

INGENIUM – CANADA’S MUSEUMS OF
SCIENCE AND INNOVATION

QUARTERLY FINANCIAL REPORT
(UNAUDITED)

FOR THE QUARTER ENDED
DECEMBER 31, 2017

Narrative discussion

December 31, 2017

This section of the quarterly financial report presents management's narrative discussion of the Corporation's financial performance during the third quarter ended December 31, 2017. Please read it in conjunction with the Ingenium's quarterly financial statements, which follow this section.

FINANCIAL RESULTS

A summary of the financial activity for the third quarter of 2017-2018 includes the following:

Overview

The landmark event of the third quarter for Ingenium was the reopening on November 17 of the fully-renovated **Canada Science and Technology Museum (CSTM)**, which had been closed since September 2014. The Museum offers 11 brand new galleries, more than 3,000 artifacts on display, fresh interactive elements, a new demonstration stage, and the return of visitor-favorites the Crazy Kitchen and the imposing steam locomotives.

During the excitement of the opening weeks, the Museum hosted the Ottawa Innovation Festival from December 9 to 17, as part of Ingenium's participation in Innovation150. The Innovation Festival included a variety of activities, programs, and exhibitions that were produced and run by the Innovation150 partners: Perimeter Institute, Actua, the Institute for Quantum Computing, the Canadian Association of Science Centres, and Ingenium – Canada's Museums of Science and Innovation.

With the Canada Science and Technology Museum having reopened on November 17, attention turned to the second major infrastructure project at Ingenium, the **Collection and Conservation Centre**. Work continued through the quarter on this state-of-the-art building which will house Ingenium's national collection that is currently stored in several industrial warehouses.

At the **Canada Agriculture and Food Museum (CAFM)**, the third quarter of the fiscal year was a mixture of regular and special event programming that continued to make the CAFM a favourite destination for families with young children. The Museum presented its usual wide variety of daily demonstrations, as well as special programming during popular annual third quarter events such as Thanksgiving Weekend and Halloween.

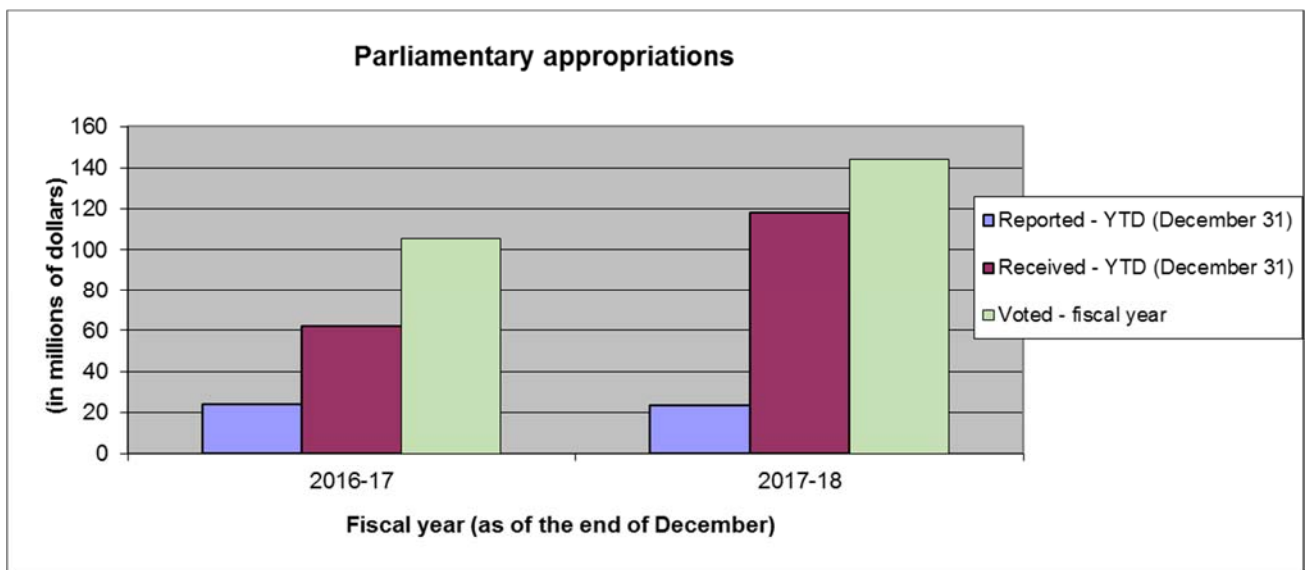
Although aviation and aerospace are areas of interest that appeal primarily to older youth and to adults, for many years the **Canada Aviation and Space Museum (CASM)** has offered programming to attract young children. During the fiscal quarter the Museum presented two magic shows for children; celebrated National Child Day on November 19; and, Sundays in December and daily during holiday programming starting December 26, presented the Kuujjuaq Candy Drop children's story. The third quarter also saw the Flags of Remembrance Ceremony commemorating Canadians lost to war, as well as solemn Remembrance Week activities centred on November 11.

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Parliamentary appropriations

Total appropriation reported in the Corporation's statements on an accrual basis for the third quarter of 2017-2018 is \$7.6 million (\$7.9 million in 2016-2017). For the fiscal year 2017-2018, the total voted appropriation is \$144.5 million (\$105.6 million in 2016-2017), including \$119.5 million for the CSTM building modernization project and the construction of the new Collection Conservation Centre.

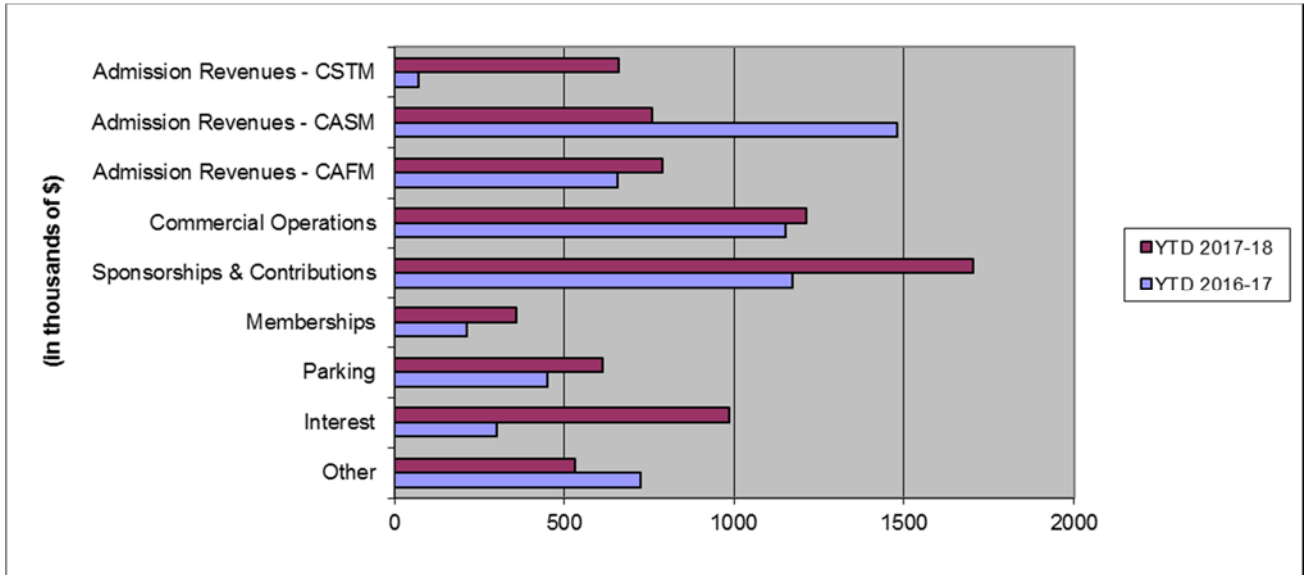


Revenues

Revenue generation continues to be a priority for the Corporation in an attempt to counter the escalating operating costs. At the end of December 2017, third quarter revenues were \$1.6 million higher than those generated in the third quarter of 2016-2017. The increase in revenues can be attributed to the reopening of the Canada Science and Technology Museum, which have a positive impact on CSTM admission, parking revenues, membership and boutique sales. The increase of revenues can also attributed to relatively significant contributions and interest income from investments recorded during the third quarter of 2017-2018. The increase in operating revenues has been offset largely by the decrease in admission fees for the Canada Aviation and Space Museum, which held the Starfleet Academy Experience exhibition during the summer 2016.

Narrative discussion

December 31, 2017



Operating Expenditures

The Corporation's total expenses were \$10.9 million for the third quarter of 2017-2018 (\$9.4 million in 2016-17) with the majority of funds spent on sharing knowledge program and accommodation costs, which were \$4.2 million (\$3.1 million in 2016-17) and \$3.5 million (\$3.2 million in 2016-17) respectively. Relatively significant expenses were incurred this year for the re-opening of the Canada Science and Technology Museum (advertising and delivering programs to visitors). This explains the increase in sharing knowledge costs when comparing the third quarter of 2017-2018 with 2016-2017. As for the increase in accommodation costs in 2017-2018, it can be explained by the increase in utilities and property tax expenses for the renewed CSTM building, as well as for expenses associated with moving staff and artifacts back into the Museum.

Capital Expenditures

For the third quarter of 2017-2018, the Corporation made investments in capital assets for an amount of \$16.8 million (\$4.6 million in 2016-17). Nearly all of these investments are related to the CSTM modernization project and the Collection Conservation Centre currently in progress.

Narrative discussion

December 31, 2017

RISK ANALYSIS

In its 2016-2017 annual report, the three key risks that were identified as the highest in terms of impact and likelihood for the Corporation were: endangering the national collection in storage due to inappropriate housing conditions; potential cost overruns for the major capital infrastructure project; and the widening gap between operating costs and revenues and the resulting loss of relevance due to limited capacity to invest in new programming and exhibitions.

In March 2016, the federal budget included funding of \$156.4 million for the Corporation to build a new collection storage building, as well as funding to address other deferred capital projects over the next five years.

The CSTM modernization project has just been completed and the new building opened in November 2017. The construction of the Collection and Conservation Centre will be completed over the next two fiscal years. As of the end of December 2017, both major capital projects were on time and on budget.

The Corporation's financial situation continues to be a main preoccupation with the issues of rising facility operating costs. The identification of a permanent resolution for funding the increased facilities required to deliver our mandate, and now, the revenue losses due to the CSTM closure, continue to add pressures.

To mitigate the operating cost pressures, the Corporation practices sound fiscal management, cost-reduction and containment measures, revenue diversification, and solicits sponsorships and contributions. It also reaches out externally to find and enhance collaborative working and financial relationships to help deliver programs.

The Corporation has continued to apply many cost-stabilization strategies implemented within the past three years, including a moratorium on new exhibition development unless funded by sponsorships or a positive dollar return on investment is expected, energy efficiency programs, and staff cost reductions. With these cost containment initiatives already in place, the Corporation is working hard to respond to the financial pressures in ways that will ensure the sustainability of the organization. Despite its best efforts, the Corporation cannot close the ever-growing gap between the operating costs and funding levels which are not adjusted to inflation or to the growth of its capital portfolio.

Financial Statements

Quarterly Financial Statements (unaudited)

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 all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information that assets are safeguarded and controlled, and that transactions are in accordance with the *Financial Administration Act* and regulations, as well as the *Museums Act* and the by-laws of the Corporation.

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.

Fern Proulx
Interim President and CEO

Yannick Brazeau
Comptroller

February 22, 2018

STATEMENT OF FINANCIAL POSITION (unaudited)

As at December 31

<i>(in thousands of dollars)</i>	December 31, 2017	March 31, 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 121,980	\$ 77,176
Accounts receivable		
Government departments	2,096	1,579
Trade	128	368
Inventories	437	380
Prepaid expenses	695	494
	<u>125,336</u>	<u>79,997</u>
Collection (Note 3)	1	1
Capital Assets	<u>165,422</u>	<u>117,947</u>
	<u>\$ 290,759</u>	<u>\$ 197,945</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Government departments	\$ 78	\$ 226
Accrued salaries and other	9,118	14,003
Current portion of employee future benefits	315	315
Deferred revenues and deferred appropriations	111,544	61,507
	<u>121,055</u>	<u>76,051</u>
Employee future benefits	130	130
Long-term advance (Note 4)	4,208	4,208
Deferred contributions related to capital assets	151,835	104,282
	<u>277,228</u>	<u>184,671</u>
NET ASSETS		
Unrestricted	3,429	3,172
Investment in capital assets	10,102	10,102
	<u>13,531</u>	<u>13,274</u>
	<u>\$ 290,759</u>	<u>\$ 197,945</u>

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

STATEMENT OF OPERATIONS (unaudited)

For the quarter ended December 31

<i>(in thousands of dollars)</i>	Q3 2017	Q3 2016	YTD 2017	YTD 2016
REVENUES				
Operating (Schedule 1)	\$ 1,787	\$803	\$ 4,921	\$4,746
Contributions (Schedule 1)	632	493	1,704	1,173
Interest	571	117	987	302
Total revenues	2,990	\$1,413	7,612	\$6,221
EXPENSES (Schedule 2)				
Heritage preservation	1,270	1,150	3,718	3,400
Sharing knowledge	4,171	3,098	10,889	11,064
Internal services	1,910	1,969	5,812	6,061
Accommodation	3,520	3,164	10,246	9,286
Total expenses	10,871	9,381	30,665	29,811
Deficit before parliamentary appropriations	(7,881)	(7,969)	(23,053)	(23,591)
Parliamentary appropriations (Note 5)	7,625	7,933	23,309	23,945
Surplus (loss) for the period	\$ (256)	\$ (36)	\$ 256	\$354

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

STATEMENT OF CHANGES IN NET ASSETS (unaudited)

For the quarter ended December 31

	December 31, 2017	March 31, 2017
(in thousands of dollars)		
Investment in capital assets, beginning of period	\$ 10,102	\$ 10,102
Change in investment in capital assets	-	-
Investment in capital assets, end of period	10,102	10,102
Unrestricted net assets, beginning of period	3,173	3,172
Surplus for the period	256	1
Unrestricted net assets, end of period	3,429	3,173
Net assets, end of period	\$ 13,531	\$ 13,275

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

STATEMENT OF CASH FLOWS (unaudited)

For the quarter ended December 31

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2017	2016	2017	2016
Operating activities:				
Cash received (clients)	\$ 4,666	\$ 890	\$ 7,643	\$ 4,081
Parliamentary appropriations received for operations	6,828	6,676	21,097	22,345
Cash paid to suppliers	(4,020)	(3,100)	(11,792)	(10,138)
Payments related to salary and benefits	(5,542)	(4,369)	(16,372)	(14,244)
Cash received from the foundation	-	52	231	52
Interest received	571	81	1,052	143
Net cash generated (spent) through operating activities	2,503	230	1,859	2,239
Capital activities:				
Payments related to capital acquisitions	(16,785)	(4,576)	(55,266)	(6,609)
Net cash used through capital activities	(16,785)	(4,576)	(55,266)	(6,609)
Financing activities:				
Sponsorship received for the acquisition of capital assets	229	251	934	743
Appropriations received for the acquisition of capital assets	30,250	11,670	97,277	31,094
Net cash generated through financing activities	30,479	11,921	98,211	31,837
Increase in cash and cash equivalents	16,197	7,575	44,804	27,467
Cash and equivalents, beginning of period	105,783	28,931	77,176	9,039
Cash and cash equivalents, end of period	\$ 121,980	\$ 36,506	\$ 121,980	\$ 36,506

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

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31, 2017

The quarterly financial statements of INGENIUM - Canada's Museums of Science and Technology must be read in conjunction with the most recent annual audited financial statements and with the narrative discussion included in the quarterly financial report.

1. Authority, mandate and operations

The National Museum of Science and Technology was established by the *Museums Act* on July 1, 1990, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and is not subject to income taxes under the provisions of the *Income Tax Act*.

The mandate of the Corporation, as stated in the *Museums Act*, is to foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technical objects, with special but not exclusive reference to Canada, and by demonstrating the products and processes of science and technology and their economic, social and cultural relationships with society.

The Corporation operates as INGENIUM - Canada's Museums of Science and Technology. It manages three museum sites: the Canada Science and Technology Museum, the Canada Aviation and Space Museum, and the Canada Agriculture and Food Museum. The Corporation's operations are organized by functionality as follows;

Heritage Preservation

This includes documentation, cataloguing, conservation, historical research, the library and related services.

Sharing Knowledge

This includes the development and maintenance of exhibitions, interpretive and educational activities, communication and promotion, Web activities, and other services to visitors.

Internal Services

This includes services such as human resources, finance and facilities management, corporate development and commercial operations, all of which are provided centrally.

Accommodation

This includes operating and maintenance expenses for all owned and leased facilities including security services. It also includes a significant portion of the amortization expense since the main capital acquisitions relate to the Corporation facilities.

Directive pursuant to Section 89 of the *Financial Administration Act*

In July 2016, the Corporation was issued a directive (P.C. 2016-1105) 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, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with the Corporation's legal obligations, and to report on the implementation of this directive in the Corporation's next corporate plan. As of the end of March 2017, the Corporation had revised its travel and hospitality directives. The revised travel and hospitality directives came into effect April 1, 2017. In the current fiscal year, the Corporation has put in place the reporting and proactive disclosure requirements per Treasury Board instruments. Reporting on the implementation of this directive has been included in the 2017-2018 to 2021-2022 Corporate Plan.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31, 2017

2. Accounting policies

The significant accounting policies are:

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian Public Sector Accounting standards (PSAS) applicable to government-not-for-profit organizations. The Corporation has prepared the financial statements applying the Section 4200 series of PSAS. The Corporation applies the deferral method of accounting for contributions for not-for-profit organizations.

(b) Cash and cash equivalents

The Corporation's investments are highly liquid as they are redeemable on demand without prior notice or penalty and limited to fixed income securities in reputable financial institutions that are members of the Canadian Payment association, government backed paper and commercial paper rated A++ by the Canadian Bond Rating Services (DBRS).

Restricted cash and cash equivalents arise from unused appropriations and deferred contributions from individual and corporate entities for a specific purpose.

(c) Accounts receivable

Accounts receivable are stated at amounts expected to be ultimately realized. The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on specific accounts and is determined by considering the Corporation's knowledge of the financial condition of its customers, the aging of accounts receivable, current business and political climate, customers and industry concentrations and historical experience.

All write downs against accounts receivable are recorded within operating expenditures on the Statement of Operations.

(d) Inventories

Inventories are valued at the lower of cost and net realizable value. Inventory cost is determined by using the average weighted cost method and net realizable value is based on retail price.

(e) Collection

The collection constitutes the major portion of the Corporation's assets but is shown at a nominal value of \$1,000 on the Statement of financial position because of the practical difficulties in reflecting it at a meaningful value.

Items purchased for the collection are recorded as expenses in the year of acquisition. Items donated to the Corporation are recorded as assets at the nominal value.

(f) Capital assets

Capital assets are recorded on the following basis. Acquired capital assets owned by the Corporation are recorded at cost and amortized over their estimated useful life. Land and buildings owned by the Government of Canada and under the control of the Corporation are

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31, 2017

recorded at their estimated historical cost for land and at their estimated historical cost less accumulated amortization for buildings. The estimated historical net costs of the buildings have been credited to deferred contributions related to capital assets and the estimated historical cost of the land has been credited to net assets under the heading of investments in capital assets on the Statement of Financial Position. Land for which the historical cost cannot be reasonably determined is recorded at a nominal value with a corresponding amount credited to net assets. Improvements that extend the useful life or service potential of buildings and exhibits are capitalized and recorded at cost. Building and exhibits improvements are amortized over the estimated useful life of the improvements.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-down is then accounted for as expense in the Statement of Operations.

Amortization is calculated on a straight-line basis over their estimated useful lives, using a half year-rule in the year of acquisition, as follows:

Buildings	10 to 40 years
Building improvements	10 to 25 years
Office furniture	5 to 10 years
Computer software	5 years
Museum permanent exhibition	5 to 10 years
Equipment	5 to 12 years

Amounts included in capital projects in progress are transferred to the appropriate capital asset classification upon completion, and are amortized accordingly.

(g) Employee future benefits

i) Pension benefits

Substantially all of the employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

ii) Severance and termination benefits

Prior to May 11, 2012, eligible employees of the Corporation were entitled to specified benefits as provided for under labour contracts and conditions of employment, through a severance benefit plan. The Corporation has eliminated this benefit as of May 11, 2012 and any outstanding payments due as at year end have been accrued and are re-measured on a yearly basis to take into consideration salary increases.

The Corporation continues to provide termination benefits to employees that are being laid-off. Severance and termination benefits are not pre-funded and thus have no assets. Severance and termination benefits will be paid from future appropriations.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

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iii) Sick leave benefits

Employees accumulate unused sick leave days available which may be used in future years. An employee's unused sick leave balance is carried forward until the employee departs the Corporation, at which point any unused balance cannot be redeemed for pay and the Corporation's liability lapses. The Corporation recognizes the cost of future sick leave benefits over the periods in which the employees render services to the Corporation. The valuation of the liability is based on management's best estimate of inflation, discount rate, employee demographics and sick leave usage of active employees.

(h) Revenue recognition

i) Parliamentary appropriations

The Government of Canada provides funding to the Corporation.

Parliamentary appropriations received for the purchase of amortizable capital assets including exhibits with a useful life of over one year are initially recorded as deferred contributions on the Statement of Financial Position. When a purchase is made, the portion of parliamentary appropriation used to make the purchase is recorded as deferred contributions related to capital assets and is recognized as revenue on the same basis and over the same periods as the related capital assets acquired.

Parliamentary appropriations restricted for specific expenses are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the period that those expenses are incurred.

Parliamentary appropriations that are not restricted to a specific purpose are recognized as revenue in the Statement of Operations in the period for which the parliamentary appropriation is authorized.

ii) Operating

Revenues from Museum operations include the sale of general admission and programs, boutique sales, facility rentals, memberships, farm operations and other revenues. They are recognized in the year in which the sale of goods is completed or the services are provided.

iii) Contributions

Contributions from sponsorships received for the purchase and developments of exhibitions with a useful life over 1 year are initially recorded as deferred contributions on the Statement of Financial Position. When a purchase is made, the portion of sponsorships used to make the purchase is recorded as deferred contributions related to capital assets and is recognized as revenue on the same basis and over the same periods as the related capital assets acquired.

Contributions externally restricted for specific expenses and purposes are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the period in which the related expenditures are recognized and requirements are met.

Unrestricted contributions are recognized as revenue on the Statement of Operations when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

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Contributions in kind, when used in the normal course of the Corporation's operations and would otherwise have been purchased are recorded at their estimated fair value when they are received. Because of the difficulty in determining their fair value, contributed services from volunteers and other related organizations (Note 7), and donated objects for the collection (Note 3) are not recognized in these financial statements.

iv) Interest revenues

Interest revenues are recognized in the period in which they are earned using the effective interest rate method.

(i) Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated using exchange rates at December 31.

Realized gains and losses resulting from foreign currency translation are reported on the Statement of Operations. Gains are reported as Other revenues in the Schedule of Operating Revenues and losses are reported as Miscellaneous expenses on the Schedule of Expenses.

(j) Financial assets and liabilities

The classification of financial instruments is determined by the Corporation at initial recognition and depends on the purpose for which the financial assets were acquired or liabilities were incurred. All financial instruments are recognized initially at fair value.

The fair value of financial instruments on initial recognition is based on the transaction price, which represents the fair value of the consideration given or received. Subsequent to initial recognition, financial instruments are measured based on the accounting treatment corresponding to their classification.

Financial assets and financial liabilities are measured at cost or amortized cost. Financial assets consist of cash and cash equivalents, and accounts receivable. Financial liabilities consist of long-term advance, and accounts payable and accrued liabilities.

(k) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is recognized and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(l) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable to government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

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and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year.

Accrued liabilities, allowance for doubtful accounts, employee future benefits and estimated useful lives of capital assets are the most significant items for which estimates are used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the estimated useful lives of capital assets.

The estimated useful lives of capital assets are based on management's intentions with respect to the asset, historical experience with the asset, internal asset management plans and other factors as determined by management. The useful lives are reviewed on an annual basis and any revisions to the useful lives are accounted for prospectively.

There are no other accounting assumptions or estimates that have been identified to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year.

3. Collection

Part of the mandate of the Corporation is “to foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technological objects...” This collection is the main asset of the Corporation and is divided in the following areas:

- Communications
- Non-renewable resources and industrial design
- Natural resources
- Physical sciences and medicine
- Renewable resources, including agriculture and forestry
- Instruments, tools and systems with direct application to mathematics, chemistry, physics, as well as astronomy, astrophysics, meteorology, surveying and mapping, and information technology
- Transportation: land, marine, and air and space

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

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4. Long-term advance

The Corporation received funding from the Treasury Board Secretariat between fiscal years 2008 and 2010 to construct educational facilities, retail space and an auditorium at the Canada Aviation and Space Museum. The Corporation also received funding in fiscal year 2008 to establish a foundation for the Canada Science and Technology Museums Corporation.

<i>(in thousands of dollars)</i>	2017	2016
Funding for construction of revenue generating facilities	\$ 4,208	\$ 4,208
Funding to establish a Foundation	-	325
	\$ 4,208	\$ 4,533

The Corporation received the funding on the basis that a repayment mechanism be established. However repayment of the funding for the construction of revenue generating facilities was not expected before 25 years after the project commences and the repayment of the funding received to establish the Foundation was not anticipated before 6 years of the date the Foundation starts its operations. In 2016-2017, the Corporation made the repayment of the funding received to establish the Foundation. As of December 31, 2017, a repayment mechanism has yet to be established for the funding received for the construction of the revenue generating facilities. The Corporation is not subject to pay interest on this funding.

5. Parliamentary appropriations

<i>(in thousands of dollars)</i>	2017	2016
Main Estimates amount provided for operating and capital expenditures	\$ 117,433	\$ 62,454
Supplementary estimates:		
Severance adjustments and retroactive wage settlements	683	-
	\$ 118,116	\$ 62,454
Deferred appropriation used in the current year	-	-
Appropriations approved in current year for expenses and purchases of capital assets in future periods	(47,186)	(8,255)
Amounts used to purchase depreciable capital assets	(50,090)	(32,772)
Amortization of deferred contribution related to capital assets	2,469	2,518
Parliamentary appropriations	\$23,309	\$23,945

Corporation and all funds that will be raised by the Foundation will be for projects determined by the Foundation.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

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6. Canada Science and Technology Museums Corporation Foundation

The Canada Science and Technology Museums Corporation Foundation (the "Foundation") was incorporated under the *Canada Corporations Act* on November 14, 2007 and is a registered charitable non-profit organization under the *Income Tax Act* since April 1, 2008. This is a separate legal entity from the Canada Science and Technology Museums The Foundation raises funds from patrons, corporations, associations and from the community. The amounts granted to the Corporation by the Foundation are recorded as Contributions in the Corporation's statement of operations.

7. Related party transactions

The Corporation is related as a result of common ownership to all Government of Canada departments, agencies and Crown Corporations. Related party also includes key management personnel having authority and responsibility for planning, directing and controlling the activities of the Corporation. This includes the Senior Management Team, all members of the Board of Trustees and immediate family members thereof. The Corporation enters into transactions with these entities in the normal course of operations, under the same terms and conditions that applied to outside parties and are recorded at the exchange amount. The most significant transactions with related parties include the property taxes and employee benefits expenses.

Also, during the year, the Corporation received services which were obtained without charge from the Agriculture and Agri-Food Canada, and from the Office of the Auditor General of Canada. Lease of buildings for the Canada Agriculture and Food Museum buildings located on the Central Experimental Farm site, and auditing services were provided without charge and are not presented in the Corporation's Statement of Operations.

8. Contingencies

In the normal course of its operations, the Corporation becomes involved in various claims or legal actions. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the Corporation's financial statements. As at December 31, 2017, no provision has been recorded (2016 - no provision recorded). The effect, if any, of ultimate resolution of these matters will be accounted for when determinable.

SCHEDULE 1: SCHEDULE OF OPERATING REVENUES AND CONTRIBUTIONS (unaudited)

For the quarter ended December 31

Operating Revenues

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2017	2016	2017	2016
General admissions and programs				
Science and Technology	\$ 609	\$ 11	\$ 660	\$ 71
Aviation and Space	153	107	758	1,479
Agriculture and Food	52	80	788	656
Boutique Sales	206	87	596	743
Facility Rental and concessions	177	115	536	341
Parking	265	99	613	451
Membership	189	69	359	212
Farm Operations	79	91	255	257
Thematic experiences	15	11	81	67
Other	42	133	275	469
TOTAL	\$ 1,787	\$ 803	\$ 4,921	\$ 4,746

Contributions

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2017	2016	2017	2016
Grants and Sponsorships	\$ 180	\$ 143	\$ 955	\$ 801
Other Contributions from corporations and individuals	452	350	545	372
Contributions from the Foundation	-	-	204	-
TOTAL	\$ 632	\$ 493	\$ 1,704	\$ 1,173

SCHEDULE 2: SCHEDULE OF EXPENSES (unaudited)

For the quarter ended December 31

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2017	2016	2017	2016
Personnel costs	\$ 5,336	\$ 4,937	\$15,516	\$ 15,183
Amortization of capital assets	914	950	2,821	2,784
Professional and special services	541	529	2,078	1,942
Lease of Buildings	551	570	1,647	1,678
Property taxes	268	444	1,363	1,222
Property management services	786	314	1,362	868
Material and supplies	402	237	911	826
Advertising	568	91	902	817
Utilities	200	190	820	659
Protection services	238	204	714	578
Repairs and upkeep of buildings	186	107	532	438
Gift shop and product marketing	94	133	300	441
Design and Display	185	235	294	1,109
Office supplies and equipment	178	22	282	80
Travel	83	94	225	309
Publications	61	60	182	143
Communications	35	59	160	152
Repairs and upkeep of equipment	77	114	159	247
Rentals of equipment	46	20	135	114
Miscellaneous expenses	36	10	99	55
Freight, express and cartage	34	35	97	68
Purchase of objects for the collection	35	12	37	68
Books	17	14	29	30
Total	\$ 10,871	\$ 9,381	\$ 30,665	\$ 29,811