

INGENIUM – CANADA’S MUSEUMS OF
SCIENCE AND INNOVATION

QUARTERLY FINANCIAL REPORT
(UNAUDITED)

FOR THE QUARTER ENDED
DECEMBER 31, 2021

Narrative discussion

December 31, 2021

This section of the quarterly financial report presents management's narrative discussion of Ingenium – Canada's Museums of Science and Innovation's financial performance during the third quarter ended December 31, 2021. Please read this discussion in conjunction with Ingenium's quarterly financial statements, which follow this section.

Overview

During the October to December third fiscal quarter, the operations of Ingenium – Canada's Museums of Science and Innovation continued to be affected by the COVID-19 pandemic which, starting in March 2020, shuttered Ingenium's public spaces and workplaces for three extended periods. Although the three museums were open during the third quarter, they operated with reduced opening hours and visitor capacity limits, and with other measures that followed provincial health and safety guidelines, such as masking. Although some on-site, in-person visitor activities resumed at the museums, many programs which had moved to online during previous lockdowns continued to be presented virtually where practical. Although many employees continued to telework during the third quarter, all employees were required to complete COVID vaccination attestations.

Following are some highlights of the progress made during the third quarter towards the Corporation's strategic directions:

Strategic Goal 1: Collaborate to Innovate – Inspiring Canadian Ingenuity

To further expand their reach in the third quarter, all three Ingenium museums continued or relaunched many of their online collaborations with outside organizations and developed partnerships with new ones. For instance, the Canada Agriculture and Food Museum, the Canada Aviation and Space Museum, and the Canada Science and Technology Museum relaunched their Connected North partnership with expanded and new online offerings. Connected North brings immersive and interactive distance learning to dozens of remote schools, many located in Indigenous communities.

Many exhibition collaborations were evident in the third quarter, including the official launch of the Earth in Focus: Insights from Space at the Canada Science and Technology Museum. This new travelling exhibition, created in partnership with the Canadian Space Agency, will start to travel to venues across the country starting next quarter. Ingenium's extensive travelling exhibition program picked up speed in the third quarter as museums and public venues across the country began to reopen to welcome visitors. For instance, Cipher | Decipher opened in Burlington, ON, Ace Academy: Flight Experience in Sault Saint-Marie, ON, Game Changers in Regina, SK, Health in Space: Daring to Explore in Niagara Falls, ON, Iron Willed: Women in STEM in Contrecoeur, QC, and Eyes on the Skies: Managing Air Traffic in Canada in Calgary, AB.

Strategic Goal 2: Access for All – Pushing the Boundaries of Engagement

In the third quarter, all three Ingenium's museums continued to ensure and, in some cases, improve accessibility to their programs, both on-site and online. The Canada Science and Technology Museum renewed its partnership with the local Wabano Indigenous Health Centre to deliver youth and intergenerational STEAM (Science, Technology, Engineering, Arts and Mathematics) programs to the Ottawa region's First Nations, Inuit and Métis populations. The Museum also reproduced previously-recorded Curiosity on Stage YouTube and Facebook Live videos to now include captions and descriptive transcripts to meet new digital accessibility standards. In the same vein, the Canada Aviation and Space Museum developed bilingual braille resources for visitors with print disabilities for its newly opened exhibition Eyes on the Skies: Managing Air Traffic in Canada.

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Strategic Goal 3: Strengthen our Foundations

Steps were taken in the third quarter to further ensure that Ingenium's museums continue to appeal to their visitors and to attract new ones. For instance, the Canada Aviation and Space Museum renewed their aircraft display information panels to make them more aesthetically pleasing and readable. The Canada Science and Technology Museum started tours of its new Earth in Focus: Insights from Space exhibition, and the Canada Agriculture and Food Museum brought more attention to its programming and other public offerings by doing virtual cooking workshops for families. These cooking workshops aligned with the food literacy and food security programming at the museum.

Financial results

The pandemic has had and will continue to have a significant Impact on the Corporation's revenue generation and operations. The duration and impact of the COVID-19 pandemic remain unclear at this time. It is not possible to reliably estimate the full effect of the pandemic on Ingenium's results of operations and financial condition at this time. Management is actively monitoring the effect and probing ways to address potential future financial impacts. In order to help alleviate some of the financial pressures caused by COVID-19, Budget 2021 presented by the Government of Canada on April 19, 2021 included \$66 million in proposed funding to be allocated amongst Canada's six national museums and the National Battlefields Commission from 2021-2022 to 2025-2026. The amount of \$7.6 million in COVID-19 relief funding that Ingenium will receive this fiscal year should be sufficient to address the net revenue losses that will be incurred in 2021-22. Last fiscal year, Ingenium received funding of \$5.339 million to address financial pressures related to COVID-19 experienced in 2020-2021.

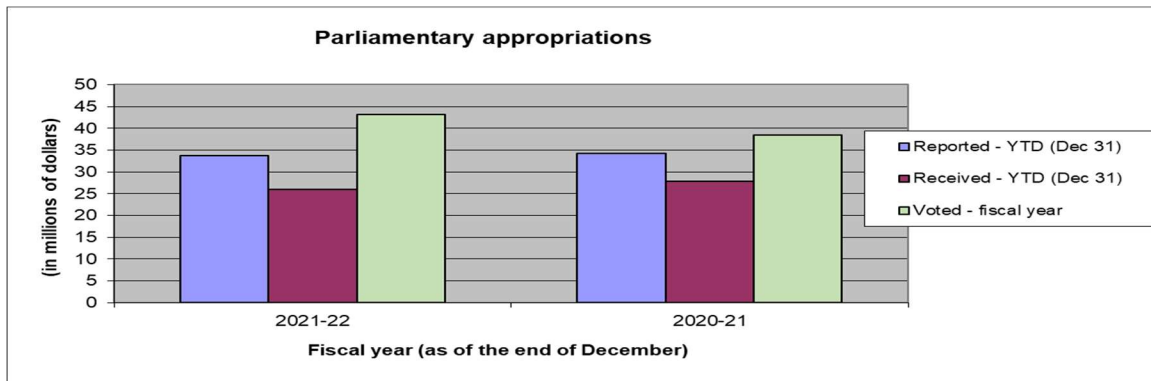
Overall, the Corporation posted a surplus of \$0.8 million for the period. The temporary closure of the museums from early April to mid-July 2021 due to the COVID-19 pandemic had a significant negative impact on the Corporation's financial position. However, the Corporation was fortunate to receive special funding to address COVID-19 financial pressures for an amount of \$3.6 million for the period of April to December 2021.

Narrative discussion

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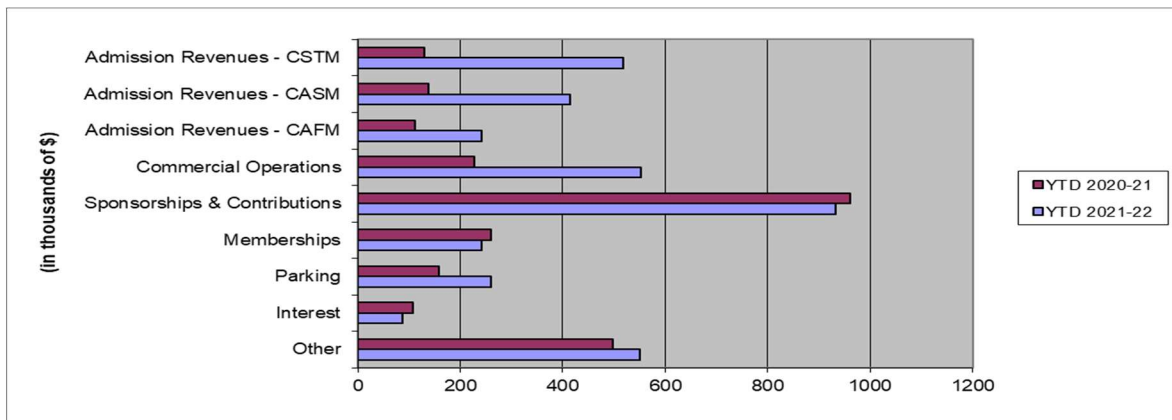
Parliamentary appropriations

Total appropriation reported in the Corporation's statements on an accrual basis for the third quarter of 2021-2022 is \$33.8 million (\$34.2 million in 2020-2021). For the fiscal year 2021-2022, the total voted appropriation not including proposed funding from Budget 2021 is \$28.5 million (\$38.5 million in 2020-2021 including \$5.3 million in COVID-19 relief funding). Budget 2021 presented by the Government of Canada on April 19, 2021 included \$14.6 million in 2021-2022 proposed funding for Ingenium. An amount of \$7.6 million to address financial pressures caused by COVID-19 and program integrity issues, and \$7 million to be allocated to the Corporation to complete the Ingenium Centre, bringing the total 2021-2022 appropriation amount to \$43.1 million.



Revenues

At the end of December 2021, revenues were greater than those generated in the first three quarters of 2020-21 (\$3.8 million in 2021-22 versus \$2.6 million in 2020-21). The relatively low revenues generated since March 2020 is fully attributed to the temporary closures and reduced capacity of the museums, in compliance with public health measures in response to the COVID-19 pandemic. In 2020-2021 the period of museum closure has been longer than in 2021-2022.

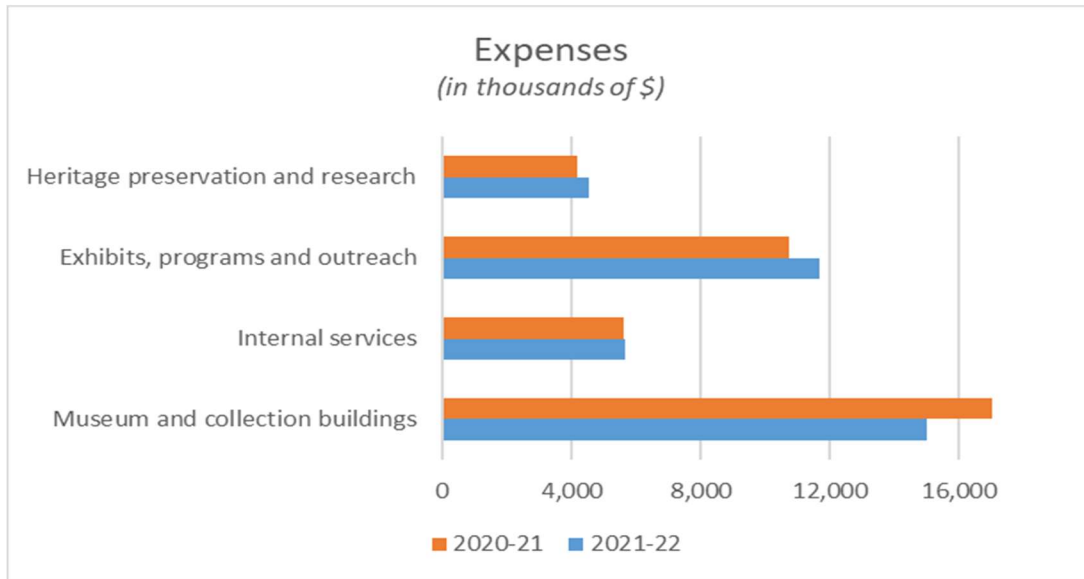


Narrative discussion

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Operating Expenditures

The Corporation's total expenses were \$36.9 million for the first three quarters of 2021-2022 (\$37.5 million in 2020-2021). Spending in "Heritage preservation and research" and "Exhibitions, programs and outreach" saw a small increase, while spending on "Museums and collection buildings" decreased to \$15.0 million (\$17.0 million in 2020-2021). Although expenditures are very comparable to last fiscal year as the Corporation is still impacted by the COVID reality, relatively significant cost savings when comparing the current level of expenditures with 2019-2020 were realized due to the museums' temporary closures, and reduced conferences and travel activities.



Capital Expenditures

For the first three quarters of 2021-2022, the Corporation made investments in capital assets for an amount of \$2.3 million (\$1.6 million in 2020-2021). These investments are mainly related to the fabrication of long-term exhibitions and the purchase of lifecycle capital projects at the Canada Aviation and Space Museum. Major investments are planned in 2021-2022 to complete the Ingenium Centre using special appropriations for an amount of \$7 million which the Corporation should receive over the last four months of the fiscal year. In total, the Government of Canada has announced an amount of \$10 million to be allocated to the Corporation over two fiscal years to complete the Ingenium Centre building and site in a manner that meets the full functional requirements; to address health and safety and accessibility issues; to exit all its leased storage buildings as planned by purchasing the entire collection racking system.

Narrative discussion

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RISK ANALYSIS

For 2021-2022, four prominent risks included in the corporate risk profile are found to be above the Corporation's tolerance threshold:

- **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; implementing all public health measures and ongoing communication with staff and the public about health and safety at the Ingenium sites.
- **Government funding:** The risk that the Corporation will not receive sufficient government funding due to escalating costs and the lack of indexation, and new unfunded costs (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. One-time funding was announced to cover the PILT cost for the Ingenium Centre in 2021-2022.
- **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 pandemic, there was a significant decline in tourism in the region, which coupled with the temporary closure of the museums to comply with public health measures in response to the pandemic, led to an extraordinary sharp drop in visitation-related 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 approved in June 2021.
- **Sponsorships, contributions and philanthropy:** There is a risk that the Corporation 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.
- In addition to these, the Corporation is closely monitoring other risks pertaining to the workforce capacity; collection movement as the collection move project continues through 2022; operationalizing its creative digital infrastructure; and cybersecurity.

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

23 February 2022

STATEMENT OF FINANCIAL POSITION (unaudited)

As at December 31

<i>(in thousands of dollars)</i>	December 31, 2021	March 31, 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 21,435	\$ 21,778
Accounts receivable		
Government departments	464	717
Trade	129	472
Inventories	687	627
Prepaid expenses	810	879
	<u>23,525</u>	<u>24,473</u>
Collection (Note 3)	1	1
Capital Assets	<u>249,659</u>	<u>255,788</u>
	<u>\$ 273,185</u>	<u>\$ 280,262</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 8,117	\$ 8,241
Current portion of employee future benefits	492	492
Deferred revenues and deferred appropriations	10,795	12,479
	<u>19,404</u>	<u>21,212</u>
Employee future benefits	263	263
Long-term advance (Note 4)	4,208	4,208
Deferred contributions related to capital assets	236,493	242,544
	<u>260,368</u>	<u>268,227</u>
NET ASSETS		
Unrestricted	2,715	1,933
Investment in capital assets	10,102	10,102
	<u>12,817</u>	<u>12,035</u>
	<u>\$ 273,185</u>	<u>\$ 280,262</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 2021	Q3 2020	YTD 2021	YTD 2020
REVENUES				
Operating (Schedule 1)	\$ 1,148	\$ 653	\$ 2,780	\$ 1,526
Contributions (Schedule 1)	376	248	932	960
Interest	25	20	86	107
Total revenues	1,549	921	3,798	2,593
EXPENSES (Schedule 2)				
Heritage preservation and research	1,601	1,474	4,517	4,161
Exhibits, programs and outreach	4,170	3,859	11,688	10,746
Internal services	1,941	1,891	5,662	5,590
Museum and collection buildings	5,077	6,301	14,988	17,028
Total expenses	12,789	13,525	36,855	37,525
Deficit before parliamentary appropriations	(11,240)	(12,604)	(33,057)	(34,932)
Parliamentary appropriations (Note 5)	13,113	11,517	33,839	34,197
Surplus (loss) for the period	\$ 1,873	\$ (1,087)	\$ 782	\$ (735)

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, 2021	March 31, 2021
(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	1,933	2,640
Surplus (loss) for the period	782	(707)
Unrestricted net assets, end of period	2,715	1,933
Net assets, end of period	\$ 12,817	\$ 12,035

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
	2021	2020	2021	2020
Operating activities:				
Cash received (clients and donors)	\$ 1,072	\$ 635	\$ 3,351	\$ 2,402
Parliamentary appropriations received for operations	10,006	7,982	24,609	24,870
Cash paid to suppliers	(5,048)	(6,641)	(12,359)	(13,829)
Payments related to salary and benefits	(5,043)	(4,831)	(16,216)	(16,030)
Cash received from the Foundation	-	-	277	202
Interest received	31	47	93	111
Net cash generated (spent) through operating activities	1,018	(2,808)	(245)	(2,274)
Capital activities:				
Payments related to capital acquisitions	(1,472)	(415)	(2,264)	(2,508)
Net cash used through capital activities	(1,472)	(415)	(2,264)	(2,508)
Financing activities:				
Sponsorships received for the acquisition of capital assets	295	175	746	175
Appropriations received for the acquisition of capital assets	1,095	1,058	1,420	3,054
Net cash generated through financing activities	1,390	1,233	2,166	3,229
Increase (decrease) in cash and cash equivalents	936	(1,990)	(343)	(1,553)
Cash and equivalents, beginning of period	20,499	20,125	21,778	19,688
Cash and cash equivalents, end of period	\$ 21,435	\$ 18,135	\$ 21,435	\$ 18,135

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

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS December 31, 2021

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 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
December 31, 2021

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
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(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
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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
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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 December 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
December 31, 2021

(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
December 31, 2021

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>	2021	2020
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 December 31, 2021, 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
December 31, 2021

5. Parliamentary appropriations

<i>(in thousands of dollars)</i>	2021	2020
Main Estimates amount provided for operating and capital expenditures	\$ 21,371	\$ 22,571
Supplementary estimates:		
Statutory vote for government assistance related to COVID-19	3,603	5,339
Funding for the completion of the Ingenium Centre	1,000	-
	<u>\$ 25,974</u>	<u>\$ 27,910</u>
Deferred appropriations used in current year	2,918	1,945
Appropriations approved in current year for expenses and purchases of capital assets in future years	(1,000)	(2,438)
Amounts used to purchase depreciable capital assets	(1,908)	(1,240)
Amortization of deferred contributions related to capital assets	<u>7,855</u>	<u>8,020</u>
Parliamentary appropriations	<u>\$ 33,839</u>	<u>\$ 34,197</u>

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 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 land 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 December 31, 2021, no provision has been recorded based on the Corporation's and external legal firm assessment of potential liability (2020 - no provision). The effect, if any, of ultimate resolution of these matters will be accounted for when determinable. As at December 31, 2021, the Corporation had no contingent assets to disclose.

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
	2021	2020	2021	2020
General admissions and programs				
Science and Technology	\$ 213	\$ 34	\$ 518	\$ 131
Aviation and Space	159	28	415	138
Agriculture and Food	63	38	242	112
Boutique Sales	219	89	522	204
Facility Rental and concessions	22	11	30	23
Parking	91	36	261	159
Membership	150	187	241	261
Farm Operations	91	91	287	260
Travelling exhibitions	77	23	128	54
Other	63	116	136	184
TOTAL	\$ 1,148	\$ 653	\$ 2,780	\$ 1,526

Contributions

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2021	2020	2021	2020
Grants and Sponsorships	\$ 237	\$ 248	\$ 588	\$ 935
Other Contributions from corporations and individuals	139	-	279	25
Contribution from the Foundation	-	-	65	-
TOTAL	\$ 376	\$ 248	\$ 932	\$ 960

SCHEDULE 2: SCHEDULE OF EXPENSES (unaudited)

For the quarter ended December 31

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2021	2020	2021	2020
Personnel costs	5,692	5,556	16,864	\$16,191
Amortization of capital assets	2,760	2,808	8,384	8,545
Property taxes	849	930	2,635	2,828
Property management services	698	666	1,817	1,587
Professional and special services	686	625	1,523	1,314
Utilities	520	624	1,505	1,775
Material and supplies	469	381	1,278	1,058
Protection services	280	267	738	761
Repairs and upkeep of buildings	155	362	420	769
Repairs and upkeep of equipment	150	93	389	262
Lease of Buildings	92	860	296	1,519
Design and Display	141	109	237	241
Gift shop and product marketing	75	45	228	98
Communications	57	71	163	172
Miscellaneous expenses	-	2	81	107
Advertising	39	29	74	69
Publications	27	44	54	67
Freight, express and cartage	23	16	51	30
Rentals of equipment	20	24	45	60
Office supplies and equipment	20	10	34	66
Books	23	1	26	4
Travel	12	-	12	-
Purchase of object for the collection	1	2	1	2
Total	\$ 12,789	\$ 13,525	\$ 36,855	\$ 37,525