

CANADIAN MUSEUM OF NATURE

QUARTERLY FINANCIAL REPORT

(Unaudited)

For the three-month period
ended June 30, 2025

Canada



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MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

These quarterly financial statements must be read in conjunction with the most recent audited annual financial statements for the year ended March 31, 2025, and with the narrative discussion included in this quarterly financial report of the Canadian Museum of Nature (the "Museum").

The Canadian Museum of Nature pursues its national mandate as described in the *Museums Act*, within the context of the governance and accountability regime established in Part X of the *Financial Administration Act*. The Museum's Board of Trustees and management are firmly committed to managing the public and private funds invested in the institution in a transparent, accountable manner, and to optimizing the value of the contribution the Museum makes to Canadians and Canadian society.

The Museum's mission is to advance the understanding and appreciation of nature through evidence, knowledge, engagement, and a sense of wonder. The Museum is a leading research and collections facility with demonstrated national and international leadership in bio- and geo-diversity. The need for applying this research and using the collections, as accessed through the national and global networks of knowledge that it supports, is expected to become increasingly important. Canada's role in the global dialogue about the environment and climate change will raise expectations for the national museum of nature to continue to contribute to the body of knowledge about nature's past, present and future based on the evidence of nature collected over time.

Achieving financial sustainability has been, and will continue to be, one of the Museum's main priorities. The Museum has in place a number of strategies designed to manage known and anticipated pressures. An enterprise risk management approach that aims to identify, assess and mitigate potential risk is being used to manage these strategies and pressures in support of the vision to be a national institution providing maximum value and service to the public.

In 2024-25, the Museum received \$4.8 million of supplementary funding through Budget 2023 to address gaps between the Museum's operating costs and parliamentary appropriations, and \$1.2 million of this funding had been received as at June 30, 2024. \$4.8 million of similar funding is expected for the current fiscal year, however none of this funding was received as at June 30, 2025.

FINANCIAL PERFORMANCE

REVENUE AND PARLIAMENTARY APPROPRIATIONS

Revenue and parliamentary appropriations remained unchanged at \$13.1 million for the three months ended June 30, 2024 and 2025, with parliamentary appropriations comprising 73% of the total in 2024-25 and 67% of the total in 2025-26. The proportion of parliamentary appropriations was higher in 2024-25 due to higher parliamentary appropriations resulting from the receipt of \$1.2 million of Budget 2023 funding, and lower earned revenues compared to 2025-26.

Parliamentary Appropriations

On an accrual basis, parliamentary appropriations decreased by \$0.8 million (8%) to \$8.7 million for the three months ended June 30, 2025 from \$9.5 million for the three months ended June 30, 2024. The decrease was due to the receipt of \$1.2 million of Budget 2023 funding in the prior year, partially offset by differences in the timing and amount of capital asset acquisitions in each period.

Admission and Program Fees

Revenue generated from admission and program fees for the three months ended June 30, 2025 was \$1.6 million, an increase of \$0.1 million (7%) compared to \$1.5 million earned in the same period of 2024-25. The increase in admission and program fees was due to higher revenue from general admissions in the current period. The Museum transitioned to an all-in pricing model in 2025-26. Prior to 2025-26, admissions for temporary special exhibits were sold separately from general admission. General admission totaled 89,150 for the first quarter of 2025-26, compared to 90,095 for the same period of 2024-25.

Ancillary Operations

Revenue associated with ancillary operations includes rentals of its VMMB and NHC facilities, boutique sales, cafeteria operations, parking, and collection services. Revenue from ancillary operations was \$1.0 million for the three months ended June 30, 2025, an increase of \$0.1 million (11%) compared to \$0.9 million for the three months ended June 30, 2024. The increase was primarily due to higher parking revenue.

Interest

Interest revenue generated from cash deposits and investments increased by \$0.4 million (67%) to \$1.0 million for the three months ended June 30, 2025, compared to \$0.6 million for the three months ended June 30, 2024. The increase in interest revenue was primarily due to net remeasurement gains realized upon the settlement of investments during the 2025-26 period.

Contributions

Contributions recognized as revenue vary from period to period based upon the resources required to fund research, collections and public education programs including installing or modifying permanent galleries. On an accrual basis, contributions including donations, sponsorships, in-kind sponsorships and specimen donations increased by 0.2 million (67%) to \$0.5 million for the three months ended June 30, 2025, compared to \$0.3 million for the three months ended June 30, 2024.

Professional and Scientific Services

Professional and scientific services include revenue earned from funding received for specific research and operational projects. Funding received for externally specified purposes is recognized as revenue as related expenses are incurred. Professional and scientific services remained relatively unchanged at \$0.2 million and \$0.1 million for the three months ended June 30, 2024 and 2025, respectively. Professional and scientific services revenue may fluctuate significantly between periods depending on projects that have received funding, and the timing and scope of projects.

Other

Other revenue includes revenue generated from travelling exhibitions, royalties, and non-routine activities. Other revenue was \$0.2 million in 2025-26, compared to nil in 2024-25. The higher other revenue in 2025-26 was primarily due to travelling exhibit revenue related to the Planet Ice exhibit. The exhibit did not travel in 2024-25.

EXPENSES

Expenses increased by \$0.7 million (6%) to \$13.1 million for the three months ended June 30, 2025 from \$12.4 million for the three months ended June 30, 2024. Increased costs in the current period were mainly due to higher personnel costs and variable costs associated with one-time projects, and facilities costs, including utility, security, and cleaning costs.

Experience and Engagement

Experience and engagement remained fairly consistent between the periods, at \$3.3 million for the three months ended June 30, 2025 and \$3.2 million for the three months ended June 30, 2024.

Collections Care and Access

Collections care and access remained unchanged at \$1.0 million for the three months ended June 30, 2024 and 2025.

Research and Discovery

Research and discovery increased by \$0.3 million (19%) for the 3 months ended June 30, 2025 from \$1.6 million for the three months ended June 30, 2024 to \$1.9 million for the three months ended June 30, 2025. The higher expenses in the current period were primarily related to additional staff and fieldwork costs associated with externally funded projects.

Corporate Services

Corporate services increased by \$0.3 million (18%) from \$1.7 million for the three months ended June 30, 2024 to \$2.0 million for the three months ended June 30, 2025. Increased costs between the periods were due to internal governance and development initiatives, and inflationary cost pressures on services required to support the Museum's operations.

Facilities

Total expenses related to the Museum's facilities for the three months ended June 30, 2025 remained unchanged from the prior period at \$4.9 million as higher utility, security, and cleaning costs were offset by lower one-time project costs and utilities between the periods.

NET RESULTS OF OPERATIONS

The net results of operations generated a surplus of \$36 thousand for the three months ended June 30, 2025. For the three months ended June 30, 2024, the net results of operations generated a surplus of \$0.7 million. The surplus was attributable to earned revenues generated during the period and the receipt of \$1.2 million of Budget 2023 funding, partially offset by additional personnel costs, costs associated with temporary exhibits, and higher non-discretionary operating costs.

FINANCIAL SITUATION

Assets

Cash increased by \$3.9 million (15%) to \$30.7 million as at June 30, 2025 from \$26.8 million as at March 31, 2025. The increase was mainly due to the redemption of long-term investments with a principal value of \$6.0 million and accrued remeasurement gains of \$0.5 million during the period, partially offset by decreases resulting from the timing of payments to suppliers and employees.

Capital assets decreased by \$1.9 million (1%) to \$134.8 million at June 30, 2025, compared to \$136.7 million at March 31, 2025 due to amortization expense of \$2.1 million, partially offset by asset acquisitions during the period.

Liabilities

Deferred revenues, contributions and parliamentary appropriations increased by \$0.3 million (6%) to \$5.0 million at June 30, 2025 from \$4.7 million at March 31, 2025. The increase was mainly attributable to \$1.7 million of restricted contributions and revenues received during the period and deferred for use in future periods, partially offset by \$1.4 million of previously deferred revenue recognized for the provision of goods and services.

Deferred capital funding decreased by \$1.6 million (1%) to \$128.2 million at June 30, 2025 from \$129.8 million at March 31, 2025 due to \$1.9 million of deferred capital funding recognized as revenue, partially offset by \$0.3 million of capital asset acquisitions during the three months ended June 30, 2025. Deferred capital funding is recognized as revenue at the same pace as the amortization of the corresponding capital assets.

Net Assets

Unrestricted net assets of \$37.1 million as at June 30, 2025 are due to positive net results of operations for the three months ended June 30, 2025, and a cumulative operating surplus, which were partially offset by \$0.2 million of net change to investment in capital assets.

Accumulated remeasurement gains of \$0.5 million recognized up to the date of settlement and which were attributable to the Museum's investment measured at fair value were recognized in the current period, resulting in a net realized remeasurement gain being recognized through the Statement of Operations. The gain is included in interest.

Investments in capital assets is impacted by the accounting treatment of the Museum's Natural Heritage Campus located in Gatineau, Quebec, which is recorded in the Statement of Financial Position as an obligation under capital lease. Due to the higher interest at the start of the lease, it had a negative impact on the Museum's Net Assets for many years. As the interest component of the lease has continued to decrease, the deficit related to this accounting treatment began to reverse in 2019-20 and will continue to do so until it is fully eliminated by the end of the lease term in 2031. The accounting treatment of the lease does not impact the Museum's cash flow or financial stability in any way.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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.

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.



Danika Goosney, Ph.D.
President & Chief Executive Officer



Lisa Tallim, CPA-CA
Chief Financial Officer

Ottawa, Canada
August 21, 2025

Statement of Financial Position (Unaudited)

<i>(in thousands of dollars)</i>	June 30 2025	March 31 2025
Assets		
Current		
Cash	30,715	26,813
Restricted cash	2,730	2,553
Accounts receivable		
Trade	546	578
Government departments and agencies (Note 3)	140	558
Inventories	231	221
Prepaid expenses	1,592	629
	35,954	31,352
Collections	1	1
Prepaid expenses	124	144
Employee advances	127	157
Restricted investments (Note 4)	973	973
Investments (Note 4)	12,035	18,302
Capital assets (Note 5)	134,820	136,698
	184,034	187,627
Liabilities		
Current		
Accounts payable and accrued liabilities		
Trade and other	3,743	5,153
Government departments and agencies (Note 3)	689	715
Obligation under capital lease (Note 6)	1,975	1,926
Deferred revenues, contributions, parliamentary appropriations, and capital funding (Note 7)	5,043	4,683
	11,450	12,477
Obligation under capital lease (Note 6)	14,274	14,787
Deferred capital funding (Note 7)	128,214	129,779
Asset retirement obligation (Note 8)	868	919
Employee future benefits	2,623	2,694
	157,429	160,656
Net assets		
Unrestricted	37,116	37,282
Accumulated remeasurement gains	-	402
Investment in capital assets (Note 9)	(10,511)	(10,713)
	26,605	26,971
	184,034	187,627

The accompanying notes form an integral part of the financial statements.

Statement of Operations for the three-month period ended June 30 (Unaudited)

<i>(in thousands of dollars)</i>	2025	2024
Revenue (Note 10)		
Admission and program fees	1,620	1,542
Ancillary operations	965	873
Interest	954	575
Contributions	502	312
Professional and scientific services	142	196
Other	177	18
	4,360	3,516
Expenses (Note 11)		
Experience and engagement	3,309	3,223
Collections care and access	1,003	1,030
Research and discovery	1,862	1,570
Corporate Services	1,976	1,661
Facilities	4,921	4,876
	13,071	12,360
Net result of operations before parliamentary appropriations	(8,711)	(8,844)
Parliamentary appropriations (Note 12)	8,747	9,535
Net result of operations	36	691

The accompanying notes form an integral part of the financial statements.

Statement of Remeasurement Gains and Losses for the three-month period ended June 30 (Unaudited)

<i>(in thousands of dollars)</i>	2025	2024
Accumulated remeasurement gains, beginning of period	402	-
Unrealized gains attributed to investments	119	-
Amounts reclassified to the Statement of Operations attributed to investments	(521)	-
Net change in accumulated remeasurement gains for the period	(402)	-
Accumulated remeasurement gains, end of period	-	-

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Net Assets for the three-month period ended June 30 (Unaudited)

<i>(in thousands of dollars)</i>	Unrestricted	Invested in capital assets (Note 9)	Accumulated remeasuremen t gains	2025	2024
Net assets, beginning of period	37,282	(10,713)	402	26,971	19,947
Net result of operations	36	-	-	36	691
Net change in accumulated remeasurement gains	-	-	(402)	(402)	-
Net change in investment in capital assets	(202)	202	-	-	-
Net assets, end of period	37,116	(10,511)	-	26,605	20,638

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows for the three-month period ended June 30 (Unaudited)

<i>(in thousands of dollars)</i>	2025	2024
Operating activities		
Cash receipts - customers and donors	3,972	3,233
Cash receipts - parliamentary appropriations	7,222	8,133
Cash disbursements - employees	(6,989)	(5,671)
Cash disbursements - suppliers	(5,675)	(4,514)
Interest received	819	575
Interest paid	(411)	(455)
Cash (used) provided by operating activities	(1,062)	1,301
Capital investment activities		
Acquisition of capital assets	(395)	(561)
Cash used by capital investment activities	(395)	(561)
Investing activities		
Purchase of investments	-	(16,500)
Proceeds from disposition of investments	6,000	-
Cash provided (used) by investing activities	6,000	(16,500)
Financing activities		
Obligation under capital lease	(464)	(420)
Cash used by financing activities	(464)	(420)
Increase (decrease) in cash and restricted cash	4,079	(16,180)
Cash, beginning of period	26,813	38,998
Restricted cash, beginning of period	2,553	2,465
Cash and restricted cash, end of period	33,445	25,283
Cash, end of period	30,715	22,650
Restricted cash, end of period	2,730	2,633
Cash and restricted cash, end of period	33,445	25,283

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements for the three-month period ended June 30, 2025 (In thousands of dollars, unless otherwise specified)

1. Authority and Mission

The Canadian Museum of Nature (the “Corporation”) was established by the *Museums Act* on July 1, 1990. It is an agent Crown corporation named in Part I of Schedule III of the *Financial Administration Act* (FAA) and is not subject to the provisions of the *Income Tax Act*. The Corporation is classified as a government not-for-profit organization (GNPO).

The Corporation’s mission is to increase, throughout Canada and internationally, interest in, knowledge of and appreciation and respect for the natural world by establishing, maintaining and developing for research and posterity a collection of natural history objects, with special but not exclusive reference to Canada, and by demonstrating the natural world, the knowledge derived from it and the understanding it represents.

Brief descriptions of the Corporation’s activities are as follows:

- **Experience and engagement**

The Corporation creates, disseminates, and inspires engagement with the public through high-quality immersive experiences in its permanent galleries and exhibitions, digital dialogue, programming, revenue generating activities including admissions, rentals, and contributions, audience research and partnerships, to foster an understanding of, and respect for, nature and inspire philanthropic support. Expenses attributed to these activities are primarily personnel costs, exhibition costs, and marketing and advancement costs.

- **Collections care and access**

The Corporation acquires, develops, preserves, and makes accessible collections of natural history specimens, objects, images, and information to meet the growing needs of the public and private sectors for research, education, and informed decision-making about the natural world and how it is changing. The collection comprises biodiversity and geodiversity specimens including genomic samples, library and archives collections, and art, photo, and historical materials collections. This national collection is a significant part of Canada’s scientific and cultural resources and enables global research and discovery. Expenses attributed to collection activities are primarily personnel costs, collections care, preservation, and development costs, and collections digitization costs, including digitization equipment and information technology infrastructure. Revenue is generated primarily through external grants, sponsorships, partnerships and donations.

- **Research and discovery**

The Corporation is a recognized collections-based science leader that advances knowledge and understanding about biodiversity, geodiversity and the Arctic through research and discovery and that develops and maintains networks and linkages with Canadian and international science communities. The Corporation’s research informs our understanding of Earth’s mineral diversity, the global biodiversity crisis, and the impacts of climate change and other change drivers on the natural world. Expenses attributed to these activities are primarily personnel costs, costs associated with field and laboratory-based research, and publishing costs. Revenue is generated primarily through external grants, sponsorships, partnerships and donations.

- **Corporate Services**

The Corporation develops and implements policies, processes and an accountability structure to oversee the fulfillment of its mandate, including governance, strategic direction, corporate services, monitoring of corporate performance, and reporting to Parliament. Corporate services functions support all divisions of the Corporation. Functions include human resources, finance, information technology, internal and external reporting, compliance, risk management, strategic affairs, and governance. Expenses attributed to these activities are primarily personnel costs.

- **Facilities**

The Corporation provides secure and functional facilities that meet all safety and building code requirements. These facilities are the Victoria Memorial Museum Building (“VMMB”) located in Ottawa, Ontario, and the Natural Heritage Campus (“NHC”) located in Gatineau, Quebec. Expenses attributed to these activities are primarily personnel costs, and costs associated with maintaining, cleaning, securing, heating, cooling, and otherwise operating the facilities.

Notes to the Financial Statements for the three-month period ended June 30, 2025 (In thousands of dollars, unless otherwise specified)

On July 16, 2015, the Corporation was directed by the Governor General in Council (P.C. 2015-1105) pursuant to Section 89 of the FAA to align its travel, hospitality, conference and event expenditure 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 its legal obligations, and to report on the implementation of this directive in the Corporation's Corporate Plan. Since February 2017, the Corporation has complied with this directive and has aligned its policies and practices to the Treasury Board policies, directives and related instruments for travel, conference, hospitality and event expenditures.

2. Significant Accounting Policies

A) Basis of Presentation

The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS"). The Corporation has elected to apply the Section 4200 series for government not-for-profit organizations, and the deferral method of accounting for contributions, in addition to the following significant accounting policies:

B) Financial Instruments

The Corporation's financial assets and liabilities are measured at cost, amortized cost, or fair value. Financial assets include restricted and unrestricted cash, restricted and unrestricted investments, investments that include embedded derivatives, and accounts receivable, while financial liabilities include accounts payable and accrued liabilities.

Financial instruments are assessed annually for impairment at the date of the year-end financial statements. Any impairment losses resulting from these assessments are reported in the Statement of Operations. Accounts receivable are reported net of any provision for impairment or inability to collect. Accounts payable and accrued liabilities are derecognized only when the underlying liability has been extinguished.

Transaction costs are added to the carrying value of financial instruments at the time they are initially recognized. Transaction costs related to the acquisition of financial instruments measured at fair value are expensed.

C) Cash and Restricted Cash

Cash, both restricted and unrestricted, consist of deposits with a financial institution that can be withdrawn without prior notice or penalty. Restricted cash reflects the unused portion of deferred contributions received from individuals and corporate entities for a specified purpose.

D) Inventories

Inventory for resale is valued at the lower of cost and net realizable value, where cost is determined by using the weighted average cost method and net realizable value is based on retail price.

E) Collections

The Corporation holds and preserves an invaluable collection of natural history specimens for the benefit of Canadians, present and future. The Corporation divides the collection into the following four discipline-related groups:

- Earth Sciences, consisting of minerals, rocks, gems and fossils,
- Vertebrates, consisting of mammals, birds, fish, amphibians, and reptiles,
- Invertebrates, consisting of mollusks, insects, crustaceans, parasites and annelids, and
- Botany, consisting of algae, vascular plants, bryophytes and lichens

Notes to the Financial Statements for the three-month period ended June 30, 2025 (In thousands of dollars, unless otherwise specified)

The collections are shown at a nominal value of \$1.0 thousand in the Statement of Financial Position due to practical difficulties in determining a meaningful fair market value for these assets. The costs of specimens purchased for the collections are recorded as an expense in the Statement of Operations in the year of their acquisition.

F) Investments and Restricted Investments

Investments within the Ottawa Community Foundation (“OCF”) and established as a 10-year term fund are recorded at amortized cost in the Statement of Financial Position. Investments in notes which have terms allowing redemption at the earlier of maturity or the redemption date, as determined by the issuer, are measured at amortized cost using the effective interest rate method through the Statement of Operations.

Restricted investments were funded from contributions made by external parties for use on specified initiatives. The restricted investments are held within the OCF and are established as a spend-down fund recorded at amortized cost in the Statement of Financial Position. Spend-down amounts and investment income distributed from the fund for the purchase of depreciable capital assets are recorded as deferred revenues in the Statement of Financial Position.

The Corporation’s investments and restricted investments held with the OCF, are managed by the OCF. Management includes investing funds, issuing distributions to the Corporation, and administering the funds. Service fees charged by the OCF for the management of the fund are recorded as expenses in the Statement of Operations in the year incurred.

The Corporation also holds endowments with the OCF. The Corporation receives annual distributions from the endowment funds, but does not control the underlying endowment funds. The Corporation recognized the distributions as additions to restricted cash and to deferred revenues, contributions, parliamentary appropriations, and capital funding when they are issued by the OCF. The endowments are not recognized as investments or restricted investments on the Statement of Financial Position.

Investments that include an embedded derivative with economic characteristics and risks that are not considered to be closely related to the host contract are assessed on a contract-by contract basis. When the Corporation designates an entire hybrid instrument to be a financial instrument measured at fair value, then the entire hybrid instrument is recognized at fair value. When the Corporation does not make this designation, the embedded derivative is bifurcated and separately recognized at fair value, and the host contract is accounted for at cost or amortized cost. Subsequent to their initial recognition, these investments are remeasured quarterly at each reporting date based on trading prices in secondary markets. The unrealized gains or losses resulting from changes in the fair value of these investments is recognized through the Statement of Remeasurement Gains and Losses. When the investment is settled, any accumulated remeasurement gains or losses are recognized through the Statement of Operations.

Investments that do not include an embedded derivative or that include embedded derivatives that are considered to be closely related to the host contract are measured at amortized cost using the effective interest rate method through the Statement of Operations.

The Corporation’s investments in notes are issued by Schedule 1 Canadian Chartered Banks.

G) Capital Assets

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 their estimated historical cost less accumulated amortization for buildings. The historical net costs of the building have been credited to deferred contributions for the amortization of capital assets, and the estimated historical cost of the land has been credited to net assets.

Leasehold improvements are amortized over the lesser of the remaining lease term or estimated future life. Properties under capital lease are recorded at the present value of the minimum principal payments at the inception of the lease and are amortized by their annual principal payments, to associate the asset to the matching liability, which is most reflective of the expiration of the economic benefit.

Notes to the Financial Statements
for the three-month period ended June 30, 2025
(In thousands of dollars, unless otherwise specified)

Amounts included in capital projects in progress are transferred to the appropriate capital asset classification upon completion and are amortized accordingly. All other capital assets are recorded at cost and are amortized over their estimated useful life, using the straight-line method. Useful lives are as follows:

Capital Asset	Useful life (Years)
Victoria Memorial Museum Building	40
Property under capital lease	35
Permanent exhibitions	5 to 15
Leasehold improvements	The lesser of the lease term and the economic useful life of the asset
Building improvements	5 to 25
Equipment and furnishings	5 to 30
Collection cabinets and compactors	35
Website	5
Computer equipment	3 to 5

When conditions indicate that a capital asset is no longer able to contribute to the Corporation's ability to provide goods or services, the capital asset is written down to its residual value, if any, and the resulting impairment loss is recognized as an expense in the Statement of Operations. When the value of future economic benefits associated with the capital asset is less than the net book value of the capital asset, the capital asset is written down to its residual value, if any, and the resulting impairment loss is recognized as an expense in the Statement of Operations.

Management is required to estimate the expected useful lives of capital assets. In determining the expected useful lives of these assets, Management takes into account past experience, industry trends and specific factors such as changing technologies and expectations for the in-service period of these assets. The appropriateness of useful lives of these assets and depreciation method are assessed periodically, with the effect of any changes in estimates accounted for on a prospective basis.

H) Asset Retirement Obligations

The Corporation recognizes asset retirement obligations associated with the Corporation's capital assets. The Corporation has asset retirement obligations associated with certain of its operating equipment, including chillers, diesel reservoirs, piping, and freezers, as well as remaining asbestos in the Victoria Memorial Museum Building. Asset retirement obligations are recognized when, as of the financial reporting date, there is a legal obligation to incur retirement costs in relation to a capital asset that are the result of a past transaction or event that has occurred, where it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

To determine the asset retirement obligation, the best estimate of the expenditures required to settle the present obligation at the statement of financial position date is recorded on a discounted basis using the risk-free interest rate at each reporting date. The value of the asset retirement obligation is added to the capital asset class of the underlying asset and is depreciated on a straight-line basis over the remaining useful life of the underlying asset. The asset retirement obligation is accreted over time and recognized as an expense in the statement of operations. The asset retirement obligation is revalued at the end of each reporting period for changes in estimates. Changes in the future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows or the discount rate are recognized as increases or decreases to the asset retirement obligation and associated asset retirement cost included in capital assets in the year they become known. Actual asset retirement obligation expenditures up to the recorded liability at the time are charged against the obligation as the costs are incurred.

Expenditures required to settle the Corporation's asset retirement obligations include, but are not limited to, costs required to decommission or dismantle a tangible capital asset that was acquired, constructed, or developed, to remediate contamination of

Notes to the Financial Statements for the three-month period ended June 30, 2025 (In thousands of dollars, unless otherwise specified)

a tangible capital asset created by its normal use, post-retirement activities such as monitoring, and to construct other tangible capital assets to perform post-retirement activities.

I) Employee Future Benefits

i) Pension benefits

Eligible 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 costs. 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.

ii) Severance and sick leave benefits

Employees were entitled to severance benefits up to March 31, 2012, as provided for under labour contracts and conditions of employment.

The severance benefit obligation for employees who retire or resign, that accrued up to March 31, 2012, and remains unpaid, is measured using the projected benefit method. The actuarial gains (losses) are recognized on a systematic basis over the expected average remaining service life of the related employee group.

Other termination benefits are recognized in the period when the event that obligates the Corporation occurs.

The Corporation provides sick leave benefits for employees that accumulate but do not vest. The Corporation recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits.

The cost of the accrued severance obligation is actuarially determined using the projected benefit method prorated on service and management's best estimates of future costs. The cost of the accrued sick leave obligation is actuarially determined using the Last-in-First-Out method and management's best estimates of future costs. Such estimates include inflation rates, discount rates, employee demographics and, for sick leave benefits, sick leave usage of active employees. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. Actuarial gains (losses) are recognized on a systematic basis over the remaining service life of active employees covered by these benefits.

J) Revenue Recognition

i) Admission and program fees, ancillary operations and other revenues

Admission and program fees

Admission and program fees include general admission, temporary exhibition admission, programming, and memberships. Revenues from admission and program fees are recognized when an arrangement exists, the price is fixed and determinable and payment has been collected in the case of admissions, or collection is reasonably assured for program fees that were not paid in advance of program delivery, and the Museum has granted access to view general exhibits, or temporary exhibits, or the delivered guided tours, workshops, or other specified programming.

For memberships, the Museum's performance obligations include providing unlimited access to the Museum during public operating hours and providing specified discounts on Museum goods and services. Memberships have a one-year term and are purchased by customers in advance. Membership purchases are recognized as deferred revenue when purchased, then recognized as revenue on a monthly basis over the one-year term.

Ancillary operations

Significant ancillary operations include boutique sales, parking, and VMMB facility rentals. Boutique revenues are generated from sales of merchandise at the Museum's Nature Boutique. The Museum's performance obligations are achieved when possession of purchased goods is transferred to the payor. Revenue is recognized at the time of sale.

Notes to the Financial Statements for the three-month period ended June 30, 2025 (In thousands of dollars, unless otherwise specified)

For parking, the Corporation's performance obligations are satisfied when the payor is granted access to the Museum's parking lots at the VMMB. Parking is offered on a daily and monthly basis. For daily parking, revenue is recognized when the visitor leaves the Museum's parking lot. For monthly parking, parking is paid for and recognized in the same month. Monthly parking is unlimited and not tied to the frequency of use.

The Museum offers several spaces at the VMMB for rental by external parties for weddings, conferences, and other events. In addition to use of the physical space, the Museum also offers services such as audio-visual at the payor's discretion. The Museum's performance obligations are satisfied when access is provided to the Museum's facilities on the date of the event, and any contracted services are provided. Revenue is recognized when the event takes place. Payments received in advance are recognized as deferred revenue until the event takes place.

Other revenues

Other revenues consist primarily of temporary rentals of the Corporation's exhibits ("exhibit loans") for display at customer facilities. The Corporation's performance obligations related to exhibit loans include the delivery and permitted use of temporary exhibit structures, materials and collections items. When payments are received in advance of the exhibit loan or prior to the completion of the loan, any unearned portion is recorded as deferred revenue. Exhibit loan revenue is recognized equally over the term of the loan.

ii) Contributions

Contributions consist of cash contributions, sponsorships, specimen and in-kind donations.

Cash contributions

Contributions are comprised of donations received from individuals, foundations and corporations, and donations of specimens. The Corporation applies the deferral method to recognize its contributions as applicable for not-for-profit organizations.

Unrestricted contributions are recognized as revenue in the Statement of Operations when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recorded as deferred revenue until the related expenses are incurred, at which time revenue is recognized.

Contributions that are externally restricted for the purchase of depreciable capital assets are deferred in the Statement of Financial Position when funds are received. When the depreciable capital assets are purchased, the portion of the contribution used for acquisition of these capital assets is then reclassified as deferred capital funding in the Statement of Financial Position and recognized as revenue in the Statement of Operations on the same basis as the amortization of the corresponding capital assets.

Investment income related to restricted contributions is first recorded in the Statement of Financial Position as deferred revenues and then recognized as revenue in the Statement of Operations in the fiscal year in which the related expenses are incurred.

Sponsorships

Sponsorships are comprised of cash or in-kind support received from individuals, foundations and corporations for specific programs or initiatives. Sponsorships are accounted for as exchange transactions. Sponsorships are recorded as deferred revenue until the Corporation's performance obligations are met, at which time revenue is recognized.

Performance obligations associated with sponsorships may include provision of marketing, use of designated space at Museum facilities during specified events, naming rights, admission to specific events, or other non-cash consideration.

Notes to the Financial Statements for the three-month period ended June 30, 2025 (In thousands of dollars, unless otherwise specified)

Specimen and in-kind donations

Donations of specimens are recorded as in-kind contributions using the fair value at the date of the contribution when the fair value of the donation has been determined through a professional appraisal. If an appraisal value cannot be determined, no value is assigned to the specimen donation, and no transaction is recognized for financial reporting purposes. For in-kind donations, including sponsorships, the transaction price is considered to be the fair value of goods or services received.

iii) Professional and scientific services

Professional and scientific services include externally restricted funding received for specific research, scientific, or other professional projects. When externally restricted project funding is received in advance of a project, it is recorded as deferred revenue. When expenses are incurred to progress or complete the projects in accordance with terms specified in the related funding agreement, an equal amount of deferred revenue is recognized as professional and scientific services revenue.

iv) Parliamentary appropriations

Parliamentary appropriations are recognized as revenue when the payments are authorized and all eligibility criteria have been met, except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the funding is recorded as deferred revenue and recognized as revenue in the year in which the related expenses are recognized. As such, appropriations for the purchase of capital assets are recorded as deferred revenue and recognized as revenue on the same basis as the amortization of the capital assets acquired.

v) Interest income

Interest on cash and unrestricted investments is recognized as revenue in the year it is earned. Interest earned from externally restricted investments is recorded as deferred revenue and recognized as revenue in the year in which the related expenses are recognized, including on the same basis as amortization for those related to the purchase of capital assets.

vi) Investments and Restricted investments

Investment income distributed from the 10-year term fund is recognized as revenue in the Statement of Operations.

Spend-down amounts and investment income distributed from the fund for the purchase of depreciable capital assets are recorded as deferred revenues in the Statement of Financial Position. When the depreciable capital assets are purchased, the portion of the revenues used for acquisition of these capital assets is then reclassified as deferred capital funding in the Statement of Financial Position and recognized as revenue in the Statement of Operations on the same basis as the amortization of the corresponding capital assets. Spend-down amounts and investment income distributed from the fund for specific expenses are deferred in the Statement of Financial Position and recognized as revenue in the Statement of Operations in the fiscal year in which related obligations are fulfilled and the related expenses are incurred.

K) Volunteer Services

Volunteers contribute a significant number of hours every year. Due to the difficulty of determining their fair value, those contributed services are not recognized in the financial statements.

L) Inter-Entity Transactions

Related party transactions, other than inter-entity transactions, are recorded at their exchange amount. Inter-entity transactions are transactions between two commonly controlled entities, which 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 the costs provided are covered.

Notes to the Financial Statements
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- Goods or services received without charge between commonly controlled entities are not recognized in the financial statements, including audit services from the Office of the Auditor General of Canada and pension services from Public Services and Procurement Canada.

M) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses for the year. Employee future benefits, the estimated useful lives of capital assets, and asset retirement obligations are the most significant items for which estimates are used. Actual results could differ significantly from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the fiscal year in which they become known.

N) Contingent Liabilities

Contingent liabilities are potential liabilities which 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 is recorded. If the likelihood is not determinable, or the amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

O) Allocation of Expenses

The Corporation does not apply the method of allocating costs for the purpose of distributing expenses between functions.

3. Inter-Entity Transactions

The Corporation is related to all Government of Canada departments, agencies and Crown corporations. The Corporation conducted transactions with these entities in the normal course of operations, under the same terms and conditions that applied to outside parties. The transactions were recorded at the exchange amount.

	2025	2024
Revenues from Government of Canada related parties:		
Professional and scientific services	65	118
Contributions	31	1
Other	10	17
Ancillary operations	6	15
	112	151

Notes to the Financial Statements
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	2025	2024
Expenses with Government of Canada related parties:		
Personnel costs	816	517
Real property taxes	334	317
Information management, infrastructure and systems	5	5
Freight and cartage	2	2
Marketing and communications	1	-
	1,158	841

The following balances with Government of Canada related parties were outstanding at the end of the period:

	June 30 2025	March 31 2025
Due from related parties	140	558
Due to related parties	689	715

4. Restricted Investments and Investments

As at June 30, 2025 the Corporation held restricted investments in a spend-down fund and an endowment fund within the OCF. The restricted investments are measured at amortized cost

As at June 30, 2025, the Corporation's investments consist of two unsecured AA-rated bank-callable accrual notes held with a Schedule 1 Canadian Chartered Bank with principal amounts of \$5,250,000 each, and a term fund held with the OCF. The investments are measured at amortized cost.

During the three months ended June 30, 2025, the Corporation's AA-rated principal-protected deposit note held through a Schedule 1 Canadian Chartered Bank was settled. The note had a principal amount of \$6,000,000 and accrued remeasurement gains of \$0.5 million at the time of settlement. The note was accounted for at fair value.

Notes to the Financial Statements
for the three-month period ended June 30, 2025
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Changes in restricted investments and investments are as follows:

	Investments (OCF)	Investments (Accrual Notes)	Investments (Deposit Note)	Total Investments	Restricted Investments
Balance, March 31, 2024	950	-	-	950	1,059
Acquisitions	-	10,500	6,000	16,500	-
Accrued interest	-	419	-	419	-
Income	94	-	-	94	145
Net remeasurement gains	-	-	402	402	-
Fees	(11)	-	-	(11)	(31)
Distributions	(52)	-	-	(52)	(200)
Balance, March 31, 2025	981	10,919	6,402	18,302	973
Accrued interest	-	135	-	135	-
Income	-	-	-	-	-
Net remeasurement gains	-	-	119	119	-
Disposition of investments	-	-	(6,521)	(6,521)	-
Balance, June 30, 2025	981	11,054	-	12,035	973

5. Capital Assets

Cost

	March 31 2025				June 30 2025
	Opening Balance	Additions	Transfers	Dispositions / Impairment	Closing Balance
Victoria Memorial Museum Building	205,016	(56)	-	-	204,960
Property under capital lease	35,040	-	-	-	35,040
Building improvements	10,160	54	-	-	10,214
Permanent exhibitions	13,279	-	-	-	13,279
Leasehold improvements	12,933	(1)	-	-	12,932
Equipment and furnishings	8,031	31	17	-	8,079
Collection cabinets and compactors	3,985	-	-	-	3,985
Land	627	-	-	-	627
Capital projects in progress	441	183	(17)	-	607
Computer equipment	4,863	3	-	-	4,866
Website	486	-	-	-	486
	294,861	214	-	-	295,075

Notes to the Financial Statements
for the three-month period ended June 30, 2025
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Accumulated Amortization

	March 31 2025			June 30 2025
	Opening Balance	Additions	Dispositions / Impairment	Closing Balance
Victoria Memorial Museum Building	89,151	1,252	-	90,403
Property under capital lease	28,757	247	-	29,004
Building improvements	5,052	132	-	5,184
Permanent exhibitions	10,220	197	-	10,417
Leasehold improvements	10,779	96	-	10,875
Equipment and furnishings	6,184	92	-	6,276
Collection cabinets and compactors	3,089	29	-	3,118
Computer equipment	4,639	23	-	4,662
Website	292	24	-	316
	158,163	2,092	-	160,255

Net Book Value

	June 30 2025	March 31 2025
Victoria Memorial Museum Building	114,557	115,865
Property under capital lease	6,036	6,283
Building improvements	5,030	5,108
Permanent exhibitions	2,862	3,059
Leasehold improvements	2,057	2,154
Equipment and furnishings	1,803	1,847
Collection cabinets and compactors	867	896
Land	627	627
Capital projects in progress	607	441
Computer equipment	204	224
Website	170	194
	134,820	136,698

Amortization expense for the period was \$2.1 million (June 30, 2024 - \$2.1 million). No assets were sold and no capital projects in progress were derecognized during the three months ended June 30, 2025 and 2024.

6. Obligation Under Capital Lease

The Natural Heritage Campus houses the Corporation's natural history collections and administrative functions, on the Corporation's site in Gatineau, Quebec. The Corporation is acquiring the building through a lease-purchase agreement with a term of 35 years. It is committed to pay rent under all circumstances and in the event of termination of the lease, at the Corporation's option or otherwise, pay sufficient rent to repay all financing on the building. Management intends to completely discharge its obligation under the lease and obtain free title to the building in 2031, after the Corporation exercises its option to purchase the building for ten dollars.

Notes to the Financial Statements
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Future minimum lease payments in aggregate, under the financing obligation are as follows:

		June 30 2025	March 31 2025
Total minimum future payments	(1)	21,875	22,750
Less: Interest component of minimum future payments		(5,626)	(6,037)
Present value of principal payments		16,249	16,713
Current liability		1,975	1,926
Long term liability		14,274	14,787
		16,249	16,713

1) The amounts payable under the capital lease are based on the fixed interest rate of 9.88%, for a period of 35 years, established at the time of signing the lease.

Future minimum lease payments under the financing obligation, by year, are as follows:

	2026	2027	2028	2029	2030	Thereafter
Future minimum payments	2,625	3,500	3,500	3,500	3,500	5,250

7. Deferred Revenues, Contributions, Parliamentary Appropriations, and Capital Funding

Deferred revenues, contributions and parliamentary appropriations represent payments received from customers, donors, sponsors, partners, or the federal government that are restricted for specific purposes. The funding is deferred when it is received and is recognized when the funding has been used for the specified purposes. Changes in deferred revenues, contributions and parliamentary appropriations are as follows:

Deferred revenues, contributions, and parliamentary appropriations

	March 31 2025			June 30 2025
	Opening Balance	Funding received	Funding recognized	Closing Balance
Contributions	3,936	502	(390)	4,048
Operating revenues	747	1,184	(936)	995
	4,683	1,686	(1,326)	5,043

Deferred capital funding represents the portion of the parliamentary appropriations and restricted contributions from non-government sources used to purchase depreciable capital assets. Changes in deferred capital funding are as follows:

Deferred capital funding

	March 31 2025		June 30 2025	
	Opening Balance	Capital assets acquired	Recognized as revenue	
			Closing Balance	
Parliamentary appropriations	129,088	272	(1,798)	127,562
Contributions	691	-	(39)	652
	129,779	272	(1,837)	128,214

Notes to the Financial Statements
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8. Asset Retirement Obligation

Asset retirement obligations represent the present value of estimated future cash flows required to settle the Corporation's legal obligations associated with the retirement of its tangible capital assets. The Corporation has asset retirement obligations associated with certain of its operating equipment, including chillers, diesel reservoirs, piping, and freezers, as well as asbestos in the Victoria Memorial Museum Building. A risk-free rate of 3.56% (March 31, 2025: 3.23%) and inflation rate of 2.00% (March 31, 2025: 2.00%) were used to determine the present value of the obligations. The Corporation uses Bank of Canada bond yields as the basis for the risk-free rate. The undiscounted, uninflated asset retirement obligation at June 30, 2025 was \$1.2 million (March 31, 2025 - \$1.2 million). No asset retirement obligations were identified or settled during the period ended June 30, 2025, nor during the year ended March 31, 2025. The asset retirement obligations are expected to be incurred between 2036 and 2046. The Corporation does not have any legal requirements for financial assurance or funding for its current asset retirement obligations.

Changes in asset retirement obligations are as follows:

	Equipment and Furnishings	Leasehold Improvements	Victoria Memorial Museum Building	Total Asset Retirement Obligation
Balance, March 31, 2024	16	29	800	845
Changes in estimates	-	1	43	44
Accretion of asset retirement obligation	-	2	28	30
Balance, March 31, 2025	16	32	871	919
Changes in estimates	(1)	(1)	(56)	(58)
Accretion of asset retirement obligation	-	-	7	7
Balance, June 30, 2025	15	31	822	868

9. Investment in Capital Assets

The investment in capital assets is internally restricted and consists of the following:

	June 30 2025	March 31 2025
Capital assets (Note 5)	134,820	136,698
Less amounts financed by:		
Asset retirement obligation (Note 8)	(868)	(919)
Capital lease (Note 6)	(16,249)	(16,713)
Deferred capital funding (Note 7)	(128,214)	(129,779)
	(10,511)	(10,713)

Notes to the Financial Statements
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Net change in investment in capital assets is calculated as follows:

	June 30 2025	March 31 2025
Capital asset additions	214	1,409
Add: repayment of obligation under capital lease	464	1,745
Less: accretion of asset retirement obligation	(7)	(30)
Plus: impact of changes in estimates to asset retirement estimate	58	(44)
Less: capital assets financed with deferred capital funding	(273)	(1,273)
Capital assets purchased with the Corporation's funds	456	1,807
Net dispositions of capital assets	-	(12)
Amortization of deferred capital funding	1,838	7,536
Amortization of capital assets	(2,092)	(8,539)
Net change in investment in capital assets	202	792

10. Revenue

Components of the Corporation's primary sources of revenue are detailed in the tables below.

Admission and program fees

	2025	2024
Admission fees	1,262	1,144
Memberships	138	133
Programs	220	265
	1,620	1,542

Ancillary operations

	2025	2024
Boutique revenues	286	291
Parking	319	223
VMMB facility rentals	206	214
NHC collection services	87	85
NHC facility rentals	50	49
Cafeteria leases	17	11
	965	873

Notes to the Financial Statements
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Interest

	2025	2024
Cash	299	575
Investments	134	-
Realized remeasurement gains	521	-
	954	575

Contributions

	2025	2024
Cash contributions and sponsorships	369	301
Specimen and in-kind donations	133	11
	502	312

Professional and scientific services

	2025	2024
Professional and scientific services - cash	70	124
Professional and scientific services - in-kind	72	72
	142	196

Other

	2025	2024
Exhibit loans	148	-
Other	29	18
	177	18

Notes to the Financial Statements
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11. Summary of Expenses by Object

	2025	2024
Personnel costs	5,761	5,333
Amortization of capital assets	2,092	2,138
Professional and special services	1,351	1,075
Operation and maintenance of buildings	1,145	1,234
Real property taxes	698	648
Exhibitions	419	317
Information management infrastructure and systems	412	444
Interest on capital lease obligation	411	455
Travel	180	127
Repairs and maintenance	131	210
Cost of goods sold - natureBOUTIQUE	125	127
Marketing and communications	117	142
Objects for collections	99	4
Freight and cartage	9	13
Accretion of asset retirement obligation	7	7
Other expenses	114	86
	13,071	12,360

12. Parliamentary Appropriations

To achieve its mission, the Corporation relies on government funding. The composition of government funding is as follows:

	2025	2024
Operating	7,222	6,930
Supplementary	-	1,203
Amortization of deferred contributions related to capital assets	1,798	1,848
Appropriations used to purchase amortizable capital assets	(273)	(446)
Appropriations recognized during the year	8,747	9,535

13. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.