



# **Old Port of Montréal Corporation Inc.**

## **Unaudited Interim Financial Statements**

**First quarter, ended June 30, 2011**



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- FIRST QUARTER, ENDED JUNE 30, 2011

## FINANCIAL ANALYSIS

The following section should be read in conjunction with the Corporation's unaudited interim financial statements for the first quarter, ended June 30, 2011, and the related notes.

### Statement of operations (in thousands of dollars)

	Results as at June 30, 2011	Budget as at June 30, 2011	Variance between results and budget		Results as at June 30, 2010
			\$	%	
Operating revenues	4,524	4,641	-117	-2.5	4,475
Amortization of deferred contributions	-	-	-	-	-
<b>Total revenues</b>	<b>4,524</b>	<b>4,641</b>			<b>4,475</b>
Operating expenditures (before depreciation)	7,851	9,147	-1,296	-14.2	8,315
Depreciation of capital assets	2,462	2,273	189	8.3	3,613
<b>Total expenditures</b>	<b>10,313</b>	<b>11,420</b>	<b>-1,107</b>	<b>-9.7</b>	<b>11,928</b>

The operating deficit (before depreciation) amounts to \$3,327 K compared with \$3,840 K in 2009–2010, a decrease of \$513 K (13.4%). This decrease is attributable to an increase of \$49 K in operating revenues, combined with a reduction of \$464 K in expenditures, most of which is due to lower labour costs stemming from several currently vacant positions and to lower advertising costs at this point in the year.

The operating deficit (before depreciation) is \$1,179 K lower than the \$4,506 K budgeted. This variance is attributable to a favourable variance of 2.5% in revenues and a reduction of 14.2% in our operating expenditures, due primarily to lower labour costs related to several unfilled positions, combined with lower-than-planned advertising costs at this point in the year.

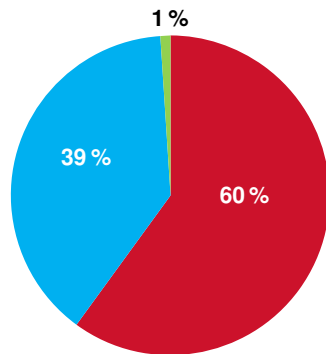
## Revenues (in thousands of dollars)

	Results as at June 30, 2011	Budget as at June 30, 2011	Variance between results and budget		Results as at June 30, 2010
			\$	%	
<b>Montréal Science Centre</b>	3,178	3,095	83	2.7	2,682
<b>Quays of the Old Port</b>	1,327	1,522	-195	-12.8	1,744
<b>Corporate services</b>	19	24	-5	-20.8	49
<b>Total revenues</b>	<b>4,524</b>	<b>4,641</b>	<b>-117</b>	<b>-2.5</b>	<b>4,475</b>

Self-generated revenues related to the Corporation's products as at June 30, 2011 amounted to \$4,524 K compared with \$4,475 K as at June 30, 2010, an increase of 1.1% or \$49 K. The arrival of the exhibition *Indiana Jones* and improved IMAX® TELUS Theatre performance, versus a reduction in parking revenues due to the later arrival of the Cirque du Soleil this year explain these variances.

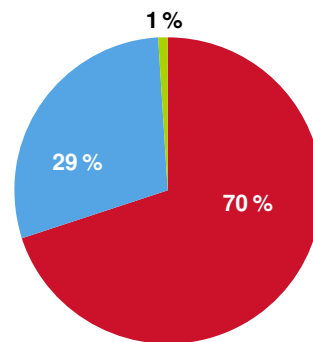
Total revenues as at June 30, 2011 were \$117 K lower than set out in the Corporate Plan. The primary variance stems from the unfavourable parking results.

Revenues (%) as at June 30, 2010



■ Montréal Science Centre  
 ■ Quays of the Old Port  
 ■ Corporate Services

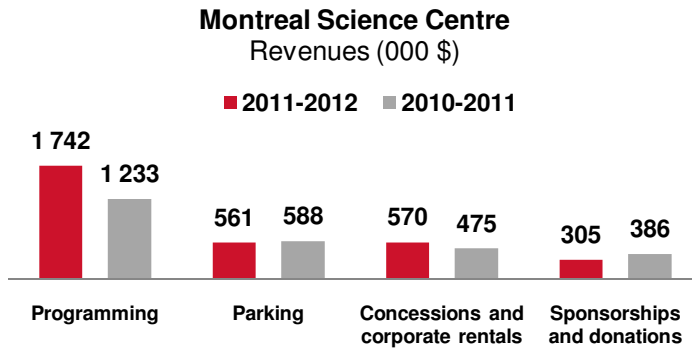
Revenues (%) as at June 30, 2011



■ Montréal Science Centre  
 ■ Quays of the Old Port  
 ■ Corporate Services



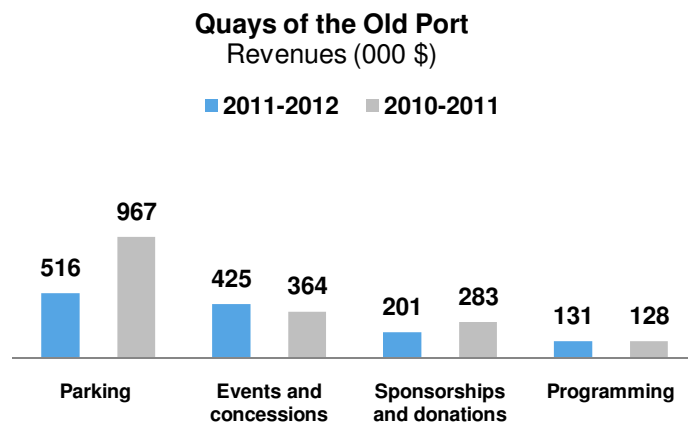
## Montréal Science Centre



Programming revenues, which include revenues from the IMAX® TELUS Theatre and exhibitions, totalled \$1.742 K in 2011–2012, compared with \$1.233 K in 2010–2011. This increase is attributable to the exhibition *Indiana Jones* and improved cinema performance. Corporate rentals have also increased this year.



## Quays of the Old Port



Parking revenues decreased by \$451 K (46.6%). This decrease is attributable, in particular, to the later arrival of the Cirque du Soleil this year and to the closure of the Clock Tower Quay for major renovations until mid-June. Revenues from events and concessions increased by \$61 K (16.8%), primarily due to the arrival of new concession holders.

## Expenditures (in thousands of dollars)

	Results as at June 30, 2011	Budget as at June 30, 2011	Variance between results and budget		Results as at June 30, 2010
			\$	%	
<b>Montréal Science Centre</b>	3,982	4,295	-313	-7.3	4,106
<b>Quays of the Old Port</b>	2,623	3,096	-473	-15.3	2,843
<b>Corporate services</b>	1,246	1,756	-510	-29.0	1,366
<b>Total operating expenditures (before depreciation)</b>	<b>7,851</b>	<b>9,147</b>	<b>-1,296</b>	<b>-14.2</b>	<b>8,315</b>
Depreciation of capital assets	2,462	2,273	189	8.3	3,613
<b>Total expenditures</b>	<b>10,313</b>	<b>11,420</b>	<b>-1,107</b>	<b>-9.7</b>	<b>11,928</b>

Total operating expenditures (before depreciation) as at June 30, 2011 decreased by \$454 K (5.6%) compared with June 30, 2010, due primarily to the effect of unfilled positions and lower advertising costs after three months. Notable is a decrease in operating expenditures (before depreciation) of \$1.296 K (14.2%) compared to the budget in the 2011–2012 Corporate Plan. This also is due to unfilled positions, publicity costs and professional services.



### Montréal Science Centre

Expenditures related to the Montréal Science Centre were \$3.982 K, a decrease of \$124 K (3.0%) compared with June 2010. The variations related primarily to advertising costs after three months.



### Quays of the Old Port

Expenditures related to the Quays of the Old Port were \$2.623 K as at June 30, 2011, a decrease of \$220 K (7.7%) compared with June 2010. Once again, this was primarily due to the effect of advertising costs.



### Corporate services

Expenditures related to corporate services totalled \$1.246 K as at June 30, 2011, a reduction of \$120 K (8.8%) compared with June 2010. This variation was due primarily to unfilled positions at the beginning of the year.

## STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

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.



Claude Benoit, M.C.  
President and Chief Executive Officer



Mario De Fanti, CGA  
Vice-president, Finance and Administration

Montreal, August 16, 2011



# Old Port of Montréal Corporation Inc.

Unaudited Interim Quarterly Financial Statements  
First Quarter, ended June 30, 2011

## UNAUDITED INTERIM FINANCIAL STATEMENTS

First quarter, ended June 30, 2011

### STATEMENT OF FINANCIAL POSITION

<i>In thousands of dollars</i>	Note	2011 June 30	2011 March 31	2010 April 1
<b>Financial assets</b>				
Cash	6	805	1,298	628
Investments	7	3,000	4,000	7,000
Receivables	8	2,433	1,213	866
Balances receivable from related parties	10	-	-	1,443
Financial assets		6,238	6,511	9,937
<b>Liabilities</b>				
Accounts payable and accrued liabilities	9	5,095	7,066	10,328
Balances payable to related parties	10	234	2,285	55
Repayable parliamentary appropriations		18	18	6
Deferred property, plant and equipment financing		89,023	91,481	89,574
Deferred contributions		3,087	3,352	4,899
Advances on parliamentary appropriations		2,816	-	-
Liabilities		100,273	104,202	104,862
<b>Net debt</b>		<b>(94,035)</b>	<b>(97,691)</b>	<b>(94,925)</b>
<b>Non-financial assets</b>				
Property, plant and equipment	11	94,426	96,416	96,118
Prepaid expenses		2,219	2,935	467
Non-financial assets		96,645	99,351	96,585
<b>Accumulated Surplus of Canada</b>		<b>2,610</b>	<b>1,660</b>	<b>1,660</b>

# Old Port of Montréal Corporation Inc.

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## STATEMENT OF INCOME AND ACCUMULATED SURPLUS

<i>In thousands of dollars</i>	<b>Note</b>	<b>June 30, 2011 Budget</b>	<b>June 30, 2011 Real</b>	<b>June 30, 2010 Real</b>
<i>Revenue</i>				
Quays	<b>12</b>	1,522	1,327	1,744
Montréal Science Centre	<b>12</b>	3,095	3,178	2,682
Corporate services	<b>12</b>	24	19	49
<b>Revenue</b>	<b>12</b>	4,641	4,524	4,475
<i>Operating expenditures</i>				
Quays	<b>12</b>	3,096	2,623	2,843
Montréal Science Centre	<b>12</b>	4,295	3,982	4,106
Corporate services	<b>12</b>	1,756	1,246	1,366
Depreciation of property, plant and equipment		2,273	2,462	3,613
<b>Operating expenditures</b>	<b>13</b>	11,420	10,313	11,928
<b>Excess of operating expenditures over revenues</b>		(6,779)	(5,789)	(7,453)
Parliamentary appropriations – operating expenditures		4,277	4,277	3,770
Amortization of deferred property, plant and equipment financing		2,273	2,462	3,616
<b>Fiscal year surplus (deficit)</b>		(229)	950	(67)
<b>Opening accumulated Surplus of Canada</b>			1,660	1,660
<b>Closing accumulated Surplus of Canada</b>		(229)	2,610	1,593

# Old Port of Montréal Corporation Inc.

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## STATEMENT OF CHANGE IN NET DEBT

<i>In thousands of dollars</i>	<b>June 30, 2011 Budget</b>	<b>June 30, 2011 Real</b>	<b>June 30, 2010 Real</b>
<b>Fiscal period surplus (deficit)</b>	(229)	950	(67)
Acquisition of property, plant and equipment	(2,765)	(472)	(1 305)
Depreciation of property, plant and equipment	2,273	2,462	3 613
<b>Operations related to tangible capital assets</b>	<b>(492)</b>	<b>1,990</b>	<b>2,308</b>
Acquisition of prepaid expenses	(450)	(2,219)	(2 156)
Use of prepaid expenses	450	2,935	467
<b>Other operations</b>	<b>-</b>	<b>716</b>	<b>(1,689)</b>
<b>Reduction (Increase) in net debt</b>	<b>(721)</b>	<b>3,656</b>	<b>552</b>
<b>Net debt at start of fiscal period</b>	<b>(97,691)</b>	<b>(97,691)</b>	<b>(94,925)</b>
<b>Net debt at end of fiscal period</b>	<b>(98,412)</b>	<b>(94,035)</b>	<b>(94,373)</b>

# Old Port of Montréal Corporation Inc.

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## STATEMENT OF CASH FLOWS

<i>In thousands of dollars</i>	<b>June 30, 2011 Real</b>	<b>June 30, 2010 Real</b>
<b>Operating activities</b>		
Fiscal period surplus (deficit)	950	(67)
Depreciation of property, plant and equipment	2,462	3,613
Gains/losses on sales of property, plant and equipment	-	-
Amortization of deferred property, plant and equipment financing	(2,462)	(3,616)
Amortization of deferred contributions	-	-
Sponsorships recognized as revenues	(271)	(331)
Parliamentary appropriations recognized as revenues	(4,277)	(3,770)
<i>Statement items having no effect on cash position</i>	(3,598)	(4,171)
Reduction (increase) in accounts receivable	(1,220)	(672)
Reduction (increase) in balances receivable from related parties	-	1 443
(Reduction) increase in accounts payable and accrued liabilities	(1,971)	(4,185)
(Reduction) increase in balances payable to related parties	(2,051)	-
Reduction (increase) in prepaid expenses	716	(1,689)
<i>Variance in non-cash financial elements</i>	(4,526)	(5,103)
<b>Cash flows from operating activities</b>	<b>(8,124)</b>	<b>(9,274)</b>
<b>Financing activities</b>		
Parliamentary appropriations	7,093	7,019
Sponsorships received for the MSC	10	12
Other sponsorships	-	-
<b>Cash flows from financing activities</b>	<b>7,103</b>	<b>7,031</b>
<b>Investment activities</b>		
Disposal (increase) of investments	1,000	3,000
Acquisition of property, plant and equipment	(472)	(1,305)
Proceeds from property, plant and equipment	-	-
<b>Cash flows from investment activities</b>	<b>528</b>	<b>1,695</b>
<b>Increase (reduction) in liquid assets</b>	<b>(493)</b>	<b>(548)</b>
<b>Cash at start of fiscal period</b>	<b>1,298</b>	<b>628</b>
<b>Cash at end of fiscal period</b>	<b>805</b>	<b>80</b>

# Old Port of Montréal Corporation Inc.

Unaudited Interim Quarterly Financial Statements

First Quarter, ending June 30, 2011

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## 1. AUTHORITY AND ACTIVITIES

The Old Port of Montréal Corporation Inc. (hereinafter referred to as the “Corporation”) was incorporated on November 26, 1981 under the *Canada Business Corporations Act* and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III of the *Financial Administration Act*. In accordance with Order in Council P.C. 1987-86, the Old Port of Montréal Corporation Inc. is subject to certain provisions of the *Financial Administration Act* as if it were a parent Crown corporation, agent of the Crown, listed in Part I of Schedule III of the *Financial Administration Act*.

The Corporation’s mandate is to develop and promote the development of the lands of the Old Port of Montréal, and to administer, manage and maintain the properties of Her Majesty located thereon.

## 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENT

This financial statement is the first interim financial statement prepared under the Public Sector Accounting Standards (PSAS). They should be read in conjunction with the most recent financial statements prepared under the old frame of reference.

The conversion to the new system took effect on April 1, 2011, with application retroactive to April 1, 2010. The impact on the accumulated Surplus of Canada as at April 1, 2010, as at June 30, 2010, and as at March 31, 2011 is presented in Note 5, and the related significant accounting principles in Note 4.

### 2.1. Exceptions to retroactive application

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The Corporation has ensured that the estimates reflected in the statement of financial position prepared according to the PSAS are consistent with those of the balance sheet of the same date prepared according to the old accounting method (Generally Accepted Accounting Principles—GAAP) adjusted, where necessary, for any differences in accounting conventions.

The estimates required by PSAS that were not necessary under Canada’s GAAP reflect the conditions that existed on the date of the initial statement of financial position prepared according to the PSAS.

### 2.2. Applied Exemptions

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In compliance with section PS 2125, First-time Adoption by Government Organizations, the Corporation has chosen to apply the exemption for tangible capital asset impairment. The criteria and methods of impairment of tangible capital assets set out in section PS 3150 are therefore applied prospectively starting from the date of transition.

No other exemption under the new standard applies to the Corporation

# Old Port of Montréal Corporation Inc.

Unaudited Interim Quarterly Financial Statements  
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## 3. STANDARDS CHANGES

### 3.1. Published sections adopted in advance

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#### **Section PS 3410, Government Transfers**

Section PS 3410 on government transfers was revised by the Public Sector Accounting Board (PSAB) in December 2010.

The primary changes deal with recognition criteria for government transfers by the recipient, which affects the accounting treatment of parliamentary appropriations received by the Corporation.

These amendments apply to fiscal periods beginning April 1, 2012, and their early adoption is encouraged. The Corporation therefore decided to apply it in advance for the fiscal year ending March 31, 2012.

#### **Section PS 3450, Financial Instruments**

The PSAB approved the new Section PS 3450, Financial Instruments, in March, 2011, along with related amendments to Section PS 1200, Financial Statement Presentation.

Section PS 3450 comes into effect on April 1, 2012 for government organizations, and on April 1, 2015 for governments. Early adoption is permitted. Government and government organizations adopt Section PS 3450 during the same fiscal period that they adopt Section PS 2601, Foreign Currency Translation.

The Corporation adopted this standard in advance for the fiscal year ending March 31, 2012, and this did not have a significant impact on its financial statements.

#### **Section PS 2601, Foreign Currency Translation**

The PSAB issued Section PS 2601 in March 2011, replacing the current Section PS 2600, Foreign Currency translation. Section PS 2601 comes into effect on April 1, 2012 for government organizations, and on April 1, 2015 for governments. Early adoption is permitted. Government and government organizations adopt Section PS 2601 during the same fiscal period that they adopt Section PS 3450, Financial Instruments.

As the Corporation does not have significant transactions in foreign currencies, these modifications had no impact on the OPMC's financial statements. The Corporation did, however, decide to adopt this standard in advance for the fiscal year ending March 31, 2012.

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## **Section PS 1201, Financial Statement Presentation**

The PSAB approved Section PS 1201 in March 2011, replacing the current Section PS 1200, Financial Statement Presentation. Section PS 1201 comes into effect on April 1, 2012 for government organizations, and on April 1, 2015 for governments. Early adoption is permitted.

The new section introduces a new statement of remeasurement gains and losses, in connection with the new sections on financial instruments and foreign currency translation. The Corporation has concluded that there is no significant impact on the OPMC's financial statements.

Government organizations must adopt Section PS 1201 during the same fiscal period as Section PS 2601, Foreign Currency Translation, and Section PS 3450, Financial Instruments. The Corporation therefore decided to apply Section PS 1201 in advance for the fiscal year ending March 31, 2012.

## 3.2. Published sections not adopted by the Corporation

### **Section PS 3260, Liability for Contaminated Sites**

The PSAB issued Section PS 3260, which establishes standards for accounting for and presenting a liability related to the remediation of contaminated sites. This clarifies the application of the provisions set out in sections PS 3300, Contingent Liabilities, and PS 3390, Contractual Obligations, but does not replace them.

Application of this section is mandatory starting April 1, 2014. The Corporation does not foresee that its adoption will affect its financial statements.

### **Section PS 3510, Tax Revenue**

The PSAB issued Section PS 3510, which establishes standards on accounting for and reporting related to tax revenue in government financial statements.

Adoption of this section is mandatory starting April 1, 2012. The Corporation does not foresee that its adoption will affect its financial statements.

### **Sections PS 4200 to 4270, accounting standards applicable to not-for-profit organizations**

The PSAB issued chapters PS 4200 to 4270 in September 2010, which apply solely to public-sector not-for-profit organizations. These standards come into effect for fiscal periods starting January 1, 2012.

Given that these sections concern only not-for-profit organizations, they are not applicable to the Corporation's financial statements.

# Old Port of Montréal Corporation Inc.

Unaudited Interim Quarterly Financial Statements

First Quarter, ending June 30, 2011

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## 4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with public sector accounting standards. Significant accounting policies are described below.

### 4.1. Cash

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The Corporation's cash position is composed entirely of cash on hand

### 4.2. Investments

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Investments are made up of deposit certificates redeemable at any time and maturing less than 12 months from the transaction date.

### 4.3. Financial instruments

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All of the Corporation's financial instruments are accounted for at cost or at amortized cost in the Statement of Financial Position.

Financial assets are made up of assets that could be used to reimburse existing debts or to fund future activities and that are not earmarked for use in the normal course of the Corporation's activities. Investments are recognized at their initial cost. Other receivables are listed under assets as amounts receivable, net of provisions for bad debts.

Accounts payable and accrued liabilities, along with balances with related parties, are recorded as the amount of the initial invoice. Repayable parliamentary appropriations are recorded as the amount of the surplus of expenditures compared with the parliamentary appropriations received during the fiscal period.



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## 4.4. Property, plant and equipment

With the exception of land, property, plant and equipment are recorded at their original cost and are depreciated on a straight-line basis over their estimated useful lives, starting on the date they are put into service. Moreover, all property, plant and equipment transferred to the OPMC by the PWGSC on November 2, 2009, are listed at their book value as submitted by the PWGSC. Depreciable property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

### **Buildings and structures**

Buildings	15 to 25 years
Bridges, quays and structures	15 to 40 years

### **Amenities and facilities**

Leasehold improvements	15 to 25 years or on duration of lease
Amenities and facilities related to land	15 to 25 years
Signage	4 to 10 years
Street furniture	15 to 25 years

### **Furniture, materials and equipment**

Automotive equipment	5 years
Office furniture and equipment	7 years
Machinery, tooling and equipment	10 years

### **Computer hardware and software**

Hardware	3 years
Software	3 years

### **Exhibitions**

Exhibitions	Dependant on duration of exhibition
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When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide goods and services, or that the value of future economic benefits from the capital asset is lower than its net book value, the cost of the asset must be reduced to reflect its reduction in value if that reduction is expected to be permanent.

Accrued loss in value is measured as the surplus of the asset's book value over the revised estimated value of the asset's remaining service potential for the Corporation.

# Old Port of Montréal Corporation Inc.

Unaudited Interim Quarterly Financial Statements

First Quarter, ending June 30, 2011

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## 4.5. Revenue

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### *Quays, Montréal Science Centre and corporate services*

Revenues from programming sales and parking, concession revenues, and other revenues, including La Balade, the Port d'Escale and the skating rink, are recorded during the fiscal year in which the services are rendered. Investment interest revenue is recorded on an accrual basis.

The Corporation has signed agreements with sponsors that provide cash, products, advertising and other services in exchange for various benefits, including exclusive marketing rights and visibility. Sponsorships are recorded in the fiscal period to which they relate. Non-monetary transactions are recorded at fair market value.

Donations and sponsorships restricted by the sponsor for specific uses are recorded under deferred contributions, while the rest are recorded under revenues.

## 4.6. Parliamentary appropriations

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The Government of Canada funds the Corporation through parliamentary appropriations, which must be used during the fiscal period in which they are granted; otherwise, the Corporation must repay the unused portion.

This requirement constitutes a provision describing how a recipient should use the transferred resources or what actions must be undertaken to retain the transfer.

Government transfers that are accompanied by stipulations are recorded by the Corporation as revenue in the fiscal period for which the appropriations are approved and in which the Corporation satisfies all admissibility criteria, except where the transfer creates an obligation that amounts to a liability.

The appropriations are used during the fiscal period to finance operating expenditures (operations) and to acquire capital assets (investments).

Funds assigned to operations offset expenditures for the fiscal period.

Funds assigned to investments create a liability for the Corporation commensurate with an obligation to use the assets acquired to provide services. They are therefore deferred to liabilities and recorded in the statement at the same rate as the depreciation of the capital property financed thereby.

Any surplus in funding over expenditures and investments carried out over the fiscal period results in the recording of a liability for repayable parliamentary appropriations.

# Old Port of Montréal Corporation Inc.

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## 4.7. Deferred contributions

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The Corporation follows the deferral method of accounting for contributions, which are mainly in the form of donations and sponsorships. Unrestricted contributions are recorded as revenue when they are received or receivable provided that collection is reasonably assured.

Externally restricted contributions are deferred and recorded as revenue during the fiscal year in which the underlying expenses are incurred. These contributions are intended for exhibition renewal or other activities specific to the Montréal Science Centre. Contributions restricted for the acquisition of depreciable capital assets are amortized over the estimated useful lives of the assets acquired.

Donations from the Foundation of the Montréal Science Centre are recorded as revenue during the fiscal year in which they are received or receivable.

## 4.8. Retirement savings plan

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The Corporation has set up a group retirement savings plan that provides for the creation of a single trust with a corporation in the private sector to administer the contributions it receives to provide retirement income for employees through individually registered retirement savings plans. The Corporation acts solely as an agent and assumes no financial responsibility or obligation regarding this plan.

## 4.9. Foreign currency translation

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Upon their initial recording, operations in foreign currencies are converted into Canadian dollars at the market exchange rate in effect on the transaction date.

Assets and monetary liabilities made out in foreign currencies are re-evaluated at the exchange rate in effect on the date of the financial statement.

Non-monetary items made out in foreign currencies are kept at their historic exchange rate, unless they are financial instruments classified as being at a fair value.

## 4.10. Measurement uncertainty

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The preparation of financial statements in accordance with public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures declared during the reporting period. Allowances for bad debts, claims from suppliers, accrued liabilities and the useful life of tangible capital property are the most significant items for which estimates must be made. Actual figures may differ substantially from these estimates.

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## 5. FIRST-TIME ADOPTION OF PSAS

As mentioned in Note 2, these financial statements are the first ones prepared by the Corporation using public sector accounting standards. In accordance with Section PS 2125, First-time Adoption by Government Organizations, the Corporation has prepared a detailed account reconciliation in order to illustrate the effects of the conversion on its financial position and its comparative results.

### 5.1. Reconciliation of financial position as at transition date

The table below illustrates the effects of the conversion on the accumulated Surplus of Canada as at the transition date, April 1, 2010, and at the adoption date, March 31, 2011.

Equity reconciliation	Cf.	March 31, 2011	June 30, 2010	April 1, 2010
<b>Retained earnings – according to GAAP</b>		1,660	1,587	1,660
Adjustments under PSAS	i	-	-	-
<b>Accumulated Surplus of Canada – under PSAS</b>		1,660	1,587	1,660

On these same dates, the Corporation also made the following reclassifications:

Reclassifications due to conversion	Cf.	March 31, 2011	June 30, 2010	April 1, 2010
<b>Cash</b>				
GAAP – Restricted cash	ii	(257)	(13)	(130)
PSAS – Cash		257	13	130
<b>Software</b>				
GAAP – Intangible assets	iii	(2,061)	-	(364)
PSAS – Tangible capital assets		2,061	-	364
<b>Deferred contributions</b>				
GAAP – Current portion of deferred contributions	iv	1,474	1 834	1,833
PSAS – Deferred contributions		(1,474)	(1,834)	(1,833)

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## 5.2. Reconciliation of financial statements as at transition date

The table below illustrates the effects of the conversion on the fiscal-period surplus for the comparison period, i.e., the 12 months ended March 31, 2011.

Reconciliation of comparative statement	Cf.	June 30, 2011	March 31, 2011
Net income - under GAAP		(67)	-
Adjustments under PSAS	i	-	-
<b>Surplus (deficit) for fiscal period - under PSAS</b>		<b>(67)</b>	<b>-</b>

## 5.3. Nature of adjustments and reclassifications

### i. Adjustments affecting the accumulated Surplus of Canada

No adjustments affected either the accumulated Surplus of Canada as at the transition date or the surplus for the comparative period ended March 31, 2011.

### ii. Cash

The PSAS standard on restricted assets requires that internally restricted assets not be recorded separately in the statement of financial position.

Restricted cash has therefore been merged with the overall cash balance. Details concerning restricted amounts appear in Note 6.

### iii. Software

The public sector accounting standards do not recognize intangible assets as items in statement of financial position, with the exception of computer software, which are considered tangible capital assets.

As all of the Corporation's intangible assets consisted of software, this item was reclassified under tangible capital assets during the conversion.

### iv. Deferred contributions

As the distinction between current and long-term deferred contributions is no longer required in the statement of financial position under the PSAS, the current portion has been folded into deferred contributions as a whole.

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## 6. CASH

	June 30, 2011	March 31, 2011	April 1, 2010
Unrestricted cash	555	1,041	498
Restricted cash	250	257	130
<b>Cash</b>	<b>805</b>	<b>1,298</b>	<b>628</b>

Restricted cash represents cash received that is externally restricted for the acquisition of capital assets or for other activities specific to the Montréal Science Centre.

The restricted cash balance represents amounts received whose considerations are recorded in the statement of financial position under deferred contributions, \$250 as at June 30, 2011 (\$257 as at March 31, 2011) (\$130 as at April 1, 2010).

## 7. INVESTMENTS

Investments include deposit certificates redeemable at any time, as follows:

	June 30, 2011	March 31, 2011	April 1, 2010
1.46%, falling due January 26, 2012	1,000	4,000	
1.28%, falling due June 10, 2012	2,000		
0.82%, falling due March 25, 2011			7,000
<b>Investments</b>	<b>3,000</b>	<b>4,000</b>	<b>7,000</b>

## 8. RECEIVABLES

	June 30, 2011	March 31, 2011	April 1, 2010
Clients	1,867	1,213	766
Other receivables	566	0	100
<b>Receivables</b>	<b>2,433</b>	<b>1,213</b>	<b>866</b>

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## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2011	March 31, 2011	April 1, 2010
Suppliers	2,866	4,887	8,587
Accrued costs	1,215	1,543	1,195
Other accounts payable	1,014	636	546
<b>Accounts payable</b>	<b>5,095</b>	<b>7,066</b>	<b>10,328</b>

## 10. RELATED-PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. These transactions were recorded at the exchange amount, i.e., the value of the consideration paid or received, which was established and accepted by the related parties.

<i>In thousands of dollars</i>	June 30, 2011	March 31, 2011	April 1, 2010
PWGSC – debit balance	-	-	1,443
<b>Accounts receivable from related parties</b>	<b>-</b>	<b>-</b>	<b>1,443</b>
PWGSC – credit balance	194	2,240	-
Provincial and federal museums	40	40	40
Other corporations	-	5	15
<b>Accounts payable to related parties</b>	<b>234</b>	<b>2,285</b>	<b>55</b>

Other than transactions mentioned elsewhere in the financial statements or of minimal significance, the Corporation conducted the following transactions with related entities:

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## Landscaping work on the site

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The PWGSC manages contracts based on the cost-plus method. For the quarter ended June 30, 2011, the cost of these contracts totalled \$0 (\$19 as at March 31, 2011) (\$23 as at April 1, 2010) and is included in Corporate service expenditures under Management and administrative services.

Under the terms of an agreement signed in April 2011, the PWGSC and the Corporation identified specific work to be done on its capital property. The PWGSC managed these projects according to the cost-plus method. The amount invoiced by the PWGSC for this work amounts to \$201 as at June 30, 2011 (\$6,102 as at March 31, 2011).

## 10.1. Rental of space

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The Corporation signed an agreement with the Montréal Port Authority, beginning on January 1, 2007 and ending on December 31, 2011, covering the rental of space for parking facilities and administrative offices. Rental costs under this agreement amounted to \$162 as at June 30, 2011 (\$605 as at March 31, 2011) and are included in Quays expenditures under Maintenance, repairs, prevention and Parking.

## 10.2. Joint operations

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The Corporation and federal and provincial museums are party to agreements for the sharing of exhibition production costs in the normal course of operations. The Corporation had a commitment under these agreements for \$565 for the quarter ended June 30, 2011 (\$565 as at March 31, 2011) (\$565 as at April 1, 2010). In this respect, an amount of \$200 (\$200 as at March 31, 2011) (\$200 as at April 1, 2010) is included in exhibitions under Tangible capital assets.



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## 11. PROPERTY, PLANT AND EQUIPMENT

The Corporation's tangible capital assets break down as follows:

Cost	June 30, 2011	Acquisitions	Disposals	March 31, 2011	Acquisitions	Disposals	April 1, 2010
Land	1,863	-	-	1,863	-	-	1,863
Buildings and structures	157,256	208	-	157,040	6,098	(2)	150,944
Amenities and facilities	16,623	-	-	16,623	785	(1)	15,839
Furniture, materials and equipment	16,720	4	-	16,715	1,531	(37)	15,221
Computer hardware and software	7,556	23	-	7,533	2,603	(288)	5,218
Exhibitions	11,053	2	-	11,051	1,279	-	9,772
Work in progress	5,766	235	-	5,540	(906)	-	6,446
<b>Total - Costs</b>	<b>216,837</b>	<b>472</b>	<b>-</b>	<b>216,365</b>	<b>11,390</b>	<b>(328)</b>	<b>205,303</b>

Depreciation	June 30, 2011	Amortization	Reversal due to impairment loss	March 31, 2011	Amortization	Reversal due to impairment loss	April 1, 2010
Buildings and structures	86,154	1,328	-	84,826	5,165	-	79,661
Amenities and facilities	9,371	279	-	9,092	1,087	-	8,005
Furniture, materials and equipment	11,558	272	-	11,286	1,084	(38)	10,240
Computer hardware and software	5,096	316	-	4,780	948	(288)	4,120
Exhibitions	10,232	267	-	9,965	2,806	-	7,159
<b>Total - Depreciation</b>	<b>122,411</b>	<b>2,462</b>	<b>-</b>	<b>119,949</b>	<b>11,090</b>	<b>(326)</b>	<b>109,185</b>

Net book value	June 30, 2011	Amortization	Reversal due to impairment loss	March 31, 2011	Amortization	Reversal due to impairment loss	April 1, 2010
Land	1,863	-	-	1,863	-	-	1,863
Buildings and structures	71,102	(1,120)	-	72,214	933	(2)	71,283
Amenities and facilities	7,252	(279)	-	7,531	(302)	(1)	7,834
Furniture, materials and equipment	5,162	(268)	-	5,429	447	1	4,981
Computer hardware and software	2,460	(293)	-	2,753	1,655	-	1,098
Exhibitions	821	(265)	-	1,086	(1,527)	-	2,613
Work in progress	5,766	235	-	5,540	(906)	-	6,446
<b>Total - net value</b>	<b>94,426</b>	<b>(1,990)</b>	<b>-</b>	<b>96,416</b>	<b>300</b>	<b>(2)</b>	<b>96,118</b>

No loss in value of the Corporation's assets was recorded for the period ended June 30, 2011.

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## 12. SEGMENTED INFORMATION

For financial reporting purposes, the two sectors representing the Corporation's main activities are the Quays and the Montréal Science Centre. Items that do not fall under these two sectors are grouped under the heading "Corporate services."

With regard to the Science Centre, the Corporation organizes permanent and temporary exhibitions to offer an interactive and pedagogical approach to the sciences, technology and innovation. The Science Centre is also home to an IMAX theatre, meeting spaces, and various commercial concessions.

With regard to the Quays, the Corporation showcases and maintains the historical, cultural and tourism heritage of the Old Port of Montréal, in particular by organizing events and seasonal activities.

First quarter Ended June 30	Quays		Montréal Science Centre		Corporate services	
	2011	2010	2011	2010	2011	2010
<i>Revenue</i>						
Parking	516	967	561	588	-	-
Events/concessions/corporate rentals	425	364	570	475	-	-
Sponsorships and donations	201	283	305	386	-	-
Programming	131	128	1,742	1,233	-	-
Amortization of deferred contributions	-	-	-	-	-	-
Interest	-	-	-	-	19	49
Other	54	2	-	-	-	-
<b>Total revenue</b>	<b>1,327</b>	<b>1,744</b>	<b>3,178</b>	<b>2,682</b>	<b>19</b>	<b>49</b>

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First quarter	Quays		Montréal Science Centre		Corporate services	
Ended June 30	2011	2010	2011	2010	2011	2010
<i>Expenditures</i>						
Management and administrative services	-	-	-	-	977	1 088
Parking	270	307	65	78	-	-
Events/concessions/corporate rentals	148	136	103	105	-	-
Sponsorship and donation costs	42	41	42	46	-	-
Programming	197	277	2,241	2,204	-	-
Maintenance, repairs, prevention	1,346	1,316	342	321	91	86
Communications	213	400	443	684	50	73
Utilities	305	272	604	539	40	36
Information technology	44	41	77	69	88	83
Clothing	-	-	-	-	-	-
Other	59	53	64	60	-	-
<b>Total expenditures before depreciation</b>	<b>2,624</b>	<b>2,843</b>	<b>3,981</b>	<b>4,106</b>	<b>1,246</b>	<b>1,366</b>

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## 13. SUMMARY OF OPERATING EXPENDITURES BY CATEGORY

	June 30, 2011	June 30, 2010
Salaries and fringe benefits	4,062	4,209
Depreciation	2,462	3,613
Taxes, permits, rents and utilities	1,093	1,090
Advertising	786	1,140
Maintenance	676	612
Professional fees	135	189
Exhibitions	345	382
Movie rental	229	226
Animation contract	27	5
Office expenses	137	97
Research and development costs	17	41
Telecommunications	51	64
Travel and entertainment costs	87	102
Insurance	56	59
Software maintenance	57	50
Vehicle and equipment rentals	38	48
Machinery and tooling	24	20
Training	14	29
Bad debts	-	-
Other	17	(48)
	10,313	11,928

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## 14. FINANCIAL INSTRUMENTS RISKS

### *Credit risk*

Credit risk is the risk that a party to a financial instrument will fail to meet one of its obligations, causing the other party to incur a financial loss. The Corporation's credit risk relates mainly to its receivables. The Corporation manages credit risk by monitoring and analyzing its balances receivable on an ongoing basis. Its exposure to bad debts is therefore insignificant; since there is no concentration of accounts receivable, credit risk is low.

The Corporation's maximum exposure to credit risk is equivalent to the book value of accounts receivable as at June 30, and the Corporation establishes an allowance for credit losses for all clients:

In thousands of dollars	June 30, 2011	March 31, 2011	April 1, 2010
Current - 30 days	1,288	907	653
31–90 days	792	185	129
91 days or more	385	153	110
<b>Accounts receivable - Gross</b>	<b>2,465</b>	<b>1,245</b>	<b>892</b>
Allowance – Opening balance	(32)	(26)	(171)
Expenditures for bad debts	-	(10)	-
Amounts written off and recoveries	-	4	145
<b>Closing balance</b>	<b>(32)</b>	<b>(32)</b>	<b>(26)</b>
<b>Accounts receivable - Net</b>	<b>2,433</b>	<b>1,213</b>	<b>866</b>

### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulties in honouring its commitments related to financial liabilities. The Corporation manages its liquidity risk such that it maintains a sufficient amount of cash on hand. The Corporation establishes budget and cash forecasts to ensure that it has the funds required to meet its obligations.

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Contractual deadlines for accounts payable as at June 30 are as follows:

	June 30, 2011	March 31, 2011	April 1, 2010
Current – 30 days	3,544	6,676	9,876
31–90 days	308	41	49
91 days or more	1,243	349	403
<b>Total</b>	<b>5,095</b>	<b>7,066</b>	<b>10,328</b>

## *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to market price variations. Market risk includes interest rate risk and exchange rate risk. The Corporation's investment policy provides for the investment of cash surpluses in top-quality redeemable term deposits.

## *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to market interest-rate variations. To manage this risk, the Corporation invests in fixed-rate short-term certificates, meaning that interest-rate variations do not have a significant effect on net results.

## *Exchange rate risk*

Exchange rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to foreign currency exchange rate variations. Although some of the Corporation's transactions take place in US currency, given that they represent only a small portion of its expenditures, variations in the Canadian and US dollar exchange rate will not significantly affect the Corporation's net results, financial position or cash flow. The Corporation has not hedged its exposure to exchange rate risk.