

**NATIONAL CAPITAL COMMISSION**

**QUARTERLY FINANCIAL REPORT FOR THE PERIOD**

**ENDED 31 DECEMBER 2016**

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**NATIONAL CAPITAL COMMISSION  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2016**

The financial results for the nine month period ended 31 December 2016 are on track with budget. There are no unusual items and notable variances are attributable to timing differences or non-recurring items. Investments in capital assets were consistent with plan.

**A. Year-Over-Year Results Analysis**

Revenues increased by \$3.6 million, or 14.7% compared to the same period last year. The positive variance resulted from a \$4.0 million increase in recoveries and a net decrease of \$0.4 million from other revenue sources as outline below:

- Rental operations and easements decreased by \$0.5 million, or 3% to \$16.8 million due to higher one-time easements revenues in 2015-2016;
- User Access Fees increased by \$0.1 million, or 7% to \$1.7 million;
- Headquarter sublease decreased by \$0.2 million, or 9%, to \$1.7 million;
- Interest revenues were in-line with last year at \$1.3 million;
- Recoveries increased by \$4.0 million to \$5.3 million, primarily the result of funding installments recognized for commemoration monuments and other projects;
- Monetary sponsorships were in-line with last year at \$0.1 million; and
- Other revenues increased by \$0.2 million, or 22.6% to \$0.9 million.

Operating Expenses increased by \$7.0 million, or 8.2%, compared to the same period last year. The results by Program were as follows:

- Capital Stewardship and Protection increased by \$7.1 million, or 12%, to \$65.4 million, primarily due to the onset of a commemoration monument project.
- Capital Planning decreased by \$0.2 million, or 7%, to \$2.6 million.
- Internal Services increased by \$0.1 million, or 0.5% to \$23.6 million.

Funding from the Government of Canada through Parliamentary Appropriations decreased by \$1.6 million, or 2.4%, compared to the same period last year. The NCC expects to make funding requests during the supplementary estimates process later this fiscal year.

The results by main categories of appropriations were as follows:

- Appropriations for Operating Expenditures decreased by \$1.8 million, or 3.8%, to \$46.5 million as a result of timing differences related to the receipt and use of appropriations.
- Appropriations for Capital Expenditures increased by \$0.2 million, or 1.4%, to \$19.0 million.

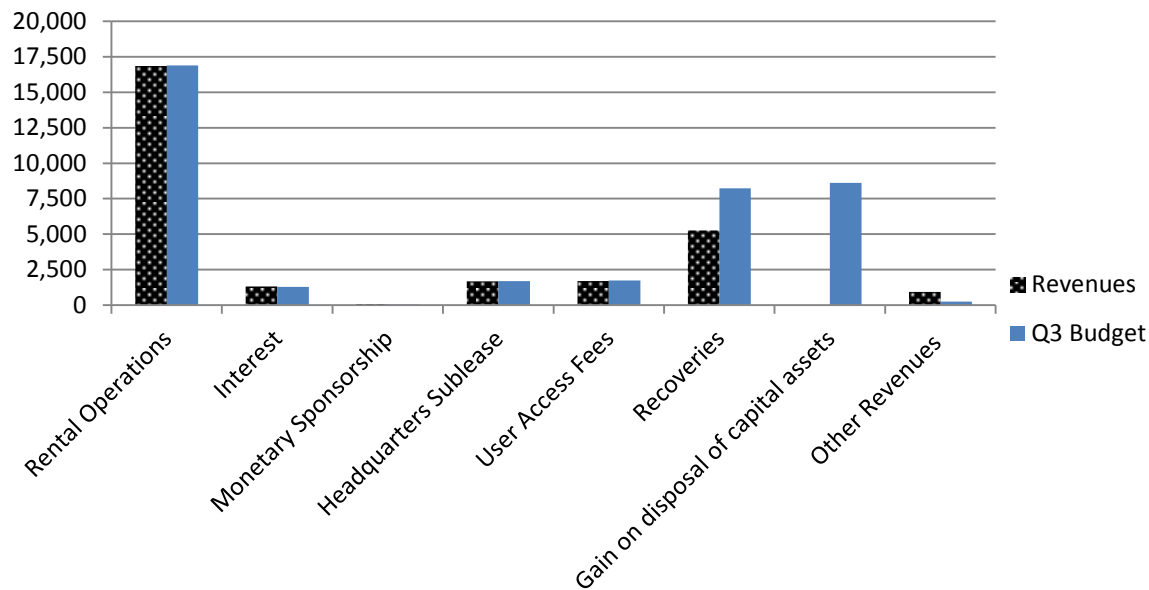
For the nine month period ended 31 December 2016, there was a \$1.8 million surplus, compared to the \$6.8 million surplus for the same period last year. The variance was primarily due to timing differences related to the receipt and use of government appropriations received in 2015-16.

## B. Budgetary Analysis

The revenue budget for the 2016-2017 fiscal year includes non-recurring items such as recoveries for the construction of commemorations (\$7.3 million), with \$2.7 million recognized by the end of the third quarter and \$3.4 million delayed to future years. As well, net gains on disposal of tangible capital assets of \$11.5 million will not likely materialize this fiscal year. Overall, recurring revenues totalling \$21.5 million were in line with the nine month Q3 Budget, and have achieved 73.2% of the annual budget as at 31 December 2016.

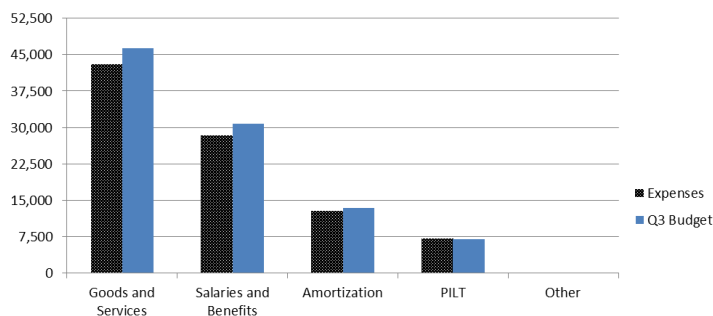
The following chart illustrates that Revenues are in line with the nine month Q3 Budget with the exception of Recoveries, as the timing of funding installments for the commemoration monuments were lower than planned.

Revenues by type (000's)



The following chart illustrates operating expenses totalling \$91.6 million are trending below the nine month Q3 Budget of \$97.6 million. The variances are due primarily to timing differences versus plan as follows: the timing of expenses regarding the construction of commemoration monuments and operational projects and the postponement of 2 Federal Contaminated Site Action Plan (FCSAP) initiatives (\$0.5 million) to future years as a result of their interdependency on the progress of current year projects. As well, salaries show a favorable variance to date of \$2.4 million due to vacancies.

Operating expenses by object (000's)



### C. Use of Parliamentary Appropriations

The NCC receives its funding and revenues from a number of sources: parliamentary appropriations, rental operations and easements, investment revenues, user access fees, cost recoveries, net gain 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 \$65.5 million, or 72.6% of its budgeted funding for Appropriations for the period ended 31 December 2016. 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	Planned Supplementary Estimates	Forecast to March 2017
Operational Vote	67,806	46,480	68.5%	-	20,564
Supplementary Estimates	-	-	-	926	926
<i>sub-total</i>	<b>67,806</b>	<b>46,480</b>	<b>68.5%</b>	<b>926</b>	<b>21,490</b>
Capital Vote	22,399	19,045	85.0%	-	3,335
Supplementary Estimates	-	-	-	409	409
<i>sub-total</i>	<b>22,399</b>	<b>19,045</b>	<b>85.0%</b>	<b>409</b>	<b>3,744</b>
<b>Total</b>	<b>90,205</b>	<b>65,525</b>	<b>72.6%</b>	<b>1,335</b>	<b>25,234</b>

\*Includes 2015-16 deferred revenues (operational vote).

Additional details on the parliamentary appropriations can be found in the NCC's Quarterly Financial Statements at 31 December 2016 (Note 10).

### D. Capital Expenditure

Investments by main categories of Capital Expenditures were as follows:

- Roads and bridges investments were \$1.7 million, or 47.3% of the budget.
- Historical properties were \$8.5 million, or 59.5% of the budget;
  - This includes project work on the Official Residence program and the commercial properties on Sussex Drive.
- Rental properties were \$2.4 million, or 71.3% of the budget;
  - This includes project work on the redevelopment of 7 Clarence Street.
- Development properties were \$1.0 million, or 47.7% of the budget.
- Green assets were \$2.5 million, or 62.4% of the budget.
- Other projects were \$3.4 million, or 55.2% of budget;
  - This primarily includes project management costs.
- Equipment expenditures, including the Business Optimization project were \$1.3 million, or 51.9% of the budget.
- Real property acquisitions of \$0.6 million were completed during the period (annual budget: \$12 million).

## **E. Risk Analysis**

As part of the annual review of the corporate risk profile, the NCC confirmed three key risks that could have a significant impact on the corporation.

### **Capacity**

Capacity risks relate to the NCC's ability to maintain sufficient levels of resources, to have the appropriate employee skill sets in place and to be resilient to a changing business environment, in order to effectively deliver the corporation's activities and manage its assets.

The NCC's mitigation strategies to address capacity risks include continuing to implement process improvements and business optimization; prioritizing and adapting to changing needs and financial contexts; continuing to implement tools to retain corporate memory; and continuing to enhance human resource planning and monitoring to attract, manage and retain a talented workforce.

### **Reputation and Influence**

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

The NCC's mitigation strategies to address reputation and influence risks include continuing to ensure engagement and to implement strong and proactive communications; continuing to build awareness of the NCC's mandate and added value to the Capital Region; ensuring proactive influence in urban planning, development and Capital projects; continuing to leverage appropriate partnerships; reporting on the NCC's reputation; and advancing efforts to improve the openness and transparency of operations.

### **Safety and Security**

Safety and security risks relate to the NCC's ability to ensure the safety and security of its lands and assets, the users of these lands and assets, and its operations and employees.

The NCC's mitigation measures to address safety and security risks include continuing to undertake regular inspections of lands and assets; ensuring that security plans for key lands and assets, corporate security, workplace health and safety policies and procedures, and business continuity and disaster recovery plans are in place and up-to-date; maintaining and managing up-to-date and relevant IT security infrastructure; and continuing to participate in the Government of Canada's security planning initiatives.

## **F. Significant Changes Related to Operations, Personnel and Programs**

During the third quarter of 2016-2017, the NCC welcomed a new Executive Director of Capital Planning.

Phase II of the Business Optimization project, Asset Management System continues to move forward with anticipated launch date in January 2017.

No other significant changes with regard to NCC operations or programs occurred during the period ended 31 December 2016.

# Unaudited Financial Statements

## For the nine months ended 31 December 2016

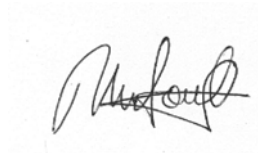
### Statement of Management Responsibility

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  
20 February 2017

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

31 December 2016      31 March 2016

**FINANCIAL ASSETS**

Cash and cash equivalents (Note 3)	88,102	92,648
Restricted cash and cash equivalents - light rail transit (Note 4)	62,949	62,465
Accounts receivable		
Federal government departments and agencies	5,894	5,346
Others	4,157	3,785
Investments (Note 3)	19,154	18,987
	<b>180,256</b>	<b>183,231</b>

**LIABILITIES**

Accounts payable and accrued liabilities		
Federal government departments and agencies	1,403	4,876
Others	16,564	14,361
Light rail transit (Note 4)	59,639	59,800
Provision for environmental cleanup	49,746	50,345
Deferred revenue (Note 5)	14,387	12,412
Employee future benefits (Note 6)	4,403	4,551
Other liabilities (Note 7)	7,097	1,856
	<b>153,239</b>	<b>148,201</b>

**NET FINANCIAL ASSETS**

**27,017      35,030**

**NON-FINANCIAL ASSETS**

Tangible capital assets (Note 8)	616,785	608,254
Prepaid expenses	3,840	2,472
Other non-financial assets	2,216	2,350
	<b>622,841</b>	<b>613,076</b>

**ACCUMULATED SURPLUS**

**649,858      648,106**

The notes are an integral part of the financial statements.



**NATIONAL CAPITAL COMMISSION**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (UNAUDITED)**  
(in thousands of dollars)

	2016-2017	Three months ended		Nine months ended	
	Annual Budget (Note 2)	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>REVENUES</b>					
Rental operations and easements	22,508	5,280	5,629	16,835	17,347
Interest	2,041	437	450	1,309	1,349
Monetary sponsorship	-	-	-	80	124
Headquarters sublease	2,277	570	588	1,684	1,852
User access fees	2,587	286	372	1,696	1,584
Recoveries	8,453	1,658	529	5,269	1,234
Other revenues	485	546	351	929	758
Gain on disposal of tangible capital assets	11,472	-	-	-	-
	<b>49,823</b>	<b>8,777</b>	<b>7,919</b>	<b>27,802</b>	<b>24,248</b>
<b>EXPENSES (Note 9)</b>					
Capital Planning	3,053	1,019	976	2,621	2,827
Capital Stewardship and Protection	94,368	22,772	19,951	65,386	58,325
Internal Services	32,718	8,247	7,479	23,568	23,455
	<b>130,139</b>	<b>32,038</b>	<b>28,406</b>	<b>91,575</b>	<b>84,607</b>
<b>Deficit before funding from the Government of Canada</b>	<b>(80,316)</b>	<b>(23,261)</b>	<b>(20,487)</b>	<b>(63,773)</b>	<b>(60,359)</b>
<b>Funding from the Government of Canada</b>					
Parliamentary appropriations for operating expenditures (Note 10)	67,806	16,903	16,825	46,480	48,328
Parliamentary appropriations for tangible capital assets (Note 10)	22,399	6,836	6,800	19,045	18,781
	<b>90,205</b>	<b>23,739</b>	<b>23,625</b>	<b>65,525</b>	<b>67,109</b>
<b>Surplus for the period</b>	<b>9,889</b>	<b>478</b>	<b>3,138</b>	<b>1,752</b>	<b>6,750</b>
<b>Accumulated surplus at beginning of the period</b>	<b>649,815</b>	<b>649,380</b>	<b>649,391</b>	<b>648,106</b>	<b>645,779</b>
<b>Accumulated surplus at end of the period</b>	<b>659,704</b>	<b>649,858</b>	<b>652,529</b>	<b>649,858</b>	<b>652,529</b>

The notes are an integral part of the financial statements.

**NATIONAL CAPITAL COMMISSION**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (UNAUDITED)**  
(in thousands of dollars)

	2016-2017 Annual budget	Three months ended		Nine months ended	
		31 December 2016	2015	31 December 2016	2015
	(Note 2)				
<b>Surplus for the period</b>	<b>9,889</b>	<b>478</b>	<b>3,138</b>	<b>1,752</b>	<b>6,750</b>
Acquisition and improvements of tangible capital assets (Note 8)	(47,025)	(9,626)	(8,567)	(21,447)	(22,101)
Amortization of tangible capital assets (Note 8)	17,934	4,340	4,199	12,804	12,755
Net loss/(gain) on disposal of tangible capital assets	(11,472)	110	9	112	(108)
Proceeds from disposal of tangible capital assets	16,389	-	-	-	119
	<b>(24,174)</b>	<b>(5,176)</b>	<b>(4,359)</b>	<b>(8,531)</b>	<b>(9,335)</b>
Change in prepaid expenses	-	3,591	2,049	(1,368)	2,092
Change in other non-financial assets	177	45	44	134	133
	<b>177</b>	<b>3,636</b>	<b>2,093</b>	<b>(1,234)</b>	<b>2,225</b>
<b>Increase (Decrease) in net financial assets</b>	<b>(14,108)</b>	<b>(1,062)</b>	<b>872</b>	<b>(8,013)</b>	<b>(360)</b>
<b>Net financial assets at beginning of the period</b>	<b>37,197</b>	<b>28,079</b>	<b>45,332</b>	<b>35,030</b>	<b>46,564</b>
<b>Net financial assets at end of the period</b>	<b>23,089</b>	<b>27,017</b>	<b>46,204</b>	<b>27,017</b>	<b>46,204</b>

The notes are an integral part of the financial statements.

**NATIONAL CAPITAL COMMISSION**  
**STATEMENT OF CASH FLOWS (UNAUDITED)**  
(in thousands of dollars)

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
<b>OPERATING ACTIVITIES</b>				
Cash receipts from parliamentary appropriations for operating expenditures	11,576	23,734	45,135	56,158
Cash receipts from rental operations and easements	5,316	6,670	17,705	15,657
Cash receipts from other operations	828	852	6,758	4,781
Cash paid to suppliers	(12,572)	(16,006)	(46,504)	(46,255)
Cash paid to employees	(9,396)	(7,266)	(28,404)	(26,560)
Interest received	626	551	1,647	1,694
Disbursements for contaminated sites	(203)	(308)	(599)	(700)
<b>Cash flows provided (used) by operating activities</b>	<b>(3,825)</b>	<b>8,227</b>	<b>(4,262)</b>	<b>4,775</b>
<b>CAPITAL ACTIVITIES</b>				
Disbursements for light rail transit project	-	-	-	(6,125)
Cash receipts from parliamentary appropriations for tangible capital assets	4,564	8,428	18,045	20,409
Acquisition and improvements of tangible capital assets	(9,700)	(9,574)	(17,534)	(19,845)
Proceeds from disposal of tangible capital assets	-	-	-	119
Disbursements for environmental cleanup	(50)	(18)	(399)	(198)
<b>Cash flows provided (used) by capital activities</b>	<b>(5,186)</b>	<b>(1,164)</b>	<b>112</b>	<b>(5,640)</b>
<b>INVESTING ACTIVITIES</b>				
Cash receipts for the light rail transit project	158	153	473	542
Disbursements for light rail transit project	-	-	-	(205)
Disbursements for investments purchased	(437)	(264)	(839)	(934)
Cash receipts from investments sold	251	250	454	650
<b>Cash flows provided (used) by investing activities</b>	<b>(28)</b>	<b>139</b>	<b>88</b>	<b>53</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(9,039)</b>	<b>7,202</b>	<b>(4,062)</b>	<b>(812)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>160,090</b>	<b>157,650</b>	<b>155,113</b>	<b>165,664</b>
<b>Cash and cash equivalents at end of the period</b>	<b>151,051</b>	<b>164,852</b>	<b>151,051</b>	<b>164,852</b>
<b>Represented by:</b>				
<b>Cash and cash equivalents</b>	<b>88,102</b>	<b>102,532</b>	<b>88,102</b>	<b>102,532</b>
<b>Restricted cash and cash equivalents - light rail transit</b>	<b>62,949</b>	<b>62,320</b>	<b>62,949</b>	<b>62,320</b>
	<b>151,051</b>	<b>164,852</b>	<b>151,051</b>	<b>164,852</b>

The notes are an integral part of the financial statements.

# NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2016

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## 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 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 adopted all aspects of the Directive.

## 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 31 March 2016 and with the first and second quarter financial statements.

Both financial and non-financial assets 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,

## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2016

and the reported amounts of revenue and expenses for the reporting period. Estimated useful lives of tangible capital assets, unsettled land exchange, provision for environmental cleanup, employee future benefits, writedowns of tangible capital assets and recognition of contingent liabilities are the most significant items for which estimates are used. Actual results could materially differ from those estimates.

### Budget Figures

The 2016-2017 budget figures, as presented in the *2016-2017 to 2020-2021 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 or of 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 31 December 2016, the Cash and cash equivalents include \$88.1 million (\$92.6 million as at 31 March 2016) in cash, invested at a weighted average interest rate of 1.1 percent (1.2 percent as at 31 March 2016).

#### B. INVESTMENTS

As at 31 December 2016, long-term portfolio investments include bonds of provincial governments, totalling \$19.2 million (\$19.0 million as at 31 March 2016), invested at a weighted average interest rate of 3.7 percent (3.8 percent as at 31 March 2016).

(in thousands of dollars)	31 December 2016		31 March 2016	
	Cost	Quoted Market Value	Cost	Quoted Market Value
Provincial governments	19,154	20,275	18,987	20,522
	<b>19,154</b>	<b>20,275</b>	<b>18,987</b>	<b>20,522</b>

#### C. DESIGNATED FUNDS

As at 31 December 2016, Cash and cash equivalents include \$45.3 million (\$47.9 million as at 31 March 2016) in designated funds whose use is designated or limited for the sole purpose for which they have been segregated.

### 4. Light Rail Transit

The following table presents the amounts received as at 31 December 2016, as well as the interest earned in the period. Interest of \$0.5 million (\$0.6 million as at 31 December 2015) has been recorded and is included in the financial assets under "Restricted cash and cash equivalents - light rail transit" and under the "Light rail transit" liability.

## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2016

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The “Restricted cash and cash equivalents - light rail transit” under financial assets, is as follows.

(in thousands of dollars)

	31 March 2016	Amount received	Interest	31 December 2016
Security deposit	50,994	11	386	51,391
Performance deposit	11,471	-	87	11,558
<b>Total</b>	<b>62,465</b>	<b>11</b>	<b>473</b>	<b>62,949</b>

As at 31 December 2016, the NCC has recognized revenues totalling \$0.6 million (\$1.0 million as at 31 December 2015) as it continues to provide the City access to the light rail transit properties for a defined period of time. The “Light rail transit” liability has been reduced accordingly and totals \$59.6 million (\$59.8 million as at 31 March 2016).

### 5. Deferred revenues

Deferred revenues are composed of the following.

(in thousands of dollars)

	31 December 2016	31 March 2016
Deferred rental revenues	7,423	8,278
Deferred easement and license of occupation revenues	4,390	2,795
Other deferred revenues	2,574	1,339
	<b>14,387</b>	<b>12,412</b>

The deferred rental revenue is primarily the present value of the minimum future lease payments that the NCC has collected under 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 as income over the term of the lease agreements, which have different termination dates extending to 2068.

### 6. Employee Future benefits

Severance benefits ceased to accumulate when the new collective agreement was signed in February 2013. As at 31 December 2016, the severance benefit represents the obligation for employees who delayed payment until the time of termination.

The NCC provides workers’ compensation benefits, based on benefits determined by the Workplace Safety and Insurance Board of Ontario. The value of the accrued obligation for workers’ compensation is determined using actuarial data from the Workplace Safety and Insurance Board of Ontario. The NCC provides cumulative sick leave benefits to its employees and estimates the obligation based on the probability of usage by employees, based on historical data.

## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2016

The accrued benefit obligation for these plans amounts to \$4.4 million (\$4.6 million as at 31 March 2016) and is presented in the table below. These other benefit plans are not pre-funded, and thus, have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from the NCC's future appropriations and other sources of revenue.

(in thousands of dollars)

	31 December 2016	31 March 2016
Accrued benefit obligation, beginning of the period	4,551	3,674
Cost for the period	-	1,650
Benefits paid during the period	(148)	(773)
Accrued benefit obligation, end of the period	<b>4,403</b>	<b>4,551</b>

### 7. Other Liabilities

Other liabilities are composed of the following.

(in thousands of dollars)

	31 December 2016	31 March 2016
Deferred rent inducement	5,907	669
Unsettled land exchange <sup>1</sup>	1,000	1,000
Unsettled expropriation <sup>2</sup>	190	187
	<b>7,097</b>	<b>1,856</b>

1. The unsettled land exchange will be completed when the third parties involved in the exchange are ready to receive the goods and/or services under the agreement.

2. The unsettled expropriation is payable on demand.

## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2016

### 8. Tangible Capital Assets

(in thousands of dollars)

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Acquisitions	Disposals / Adjustments	Closing Balance	Opening Balance	Amortization expense	Disposals / Adjustments	Closing Balance	31 December 2016	31 March 2016
Land <sup>1</sup>	299,736	709	7	300,438	-	-	-	-	300,438	299,736
Buildings and Infrastructure <sup>2</sup>	736,539	18,848	30	755,357	436,365	11,860	35	448,190	307,167	300,174
Leasehold improvements	12,491	128	787	11,832	9,368	477	677	9,168	2,664	3,123
Equipment <sup>2</sup>	16,910	1,762	-	18,672	11,689	467	-	12,156	6,516	5,221
	<b>1,065,676</b>	<b>21,447</b>	<b>824</b>	<b>1,086,299</b>	<b>457,422</b>	<b>12,804</b>	<b>712</b>	<b>469,514</b>	<b>616,785</b>	<b>608,254</b>

1. The land cost includes \$0.2 million (\$0.2 million as at 31 March 2016) of unsettled expropriation and land exchange.

2. The total cost of buildings and infrastructure, leasehold improvements and equipment include \$35.2 million (\$18.2 million as at 31 March 2016) of construction in progress. When completed, the cost of these projects will be amortized on the basis on their estimated useful life.

3. As at 31 December 2016, no asset held for sale was disclosed separately.



## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 31 December 2016

### 9. Expenses by Object

The following provides a summary of expenses by object.

(in thousands of dollars)	2016-2017 Annual Budget (Note 2)	Three months ended 31 December		Nine months ended 31 December	
		2016	2015	2016	2015
Goods and services	61,790	15,441	11,894	43,129	36,597
Salaries and employee benefits	41,082	9,712	9,323	28,380	27,611
Amortization	17,934	4,340	4,199	12,804	12,755
Payments in lieu of municipal taxes	9,333	2,435	2,981	7,150	7,644
Net loss on disposal of tangible capital assets	-	110	9	112	-
	<b>130,139</b>	<b>32,038</b>	<b>28,406</b>	<b>91,575</b>	<b>84,607</b>

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 31 December 2016, the value of antiques, works of art and monuments totalled \$4.6 million (\$0.4 million as at 31 December 2015).

### 10. Parliamentary Appropriations

(in thousands of dollars)

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
<b>Parliamentary appropriations for operating expenditures<sup>1</sup></b>				
Amount received during the period	11,577	23,734	46,480	55,237
Amount received in advance during the period	-	(6,909)	-	(6,909)
Amount received from a previous period	5,326	-	-	-
	<b>16,903</b>	<b>16,825</b>	<b>46,480</b>	<b>48,328</b>
<b>Parliamentary appropriations for tangible capital assets<sup>2</sup></b>				
Amount received during the period	4,564	8,428	19,045	20,409
Amount received in advance during the period	-	(1,628)	-	(1,628)
Amount received from a previous period	2,272	-	-	-
	<b>6,836</b>	<b>6,800</b>	<b>19,045</b>	<b>18,781</b>
<b>Parliamentary appropriations recorded during the period</b>	<b>23,739</b>	<b>23,625</b>	<b>65,525</b>	<b>67,109</b>

1. As at 31 December 2016 and 2015, the amounts approved for the years ending 31 March 2017 and 2016 totaled 66.4 million and 69.1 million, respectively.

2. As at 31 December 2016 and 2015, the amounts approved for the years ending 31 March 2017 and 2016 totaled 22.4 million and 23.6 million, respectively.

### 11. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.