

INGENIUM – CANADA’S MUSEUMS OF  
SCIENCE AND INNOVATION

QUARTERLY FINANCIAL REPORT  
(UNAUDITED)

FOR THE QUARTER ENDED  
SEPTEMBER 30, 2022

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# Narrative discussion

September 30, 2022

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, 2022. Please read it in conjunction with the Ingenium's quarterly financial statements, which follow this section.

## **Overview**

During the July to September fiscal second quarter, the negative effects of the COVID-19 pandemic lessened on the operations of Ingenium's three museums and its corporate operations, as compared to the previous quarter. Although some public health and safety measures remained in place, such as online advance ticket purchases and a few specific areas of some museums remaining off-limits, the operations of the Canada Agriculture and Food Museum (CAFM), the Canada Aviation and Space Museum (CASM), and the Canada Science and Technology Museum (CSTM) returned to more normal levels of activity and rhythm.

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

### **Strategic Goal 1: Collaborate to Innovate – Inspiring Canadian Ingenuity**

Although the number of in-person public special events held by the three museums remained lower than pre-COVID, they nonetheless increased in the second quarter over the first, and included, for instance, STEAM programming for underserved youth in partnership with community groups such as the Wabano Aboriginal Health Centre, the Ottawa Food Bank, and the Pinecrest Terrace House Community Centre. The CAFM's off-site outreach program called AgVenture restarted in the second quarter after a COVID-caused hiatus of more than two years. In September, in-person school programs at the three museums also got underway for the first time since March 2020. Online public programming in the summer months and virtual school programming in September were also available in the second quarter.

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

All three Ingenium museums renewed their partnership with Connected North for the 2022-2023 school year to support teachers, educators, and students in remote communities. Connected North is a leading-edge initiative that fosters student engagement and enhanced education outcomes in remote Indigenous communities through two-way video communication.

The multi-year move of the national collection's thousands of small and large artifacts from leased warehouses to the Ingenium Centre was completed in the second quarter. The challenge of making the collection accessible to Canadians in its new storage surroundings started to be tackled by a former Garth Wilson Fellow through the creation of a sound tour of some of the larger artifacts.

### **Strategic Goal 3: Strengthen our Foundations**

Strong foundations are vital to ensure Ingenium's long-term sustainability. With a solid footing, the Corporation will be able to: unlock to a greater degree the full potential of the Ingenium; establish the Ingenium Centre as a focal point of excellence for collections care, research, and access; and expand programs that leverage the collection to support the next generation of STEAM and heritage professionals. In the second quarter, such professionals included students from Carleton University's Public History, Curatorial Studies, and Architecture programs who have been working with our artifact collections.

Maintaining strong foundations also means constantly moving forward with improvements and rehabilitation to infrastructure, sites, and buildings. The asbestos abatement project at two buildings adjacent to the Canada Aviation and Space Museum was completed in the second quarter.

# Narrative discussion

September 30, 2022

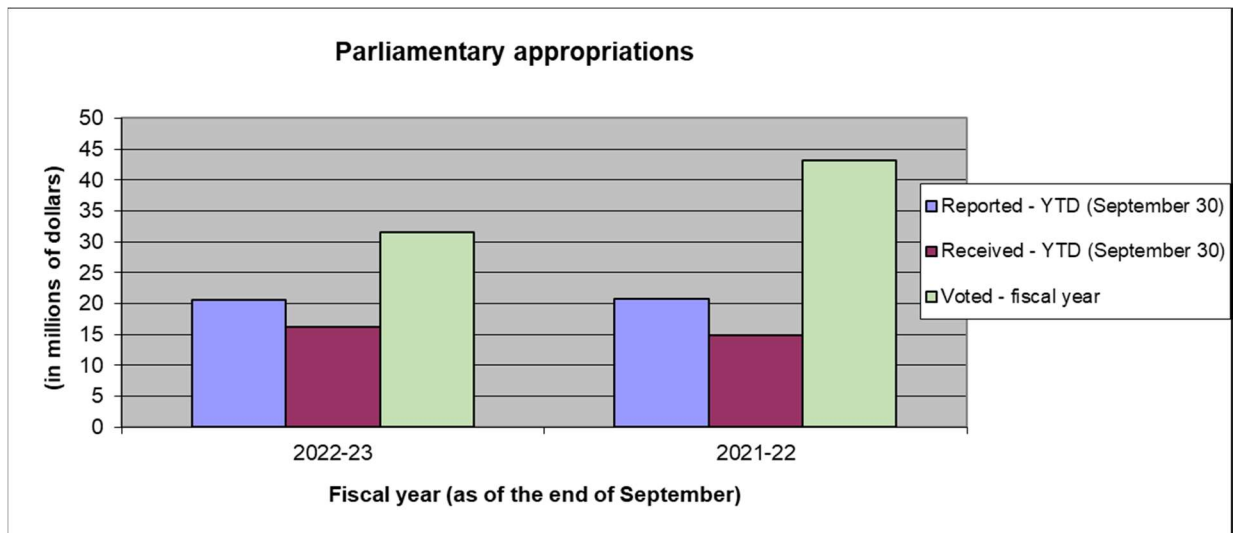
## Financial results

The first two quarters are typically profitable in term of financial results for the Corporation, as the museums host many special events and public festivities, and include the tourist season. However, although museum visitor attendance is slowly returning to normal levels, the COVID-19 pandemic is still having a negative impact on the Corporation's capacity to generate revenues. Overall, the Corporation posted a loss of \$0.656 million (1.333 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 only \$4.028 million at September 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 second quarter of 2022-2023 is \$20.6 million (\$20.7 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.

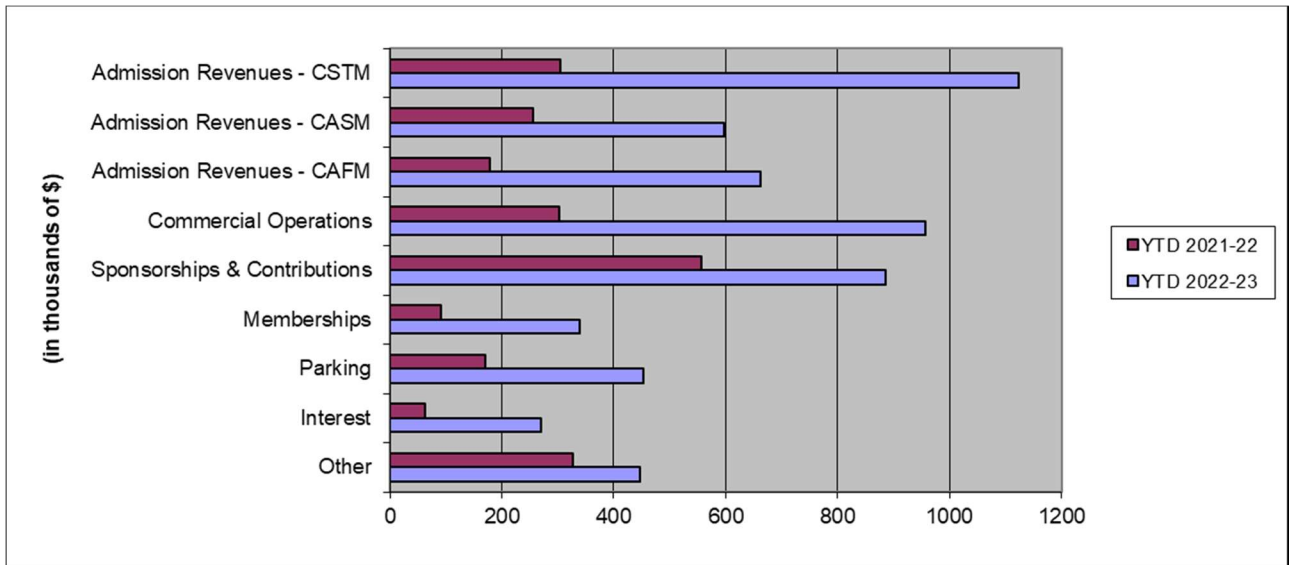


# Narrative discussion

September 30, 2022

## Revenues

At the end of September 2022, revenues were higher to those generated in the first two quarters of 2021-22 (\$5.7 million in 2022-23 versus \$2.3 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 closed from April 3, 2021 to July 17, 2021 during the first two quarters. 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.

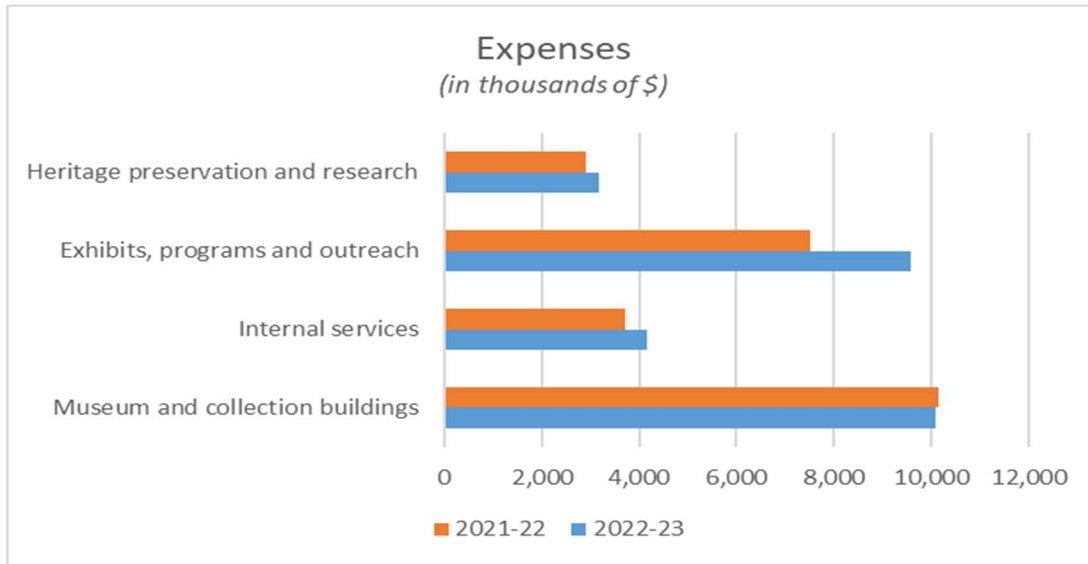


## Operating Expenditures

The Corporation's total expenses were \$27.0 million for the first half of 2022-2023 (\$24.3 million in 2021-2022). Spending in "Heritage preservation and research" and "Exhibitions, programs and outreach" all saw an increase, while spending on "Museums and collection buildings" decreased slightly to \$10.1 million (\$10.2 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

September 30, 2022



## **Capital Expenditures**

For the second quarter of 2022-2023, the Corporation made investments in capital assets for an amount of \$2.1 million (\$0.7 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

September 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 in 2022-2023.
- **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; 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

Kimberlee Hemming  
Corporation's Chief Operating Officer

23 November 2022

## STATEMENT OF FINANCIAL POSITION (unaudited)

As at September 30

<i>(in thousands of dollars)</i>	September 30, 2022	March 31, 2022
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 25,036	\$ 29,607
Accounts receivable		
Government departments	305	507
Trade	376	407
Inventories	537	543
Prepaid expenses	<u>846</u>	<u>859</u>
	27,100	31,923
Collection (Note 3)	1	1
Capital Assets	<u>244,768</u>	<u>248,427</u>
	<u>\$ 271,869</u>	<u>\$ 280,351</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 7,223	\$ 10,366
Current portion of employee future benefits	333	423
Deferred revenues and deferred appropriations	<u>13,842</u>	<u>14,804</u>
	21,398	25,593
Employee future benefits	476	476
Long-term advance (Note 4)	4,208	4,208
Deferred contributions related to capital assets	<u>231,657</u>	<u>235,288</u>
	257,739	265,565
<b>NET ASSETS</b>		
Unrestricted	4,028	4,684
Investment in capital assets	<u>10,102</u>	<u>10,102</u>
	<u>14,130</u>	<u>14,786</u>
	<u>\$ 271,869</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 September 30

<i>(in thousands of dollars)</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021
<b>REVENUES</b>				
Operating (Schedule 1)	\$ 2,867	\$ 1,430	\$ 4,578	\$ 1,632
Contributions (Schedule 1)	478	292	886	556
Interest	179	27	270	62
Total revenues	3,524	1,749	5,734	2,250
<b>EXPENSES (Schedule 2)</b>				
Heritage preservation and research	1,574	1,502	3,158	2,916
Exhibits, programs and outreach	5,039	3,805	9,582	7,518
Internal services	2,154	1,911	4,223	3,721
Museum and collection buildings	4,987	4,974	10,076	10,154
Total expenses	13,754	12,192	27,039	24,309
Deficit before parliamentary appropriations	(10,230)	(10,443)	(21,305)	(22,059)
Parliamentary appropriations (Note 5)	9,758	10,637	20,649	20,726
Surplus (loss) for the period	\$ (472)	\$ 194	\$ (656)	\$ (1,333)

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, 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
Gain (loss) for the period	(656)	2,751
Unrestricted net assets, end of period	4,028	4,684
Net assets, end of period	\$ 14,130	\$14,786

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 2022	Q2 2021	YTD 2022	YTD 2021
<b>Operating activities:</b>				
Cash received (clients and donors)	\$ 2,864	\$ 1,907	\$ 5,411	\$ 2,279
Parliamentary appropriations received for operations	6,854	7,519	14,738	14,603
Cash paid to suppliers	(5,683)	(2,204)	(12,107)	(7,311)
Payments related to salary and benefits	(6,684)	(6,074)	(12,216)	(11,173)
Cash received from the Foundation	56	65	71	277
Interest received	153	31	226	62
<b>Net cash generated (spent) through operating activities</b>	<b>(2,440)</b>	<b>1,244</b>	<b>(3,877)</b>	<b>(1,263)</b>
<b>Capital activities:</b>				
Payments related to capital acquisitions	(1,027)	(152)	(2,274)	(792)
<b>Net cash used through capital activities</b>	<b>(1,027)</b>	<b>(152)</b>	<b>(2,274)</b>	<b>(792)</b>
<b>Financing activities:</b>				
Sponsorships received for the acquisition of capital assets	-	110	-	451
Appropriations received for the acquisition of capital assets	1,529	225	1,580	325
<b>Net cash generated through financing activities</b>	<b>1,529</b>	<b>335</b>	<b>1,580</b>	<b>776</b>
Increase (decrease) in cash and cash equivalents	(1,938)	1,427	(4,571)	(1,279)
Cash and cash equivalents, beginning of period	26,974	19,072	29,607	21,778
Cash and cash equivalents, end of period	<u>\$ 25,036</u>	<u>\$ 20,499</u>	<u>\$ 25,036</u>	<u>\$ 20,499</u>

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

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS September 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 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  
September 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  
September 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  
September 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 September 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  
September 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.

### 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 September 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  
September 30, 2022

## 5. Parliamentary appropriations

<i>(in thousands of dollars)</i>	2022	2021
Main Estimates amount provided for operating and capital expenditures	\$ 14,762	\$ 14,872
Supplementary estimates:		
Statutory vote for the completion of the Ingenium Centre	1,500	-
	\$ 16,262	\$ 14,872
Deferred appropriations used in current year	2,222	1,046
Appropriations approved in current year for expenses and purchases of capital assets in future periods	(1,500)	-
Amounts used to purchase depreciable capital assets	(1,722)	(483)
Amortization of deferred contribution related to capital assets	5,387	5,291
Parliamentary appropriations	\$ 20,649	\$ 20,726

## 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 September 30 2022, 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 September 30 2022, 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
	2022	2021	2022	2021
General admissions and programs				
Science and Technology	\$ 754	\$ 293	\$ 1,123	\$ 305
Aviation and Space	377	254	597	256
Agriculture and Food	430	172	662	179
Boutique Sales	458	292	727	303
Facility Rental and concessions	169	2	229	8
Parking	269	144	454	170
Membership	175	91	339	91
Farm Operations	114	96	224	196
Travelling exhibitions	51	47	79	51
Other	70	39	144	73
<b>TOTAL</b>	<b>\$ 2,867</b>	<b>\$ 1,430</b>	<b>\$ 4,578</b>	<b>\$ 1,632</b>

### Contributions

<i>(in thousands of dollars)</i>	Q2	Q2	YTD	YTD
	2022	2021	2022	2021
Grants and Sponsorships	\$ 280	\$ 166	\$ 598	\$351
Other Contributions from corporations and individuals	143	61	233	140
Contribution from the Foundation	55	65	55	65
<b>TOTAL</b>	<b>\$478</b>	<b>\$ 292</b>	<b>\$ 886</b>	<b>\$ 556</b>

## SCHEDULE 2: SCHEDULE OF EXPENSES (unaudited)

For the quarter ended September 30

	<i>(in thousands of dollars)</i>		YTD	YTD
	Q2	Q2	2022	2021
Personnel costs	6,532	5,654	12,646	11,172
Amortization of capital assets	2,905	2,814	5,807	5,624
Property taxes	837	895	1,672	1,786
Property management services	571	583	1,227	1,365
Utilities	608	537	1,112	985
Professional and special services	635	432	1,052	837
Material and supplies	455	367	1,029	758
Protection services	190	211	446	458
Gift shop and product marketing	214	148	346	153
Repairs and upkeep of buildings	125	-	304	19
Advertising	177	16	287	35
Lease of Buildings	140	220	280	447
Repairs and upkeep of equipment	72	109	172	239
Design and Display	48	-	154	96
Miscellaneous expenses	67	102	127	132
Communications	48	49	103	106
Freight, express and cartage	34	15	102	28
Publications	37	18	58	27
Travel	32	-	54	-
Office supplies and equipment	14	8	38	14
Rentals of equipment	10	13	19	25
Books	1	1	3	3
Purchase of objects for the collection	-	-	1	-
<b>Total</b>	<b>\$ 13,754</b>	<b>\$ 12,192</b>	<b>\$ 27,039</b>	<b>\$ 24,309</b>