NATIONAL CAPITAL COMMISSION
COMMISSION DE LA CAPITALE NATIONALE

QUARTERLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

Canada

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

The six month period ended September 30, 2019 resulted in a surplus of $34.7 million. The surplus is primarily due to timing differences with respect to the receipt and use of government appropriations including an amount of $24.1 million representing the difference between capital parliamentary appropriations received and amortization of tangible capital assets expenditures, a $6.4 million compensation recorded as other revenues in the first quarter, received in exchange for the right to develop a property with additional density subject to design review, as well as a $4.8 million gain on the LRT stage 1 land transfer. Recurring revenues and recurring operating expenses are slightly above budget. Investments in capital assets were lower than planned.

A. Year-Over-Year Results Analysis

Revenues increased by $10.2 million, or 48.1% compared to the same period in the previous year, mainly as a result of the following:

- Other revenues of $6.4 million for a compensation received in exchange for the right to develop a property with additional density;
- Gain on disposal of tangible capital assets increase of $4.7 million, to $4.8 million, as a result of the $4.8 million gain on the LRT stage 1 land transfer;
- Rental operations increase of $0.4 million, or 3.3% to $12.7 million
- Interest revenues increase of $0.7 million, or 58.5% to $1.9 million.
- User access fees increase of 0.1 million, or 2.8% to $1.9 million; and
- Monetary sponsorships increase of 0.1 million, or 55.9% to $0.2 million.

Offset in part by:

- A decrease of headquarters sublease by $0.2 million, or 19.3% to $1.0 million; and
- Other revenues decrease of $1.9 million, or 72.5% to $0.7 million primarily as a result of $2.1 million in compensation for contamination received from Public Service and Procurement Canada (PSPC) for land transferred to the NCC which was fully recognized as revenue during the first quarter of 2018-2019.

Operating expenses increased by $4.1 million, or 6.3%, compared to the same period in the previous year. The results by Program were as follows:

- Stewardship and protection increased by $3.8 million, or 8.5%, to $49.0 million, primarily due to non-recurring projects funded from Budget 2018 including the emerald ash borer remediation efforts ($1.7 million), increased repair and maintenance mainly due to 2019 spring flooding ($1.0 million) as well as increased asset management studies;
- Internal services increased by $0.3 million, or 1.8% to $16.9 million;
- Long-term planning decreased by $0.1 million, or 3.8%, to $2.1 million.

Funding from the Government of Canada through parliamentary appropriations increased by $17.1 million, or 31.5%, compared to the same period last year, mostly due to additional funding received as part of Budget 2018 to support critical repair and maintenance work on the NCC's portfolio of tangible capital assets. The results by main categories of appropriations were as follows:

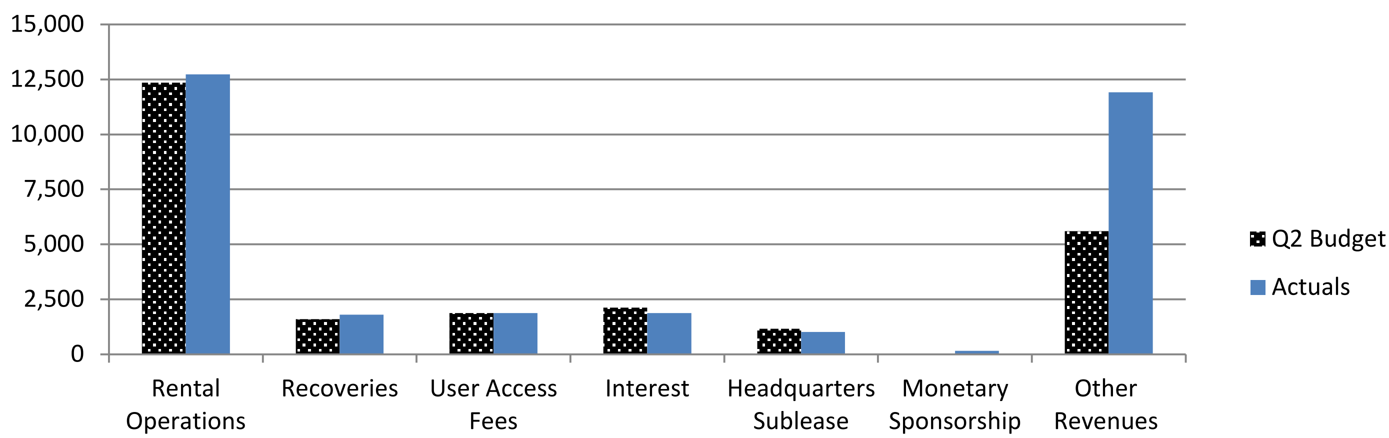
- Appropriations for operating expenditures increased by $4.6 million, or 13.9%, to $37.5 million;
- Appropriations for capital expenditures increased by $12.5 million, an increase of 58.7% to $33.8 million.

B. Budgetary Analysis

The budgeted revenue for the 2019-2020 fiscal year includes non-recurring items such as the gain on the LRT stage 1 land transfer, recoveries and contributions related to various projects and commemorations, with $12.0 million recognized by the end of the first quarter, representing 103.9% of the annual budget. Total recurring revenues of $19.4 million represent 52.9% of the annual budget as at September 30, 2019.

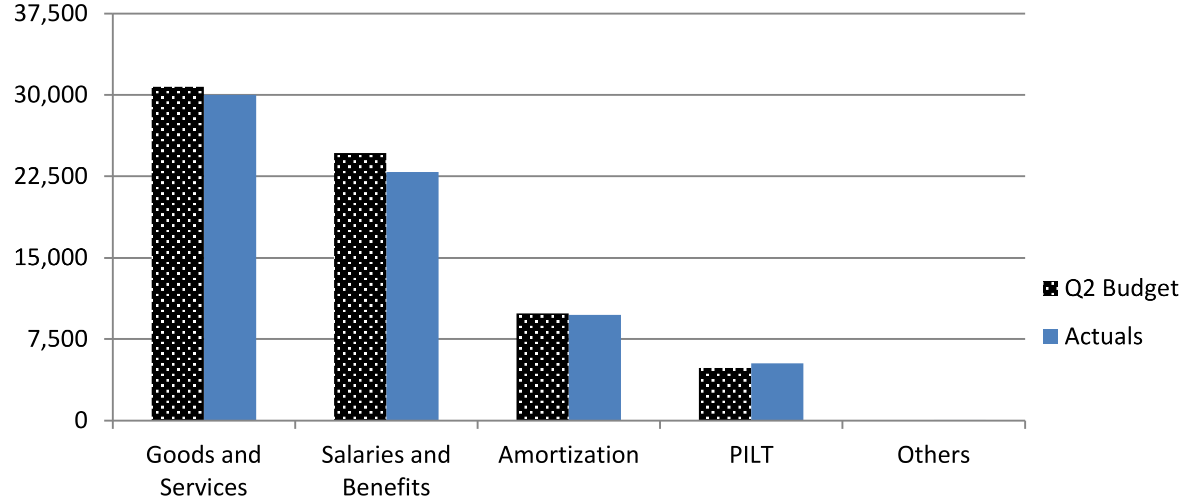
The following chart provides details of the second quarter revenues of $31.4 million compared to the budget of $24.6 million. Other revenues surplus is due to the unplanned compensation received in exchange for the right to develop a property with additional density subject to design review; interest revenue and headquarters sublease are tracking slightly behind budget, whereas rental operations, recoveries, user access fees and monetary sponsorships are tracking slightly above budget, mostly as result of timing differences and non-recurring items which are expected to resorb themselves by year-end.

Revenues by type ($000's)



The following chart provides details of the second quarter operating expenses of $68.0 million compared to the budget of $70.1 million. The favorable variance is due primarily to salary savings of $1.7 million compared to budget to date due to vacancies, as well as timing differences in goods and services expenses regarding the construction of a commemoration monument and operational projects funded from the Federal Contaminated Site Action Plan.

Operating expenses by object ($000's)



C. Use of Parliamentary Appropriations

The NCC receives its funding from a number of sources: parliamentary appropriations, rental operations and easements, user access fees, cost recoveries, investment revenues, gains on disposal of tangible capital assets and other revenues. The NCC draws down its parliamentary appropriations according to cash flow projections provided to the Minister of Canadian Heritage. As the nature of expenditures are not constrained by source of funding, direct matching of appropriations received and receivable to specific use is not applicable.

The NCC received $71.3 million, or 52.4% of its annual budget for appropriations for the period ended September 30, 2019. Parliamentary appropriations drawdowns are based on forecasted cash flow expenditures. The following illustrates the forecast of the parliamentary appropriations by vote.

NCC Parliamentary Appropriations by vote ($000's)

Vote	Annual Budget	Gov't Apps Recognized	% Recognized	Approved Supplementary Estimates	Forecast to March 2020
Operational vote	73,810	37,516	50.8%	-	36,294
Supplementary estimates	-	-	-	-	-
sub-total	73,810	37,516	50.8%	-	36,294
Capital vote	62,453	33,822	54.2%	-	28,631
Reprofiling request	-	-	-	-	-
sub-total	62,453	33,822	54.2%	-	28,631
Total	**136,263**	**71,338**	**52.4%**	**-**	**64,925**

Additional details on the parliamentary appropriations can be found in the NCC's Quarterly Financial Statements at September 30, 2019 (Note 8).

D. Capital Expenditure

Investments by main categories of capital expenditures were as follows:

For the three months ended September 30, 2019 ($000's)	Actuals
Roads & bridges	11,243
Historical properties	7,113
Rental properties	1,038
Development properties	-
Green assets	3,904
Other projects Primarily project management costs	3,710
Equipment expenditures	501
Real property acquisitions From segregated Acquisition and Disposal Fund	266

Total 2019-2020 Q2 Actuals	**27,775**
Total 2018-2019 Q2 Actuals	**12,203**
Variance	**15,572**

2019-2020 Budget	**78,823**
% Achieved	**35%**
% Committed	**94%**

E. Integrated Risk Management

The NCC uses an integrated risk management framework to identify, manage and mitigate its risks. The corporation applies this framework in strategic decision making, operational planning and project management. Enterprise risk management is integrated into the NCC's planning and reporting cycle through a risk profile exercise, which helps to identify the key corporate risks and corresponding risk response measures for the planning period. These key corporate risks and operational risks are monitored throughout the year, and their trends, as well as the effectiveness of mitigation measures are reported to the board of directors each quarter.

On an ongoing basis, the corporation identifies opportunities to enhance its risk management framework and leverage more comprehensive risk information for decision making, in order to take appropriate actions to implement necessary mitigation strategies and maintain resilience.

For the 2019–2020 to 2023–2024 planning period, the NCC has identified three major corporate risk categories: capacity, reputation and influence, and safety and security.

Capacity

Capacity risks relate to the NCC's ability to maintain sufficient levels of both financial and human resources to be resilient to a changing business environment, effectively deliver its activities and manage its assets.

Moving forward, the NCC will continue to collaborate with government to identify long-term sustainable funding solutions to ensure that its assets remain safe, resilient and enjoyable for current and future generations of visitors to the National Capital Region. In addition, the NCC is pursuing opportunities to leverage assets to generate revenues through long-term leases and other land transactions. The NCC also continues to identify efficiencies and cost containment measures in its life cycle management and project management portfolios. Furthermore, the NCC board of directors has established an Ad Hoc Committee on Financial Sustainability to support these efforts.

In terms of human resource capacity, the NCC has made this a focus, including elements of this risk in one of its priorities for this planning period. The corporation continues to focus on developing strategies to attract, manage and retain a talented workforce and optimize business processes. These strategies form the bulk of the initiatives included in Priority 6, which aims to have the NCC mitigate this risk by becoming an employer of choice in the National Capital Region.

Reputation and Influence

Reputation and influence risks relate to the NCC's ability to maintain a positive reputation and be able to influence partners, stakeholders, the public and elected officials.

To protect its reputation and influence, the NCC engages with stakeholders, partners and the public, and builds awareness of the benefit that the organization provides to the Capital Region. A new NCC Integrated Communications Plan, which uses a proactive approach to communications to engage partners and to better communicate policies and processes related to NCC regulatory roles, will be enhanced by updating the corporation's public engagement strategy. The NCC is also actively involved in many highly visible projects in the National Capital Region in which it engages with municipalities, and consults with other major stakeholders on planning initiatives.

Safety and Security

Safety and security risks relate to the deterioration of conditions of the NCC's assets due to deferred maintenance or insufficient prioritization of maintenance and renewal activities, which could cause health and safety issues. This risk was also identified in the OAG's Special Examination Report—2017.

Risk response measures consist of continuing to work on assets in need of critical repairs, restoring them to good condition in accordance with Budget 2018, reviewing long-term asset management plans and providing recommendations on portfolio strategy, as well as implementing costing and de-acquisition strategies related to non-NILM properties. In particular, this involves regular inspections of lands and assets and ensuring that security plans, policies and procedures are in place and are part of the NCC's day-to-day activities. The NCC is also developing options for non-NILM lands to generate revenues.

F. Significant Changes Related to Operations, Personnel and Programs

In Budget 2018, the Government announced an investment of $55 million over two years (2018–2019 to 2019–2020) in support of critical repair and maintenance work on the NCC's portfolio of tangible capital assets. This funding allocation will enable the corporation to begin addressing the maintenance requirements of priority assets, thereby ensuring that these specific assets do not cause health and safety concerns.

No other significant changes with regard to NCC operations, personnel or programs occurred during the three month period ended September 30, 2019.

Unaudited Financial Statements
For the six months ended September 30, 2019

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 that all other information contained in the quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

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

Tobi Nussbaum
Chief Executive Officer

Michel Houle, CPA, CMA
Vice-President Corporate Services and
Chief Financial Officer

Ottawa, Canada
November 21, 2019

NATIONAL CAPITAL COMMISSION
STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(in thousands of dollars)

	September 30, 2019	March 31, 2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	136,724	75,336
Restricted cash and cash equivalents (Note 4)	67,585	79,907
Accounts receivable	6,089	11,301
Investments (Note 3)	29,503	29,357
	239,901	**195,901**
LIABILITIES		
Accounts payable and accrued liabilities	34,543	18,633
Light rail transit (Note 4)	56,130	73,437
Provision for environmental cleanup	65,481	65,354
Deferred revenue (Note 5)	47,179	18,610
Employee future benefits	9,311	9,598
Other liabilities	11,122	10,463
	223,766	**196,095**
NET FINANCIAL ASSETS (NET DEBT)	**16,135**	**(194)**
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	678,630	660,564
Prepaid expenses	3,788	3,494
Other non-financial assets	5,171	5,189
	687,589	**669,247**
ACCUMULATED SURPLUS	**703,724**	**669,053**

The notes are an integral part of the financial statements.

Approved by the Board of Directors

Marc Seaman
Chair, Board of Directors

Tanya Gracie
Chair, Audit Committee

NATIONAL CAPITAL COMMISSION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (UNAUDITED)
For the six months ended September 30 (in thousands of dollars)

	2019-2020 Annual Budget (Note 2)	Three months ended September 30 2019	Three months ended September 30 2018	Six months ended September 30 2019	Six months ended September 30 2018
REVENUES					
Rental operations and easements	24,761	6,894	6,278	12,727	12,325
User access fees	3,445	981	901	1,880	1,829
Interest	4,701	1,027	626	1,878	1,185
Recoveries	3,214	801	1,127	1,810	1,786
Headquarters sublease	1,729	560	570	1,014	1,256
Monetary sponsorship	-	-	-	159	102
Gain on disposal of tangible capital assets	8,812	16	-	4,800	131
Other revenues	1,521	326	180	7,109	2,575
	48,183	**10,605**	**9,682**	**31,377**	**21,189**
EXPENSES (Note 7)					
Long-term planning	6,606	1,066	1,068	2,075	2,156
Stewardship and protection	93,964	25,220	22,628	49,024	45,179
Internal services	35,622	8,281	8,276	16,945	16,649
	136,192	**34,567**	**31,972**	**68,044**	**63,984**
Deficit before funding from the Government of Canada	**(88,009)**	**(23,962)**	**(22,290)**	**(36,667)**	**(42,795)**
Funding from the Government of Canada					
Parliamentary appropriations for operating expenditures (Note 8)	73,810	18,884	16,935	37,516	32,924
Parliamentary appropriations for tangible capital assets (Note 8)	62,453	18,209	14,050	33,822	21,310
	136,263	**37,093**	**30,985**	**71,338**	**54,234**
Surplus for the period	**48,254**	**13,131**	**8,695**	**34,671**	**11,439**
Accumulated surplus at beginning of the period	**657,574**	**690,593**	**650,644**	**669,053**	**647,900**
Accumulated surplus at end of the period	**705,828**	**703,724**	**659,339**	**703,724**	**659,339**

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (UNAUDITED)
For the six months ended September 30 (in thousands of dollars)

	2019-2020	Three months ended September 30		Six months ended September 30	
	Annual budget (Note 2)	2019	2018	2019	2018
Suplus for the period	**48,254**	**13,131**	**8,695**	**34,671**	**11,439**
Acquisition and improvements of tangible capital assets (Note 6)	(73,898)	(14,454)	(20,715)	(27,991)	(25,694)
Amortization of tangible capital assets (Note 6)	19,740	4,874	4,787	9,741	9,568
Gain on disposal of tangible capital assets	(8,812)	(16)	-	(4,800)	(131)
Loss on disposal of tangible capital assets	1,072	46	60	92	957
Proceeds from disposal of tangible capital assets	9,469	16	-	4,984	481
Realized loss from sale-leaseback transaction	-	(46)	(46)	(92)	(92)
	(52,429)	**(9,580)**	**(15,914)**	**(18,066)**	**(14,911)**
Change in prepaid expenses	-	2,665	2,218	(294)	(322)
Change in other non-financial assets	177	(27)	44	18	(261)
	177	**2,638**	**2,262**	**(276)**	**(583)**
Increase in net financial assets (net debt)	**(3,998)**	**6,189**	**(4,957)**	**16,329**	**(4,055)**
Net financial assets (net debt) at beginning of the period	**(16,708)**	**9,946**	**3,387**	**(194)**	**2,485**
Net financial assets (net debt) at end of the period	**(20,706)**	**16,135**	**(1,570)**	**16,135**	**(1,570)**

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION
STATEMENT OF CASH FLOWS (UNAUDITED)
For the six months ended September 30 (in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2019	2018	2019	2018
OPERATING ACTIVITIES				
Cash receipts from parliamentary appropriations for operating expenditures	24,920	16,935	44,410	33,700
Cash receipts from rental operations and easements	8,450	5,585	12,632	10,791
Cash receipts from other operations	14,773	2,407	21,719	10,902
Cash paid to suppliers	(15,388)	(10,052)	(32,705)	(28,129)
Cash paid to employees	(12,158)	(10,405)	(24,749)	(21,867)
Interest received	828	456	1,807	1,139
Disbursements related to the management and remediation of sites	(203)	(185)	(289)	(264)
Cash flows provided by operating activities	**21,222**	**4,741**	**22,825**	**6,272**
CAPITAL ACTIVITIES				
Cash receipts from parliamentary appropriations for tangible capital assets	24,446	14,050	40,059	21,310
Acquisition and improvements of tangible capital assets	(6,745)	(7,005)	(13,829)	(13,162)
Proceeds from disposal of tangible capital assets	16	-	16	131
Disbursements for environmental cleanup	(245)	(52)	(436)	(70)
Cash flows provided by capital activities	**17,472**	**6,993**	**25,810**	**8,209**
INVESTING ACTIVITIES				
Cash receipts for the light rail transit project	373	320	754	599
Cash receipts for Chambers Building Fund	9	-	18	-
Disbursements for investments purchased	(464)	(103)	(988)	(276)
Cash receipts from investment sold	197	-	647	-
Cash flows provided by investing activities	**115**	**217**	**431**	**323**
Increase in cash and cash equivalents	**38,809**	**11,951**	**49,066**	**14,804**
Cash and cash equivalents at beginning of the period	**165,500**	**122,769**	**155,243**	**119,916**
Cash and cash equivalents at end of the period	**204,309**	**134,720**	**204,309**	**134,720**
Represented by:				
Cash and cash equivalents	**136,724**	**70,146**	**136,724**	**70,146**
Restricted cash and cash equivalents	**67,585**	**64,574**	**67,585**	**64,574**
	204,309	**134,720**	**204,309**	**134,720**

The notes are an integral part of the financial statements.

1. Authority and Objectives

The National Capital Commission (NCC) was established in 1959 by the *National Capital Act* (1958) as an agent Crown corporation without share capital, named in Part I of Schedule III of the *Financial Administration Act*, and is not subject to the requirements of the *Income Tax Act*. The objects and purposes of the NCC, as stated in the amended *National Capital Act* (2013) are to prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance.

The NCC is also responsible for the management and maintenance of the tangible capital assets of the official residences located in the National Capital Region. The corporation created the Canadiana Fund to encourage Canadians to participate in the enhancement of the state areas of the official residences through public donations of furnishings, paintings and works of art, or the funds to purchase them. Pieces are selected to reflect Canada's heritage, artistic traditions and historical associations, or to complement the architectural style of a particular residence.

During 2015, the corporation was issued a directive (P.C. 2015-1106) pursuant to Section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies. The NCC met the requirements of the directive effective 2015-2016.

2. Significant Accounting Policies

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards (PSAS) established by the Public Sector Accounting Board (PSAB), and reflect the policies below.

These quarterly financial statements should be read in conjunction with the annual audited financial statements dated March 31, 2019.

Financial assets and non-financial assets, as well as liabilities are reported on the Statement of Financial Position. Non-financial assets are normally utilized to provide future services, and are expensed through amortization or upon utilization. Non-financial assets are not included in the determination of net financial assets, but are added to the net financial assets in determining the accumulated surplus.

Intangibles asset are not recognized in the financial statements.

For the six months ended September 30, 2019 (in thousands of dollars, unless otherwise specified)

Measurement Uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported values of financial assets, liabilities and non-financial assets at the date of the financial statements, and the reported amounts of revenue and expenses for the reporting period. Estimated useful lives of tangible capital assets, provision for environmental cleanup, employee future benefits, writedowns of tangible capital assets and the recognition of contingent liabilities are the most significant items for which estimates are used. Actual results could differ materially from those management's best estimates.

Budget Figures

The 2019-2020 budget figures, as presented in the *2019-2020 to 2023-2024 Corporate Plan*, are included, as appropriate, in the Statement of Operations and Accumulated surplus and the Statement of Change in Net Financial Assets.

3. Cash and Cash Equivalents and Investments

The NCC's policy is to invest excess cash in guaranteed investment certificates, bankers' acceptances, guaranteed notes, term deposits, and securities of the Government of Canada, provincial or municipal governments. These types of investments are purchased from a member of the Canadian Payments Association and are redeemable on short notice.

A. CASH AND CASH EQUIVALENTS

As at September 30, 2019, cash and cash equivalents include $136.7 million ($75.3 million as at March 31, 2019) in cash, invested at a weighted average interest rate of 2.3 percent (2.1 percent as at March 31, 2019).

B. INVESTMENTS

As at September 30, 2019, the short-term investment portfolio includes a guaranteed investment certificate totalling $10.0 million ($10.0 million as at March 31, 2019) at a weighted average effective interest rate of 2.9 percent and a term of 12 months (2.9 percent as at March 31, 2019).

As at September 30, 2019, the long-term investment portfolio includes bonds of provincial governments, totalling $19.5 million ($19.4 million as at March 31, 2019) invested at a weighted average interest rate of 3.6 percent (3.7 percent as at March 31, 2019).

	September 30, 2019		March 31, 2019	
	Amortized Cost	Quoted Market Value	Amortized Cost	Quoted Market Value
Provincial governments	19,503	19,911	19,357	19,812
Guaranteed investement certificate	10,000	10,000	10,000	10,000
	29,503	**29,911**	**29,357**	**29,812**

For the six months ended September 30, 2019 (in thousands of dollars, unless otherwise specified)

C. DESIGNATED FUNDS

As at September 30, 2019, cash and cash equivalents include $57.9 million ($41.1 million as at March 31, 2019) in designated funds whose use is designated or limited for the sole purpose for which they have been segregated.

4. Restricted cash and cash equivalents

	Amount received	Amount returned/transfered	Interest	September 30, 2019
LRT Stage 1 - Security deposit	49,026	-	4,882	**53,908**
LRT Stage 1 - Performance deposit	24,500	(13,475)	1,090	**12,115**
LRT Stage 2 - Confederation line deposit	13,028	(13,093)	65	-
	86,554	**(26,568)**	**6,037**	**66,023**
Chambers Building Fund	1,544	-	18	**1,562**
Total	**88,098**	**(26,568)**	**6,055**	**67,585**

A. Light Rail Transit (LRT)

The City of Ottawa (the City) has undertaken a significant project to convert the existing bus rapid transit system to a light rail transit system. This system will affect several NCC properties, which are subject to change until such time as the actual land requirements are finalized.

The above table includes amounts that have been either received, returned or transfered, as well as the net interest earned to date. During the period, net interest of $0.7 million ($0.6 million in 2018) has been recorded and included in the Financial Assets under “Restricted cash and cash equivalents” and under the “Light rail transit” liability. The accumulated interest recorded as at September 30, 2019, was $6.0 million ($5.3 million as at March 31, 2019).

The Light rail transit liability totals $56.1 million ($73.4 million as at March 31, 2019).

B. Chambers Building Fund

As set out in the ground lease with Allied, the tenant must remit an annual amount to the NCC strictly for the purpose to fund future capital improvements for 40 Elgin Street. The funding requirement began October 31, 2018 and will continue annually until the end of the lease in 2056. These funds are being administered by the NCC. A related liability is recorded under “Other liabilities”.

For the six months ended September 30, 2019 (in thousands of dollars, unless otherwise specified)

5. Deferred revenue

Deferred revenues are composed of the following.

	September 30, 2019	March 31, 2019
Deferred rental revenues	6,916	7,121
Deferred easement and license of occupation revenues	15,944	5,863
Other deferred revenues	24,319	5,626
	47,179	**18,610**

The deferred rental revenue is primarily the present value of the minimum future lease payments that the NCC has collected under of three different land lease agreements. The present value for the current agreements was determined using discount rates of 4.27 percent, 6.01 percent and 6.5 percent. This deferred rental revenue will be recognized in income over the term of the lease agreements, which have different termination dates extending to 2068. During the period, $0.2 million ($0.2 million to September 30, 2018) of deferred rental revenue was recognized as income.

Deferred easement and license of occupation revenues are primarily comprised of $7.7 million of easement revenue and $2.9 million of LRT Phase 2 licenses of occupation. Deferred license of occupation revenues will be recognized as income over a period of approximately 5 years, while easement revenues will be recognized over a period of 99 years.

Other deferred revenues consist mainly of October parliamentary appropriations received in September for $12.3 million, a City of Ottawa contribution of $4.5 million for the Sir John A. Macdonald Parkway improvement which will be recognized as work is completed, as well as a contribution of Global Affairs Canada of $3.6 million for the construction of a commemoration.

For the six months ended September 30, 2019 (in thousands of dollars, unless otherwise specified)

6. Tangible Capital Assets

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Acquisitions	Disposals / Adjustments	Closing Balance	Opening Balance	Amortization expense	Disposals / Adjustments	Closing Balance	September 30, 2019	March 31, 2019
Land[1]	326,605	882	184	327,303	-	-	-	-	327,303	326,605
Buildings and Infrastructure[2]	808,323	26,053	8	834,368	484,054	8,788	8	492,834	341,534	324,269
Leasehold improvements	15,120	-	-	15,120	10,665	297	-	10,962	4,158	4,455
Equipment[2]	20,129	1,056	56	21,129	14,894	656	56	15,494	5,635	5,235
	1,170,177	**27,991**	**248**	**1,197,920**	**509,613**	**9,741**	**64**	**519,290**	**678,630**	**660,564**

1. The land cost includes $0.2 million ($0.2 million as at March 31, 2019) of unsettled expropriation.
2. The total cost of buildings and infrastructure, and equipment include $47.7 million ($20.9 million as at March 31, 2019) of construction in progress. When completed, the cost of these projects will be amortized on the basis on their estimated useful life.

For the six months ended September 30, 2019 (in thousands of dollars, unless otherwise specified)

7. Expenses by Object

The following provides a summary of expenses by object.

	2019-2020 Annual Budget (Note 2)	Three months ended September 30 2019	Three months ended September 30 2018	Six months ended September 30 2019	Six months ended September 30 2018
Goods and services	57,880	15,217	13,262	30,018	26,022
Salaries and employee benefits	47,846	11,538	11,425	22,927	22,589
Amortization	19,740	4,874	4,787	9,741	9,568
Payments in lieu of municipal taxes	9,654	2,892	2,438	5,266	4,848
Loss on disposal of tangible capital assets	1,072	46	60	92	957
	136,192	**34,567**	**31,972**	**68,044**	**63,984**

Antiques, works of art and monuments acquired or built by the NCC and those donated to the Canadiana Fund or the NCC are not recorded as tangible capital assets but are recorded as expenses and are included in "Goods and services." For the period ended September 30, 2019, the value of antiques, works of art and monuments totalled $0.4 million ($0.2 million to September 30, 2018).

8. Parliamentary Appropriations

	Three months ended September 30 2019	Three months ended September 30 2018	Six months ended September 30 2019	Six months ended September 30 2018
Parliamentary appropriations for operating expenditures[1]				
Amount received during the period	24,920	16,935	43,372	32,924
Amount received from previous year	-	-	180	-
Amount deferred to next period	(6,036)	-	(6,036)	-
	18,884	**16,935**	**37,516**	**32,924**
Parliamentary appropriations for tangible capital assets[2]				
Amount received during the period	24,446	14,050	40,059	21,310
Amount deferred to next period	(6,237)	-	(6,237)	-
	18,209	**14,050**	**33,822**	**21,310**
Parliamentary appropriations approved and recorded during the period	**37,093**	**30,985**	**71,338**	**54,234**

1. As at September 30, 2019 and 2018, the amounts approved for the years ending March 31, 2020 and 2019 totaled $73.8 million and $68.1 million, respectivily.

2. As at September 30, 2019 and 2018, the amounts approved for the years ending March 31, 2020 and 2019 totaled $62.5 million and $40.3 million, respectivily.