

CANADA SCIENCE AND TECHNOLOGY  
MUSEUMS CORPORATION

QUARTERLY FINANCIAL REPORT  
(UNAUDITED)

FOR THE QUARTER ENDED  
SEPTEMBER 30, 2015

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# Narrative discussion

September 30, 2015

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, 2015. Please read it in conjunction with the Corporation's quarterly financial statements, which follow this section.

## FINANCIAL RESULTS

A summary of the financial activity for the second quarter of 2015-2016 includes the following:

### Overview

On September 12, 2015, the Canada Agriculture and Food Museum held its first Baconpalooza event to celebrate the best of what bacon has to offer. The event brought together at the Museum some of the city's most popular food trucks, as well as beer and cocktail tents, cooking-with-bacon demonstrations by celebrity chefs, and live evening entertainment by a Juno award-winning band from Ottawa. Baconpalooza was sponsored by Bell Media, The Clocktower Brew Pub, Ottawa Marriott, Seed to Sausage, The Fireplace Center and Patio Shop, and Koffman Signs. Proceeds from the event support the Museum's Foundation.

On July 3, 2015, the Corporation announced that the new interactive Star Trek exhibition Starfleet Academy Experience will have its world premiere at the Canada Aviation and Space Museum starting in May 2016. Five months later the exhibition it will start its world tour. The exhibition, which is being produced under license from CBS Consumer Products by EMS Entertainment, the leader in interactive immersive exhibitions, will provide newly-minted cadets with a first-of-its-kind "Trek Tech" immersive experience. Visitors will progress from orientation into a rigorous training program involving simulated science, engineering, medical and command courses, through to graduation, and, finally, to the deck of an active starship.

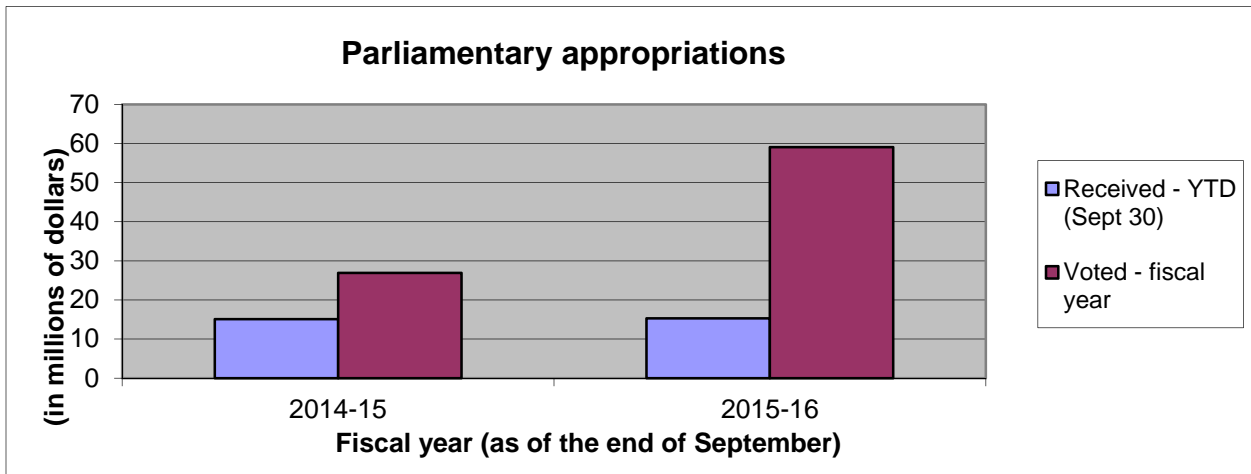
The Canada Science and Technology Museum is closed until 2017 for a comprehensive renewal. While it is closed, the Museum's artifacts, educational programs, activities, and demonstrations continue to be showcased at various venues in order to share Canada's rich heritage of innovation and to maintain in youth the spark of curiosity for science, technology, engineering, and mathematics. For instance, on Friday, August 21, representatives from the Canada Science and Technology Museum, along with their Corporation colleagues from its two affiliated museums, hit the streets in downtown Ottawa to bring fun science facts to Ottawans and tourists alike. Employees explained scientific mysteries in the context of space exploration and agriculture.

# Narrative discussion

September 30, 2015

## Parliamentary appropriations

Total appropriation in the Corporation's statements is reported on an accrual basis in the amount of \$7.7 million recorded in the second quarter of 2015-16 (\$7.6 million in 2014-15). For the fiscal year 2015-16, the total voted appropriation is \$59.1 million (\$26.9 million in 2014-15) including \$32.2 million approved for the CSTM building renewal project.

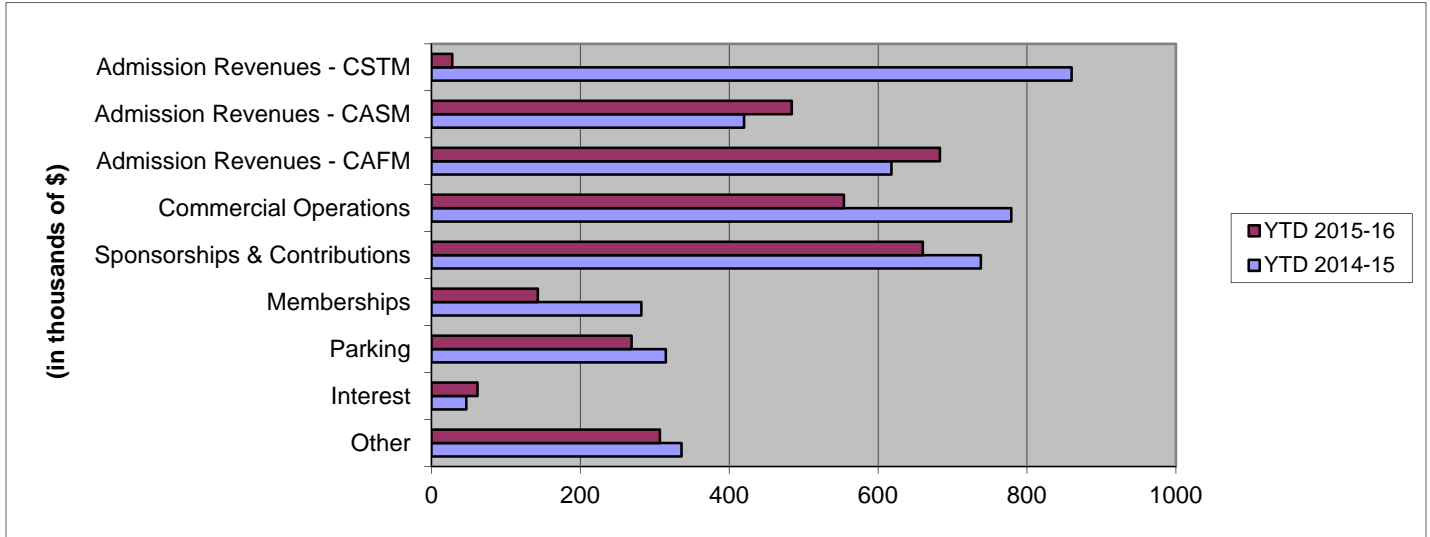


## Revenues

Revenue generation continues to be a priority for the Corporation in an attempt to counter the escalating operating costs. At the end of September 2015, revenues decreased by \$1.2 million when comparing the first two quarters of 2015-2016 with the first two quarter of 2014-2015. Although CASM and CAFM are producing record numbers, it is not enough to counter the decrease in revenues attributed to the fact that CSTM and its boutique have been closed since September 2014.

# Narrative discussion

September 30, 2015



## Operating Expenditures

The Corporation's total expenses were \$8.5 million for the second quarter of 2015-2016 (\$9.3 million in 2014-15) with the two main uses of funds being personnel and accommodation costs, totaling \$4.5 million (\$5.0 million in 2014-15) and \$3.0 million (\$3.4 million in 2014-15) respectively.

The closure of the Canada Science and Technology Museum in September 2014 for a period of remediation, repair, and renewal contributed to relatively significant savings in personnel costs and consequently to a decrease in operating revenues.

## Capital Expenditures

For the second quarter of 2015-16, the Corporation made investments in capital assets for an amount of \$1.0 million (\$19,000 in 14-15). Most of these investments are related to the CSTM renewal project currently in progress.

# Narrative discussion

September 30, 2015

## RISK ANALYSIS

In its 2014-2015 annual report, the Corporation identified the challenges related to its facilities, human resources and funding.

The collection is housed in three leased warehouse buildings, which are at 130% capacity, providing a challenge for the acquisition of new artefacts to enhance the collection. Moreover, the non-purpose built buildings have inadequate temperature and humidity controls, as well as roof leak issues, making them inappropriate to preserve Canada's material history, resulting in accelerated artefact deterioration. The Corporation continues to work towards securing proper accommodations to resolve both the substandard environmental issues and the overcrowding in its current collection reserves. At the same time, work continues in redressing the capital infrastructure with a focus on high risk areas. With the announced investment of \$80.5 million from the Government of Canada that will be allocated over the next three fiscal years, the Corporation has started to address the issues related to the CSTM building including the remediation of the mould issue, the upgrade of the building's seismic structural strength and the replacement of the Museum's roof.

With regards to human resources challenges, the Corporation continues to put emphasis on internal job training and mentoring for specific 'at-risk' positions. A thorough review of the Corporation succession plan is underway.

The Corporation's financial situation continues to be a main preoccupation with the issues of rising facility operating costs and major capital pressures. The identification of a permanent resolution for funding the increased facilities required to deliver our mandate continues to add pressures.

The Corporation has already implemented many cost-stabilization strategies within the past three years, including a moratorium on new exhibition development unless funded by sponsorships or a positive dollar return on investment is guaranteed, postponed building maintenance and repairs, stretching the use of equipment that has exceeded its useful life expectancy, energy efficiency programs, and staff cost reductions. More recently, important cuts in museum and facility operations have been made in order to cover for the revenue losses associated with the CSTM closure. With these cost containment initiatives already in place, the Corporation is working hard to respond to the financial pressures in ways that will ensure the sustainability of the organization. All these cost saving initiatives have helped to stabilize expenses. However, the accumulated funds during the last two years and the cost savings are not sufficient to match the decrease in funding and ability to recapitalize its capital assets for long term sustainability.

Given its financial position, the Corporation continues to focus heavily on revenue generation. The Corporation has expanded its outreach activities with the "Museum on the Go" initiative and allocated more resources to business development activities such as sponsorships. Although financially successful for the Corporation, the revenues from these initiatives are not enough to offset the rising costs of operations. The Corporation will continue to monitor, search for, and exploit all revenue generating opportunities.

# 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.

Alex Benay  
President and Chief Executive Officer

Fern Proulx  
Chief Operating Officer

November 25, 2015

## STATEMENT OF FINANCIAL POSITION (unaudited)

As at September 30

<i>(in thousands of dollars)</i>	2015	2014
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 28,931	\$ 12,312
Accounts receivable		
Government departments	348	190
Trade	231	355
Inventories	438	456
Prepaid expenses	521	203
	<u>30,469</u>	<u>13,516</u>
Collection (Note 4)	1	1
Capital Assets	<u>64,060</u>	<u>63,077</u>
	<u>\$ 94,530</u>	<u>\$ 76,594</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities		
Government departments	\$ 251	\$ 873
Accrued salaries and other	2,695	1,958
Current portion of employee future benefits	273	329
Deferred revenues and deferred appropriations	22,071	6,304
	<u>25,290</u>	<u>9,464</u>
Employee future benefits	204	236
Long-term advance (Note 5)	4,533	4,533
Deferred contributions related to capital assets	<u>50,237</u>	<u>49,149</u>
	80,264	63,382
<b>NET ASSETS</b>		
Unrestricted	4,164	3,110
Investment in capital assets	<u>10,102</u>	<u>10,102</u>
	<u>14,266</u>	<u>13,212</u>
	<u>\$ 94,530</u>	<u>\$ 76,594</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 2015	Q2 2014	YTD 2015	YTD 2014
<b>REVENUES</b>				
Operating (Schedule 1)	\$ 1,292	\$2,003	\$ 2,468	\$ 3,610
Contributions (Schedule 1)	111	388	660	738
Interest	17	25	59	61
Total revenues	\$ 1,420	\$ 2,416	\$ 3,187	\$ 4,409
<b>EXPENSES (Schedule 2)</b>				
Heritage preservation	956	1,033	1,980	2,032
Sharing knowledge	2,713	3,119	5,332	6,384
Internal services	1,804	1,806	3,574	3,603
Accommodation	3,020	3,378	6,218	6,349
Total expenses	8,493	9,336	17,104	18,368
Deficit before parliamentary appropriations	(7,073)	(6,920)	(13,917)	(13,959)
Parliamentary appropriations (Note 6)	7,692	7,565	15,268	15,139
Surplus for the period	\$ 619	\$ 645	\$ 1,351	\$ 1,180

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

(in thousands of dollars)	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Investment in capital assets, beginning of period	\$ 10,102	\$ 10,102	\$ 10,102	\$10,102
Change in investment in capital assets	-	-	-	-
Investment in capital assets, end of period	10,102	10,102	10,102	10,102
Unrestricted net assets, beginning of period	3,545	2,465	2,813	1,930
Surplus for the period	619	645	1,351	1,180
Unrestricted net assets, end of period	4,164	3,110	4,164	3,110
Net assets, end of period	\$ 14,266	\$ 13,212	\$ 14,266	\$ 13,212

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	Q2	YTD	YTD
	2015	2014	2015	2014
<b>Operating activities:</b>				
Cash received (clients)	\$ 1,572	\$ 1,956	\$ 3,191	\$ 4,302
Parliamentary appropriations received for operations	5,503	6,179	15,669	15,651
Cash paid to suppliers	(2,814)	(3,688)	(7,038)	(8,305)
Payments related to salary and benefits	(5,533)	(5,543)	(9,875)	(10,010)
Cash received for restricted contributions	-	59	-	59
Interest received	34	25	62	47
<b>Net cash generated (spent) through operating activities</b>	<b>(1,238)</b>	<b>(1,012)</b>	<b>2,009</b>	<b>1,744</b>
<b>Capital activities:</b>				
Payments related to capital acquisitions	(1,017)	(19)	(2,033)	(106)
<b>Net cash used through capital activities</b>	<b>(1,017)</b>	<b>(19)</b>	<b>(2,033)</b>	<b>(106)</b>
<b>Financing activities:</b>				
Sponsorship received for the acquisition of capital assets	-	-	492	-
Appropriations received for the acquisition of capital assets	12,927	19	19,424	106
<b>Net cash generated through financing activities</b>	<b>12,927</b>	<b>19</b>	<b>19,916</b>	<b>106</b>
Increase (decrease) in cash and cash equivalents	10,672	(1,012)	19,892	1,744
Cash and equivalents, beginning of period	18,259	13,324	9,039	10,568
<b>Cash and cash equivalents, end of period</b>	<b>\$ 28,931</b>	<b>\$ 12,312</b>	<b>\$ 28,931</b>	<b>\$ 12,312</b>

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

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

September 30, 2015

The quarterly financial statements of the Canada Science and Technology Museums Corporation 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 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 Canada Science and Technology Museums Corporation. 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

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

#### Sharing Knowledge

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.

#### Accommodation

This includes operating and maintenance expenses for all owned and leased facilities including security services. It also includes a significant portion of the amortization expense since the main capital acquisitions relate to the Corporation facilities.

### 2. Accounting policies

The significant accounting policies are:

#### (a) Basis of presentation

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

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

September 30, 2015

### (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 Canadian Payment association, government backed paper and commercial paper rated A++ by the Canadian Bond Rating Services (DBRS).

Restricted cash and cash equivalents 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 and political 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 average weighted cost method and net realizable value is based on retail price.

### (e) Collection

The collection constitutes the major 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.

### (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 exhibits improvements are amortized over the estimated useful life of the improvements.

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

September 30, 2015

When conditions indicate that a tangible 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 tangible 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 writedown is then accounted for as expense in the Statement of Operations.

Amortization 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 10 years
Computer software	5 years
Museum permanent exhibition (note 3)	5 to 10 years
Equipment	5 to 12 years

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.

#### ii) Severance and termination benefits

Prior to May 11, 2012, employees were entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits was accrued as the employees render the services necessary to earn them. The Corporation has modified this benefit as of May 11, 2012 for all employees. The severance benefit ceased to accumulate as of that date. Consequently, employees had the choice to receive their severance benefit payment earned to that date immediately, defer the payment until retirement, or a combination of the two options, based on their continuous years of service with the Corporation as of May 11, 2012. As at March 31, the outstanding payments due have been accrued and are re-measured on a yearly basis to take into consideration salary increases. Actuarial gains (losses) are recognized in the Statement of Operations on a systematic basis as severance payments are being made to employees who are leaving the Corporation.

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.

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

September 30, 2015

### 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 exhibits with a useful life of over one year are initially recorded as deferred contributions on the Statement of Financial Position. When a 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 in the Statement of Operations in the period for which the parliamentary appropriation is authorized.

#### ii) Operating

Revenues from Museum operations include the sale of general admission and programs, boutique sales, facility rentals, memberships, farm operations and other revenues. They are recognized in the year in which the sale of goods is completed or the services are provided.

#### iii) Contributions

Contributions from sponsorships received for the purchase and developments of exhibitions with a useful life over 1 year are initially recorded as deferred contributions on the Statement of Financial Position (note 3). When a purchase is made, the portion of sponsorships 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.

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.

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

September 30, 2015

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, contributed services from volunteers and other related organizations (Note 8), and donated objects for the collection (Note 4) 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 in the Schedule of Operating Revenues 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. Financial liabilities consist of long-term advance, and accounts payable and accrued liabilities.

#### (k) 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 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.

#### (l) 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

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

September 30, 2015

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 estimated useful lives of capital assets are the most significant items for which estimates are used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated useful lives of capital assets

The estimated useful lives of capital assets are based on management's intentions with respect to the asset, historical experience with the asset, internal asset management plans and other factors as determined by management. The useful lives are reviewed on an annual basis and any revisions to the useful lives are accounted for prospectively.

There are no other accounting assumptions or estimates that have been identified to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year.

### 3. Accounting change

In 2014-2015, the Corporation has reviewed its approach for the capitalization of permanent exhibition costs and concluded that permanent exhibitions should be capitalized. Consequently, the Corporation has corrected its capital assets and deferred contributions related to capital assets for the period ended September 30, 2015. The new accounting treatment for permanent exhibitions has been applied prospectively in these Quarterly financial statements, therefore, comparative balances have not been restated considering this accounting change has no impact on the Corporation's net results.

### 4. 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



## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

September 30, 2015

### 5. Long-term advance

The Corporation received funding from the Treasury Board Secretariat between fiscal years 2008 and 2010 to construct educational facilities, retail space and an auditorium at the Canada Aviation and Space Museum. The Corporation also received funding in fiscal year 2008 to establish a foundation for the Canada Science and Technology Museums Corporation.

<i>(in thousands of dollars)</i>	2015	2014
Funding for construction of revenue generating facilities	\$ 4,208	\$ 4,208
Funding to establish a Foundation	325	325
	\$ 4,533	\$ 4,533

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 and the repayment of the funding received to establish the Foundation was not anticipated before 6 years of the date the Foundation starts its operations. As of September 30, 2015, a repayment mechanism has yet to be established. The Corporation is not subject to pay interest on this funding.

### 6. Parliamentary appropriations

<i>(in thousands of dollars)</i>	2015	2014
Main Estimates amount provided for operating and capital expenditures	\$ 21,641	\$ 13,551
	\$ 21,641	\$ 13,551
Deferred appropriation used in current year	414	-
Appropriations approved in current year for expenses and purchases of capital assets in future periods	(8,145)	-
Amounts used to purchase depreciable capital assets	(400)	(106)
Amortization of deferred contribution related to capital assets	1,758	1,694
Parliamentary appropriations	\$ 15,268	\$ 15,139

### 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 is a registered charitable non-profit organization under the Income Tax Act since April 1, 2008. This is a separate legal entity from the Canada Science and Technology Museums Corporation and all funds that will be raised by the Foundation will be for projects determined by the Foundation.

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

September 30, 2015

The Foundation raises funds from patrons, corporations, associations and from the community. The amounts granted to the Corporation by the Foundation are recorded as Contributions in the Corporation's statement of operations.

### 8. 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. The Corporation enters into transactions with these entities in the normal course of operations, under the same terms and conditions that applied to outside parties and are recorded at the exchange amount. The most significant transactions with related parties include the property taxes and employee benefits expenses.

Also, during the year, the Corporation received services which were obtained without charge from the 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.

### 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 recorded in the Corporation's financial statements. As at September 30, 2015, a provision has been recorded in the amount of \$0.1 million (2014 - no provision recorded). The effect, if any, of ultimate resolution of these matters will be accounted for when determinable.

### 10. Comparative information

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

## 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
	2015	2014	2015	2014
General admissions and programs				
Science and Technology	\$ 17	\$ 534	\$ 28	\$ 860
Aviation and Space	262	240	484	420
Agriculture and Food	410	385	683	618
Boutique Sales	187	272	335	516
Facility Rental and concessions	50	75	174	180
Parking	141	183	269	315
Membership	64	136	143	282
Farm Operations	89	90	180	195
Thematic experiences	31	58	45	83
Other	41	30	127	141
<b>TOTAL</b>	<b>\$ 1,292</b>	<b>\$ 2,003</b>	<b>\$ 2,468</b>	<b>\$ 3,610</b>

### Contributions

<i>(in thousands of dollars)</i>	Q2	Q2	YTD	YTD
	2015	2014	2015	2014
Grants and Sponsorships	\$ 111	\$ 236	\$ 660	\$ 494
Contributed services	-	93	-	185
Contributions from the Foundation	-	59	-	59
<b>TOTAL</b>	<b>\$ 111</b>	<b>\$ 388</b>	<b>\$ 660</b>	<b>\$ 738</b>

## SCHEDULE 2: SCHEDULE OF EXPENSES (unaudited)

For the quarter ended September 30

<i>(in thousands of dollars)</i>	Q2	Q2	YTD	YTD
	2015	2014	2015	2014
Personnel costs	\$ 4,518	\$ 4,979	\$ 9,144	\$ 9,984
Amortization	963	870	1,906	1,746
Rental of buildings	562	474	1,079	951
Professional and special services	441	623	943	968
Property management services	283	400	614	760
Property tax	341	476	613	912
Utilities	277	231	490	433
Material and supplies	233	166	397	365
Protection services	143	193	356	364
Design and display	74	113	286	379
Repairs and upkeep of buildings	126	224	272	415
Advertising	122	125	173	182
Gift Stores, cafeteria and product marketing	92	138	168	263
Travel	91	42	151	106
Repairs and upkeep of equipment	48	74	129	152
Communications	56	65	103	121
Publications	49	49	86	82
Office supplies and equipment	23	29	47	57
Miscellaneous	0	9	44	30
Purchase of objects for the collection	8	14	34	19
Rentals of equipment	19	15	34	38
Freight, express and cartage	21	16	25	27
Books	3	11	10	14
<b>Total</b>	<b>\$ 8,493</b>	<b>\$ 9,336</b>	<b>\$ 17,104</b>	<b>\$ 18,368</b>