

NATIONAL CAPITAL COMMISSION
COMMISSION DE LA CAPITALE NATIONALE

**QUARTERLY FINANCIAL REPORT FOR THE SIX MONTHS
ENDED SEPTEMBER 30, 2022**

Canada



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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

The six months ended September 30, 2022 resulted in a surplus of \$59.8 million. The surplus is primarily resulting from a capital surplus of \$58.4 million which is mainly explained by a gain on disposal of \$28.3 million for the disposal of a property at LeBreton Flats in April 2022. As well as by the difference between capital parliamentary appropriations received and amortization of tangible capital assets expenditures of \$28.7 million. In addition, the NCC received \$0.7 million for a settlement related to covenants for the Alta Vista transaction.

A. Year-Over-Year Results Analysis

Revenues increased by \$19.0 million, or 56.6% compared to the same period in the previous year, mainly as a result of the following:

- Gain on disposal increase of \$17.7 million, or 166.1% to \$28.3 million;
- Interest revenues increase of \$2.9 million, or 316.3% to \$3.8 million; and
- Recoveries increase of \$0.1 million, or 4.0% to \$2.6 million.

Offset in part by:

- Rental operations decrease of \$0.2 million, or 1.3% to \$13.5 million;
- User access Fees decrease of \$0.1 million, or 3.0% to \$2.0 million; and
- Other revenues decrease of \$1.4 million, or 36.2% to \$2.5 million.

Operating expenses increased by \$3.0 million, or 4.5%, compared to the same period in the previous year. The results by Program were as follows:

- Stewardship and protection increase of \$2.6 million, or 5.3%, to \$51.9 million; and
- Internal services increase of \$0.4 million, or 2.4% to \$15.9 million.

- Long-term planning was stable at \$2.6 million.

Funding from the Government of Canada through parliamentary appropriations decreased by \$0.4 million compared to the same period last year at \$77.6 million. The results by main categories of appropriations were as follows:

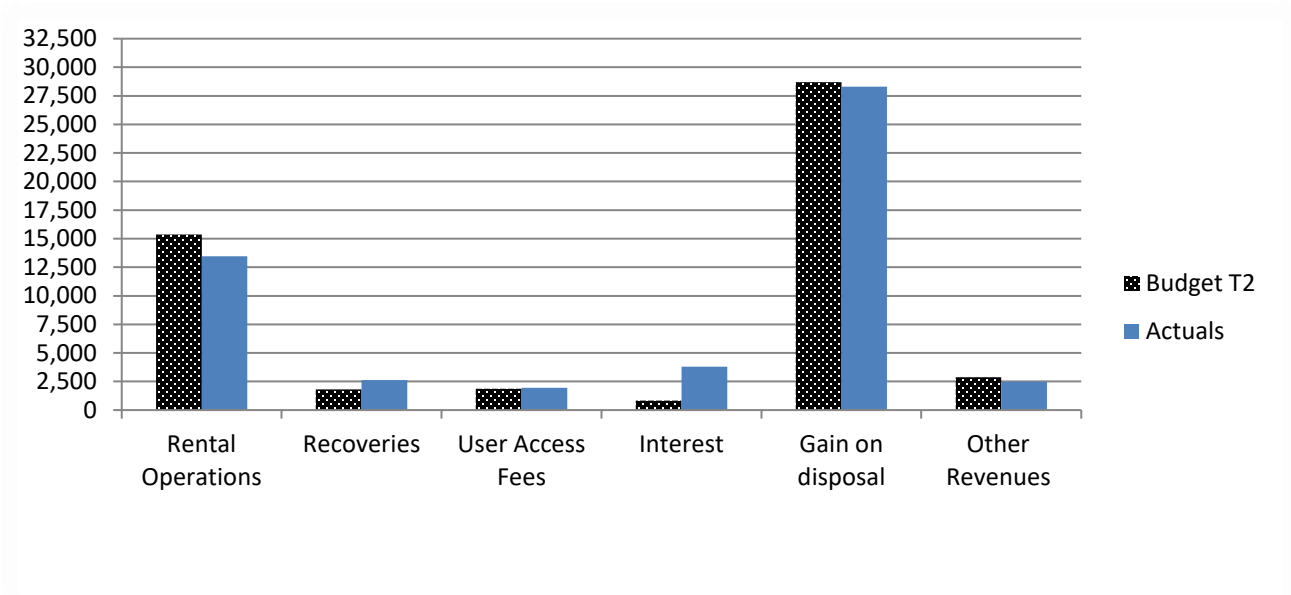
- Appropriations for operating expenditures increased by \$2.4 million, or 6.7%, to \$37.9 million; and
- Appropriations for capital expenditures decreased by \$2.8 million, or 6.7% to \$39.6 million.

B. Budgetary Analysis

The budgeted revenue for the 2022-2023 fiscal year includes non-recurring items such as gain on disposal, contributions and recoveries related to the South Shore Riverfront Park project, Interprovincial Bridges initiatives and commemorations, with \$32.0 million recognized at the end of the second quarter, representing 65.9% of the annual budget. Total recurring revenues of \$20.6 million represent 52.6% of the annual budget as at September 30, 2022.

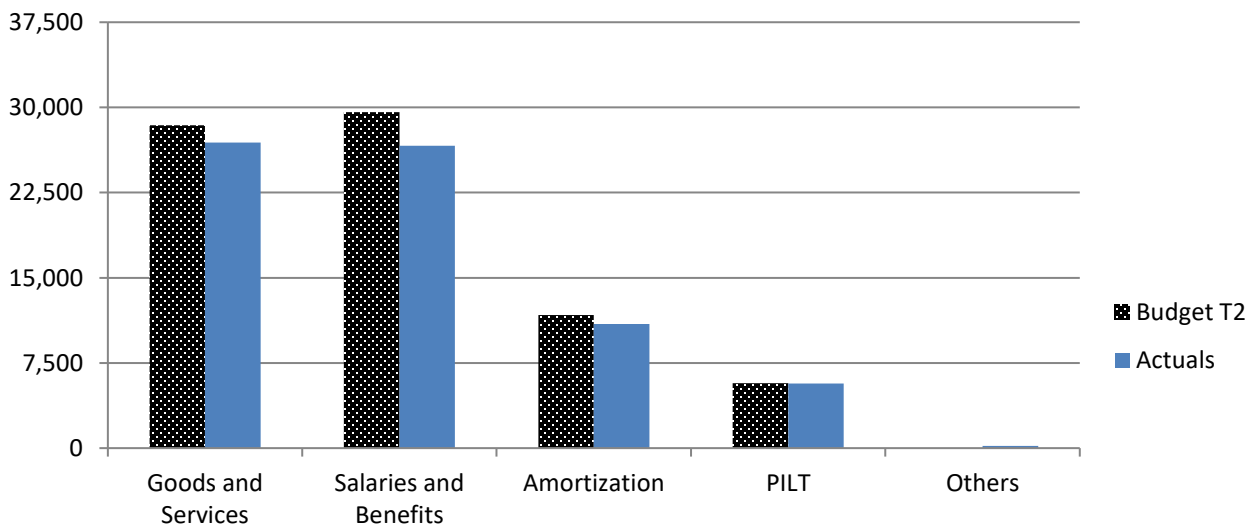
The following chart provides details of the second quarter revenues of \$52.6 million compared to the budget of \$51.5 million. Rental operations, gain on disposal, user access fees and other revenues are tracking behind budget, whereas interest revenues and recoveries are above budget.

Revenues by type (\$000's)



The following chart provides details of the second quarter operating expenses of \$70.3 million compared to the budget of \$75.4 million. The favorable variance compared to budget is due primarily to a surplus of \$1.6 million in goods and services expenses, salary savings of \$3.0 million to date due to vacancies and amortization surplus of \$0.8 million.

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 Public Service and Procurement Canada. 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 recognized \$77.6 million, or 39.8% of its annual budget for appropriations for the period ended September 30, 2022. Parliamentary appropriations drawdowns are based on forecasted cash flow expenditures. The following table 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 2023
Operational vote	83,720	37,938	45.3%	-	37,937
Supplementary estimates	-	-	-	5,459	5,459
<i>sub-total</i>	83,720	37,938	45.3%	5,459	43,396
Capital vote	111,341	39,170	35.2%	-	38,706
Supplementary Estimates	-	-	-	33,000	33,000
Deferred Appropriations	-	465	-	-	-
<i>sub-total</i>	111,341	39,635	35.6%	33,000	71,706
Total	195,061	77,573	39.8%	38,459	115,102

Additional details on the parliamentary appropriations can be found in the NCC's Quarterly Financial Statements at September 30, 2022 (Note 8).

D. Capital Expenditure

Investments by main categories of capital expenditures were as follows:

For the six months ended September 30, 2022 (\$000's)	Actuals
Roads & bridges	
Champlain Bridge Rehabilitation	883
Historical properties	
Official Residences	1,618
Rental properties	666
Development properties	
LeBreton Flats redevelopment	1,265
Green assets	
Nepean Point, National Capital River Pavilion Shoreline Animation, South Shore Riverfront Park development	12,120
Other projects	
Project management costs, recreational facilities	5,057
Equipment expenditures	50
Real property acquisitions	
Funded from segregated Acquisition and Disposal Fund	732

Total 2022-2023 Q2 Actuals	22,391
Total 2021-2022 Q2 Actuals	43,643
Variance	21,252

2022-2023 Budget	185,381
% Achieved	12%
% Committed	47%

E. Statement of Financial Position Summary

Financial assets totalled \$348.2 million as at September 30, 2022, an increase of \$49.0 million or 16.4% from \$299.2 million as at March 31, 2022, attributable primarily to an increase of \$60.6 million in investments and \$19.3 million in cash and cash equivalents, offset in part by a reduction in accounts receivables of \$29.3 million mainly due to parliamentary appropriations recognized at year-end and received during the first quarter.

Liabilities totalled \$218.9 million as at September 30, 2022, an increase of \$1.9 million or 0.9% from \$217.0 million as at March 31, 2022.

Non-financial assets totalled \$786.8 million as at September 30, 2022, an increase of \$12.7 million or 1.6% from \$774.0 million as at March 31, 2022, reflecting mostly increases in tangible capital assets net of amortization as a result of advancement of Capital projects funded from Budget 2020.

F. Risks and Mitigation Strategies

The NCC uses a comprehensive and 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 key corporate risks and corresponding mitigation measures for the planning period. These corporate 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 maintain resilience.

For the 2022–2023 to 2026–2027 planning period, the NCC has identified three major corporate risks: capacity, safety and security and modernization of authorities.

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.

To mitigate this risk, the NCC continues to collaborate with government partners 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 continues to identify efficiencies and cost containment measures, including the systemic review of resource allocation and the reallocation of available funds to corporate priorities in response to operating appropriation challenges.

In terms of human resource capacity, the NCC focuses its efforts on improving talent attraction and retention by continuing to promote an engaging, diverse and inclusive workplace.

Safety and Security

Safety and security risks relate to the deterioration of the condition of the NCC's assets due to deferred maintenance or insufficient funding to support the 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 over the course of 2021–2022 included the completion of work on assets in need of critical repair to restore them to good condition, in accordance with May 2020 appropriations. Through the first two years of implementation, the NCC has funded projects on over 100 assets, restoring them to good condition. It should be mentioned, however, that the additional appropriations did not fund any restoration projects on the assets included in the official residences portfolio and, therefore, these assets continue to deteriorate at an unacceptable rate.

Additional mitigation measures to address this risk category include the continued implementation of a phased multi-year asset condition inspection program, as well as efforts to improve the collection and management of data on asset condition. The NCC also began efforts to consider the impacts of climate change on NCC assets and the timely identification of future requirements and interventions to address these impacts.

These measures further support the consistent integration of portfolio planning, resource allocation and project delivery, which will allow the NCC to effectively manage risks tied to asset deterioration, ensuring that federal

lands and assets meet the needs of Canadians, and reflect and respect the significance, natural environment and heritage of the national capital.

G. Significant Changes Related to Operations, Personnel and Programs

In May 2020, the NCC welcomed the allocation of an additional appropriation aimed to address the urgent health and safety requirements of NCC assets. 2022-2023 is the third year of this \$173.6 million three-year program. The investment will help the NCC continue the work started through Budget 2018 funding to address the corporation's deferred maintenance deficit.

During the second quarter of 2022-2023, the NCC announced the appointment of a new Vice-President Corporate Services and Chief Financial Officer.

No other significant changes with regard to NCC operations, personnel or programs occurred during the six month period ended September 30, 2022.

Unaudited Financial Statements

For the six months ended September 30, 2022

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's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, 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



Tania Kingsberry, CPA, CA
Vice-President Corporate Services and
Chief Financial Officer

Ottawa, Canada
November 25, 2022

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

	September 30, 2022	March 31, 2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	228,543	209,204
Restricted cash and cash equivalents (Note 4)	6,019	5,964
Accounts receivable	13,282	42,556
Investments (Note 3)	100,326	39,701
Assets held for sale	-	1,744
	348,170	299,169
LIABILITIES		
Accounts payable and accrued liabilities	27,208	21,328
Light rail transit (Note 4)	2,212	2,195
Provision for environmental remediation	74,667	74,003
Deferred revenues (Note 5)	92,708	96,073
Employee future benefits	10,434	10,898
Other liabilities	11,625	12,464
	218,854	216,961
NET FINANCIAL ASSETS	129,316	82,208
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	778,968	767,608
Prepaid expenses	3,574	2,194
Other non-financial assets	4,220	4,220
	786,762	774,022
ACCUMULATED SURPLUS	916,078	856,230

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)

	2022-2023 Annual Budget (Note 2)	Three months ended September 30		Six months ended September 30	
		2022 Actual	2021 Actual	2022 Actual	2021 Actual
REVENUES					
Rental operations and easements	30,720	6,942	7,163	13,464	13,640
Recoveries	3,633	1,281	1,720	2,613	2,513
User access fees	3,755	1,269	1,433	1,965	2,024
Interest	1,668	2,338	427	3,797	912
Gain on disposal of assets held for sale	28,700	-	-	28,256	-
Gain on disposal of tangible capital assets	-	-	10,633	39	10,633
Other revenues	19,249	1,287	1,930	2,478	3,883
	87,725	13,117	23,306	52,612	33,605
EXPENSES (Note 7)					
Long-term planning	9,258	1,343	1,405	2,568	2,547
Stewardship and protection	104,431	26,875	25,258	51,882	49,250
Internal services	37,151	8,061	7,437	15,887	15,517
	150,840	36,279	34,100	70,337	67,314
Deficit before funding from the Government of Canada	(63,115)	(23,162)	(10,794)	(17,725)	(33,709)
Funding from the Government of Canada					
Parliamentary appropriations for operating expenditures (Note 8)	83,720	18,969	17,801	37,938	35,560
Parliamentary appropriations for tangible capital assets (Note 8)	111,341	19,560	21,237	39,635	42,473
	195,061	38,529	39,038	77,573	78,033
Surplus for the period	131,946	15,367	28,244	59,848	44,324
Accumulated surplus at beginning of the period	873,428	900,711	787,232	856,230	771,152
Accumulated surplus at end of the period	1,005,374	916,078	815,476	916,078	815,476

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)

	2022-2023 Annual budget (Note 2)	2022 Actual	2021 Actual
Surplus for the period	131,946	59,848	44,324
Acquisition and improvements of tangible capital assets (Note 6)	(181,791)	(22,391)	(45,752)
Amortization of tangible capital assets (Note 6)	23,418	10,932	10,558
Gain on disposal of tangible capital assets	(28,700)	(39)	(10,633)
Loss on disposal of tangible capital assets	-	190	91
Proceeds from disposal of tangible capital assets	30,000	39	19,900
Realized loss from sale-leaseback transaction	-	(91)	(91)
	(157,073)	(11,360)	(25,927)
Change in prepaid expenses	-	(1,380)	(1,451)
Change in other non-financial assets	135	-	89
	135	(1,380)	(1,362)
Increase (Decrease) in net financial assets	(24,992)	47,108	17,035
Net financial assets at beginning of the period	72,710	82,208	41,942
Net financial assets at end of the period	47,718	129,316	58,977

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)

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from parliamentary appropriations		
for operating expenditures	39,220	41,691
Cash receipts from rental operations and easements	11,646	13,742
Cash receipts from other operations	3,011	5,853
Cash paid to suppliers	(34,671)	(31,577)
Cash paid to employees	(27,822)	(25,646)
Interest received	2,711	1,083
Disbursements related to the management and remediation of sites	(174)	(102)
Proceeds from disposal of assets held for sale	30,000	-
Cash flows provided by operating activities	23,921	5,044
CAPITAL ACTIVITIES		
Cash receipts from parliamentary appropriations		
for tangible capital assets	71,171	42,473
Acquisition and improvements of tangible capital assets	(13,955)	(39,867)
Proceeds from disposal of tangible capital assets	39	19,900
Disbursements for environmental remediation	(1,068)	(454)
Cash flows provided by capital activities	56,187	22,052
INVESTING ACTIVITIES		
Cash receipts for Chambers Building Fund	38	9
Disbursements for investments purchased	(61,019)	(30,341)
Cash receipts from investment sold	267	491
Cash flows used by investing activities	(60,714)	(29,841)
Increase (Decrease) in cash and cash equivalents	19,394	(2,745)
Cash and cash equivalents at beginning of the period	215,168	192,143
Cash and cash equivalents at end of the period	234,562	189,398
Represented by:		
Cash and cash equivalents	228,543	184,526
Restricted cash and cash equivalents	6,019	4,872
	234,562	189,398

The notes are an integral part of the financial statements.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2022 (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 has met the requirements of the directive since 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).

These quarterly financial statements should be read in conjunction with the annual audited financial statements dated March 31, 2022 which detail the applicable accounting policies.

The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the most recent annual 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 revenues and expenses for the reporting period. Estimated useful lives of tangible capital assets, provision for environmental remediation, employee future benefits, write-downs of tangible capital assets and the

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2022 (in thousands of dollars, unless otherwise specified)

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 2022-2023 budget figures, as presented in the *2022-2023 to 2026-2027 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

A. CASH AND CASH EQUIVALENTS

As at September 30, 2022, cash and cash equivalents include \$228.5 million (\$209.2 million as at March 31, 2022) in cash, invested at a weighted average interest rate of 2.3% (0.8% as at March 31, 2022).

B. INVESTMENTS

As at September 30, 2022, the short-term investment portfolio includes guaranteed investment certificates totalling \$70.0 million (none at March 31, 2022) at a weighted average effective interest rate of 1.8%.

As at September 30, 2022, the long-term investment portfolio includes bonds of provincial governments and a guaranteed investment certificate, totalling \$30.3 million (\$39.7 million as at March 31, 2022) invested at a weighted average interest rate of 3.1% (1.3% as at March 31, 2022).

	September 30, 2022		March 31, 2022	
	Amortized Cost	Quoted Market Value	Amortized Cost	Quoted Market Value
Provincial governments	10,326	9,714	9,701	9,454
Guaranteed investment certificate	90,000	90,000	30,000	30,000
	100,326	99,714	39,701	39,454

C. DESIGNATED FUNDS

As at September 30, 2022, cash and cash equivalents include \$220.9 million (\$144.7 million as at March 31, 2022) in designated funds whose use is internally designated and 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, 2022 (in thousands of dollars, unless otherwise specified)

4. Restricted Cash and Cash Equivalents

	March 31, 2022	Interest 2022-2023	September 30, 2022
LRT Stage 1 - Security deposit	185	2	187
LRT Stage 1 - Performance deposit	1,386	15	1,401
	1,571	17	1,588
Chambers Building Fund	4,393	38	4,431
Total	5,964	55	6,019

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 continues to affect several NCC properties, which are subject to change until such time as the actual land requirements are finalized.

The above table include balances for the two LRT projects and interest earned during the period.

The LRT liability, which represents Stage 1 and 2 of the LRT project totals \$2.2 million (\$2.2 million as at March 31, 2022).

B. Chambers Building Fund

As set out in the ground lease for 40 Elgin Street (Chambers Building), the tenant must remit an annual amount to the NCC strictly for the purpose to fund future capital improvements for this building. 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 on the Statement of Financial Position under "Other liabilities".

5. Deferred Revenues

Deferred revenues are composed of the following.

	September 30, 2022	March 31, 2022
Deferred rental revenues	9,639	9,914
Deferred easement and license of occupation revenues	19,586	20,037
Other deferred revenues	63,483	66,122
	92,708	96,073

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2022 (in thousands of dollars, unless otherwise specified)

The deferred rental revenues are primarily the present value of the minimum future lease payments that the NCC has collected under four different land lease agreements. The present value for the current agreements was determined using discount rates of 4.0%, 4.27%, 6.01% and 6.5%. These deferred rental revenues will be recognized as income over the term of the lease agreements, which have different termination dates extending to 2075. During the year, \$0.2 million (\$0.2 million to September 30, 2021) of deferred rental revenue was recognized as income.

Deferred easement and licence of occupation revenues are primarily comprised of \$9.1 million (\$9.1 million as at March 31, 2022) of easement revenue and \$1.0 million (\$1.3 million as at March 31, 2022) of licences of occupation for LRT Phase 1 and 2. Deferred licence 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. The majority of other deferred easement revenue will be recognized over a 49-year period.

Other deferred revenues consist mainly of a contribution by Public Services and Procurement Canada (PSPC) of \$31.5 million (\$32.0 million as at March 31, 2022) for renovations to the NCC's new headquarters office space which is expected to be completed by 2026, a City of Ottawa contribution of \$20.6 million (\$21.9 million as at March 31, 2022) for the South Shore Riverfront Park development which is recognized as work is performed and is expected to be completed by 2025, a contribution by Veterans Affairs Canada of \$4.3 million (\$4.3 million as at March 31, 2022) for the construction of a commemoration which is expected to be completed by 2025, as well as a contribution by Global Affairs Canada of \$3.6 million (\$3.6 million as at March 31, 2022) for the construction of a commemoration which is expected to be completed by 2025.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2022 (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, 2022	March 31, 2022
Land ¹	345,515	1,532	-	347,047	-	-	-	-	347,047	345,515
Buildings and Infrastructure ²	938,984	20,814	188	959,610	524,432	9,796	89	534,139	425,471	414,552
Leasehold improvements	15,162	-	-	15,162	11,962	138	-	12,100	3,062	3,200
Equipment ²	23,854	45	44	23,855	19,513	998	44	20,467	3,388	4,341
	1,323,515	22,391	232	1,345,674	555,907	10,932	133	566,706	778,968	767,608

1. The land cost includes \$0.2 million (\$0.2 million as at March 31, 2022) of unsettled expropriation.

2. The total cost of buildings and infrastructure, and equipment includes \$55.3 million (\$34.5 million as at March 31, 2022) of construction in progress. When completed, the cost of these projects will be amortized on the basis of their estimated useful life.

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2022 (in thousands of dollars, unless otherwise specified)

7. Expenses by Object

The following provides a summary of expenses by object.

	2022-2023 Annual Budget (Note 2)	Three months ended September 30		Six months ended September 30	
		2022 Actual	2021 Actual	2022 Actual	2021 Actual
Goods and services	56,869	14,305	12,544	26,915	24,931
Salaries and employee benefits	59,142	13,360	12,581	26,620	25,257
Amortization	23,418	5,488	5,285	10,932	10,558
Payments in lieu of municipal taxes	11,411	2,987	3,645	5,680	6,477
Loss on disposal of tangible capital assets	-	139	45	190	91
	150,840	36,279	34,100	70,337	67,314

For the period ended September 30, 2022, the value of antiques, works of art and monuments, acquired or built by the NCC totalled \$0.3 million (\$0.5 million as at September 30, 2021). These are recorded as expenses in “Goods and services.”

8. Parliamentary Appropriations

	Three months ended September 30		Six months ended September 30	
	2022	2021	2022	2021
Parliamentary appropriations for operating expenditures¹				
Amount received during the period	18,969	17,759	37,938	35,518
Amount received from previous year	-	42	-	42
	18,969	17,801	37,938	35,560
Parliamentary appropriations for tangible capital assets²				
Amount received during the period	19,585	21,237	71,170	42,473
Amount deferred to next period	(25)	-	(31,535)	-
	19,560	21,237	39,635	42,473
Parliamentary appropriations approved and recorded during the period	38,529	39,038	77,573	78,033

1. As at September 30, 2022 and 2021, the amounts approved for the years ending March 31, 2023 and 2022 totaled \$77.4 million and \$73.5 million, respectively.

2. As at September 30, 2022 and 2021, the amounts approved for the years ending March 31, 2023 and 2022 totaled \$78.3 million and \$84.9 million, respectively.