

CANADA SCIENCE AND TECHNOLOGY  
MUSEUMS CORPORATION

QUARTERLY FINANCIAL REPORT  
(UNAUDITED)

FOR THE QUARTER ENDED  
DECEMBER 31, 2012

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# Narrative discussion

December 31, 2012

This section of the quarterly financial report presents management's narrative discussion of the Corporation's financial performance during the third quarter ended December 31, 2012. 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 third quarter of 2012-2013 includes the following:

### Overview

During the first three quarters of the fiscal year, the Corporation continued to focus on the *Let's Talk Energy* initiative. Significant progress was made in many areas of the initiative such as the implementation of new school programs, and kits, and the launch of the Facebook page. Also, Let's Talk Energy in partnership with museums, universities and local groups has been presenting screenings of the film "*Switch*" across the country.

On November 20, the Canada Aviation and Space Museum and the Canadian Space Agency (CSA) announced the signing of an agreement whereby the Museum is the authorized supplier of CSA products including some associated with Expedition 34/35, Chris Hadfield's mission in space.

The Science and Engineering Hall of Fame Induction ceremony took place in November at the Canada Science and Technology Museum (CSTM). The CSTM announced the induction of Dr Ursula Franklin, Dr Brenda Milner and J.A.D. McCurdy as new Inductees of the Canadian Science and Engineering Hall of Fame.

At the Canada Agriculture Museum, the construction which started in January 2012 on the new Learning Centre has been going well and the Centre is currently on schedule to open in Spring 2013.

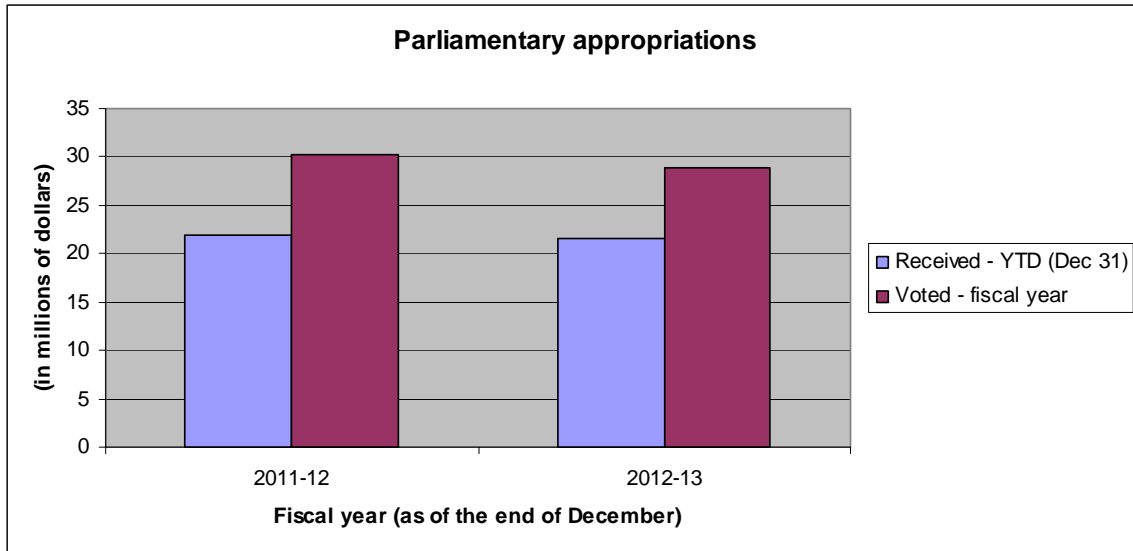
Work has also been done on the preparation of the new open space exhibition for both the Canada Agriculture Museum and the Canada Science and Technology Museum.

### Parliamentary appropriations

Total appropriation in the Corporation's statements is reported on an accrual basis in the amount of \$6.7 million recorded in the third quarter of 2012-13 (\$7.9 million in 2011-12). During the third quarter, the Corporation used \$1.3M of the appropriations received to purchase capital assets compared to \$0.5M for the same period last year. For the fiscal year 2012-13, the total voted appropriation is \$28.9 million (\$30.3 million in 2011-12) and includes \$2.4 million coming from the 2008 budget for specific projects (\$2.6 million in 2011-12).

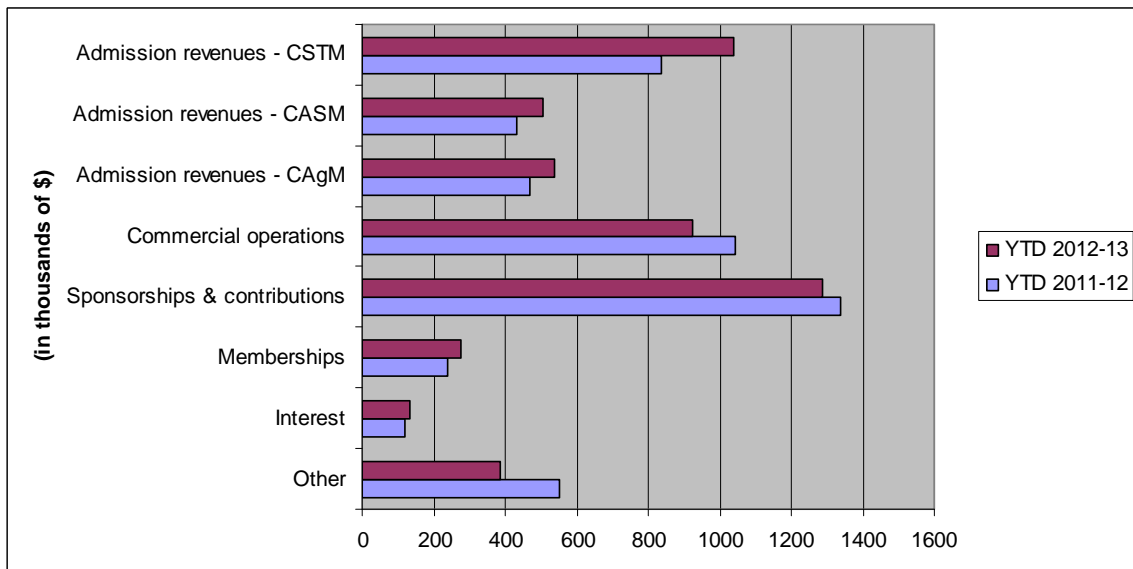
# Narrative discussion

December 31, 2012



## Operating Revenues

Revenue generation continues to be a priority for the Corporation in an attempt to counter the escalating operating costs. At the end of December 2012, the Corporation had recorded revenues that are comparable to the same period last year. On one side, admission revenues for the three museums have increased significantly due to higher prices implemented for general admission since April 1, 2012. On the other side, boutique sales and other revenues are the areas where the most significant decreases have been recorded. The decrease in boutique sales can mainly be explained by the drop in individual visit attendance to museums. As for other revenues, the Corporation had generated less revenue from travelling exhibitions this fiscal year compared to the same period last year.



# Narrative discussion

December 31, 2012

## Operating Expenditures

The Corporation's total expenses were \$8.6 million for the third quarter of 2012-2013 (2011-12 - \$9.2 million) with the two main uses of funds being personnel and accommodation costs, totaling \$4.9 million (2011-12 - \$5.3 million) and \$2.1 million (2011-12 - \$2.2 million) respectively.

Total operating costs have decreased by \$3.4 million when comparing the first three quarters of 2012-13 with the first three quarters of 2011-12. The Corporation has implemented many cost reduction strategies including reduced building maintenance and exhibition activity. The layoff of seventeen employees in December 2011 has contributed to the significant decrease in personnel costs in 2012-13. While unfortunate, the workforce reduction was necessary to enable the Corporation to manage budget constraints in subsequent years. In addition, no new exhibitions are being developed unless they are fully funded by sponsorships or a positive dollar return on investment is guaranteed. With only minor investments made in exhibitions in the first half of 2012-13, a significant decrease in "design and display", and "material and supplies" expenses has resulted when comparing the first nine months of 2012-2013 to the first nine months of 2011-12. A legal settlement of \$500,000 recorded under professional services in 2011-12 is the other important contributing factor to the expense decrease.

On May 7, 2012, the Corporation reached a tentative agreement with the Corporations' employees represented by PSAC. The agreement was ratified on May 9, 2012. This three-year agreement covers the period of April 1, 2011 through March 31, 2014. With the new collective agreement, Management of the Corporation and the bargaining team representing the Corporations' unionized employees made changes in severance entitlement and agreed to cease the accumulation of severance benefits as of May 11, 2012 for all employees that voluntarily leave the Corporation. The agreement stipulates that severance benefits accumulated to this date may be paid out partially, fully or held by the Corporation until separation from the Corporation. Considering that a vast majority of employees have had their severance paid out within the current fiscal year, a large portion of the December 31, 2011 long-term liability related to employee future benefits has now been paid from cash as of December 31, 2012. A portion of the payments will be received in the fourth quarter consistent with the guidelines from Government in phasing out this entitlement.

## Capital Expenditures

For the quarter ended December 31, 2012, the Corporation invested approximately \$1.3 million in capital assets (2011: \$0.5 million). The most significant project in 2012-2013 is the construction of a new learning center at the Canada Agriculture Museum. This project was funded by the one-time funding of 2008 to address capital and operating pressures.

# Narrative discussion

December 31, 2012

## RISK ANALYSIS

In its 2011-2012 annual report, the Corporation identified the challenges related to its facilities, human resources and funding.

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 reducing high risk areas with the use of a one time funding injection received from the Government of Canada in 2008.

With regards to human resources challenges, the Corporation continues to put emphasis on internal job training and mentoring for specific 'at-risk' positions. A full review of 'at-risk' positions has been undertaken resulting in a documented succession plan. In a concerted effort to mitigate financial challenges and to assist in meeting its objectives, the Corporation has been fortunate to secure the help of professionals on loan at no cost to the Corporation.

The Corporation's financial viability continues to be a main preoccupation. The issues of rising facility costs and 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 year, including a moratorium on new exhibition development unless funded by sponsorships, postponed building maintenance and repairs, stretching the use of equipment that has exceeded its useful life expectancy, energy efficiency programs, and staff cost reductions. 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, but they are not sufficient to match the decrease in funding and they cannot be sustained in the long term.

Given its financial position, the Corporation continues to focus heavily on revenue generation. The new and improved facilities (auditorium, classrooms and boutique) completed in April 2011 at the Canada Aviation and Space Museum are producing more rental and retail revenues. The Corporation has reviewed admission prices for its three museums, resulting in higher admission fee revenue. 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

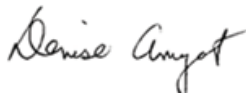
## Quarterly Financial Statements (unaudited)

### 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.



Denise Amyot  
President and Chief Executive Officer



Fernand Proulx  
Chief Operating Officer

February 20, 2012

## STATEMENT OF FINANCIAL POSITION (unaudited)

As at December 31

<i>(in thousands of dollars)</i>	2012	2011
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 13,520	\$ 10,813
Accounts receivable		
Government departments	226	633
Trade	324	243
Inventories	443	474
Prepaid expenses	84	158
	<u>14,597</u>	<u>12,321</u>
Collection (Note 3)	1	1
Capital Assets	<u>64,823</u>	<u>64,612</u>
	<u>\$ 79,421</u>	<u>\$ 76,934</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities		
Government departments	\$ 804	\$ 800
Accrued salaries and other	2,916	3,268
Current portion of employee future benefits	669	888
Deferred revenues and deferred appropriations	9,028	6,922
	<u>13,417</u>	<u>11,878</u>
Employee future benefits	319	1,720
Long-term advance (Note 4)	4,533	4,533
Deferred contributions related to capital assets	50,669	49,614
	<u>68,938</u>	<u>67,745</u>
<b>NET ASSETS</b>		
Unrestricted	381	(913)
Investment in capital assets	10,102	10,102
	<u>10,483</u>	<u>9,189</u>
	<u>\$ 79,421</u>	<u>\$ 76,934</u>

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

## STATEMENT OF OPERATIONS (unaudited)

For the quarter ended December 31

<i>(in thousands of dollars)</i>	Q3 2012	Q3 2011	YTD 2012	YTD 2011
<b>REVENUES</b>				
Operating (Schedule 1)	\$ 1,215	\$ 991	\$ 4,277	\$ 4,057
Contributions	207	336	682	861
Interest	52	42	132	119
<b>Total revenues</b>	<b>\$ 1,474</b>	<b>\$ 1,369</b>	<b>\$ 5,091</b>	<b>\$ 5,037</b>
<b>EXPENSES (Schedule 2)</b>				
Heritage preservation	1,070	1,378	3,116	3,896
Sharing knowledge	3,023	3,180	9,132	10,514
Internal services	1,747	1,644	5,151	5,809
Accommodation	2,092	2,240	6,534	7,026
Amortization of capital assets	766	752	2,298	2,290
<b>Total expenses</b>	<b>8,698</b>	<b>9,194</b>	<b>26,231</b>	<b>29,535</b>
Deficit before parliamentary appropriations	(7,224)	(7,825)	(21,140)	(24,498)
Parliamentary appropriations (Note 5)	6,732	7,881	22,270	23,381
<b>Surplus (deficit) for the period</b>	<b>\$ (492)</b>	<b>\$ 56</b>	<b>\$ 1,130</b>	<b>\$ (1,117)</b>

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



## STATEMENT OF CHANGES IN NET ASSETS (unaudited)

For the quarter ended December 31

(in thousands of dollars)	Q3	Q3	YTD	YTD
	2012	2011	2012	2011
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	873	(969)	(749)	204
Surplus (deficit) for the period	(492)	56	1,130	(1,117)
Unrestricted net assets end of period	381	(913)	381	(913)
Net assets, end of period	\$ 10,483	\$ 9,189	\$ 10,483	\$ 9,189

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

## STATEMENT OF CASH FLOWS (unaudited)

For the quarter ended December 31

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2012	2011	2012	2011
<b>Operating activities:</b>				
Cash received (clients)	\$ 1,377	\$ 1,014	\$ 5,131	\$ 5,037
Parliamentary appropriations received for operations	8,943	6,539	24,025	19,999
Cash paid (employees and suppliers)	(8,040)	(7,140)	(25,015)	(27,658)
Cash received for restricted contributions	-	-	82	127
Interest received	57	42	134	119
<b>Net cash generated (used) through operating activities</b>	<b>2,337</b>	<b>455</b>	<b>4,357</b>	<b>(2,376)</b>
<b>Capital activities:</b>				
Acquisition of capital assets	(1,327)	(518)	(2,707)	(1,685)
<b>Net cash used through capital activities</b>	<b>(1,327)</b>	<b>(518)</b>	<b>(2,707)</b>	<b>(1,685)</b>
<b>Financing activities:</b>				
Appropriations received for the acquisition of capital assets	605	444	1,607	1,520
<b>Net cash generated through financing activities</b>	<b>605</b>	<b>444</b>	<b>1,607</b>	<b>1,520</b>
Increase/(Decrease) in cash and cash equivalents	1,615	381	3,257	(2,541)
Cash and equivalents, beginning of period	11,905	10,432	10,284	13,354
<b>Cash and cash equivalents, end of period</b>	<b>\$ 13,520</b>	<b>\$ 10,813</b>	<b>\$ 13,520</b>	<b>\$ 10,813</b>

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

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31, 2012

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 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.

### 2. Accounting policies

These quarterly financial statements have been prepared in accordance with Canadian Public Sector Accounting standards. The significant accounting policies are:

#### (a) Basis of presentation

The Corporation has prepared the quarterly financial statements applying the Section 4200 series of Canadian public sector accounting standards applicable to government-not-for-profit organizations.

The Corporation applies the deferral method of accounting for contributions for not-for-profit organizations.

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31, 2012

### (b) Cash equivalents

The Corporation's investments are highly liquid and limited to fixed Income securities in Schedule "A" banks, government backed paper and commercial paper rated A++ by the Canadian Bond Rating Services (CBRS).

### (c) Accounts receivable

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.

### (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 property and equipment 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, 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. 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 are recorded at cost. Building improvements are amortized over the lesser of the remaining useful life of the building or the estimated useful life of the improvements.

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31, 2012

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
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 benefits

Employees are entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as the employees render the services necessary to earn them. The Corporation has modified this benefit for all its employees as of March 31, 2012. Consequently, employees have the choice to receive their severance benefit payment 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 March 31, 2012. The cost of benefits is actuarially determined as at March 31 of each year using the projected benefit method prorated on services. The obligation is unfunded. The valuation of the liability is based upon assumptions and best estimates relating to factors such as discount rate, inflation, anticipated turnover and employment retirements, and mortality rates. These benefits represent an obligation of the Corporation that entails settlement by future payment. 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 in the Statement of Operations on a systematic basis over the remaining service life of active employees covered by these post retirement benefits which is 10.6 years.

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31 2012

### iii) Sick leave benefits

The Corporation provides sick leave benefits for employees that accumulate but do not vest. The cost of the accrued benefit obligations related to sick leave entitlement earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of inflation, discount rate, employee demographics and 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 in the Statement of Operations on a systematic basis over the remaining service life of active employees covered by these post retirement benefits which is 10.6 years.

### (h) Revenue recognition

#### i) Parliamentary appropriations

The Government of Canada provides funding to the Corporation.

Parliamentary appropriations which are explicitly or implicitly restricted for the purchase of amortizable capital assets are deferred and 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, sponsorships, 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

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 externally restricted for specific 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.

Contributions in kind are recorded at their estimated fair market value when they are received. Volunteers contribute a significant number of hours per year. Because of the difficulty in determining their fair value, contributed services from volunteers 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.

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31, 2012

### (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 rate at December 31.

Gains and losses resulting from foreign currency translation are reported on the Statement of Operations.

### (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.

Cash and cash equivalents are recorded at fair value.

Accounts receivable, long-term advance, and accounts payable and accrued liabilities are recorded at cost or amortized cost.

### (k) Impairment of non-financial assets

The Corporation assesses at each reporting date whether there are any internal indicators that an asset may be impaired (e.g. damaged assets or assets no longer being used). If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### (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 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.

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31, 2012

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 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.

(ii) Severance and sick leave benefits

The cost of defined benefit severance plan and sick leave as well as the present value of the obligation is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, usage rates, future salary increases, and departure rates. All assumptions are reviewed annually As at December 31. In determining the appropriate discount rate management considers the interest rates of Government of Canada bonds. Departure rates are based on experience from the public service of Canada and include mortality, disability, termination and retirement. Future salary increases are based on expected future inflation rates in Canada.

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. 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

December 31, 2012

### 4. Long-term advance

The Corporation received funding from the Treasury Board Secretariat between 2007 and 2010 to construct educational facilities, retail space and an auditorium at the Canada Aviation and Space Museum. The Corporation also received funding in 2008 to establish a foundation for the Canada Science and Technology Museums Corporation.

<i>(in thousands of dollars)</i>	2012	2011
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 it will have up to twenty-five years to repay the funding for construction of revenue generating facilities and six years to repay the funding received to establish the Foundation. A repayment mechanism will be determined and the Corporation does not have to pay interest on this funding.

### 5. Parliamentary appropriations

<i>(in thousands of dollars)</i>	2012	2011
Main Estimates amount provided for operating and capital expenditures	\$ 21,604	\$ 21,900
	21,604	21,900
Deferred appropriation used in current period to purchase capital assets	1,112	955
Appropriations received in the current period to acquire capital assets	(2,665)	(1,685)
Amortization of deferred contribution related to capital assets	2,219	2,211
Parliamentary appropriations	\$ 22,270	\$ 23,381

### 6. 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.

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

## NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

December 31, 2012

### 7. Related party transactions

The Corporation incurred expenses such as property taxes, building rentals and employee benefits with related parties. These transactions were conducted in the normal course of operations, under the same terms and conditions that applied to outside parties and are recorded at the exchange amount.

Also, during the first quarter, the Corporation received services which were obtained without charge from other Government organizations. These services received without charge have been recognized in the Corporation's Statement of Operations as follows:

SCHEDULE OF EXPENSE <i>(in thousands of dollars)</i>	2012	2011
Personnel costs - Salary and associated expenditures for the assignment of employees from Government organizations to the Corporation	\$ 510	\$ 487
Professional services - Audit services provided by the Office of the Auditor General of Canada	90	90
Total services received without charge	<u>\$ 600</u>	<u>\$ 577</u>
STATEMENT OF OPERATIONS <i>(in thousands of dollars)</i>		
Revenues		
Contributions	\$ 600	\$ 577
Expenses		
Heritage Preservation	47	80
Sharing Knowledge	431	317
Internal services	122	180
Total services received without charge	<u>\$ 600</u>	<u>\$ 577</u>

Lease of buildings for the Canada Agriculture Museum buildings located on the Central Experimental Farm site were provided without charge from the Agriculture and Agri-Food Canada and are not presented in the Corporation's Statement of Operations because of the difficulty in determining the fair value of this contribution.

### 8. Contingencies

In the normal course of its operations, the Corporation becomes involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur, or fail to occur. 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 December 31, 2012, there has been no provision recorded (2011 - no provision recorded). The effect, if any, of ultimate resolution of these matters will be accounted for when determinable.

### 9. Comparative information

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

## SCHEDULE OF OPERATING REVENUES (unaudited)

For the quarter ended December 31

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2012	2011	2012	2011
General admissions and programs				
Science and Technology	\$ 188	\$ 169	\$ 1,040	\$ 839
Aviation and Space	92	100	508	432
Agriculture	52	60	538	468
Boutique Sales	156	219	675	767
Facility Rental	74	103	157	200
Membership	98	55	275	241
Grants and Sponsorship	421	130	605	479
Farm Operations	68	68	211	201
Thematic experiences	21	10	92	77
Other	45	77	176	353
<b>TOTAL</b>	<b>\$ 1,215</b>	<b>\$ 991</b>	<b>\$ 4,277</b>	<b>\$ 4,057</b>

## SCHEDULE OF EXPENSES (unaudited)

For the quarter ended December 31

<i>(in thousands of dollars)</i>	Q3	Q3	YTD	YTD
	2012	2011	2012	2011
Personnel costs	\$ 4,871	\$ 5,281	\$ 14,455	\$ 15,930
Amortization of capital assets	766	752	2,298	2,290
Lease of buildings	480	481	1,440	1,448
Property taxes	461	482	1,394	1,378
Professional and special services	280	447	1,302	2,104
Property management services	256	332	866	874
Utilities	287	309	829	873
Repairs and upkeep of buildings	182	263	621	684
Material and supplies	225	147	603	800
Protection services	179	167	549	535
Design and display	266	100	366	1,013
Gift shop and product marketing	81	92	330	386
Advertising	56	38	243	144
Repairs and upkeep of equipment	67	45	163	164
Communications	57	58	155	201
Travel	38	41	152	178
Publications	47	46	146	208
Office supplies and equipment	29	24	86	92
Rentals of equipment	18	20	65	76
Miscellaneous	8	18	64	41
Purchase of objects for the collection	14	17	43	42
Books	18	17	36	44
Freight, express and cartage	12	17	25	30
<b>Total expenses</b>	<b>\$ 8,698</b>	<b>\$ 9,194</b>	<b>\$ 26,231</b>	<b>\$ 29,535</b>