

INGENIUM – CANADA’S MUSEUMS OF
SCIENCE AND INNOVATION

QUARTERLY FINANCIAL REPORT
(UNAUDITED)

FOR THE QUARTER ENDED
SEPTEMBER 30, 2020

Narrative discussion

September 30, 2020

This section of the quarterly financial report presents management's narrative discussion of the Corporation's financial performance during the second quarter ended September 30, 2020. 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 second quarter of 2020-2021 includes the following:

During the June to September second fiscal quarter, the operations of Ingenium - Canada's Museums of Science and Innovation continued to be greatly affected by the COVID-19 pandemic which had shuttered public spaces and workplaces in March 2020. As a result, many activities across the corporation were suspended, cancelled, or reconfigured during the first and second quarters in response to public health and safety directives and physical distancing requirements. Digital solutions were used to hold some museum activities and for employees to telework. During the lockdown, the museums reconfigured their sites, operations, and visitor services to prepare for reopening.

With physical distancing and other public health measures in place, the Canada Agriculture and Food Museum reopened to members on July 30, and to the public on August 1; the Canada Aviation and Space Museum reopened to members on August 6, and to the public on August 8; and, the Canada Science and Technology Museum reopened to members on August 12, and to the public on August 14. The museums' boutiques reopened at the same time. The maximum visitor capacity inside the museums was reduced to 25%.

With the prospect of fewer visits by the public, and to allow for more extensive cleaning, the museums also reduced the number of days they were open each week, and their opening hours each day. The Museums also introduced e-ticketing through IngeniumCanada.org.

In order to respect physical distancing requirements, special events normally held at the museums were held online, including National Ice Cream Day (July 19) with the Canada Agriculture and Food Museum, Canada Day (July 1) with the Canada Aviation and Space Museum, and a Trivia Night (September 24) with the Canada Science and Technology Museum.

Ingenium's digital presence was expanded through offerings with a national reach, such as: seven new Connected North programs that provides educational programming to Indigenous youth; Wings Over Water summer programming; an Exploratek maker studio online activity; six new Try This Out activities; and nine virtual workshops through the Summer Institute for Elementary Teachers.

Ingenium also hosted online gatherings with international reach. The first of several Indigenous Star Knowledge symposia took place online in mid-September, and focused on Star Knowledge from various Indigenous perspectives. A webinar on reopening science and technology museums was co-hosted with the CIMUSET (Comité International des Musées de Sciences et des Techniques). Several webinars on topics at the intersection of science, technology, and society, such as gender by design and the history of pandemics, were hosted by panels of experts from Ingenium and external institutions.

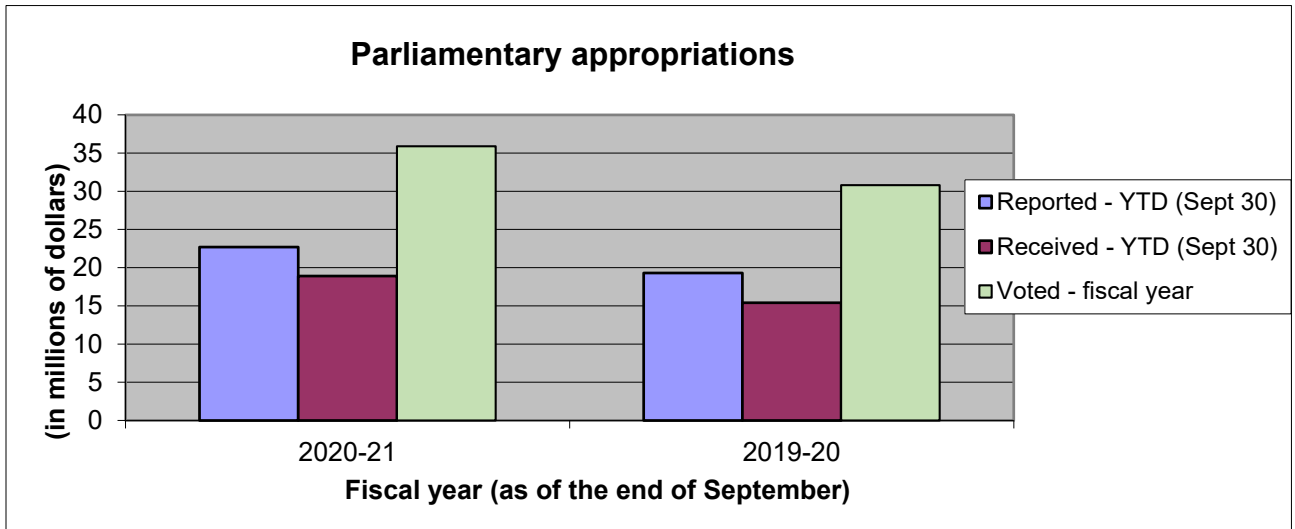
Narrative discussion

September 30, 2020

Work continued behind the scenes on exhibition projects in the areas of finalizing content partners (*One Sky, Many Worlds Indigenous Voices in Astronomy*), approving final designs (*Eyes on the Skies*), and working with partners such as the Canadian Space Agency (*Earth in Focus*).

Parliamentary appropriations

Total appropriation reported in the Corporation's statements on an accrual basis for the first six months of 2020-2021 is \$22.7 million (\$19.3 million in 2019-2020). For the fiscal year 2020-2021, the total voted appropriation is \$35.9 million (\$30.8 million in 2019-2020). The Corporation received \$5.3M in special funding to support Canada's National Museums through a statutory vote during the COVID-19 pandemic.

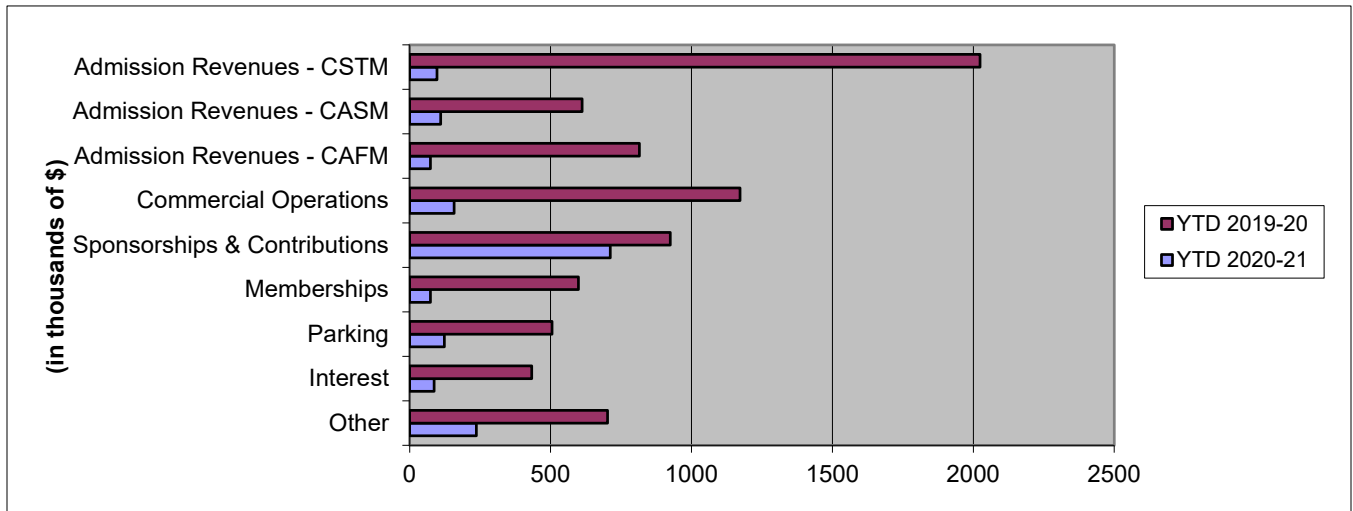


Narrative discussion

September 30, 2020

Revenues

At the end of September 2020, revenues for the first two quarters were \$6.1 million lower than those generated in the first two quarters of 2019-20 (\$1.7 million in 2020-21 versus \$7.8 million in 2019-20). The lengthy site closures and other public health measures taken to address the COVID-19 pandemic since March 2020 have limited the museums ability to welcome the volume of visitors that would normally be expected due to the lower number of tourists in Canada's Capital Region and people's reluctance to visit public spaces. In consequence, revenues have seriously diminished during the COVID-19 pandemic as the museum offerings are limited and many on-site activities are cancelled, including educational programs, events, facility rentals and seasonal camps. The small amount of revenue generated in the first two quarters was mainly from contributions and farm operations.

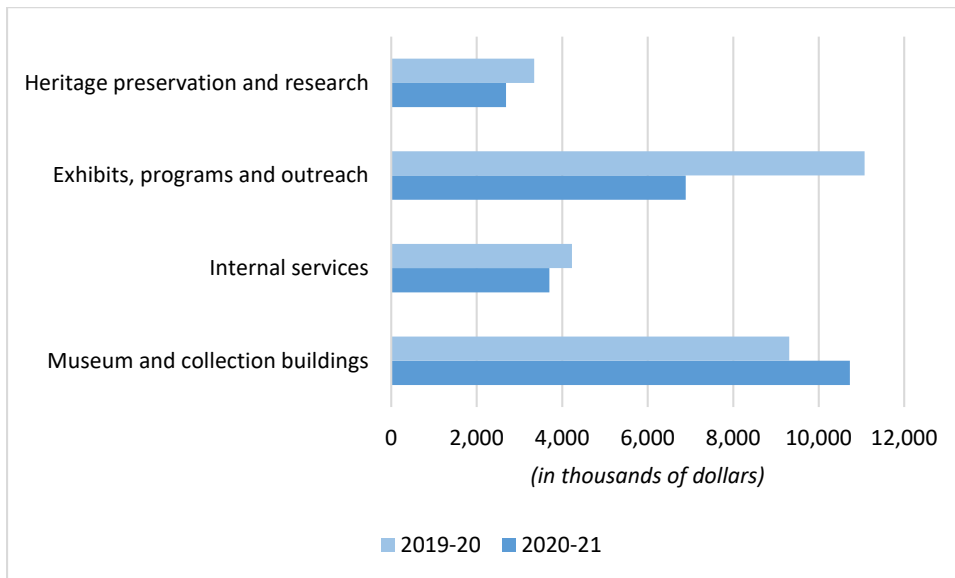


Narrative discussion

September 30, 2020

Operating Expenditures

The Corporation's total expenses were \$24.0 million for the first two quarters of 2020-2021 (\$28.0 million in 2019-2020). Spending in Heritage preservation and research; Exhibitions, programs and outreach; and Internal services all saw a sharp decline, while spending on Museums and collection buildings increased to \$10.7 million (\$9.3 million in 2019-2020). Relatively significant expenses were incurred this year as the Corporation completes the equipment fit-up of the new Ingenium Centre, and operates the new Centre as well as leased collection storage facilities, while the collection move is underway.



Capital Expenditures

For the first two quarters of 2020-2021, the Corporation made investments in capital assets for an amount of \$1.0 million (\$11.8 million in 2019-2020). These investments are related to lifecycle capital projects at the Canada Aviation and Space Museum and the Canada Agriculture and Food Museum, with the majority spent on the equipment fit-up of the new Ingenium Centre with customized high density racking to house the national collection.

Narrative discussion

September 30, 2020

RISK ANALYSIS

In its 2020-2021 to 2024-2025 Corporate Plan, the Corporation identified six prominent risks facing the organisation in its Corporate Risk Profile. However, in light of the COVID-19 pandemic, the Corporation reviewed its corporate risks, and the likelihood or impact rating increased for nearly all the prominent risks. Most notably, the biosecurity event risk and the competition and market risk have moved above the Corporation's risk tolerance threshold. Although not above the risk tolerance threshold, given the increase in cyber threats, the Corporation is closely monitoring the cybersecurity risk. These are the risks that the Corporation is currently diligently monitoring and mitigating:

- **Biosecurity:** The risk that a biohazard event will occur on Ingenium property, within the scope of service delivery, or in the National Capital Region on a large scale. The Corporation is mitigating the risk of COVID-19 through various measures including employee telework; increased cleaning and acquisition of personal protective equipment for essential staff; ongoing communication with staff and the public about health and safety at the Ingenium sites.
- **Government funding:** The risk that the NMST will not receive sufficient government funding due to escalating costs and the lack of indexation, and new unfunded costs (to complete the Ingenium Centre, PILT costs for the CSTM and the Ingenium Centre). To mitigate this risk, in particular as revenues sharply declined, the Corporation maintained ongoing communication with government about its operational and capital needs. It also sought financial relief from the federal government which was announced in June 2020.
- **Competition and market conditions:** There is a risk that Ingenium will not adequately address changes in market trends, remain competitive, and generate sufficient revenues. Due to the temporary closure of the museums to comply with public health measures in response to the pandemic, the Corporation saw an extraordinary sharp drop in revenues. To address the impact of the revenue decline, the Corporation reduced term staff and hours of work for museum personnel, and significantly reduced spending across the organization. It also sought financial relief from the federal government which was announced in June 2020.
- **Sponsorships, contributions and philanthropy:** The risk that the NMST will not be able to obtain required level of sponsorships and contributions (including philanthropic giving) from third-parties due to limited fundraising capacity and perception that as a federal institution, it should be funded by government. To mitigate this risk, the Corporation pursued renewal of funding agreements and is studying the giving environment to adjust its fundraising strategy.
- **Workforce capacity:** The risk that the NMST will not have a sufficient number of staff with the skills and knowledge required to deliver on the aspirations of the Strategic Plan 2020-2025, given the new strategies and goals of the strategic plan where internal experience is limited, the current lack of workforce diversity, and the limited salary and training funds to invest in developing workforce capacity. To mitigate this risk, the Corporation is providing and encouraging staff to pursue various training and

development opportunities, is supporting staff with mentalhealth resources, and is diversifying recruitment activities to reach traditionally underrepresented groups.

- **Collection movement:** The risk that collection objects will be damaged during their transport to other sites (through loans or travelling exhibitions programs), or during the collection move to the Ingenium Centre due to the fragility, age, condition and composition of some collection objects, the significant catalogue backlog and lack of resources to address it. To address this risk, the Corporation has developed a collection documentation plan and is seeking funds to implement it. The Corporation also closely monitors risks associated with the collection move and is pursuing mitigation on a number of fronts, including having acquired additional equipment and PPE, hired external firms to conduct some complex moves and hazard remediation, and is installing artifacts on pallets to move and store them more safely.
- **Creative digital infrastructure:** The risk that the NMST will not be able to acquire and/or maintain the required creative digital infrastructure (including the Digital Innovation Lab, the digital video canopy at CSTM, digital wayfinding, and digital interactives and experiences), due to insufficient capital funding to keep pace with rapid technological evolution and growing audience expectations for engaging experiences. The Corporation continues to seek funding through various government and private sources to invest in its digital infrastructure and innovation lab.
- **Cybersecurity:** The risk of a cybersecurity breach in which systems are disabled, data integrity is compromised, and/or sensitive information is inappropriately accessed. The Corporation upgraded its firewall and key software, increased communication with staff about threats, and is currently conducting an internal audit on cybersecurity to further strengthen its cybersecurity practices, safeguards and processes.

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.

Christina Tessier
President and CEO

Fernand Proulx
Chief Operating Officer and Capital Projects

26 November 2020

STATEMENT OF FINANCIAL POSITION (unaudited)

As at September 30

<i>(in thousands of dollars)</i>	September 30, 2020	March 31, 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 20,125	\$ 19,688
Accounts receivable		
Government departments	333	963
Trade	564	522
Inventories	625	631
Prepaid expenses	1,126	630
	<u>22,773</u>	<u>22,434</u>
Collection (Note 3)	1	1
Capital Assets	<u>259,888</u>	<u>264,606</u>
	<u>\$ 282,662</u>	<u>\$ 287,041</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 6,936	\$ 7,644
Current portion of employee future benefits	343	343
Deferred revenues and deferred appropriations	11,221	10,579
	<u>18,500</u>	<u>18,566</u>
Employee future benefits	268	268
Long-term advance (Note 4)	4,208	4,208
Deferred contributions related to capital assets	246,592	251,257
	<u>269,568</u>	<u>274,299</u>
NET ASSETS		
Unrestricted	2,992	2,640
Investment in capital assets	10,102	10,102
	<u>13,094</u>	<u>12,742</u>
	<u>\$ 282,662</u>	<u>\$ 287,041</u>

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

STATEMENT OF OPERATIONS (unaudited)

For the quarter ended Sept 30

<i>(in thousands of dollars)</i>	Q2 2020	Q2 2019	YTD 2020	YTD 2019
REVENUES				
Operating (Schedule 1)	\$ 690	\$ 3,675	\$ 873	\$ 6,429
Contributions (Schedule 1)	337	440	712	925
Interest	83	195	87	433
Total revenues	1,110	4,310	1,672	7,787
EXPENSES (Schedule 2)				
Heritage preservation and research	1,395	1,712	2,687	3,345
Exhibits, programs and outreach	3,346	5,551	6,887	11,072
Internal services	1,947	2,156	3,699	4,227
Museum and collection buildings	5,467	4,329	10,727	9,311
Total expenses	12,155	13,748	24,000	27,955
Deficit before parliamentary appropriations	(11,045)	(9,439)	(22,328)	(20,169)
Parliamentary appropriations (Note 5)	13,179	8,471	22,680	19,303
Surplus (loss) for the period	\$ 2,134	\$ (967)	\$ 352	\$ (865)

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

STATEMENT OF CHANGES IN NET ASSETS (unaudited)

For the quarter ended September 30

	September 30, 2020	March 31, 2020
(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	2,640	3,341
Surplus (loss) for the period	352	(701)
Unrestricted net assets, end of period	2,992	2,640
Net assets, end of period	\$ 13,094	\$ 12,742

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

STATEMENT OF CASH FLOWS (unaudited)

For the quarter ended September 30

<i>(in thousands of dollars)</i>	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Operating activities:				
Cash received (clients and donors)	\$ 672	\$ 3,133	\$ 1,767	\$ 7,924
Parliamentary appropriations received for operations	10,144	9,333	16,888	17,086
Cash paid to suppliers	(2,388)	(7,972)	(7,188)	(12,063)
Payments related to salary and benefits	(5,714)	(6,267)	(11,199)	(12,431)
Cash received from the foundation	202	-	202	-
Interest received	40	195	64	524
Net cash generated (spent) through operating activities	2,956	(1,578)	534	1,040
Capital activities:				
Payments related to capital acquisitions	(1,457)	(4,417)	(2,093)	(11,870)
Net cash used through capital activities	(1,457)	(4,417)	(2,093)	(11,870)
Financing activities:				
Appropriations received for the acquisition of capital assets	1,084	1,763	1,996	1,781
Net cash generated through financing activities	1,084	1,763	1,996	1,781
Increase (decrease) in cash and cash equivalents	2,583	(4,232)	437	(9,049)
Cash and equivalents, beginning of period	17,542	44,379	19,688	49,196
Cash and cash equivalents, end of period	\$ 20,125	\$ 40,147	\$ 20,125	\$ 40,147

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

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS September 30, 2020

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 (the Corporation) 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 the Ingenium - Canada's Museums of Science and Innovation. 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 and Research

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

Exhibitions, Programs and Outreach

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.

Museum and Collection Buildings

This includes operating and maintenance expenses for all owned and leased facilities including protection services, leases of buildings and property taxes. It also includes a significant portion of the amortization expense since the main capital acquisitions relate to the Corporation's facilities.

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

In July 2015, the Corporation was issued a directive (P.C. 2015-1105) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditures 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. The Corporation has complied with this directive, including implementing subsequent amendments to Treasury Board's Directive on Travel, Hospitality, Conference and Event Expenditures.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
September 30, 2020

2. Accounting policies

The significant accounting policies are as follows:

(a) Basis of presentation

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

(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 Payments Canada and rated good quality (A-1, A or better) by the Canadian Bond Rating Services (DBRS).

Restricted cash and cash equivalents may 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 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 weighted average cost method, and net realizable value is based on retail price.

(e) Collection

The collection constitutes a significant 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. Proceeds of sales from collection items, if any, are recorded as revenue in the year of disposal.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
September 30, 2020

(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 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 exhibit improvements are amortized over the estimated useful life of the improvements. Permanent exhibitions represent costs that are directly attributable to the exhibition and meet the definition of a capital asset. They may include employee salaries and benefits, professional service fees, permanent exhibit and building structures as well as images and copyrights.

When conditions indicate that a 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 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 an expense on the Statement of Operations.

Amortization of assets 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 12 years
Equipment	5 to 12 years
Computer software	5 years
Museum permanent exhibitions	5 to 20 years

Land, easement rights and capital projects in progress are not amortized. 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.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
September 30, 2020

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 remeasured 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.

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 exhibitions with a useful life of over one year are initially recorded as deferred contributions on the Statement of Financial Position. When a capital asset 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 on the Statement of Operations in the period for which the parliamentary appropriation is authorized.

ii) Operation revenues

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

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
September 30, 2020

iii) Contributions

Contributions from sponsorships received for the purchase of amortizable capital assets including exhibitions with a useful life over one year are recorded as deferred contributions related to capital assets and are recognized as revenue on the same basis and over the same periods as the related exhibition 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.

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, 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 March 31.

Realized gains and losses resulting from foreign currency translation are reported on the Statement of Operations. Gains are reported as other revenues on the Schedule of Operating Revenues and Contributions, 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 net of tax receivable. Financial liabilities consist of long-term advance, and accounts payable and accrued liabilities.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
September 30, 2020

(k) Related party transactions

i) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- Inter-entity transactions are measured at the exchange amount when undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where cost provided are recovered.
- Goods or services received without charge between commonly controlled entities are not recorded.

ii) Other related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

(l) Contingent liabilities

Contingent liabilities are potential liabilities that 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.

(m) 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 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 the estimated useful lives of capital assets are the most significant items for which estimates are used.

Actual results could differ significantly from those estimated. These estimates are reviewed annually, and as adjustments become necessary, they are recorded in the fiscal year in which they become known.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
September 30, 2020

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

4. Long-term advance

The Corporation received funding from the Treasury Board between fiscal years 2008 and 2010 to construct educational facilities, retail space and an auditorium at the Canada Aviation and Space Museum.

<i>(in thousands of dollars)</i>	2020	2019
Funding for construction of revenue generating facilities	\$ 4,208	\$ 4,208
	\$4,208	\$ 4,208

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. As of September 30, 2020, a repayment mechanism has yet to be established for the funding received for the construction of revenue-generating facilities. The Corporation is not subject to paying interest on this funding.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
September 30, 2020

5. Parliamentary appropriations

<i>(in thousands of dollars)</i>	2020	2019
Main Estimates amount provided for operating and capital expenditures	\$ 13,532	\$ 15,411
Supplementary estimates:		
Statutory vote for government assistance related to COVID-19	5,339	-
	<u>\$ 18,871</u>	<u>\$ 15,411</u>
Deferred appropriations used in current year	672	13,940
Appropriations approved in previous years for expenses and purchases of capital assets this years	(1,625)	(1,762)
Amounts used to purchase depreciable capital assets	(625)	(11,826)
Amortization of deferred contribution related to capital assets	5,387	3,540
	<u>\$ 22,680</u>	<u>\$ 19,303</u>
Parliamentary appropriations	\$ 22,680	\$ 19,303

6. 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. With the exception of transactions described below, the Corporation enters into transactions with these entities in the normal course of operations, under the same terms and conditions that apply to outside parties. These transactions are recorded at the exchange amount.

During the year, the Corporation received services that were obtained without charge from 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.

The Corporation is also related to other entities by virtue of the Corporation's significant influence over these organizations. Related party transactions with the Foundation (note 7) and the Rockcliffe Flying Club (note 8) are disclosed elsewhere in these financial statements.

7. 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 has been a registered charitable non-profit organization under the *Income Tax Act* since April 1, 2008. This is a separate legal entity from the National Museum of Science and Technology, and all funds that will be raised by the Foundation will be for projects determined by the Foundation.

8. Rockcliffe Flying Club

The Rockcliffe Flying Club ("RFC") is a non-profit organization which has for objective to both conduct a Department of Transport Flying Training Course for club members and provide aircraft to club members for recreational flying. The RFC operates the Rockcliffe Airport that is owned by the National Museum of Science and Technology and located on the grounds of the Canada Aviation and Space Museum. The Corporation has an economic interest in the RFC due to the significant resources provided to the RFC in exchange for maintenance of the property. The Corporation provides the RFC with the airport at no cost in exchange for the operation and maintenance of the airport runways, taxiways, aprons, grounds, parking lots and access roadway. Because of the difficulty in determining the fair value of the services received or the services given, the transactions are not recognized in these financial statements.

9. 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 is recorded in the Corporation's financial statements. As at September 30, 2020, no provision has been recorded based on the Corporation's and external legal firm assessment of potential liability (2019 - no provision). The effect, if any, of ultimate resolution of these matters will be accounted for when determinable. As at September 30, 2020, the Corporation had no contingent assets to disclose.

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

For the quarter ended September 30

Operating Revenues

<i>(in thousands of dollars)</i>	Q2	Q2	YTD	YTD
	2020	2019	2020	2019
General admissions and programs				
Science and Technology	\$ 97	\$ 1,295	\$ 97	\$ 2,024
Aviation and Space	110	350	110	612
Agriculture and Food	74	513	74	815
Boutique Sales	108	472	115	809
Facility Rental and concessions	0	100	12	303
Parking	97	251	123	505
Membership	74	291	74	599
Farm Operations	77	92	169	197
Travelling exhibitions	19	43	31	60
Other	34	268	68	505
TOTAL	\$ 690	\$ 3,675	\$ 873	\$ 6,429

Contributions

<i>(in thousands of dollars)</i>	Q2	Q2	YTD	YTD
	2020	2019	2020	2019
Grants and Sponsorships	\$ 337	\$ 388	\$687	\$869
Other Contributions from corporations and individuals	-	-	25	4
Contribution from the Foundation	-	52	-	52
TOTAL	\$ 337	\$ 440	\$712	\$925

SCHEDULE 2: SCHEDULE OF EXPENSES (unaudited)

For the quarter ended September 30

<i>(in thousands of dollars)</i>	Q2	Q2	YTD	YTD
	2020	2019	2020	2019
Personnel costs	5,082	6,321	10,635	\$12,355
Amortization of capital assets	2,869	1,974	5,737	3,947
Material and supplies	436	390	677	1,584
Professional and special services	424	803	689	1,760
Property taxes	932	485	1,898	1,067
Utilities	490	358	1,151	899
Design and Display	108	456	132	994
Lease of Buildings	329	513	659	1,029
Property management services	545	535	921	1,027
Protection services	260	338	494	640
Repairs and upkeep of buildings	293	617	407	902
Advertising	11	289	40	497
Gift shop and product marketing	52	229	53	390
Travel	-	62	-	149
Publications	16	25	23	86
Repairs and upkeep of equipment	137	91	169	147
Communications	43	68	101	122
Office supplies and equipment	54	35	56	86
Miscellaneous expenses	49	68	105	115
Freight, express and cartage	8	50	14	96
Rentals of equipment	16	36	36	54
Books	1	5	3	9
Total	\$ 12,155	\$ 13,748	\$ 24,000	\$27,955