

NATIONAL CAPITAL COMMISSION
COMMISSION DE LA CAPITALE NATIONALE

**QUARTERLY FINANCIAL REPORT FOR THE NINE MONTHS
ENDED DECEMBER 31, 2022**

Canada



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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED DECEMBER 31, 2022

The nine months ended December 31, 2022 resulted in a surplus of \$77.0 million. The surplus is primarily resulting from a capital surplus of \$71.2 million which is mainly explained by a gain on disposal of \$28.3 million for the disposal of a property at LeBreton Flats in April 2022. As well as by the difference between capital parliamentary appropriations received and amortization of tangible capital assets expenditures of \$42.9 million. In addition, the NCC received \$5.6 million more than last year in interest revenues and an amount of \$0.7 million for a settlement related to covenants for the Alta Vista transaction.

A. Year-Over-Year Results Analysis

Revenues increased by \$17.0 million, or 32.8% compared to the same period in the previous year, mainly as a result of the following:

- Gain on disposal increase of \$10.7 million, or 60.5% to \$28.3 million;
- Interest revenues increase of \$5.6 million, or 392.9% to \$7.0 million;
- Recoveries increase of \$0.7 million, or 18.9% to \$4.7 million; and
- Other revenues increase of \$0.7 million, or 16.2% to \$4.8 million.

Offset in part by:

- Rental operations decrease of \$0.5 million, or 2.2% to \$20.2 million; and
- User access Fees decrease of \$0.2 million, or 4.8% to \$3.9 million.

Operating expenses increased by \$6.7 million, or 6.6%, compared to the same period in the previous year. The results by Program were as follows:

- Stewardship and protection increase of \$5.9 million, or 7.9%, to \$80.2 million;
- Internal services increase of \$0.5 million, or 2.3% to \$24.0 million; and
- Long-term planning increase of \$0.3 million or 8.4%, to \$4.1 million.

Funding from the Government of Canada through parliamentary appropriations decreased by \$0.7 million compared to the same period last year at \$116.3 million. The results by main categories of appropriations were as follows:

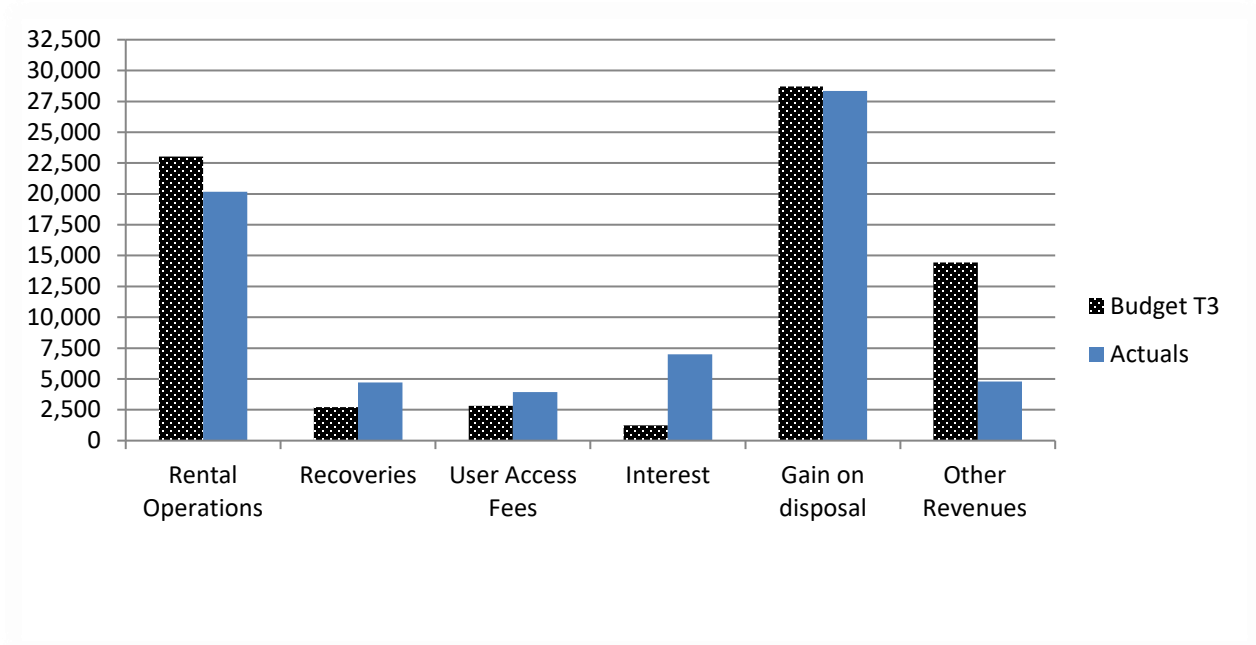
- Appropriations for operating expenditures increased by \$3.6 million, or 6.8%, to \$56.9 million; and
- Appropriations for capital expenditures decreased by \$4.3 million, or 6.7% to \$59.4 million.

B. Budgetary Analysis

The budgeted revenue for the 2022-2023 fiscal year includes non-recurring items such as gain on disposal, contributions and recoveries related to the South Shore Riverfront Park project, Interprovincial Bridges initiatives and commemorations, with \$35.1 million recognized at the end of the third quarter, representing 72.4% of the annual budget. Total recurring revenues of \$33.9 million represent 86.3% of the annual budget as at December 31, 2022.

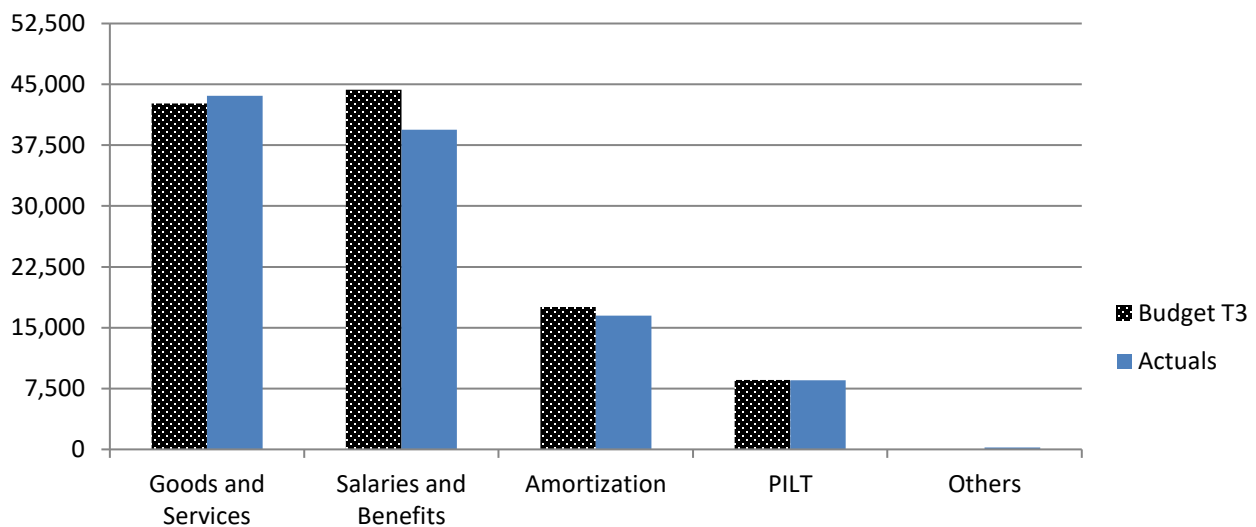
The following chart provides details of the third quarter revenues of \$69.0 million compared to the budget of \$87.7 million. Interest revenues, recoveries and user access fees are above budget, whereas rental operations and other revenues are tracking behind budget.

Revenues by type (\$000's)



The following chart provides details of the third quarter operating expenses of \$108.3 million compared to the budget of \$113.1 million. The favorable variance compared to budget is due primarily to salary savings of \$4.9 million to date due to vacancies and amortization surplus of \$1.1 million, partially offset by a deficit in goods and services of \$1.0M.

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, user access fees, cost recoveries, investment revenues, gains on disposal of tangible capital assets and other revenues. The NCC draws down its parliamentary appropriations according to cash flow projections provided to the Minister of Public Service and Procurement Canada. 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 recognized \$116.3 million, or 59.6% of its annual budget for appropriations for the period ended December 31, 2022. Parliamentary appropriations drawdowns are based on forecasted cash flow expenditures. The following table illustrates the forecast of the parliamentary appropriations by vote.

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

Vote	Annual Budget	Gov't Apps Recognized	% Recognized	Approved Supplementary Estimates (1)	Forecast to March 2023
Operational vote	83,720	56,907	68.0%	-	18,968
Supplementary estimates	-	-	-	5,459	5,459
<i>sub-total</i>	83,720	56,907	68.0%	5,459	24,427
Capital vote	111,341	58,756	52.8%	-	19,585
Supplementary Estimates	-	-	-	33,000	33,000
Deferred Appropriations	-	654	-	-	-
<i>sub-total</i>	111,341	59,410	53.4%	33,000	52,585
Total	195,061	116,317	59.6%	38,459	77,012

(1): Supplementary estimates were approved during January 2023.

Additional details on the parliamentary appropriations can be found in the NCC's Quarterly Financial Statements at December 31, 2022 (Note 8).

D. Capital Expenditure

Investments by main categories of capital expenditures were as follows:

For the nine months ended December 31, 2022 (\$000's)	Actuals
Roads & bridges	
Champlain Bridge and Portage Bridge Rehabilitation	3,120
Historical properties	
Official Residences, Sussex Drive	3,373
Rental properties	954
Development properties	
LeBreton Flats redevelopment	1,492
Green assets	
Nepean Point, National Capital River Pavilion Shoreline Animation, South Shore Riverfront Park development	22,460
Equipment expenditures	75
Property Acquisitions	730
Other	7,945
Total 2022-2023 Q3 Actuals	40,149
Total 2021-2022 Q3 Actuals	56,503
Variance	16,354
2022-2023 Budget	185,381
% Achieved	22%
% Committed	50%

E. Statement of Financial Position Summary

Financial assets totalled \$357.5 million as at December 31, 2022, an increase of \$58.3 million or 19.5% from \$299.2 million as at March 31, 2022, attributable primarily to an increase of \$40.7 million in investments and \$48.6 million in cash and cash equivalents, offset in part by a reduction in accounts receivables of \$30.4 million mainly due to parliamentary appropriations recognized at year-end and received during the first quarter.

Liabilities totalled \$220.6 million as at December 31, 2022, an increase of \$3.6 million or 1.7% from \$217.0 million as at March 31, 2022.

Non-financial assets totalled \$796.4 million as at December 31, 2022, an increase of \$22.4 million or 2.9% from \$774.0 million as at March 31, 2022, reflecting mostly increases in tangible capital assets net of amortization as a result of advancement of Capital projects funded from Budget 2020.

F. Risks and Mitigation Strategies

The NCC uses an integrated risk management framework to identify, manage and mitigate its risks, and applies this framework in strategic decision making, operational planning, and project management. Enterprise risk management is integrated 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. These key

corporate and operational risks are monitored and revisited throughout the year, and their trends, as well as 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 maintain resilience.

Key Risks and Mitigation Measures

As of December 31, 2022, the NCC has identified three key corporate risks that exceed its risk tolerance:

1. Asset Management: Since 2018-2019, the NCC has made significant capital investments to address critical requirements and address the deteriorating condition of its assets, supported by funding provided by the Government of Canada, striving to overcome the impacts of preceding decades of underinvestment. Concurrently, the corporation is implementing measures continuously to improve its processes, systems, and practices in asset management and investment planning. There is a risk that a lack of consistent integration of portfolio planning, resource allocation, and project delivery may limit the NCC's ability to effectively manage risks tied to asset deterioration and to advocate for funding increases.

To mitigate this risk, the NCC will continue to work on assets in need of critical repairs, revitalize and restore them to good condition in accordance with additional appropriations, including measures to augment their resilience to climate change and extreme weather events.

The NCC will develop and implement an Investment Planning Program that integrates long-term asset management, the corporation will continue to implement a cyclical asset condition inspection program, maintain data through the lifecycle of an asset, as well as solidify requirements for asset prioritization

The NCC will plan and implement the replacement of the integrated financial and asset management systems to support end user. The Corporation will also complete a third-party review of alternative delivery models for asset management, and continue asset management efforts through the implementation of the new accounting standard for the Asset Retirement Obligations Program.

2. Authorities: The NCC's legislated authorities have remained largely unchanged since the corporation's inception in 1959. Shortcomings within these authorities present challenges for the NCC in its efforts to conserve and protect built and natural assets, and to conduct real property transactions in modern terms, in support of its mandate. There is a risk that the corporation's limited legislated authorities may inhibit the delivery of the NCC's mandate and its capacity to influence external actors.

To mitigate this risk, the NCC intend to increase the assertiveness in the delivery of the corporation's mandate within the current legislative framework, scope of authorities, and level of resources. In addition, the corporation will continue to work with and support government partners in bringing forward solutions to increase the NCC's legislative and regulatory authorities.

3. Human Resource Capacity: Governments and businesses are facing considerable challenges, across Canada and the National Capital Region, as they strive to recruit and retain employees with appropriate

knowledge, skills, and experience. There is a risk that real and perceived challenges in its competitiveness to hire and retain staff may impact the NCC's capacity to adequately deliver its core mandate.

To mitigate this risk, the NCC will improve talent attraction and retention by a series of actions which includes updating and implementing the Diversity, Inclusion and Employment Equity Plan; continuing to promote an engaging, diverse, and inclusive workplace that attracts and retains talent; improving the corporation's ability to adapt its work arrangements and workplace environments to support staff work/life flexibility.

The NCC will also be monitoring the implications of migrating to a hybrid model workplace and adjusting its implementation, as necessary, as lessons are learned; as well as exploring budget options to facilitate the hiring of personnel on an indeterminate rather than term basis. A review of the NCC's overall employee recognition, compensation, and benefits to ensure competitiveness will be undertaken; options for the establishment of a talent development program will be explored. The NCC will be developing criteria to determine the circumstances under which the hiring of candidates from outside the National Capital Region may be considered to staff certain positions.

As part of these strategies, the NCC will mitigate the loss of institutional knowledge incurred due to increasing retirement rates by exploring and implementing succession planning initiatives, and leverage the NCC's dual status under the Financial Administration Act to optimize flexibility offered to staff.

G. Significant Changes Related to Operations, Personnel and Programs

In May 2020, the NCC welcomed the allocation of an additional appropriation aimed to address the urgent health and safety requirements of NCC assets. 2022-2023 is the third year of this \$173.6 million three-year program. The investment will help the NCC continue the work started through Budget 2018 funding to address the corporation's deferred maintenance deficit.

During the third quarter of 2022-2023, the Government of Canada confirmed an extension of the NCC Chief Executive Officer's mandate to February 2025.

No other significant changes with regard to NCC operations, personnel or programs occurred during the nine-month period ended December 31, 2022.

Unaudited Financial Statements

For the nine months ended December 31, 2022

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's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, 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.



Tobi Nussbaum
Chief Executive Officer



Tania Kingsberry, CPA, CA
Vice-President Corporate Services and
Chief Financial Officer

Ottawa, Canada
February 21, 2023

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

	December 31, 2022	March 31, 2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	257,795	209,204
Restricted cash and cash equivalents (Note 4)	7,155	5,964
Accounts receivable	12,184	42,556
Investments (Note 3)	80,365	39,701
Assets held for sale	-	1,744
	357,499	299,169
LIABILITIES		
Accounts payable and accrued liabilities	31,102	21,328
Light rail transit (Note 4)	2,229	2,195
Provision for environmental remediation	74,732	74,003
Deferred revenues (Note 5)	89,904	96,073
Employee future benefits	10,334	10,898
Other liabilities	12,308	12,464
	220,609	216,961
NET FINANCIAL ASSETS	136,890	82,208
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	791,223	767,608
Prepaid expenses	908	2,194
Other non-financial assets	4,220	4,220
	796,351	774,022
ACCUMULATED SURPLUS	933,241	856,230

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 nine months ended December 31 (in thousands of dollars)

	2022-2023 Annual Budget (Note 2)	Three months ended December 31		Nine months ended December 31	
		2022 Actual	2021 Actual	2022 Actual	2021 Actual
REVENUES					
Rental operations and easements	30,720	6,708	6,983	20,172	20,623
Recoveries	3,633	2,098	1,450	4,711	3,963
User access fees	3,755	1,973	2,114	3,938	4,138
Interest	1,668	3,212	510	7,009	1,422
Gain on disposal of assets held for sale	28,700	-	-	28,256	-
Gain on disposal of tangible capital assets	-	38	7,020	77	17,653
Other revenues	19,249	2,326	250	4,804	4,133
	87,725	16,355	18,327	68,967	51,932
EXPENSES (Note 7)					
Long-term planning	9,258	1,510	1,215	4,078	3,762
Stewardship and protection	104,431	28,357	25,113	80,239	74,363
Internal services	37,151	8,069	7,905	23,956	23,422
	150,840	37,936	34,233	108,273	101,547
Deficit before funding from the Government of Canada	(63,115)	(21,581)	(15,906)	(39,306)	(49,615)
Funding from the Government of Canada					
Parliamentary appropriations for operating expenditures (Note 8)	83,720	18,969	17,730	56,907	53,290
Parliamentary appropriations for tangible capital assets (Note 8)	111,341	19,775	21,236	59,410	63,709
	195,061	38,744	38,966	116,317	116,999
Surplus for the period	131,946	17,163	23,060	77,011	67,384
Accumulated surplus at beginning of the period	873,428	916,078	815,476	856,230	771,152
Accumulated surplus at end of the period	1,005,374	933,241	838,536	933,241	838,536

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (UNAUDITED)
For the nine months ended December 31 (in thousands of dollars)

	2022-2023 Annual budget (Note 2)	2022 Actual	2021 Actual
Surplus for the period	131,946	77,011	67,384
Acquisition and improvements of tangible capital assets (Note 6)	(181,791)	(40,213)	(56,456)
Amortization of tangible capital assets (Note 6)	23,418	16,498	15,930
Gain on disposal of tangible capital assets	(28,700)	(77)	(17,653)
Loss on disposal of tangible capital assets	-	237	153
Proceeds from disposal of tangible capital assets	30,000	77	27,082
Realized loss from sale-leaseback transaction	-	(137)	(137)
	(157,073)	(23,615)	(31,081)
Change in prepaid expenses	-	1,286	1,458
Change in other non-financial assets	135	-	133
	135	1,286	1,591
Increase in net financial assets	(24,992)	54,682	37,894
Net financial assets at beginning of the period	72,710	82,208	41,942
Net financial assets at end of the period	47,718	136,890	79,836

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION
STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine months ended December 31 (in thousands of dollars)

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from parliamentary appropriations		
for operating expenditures	58,189	59,451
Cash receipts from rental operations and easements	19,822	20,988
Cash receipts from other operations	6,846	9,754
Cash paid to suppliers	(50,684)	(46,407)
Cash paid to employees	(39,680)	(41,811)
Interest received	5,501	1,642
Disbursements related to the management and remediation of sites	(375)	(172)
Proceeds from disposal of assets held for sale	30,000	-
Cash flows provided by operating activities	29,619	3,445
CAPITAL ACTIVITIES		
Cash receipts from parliamentary appropriations		
for tangible capital assets	90,756	63,709
Acquisition and improvements of tangible capital assets	(29,683)	(48,376)
Proceeds from disposal of tangible capital assets	77	26,923
Disbursements for environmental remediation	(1,298)	(3,052)
Cash flows provided by capital activities	59,852	39,204
INVESTING ACTIVITIES		
Cash receipts for Chambers Building Fund	1,157	1,089
Disbursements for investments purchased	(61,130)	(30,615)
Cash receipts from investment sold	20,284	980
Cash flows used by investing activities	(39,689)	(28,546)
Increase in cash and cash equivalents	49,782	14,103
Cash and cash equivalents at beginning of the period	215,168	192,143
Cash and cash equivalents at end of the period	264,950	206,246
Represented by:		
Cash and cash equivalents	257,795	200,291
Restricted cash and cash equivalents	7,155	5,955
	264,950	206,246

The notes are an integral part of the financial statements.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2022 (in thousands of dollars, unless otherwise specified)

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 has met the requirements of the directive effective since 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).

These quarterly financial statements should be read in conjunction with the annual audited financial statements dated March 31, 2022 which detail the applicable accounting policies.

The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the most recent annual financial statements.

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 revenues and expenses for the reporting period. Estimated useful lives of tangible capital assets, provision for environmental remediation, employee future benefits, write-downs 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 management's best estimates.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2022 (in thousands of dollars, unless otherwise specified)

Budget Figures

The 2022-2023 budget figures, as presented in the *2022-2023 to 2026-2027 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

A. CASH AND CASH EQUIVALENTS

As at December 31, 2022, cash and cash equivalents include \$257.8 million (\$209.2 million as at March 31, 2022) in cash, invested at a weighted average interest rate of 2.9% (0.8% as at March 31, 2022).

B. INVESTMENTS

As at December 31, 2022, the short-term investment portfolio includes guaranteed investment certificates totalling \$70.0 million (none at March 31, 2022) at a weighted average effective interest rate of 2.2%.

As at December 31, 2022, the long-term investment portfolio includes bonds of provincial governments totalling \$10.4 million (\$39.7 million as at March 31, 2022) invested at a weighted average interest rate of 2.7% (1.3% as at March 31, 2022).

	December 31, 2022		March 31, 2022	
	Amortized Cost	Quoted Market Value	Amortized Cost	Quoted Market Value
Provincial governments	10,365	9,739	9,701	9,454
Guaranteed investment certificates	70,000	70,000	30,000	30,000
	80,365	79,739	39,701	39,454

C. DESIGNATED FUNDS

As at December 31, 2022, cash and cash equivalents include \$224.3 million (\$144.7 million as at March 31, 2022) in designated funds whose use is internally designated or limited for the sole purpose for which they have been segregated.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2022 (in thousands of dollars, unless otherwise specified)

4. Restricted Cash and Cash Equivalents

	March 31, 2022	Amount received 2022-2023	Interest 2022-2023	December 31, 2022
LRT Stage 1 - Security deposit	185	-	4	189
LRT Stage 1 - Performance deposit	1,386	-	30	1,416
	1,571	-	34	1,605
Chambers Building Fund	4,393	1,075	82	5,550
Total	5,964	1,075	116	7,155

A. Light Rail Transit (LRT)

The City of Ottawa (the City) has undertaken a significant project to convert the existing bus rapid transit system to a light rail transit system. This system continues to affect several NCC properties, which are subject to change until such time as the actual land requirements are finalized.

The above table includes balances for the two LRT projects and interest earned during the period.

The LRT liability, which represents Stage 1 and 2 of the LRT project, totals \$2.2 million (\$2.2 million as at March 31, 2022).

B. Chambers Building Fund

As set out in the ground lease for 40 Elgin Street (Chambers Building), the tenant must remit an annual amount to the NCC strictly for the purpose to fund future capital improvements for this building. The funding requirement began October 31, 2018 and will continue annually until the end of the lease in 2056. These funds are being administered by the NCC. A related liability is recorded on the Statement of Financial Position under "Other liabilities".

5. Deferred Revenues

Deferred revenues are composed of the following.

	December 31, 2022	March 31, 2022
Deferred rental revenues	9,225	9,914
Deferred easement and license of occupation revenues	20,131	20,037
Other deferred revenues	60,548	66,122
	89,904	96,073

The deferred rental revenues are primarily the present value of the minimum future lease payments that the NCC has collected under four different land lease agreements. The present value for the current agreements was determined using

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2022 (in thousands of dollars, unless otherwise specified)

discount rates of 4.0%, 4.27%, 6.01% and 6.5%. These deferred rental revenues will be recognized as income over the term of the lease agreements, which have different termination dates extending to 2075. During the year, \$0.3 million (\$0.4 million to December 31, 2021) of deferred rental revenue was recognized as income.

Deferred easement and licence of occupation revenues are primarily comprised of \$9.0 million (\$9.1 million as at March 31, 2022) of easement revenue and \$0.9 million (\$1.3 million as at March 31, 2022) of licences of occupation for LRT Phase 1 and 2. Deferred licence of occupation revenues will be recognized as income over a period of approximately 5 years, while easement revenues will be recognized over a period of 99 years. The majority of other deferred easement revenue will be recognized over a 49-year period.

Other deferred revenues consist mainly of a contribution by Public Services and Procurement Canada (PSPC) of \$31.3 million (\$32.0 million as at March 31, 2022) for renovations to the NCC's new headquarters office space which is expected to be completed by 2026, a City of Ottawa contribution of \$18.8 million (\$21.9 million as at March 31, 2022) for the South Shore Riverfront Park development which is recognized as work is performed and is expected to be completed by 2025, a contribution by Veterans Affairs Canada of \$4.3 million (\$4.3 million as at March 31, 2022) for the construction of a commemoration which is expected to be completed by 2025, as well as a contribution by Global Affairs Canada of \$3.5 million (\$3.6 million as at March 31, 2022) for the construction of a commemoration which is expected to be completed by 2025.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2022 (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	December 31, 2022	March 31, 2022
Land ¹	345,515	2,215	-	347,730	-	-	-	-	347,730	345,515
Buildings and Infrastructure ²	938,984	37,921	905	976,000	524,432	14,888	806	538,514	437,486	414,552
Leasehold improvements	15,162	-	-	15,162	11,962	208	-	12,170	2,992	3,200
Equipment ²	23,854	77	891	23,040	19,513	1,402	890	20,025	3,015	4,341
	1,323,515	40,213	1,796	1,361,932	555,907	16,498	1,696	570,709	791,223	767,608

1. The land cost includes \$0.2 million (\$0.2 million as at March 31, 2022) of unsettled expropriation.

2. The total cost of buildings and infrastructure, and equipment includes \$57.2 million (\$34.5 million as at March 31, 2022) of construction in progress. When completed, the cost of these projects will be amortized on the basis of their estimated useful life.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2022 (in thousands of dollars, unless otherwise specified)

7. Expenses by Object

The following provides a summary of expenses by object.

	2022-2023 Annual Budget (Note 2)	Three months ended December 31		Nine months ended December 31	
		2022 Actual	2021 Actual	2022 Actual	2021 Actual
Goods and services	56,869	16,681	13,901	43,596	38,832
Salaries and employee benefits	59,142	12,805	12,010	39,425	37,267
Amortization	23,418	5,566	5,372	16,498	15,930
Payments in lieu of municipal taxes	11,411	2,837	2,888	8,517	9,365
Loss on disposal of tangible capital assets	-	47	62	237	153
	150,840	37,936	34,233	108,273	101,547

For the period ended December 31, 2022, the value of antiques, works of art and monuments, acquired or built by the NCC totalled \$0.9 million (\$1.0 million as at December 31, 2021). These are recorded as expenses in “Goods and services.”

8. Parliamentary Appropriations

	Three months ended December 31		Nine months ended December 31	
	2022	2021	2022	2021
Parliamentary appropriations for operating expenditures¹				
Amount received during the period	18,969	17,759	58,189	59,451
Amount received from previous period	-	-	(1,282)	(6,174)
Amount deferred from previous period	-	(29)	-	13
	18,969	17,730	56,907	53,290
Parliamentary appropriations for tangible capital assets²				
Amount received during the period	19,585	21,236	90,756	63,709
Amount received from previous period	-	-	(32,000)	-
Amount deferred from previous period	190	-	654	-
	19,775	21,236	59,410	63,709
Parliamentary appropriations approved and recorded during the period	38,744	38,966	116,317	116,999

1. As at December 31, 2022 and 2021, the amounts approved for the years ending March 31, 2023 and 2022 totalled \$75.9 million and \$73.5 million, respectively.

2. As at December 31, 2022 and 2021, the amounts approved for the years ending March 31, 2023 and 2022 totalled \$78.3 million and \$84.9 million, respectively.

9. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.