

INGENIUM – CANADA’S MUSEUMS OF
SCIENCE AND INNOVATION

QUARTERLY FINANCIAL REPORT
(UNAUDITED)

FOR THE QUARTER ENDED
DECEMBER 31, 2022

Narrative discussion

December 31, 2022

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

Overview

The negative effects of the COVID-19 pandemic lessened in the third fiscal quarter to the point where, as compared to the previous quarters, 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 October 1 to December 31, 2022 towards the Corporation's strategic directions:

Strategic Goal 1: Collaborate to Innovate – Inspiring Canadian Ingenuity

STEAM-related programming and activities – both on-site and online – increased in the third fiscal quarter as compared to earlier in the year in tandem with the wholesale return to school and to educational activities by schools, students, and teachers.

One good example in the third quarter of Ingenium collaborating to inspire Canadian ingenuity included working with the Department of Fisheries and Ocean's Atlantic and Pacific Science Enterprise Centres to develop and provide long-term programming, displays, and on-site interpretation to the public. During the third quarter, Ingenium staff delivered public programming on in the St. Lawrence Gulf region on behalf of the Atlantic Science Enterprise Centre. Following the opening of its long-term Aquaculture: Farming the Waters exhibition, the CAFM started testing and offering additional themed interpretation in the exhibition space.

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

The beginning of the new school year and the return to the museums of visitors in larger numbers as COVID restrictions all but disappeared meant that on-site visits of groups increased greatly in the third quarter. These groups included those that could take advantage of subsidized on-site programming for youths from underprivileged sectors and schools, as well as representing groups and individuals with special needs. For example, the CSTM held a Mellow Morning on a Sunday morning in October and another in November for young visitors with various disabilities for which a calmer on-site environment would allow them to take full advantage of various Museum experiences.

Greater access for all also means improving physical accessibility across all Ingenium sites. At the CASM, work continued in the third quarter on the installation of new, more accessible console panels on the museum floor, and testing of a new digital-based wayfinding system was tested with the public during the busy holiday season.

Narrative discussion

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Strategic Goal 3: Strengthen our Foundations

The COVID pandemic interrupted the planned full opening of the Ingenium Centre as a centre of excellence for collections care, research and access. It also slowed greatly the move of the national collection of artifacts and archives from leased nearby buildings to the Centre. In the second quarter, the multi-year move of the national collection was completed, thus allowing the Centre's potential as a focus of excellence for collections care, research, and access to begin to be realized in the third quarter.

The Ingenium Centre not only houses the national collection, it also is home to the Research Institute, where Ingenium staff, visiting scholars, students, and guest curators build communities of knowledge around the national collection and inject new ideas and experiences into Ingenium's public offerings. Outside funding helps to achieve these goals. The Curatorial team is currently involved in seven research projects funded by international grants and by the Tri-Council, which is made up of Canada's three federal research agencies: the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council of Canada, and the Social Sciences and Humanities Research Council of Canada. Additionally, various university partners are funding work of 11 students.

Financial results

Although museum visitor attendance is slowly returning to normal levels, the ongoing effects of the COVID-19 pandemic are still having a negative impact on the Corporation's capacity to generate revenues. Overall, the Corporation posted a loss of \$2.795 million (surplus of \$0.782 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 \$1.889 million at December 31, 2022.

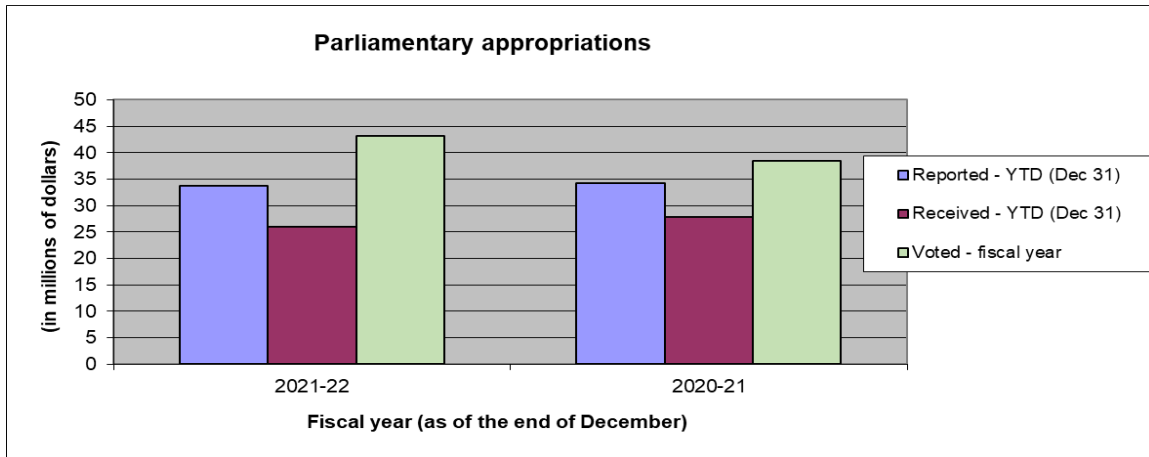
In order to help alleviate some of the financial pressures caused by COVID-19 and property tax increases, the Government of Canada decided to provide an additional \$38.3 million to Canada's six national museums and the National Battlefields Commission from 2022-2023 to 2024-2025. Of this, Ingenium received \$8.05 million.

Parliamentary appropriations

Total appropriation reported in the Corporation's statements on an accrual basis for the third quarter of 2022-2023 is \$29.6 million (\$33.8 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. The special funding will be allocated to the Corporation within the fourth quarter of the fiscal year 2022-2023.

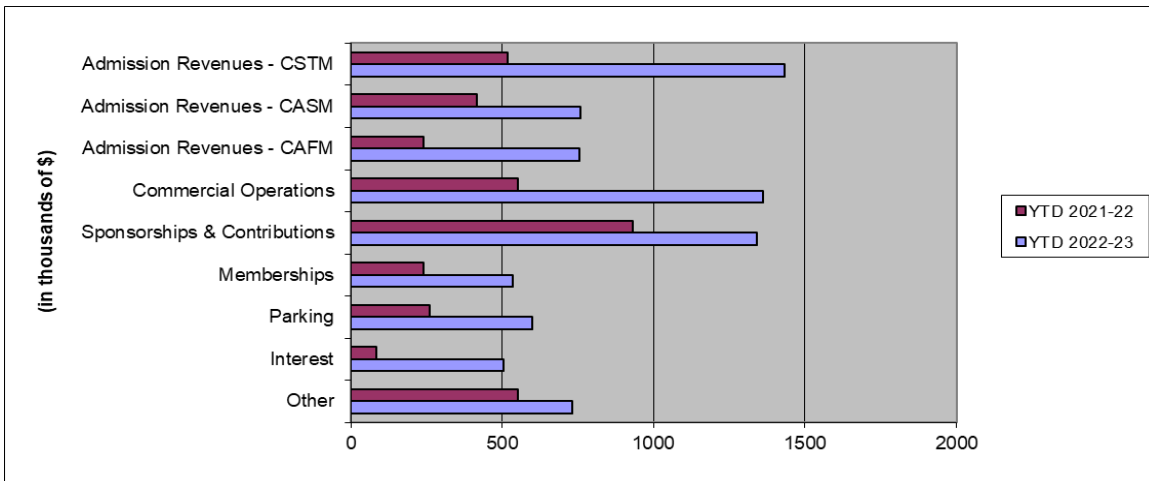
Narrative discussion

December 31, 2022



Revenues

At the end of December 2022, revenues were greater than those generated in the first three quarters of 2021-22 (\$8.0 million in 2022-23 versus \$3.8 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 three quarters. Although the impacts 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.

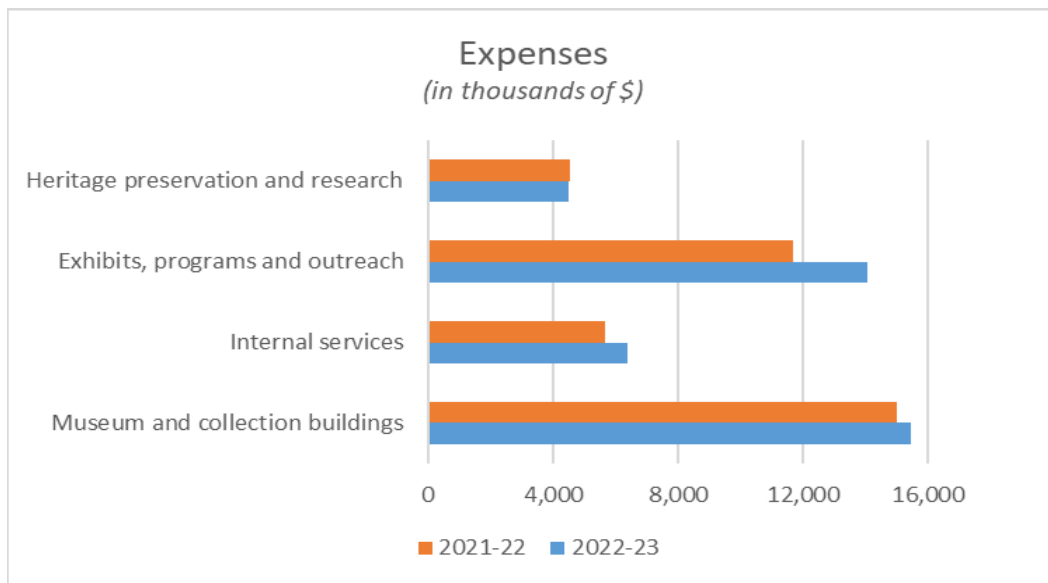


Narrative discussion

December 31, 2022

Operating Expenditures

The Corporation's total expenses were \$40.4 million for the first three quarters of 2022-2023 (\$36.9 million in 2021-2022). Spending in "Exhibitions, programs and outreach", "Internal services" and "Museums and collection buildings" all saw an increase, while spending on "Heritage preservation and research" remained stable. 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.



Capital Expenditures

For the first three quarters of 2022-2023, the Corporation made investments in capital assets for an amount of \$3.9 million (\$2.3 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 have also been made in 2022-2023 to work on the completion of the Ingenium Centre using special appropriations. In 2021-2022, the Government of Canada 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

December 31, 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.
- **Contributions and philanthropy:** There is a risk that the Corporation will not be able to obtain required level of 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 its 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

22 February 2023

STATEMENT OF FINANCIAL POSITION (unaudited)

As at December 31

<i>(in thousands of dollars)</i>	December 31, 2022	March 31, 2022
ASSETS		
Current		
Cash and cash equivalents	\$ 22,565	\$ 29,607
Accounts receivable		
Government departments	710	507
Trade	404	407
Inventories	567	543
Prepaid expenses	953	859
	<u>25,199</u>	<u>31,923</u>
Collection (Note 3)	1	1
Capital Assets	<u>243,495</u>	<u>248,427</u>
	<u>\$ 268,695</u>	<u>\$ 280,351</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 8,049	\$ 10,366
Current portion of employee future benefits	333	423
Deferred revenues and deferred appropriations	13,228	14,804
	<u>21,610</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	230,410	235,288
	<u>256,704</u>	<u>265,565</u>
NET ASSETS		
Unrestricted	1,889	4,684
Investment in capital assets	10,102	10,102
	<u>11,991</u>	<u>14,786</u>
	<u>\$ 268,695</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 December 31

<i>(in thousands of dollars)</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021
REVENUES				
Operating (Schedule 1)	\$ 1,595	\$ 1,148	\$ 6,173	\$ 2,780
Contributions (Schedule 1)	454	376	1,340	932
Interest	233	25	503	86
Total revenues	2,282	1,549	8,016	3,798
EXPENSES (Schedule 2)				
Heritage preservation and research	1,344	1,601	4,502	4,517
Exhibits, programs and outreach	4,453	4,170	14,035	11,688
Internal services	2,147	1,941	6,370	5,662
Museum and collection buildings	5,383	5,077	15,459	14,988
Total expenses	13,327	12,789	40,366	36,855
Deficit before parliamentary appropriations	(11,045)	(11,240)	(32,350)	(33,057)
Parliamentary appropriations (Note 5)	8,906	13,113	29,555	33,839
Surplus (Loss) for the period	(\$2,139)	\$ 1,873	(\$2,795)	\$ 782

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, 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	(2,795)	2,751
Unrestricted net assets, end of period	1,889	4,684
Net assets, end of period	\$ 11,991	\$ 14,786

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 2022	Q3 2021	YTD 2022	YTD 2021
Operating activities:				
Cash received (clients and donors)	\$ 1,299	\$ 1,072	\$ 6,710	\$ 3,351
Parliamentary appropriations received for operations	6,192	10,006	20,930	24,609
Cash paid to suppliers	(4,461)	(5,048)	(16,568)	(12,359)
Payments related to salary and benefits	(5,314)	(5,043)	(17,530)	(16,216)
Cash received from the Foundation	39	-	110	277
Interest received	232	31	458	93
Net cash generated through operating activities	(2,013)	1,018	(5,890)	(245)
Capital activities:				
Payments related to capital acquisitions	(1,589)	(1,472)	(3,863)	(2,264)
Net cash used through capital activities	(1,589)	(1,472)	(3,863)	(2,264)
Financing activities:				
Sponsorships received for the acquisition of capital assets	-	295	-	746
Appropriations received for the acquisition of capital assets	1,131	1,095	2,711	1,420
Net cash generated through financing activities	1,131	1,390	2,711	2,166
Increase (decrease) in cash and cash equivalents	(2,471)	936	(7,042)	(343)
Cash and equivalents, beginning of period	20,094	20,499	29,607	21,778
Cash and cash equivalents, end of period	\$ 22,565	\$ 21,435	\$ 22,565	\$ 21,435

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

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
December 31, 2022

The quarterly financial statements of INGENIUM - Canada's Museums of Science and Innovation 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
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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
December 31, 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
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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, 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
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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 December 31, 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
December 31, 2022

5. Parliamentary appropriations

<i>(in thousands of dollars)</i>	2022	2021
Main Estimates amount provided for operating and capital expenditures	\$ 23,586	\$ 21,371
Supplementary estimates:		
Statutory vote for government assistance related to COVID-19	-	3,603
Funding for the completion of the Ingenium Centre	-	1,000
	<u>\$ 22,594</u>	<u>\$ 25,974</u>
Deferred appropriations used in current year	3,423	2,918
Appropriations approved in current year for expenses and purchases of capital assets in future years	(2,250)	(1,000)
Amounts used to purchase depreciable capital assets	(3,193)	(1,908)
Amortization of deferred contributions related to capital assets	<u>7,989</u>	<u>7,855</u>
Parliamentary appropriations	\$ 29,555	\$ 33,839

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, 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 December 31, 2022, 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
	2022	2021	2022	2021
General admissions and programs				
Science and Technology	\$ 310	\$ 213	\$1,433	\$ 518
Aviation and Space	160	159	757	415
Agriculture and Food	92	63	754	242
Boutique Sales	239	219	966	522
Facility Rental and concessions	167	22	396	30
Parking	145	91	599	261
Membership	197	150	536	241
Farm Operations	104	91	328	287
Travelling exhibitions	81	77	160	128
Other	100	63	244	136
TOTAL	\$ 1,595	\$ 1,148	\$ 6,173	\$ 2,780

Contributions

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2022	2021	2022	2021
Grants and Sponsorships	\$ 311	\$ 237	\$ 909	\$ 588
Other Contributions from corporations and individuals	103	139	336	279
Contribution from the Foundation	40	-	95	65
TOTAL	\$ 454	\$ 376	\$1,340	\$ 932

SCHEDULE 2: SCHEDULE OF EXPENSES (unaudited)

For the quarter ended December 31

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2022	2021	2022	2021
Personnel costs	\$ 6,018	\$ 5,692	\$ 18,664	\$ 16,864
Amortization of capital assets	2,812	2,760	8,619	8,384
Property taxes	838	849	2,510	2,635
Property management services	744	698	1,971	1,817
Material and supplies	543	469	1,572	1,278
Professional and special services	504	686	1,556	1,523
Utilities	435	520	1,547	1,505
Protection services	350	280	796	738
Repairs and upkeep of buildings	223	155	527	420
Repairs and upkeep of equipment	254	150	426	389
Gift shop and product marketing	131	75	477	228
Lease of Buildings	140	92	420	296
Advertising	77	39	364	74
Design and Display	35	141	189	237
Miscellaneous expenses	38	-	165	81
Communications	39	57	142	163
Freight, express and cartage	19	23	121	51
Publications	44	27	102	54
Travel	41	12	95	12
Office supplies and equipment	20	20	58	34
Rentals of equipment	7	20	26	45
Books	15	23	18	26
Purchase of object for the collection	-	1	1	1
Total	\$ 13,327	\$ 12,789	\$ 40,366	\$ 36,855