

INGENIUM – CANADA’S MUSEUMS OF
SCIENCE AND INNOVATION

QUARTERLY FINANCIAL REPORT
(UNAUDITED)

FOR THE QUARTER ENDED
SEPTEMBER 30, 2023

Narrative discussion

September 30, 2023

This section of the quarterly financial report presents management's narrative discussion of the Corporation's financial performance during the second quarter ended September 30, 2023. It should be read in conjunction with the quarterly financial statements, which follow this section.

Overview

Following are some highlights of the progress made during the second quarter toward the achievement of Ingenium's strategic goals:

Strategic Goal 1: Collaborate to Innovate – Inspiring Canadian Ingenuity

The second quarter kicked off with Canada Day celebrations and programming at Ingenium's three museums, with the most activity taking place at the Canada Aviation and Space Museum. The Museum works with many aerospace sector partners to produce its July 1 events each year, and this year saw the return of programming partner NAV CANADA, along with the participation of new partners, including CAE, MDA Space, and Draganfly.

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

Making Ingenium's sites and its museums' experiences for visitors more accessible from the physical, cognitive, sensory, and socioeconomic perspectives will result in more diverse voices and communities represented in Ingenium's program offer. Measures taken in the second quarter included the Canada Agriculture and Food Museum offering monthly Welcome Wednesdays barrier-free evenings that are designed to "open the museum doors" to those in the community who might not otherwise be able to experience the Museum.

Over the summer, the museums welcomed thousands of youth across its diverse summer camp offerings.

Strategic Goal 3: Strengthen our Foundations

Strong foundations are essential for Ingenium to continue on a sustainable path today and in the years ahead. Steps taken in the second quarter helped to achieve these short and longer-term goals.

The Ingenium Centre opened in 2019 and houses Canada's science and technology collection, with more than two million archival items and more than 85,000 artifacts. The Centre is also home to the Ingenium Research Institute and the Ingenium Digital Innovation Lab. Ingenium's goal is to establish the Ingenium Centre as a centre of excellence for collections care, research, and access, thereby putting Ingenium at the heart of discovery and innovation that will involve researchers, educators, and the public in new and creative ways.

The digital technology fit-up of the digital innovation lab is now complete and Ingenium launched a new virtual tractor interactive thanks to the efforts and equipment of the lab. The five-year plan to establish the Centre's Research Institute as a leader in material culture research was severely interrupted by the pandemic. Now, though, our doors are wide open to researchers, partners and collaborators.

In regards to the museums' physical facilities, work significantly progressed at the Canada Science and Technology Museum site to expand and upgrade its rear parking, as well as to create the vehicular circulation and front parking and landscaping grounds serving visitors to the Museum and to the adjacent Ingenium Centre.

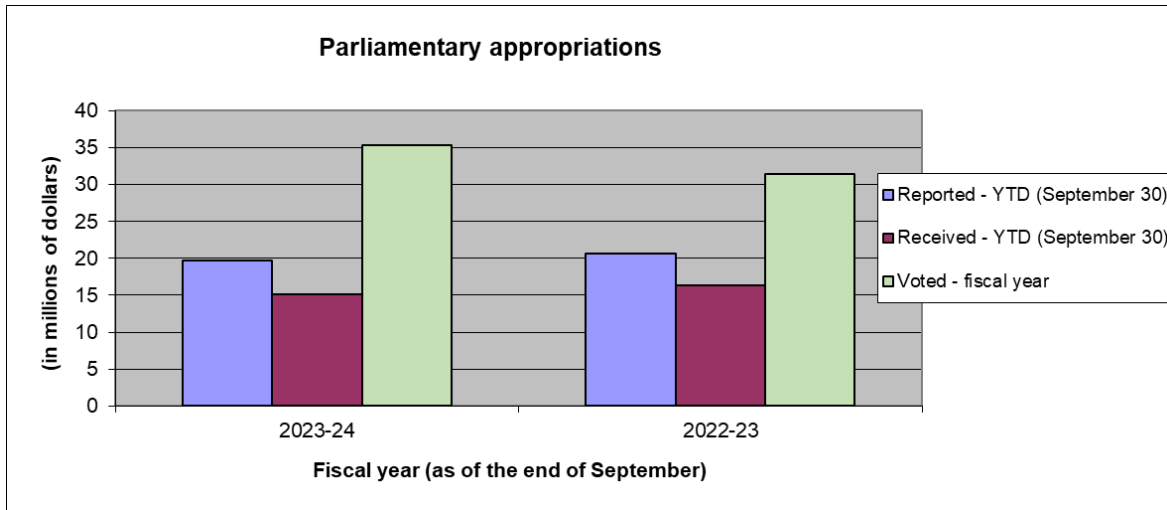
Financial results

Overall, the Corporation posted a minor loss of \$0.861 million (0.656 million in 2022-23) for the period, which is covered by its unrestricted net assets that declined from \$6.604 million at March 31, 2023, to a balance of \$5.743 million at September 30, 2023.

In order to help alleviate some of the financial pressures caused by the costs of operating the museums and collection buildings, 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 will 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 two quarters of 2023-24 is \$19.7 million, slightly lower than \$20.6 million in 2022-23. The appropriation level decreased because temporary pandemic relief funding expired as the Corporation's revenues recover. For the fiscal year 2023-24, the total appropriation including the special funding identified in the federal budget 2023 is \$35.4 million (\$36.6 million in 2022-23). The Corporation will receive an additional \$6.897 million in 2023-24 to address financial pressures caused by significant inflation and increase in payments-in-lieu-of-taxes.

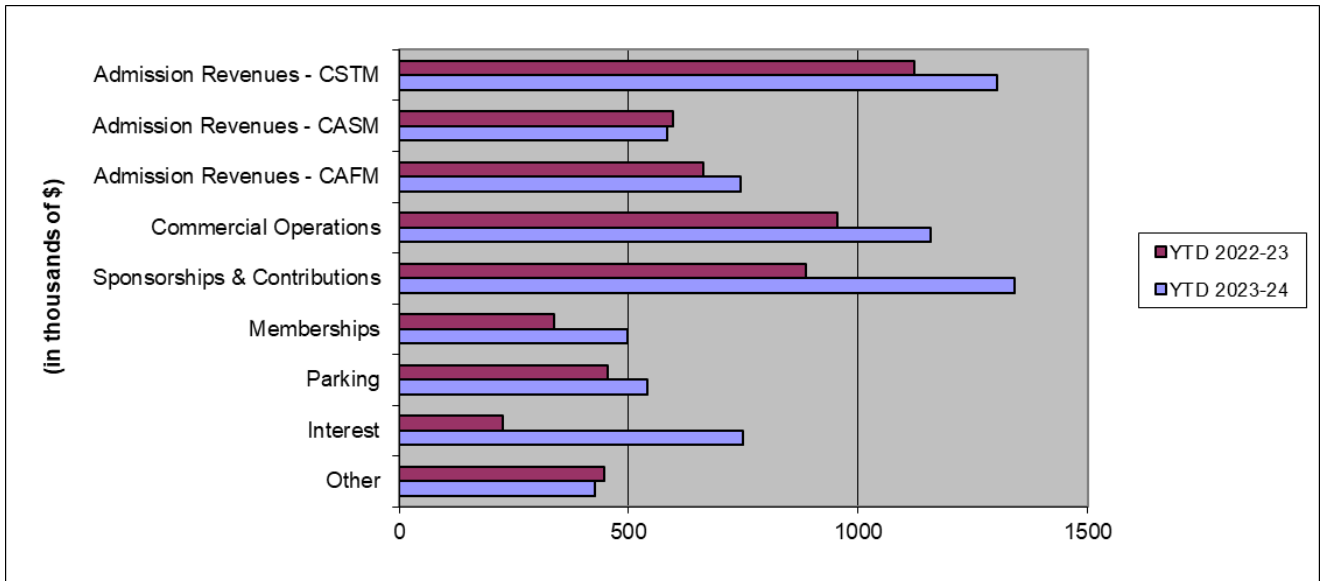


Narrative discussion

September 30, 2023

Revenues

The Corporation generated 28% more revenues by the end of September 2023 than it had generated in the first two quarters of 2022-23 (\$7.3 million in 2023-24 versus \$5.7 million in 2022-23). The impact of the COVID-19 pandemic has almost fully dissipated and the three museums are showing a substantial recovery toward historical levels of visitor attendance. Moreover, the Corporation increased fees for admission, parking and some programs. As a result, operating revenues generated in the first two quarters of 2023-24 are much closer this year to those generated in the first two quarters of 2019-20 (\$5.3 million in 2023-24 versus \$6.4 million in 2019-20). Recognized contributions from partners have increased by 50%, from \$0.886 million in the first two quarters of 2022-23 to \$1.342 million in the first two quarters of 2023-24. The Corporation has recognized significant contributions from the Department of Fisheries and Oceans to deliver public interpretation of ocean science and protection of Canada's east and west coasts. Interest revenues also increased due to rising interest rates (\$0.71 million in 2023-24 compared from \$0.27 million in 2022-23).

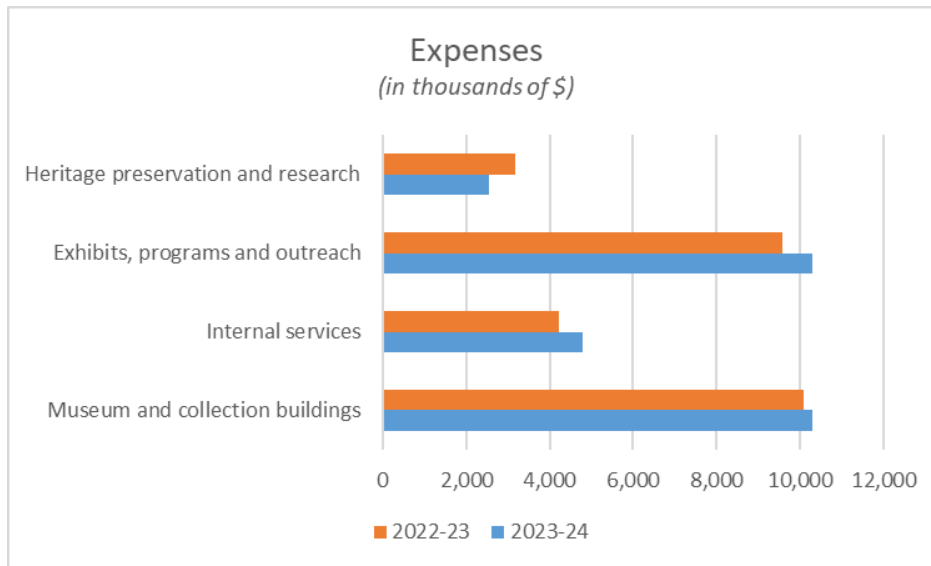


Operating Expenditures

The Corporation's total expenses were \$27.88 million for the first two quarters of 2023-24, slightly higher than this same period last year (\$27.04 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 \$2.55 million (\$3.16 million in 2022-23). Last year, relatively significant costs were incurred for the completion of the collection move project. With museum activities incrementally returning nearly to pre-pandemic levels, expenses have increased in order to deliver museum activities and programs. Price inflation has also contributed to the increase in total expenses.

Narrative discussion

September 30, 2023



Capital Expenditures

For the first two quarters of 2023-24, the Corporation made significant investments in capital assets of \$5.6 million (\$2.1 million in 2022-23). These investments are related to the fit-up of the Digital Innovation Lab and the new service elevator within the Ingenium Centre, parking and circulation works at combined site of the CSTM and the Ingenium Centre, the purchase of specialized collections handling equipment, and the investment in updating permanent exhibitions.

Narrative discussion

September 30, 2023

RISK ANALYSIS

For 2023-24, three prominent risks included in Ingenium's corporate risk profile are found to be above the risk tolerance threshold:

- **Government funding:** The risk that the Corporation will not receive sufficient government funding due to escalating costs, inflation and the lack of indexation, and new unfunded costs associated with a growing asset portfolio. To mitigate this risk, 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:** The 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 National Capital region, which led to a decrease in visitation-related revenues. To off-set the impact of the revenue decline, the Corporation reduced spending across the organization commiserate with its revenue levels.
- **Contributions and philanthropy:** The 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 various private and public 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 elevated risks, 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 is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information that assets are safeguarded and controlled, and that transactions are in accordance with the *Financial Administration Act* and regulations, as well as the *Museums Act* and the by-laws of the Corporation.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the quarterly financial statements.

Christina Tessier
President and CEO

Kimberlee Hemming
COO, People and Corporate Services

22 November 2023

STATEMENT OF FINANCIAL POSITION (unaudited)

As at September 30

<i>(in thousands of dollars)</i>	September 30, 2023	March 31, 2023
ASSETS		
Current		
Cash and cash equivalents	\$ 22,186	\$ 30,627
Accounts receivable		
Government departments	808	720
Trade	265	457
Inventories	596	595
Prepaid expenses	<u>972</u>	<u>1,160</u>
	24,827	33,559
Collection (Note 3)	1	1
Capital Assets	<u>241,770</u>	<u>242,072</u>
	<u>\$ 266,598</u>	<u>\$ 275,632</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 8,013	\$ 10,542
Current portion of employee future benefits	174	174
Deferred revenues and deferred appropriations	<u>9,096</u>	<u>14,490</u>
	17,283	25,206
Employee future benefits	473	474
Long-term advance (Note 4)	4,208	4,208
Deferred contributions related to capital assets	<u>228,789</u>	<u>229,038</u>
	250,753	258,926
NET ASSETS		
Unrestricted	5,743	6,604
Investment in capital assets	<u>10,102</u>	<u>10,102</u>
	<u>15,845</u>	<u>16,706</u>
	<u>\$ 266,598</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 September 30

<i>(in thousands of dollars)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022
REVENUES				
Operating (Schedule 1)	\$ 2,960	\$ 2,867	\$ 5,260	\$ 4,578
Contributions (Schedule 1)	402	478	1,342	886
Interest	359	179	713	270
Total revenues	3,721	3,524	7,315	5,734
EXPENSES (Schedule 2)				
Heritage preservation and research	1,315	1,574	2,547	3,158
Exhibits, programs and outreach	5,077	5,039	10,260	9,582
Internal services	2,455	2,154	4,787	4,223
Museum and collection buildings	5,076	4,987	10,286	10,076
Total expenses	13,923	13,754	27,880	27,039
Deficit before parliamentary appropriations	(10,202)	(10,230)	(20,565)	(21,305)
Parliamentary appropriations (Note 5)	9,654	9,758	19,704	20,649
Surplus (loss) for the period	\$ (548)	\$ (472)	\$ (861)	\$ (656)

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

STATEMENT OF CHANGES IN NET ASSETS (unaudited)

For the quarter ended September 30

	September 30, 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
Gain (loss) for the period	(861)	1,920
Unrestricted net assets, end of period	5,743	6,604
Net assets, end of period	\$ 15,845	\$16,706

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

STATEMENT OF CASH FLOWS (unaudited)

For the quarter ended September 30

<i>(in thousands of dollars)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Operating activities:				
Cash received (clients and donors)	\$ 2,501	\$ 2,864	\$ 5,275	\$ 5,411
Parliamentary appropriations received for operations	6,923	6,854	14,200	14,738
Cash paid to suppliers	(4,252)	(5,683)	(10,011)	(12,107)
Payments related to salary and benefits	(9,988)	(6,684)	(15,895)	(12,216)
Cash received from the Foundation	-	56	222	71
Interest received	358	153	748	226
Net cash generated (spent) through operating activities	(4,458)	(2,440)	(5,461)	(3,877)
Capital activities:				
Payments related to capital acquisitions	(2,796)	(1,027)	(4,015)	(2,274)
Net cash used through capital activities	(2,796)	(1,027)	(4,015)	(2,274)
Financing activities:				
Appropriations received for the acquisition of capital assets	695	1,529	1,035	1,580
Net cash generated through financing activities	695	1,529	1,035	1,580
Increase (decrease) in cash and cash equivalents	(6,559)	(1,938)	(8,441)	(4,571)
Cash and cash equivalents, beginning of period	28,745	26,974	30,627	29,607
Cash and cash equivalents, end of period	\$ 22,186	\$ 25,036	\$ 22,186	\$ 25,036

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

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS September 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 corporate plan. The Corporation has complied with this directive, including implementing subsequent amendments to Treasury Board's Directive on Travel, Hospitality, Conference and Event Expenditures.

2. Accounting policies

The significant accounting policies are as follows:

(a) Basis of presentation

These financial statements have been prepared in accordance with Section 4200 of the Canadian Public Sector Accounting Standards applicable to government not-for-profit organizations. The Corporation applies the deferral method of accounting for contributions.

(b) Cash and cash equivalents

The Corporation's investments are highly liquid as they are redeemable on demand without prior notice or penalty and limited to fixed income securities in reputable financial institutions that are members of the Payments Canada and rated good quality (A-1, A or better) by the Canadian Bond Rating Services (DBRS).

Restricted cash and cash equivalents may arise from unused appropriations and deferred contributions from individual and corporate entities for a specific purpose.

(c) Accounts receivable

Accounts receivable are stated at amounts expected to be ultimately realized. The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on specific accounts and is determined by considering the Corporation's knowledge of the financial condition of its customers, the aging of accounts receivable, current business climate, customers and industry concentrations and historical experience.

All write-downs against accounts receivable are recorded within operating expenditures on the Statement of Operations.

(d) Inventories

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

(e) Collection

The collection constitutes a significant portion of the Corporation's assets but is shown at a nominal value of \$1,000 on the Statement of Financial Position because of the practical difficulties in reflecting it at a meaningful value.

Items purchased for the collection are recorded as expenses in the year of acquisition. Items donated to the Corporation are recorded as assets at the nominal value. Proceeds of sales from collection items, if any, are recorded as revenue in the year of disposal.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
September 30, 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
September 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
September 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 September 30.

Realized gains and losses resulting from foreign currency translation are reported on the Statement of Operations. Gains are reported as other revenues on the Schedule of Operating Revenues and Contributions, and losses are reported as miscellaneous expenses on the Schedule of Expenses.

(j) Financial assets and liabilities

The classification of financial instruments is determined by the Corporation at initial recognition and depends on the purpose for which the financial assets were acquired or liabilities were incurred. All financial instruments are recognized initially at fair value.

The fair value of financial instruments on initial recognition is based on the transaction price, which represents the fair value of the consideration given or received. Subsequent to initial recognition, financial instruments are measured based on the accounting treatment corresponding to their classification.

Financial assets and financial liabilities are measured at cost or amortized cost. Financial assets consist of cash and cash equivalents, and accounts receivable net of tax receivable. Financial liabilities consist of long-term advance, and accounts payable and accrued liabilities.

NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
September 30, 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.

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 September 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
September 30, 2023

5. Parliamentary appropriations

<i>(in thousands of dollars)</i>	2023	2022
Main Estimates amount provided for operating and capital expenditures	\$ 15,100	\$ 14,762
Supplementary estimates:		
Funding for the completion of the Ingenium Centre	-	1,500
	\$ 15,100	\$ 16,262
Deferred appropriations used in current year	4,466	2,222
Appropriations approved in current year for expenses and purchases of capital assets in future periods	-	(1,500)
Amounts used to purchase depreciable capital assets	(5,305)	(1,722)
Amortization of deferred contribution related to capital assets	5,443	5,387
Parliamentary appropriations	\$ 19,704	\$ 20,649

6. Related party transactions

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

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

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

7. Canada Science and Technology Museums Corporation Foundation

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

8. Rockcliffe Flying Club

The Rockcliffe Flying Club ("RFC") is a non-profit organization which has for objective to both conduct a Department of Transport Flying Training Course for club members and provide aircraft to club members for recreational flying. The RFC operates the Rockcliffe Airport that is located on the grounds of the Canada Aviation and Space Museum. The Corporation has an economic interest in the RFC due to the significant resources provided to the RFC in exchange for maintenance of the property. The Corporation provides the RFC with the land at no cost in exchange for the operation and maintenance of the airport runways, taxiways, aprons, grounds, parking lots and access roadway. Because of the difficulty in determining the fair value of the services received or the services given, the transactions are not recognized in these financial statements.

9. Contingencies

In the normal course of its operations, the Corporation becomes involved in various claims or legal actions. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense is recorded in the Corporation's financial statements. As at September 30 2023, no provision has been recorded based on the Corporation's and external legal firm assessment of potential liability (2022-2023 - no provision). The effect, if any, of ultimate resolution of these matters will be accounted for when determinable. As at September 30 2023, the Corporation had no contingent assets to disclose.

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

For the quarter ended September 30

Operating Revenues

<i>(in thousands of dollars)</i>	Q2	Q2	YTD	YTD
	2023	2022	2023	2022
General admissions and programs				
Science and Technology	\$ 776	\$ 754	\$ 1,304	\$ 1,123
Aviation and Space	330	377	585	597
Agriculture and Food	476	430	745	662
Boutique Sales	442	458	781	727
Facility Rental and concessions	141	169	378	229
Parking	300	269	542	454
Membership	255	175	499	339
Farm Operations	112	114	230	224
Travelling exhibitions	63	51	102	79
Other	65	70	94	144
TOTAL	\$ 2,960	\$ 2,867	\$ 5,260	\$ 4,578

Contributions

<i>(in thousands of dollars)</i>	Q2	Q2	YTD	YTD
	2023	2022	2023	2022
Grants and Sponsorships	\$ 278	\$ 280	\$ 621	\$ 598
Other Contributions from corporations and individuals	124	143	499	233
Contribution from the Foundation	-	55	222	55
TOTAL	\$402	\$ 478	\$ 1,342	\$ 886

SCHEDULE 2: SCHEDULE OF EXPENSES (unaudited)

For the quarter ended September 30

<i>(in thousands of dollars)</i>	Q2	Q2	YTD	YTD
	2023	2022	2023	2022
Personnel costs	6,513	6,532	12,969	12,646
Amortization of capital assets	2,951	2,905	5,877	5,807
Property taxes	805	837	1,610	1,672
Property management services	693	571	1,354	1,227
Material and supplies	582	455	1,110	1,029
Utilities	525	608	1,077	1,112
Professional and special services	523	635	1,060	1,052
Repairs and upkeep of buildings	211	125	594	304
Protection services	301	190	561	446
Gift shop and product marketing	214	214	380	346
Repairs and upkeep of equipment	157	72	253	172
Design and Display	36	48	241	154
Advertising	85	177	184	287
Miscellaneous expenses	101	67	166	127
Communications	56	48	104	103
Travel	45	32	92	54
Publications	49	37	88	58
Freight, express and cartage	42	34	71	102
Office supplies and equipment	24	14	57	38
Rentals of equipment	7	10	22	19
Purchase of objects for the collection	1	-	6	1
Books	2	1	4	3
Lease of Buildings	-	140	-	280
Total	\$ 13,923	\$ 13,754	\$ 27,880	\$ 27,039