

INGENIUM – CANADA’S MUSEUMS OF
SCIENCE AND INNOVATION

QUARTERLY FINANCIAL REPORT
(UNAUDITED)

FOR THE QUARTER ENDED
JUNE 30, 2022

Narrative discussion

June 30, 2022

This section of the quarterly financial report presents management's narrative discussion of the Corporation's financial performance during the first quarter ended June 30, 2022. Please read it in conjunction with the Ingenium's quarterly financial statements, which follow this section.

A summary of the financial activity for the first quarter of 2022-2023 includes the following:

Overview

During the April to June first fiscal quarter as the COVID-19 pandemic subsided and public health measures continued to be relaxed, the operations of the three Ingenium museums were close to normal, although some measures such as online advance ticket purchases continued and some interactive touch experiences in the exhibitions remained deactivated.

Strategic Goal 1: Collaborate to Innovate – Inspiring Canadian Ingenuity

As the negative impacts of COVID continued to lessen in the first quarter of the fiscal year, more and more programs and events began or restarted in the museums. For instance, the University of Ottawa Living Lab at the Canada Science and Technology Museum reopened in early May. In the Living Lab, researchers collaborate to conduct cutting-edge child development studies with parents and children visiting the museum. After a two-year hiatus due to the COVID pandemic, the children's summer camps at our three museums got underway in the last week of June and first week of July.

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

In the first quarter, as the following examples show, we worked to improve physical, cognitive, sensory, and socioeconomic accessibility to our physical sites, programs, and activities.

Championing accessibility to our museums and programs for the benefit of all our potential visitors means honouring, understanding, and accommodating Indigenous ways of knowing in a spirit of reconciliation. Ingenium has begun this long term undertaking of collaborating with Indigenous individuals and communities, and in the first quarter made great strides by working with self-identified indigenous students and researchers to help co-create and assess some resources. We also continued our relationships with the Algonquin First Nation to support the development of educational materials.

Strategic Goal 3: Strengthen our Foundations

To improve the quality of the visitor experience and to ensure that all products and services at Ingenium's three museums meet visitor needs and expectations in the coming year to the greatest extent possible, all three reviewed their fees and prices across the board, made changes where necessary, and implemented the new fee structures in June.

Narrative discussion

June 30, 2022

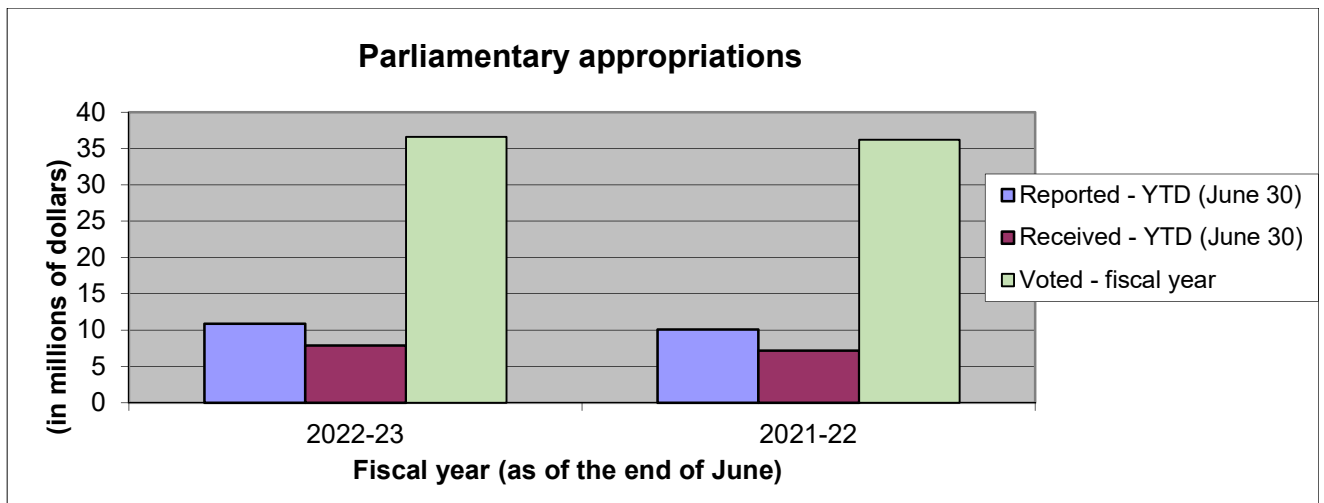
Financial results

The first quarter is typically a profitable one for the Corporation, as the museums welcome hundreds of school groups, host many special events and public festivities, and the tourist season begins. However, the pandemic continues to have a negative impact on the Corporation's financial position. Overall, the Corporation posted a loss of \$0.184 million (1.527 million in 2021-2022) for the period covered by its unrestricted net assets, which declined from \$4.684 million at March 31, 2022, to a balance of \$4.5 million at June 30, 2022.

In order to help alleviate some of the financial pressures caused by COVID-19 and property tax increases, the Government of Canada decided to provide 38.3 million for Canada's six national museums and the National Battlefields Commission from 2022-2023 to 2024-2025.

Parliamentary appropriations

Total appropriation reported in the Corporation's statements on an accrual basis for the first quarter of 2022-2023 is \$10.9 million (\$10.1 million in 2021-2022). For the fiscal year 2022-2023, the total voted appropriation including COVID-19 relief funding is \$36.6 million (\$36.2 million in 2021-2022). Special funding decision presented by the Government of Canada in June 2022 included \$8.05 million in 2022-2023 (7.603 million in 2021-2022) to be allocated to the Corporation to address financial pressures caused by COVID-19 and property tax increase.

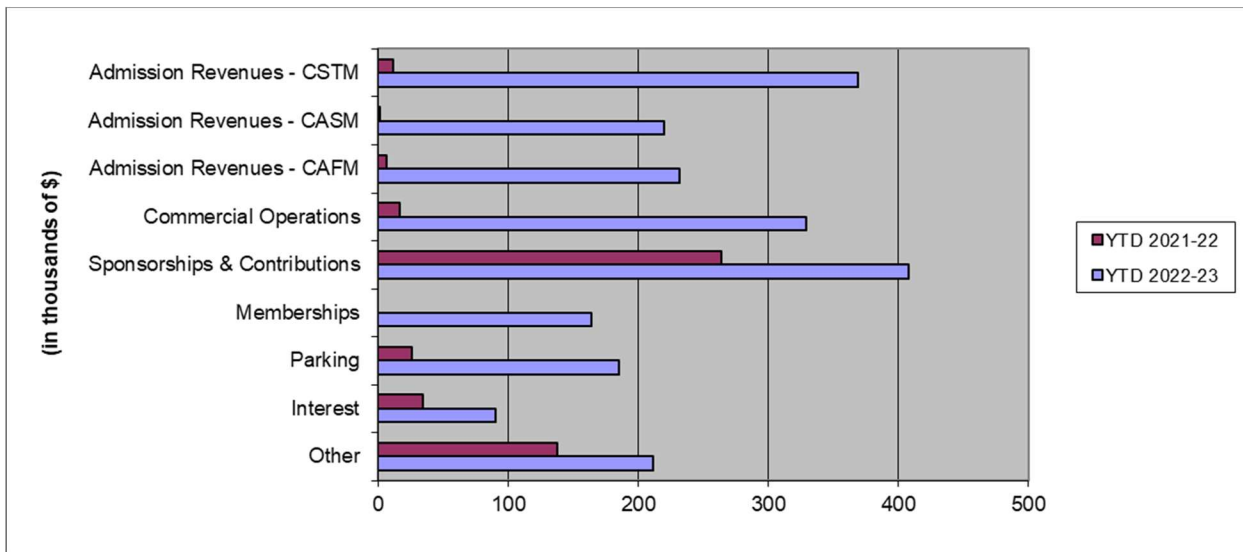


Narrative discussion

June 30, 2022

Revenues

At the end of June 2022, first quarter revenues were higher to those generated in the first quarter of 2021-22 (\$1.7 million in 2022-23 versus \$0.2 million in 2021-22). The relatively low revenues generated in 2021-2022 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. Last year, the museums were opened for only two days during the first quarter. Although the impact of the pandemic are still being felt on visitation at our museums, revenues have increased significantly in 2022-2023 when compared to 2020-2021 and 2021-2022.



Operating Expenditures

The Corporation's total expenses were \$13.285 million for the first quarter of 2022-2023 (\$12.1 million in 2021-2022). Spending in Heritage preservation and research; Exhibitions, programs and outreach; and Internal services all saw an increase, while spending on Museums and collection buildings decreased slightly to \$5.1 million (\$5.2 million in 2021-2022). Last year, relatively significant cost savings were realized due to the museums' temporary closures, and reduced conferences and travel activities. With museum activities slowly coming back to pre-pandemic levels, expenses are increasing in order to deliver museum activities and programs.

Narrative discussion

June 30, 2022



Capital Expenditures

For the first quarter of 2022-2023, the Corporation made investments in capital assets for an amount of \$1.1 million (\$0.2 million in 2021-2022). These investments are related to the purchase of lifecycle capital projects at the Canada Aviation and Space Museum and investment in permanent exhibitions. Major investments are planned in 2022-2023 to complete the Ingenium Centre using special appropriations received at the end of the fiscal year 2021-2022. 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

June 30, 2022

RISK ANALYSIS

For 2022-2023, 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 from 2022-2023 to 2024-2025.
- **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 2022.
- **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's Responsibility for Financial Statements

The financial statements contained in this annual report have been prepared by Management in accordance with Canadian Public Sector Accounting Standards for Government not-for-profit organizations, and the integrity and objectivity of the data in these financial statements are Management's responsibility. Management is also responsible for all other information in this annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the 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 Part X of the *Financial Administration Act* ("FAA") and regulations, as well as the *Museums Act* and regulations, the by-laws of the Corporation and the directive issued pursuant to section 89 of the FAA described in Note 1 to the financial statements.

The Board of Trustees is responsible for ensuring that Management fulfils its responsibilities for financial reporting and internal control. The Board of Trustees exercises its responsibilities through the Finance, Audit and Risk Management Committee, which includes a majority of members who are not officers of the Corporation. The Committee meets with Management and the independent external auditor to review the manner in which Management is performing its responsibilities and to discuss auditing, internal control, and other relevant financial matters. The Finance, Audit and Risk Management Committee has reviewed the financial statements and has submitted its report to the Board of Trustees. The Board of Trustees has reviewed and approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, audits the financial statements and reports to the Minister responsible for the Corporation.

Christina Tessier
President and CEO

Kimberlee Hemming
Chief Operating Officer

24 August 2022

STATEMENT OF FINANCIAL POSITION (unaudited)

As at June 30

| <i>(in thousands of dollars)</i> | June 30, 2022 | March 31, 2022 |
|--------------------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | \$ 26,974 | \$ 29,607 |
| Accounts receivable | | |
| Government departments | 370 | 507 |
| Trade | 323 | 407 |
| Inventories | 582 | 543 |
| Prepaid expenses | 803 | 859 |
| | <u>29,052</u> | <u>31,923</u> |
| Collection (Note 3) | 1 | 1 |
| Capital Assets | <u>246,579</u> | <u>248,427</u> |
| | <u>\$ 275,632</u> | <u>\$ 280,351</u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 8,583 | \$ 10,366 |
| Current portion of employee future benefits | 423 | 423 |
| Deferred revenues and deferred appropriations | 13,874 | 14,804 |
| | <u>22,880</u> | <u>25,593</u> |
| Employee future benefits | 476 | 476 |
| Long-term advance (Note 4) | 4,208 | 4,208 |
| Deferred contributions related to capital assets | 233,466 | 235,288 |
| | <u>261,030</u> | <u>265,565</u> |
| NET ASSETS | | |
| Unrestricted | 4,500 | 4,684 |
| Investment in capital assets | 10,102 | 10,102 |
| | <u>14,602</u> | <u>14,786</u> |
| | <u>\$ 275,632</u> | <u>\$ 280,351</u> |

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

STATEMENT OF OPERATIONS (unaudited)

For the quarter ended June 30

| <i>(in thousands of dollars)</i> | Q1 2022 | Q1 2021 |
|---------------------------------------------|------------|------------|
| REVENUES | | |
| Operating (Schedule 1) | \$ 1,711 | \$ 202 |
| Contributions (Schedule 1) | 408 | 264 |
| Interest | 91 | 35 |
| Total revenues | 2,210 | 501 |
| EXPENSES (Schedule 2) | | |
| Heritage preservation and research | 1,584 | 1,414 |
| Exhibits, programs and outreach | 4,543 | 3,713 |
| Internal services | 2,069 | 1,810 |
| Museum and collection buildings | 5,089 | 5,180 |
| Total expenses | 13,285 | 12,117 |
| Deficit before parliamentary appropriations | (11,075) | (11,616) |
| Parliamentary appropriations (Note 5) | 10,891 | 10,089 |
| Loss for the period | \$(184) | \$(1,527) |

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

STATEMENT OF CHANGES IN NET ASSETS (unaudited)

For the quarter ended June 30

| | June 30, 2022 | March 31, 2022 |
|---------------------------------------------------|---------------|----------------|
| (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 | 4,684 | 1,933 |
| Surplus (loss) for the period | (184) | 2,751 |
| Unrestricted net assets, end of period | 4,500 | 4,684 |
| | | |
| Net assets, end of period | \$ 14,602 | \$ 14,786 |

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

STATEMENT OF CASH FLOWS (unaudited)

For the quarter ended June 30

| <i>(in thousands of dollars)</i> | Q1 2022 | Q1 2021 |
|---------------------------------------------------------------|------------|------------|
| Operating activities: | | |
| Cash received (clients and donors) | \$ 2,547 | \$ 372 |
| Parliamentary appropriations received for operations | 7,884 | 7,084 |
| Cash paid to suppliers | (6,424) | (5,107) |
| Payments related to salary and benefits | (5,532) | (5,099) |
| Cash received from the Foundation | 15 | 212 |
| Interest received | 73 | 31 |
| Net cash generated (spent) through operating activities | (1,437) | (2,507) |
| Capital activities: | | |
| Payments related to capital acquisitions | (1,247) | (640) |
| Net cash used through capital activities | (1,247) | (640) |
| Financing activities: | | |
| Sponsorship received for the acquisition of capital assets | - | 341 |
| Appropriations received for the acquisition of capital assets | 51 | 100 |
| Net cash generated through financing activities | 51 | 441 |
| Decrease in cash and cash equivalents | (2,633) | (2,706) |
| Cash and equivalents, beginning of period | 29,607 | 21,778 |
| Cash and cash equivalents, end of period | \$ 26,974 | \$ 19,072 |

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

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS June 30, 2022

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.

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
June 30, 2022

(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
June 30, 2022

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
June 30, 2022

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 June 30.

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
June 30, 2022

(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
June 30, 2022

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> | 2022 | 2021 |
|-----------------------------------------------------------|----------|----------|
| 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 June 30, 2022, 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
June 30, 2022

5. Parliamentary appropriations

| <i>(in thousands of dollars)</i> | 2022 | 2021 |
|-----------------------------------------------------------------------|-----------------|-----------------|
| Main Estimates amount provided for operating and capital expenditures | \$ 7,879 | \$ 7,129 |
| | <u>\$ 7,879</u> | <u>\$ 7,129</u> |
| Deferred appropriations used in current year | 1,258 | 481 |
| Amounts used to purchase depreciable capital assets | (937) | (165) |
| Amortization of deferred contribution related to capital assets | 2,691 | 2,644 |
| Parliamentary appropriations | \$ 10,891 | \$10,089 |

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.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
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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 June 30, 2022, no provision has been recorded based on the Corporation's and external legal firm assessment of potential liability (2021 - no provision). The effect, if any, of ultimate resolution of these matters will be accounted for when determinable. As at June 30, 2022, the Corporation had no contingent assets to disclose.

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

For the quarter ended June 30

Operating Revenues

| <i>(in thousands of dollars)</i> | Q1 | Q1 |
|----------------------------------|-----------------|---------------|
| | 2022 | 2021 |
| General admissions and programs | | |
| Science and Technology | \$ 369 | \$ 12 |
| Aviation and Space | 220 | 2 |
| Agriculture and Food | 232 | 7 |
| Boutique Sales | 269 | 11 |
| Facility Rental and concessions | 60 | 6 |
| Parking | 185 | 26 |
| Membership | 164 | - |
| Farm Operations | 110 | 100 |
| Travelling exhibitions | 28 | 4 |
| Other | 74 | 34 |
| TOTAL | \$ 1,711 | \$ 202 |

Contributions

| <i>(in thousands of dollars)</i> | Q1 | Q1 |
|-------------------------------------------------------|---------------|---------------|
| | 2022 | 2021 |
| Grants and Sponsorships | \$ 318 | \$ 185 |
| Other Contributions from corporations and individuals | 90 | 79 |
| TOTAL | \$ 408 | \$ 264 |

SCHEDULE 2: SCHEDULE OF EXPENSES (unaudited)

For the quarter ended June 30

| <i>(in thousands of dollars)</i> | Q1 | Q1 |
|------------------------------------|------------------|------------------|
| | 2022 | 2021 |
| Personnel costs | 6,114 | 5,518 |
| Amortization of capital assets | 2,902 | 2,810 |
| Property taxes | 835 | 891 |
| Property management services | 655 | 623 |
| Material and supplies | 574 | 376 |
| Utilities | 504 | 448 |
| Professional and special services | 417 | 405 |
| Protection services | 256 | 247 |
| Repairs and upkeep of buildings | 179 | 178 |
| Lease of Buildings | 140 | 227 |
| Gift shop and product marketing | 132 | 5 |
| Advertising | 110 | 19 |
| Design and Display | 106 | 111 |
| Repairs and upkeep of equipment | 100 | 130 |
| Freight, express and cartage | 68 | 13 |
| Miscellaneous expenses | 59 | 30 |
| Communications | 55 | 57 |
| Office supplies and equipment | 24 | 6 |
| Travel | 22 | 0 |
| Publications | 21 | 9 |
| Rentals of equipment | 9 | 12 |
| Purchase objects of the collection | 2 | - |
| Books | 1 | 2 |
| Total | \$ 13,285 | \$ 12,117 |