

NATIONAL CAPITAL COMMISSION
COMMISSION DE LA CAPITALE NATIONALE

**QUARTERLY FINANCIAL REPORT FOR THE SIX MONTHS
ENDED SEPTEMBER 30, 2018**

Canada

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

The six month period ended September 30, 2018 resulted in a surplus of \$11.4 million. The surplus is primarily due to timing differences with respect to the receipt and use of government appropriations including an amount of \$11.7 million representing the difference between capital parliamentary appropriations received and amortization of tangible capital assets expenditures. Other offsetting variances include a non-recurring compensation for contamination of \$2.1 million received from PSPC for land transferred to the NCC, offset by a loss on disposal of capital assets of \$1.0 million, as well as combined increases of \$1.1 million in salary and employee benefits and payments in lieu of municipal taxes. Recurring revenues are slightly above budget and recurring operating expenses are consistent with budget. Investments in capital assets to date were lower than planned.

A. Year-Over-Year Results Analysis

Revenues decreased by \$2.8 million, or 11.8% compared to the same period the previous year, mainly as a result of the following:

- Recoveries decreased by \$5.1 million, or 74.3% to \$1.8 million, primarily as a result of non-recurring funding installments recognized for the National Holocaust Monument and Official Residences projects in the previous year; and
- Monetary sponsorships decreased marginally to \$0.1 million.
- Offset in part by rental operations and easements increase of \$0.7 million, or 5.6% to \$12.3 million;
- Interest revenues increase of \$0.3 million, or 35.9% to \$1.2 million;
- Headquarters sublease increase of \$0.1 million, or 10.3% to \$1.3 million;
- User access fees increase of \$0.1 million, or 7.3% to \$1.8 million; and
- Other revenues increase of \$1.2 million, or 71.2% to \$2.6 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 decreased by \$1.9 million, or 2.9%, compared to the same period the previous year. The results by Program were as follows:

- Stewardship and protection decreased by \$2.7 million, or 5.6%, to \$45.2 million, primarily due to the commemoration monument project and rehabilitation projects in the previous year, partly offset by increased amortization expense and a loss on disposal of capital assets;
- Long-term planning increased by \$0.2 million, or 11.4%, to \$2.2 million;
- Internal services increased by \$0.6 million, or 3.6%, to \$16.6 million, primarily due to increased professional fees.

Funding from the Government of Canada through parliamentary appropriations increased by \$9.8 million, or 22.0%, compared to the same period the previous year. The results by main categories of appropriations were as follows:

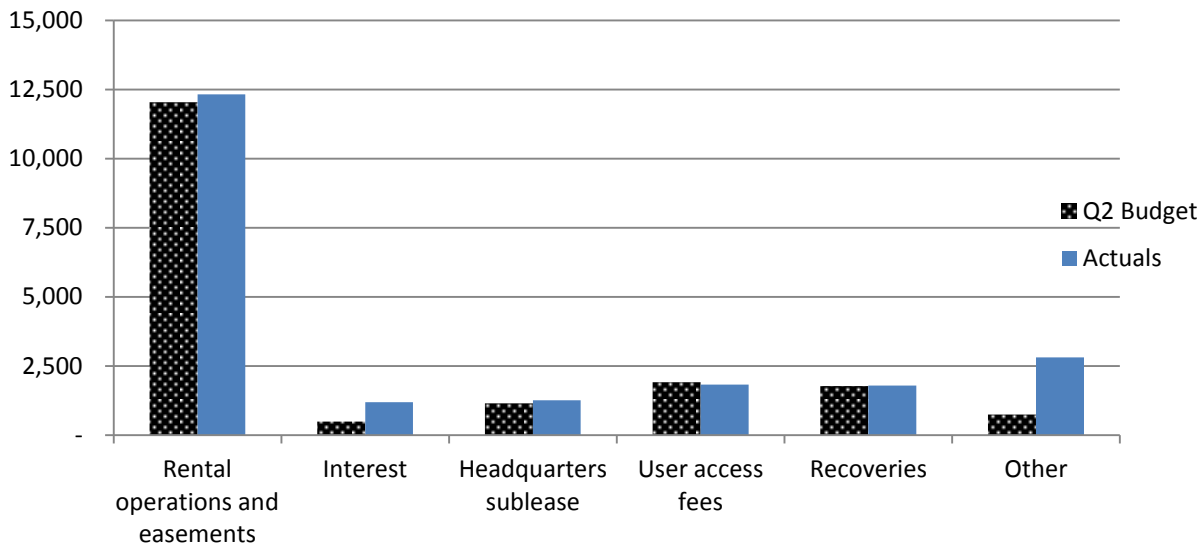
- Appropriations for operating expenditures increased by \$1.3 million, or 4.2%, to \$32.9 million;
- Appropriations for capital expenditures increased by \$8.5 million, an increase of 66.0% to \$21.3 million due to additional funding received as part of Budget 2018 to support critical repair and maintenance work on the NCC's portfolio of fixed assets.

B. Budgetary Analysis

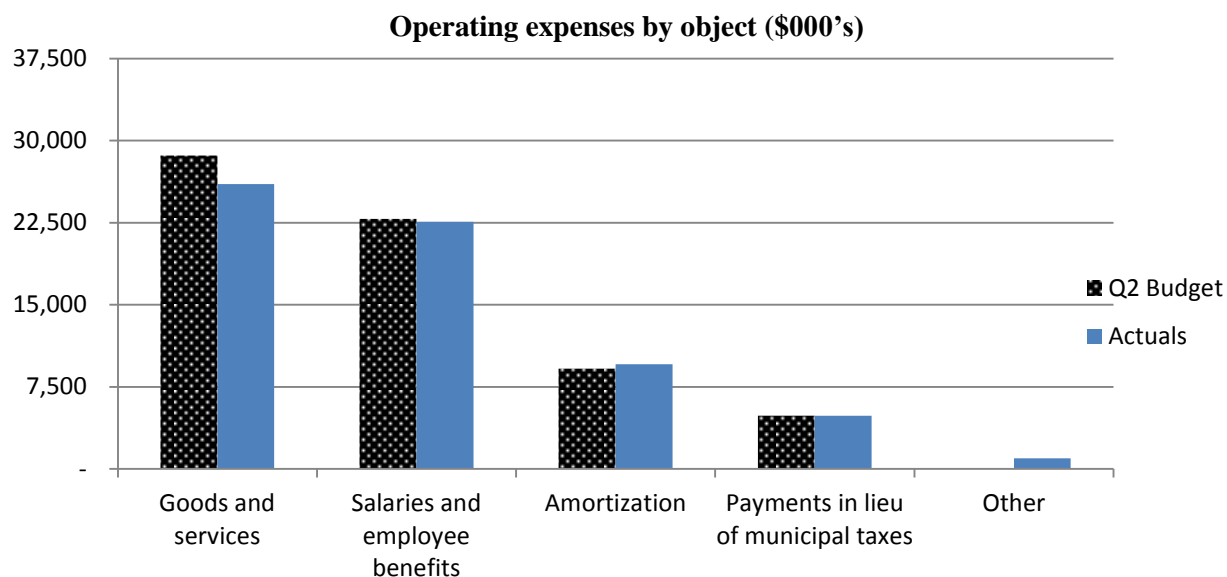
The budgeted revenue for the 2018-2019 fiscal year includes non-recurring items such as the compensation received from PSPC for land transferred to the NCC, recoveries and contributions related to various projects and commemorations, with \$3.1 million recognized by the end of the second quarter, representing 100.4% of the annual budget. Total recurring revenues of \$18.1 million represent 54.3% of the annual budget as at September 30, 2018.

The following chart provides details of the second quarter revenues compared to the budget of \$18.1 million. Notably, other revenues are trending higher than budget, due to the unplanned receipt of compensation received from PSPC for land transferred to the NCC. Headquarters sublease and interests are also trending higher than budget.

Revenues by type (\$000's)



The following chart provides details of the second quarter operating expenses of \$64.0 million compared to the budget of \$65.5 million. The variances are due primarily to timing differences as follows: delays in goods and services expenses regarding the construction of a commemoration monument (\$1.2M), operational projects funded from the Federal Contaminated Site Action Plan (\$1.0M) and lower than planned expenditures for LeBreton Flats Long Term Vision (\$0.4M), offset by a loss on disposal of tangible capital asset of \$1.0M. Salaries show a favorable variance to date of \$0.2 million due to vacancies compared to the budget, and other combined goods and services surpluses of \$0.9 million to date mostly due to timing differences related to operating projects.



C. Use of Parliamentary Appropriations

The NCC receives its funding from a number of sources: parliamentary appropriations, rental operations and easements, investment revenues, user access fees, cost recoveries, gains on disposals 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 \$54.2 million, or 50.0% of its annual budget for appropriations for the period ended September 30, 2018. 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 2019
Operational vote	68,117	32,924	48.3%	-	35,193
Supplementary estimates	-	-	-	3,039	3,039
<i>sub-total</i>	68,117	32,924	48.3%	3,039	38,232
Capital vote	40,312	21,310	52.9%	-	19,002
Supplementary estimates	-	-	-	-	-
<i>sub-total</i>	40,312	21,310	52.9%	-	19,002
Total	108,429	54,234	50.0%	3,039	57,234

Additional details on the parliamentary appropriations can be found in the NCC's Quarterly Financial Statements at September 30, 2018 (Note 8).

D. Statement of Financial Position and Capital Expenditures

Financial assets totalled \$177.0 million as at September 30, 2018, an increase of \$11.7 million or 7 percent from \$165.3 million as at March 31, 2018, primarily attributable to cash and cash equivalent increases as a result of timing differences in the delivery of projects.

Liabilities totalled \$178.5 million as at September 30, 2018, an increase of \$15.7 million or 10 percent from \$162.8 million as at March 31, 2018, primarily attributable to a \$13.4-million increase in the provision for environmental cleanup due to a revision in the anticipated remediation costs, the remainder of the \$2.3-million variance is primarily attributable to increases in accounts payable and accrued liabilities.

Non-financial assets totalled \$660.9 million as at September 30, 2018, an increase of \$15.5 million or 2 percent from \$645.4 million as at March 31, 2018, as a result of adjustments to land cost related to the provision for environmental cleanup.

Capital investments by main categories of capital expenditures were as follows:

For the six months ended September 30, 2018 (\$000's)	Actuals
Roads & bridges	1,162
Historical properties	3,567
Rental properties	3,367
Development properties	20
Green assets	1,319
Other projects Primarily project management costs	1,761
Equipment expenditures	278
Real property acquisitions From segregated Acquisition and Disposal Fund	729
Total 2018-2019 Q2 Actuals	12,203
Total 2017-2018 Q2 Actuals	14,325
Variance	(2,122)
2018-2019 Budget	53,868
% Achieved	23%

E. Integrated Risk Management

The NCC uses an integrated risk management framework to identify, manage and mitigate its risks. The NCC applies this framework in strategic decision making, operational planning and project management. It is also incorporated into the NCC's planning and reporting cycle through a risk profile exercise, which helps to identify the key corporate risks and corresponding mitigation measures for the planning period. Key corporate risks and operational risks are monitored throughout the year, and their trends and 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 to maintain resilience.

For the 2018–2019 to 2022–2023 planning period, three major corporate risk categories were identified: 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 and to effectively deliver its activities and manage its assets. To mitigate the financial capacity risk, which relates to the deficiency in asset maintenance identified in the OAG's Special Examination Report—2017, the NCC completed its asset and funding review. This included the development of a long-term recapitalization plan, aimed at restoring and maintaining the condition of its assets. In 2017, the NCC worked with other government entities to secure additional funding for asset restoration and maintenance. These efforts led to the Budget 2018 investment of \$55 million over two years to revitalize NCC assets. In addition, the NCC has focused on optimizing business processes and developing human resource strategies to attract, manage and retain a talented workforce. The NCC continues to engage internally in a manner that encourages collaboration and integration among branches, with the goal of leveraging opportunities to improve efficiencies.

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 added value that the organization provides to the National Capital Region. In 2017–2018, the NCC continued to implement its Integrated Communication Plan, which includes a proactive approach to engaging partners and to better communicating policies and processes related to NCC regulatory roles. The NCC was also involved in highly visible projects in the National Capital Region, such as the Mackenzie Avenue cycling lanes, the City of Ottawa's light rail transit (LRT) system, the redevelopment of LeBreton Flats, and efforts to promote tourism in and around Gatineau Park.

Safety and Security

Safety and security risks relate to the deterioration of conditions of the NCC's assets due to deferred maintenance and renewal activities, which could cause health and safety issues. This area of concern was also discussed in the OAG's Special Examination Report—2017. Risk response measures over the course of 2017–2018 included a detailed asset-by-asset analysis to determine the level of resources required to maintain safe, sustainable and resilient infrastructure. This analysis has provided the foundation for work that must be undertaken on NCC assets in need of critical repairs, using the funds announced in Budget 2018. Regular inspections of lands and assets, as well as ensuring that security plans, policies and procedures are up-to-date, remain a key part of the NCC's day-to-day activities.

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 significant changes with regard to NCC operations, personnel or programs occurred during the six month period ended September 30, 2018.

Unaudited Financial Statements

For the six months ended September 30, 2018

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.



Dr. Mark Kristmanson
Chief Executive Officer



Michel Houle, CPA, CMA
Executive Director, Corporate Services and
Chief Financial Officer

Ottawa, Canada
November 23, 2018

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

	September 30, 2018	March 31, 2018
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	70,146	55,941
Restricted cash and cash equivalents - light rail transit (Note 4)	64,574	63,975
Accounts receivable		
Federal government departments and agencies	2,673	5,298
Others	5,319	5,944
Investments (Note 3)	34,239	34,136
	176,951	165,294
LIABILITIES		
Accounts payable and accrued liabilities		
Federal government departments and agencies	1,855	1,031
Others	19,769	18,800
Light rail transit (Note 4)	59,784	59,608
Provision for environmental cleanup	63,345	49,884
Deferred revenue (Note 5)	16,076	16,251
Employee future benefits	9,412	9,596
Other liabilities	8,280	7,639
	178,521	162,809
NET FINANCIAL (LIABILITIES) ASSETS	(1,570)	2,485
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	655,486	640,575
Prepaid expenses	3,945	3,623
Other non-financial assets	1,478	1,217
	660,909	645,415
ACCUMULATED SURPLUS	659,339	647,900

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)

	2018-2019 Annual Budget (Note 2)	Three months ended September 30		Six months ended September 30	
		2018	2017	2018	2017
REVENUES					
Rental operations and easements	24,075	6,278	5,906	12,325	11,672
Interest	1,312	626	459	1,185	872
Monetary sponsorship	-	-	105	102	196
Headquarters sublease	2,277	570	569	1,256	1,139
User access fees	3,531	901	980	1,829	1,704
Recoveries	3,390	1,127	4,424	1,786	6,947
Gain on disposal of tangible capital assets	-	-	-	131	-
Other revenues	1,815	180	429	2,575	1,504
	36,400	9,682	12,872	21,189	24,034
EXPENSES (Note 7)					
Long-term planning	5,794	1,068	972	2,156	1,935
Stewardship and protection	89,612	22,628	24,868	45,179	47,880
Internal services	36,214	8,276	7,779	16,649	16,075
	131,620	31,972	33,619	63,984	65,890
Deficit before funding from the Government of Canada	(95,220)	(22,290)	(20,747)	(42,795)	(41,856)
Funding from the Government of Canada					
Parliamentary appropriations for operating expenditures (Note 8)	68,117	16,935	15,717	32,924	31,606
Parliamentary appropriations for tangible capital assets (Note 8)	40,312	14,050	9,087	21,310	12,840
	108,429	30,985	24,804	54,234	44,446
Surplus for the period	13,209	8,695	4,057	11,439	2,590
Accumulated surplus at beginning of the period	639,560	650,644	640,583	647,900	642,050
Accumulated surplus at end of the period	652,769	659,339	644,640	659,339	644,640

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)

	2018-2019 Annual budget (Note 2)	Three months ended September 30		Six months ended September 30	
		2018	2017	2018	2017
Surplus for the period	13,209	8,695	4,057	11,439	2,590
Acquisition and improvements of tangible capital assets (Note 6)	(47,217)	(20,715)	(6,372)	(25,694)	(14,405)
Amortization of tangible capital assets (Note 6)	18,937	4,787	4,474	9,568	8,947
Gain on disposal of tangible capital assets	-	-	-	(131)	-
Loss on disposal of tangible capital assets	-	60	4	957	4
Proceeds from disposal of tangible capital assets	-	-	-	481	-
Realized loss from sale-leaseback transaction	-	(46)	-	(92)	-
	(28,280)	(15,914)	(1,894)	(14,911)	(5,454)
Change in prepaid expenses	-	2,218	1,990	(322)	(241)
Change in other non-financial assets	177	44	45	(261)	89
	177	2,262	2,035	(583)	(152)
Increase (decrease) in net financial assets	(14,894)	(4,957)	4,198	(4,055)	(3,016)
Net financial assets at beginning of the period	(6,761)	3,387	3,813	2,485	11,027
Net financial assets (liabilities) at end of the period	(21,655)	(1,570)	8,011	(1,570)	8,011

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	
	2018	2017	2018	2017
OPERATING ACTIVITIES				
Cash receipts from parliamentary appropriations for operating expenditures	16,935	15,718	33,700	32,103
Cash receipts from rental operations and easements	5,585	4,757	10,791	10,038
Cash receipts from other operations	2,407	5,065	10,902	10,033
Cash paid to suppliers	(10,052)	(17,371)	(28,129)	(35,060)
Cash paid to employees	(10,405)	(9,461)	(21,867)	(21,764)
Interest received	456	362	1,139	985
Disbursements related to the management and remediation of sites	(185)	(550)	(264)	(658)
Cash flows provided (used) by operating activities	4,741	(1,480)	6,272	(4,323)
CAPITAL ACTIVITIES				
Cash receipts from parliamentary appropriations for tangible capital assets	14,050	9,087	21,310	13,230
Acquisition and improvements of tangible capital assets	(7,005)	(7,519)	(13,162)	(14,489)
Proceeds from disposal of tangible capital assets	-	1	131	1
Disbursements for environmental cleanup	(52)	(57)	(70)	(61)
Cash flows provided (used) by capital activities	6,993	1,512	8,209	(1,319)
INVESTING ACTIVITIES				
Cash receipts for the light rail transit project	320	204	599	361
Disbursements for investments purchased	(103)	(445)	(276)	(445)
Cash receipts from investments sold	-	542	-	542
Cash flows provided by investing activities	217	301	323	458
Increase (decrease) in cash and cash equivalents	11,951	333	14,804	(5,184)
Cash and cash equivalents at beginning of the period	122,769	140,129	119,916	145,646
Cash and cash equivalents at end of the period	134,720	140,462	134,720	140,462
Represented by:				
Cash and cash equivalents	70,146	76,996	70,146	76,996
Restricted cash and cash equivalents - Light rail transit	64,574	63,466	64,574	63,466
	134,720	140,462	134,720	140,462

The notes are an integral part of the financial statements.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2018 (in thousands of dollars, unless otherwise specified)

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, 2018.

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.

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,

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2018 (in thousands of dollars, unless otherwise specified)

unsettled land exchange, 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 estimates.

Budget Figures

The 2018-2019 budget figures, as presented in the *2018-2019 to 2022-2023 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, 2018, cash and cash equivalents include \$70.1 million (\$55.9 million as at March 31, 2018) in cash, invested at a weighted average interest rate of 1.9 percent (1.5 percent as at March 31, 2018).

B. INVESTMENTS

As at September 30, 2018, the short-term portfolio investments include a guaranteed investment certificate totalling \$15.0 million (\$15.0 million as at March 31, 2018) at a weighted average effective interest rate of 2.3 percent and a term of 12 months (2.3 percent as at March 31, 2018).

As at September 30, 2018, the long-term portfolio of investments includes bonds of provincial governments, totalling \$19.2 million (\$19.1 million as at March 31, 2018) invested at a weighted average interest rate of 3.7 percent (3.7 percent as at March 31, 2018).

	September 30, 2018		March 31, 2018	
	Cost	Quoted Market Value	Cost	Quoted Market Value
Provincial governments	19,239	19,479	19,136	19,631
Guaranteed investment certificate	15,000	15,000	15,000	15,000
	34,239	34,479	34,136	34,631

C. DESIGNATED FUNDS

As at September 30, 2018, cash and cash equivalents include \$33.3 million (\$33.3 million as at March 31, 2018) in designated funds whose use is designated or limited for the sole purpose for which they have been segregated.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2018 (in thousands of dollars, unless otherwise specified)

4. Light Rail Transit

The following table includes amounts received at September 30, 2018 as well as the interest earned for the period. Interest of \$0.6 million (\$0.4 million to September 30, 2017) has been recorded and included in the Financial assets under “Restricted cash and cash equivalents - light rail transit” and under the “Light rail transit” liability.

The “Restricted cash and cash equivalents - light rail transit” under Financial assets are composed of the following.

	March 31, 2018	Interest	September 30, 2018
Security deposit	52,230	489	52,719
Performance deposit	11,745	110	11,855
Total	63,975	599	64,574

As at September 30, 2018, the NCC recognized revenues totalling \$0.6 million (\$0.4 million to September 30, 2017) as it continues to provide the City access to the light rail transit properties for a defined period of time, which will terminate in 2018-2019. The “Light rail transit” liability totals \$59.8 million (\$59.6 million as at March 31, 2018).

5. Deferred revenue

Deferred revenues are composed of the following.

	September 30, 2018	March 31, 2018
Deferred rental revenues	6,736	7,262
Deferred easement and license of occupation revenues	5,015	5,676
Other deferred revenues	4,325	3,313
	16,076	16,251

The deferred rental revenue is primarily the present value of the minimum future lease payments that the NCC has collected under 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, 2017) of deferred rental revenue was recognized as income.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2018 (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, 2018	March 31, 2018
Land ¹	310,348	14,059	1,208	323,199	-	-	-	-	323,199	310,348
Buildings and Infrastructure ²	787,760	10,019	7	797,772	466,680	8,695	-	475,375	322,397	321,080
Leasehold improvements	13,537	1,300	-	14,837	10,154	216	-	10,370	4,467	3,383
Equipment ²	19,423	316	64	19,675	13,659	657	64	14,252	5,423	5,764
	1,131,068	25,694	1,279	1,155,483	490,493	9,568	64	499,997	655,486	640,575

1. The land cost includes \$0.2 million (\$0.2 million as at March 31, 2018) of unsettled expropriation.

2. The total cost of buildings and infrastructure, and equipment include \$27.0 million (\$15.8 million as at March 31, 2018) of construction in progress. When completed, the cost of these projects will be amortized on the basis on their estimated useful life.

7. Expenses by Object

The following provides a summary of expenses by object.

	2018-2019 Annual Budget (Note 2)	Three months ended September 30		Six months ended September 30	
		2018	2017	2018	2017
Goods and services	58,331	13,262	16,251	26,022	30,843
Salaries and employee benefits	44,642	11,425	10,720	22,589	21,546
Amortization	18,937	4,787	4,474	9,568	8,947
Payments in lieu of municipal taxes	9,710	2,438	2,170	4,848	4,550
Loss on disposal of tangible capital assets	-	60	4	957	4
	131,620	31,972	33,619	63,984	65,890

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, 2018, the value of antiques, works of art and monuments totalled \$0.2 million (\$2.7 million to September 30, 2017).

8. Parliamentary Appropriations

	Three months ended September 30		Six months ended September 30	
	2018	2017	2018	2017
Parliamentary appropriations for operating expenditures¹				
Amount received during the period	16,935	15,717	32,924	31,606
	16,935	15,717	32,924	31,606
Parliamentary appropriations for tangible capital assets²				
Amount received during the period	14,050	9,087	21,310	12,840
	14,050	9,087	21,310	12,840
Parliamentary appropriations approved and recorded during the period	30,985	24,804	54,234	44,446

1. As at September 30, 2018 and 2017, the amounts approved for the years ending March 31, 2019 and 2018 totalled \$68.1 million and \$67.6 million, respectively.

2. As at September 30, 2018 and 2017, the amounts approved for the years ending March 31, 2019 and 2018 totalled \$40.3 million and \$24.3 million, respectively.