

NATIONAL CAPITAL COMMISSION
COMMISSION DE LA CAPITALE NATIONALE

**QUARTERLY FINANCIAL REPORT FOR THE SIX MONTHS
ENDED SEPTEMBER 30, 2023**

Canada



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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023

The six months ended September 30, 2023 resulted in a surplus of \$5.1 million. The surplus is primarily resulting from higher than planned interest revenues (\$6.6M) and lower than planned Goods and Services expenses (\$5.2M), which are partly offset by lower than planned recoveries (\$3.9M), other revenues (\$1.3M), and rental operations and easements revenues (\$1.3M).

A. Year-Over-Year Results Analysis

Revenues decreased by \$18.8 million, or 35.8% compared to the same period in the previous year, mainly as a result of the following:

- Gain on disposal decrease of \$28.3 million, or 100% to \$0; and
- User access fees decrease of \$0.8 million, or 39.9% to \$1.2 million.

Offset in part by:

- Interest revenues increase of \$5.6 million, or 146.5% to \$9.4 million;
- Other revenues increase of \$3.8 million, or 153.0% to \$6.3 million;
- Rental operations increase of \$0.5 million, or 3.7% to \$14.0 million; and
- Recoveries increase of \$0.4 million, or 15.3% to \$3.0 million.

Operating expenses increased by \$9.9 million, or 14.1%, compared to the same period in the previous year. The results by Program were as follows:

- Stewardship and protection increase of \$6.9 million, or 13.3%, to \$58.8 million;
- Internal services increase of \$1.9 million, or 12.2% to \$17.8 million; and
- Long-term planning increase of \$1.1 million or 42.1%, to \$3.6 million.

Funding from the Government of Canada through parliamentary appropriations decreased by \$26.0 million compared to the same period last year at \$51.5 million. The results by main categories of appropriations were as follows:

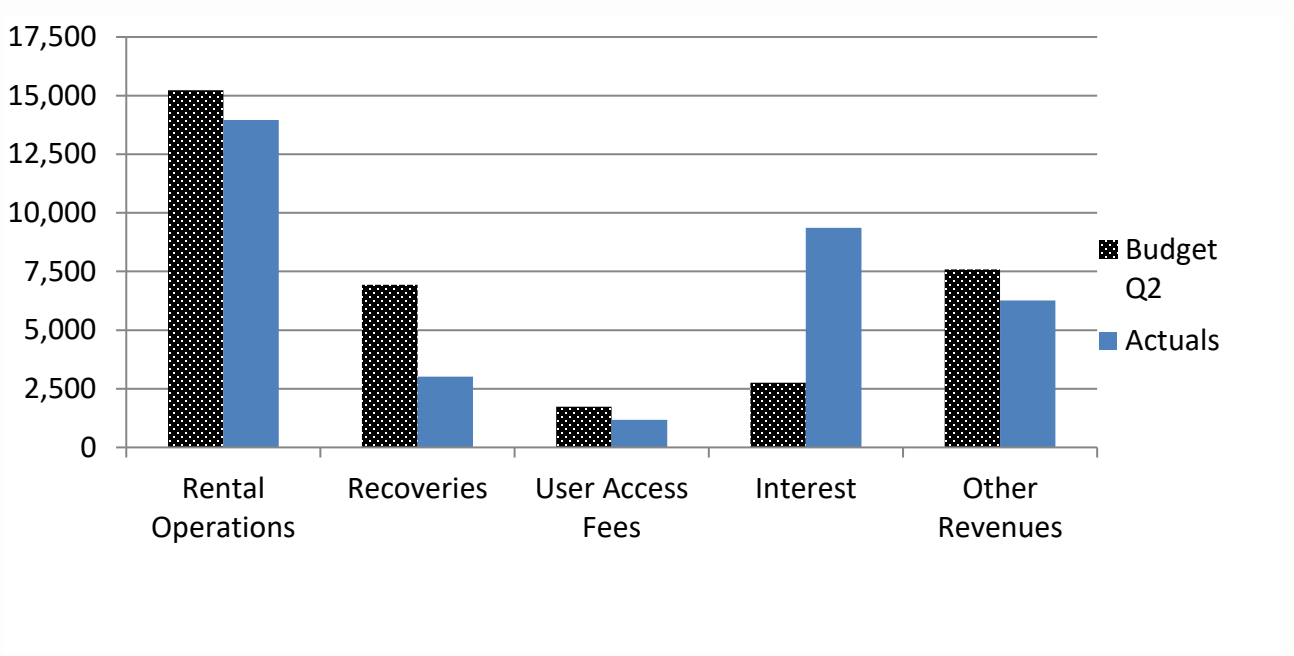
- Appropriations for operating expenditures decreased by \$0.7 million, or 1.9%, to \$37.2 million; and
- Appropriations for capital expenditures decreased by \$25.3 million, or 63.8% to \$14.3 million.

B. Budgetary Analysis

The budgeted revenue for the 2023-2024 fiscal year includes non-recurring items such as contributions and recoveries related to the South Shore Riverfront Park project, Interprovincial Bridges initiatives and commemorations, with \$3.5 million recognized at the end of the second quarter, representing 13.1% of the annual budget. Total recurring revenues of \$30.3 million represent 72.2% of the annual budget as of September 30, 2023.

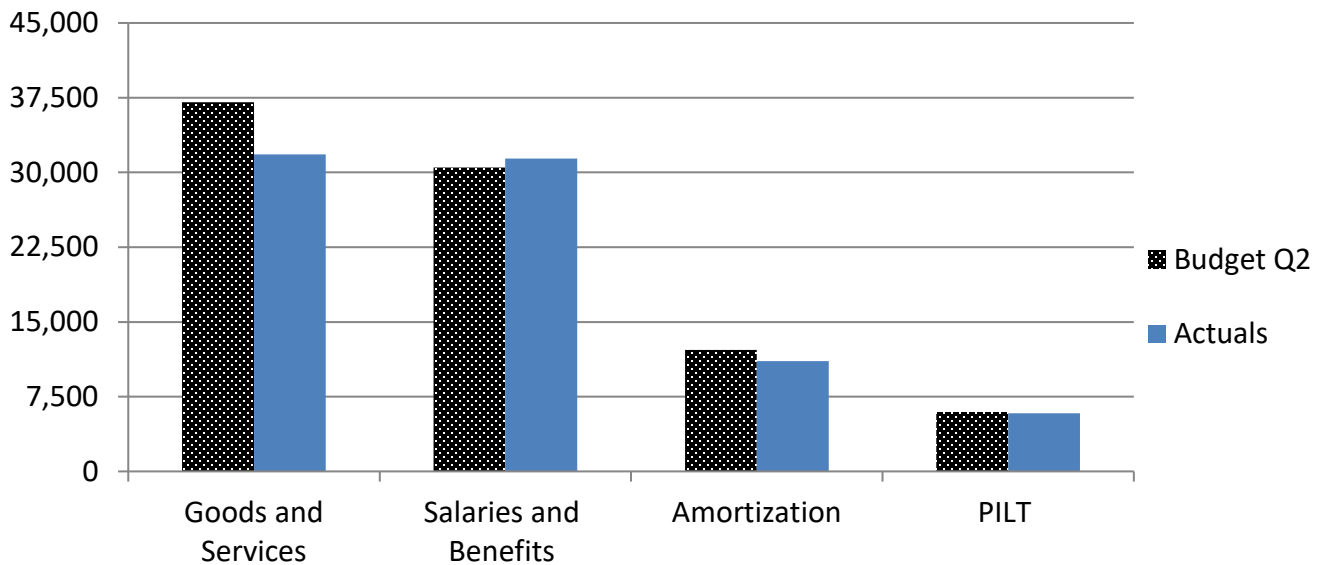
The following chart provides details of the second quarter revenues of \$33.8 million compared to the budget of \$34.2 million. Interest revenues are above budget, whereas Recoveries, Rental operations and easements, User access fees, and Other revenues are tracking behind budget.

Revenues by type (\$000's)



The following chart provides details of the second quarter operating expenses of \$80.2 million compared to the budget of \$85.7 million. The favorable variance compared to budget is due primarily to lower than planned Goods and Services of \$5.2 million and Amortization of \$1.1 million, offset by a salary deficit of \$0.9 million.

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 \$51.5 million, or 41.6% of its annual budget for appropriations for the period ended September 30, 2023. 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 2024
Operational vote	74,032	34,863	47.1%	-	39,169
Deferred Appropriations	-	2,340	-	-	-
<i>sub-total</i>	74,032	37,203	50.3%	-	39,169
Capital vote	41,640	12,520	30.1%	-	29,120
Supplementary Estimates	-	-	-	-	-
Deferred Appropriations	8,250	1,811	22.0%	-	6,439
<i>sub-total</i>	49,890	14,331	28.7%	-	35,559
Total	123,922	51,534	41.6%	-	74,728

(1) A portion of the Operational and Capital appropriations budget is still pending Corporate Plan approval.

Additional details on the parliamentary appropriations can be found in the NCC's Quarterly Financial Statements of September 30, 2023. (Note 8).

D. Capital Expenditure

Investments by main categories of capital expenditures were as follows:

For the six months ended September 30, 2023 (\$000's)	Actuals
Roads & bridges Champlain Bridge	6,421
Historical properties Official Residences, NCC River House Interior Fit-Up	6,087
Rental properties	901
Development properties Victoria Island, LeBreton Flats redevelopment	391
Heritage and Cultural Precinct	746
Green assets Kiweki Point, South Shore Riverfront Park development, Parliament Hill Escarpment, Gatineau River and Lake Leamy Shorelines	19,406
Recreational Facilities Lac Philippe Campground	4,265
Equipment expenditures	640
Property Acquisitions (including Green Fund)	1,338
Other	5,568

Total 2023-2024 Q2 Actuals	45,763
Total 2022-2023 Q2 Actuals	22,391
Variance	23,372

2023-2024 Budget	135,289
% Achieved	34%
% Actuals + Commitments (funded from annual budget and carry-overs)	127%

E. Statement of Financial Position Summary

Financial assets totalled \$383.3 million as of September 30, 2023, a decrease of \$17.0 million or 4.2% from \$400.3 million as of March 31, 2023, attributable primarily to a decrease of \$41.8 million in cash and cash equivalents and \$5.4 million in accounts receivable offset in part by an increase of \$30.0 million in investments.

Liabilities totalled \$265.4 million as of September 30, 2023, an increase of \$14.0 million or 5.7% from \$251.0 million as of March 31, 2023, attributable primarily to an increase of \$21.6 million in accounts payable and accrued liabilities and of \$1.3 million in the Provision for environmental remediation, offset in part by a decrease of \$7.5 million in deferred revenues.

Non-financial assets totalled \$863.7 million as of September 30, 2023, an increase of \$36.4 million or 4.4% from \$827.2 million as of March 31, 2023, 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 September 30, 2023, 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 leverage new funding to implement an Investment Planning Program that integrates long-term asset management, continue to implement a cyclical asset condition inspection program, continue to maintain data through the lifecycle of an asset, as well as solidify requirements for asset prioritization based on portfolio planning.

The NCC will plan and implement the replacement of the integrated financial and asset management systems to support end user. The Corporation will also establish and implement approaches to mitigate the impacts of persistent, high inflation and other significant factors escalating project costs to ensure overall program costs remain within the limits of existing allocated and earmarked funding.

The NCC will capitalize on repatriation of the commercial real estate portfolio as an opportunity to further integrate portfolio planning, resource allocation, and project delivery across the NCC's inventory of assets. The corporation will 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. In 2023-2024, the NCC anticipates it will complete most projects that were funded through additional appropriations received in May 2020.

No other significant changes with regard to NCC operations, personnel or programs occurred during the three-month period ended September 30, 2023.

Unaudited Financial Statements

For the six months ended September 30, 2023

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
November 22, 2023

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

September 30, 2023 March 31, 2023

FINANCIAL ASSETS

Cash and cash equivalents (Note 3)	252,488	294,322
Restricted cash and cash equivalents (Note 4)	7,425	7,238
Accounts receivable	13,069	18,440
Investments (Note 3)	110,325	80,306
	383,307	400,306

LIABILITIES

Accounts payable and accrued liabilities	51,343	29,737
Light rail transit (Note 4)	2,290	2,248
Provision for environmental remediation	74,993	73,693
Asset retirement obligations	28,912	28,912
Deferred revenues (Note 5)	86,846	94,316
Employee future benefits	9,836	10,207
Other liabilities	11,189	11,929
	265,409	251,042

NET FINANCIAL ASSETS

117,898 **149,264**

NON-FINANCIAL ASSETS

Tangible capital assets (Note 6)	855,212	819,690
Prepaid expenses	3,201	3,329
Other non-financial assets	5,270	4,220
	863,683	827,239

ACCUMULATED SURPLUS

981,581 **976,503**

The notes are an integral part of the financial statements.

Approved by the Board of Directors



Maryse Gaudreault
Chair, Board of Directors



Tanya Gracie
Chair, Audit Committee

NATIONAL CAPITAL COMMISSION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (UNAUDITED)
For the six months ended September 30 (in thousands of dollars)

	2023-2024 Annual Budget (Note 2)	Three months ended September 30		Six months ended September 30	
		2023 Actual	2022 Restated Actual	2023 Actual	2022 Restated Actual
REVENUES					
Rental operations and easements	30,458	7,834	6,942	13,963	13,464
Recoveries	13,869	1,807	1,281	3,013	2,613
User access fees	3,470	713	1,269	1,181	1,965
Interest	5,506	5,063	2,338	9,358	3,797
Gain on disposal of assets held for sale	-	-	-	-	28,256
Gain on disposal of tangible capital assets	-	6	-	6	39
Other revenues	15,180	3,830	1,287	6,270	2,478
	68,483	19,253	13,117	33,791	52,612
EXPENSES (Note 7)					
Long-term planning	14,198	2,017	1,343	3,649	2,568
Stewardship and protection	112,730	31,961	26,875	58,772	51,882
Internal services	44,454	9,422	8,061	17,826	15,887
	171,382	43,400	36,279	80,247	70,337
Deficit before funding from the Government of Canada	(102,899)	(24,147)	(23,162)	(46,456)	(17,725)
Funding from the Government of Canada					
Parliamentary appropriations for operating expenditures (Note 8)	74,032	19,624	18,969	37,203	37,938
Parliamentary appropriations for tangible capital assets (Note 8)	49,890	6,835	19,560	14,331	39,635
	123,922	26,459	38,529	51,534	77,573
Surplus for the period	21,023	2,312	15,367	5,078	59,848
Accumulated surplus at beginning of the period	979,713	979,269	875,600	976,503	831,119
Accumulated surplus at end of the period	1,000,736	981,581	890,967	981,581	890,967

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (UNAUDITED)
For the six months ended September 30 (in thousands of dollars)

	2023-2024 Annual budget (Note 2)	2023 Actual	2022 Restated Actual
Surplus for the period	21,023	5,078	59,848
Acquisition and improvements of tangible capital assets (Note 6)	(131,624)	(46,602)	(22,391)
Amortization of tangible capital assets (Note 6)	24,395	11,056	10,932
Gain on disposal of tangible capital assets	-	(6)	(39)
Loss on disposal of tangible capital assets	-	110	190
Proceeds from disposal of tangible capital assets	-	6	39
Realized loss from sale-leaseback transaction	-	(91)	(91)
Write-down of tangible capital assets	-	5	-
	(107,229)	(35,522)	(11,360)
Change in prepaid expenses	-	128	(1,380)
Change in other non-financial assets	135	(1,050)	-
	135	(922)	(1,380)
Increase (Decrease) in net financial assets	(86,071)	(31,366)	47,108
Net financial assets at beginning of the period	145,587	149,264	49,480
Net financial assets at end of the period	59,516	117,898	96,588

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION
STATEMENT OF CASH FLOWS (UNAUDITED)
For the six months ended September 30 (in thousands of dollars)

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from parliamentary appropriations		
for operating expenditures	36,416	39,220
Cash receipts from rental operations and easements	16,403	11,646
Cash receipts from other operations	6,702	3,011
Cash paid to suppliers	(32,440)	(34,671)
Cash paid to employees	(29,108)	(27,822)
Interest received	9,993	2,711
Disbursements related to the management and remediation of sites	241	(174)
Proceeds from disposal of assets held for sale	-	30,000
Cash flows provided by operating activities	8,207	23,921
CAPITAL ACTIVITIES		
Cash receipts from parliamentary appropriations		
for tangible capital assets	12,520	71,171
Acquisition and improvements of tangible capital assets	(32,099)	(13,955)
Proceeds from disposal of tangible capital assets	6	39
Disbursements for environmental remediation	(323)	(1,068)
Cash flows provided (used) by capital activities	(19,896)	56,187
INVESTING ACTIVITIES		
Cash receipts for Chambers Building Fund	144	38
Disbursements for investments purchased	(80,595)	(61,019)
Cash receipts from investment sold	50,493	267
Cash flows used by investing activities	(29,958)	(60,714)
Increase (Decrease) in cash and cash equivalents	(41,647)	19,394
Cash and cash equivalents at beginning of the period	301,560	215,168
Cash and cash equivalents at end of the period	259,913	234,562
Represented by:		
Cash and cash equivalents	252,488	228,543
Restricted cash and cash equivalents	7,425	6,019
	259,913	234,562

The notes are an integral part of the financial statements.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2023 (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 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, 2023 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, asset retirement obligations, employee future benefits, write-downs of tangible capital assets, the recognition of contingent liabilities, are the most significant items for which estimates are used.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2023 (in thousands of dollars, unless otherwise specified)

Actual results could differ materially from those management's best estimates.

Budget Figures

The 2023-2024 budget figures, as presented in the *2023-2024 to 2027-2028 Corporate Plan*, yet to be approved by government, 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 September 30, 2023, cash and cash equivalents include \$252.5 million (\$294.3 million as at March 31, 2023) in cash, invested at a weighted average interest rate of 5.3% (3.4% as at March 31, 2023).

B. INVESTMENTS

As at September 30, 2023, the investment portfolio includes bonds of provincial governments and guaranteed investment certificates, totalling \$110.3 million (\$80.3 million as at March 31, 2023) invested at a weighted average interest rate of 5.2% (2.2% as at March 31, 2023).

	September 30, 2023		March 31, 2023	
	Amortized Cost	Quoted Market Value	Amortized Cost	Quoted Market Value
Provincial governments	10,325	9,455	10,306	9,866
Guaranteed investment certificates	100,000	100,000	70,000	70,000
	110,325	109,455	80,306	79,866

C. DESIGNATED FUNDS

As at September 30, 2023, cash and cash equivalents include \$244.9 million (\$272.3 million as at March 31, 2023) in designated funds whose use is internally designated and limited for the sole purpose for which they have been segregated.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2023 (in thousands of dollars, unless otherwise specified)

4. Restricted Cash and Cash Equivalents

	March 31, 2023	Interest 2023-2024	September 30, 2023
LRT Stage 1 - Security deposit	191	5	196
LRT Stage 1 - Performance deposit	1,432	38	1,470
	1,623	43	1,666
Chambers Building Fund	5,615	144	5,759
Total	7,238	187	7,425

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 include 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 \$2.3 million (\$2.2 million as at March 31, 2023).

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.

	September 30, 2023	March 31, 2023
Deferred rental revenues	9,640	9,508
Deferred easement and license of occupation revenues	21,967	20,002
Other deferred revenues	55,239	64,806
	86,846	94,316

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2023 (in thousands of dollars, unless otherwise specified)

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 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, \$0.2 million (\$0.2 million to September 30, 2022) of deferred rental revenue was recognized as income.

Deferred easement and licence of occupation revenues are primarily comprised of \$9.1 million (\$9.2 million as at March 31, 2023) of easement revenue and \$0.5 million (\$0.7 million as at March 31, 2023) of licences of occupation for LRT Phase 1 and 2. Deferred licence of occupation revenues for LRT will be recognized as income over a period of approximately 5 years, while deferred easement revenues for LRT will be recognized over a period of 99 years. The majority of other deferred easement revenues will be recognized over a 49-year period.

Other deferred revenues consist mainly of a contribution by Public Services and Procurement Canada (PSPC) of \$29.0 million (\$30.8 million as at March 31, 2023) for renovations to the NCC's new headquarters office space which is expected to be completed by 2026, a City of Ottawa contribution of \$13.2 million (\$18.3 million as at March 31, 2023) 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, 2023) for the construction of a commemoration which is expected to be completed by 2025, a contribution by Global Affairs Canada of \$5.1 million (\$5.3 million as at March 31, 2023) for the construction of a commemoration which is expected to be completed by 2025, as well as a contribution from Canadian Heritage of \$1.5 million (\$3.8 million as at March 31, 2023) for the construction of a commemoration which is expected to be completed this year.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2023 (in thousands of dollars, unless otherwise specified)

6. Tangible Capital Assets

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Acquisitions/ Adjustments	Disposals	Closing Balance	Opening Balance	Amortization expense	Disposals / Adjustments	Closing Balance	September 30, 2023	March 31, 2023
Land ¹	364,734	1,687	19	366,402	-	-	-	-	366,402	364,734
Buildings and Infrastructure ²	997,845	43,991	-	1,041,836	548,970	10,009	-	558,979	482,857	448,875
Leasehold improvements	15,360	-	-	15,360	12,315	167	-	12,482	2,878	3,045
Equipment ²	22,399	924	126	23,197	19,363	880	121	20,122	3,075	3,036
	1,400,338	46,602	145	1,446,795	580,648	11,056	121	591,583	855,212	819,690

1. The land cost includes \$0.2 million (\$0.2 million as at March 31, 2023) of unsettled expropriation.

2. The total cost of buildings and infrastructure, and equipment includes \$113.7 million (\$70.2 million as at March 31, 2023) 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 six months ended September 30, 2023 (in thousands of dollars, unless otherwise specified)

7. Expenses by Object

The following provides a summary of expenses by object.

	2023-2024 Annual Budget (Note 2)	Three months ended September 30		Six months ended September 30	
		2023 Actual	2022 Actual	2023 Actual	2022 Actual
Goods and services	74,061	17,779	14,305	31,823	26,915
Salaries and employee benefits	61,008	16,828	13,360	31,409	26,620
Amortization	24,395	5,533	5,488	11,056	10,932
Payments in lieu of municipal taxes	11,918	3,210	2,987	5,844	5,680
Loss on disposal of tangible capital assets	-	45	139	110	190
Write-down of tangible capital assets	-	5	-	5	-
	171,382	43,400	36,279	80,247	70,337

For the period ended September 30, 2023, the value of antiques, works of art and monuments, acquired or built by the NCC totalled \$2.7 million (\$0.3 million as at September 30, 2022). These are recorded as expenses in "Goods and services."

8. Parliamentary Appropriations

	Three months ended September 30		Six months ended September 30	
	2023	2022	2023	2022
Parliamentary appropriations for operating expenditures¹				
Amount received during the period	17,432	18,969	36,416	39,220
Amount received from previous year	-	-	(1,553)	(1,282)
Amount deferred from previous year	2,192	-	2,340	-
	19,624	18,969	37,203	37,938
Parliamentary appropriations for tangible capital assets²				
Amount received during the period	6,260	19,585	12,520	71,170
Amount deferred to next period	-	(25)	-	(31,535)
Amount deferred from previous year	575	-	1,811	-
	6,835	19,560	14,331	39,635
Parliamentary appropriations approved and recorded during the period	26,459	38,529	51,534	77,573

1. As at September 30, 2023 and 2022, the amounts approved for the years ending March 31, 2024 and 2023 totaled \$69.7 million and \$77.4 million, respectively.

2. As at September 30, 2023 and 2022, the amounts approved for the years ending March 31, 2024 and 2023 totaled \$25.0 million and \$78.3 million, respectively.

9. Comparative Figures

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