

INGENIUM – CANADA’S MUSEUMS OF
SCIENCE AND INNOVATION

QUARTERLY FINANCIAL REPORT
(UNAUDITED)

FOR THE QUARTER ENDED
JUNE 30, 2023

Narrative discussion

June 30, 2023

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, 2023. 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 2023-24 includes the following:

Overview

Ingenium saw a strong first quarter of activity across the corporation. Perhaps the most positive and exciting overall development in the period was the increase at the museums to more traditional levels of in-person activities for visitors and staff than had been the case since before the onset of the pandemic in early 2020.

Strategic Goal 1: Collaborate to Innovate – Inspiring Canadian Ingenuity

Building and leveraging sustainable partnerships that grow the STEAM skills pipeline was a focus for Ingenium in the first quarter. The Canada Aviation and Space Museum used its partnership with Western University to incorporate some of the university's STEAM activities into some of its summer camps program planning. The Canada Science and Technology Museum worked with the University of Ottawa to grow its Living Lab collaboration to include additional research areas. The Living Lab at the Museum is a partnership between the University of Ottawa and the Canada Science and Technology Museum where researchers conduct cutting-edge child development studies with parents and children visiting the museum. The spring also saw a significant uptick of on-site school programs across the museums, with the highest number of school participants since before the COVID-19 pandemic.

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

Ingenium is committed to collaborating with Canada's Indigenous Peoples in a spirit of reconciliation. The Learning Centre at the Canada Agriculture and Food Museum is proud to be the site of a textile artwork created specifically for this museum space by Métis installation artist Tracey-Mae Chambers. This unique artwork opened to the public in March. This artwork is another installation in her Canada-wide #hopeandhealingcanada series using recycled and re-purposed fibres that are meant to remind us that each of us can unravel (unlearn) and reshape our understanding and can include new strands of thought and more voices in the telling of stories that shape society and inform our future.

Strategic Goal 3: Strengthen our Foundations – Ensuring Long-term Sustainability

Ingenium's plans and efforts to unlock the full potential of the Ingenium Centre and of the national collection were interrupted by the pandemic. Now, with this disruption in the rear-view mirror, Ingenium can begin anew to establish the Ingenium Centre as a centre of excellence for collections care, research, and access. This means getting back on track with implementing the current five-year plan to establish the Centre's Research Institute as a leader in material culture research. Specifically, the Collection and Research department is hosting scholars, creating new fellowship opportunities, and finding creative ways to share its knowledge and assets and to communicate its willingness and readiness to collaborate.

Narrative discussion

June 30, 2023

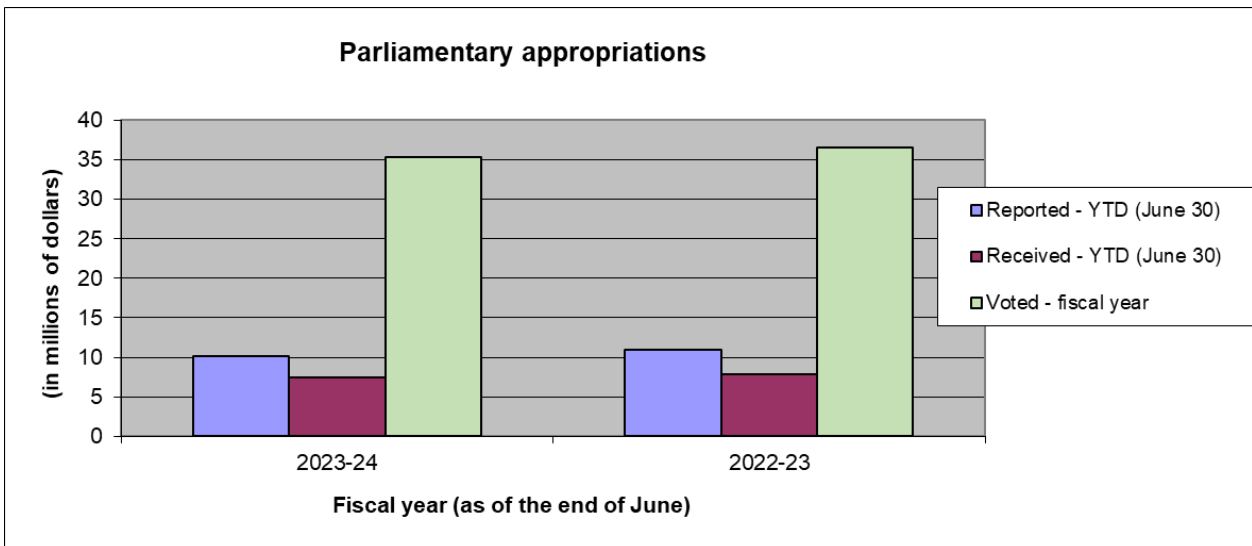
Financial results

Overall, the Corporation posted a minor loss of \$0.313 million (0.184 million in 2022-2023) for the period covered by its unrestricted net assets, which declined from \$6.604 million at March 31, 2023, to a balance of \$6.291 million at June 30, 2023.

In order to help alleviate some of the financial pressures caused by accommodation, federal Budget 2023 announced additional temporary funding for Canada's six national museums and the National Battlefields Commission in 2023-24 and 2024-25. Allocation of this funding would begin in the fall of 2023 provided it is approved by Parliament.

Parliamentary appropriations

Total appropriations reported in the Corporation's statements on an accrual basis for the first quarter of 2023-2024 is \$10.05 million (\$10.89 million in 2022-23). The appropriation level decreased because temporary pandemic relief funding expired as the museums' revenues recover. For the fiscal year 2023-2024, the total appropriation including the special funding identified in the Federal Budget 2023 is \$35.4 million (\$36.6 million in 2021-2022). Special funding decision presented by the Government of Canada in June 2023 included \$6.897 million in 2023-2024 (8.05 million in 2022-2023) to be allocated to the Corporation to address financial pressures caused by cost inflation and property tax increase.

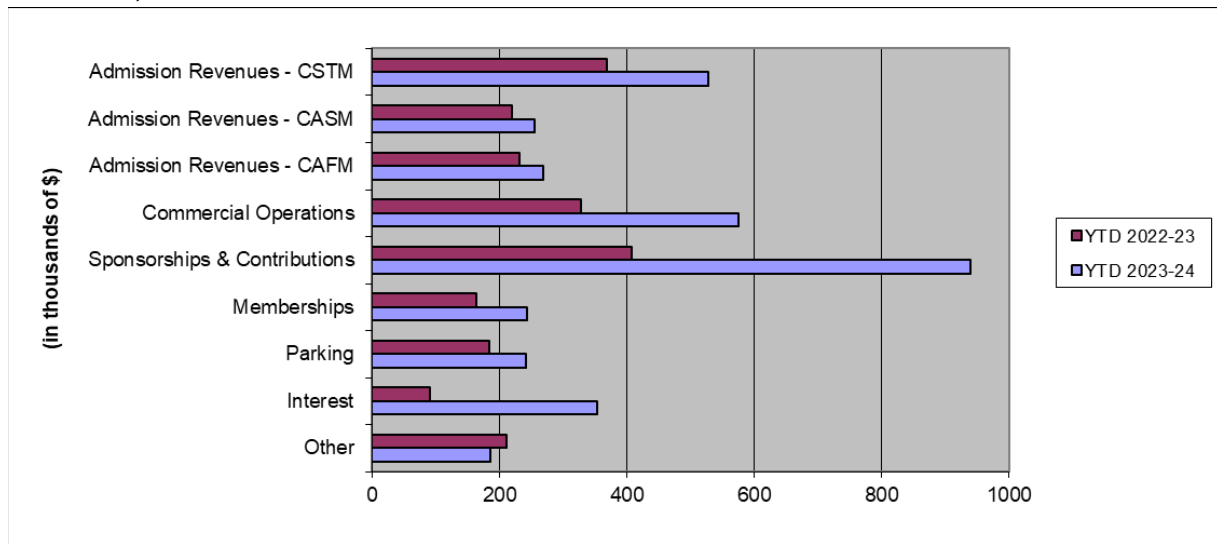


Narrative discussion

June 30, 2023

Revenues

At the end of June 2023, first quarter revenues were higher than those generated in the first quarter of 2022-23 (\$3.6 million in 2023-24 versus \$2.2 million in 2022-23). The impact of the COVID-19 pandemic has continued to lessen and museum are showing a substantial recovery toward historical levels of visitor attendance. Therefore, operating revenues generated in the first quarter of 2023-24 are much closer this year to those generated in the first quarter of 2019-20 (\$2.3 million in 2023-24 versus \$2.754 million in 2019-20). Revenues from contributions have increased by \$0.532 million from \$0.408 million in the first quarter of 2022-2023 to \$0.94 million in the first quarter of 2023-2024. The Corporation has recognized significant contributions from the Department of Fisheries and Oceans and received a contribution of \$0.222 million from the Ingenium Foundation this fiscal year (\$0 in 2022-2023).

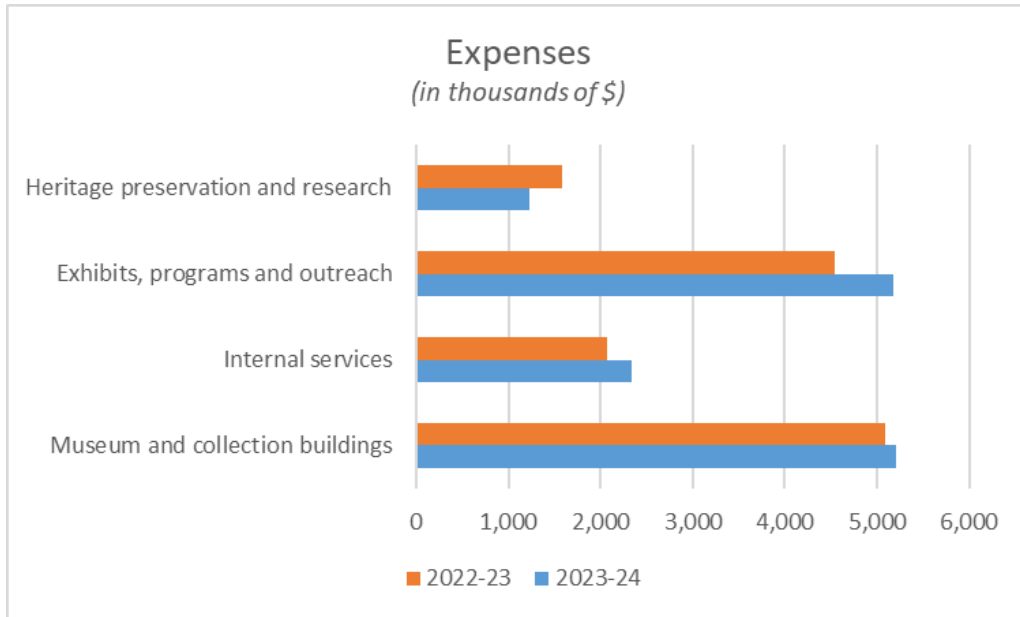


Operating Expenditures

The Corporation's total expenses were \$13.957 million for the first quarter of 2023-24, slightly higher than this period last year (\$13.285 million in 2022-23). Spending increased in core responsibilities Exhibitions, Programs and Outreach; Museums and Collection Buildings; and Internal Services, while spending on Heritage Preservation and Research decreased to \$1.2 million (\$1.6 million in 2022-23). Last year, relatively significant costs were incurred under the latter for the completion of the collection move project. With museum activities incrementally returning to pre-pandemic levels, expenses have increased in order to deliver museum activities and programs. Price inflation also contributed to the increase in total expenses.

Narrative discussion

June 30, 2023



Capital Expenditures

For the first quarter of 2023-2024, the Corporation made investments in capital assets for an amount of \$0.7 million (\$1.1 million in 2022-2023). These investments are related to the fit-up of the Digital Innovation Lab within the Ingenium Centre, purchase of specialized museum equipment and investment in permanent exhibitions.

Narrative discussion

June 30, 2023

RISK ANALYSIS

For 2023-2024, three prominent risks included in the corporate risk profile are found to be above the Corporation's tolerance threshold:

- **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 associated with a growing asset portfolio. Recently, Ingenium is also facing a significant increase in prices due to inflation. To mitigate this risk, in particular as revenues sharply declined, the Corporation maintained ongoing communication with government about its operational and capital needs. Temporary funding was announced to cover the increase in building maintenance expenditures for 2023-24 and 2024-25.
- **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 led to a drop in visitation-related revenues. To address the impact of the revenue decline, the Corporation reduced spending across the organization commiserate with its revenue levels.
- **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 capacity and the perception that as a federal institution, it should be fully funded by government. To mitigate this risk, the Corporation pursued renewal of funding agreements with other organisations, continued to leverage its value proposition to solicit more contributions, and revised the affiliation agreement with the Ingenium Foundation to ensure alignment of fundraising strategy and strategic plan goals.
- In addition to these, the Corporation is closely monitoring other risks pertaining to the workforce size and allocation; biosecurity; 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
COO, People and Corporate Services

23 August 2023

STATEMENT OF FINANCIAL POSITION (unaudited)

As at June 30

<i>(in thousands of dollars)</i>	June 30, 2023	March 31, 2023
ASSETS		
Current		
Cash and cash equivalents	\$ 28,745	\$ 30,627
Accounts receivable		
Government departments	398	720
Trade	472	457
Inventories	647	595
Prepaid expenses	1,143	1,160
	<u>31,405</u>	<u>33,559</u>
Collection (Note 3)	1	1
Capital Assets	<u>239,875</u>	<u>242,072</u>
	<u>\$ 271,281</u>	<u>\$ 275,632</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 9,453	\$ 10,542
Current portion of employee future benefits	174	174
Deferred revenues and deferred appropriations	13,714	14,490
	<u>23,341</u>	<u>25,206</u>
Employee future benefits	473	474
Long-term advance (Note 4)	4,208	4,208
Deferred contributions related to capital assets	226,866	229,038
	<u>254,888</u>	<u>258,926</u>
NET ASSETS		
Unrestricted	6,291	6,604
Investment in capital assets	10,102	10,102
	<u>16,393</u>	<u>16,706</u>
	<u>\$ 271,281</u>	<u>\$ 275,632</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 2023	Q1 2022
REVENUES		
Operating (Schedule 1)	\$ 2,300	\$ 1,711
Contributions (Schedule 1)	940	408
Interest	354	91
Total revenues	3,594	2,210
EXPENSES (Schedule 2)		
Heritage preservation and research	1,232	1,584
Exhibits, programs and outreach	5,183	4,543
Internal services	2,332	2,069
Museum and collection buildings	5,210	5,089
Total expenses	13,957	13,285
Deficit before parliamentary appropriations	(10,363)	(11,075)
Parliamentary appropriations (Note 5)	10,050	10,891
Loss for the period	\$ (313)	\$ (184)

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, 2023	March 31, 2023
(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	6,604	4,684
Surplus (loss) for the period	(313)	1,920
Unrestricted net assets, end of period	6,291	6,604
Net assets, end of period	\$ 16,393	\$ 16,706

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 2023	Q1 2022
Operating activities:		
Cash received (clients and donors)	\$ 2,774	\$ 2,547
Parliamentary appropriations received for operations	7,277	7,884
Cash paid to suppliers	(5,759)	(6,424)
Payments related to salary and benefits	(5,907)	(5,532)
Cash received from the Foundation	222	15
Interest received	390	73
Net cash generated (spent) through operating activities	(1,003)	(1,437)
Capital activities:		
Payments related to capital acquisitions	(1,219)	(1,247)
Net cash used through capital activities	(1,219)	(1,247)
Financing activities:		
Appropriations received for the acquisition of capital assets	340	51
Net cash generated through financing activities	340	51
Decrease in cash and cash equivalents	(1,882)	(2,633)
Cash and equivalents, beginning of period	30,627	29,607
Cash and cash equivalents, end of period	<u>\$ 28,745</u>	<u>\$ 26,974</u>

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

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS June 30, 2023

The quarterly financial statements of INGENIUM - Canada's Museums of Science and Technology must be read in conjunction with the most recent annual audited financial statements and with the narrative discussion included in the quarterly financial report.

1. Authority, mandate and operations

The National Museum of Science and Technology (the Corporation) was established by the *Museums Act* on July 1, 1990, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and is not subject to income taxes under the provisions of the *Income Tax Act*.

The mandate of the Corporation, as stated in the *Museums Act*, is to foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technical objects, with special but not exclusive reference to Canada, and by demonstrating the products and processes of science and technology and their economic, social and cultural relationships with society.

The Corporation operates as the Ingenium - Canada's Museums of Science and Innovation. It manages three museum sites: the Canada Science and Technology Museum, the Canada Aviation and Space Museum, and the Canada Agriculture and Food Museum. The Corporation's operations are organized by functionality as follows:

Heritage Preservation and Research

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

Exhibitions, Programs and Outreach

This includes the development and maintenance of exhibitions, interpretive and educational activities, communication and promotion, Web activities and other services to visitors.

Internal Services

This includes services such as human resources, finance and facilities management, corporate development and commercial operations, all of which are provided centrally.

Museum and Collection Buildings

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

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

In July 2015, the Corporation was issued a directive (P.C. 2015-1105) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditures policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with the Corporation's legal obligations, and to report on the implementation of this directive in the Corporation's next corporate plan. The Corporation has complied with this directive, including implementing subsequent amendments to Treasury Board's Directive on Travel, Hospitality, Conference and Event Expenditures.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
June 30, 2023

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, 2023

(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, 2023

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, 2023

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, 2023

(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, 2023

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>	2023	2022
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, 2023, 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, 2023

5. Parliamentary appropriations

<i>(in thousands of dollars)</i>	2023	2022
Main Estimates amount provided for operating and capital expenditures	\$ 7,483	\$ 7,879
	<u>\$ 7,483</u>	<u>\$ 7,879</u>
Deferred appropriations used in current year	198	1,258
Amounts used to purchase depreciable capital assets	(340)	(937)
Amortization of deferred contribution related to capital assets	2,709	2,691
	<u>\$ 10,050</u>	<u>\$ 10,891</u>

6. Related party transactions

The Corporation is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. Related party also includes key management personnel having authority and responsibility for planning, directing and controlling the activities of the Corporation. This includes the Senior Management Team, all members of the Board of Trustees and immediate family members thereof. With the exception of transactions described below, the Corporation enters into transactions with these entities in the normal course of operations, under the same terms and conditions that apply to outside parties. These transactions are recorded at the exchange amount.

During the year, the Corporation received services that were obtained without charge from Agriculture and Agri-Food Canada and from the Office of the Auditor General of Canada. Lease of buildings for the Canada Agriculture and Food Museum buildings located on the Central Experimental Farm site and auditing services were provided without charge and are not presented in the Corporation's Statement of Operations.

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

7. Canada Science and Technology Museums Corporation Foundation

The Canada Science and Technology Museums Corporation Foundation (the "Foundation") was incorporated under the *Canada Corporations Act* on November 14, 2007 and has been a registered charitable non-profit organization under the *Income Tax Act* since April 1, 2008. This is a separate legal entity from the National Museum of Science and Technology, and all funds that will be raised by the Foundation will be for projects determined by the Foundation.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
June 30, 2023

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, 2023, no provision has been recorded based on the Corporation's and external legal firm assessment of potential liability (2022 - no provision). The effect, if any, of ultimate resolution of these matters will be accounted for when determinable. As at June 30, 2023, 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
	2023	2022
General admissions and programs		
Science and Technology	\$ 528	\$ 369
Aviation and Space	255	220
Agriculture and Food	269	232
Boutique Sales	339	269
Facility Rental and concessions	237	60
Parking	242	185
Membership	244	164
Farm Operations	118	110
Travelling exhibitions	39	28
Other	29	74
TOTAL	\$ 2,300	\$ 1,711

Contributions

<i>(in thousands of dollars)</i>	Q1	Q1
	2023	2022
Grants and Sponsorships	\$ 343	\$ 318
Other Contributions from corporations and individuals	375	90
Contributions from the Foundation	222	-
TOTAL	\$ 940	\$ 408

SCHEDULE 2: SCHEDULE OF EXPENSES (unaudited)

For the quarter ended June 30

<i>(in thousands of dollars)</i>	Q1	Q1
	2023	2022
Personnel costs	\$ 6,456	\$ 6,114
Amortization of capital assets	2,926	2,902
Property taxes	805	835
Property management services	661	655
Utilities	552	504
Professional and special services	537	417
Material and supplies	528	574
Repairs and upkeep of buildings	383	179
Protection services	260	256
Design and Display	205	106
Gift shop and product marketing	166	132
Advertising	99	110
Repairs and upkeep of equipment	96	100
Miscellaneous expenses	65	59
Communications	48	55
Travel	47	22
Publications	39	21
Office supplies and equipment	33	24
Freight, express and cartage	29	68
Rentals of equipment	15	9
Purchase objects of the collection	5	2
Books	2	1
Lease of Buildings	-	140
Total	\$ 13,957	\$ 13,285