>85,180</b>

Additional details on the parliamentary appropriations can be found in the NCC's Quarterly Financial Statements at June 30, 2018 (Note 8).

## D. Capital Expenditure

Investments by main categories of capital expenditures were as follows:

<b>For the three months ended June 30, 2018 (\$000's)</b>	<b>Actuals</b>
Roads & bridges	393
Historical properties	1,273
Rental properties	1,058
Development properties	8
Green assets	656
Other projects, primarily project management costs	726
Equipment expenditures	81
Real property acquisitions	599
<b>2018-2019 Total Q1 Actuals</b>	<b>4,794</b>
<b>2017-2018 Total Q1 Actuals</b>	<b>7,989</b>
<b>Variance</b>	<b>(3,195)</b>
<b>2018-2019 Budget</b>	<b>53,868</b>
<b>% Achieved</b>	<b>9%</b>

## E. Integrated Risk Management

The NCC uses an integrated risk management framework to identify, manage and mitigate its risks. The NCC applies this framework in strategic decision making, operational planning and project management. It is also incorporated into the NCC's planning and reporting cycle through a risk profile exercise, which helps to identify the key corporate risks and corresponding mitigation measures for the planning period. Key corporate risks and operational risks are monitored throughout the year, and their trends and the effectiveness of mitigation measures are reported to the board of directors each quarter.

On an ongoing basis, the corporation identifies opportunities to enhance its risk management framework and leverage more comprehensive risk information for decision making, in order to take appropriate actions to implement necessary mitigation strategies and to maintain resilience.

For the 2018–2019 to 2022–2023 planning period, three major corporate risk categories were identified: capacity, reputation and influence, and safety and security.

### Capacity

Capacity risks relate to the NCC's ability to maintain sufficient levels of both financial and human resources to be resilient to a changing business environment and to effectively deliver its activities and manage its assets. To mitigate the financial capacity risk, which relates to the deficiency in asset maintenance identified in the OAG's Special Examination Report—2017, the NCC completed its asset and funding review. This included the development of a long-term recapitalization plan, aimed at restoring and maintaining the condition of its assets. In 2017, the NCC worked with other government entities to secure additional funding for asset restoration and

maintenance. These efforts led to the Budget 2018 investment of \$55 million over two years to revitalize NCC assets. In addition, the NCC has focused on optimizing business processes and developing human resource strategies to attract, manage and retain a talented workforce. The NCC continues to engage internally in a manner that encourages collaboration and integration among branches, with the goal of leveraging opportunities to improve efficiencies.

### **Reputation and Influence**

Reputation and influence risks relate to the NCC's ability to maintain a positive reputation and be able to influence partners, stakeholders, the public and elected officials. To protect its reputation and influence, the NCC engages with stakeholders, partners and the public, and builds awareness of the added value that the organization provides to the National Capital Region. In 2017–2018, the NCC continued to implement its Integrated Communication Plan, which includes a proactive approach to engaging partners and to better communicating policies and processes related to NCC regulatory roles. The NCC was also involved in highly visible projects in the National Capital Region, such as the Mackenzie Avenue cycling lanes, the City of Ottawa's light rail transit (LRT) system, the redevelopment of LeBreton Flats, and efforts to promote tourism in and around Gatineau Park.

### **Safety and Security**

Safety and security risks relate to the deterioration of conditions of the NCC's assets due to deferred maintenance and renewal activities, which could cause health and safety issues. This area of concern was also discussed in the OAG's Special Examination Report—2017. Risk response measures over the course of 2017–2018 included a detailed asset-by-asset analysis to determine the level of resources required to maintain safe, sustainable and resilient infrastructure. This analysis has provided the foundation for work that must be undertaken on NCC assets in need of critical repairs, using the funds announced in Budget 2018. Regular inspections of lands and assets, as well as ensuring that security plans, policies and procedures are up-to-date, remain a key part of the NCC's day-to-day activities.

## **F. Significant Changes Related to Operations, Personnel and Programs**

In Budget 2018, the Government announced an investment of \$55 million over two years (2018–2019 to 2019–2020) in support of critical repair and maintenance work on the NCC's portfolio of fixed assets. This funding allocation will enable the corporation to begin addressing the maintenance requirements of priority assets, thereby ensuring that these specific assets do not cause health and safety concerns.

During the first quarter of 2018–2019, the Director of Human Resources announced her resignation effective May 21, 2018. The recruitment process is now completed and this position will be replaced by a new Executive Director, Human Resources starting August 13, 2018.

No other significant changes with regard to NCC operations, personnel or programs occurred during the three month period ended June 30, 2018.

# Unaudited Financial Statements

## For the three months ended June 30, 2018

### Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring that all other information contained in the quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation as at the date of, and for the periods presented in, the quarterly financial statements.



Dr. Mark Kristmanson  
Chief Executive Officer



Michel Houle, CPA, CMA  
Executive Director, Corporate Services and  
Chief Financial Officer

Ottawa, Canada  
August 27, 2018



**NATIONAL CAPITAL COMMISSION**  
**STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
(in thousands of dollars)

	June 30, 2018	March 31, 2018
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	58,515	55,941
Restricted cash and cash equivalents - light rail transit (Note 4)	64,254	63,975
Accounts receivable		
Federal government departments and agencies	1,509	5,298
Others	5,730	5,944
Investments (Note 3)	34,224	34,136
	<b>164,232</b>	<b>165,294</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
Federal government departments and agencies	1,251	1,031
Others	16,197	18,800
Light rail transit (Note 4)	59,676	59,608
Provision for environmental cleanup	49,992	49,884
Deferred revenue (Note 5)	16,315	16,251
Employee future benefits	9,453	9,596
Other liabilities	7,961	7,639
	<b>160,845</b>	<b>162,809</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,387</b>	<b>2,485</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	639,572	640,575
Prepaid expenses	6,163	3,623
Other non-financial assets	1,522	1,217
	<b>647,257</b>	<b>645,415</b>
<b>ACCUMULATED SURPLUS</b>	<b>650,644</b>	<b>647,900</b>

The notes are an integral part of the financial statements.

Approved by the Board of Directors



Marc Seaman  
Chair, Board of Directors



Tanya Gracie  
Chair, Audit Committee

**NATIONAL CAPITAL COMMISSION**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (UNAUDITED)**  
For the period ended June 30 (in thousands of dollars)

	2018-2019 Annual Budget (Note 2)	2018 Actual	2017 Actual
<b>REVENUES</b>			
Rental operations and easements	24,075	6,047	5,766
Interest	1,312	559	413
Monetary sponsorship	-	102	91
Headquarters sublease	2,277	686	570
User access fees	3,531	928	724
Recoveries	3,390	659	2,523
Gain on disposal of tangible capital assets	-	131	-
Other revenues	1,815	2,395	1,075
	<b>36,400</b>	<b>11,507</b>	<b>11,162</b>
<b>EXPENSES (Note 7)</b>			
Long-term planning	5,794	1,088	963
Stewardship and protection	89,612	22,551	23,012
Internal services	36,214	8,373	8,296
	<b>131,620</b>	<b>32,012</b>	<b>32,271</b>
<b>Deficit before funding from the Government of Canada</b>	<b>(95,220)</b>	<b>(20,505)</b>	<b>(21,109)</b>
<b>Funding from the Government of Canada</b>			
Parliamentary appropriations for operating expenditures (Note 8)	68,117	15,989	15,889
Parliamentary appropriations for tangible capital assets (Note 8)	40,312	7,260	3,753
	<b>108,429</b>	<b>23,249</b>	<b>19,642</b>
<b>Surplus (deficit) for the period</b>	<b>13,209</b>	<b>2,744</b>	<b>(1,467)</b>
<b>Accumulated surplus at beginning of the period</b>	<b>639,560</b>	<b>647,900</b>	<b>642,050</b>
<b>Accumulated surplus at end of the period</b>	<b>652,769</b>	<b>650,644</b>	<b>640,583</b>

The notes are an integral part of the financial statements.

**NATIONAL CAPITAL COMMISSION**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (UNAUDITED)**  
For the period ended June 30 (in thousands of dollars)

	2018-2019 Annual budget (Note 2)	2018 Actual	2017 Actual
<b>Suplus (deficit) for the period</b>	<b>13,209</b>	<b>2,744</b>	<b>(1,467)</b>
Acquisition and improvements of tangible capital assets (Note 6)	(47,217)	(4,979)	(8,033)
Amortization of tangible capital assets (Note 6)	18,937	4,781	4,473
Gain on disposal of tangible capital assets	-	(131)	-
Loss on disposal of tangible capital assets	-	897	-
Proceeds from disposal of tangible capital assets	-	481	-
Realized loss from sale-leaseback transaction	-	(46)	-
	<b>(28,280)</b>	<b>1,003</b>	<b>(3,560)</b>
Change in prepaid expenses	-	(2,540)	(2,231)
Change in other non-financial assets	177	(305)	44
	<b>177</b>	<b>(2,845)</b>	<b>(2,187)</b>
<b>Increase (decrease) in net financial assets</b>	<b>(14,894)</b>	<b>902</b>	<b>(7,214)</b>
<b>Net financial assets at beginning of the period</b>	<b>(6,761)</b>	<b>2,485</b>	<b>11,027</b>
<b>Net financial assets at end of the period</b>	<b>(21,655)</b>	<b>3,387</b>	<b>3,813</b>

The notes are an integral part of the financial statements.

**NATIONAL CAPITAL COMMISSION**  
**STATEMENT OF CASH FLOWS (UNAUDITED)**  
For the period ended June 30 (in thousands of dollars)

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Cash receipts from parliamentary appropriations		
for operating expenditures	16,765	16,385
Cash receipts from rental operations and easements	5,206	5,281
Cash receipts from other operations	8,495	4,968
Cash paid to suppliers	(18,077)	(17,689)
Cash paid to employees	(11,462)	(12,303)
Interest received	683	623
Disbursements related to the management and remediation of sites	(79)	(108)
<b>Cash flows provided (used) by operating activities</b>	<b>1,531</b>	<b>(2,843)</b>
<b>CAPITAL ACTIVITIES</b>		
Cash receipts from parliamentary appropriations		
for tangible capital assets	7,260	4,143
Acquisition and improvements of tangible capital assets	(6,157)	(6,970)
Proceeds from disposal of tangible capital assets	131	-
Disbursements for environmental cleanup	(18)	(4)
<b>Cash flows provided (used) by capital activities</b>	<b>1,216</b>	<b>(2,831)</b>
<b>INVESTING ACTIVITIES</b>		
Cash receipts for the light rail transit project	279	157
Disbursements for investments purchased	(173)	-
<b>Cash flows provided by investing activities</b>	<b>106</b>	<b>157</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>2,853</b>	<b>(5,517)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>119,916</b>	<b>145,646</b>
<b>Cash and cash equivalents at end of the period</b>	<b>122,769</b>	<b>140,129</b>
<b>Represented by:</b>		
<b>Cash and cash equivalents</b>	<b>58,515</b>	<b>76,867</b>
<b>Restricted cash and cash equivalents - Light rail transit</b>	<b>64,254</b>	<b>63,262</b>
	<b>122,769</b>	<b>140,129</b>

The notes are an integral part of the financial statements.

## **NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)**

For the period ended June 30, 2018 (in thousands of dollars, unless otherwise specified)

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### **1. Authority and Objectives**

The National Capital Commission (NCC) was established in 1959 by the *National Capital Act* (1958) as an agent Crown corporation without share capital, named in Part I of Schedule III of the *Financial Administration Act*, and is not subject to the requirements of the *Income Tax Act*. The objects and purposes of the NCC, as stated in the amended *National Capital Act* (2013) are to prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance.

The NCC is also responsible for the management and maintenance of the tangible capital assets of the official residences located in the National Capital Region. The corporation created the Canadiana Fund to encourage Canadians to participate in the enhancement of the state areas of the official residences through public donations of furnishings, paintings and works of art, or the funds to purchase them. Pieces are selected to reflect Canada's heritage, artistic traditions and historical associations, or to complement the architectural style of a particular residence.

During 2015, the corporation was issued a directive (P.C. 2015-1106) pursuant to Section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies. The NCC met the requirements of the directive effective 2015-2016.

### **2. Significant Accounting Policies**

#### **BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards (PSAS) established by the Public Sector Accounting Board (PSAB), and reflect the policies below.

These quarterly financial statements should be read in conjunction with the annual audited financial statements dated March 31, 2018.

Financial assets and non-financial assets, as well as liabilities are reported on the Statement of Financial Position. Non-financial assets are normally utilized to provide future services, and are expensed through amortization or upon utilization. Non-financial assets are not included in the determination of net financial assets, but are added to the net financial assets in determining the accumulated surplus.

Intangibles asset are not recognized in the financial statements.

## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2018 (in thousands of dollars, unless otherwise specified)

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### Measurement Uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported values of financial assets, liabilities and non-financial assets at the date of the financial statements, and the reported amounts of revenue and expenses for the reporting period. Estimated useful lives of tangible capital assets, unsettled land exchange, provision for environmental cleanup, employee future benefits, writedowns of tangible capital assets and the recognition of contingent liabilities are the most significant items for which estimates are used. Actual results could differ materially from those estimates.

### Budget Figures

The 2018-2019 budget figures, as presented in the *2018-2019 to 2022-2023 Corporate Plan*, are included, as appropriate, in the Statement of Operations and Accumulated surplus and the Statement of Change in Net Financial Assets.

### 3. Cash and Cash Equivalents and Investments

The NCC's policy is to invest excess cash in guaranteed investment certificates, bankers' acceptances, guaranteed notes, term deposits, and securities of the Government of Canada, provincial or municipal governments. These types of investments are purchased from a member of the Canadian Payments Association and are redeemable on short notice.

#### A. CASH AND CASH EQUIVALENTS

As at June 30, 2018, cash and cash equivalents include \$58.5 million (\$55.9 million as at March 31, 2018) in cash, invested at a weighted average interest rate of 1.8 percent (1.5 percent as at March 31, 2018).

#### B. INVESTMENTS

As at June 30, 2018, the short-term portfolio investments include a guaranteed investment certificate totalling \$15.0 million (\$15.0 million as at March 31, 2018) at a weighted average effective interest rate of 2.3 percent and a term of 12 months (2.3 percent as at March 31, 2018).

As at June 30, 2018, the long-term portfolio of investments includes bonds of provincial governments, totalling \$19.2 million (\$19.1 million as at March 31, 2018) invested at a weighted average interest rate of 3.7 percent (3.7 percent as at March 31, 2018).

	June 30, 2018		March 31, 2018	
	Cost	Quoted Market Value	Cost	Quoted Market Value
Provincial governments	19,224	19,621	19,136	19,631
Guaranteed investment certificate	15,000	15,000	15,000	15,000
	<b>34,224</b>	<b>34,621</b>	<b>34,136</b>	<b>34,631</b>

## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2018 (in thousands of dollars, unless otherwise specified)

### C. DESIGNATED FUNDS

As at June 30, 2018, cash and cash equivalents include \$32.6 million (\$33.3 million as at March 31, 2018) in designated funds whose use is designated or limited for the sole purpose for which they have been segregated.

### 4. Light Rail Transit

The following table includes amounts received at June 30, 2018 as well as the interest earned for the period. Interest of \$0.3 million (\$0.2 million as at June 30, 2017) has been recorded and included in the Financial assets under “Restricted cash and cash equivalents - light rail transit” and under the “Light rail transit” liability.

The “Restricted cash and cash equivalents - light rail transit” under Financial assets are composed of the following.

	March 31, 2018	Interest	June 30, 2018
Security deposit	52,230	228	<b>52,458</b>
Performance deposit	11,745	51	<b>11,796</b>
<b>Total</b>	<b>63,975</b>	<b>279</b>	<b>64,254</b>

As at June 30, 2018, the NCC recognized revenues totalling \$0.2 million (\$0.2 million as at June 30, 2017) as it continues to provide the City access to the light rail transit properties for a defined period of time, which will terminate in 2018-2019. The “Light rail transit” liability totals \$59.7 million (\$59.6 million as at March 31, 2018).

### 5. Deferred revenue

Deferred revenues are composed of the following.

	June 30, 2018	March 31, 2018
Deferred rental revenues	6,841	7,262
Deferred easement and license of occupation revenues	5,292	5,676
Other deferred revenues	4,182	3,313
	<b>16,315</b>	<b>16,251</b>

The deferred rental revenue is primarily the present value of the minimum future lease payments that the NCC has collected under of three different land lease agreements. The present value for the current agreements was determined using discount rates of 4.27 percent, 6.01 percent and 6.5 percent. This deferred rental revenue will be recognized in income over the term of the lease agreements, which have different termination dates extending to 2068. During the period, \$0.1 million (\$0.1 million to June 30, 2017) of deferred rental revenue was recognized as income.

## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2018 (in thousands of dollars, unless otherwise specified)

### 6. Tangible Capital Assets

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Acquisitions	Disposals / Adjustments	Closing Balance	Opening Balance	Amortization expense	Disposals / Adjustments	Closing Balance	June 30, 2018	March 31, 2018
Land <sup>1</sup>	310,348	573	1,202	309,719	-	-	-	-	309,719	310,348
Buildings and Infrastructure <sup>2</sup>	787,760	4,288	-	792,048	466,680	4,347	-	471,027	321,021	321,080
Leasehold improvements	13,537	-	-	13,537	10,154	108	-	10,262	3,275	3,383
Equipment <sup>2</sup>	19,423	118	63	19,478	13,659	326	64	13,921	5,557	5,764
	<b>1,131,068</b>	<b>4,979</b>	<b>1,265</b>	<b>1,134,782</b>	<b>490,493</b>	<b>4,781</b>	<b>64</b>	<b>495,210</b>	<b>639,572</b>	<b>640,575</b>

1. The land cost includes \$0.2 million (\$0.2 million as at 31 March 2018) of unsettled expropriation.

2. The total cost of buildings and infrastructure, and equipment include \$19.9 million (\$15.8 million as at March 31, 2018) of construction in progress. When completed, the cost of these projects will be amortized on the basis on their estimated useful life.



## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2018 (in thousands of dollars, unless otherwise specified)

### 7. Expenses by Object

The following provides a summary of expenses by object.

	2018-2019 Annual Budget (Note 2)	June 30, 2018	June 30, 2017
Goods and services	58,331	12,760	14,592
Salaries and employee benefits	44,642	11,164	10,826
Amortization	18,937	4,781	4,473
Payments in lieu of municipal taxes	9,710	2,410	2,380
Loss on disposal of tangible capital assets	-	897	-
	<b>131,620</b>	<b>32,012</b>	<b>32,271</b>

Antiques, works of art and monuments acquired or built by the NCC and those donated to the Canadiana Fund or the NCC are not recorded as tangible capital assets but are recorded as expenses and are included in "Goods and services." For the period ended June 30, 2018, the value of antiques, works of art and monuments totalled \$0.1 million (\$1.2 million to June 30, 2017).

### 8. Parliamentary Appropriations

	June 30, 2018	June 30, 2017
<b>Parliamentary appropriations for operating expenditures<sup>1</sup></b>		
Amount received during the period	15,989	15,889
	<b>15,989</b>	<b>15,889</b>
<b>Parliamentary appropriations for tangible capital assets<sup>2</sup></b>		
Amount received during the period	7,260	3,753
	<b>7,260</b>	<b>3,753</b>
<b>Parliamentary appropriations approved and recorded during the period</b>	<b>23,249</b>	<b>19,642</b>

1. As at June 30, 2018 and 2017, the amounts approved for the years ending March 31, 2019 and 2018 totaled \$68.1 million and \$67.6 million, respectively.

2. As at June 30, 2018 and 2017, the amounts approved for the years ending March 31, 2019 and 2018 totaled \$40.3 million and \$24.3 million, respectively.