

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL

FINANCIAL STATEMENTS (Unaudited)

For the year ended March 31, 2020

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2020, and all information contained in these statements rests with the management of the Natural Sciences and Engineering Research Council (NSERC). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of NSERC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in NSERC's *Departmental Results Reports*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout NSERC and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2020 was completed in accordance with the Treasury Board *Policy on Financial Management* and the results and action plans are summarized in the annex.

The effectiveness and adequacy of the NSERC's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the NSERC's operations, and by the Independent Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the President.

Dr. Alejandro Adem
President

Patricia Sauvé-McCuan
Chief Financial Officer

Ottawa, Canada

August 20, 2020

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL

Statement of Financial Position (unaudited)

As at March 31

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Liabilities		
Accounts payable and accrued liabilities [Note 4]	42,606	7,859
Vacation pay and compensatory leave	2,793	2,343
Deferred revenue [Note 5]	-	-
Employee future benefits [Note 6b]	499	606
Total net liabilities	<u>45,898</u>	<u>10,808</u>
Financial assets		
Due from the Consolidated Revenue Fund	38,368	4,515
Accounts receivable and advance [Note 7]	5,503	3,926
Total net financial assets	<u>43,871</u>	<u>8,441</u>
Departmental net debt	<u>2,027</u>	<u>2,367</u>
Non-financial assets		
Prepaid expenses	546	288
Tangible capital assets [Note 8]	674	2,263
Total non-financial assets	<u>1,220</u>	<u>2,551</u>
Departmental net financial position	<u>(807)</u>	<u>184</u>

Contractual obligations and commitments [Note 9]

The accompanying notes form an integral part of these financial statements.

Dr. Alejandro Adem
President

Patricia Sauvé-McCuan
Chief Financial Officer

Ottawa, Canada

August 20, 2020

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL
Statement of Operations and Department Net Financial Position (unaudited)
For the year ended March 31

(in thousands of dollars)

	<u>2020</u>	<u>2020</u>	<u>2019</u>
	Planned Results		
Expenses			
Funding Natural Sciences and Engineering Research and Training	1,336,936	1,331,509	1,305,214
Internal Services	26,540	33,268	29,849
Total Expenses	<u>1,363,476</u>	<u>1,364,777</u>	<u>1,335,063</u>
Revenues			
Miscellaneous revenues	179	153	178
Total Revenues	<u>179</u>	<u>153</u>	<u>178</u>
Net cost of operations before government funding and transfers	<u>1,363,297</u>	<u>1,364,624</u>	<u>1,334,885</u>
Government funding and transfers			
Net cash provided by Government of Canada		1,322,171	1,357,730
Change in Due from the Consolidated Revenue Fund		33,853	(31,235)
Services provided without charge by other government departments [Note 10a]		7,609	7,458
Total Government funding and transfers		<u>1,363,633</u>	<u>1,333,953</u>
Net cost of operations after government funding and transfers		(991)	(932)
Departmental net financial position - Beginning of year		184	1,116
Departmental net financial position - End of year		<u>(807)</u>	<u>184</u>

Segmented information [Note 11]

The accompanying notes form an integral part of these financial statements.

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL
Statement of Change in Departmental Net Debt (unaudited)
For the year ended March 31
(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Net cost of operations after government funding and transfers	991	932
Change due to tangible capital assets		
Acquisition of tangible capital assets [Note 8]	303	413
Amortization of tangible capital assets [Note 8]	<u>(1,892)</u>	<u>(1,683)</u>
Total change due to tangible capital assets	(1,589)	(1,270)
Increase (decrease) in prepaid expenses	258	(4)
Net increase (decrease) in departmental net debt	<u>(340)</u>	<u>(342)</u>
Departmental net debt - Beginning of year	2,367	2,709
Departmental net debt - End of year	<u><u>2,027</u></u>	<u><u>2,367</u></u>

The accompanying notes form an integral part of these financial statements.

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL**Statement of Cash Flows (unaudited)****For the year ended March 31**

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Operating activities		
Net cost of operations before government funding and transfers	1,364,624	1,334,885
Non-cash items:		
Amortization of tangible capital assets [Note 8]	(1,892)	(1,683)
Services provided without charge by other government departments [Note 10a]	(7,609)	(7,458)
Variations in Statement of Financial Position:		
Decrease (increase) in accounts payable and accrued liabilities [Note 4]	(34,747)	29,389
Decrease in deferred revenue [Note 5]	-	2
Decrease in employee future benefits [Note 6b]	107	151
Decrease (increase) in vacation pay and compensatory leave	(450)	(64)
Increase (decrease) in accounts receivable and advances [Note 7]	1,577	2,099
Increase (decrease) in prepaid expenses	258	(4)
Cash used in operating activities	<u>1,321,868</u>	<u>1,357,317</u>
Capital investing activities		
Acquisition of tangible capital assets [Note 8]	303	413
Cash used in capital investing activities	<u>303</u>	<u>413</u>
Financing activities	-	-
Net cash provided by Government of Canada	<u><u>1,322,171</u></u>	<u><u>1,357,730</u></u>

The accompanying notes form an integral part of these financial statements.

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

1. Authority and Objectives

The Natural Sciences and Engineering Research Council (NSERC) was established in 1978 by the *Natural Sciences and Engineering Research Council Act*, and is a departmental corporation named in Schedule II to the *Financial Administration Act*. NSERC's purpose is to help make Canada a country of discoverers and innovators for the benefit of all Canadians, by supporting students, postdoctoral fellows, university professors and university-industry research partnerships. NSERC's grants, scholarships and operating expenditures are funded by budgetary lapsing authorities. Employee benefits are funded by statutory authorities. NSERC delivers its objectives through the following programs:

a) Funding Natural Sciences and Engineering Research and Training

NSERC, through grants, fellowships and scholarships, promotes and supports research and research training in the natural sciences and engineering to develop talent, generate discoveries, and support innovation in pursuit of economic, environmental and social outcomes for Canadians.

b) Internal Services

NSERC and Social Sciences and Humanities Research Council (SSHRC) share internal services for general administration, human resources, finance, awards administration, information management and technology, program evaluation and audit services. This common administrative services model has proven highly efficient for the two federal granting agencies. In addition, NSERC has its own corporate services to address the agency's distinct needs in terms of governance, policy, planning, statistics, performance measurement, communications and international relations. Internal Services provide support to the organization as a whole in the form of operations and maintenance funds. They are necessary to support the delivery of programs and other corporate obligations and include activities that apply across the organization, rather than those that support a specific program.

2. Summary of significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

a) Parliamentary authorities

NSERC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the agency do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

of reporting. The planned results amounts in the “Expenses” and “Revenues” sections of the Statement of Operations and Departmental net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the *2019-20 Departmental Plan*. Planned results are not presented in the “Government funding and transfers” section of the Statement of Operations and Departmental net Financial Position and in the Statement of Change in Departmental net Debt because these amounts were not included in NSERC’s *2019-20 Departmental Plan*.

b) Net cash provided by Government of Canada

NSERC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by NSERC is deposited to the CRF, and all cash disbursements made by NSERC are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between other government departments of the Government.

c) Amounts due from the CRF

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Due from the CRF represent the net amount of cash that NSERC is entitled to draw from the CRF without further authorities, to discharge its liabilities.

d) Revenues

Miscellaneous revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenues are then recognized in the period in which the related expenses are incurred.

Included in miscellaneous revenue are revenues that are spendable and non-spendable. Non-spendable revenues are not available to discharge NSERC’s liabilities. While the President is expected to maintain accounting control, they have no authority regarding the disposition of non-spendable revenues. As a result, non-spendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the agency’s gross revenues.

e) Expenses

Expenses are recorded on an accrual basis.

Grants and scholarships (transfer payments) are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program.

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

Services provided without charge by other government departments for accommodation, and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost. These amounts are also presented as government funding.

f) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan (the Plan), a multiemployer pension plan administered by the Government. NSERC's contributions to the Plan are charged to expenses in the year incurred and represent NSERC's total obligation to the Plan. NSERC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government, the Plan's sponsor.

(ii) Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

g) Accounts receivable and advances

Accounts receivable and advances are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivable and advances where recovery is considered uncertain.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. NSERC is not exposed to significant credit risk. Accounts receivable and advances are due on demand. The majority of accounts receivable and advances are due from other government departments and agencies where there is minimal potential risk of loss. The maximum exposure NSERC has to credit risk is equal to the carrying value of its accounts receivable and advances.

h) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

i) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee future benefits and the useful life and valuation of tangible capital assets. Actual results could significantly differ from

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, are recorded in the financial statements in the year in which they become known.

j) Related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i) Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii) Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount. Other related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

3. Parliamentary Authorities

NSERC receives its funding through annual parliamentary authorities. Items recognized in the Statement of Financial Position and in the Statement of Operations and Departmental net Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, NSERC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

a) Reconciliation of net cost of operations to current year authorities used

	<u>2020</u>	<u>2019</u>
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	1,364,624	1,334,885
Adjustments for items affecting net cost of operations but not affecting authorities:		
Miscellaneous revenues	153	178
Amortization of tangible capital assets	(1,892)	(1,683)
Services provided without charge by other government departments [Note 10a)]	(7,609)	(7,458)
Increase in vacation pay and compensatory leave	(450)	(64)
Decrease in employee future benefits	107	151
Bad debts expense	-	(9)
Refunds of prior years' expenditures	3,878	3,704
Other adjustments	(9)	(1)
Total items affecting net cost of operations but not affecting authorities	<u>(5,822)</u>	<u>(5,182)</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets [Note 7]	303	413
Increase (decrease) in salary overpayment	1	38
Increase (decrease) in prepaid expenses	258	(4)
Total items not affecting net cost of operations but affecting authorities	<u>562</u>	<u>447</u>
Current year authorities used	<u><u>1,359,364</u></u>	<u><u>1,330,150</u></u>

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

b) Authorities provided and used

	<u>2020</u>	<u>2019</u>
	(in thousands of dollars)	
Authorities provided:		
Vote 5 - Grants	1,300,483	1,277,817
Vote 1 – Operating expenditures	58,002	51,310
Statutory contributions to employee benefit plans	5,865	5,568
Spending of revenues pursuant to subsection 4 (2) of the Natural Sciences and Engineering Research Council Act	141	174
Spending of proceeds from disposition of crown assets	-	1
Less:		
Authorities available for future years	(35)	(2,905)
Lapsed : Grants	(3,587)	(937)
Lapsed : Operating	(1,505)	(878)
Current year authorities used	<u>1,359,364</u>	<u>1,330,150</u>

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are measured at cost. The following table presents details of NSERC's accounts payable and accrued liabilities:

	<u>2020</u>	<u>2019</u>
	(in thousands of dollars)	
Accounts payable - Other government departments and agencies	2,374	777
Accounts payable - External parties	34,902	2,169
Total accounts payable	<u>37,276</u>	<u>2,946</u>
Accrued liabilities	5,330	4,913
Total accounts payable and accrued liabilities	<u>42,606</u>	<u>7,859</u>

5. Deferred revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming from amounts received from external parties that are restricted in order to fund the expenditures related to specific events and stemming from amounts received for fees prior to services being performed. Revenue is recognized in the period in which these expenditures are incurred or in which the service is performed. Details of the transactions related to this account are as follows:

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

	<u>2020</u>	<u>2019</u>
	(in thousands of dollars)	
Opening balance	-	2
Amounts received	-	-
Revenue recognized	-	(2)
Net closing balance	<u>-</u>	<u>-</u>

6. Employee future benefits

a) Pension benefits

NSERC's employees participate in the Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and NSERC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2019-2020 expense amounts to \$4,063,221 (\$3,882,819 in 2018-2019). NSERC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, the Plan's sponsor.

b) Severance benefits

Severance benefits provided to the employees of NSERC were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011, the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2020, all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

The changes in the obligations during the year were as follows:

	<u>2020</u>	<u>2019</u>
	(in thousands of dollars)	
Accrued benefit obligation - Beginning of year	606	757
Expense (gain) for the year	(18)	(38)
Benefits paid during the year	<u>(89)</u>	<u>(113)</u>
Accrued benefit obligation - End of year	<u><u>499</u></u>	<u><u>606</u></u>

7. Accounts receivable and advances

The following table presents details of NSERC's balance of accounts receivable and advances:

	<u>2020</u>	<u>2019</u>
	(in thousands of dollars)	
Receivables - Other government departments and agencies	4,194	3,319
Receivables - External parties	1,240	539
Receivables - Employees	<u>69</u>	<u>68</u>
Net accounts receivable	<u><u>5,503</u></u>	<u><u>3,926</u></u>

NSERC has allowance for doubtful accounts on receivables from external parties.

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

8. Tangible capital assets

All tangible capital assets and leasehold improvements having an individual initial cost of \$5,000 or more are recorded at their acquisition cost. NSERC does not capitalize intangibles.

Amortization of tangible capital assets is performed on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Computer hardware	3 years
Computer purchased and developed software	5 years
Machinery and equipment	5 years
Other equipment (including furniture)	7 years
Motor Vehicles	7 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

Capital asset class	Cost				Accumulated amortization				Net book value	
	Opening balance	Acquisitions	Disposals and Write-Offs	Closing balance	Opening balance	Amortization	Disposals and Write-Offs	Closing balance	2020	2019
(in thousands of dollars)										
Computer hardware	6,336	168	-	6,504	6,008	164	-	6,172	332	328
Computer purchased and developed software	13,839	31	-	13,870	12,213	1,502	-	13,715	155	1,626
Machinery and equipment	590	-	-	590	512	50	-	562	28	78
Other equipment (including furniture)	4,100	-	-	4,100	4,100	-	-	4,100	-	-
Leasehold improvements	4,037	65	-	4,102	3,806	176	-	3,982	120	231
Motor Vehicles	-	39	-	39	-	-	-	-	39	-
Total	28,902	303	-	29,205	26,639	1,892	-	28,531	674	2,263

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

9. Contractual obligations and commitments

Payments of grants and scholarships extending into future years are subject to the provision of funds by Parliament.

The nature of NSERC's operating activities can result in some large multi-year contracts and obligations whereby NSERC will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2021	2022	2023	2024	2025 and subsequent	Total
	(in thousands of dollars)					
Grants & Scholarships	1,067,433	874,966	605,070	299,058	176,453	3,022,980
Operating	4,267	232	22	-	-	4,521
Total	1,071,700	875,198	605,092	299,058	176,453	3,027,501

10. Related party transactions

NSERC is related as a result of common ownership to all government departments, agencies and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

NSERC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, NSERC received common services that were obtained without charge by other government departments as disclosed below.

a) Common services provided without charge by other government departments

During the year, NSERC received services without charge from certain common service organizations related to accommodations, and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in NSERC's Statement of Operations and Departmental Net Financial Position as follows:

	<u>2020</u>	<u>2019</u>
	(in thousands of dollars)	
Accommodations	4,081	4,298
Employer's contribution to the health and dental insurance plans	3,528	3,160
Total	<u>7,609</u>	<u>7,458</u>

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada are not included in NSERC's Statement of Operations and Departmental Net Financial Position.

b) Administration of programs on behalf of other government departments

NSERC administers funds received from other government departments and agencies to issue grants, scholarships and related payments on their behalf. During the year, NSERC administered \$1.5 million (\$4.8 million in 2018-19) in funds for grants and scholarships. These expenses are reflected in the financial statements of the departments or agencies that provided the funds and are not recorded in these financial statements.

NSERC also recovers administrative fees in some circumstances where a significant administrative burden is incurred by NSERC for the administration of certain funds on behalf of other government departments and agencies. These amounted to \$25 thousand during the year (\$101 thousand in 2018-19) and were netted against NSERC's operating expenses.

11. Subsequent Events

The outbreak of the Coronavirus disease "COVID-19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time. As a result, it is not possible to reliably estimate the length and severity of the impact on NSERC's financial position and financial results in future periods.

During the first quarter of fiscal year 2020-21, NSERC received approval and funding for the following initiatives in support of Canada's COVID-19 pandemic response:

- To lessen the impact of COVID-19 on students, trainees and research support personnel funded through research grants, NSERC is providing up to \$140 million funding to eligible grant recipients.
- Through the NSERC Alliance COVID-19 grants, NSERC is providing up to \$15 million in total support to stimulate collaborations between university academic researchers and the public and not-for-profit sectors, and industry to address pandemic-related research and technical challenges.

Natural Sciences and Engineering Research Council

Notes to the Financial Statements (unaudited)

For the Year Ended March 31

- In collaboration, the three granting agencies, NSERC, SSHRC and the Canadian Institutes for Health Research (CIHR) are providing eligible students and postdoctoral researchers whose research scholarship or fellowship ends between March and August 2020 with support representing an investment of up to \$40 million to help these students and postdoctoral researchers complete their research projects and training.

Natural Sciences and Engineering Research Council
Notes to the Financial Statements (unaudited)
For the Year Ended March 31

12. Segmented Information

Presentation by segment is based on NSERC's Departmental Results Framework. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in Note 2. The following table presents the expenses incurred for the main programs, by major object of expenses and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)	Funding Natural Sciences and Engineering Research and Training	Internal Services	2020 Total	2019 Total
Transfer payments				
Grants & scholarships	1,293,526	-	1,293,526	1,270,309
Operating expenses				
Salaries and employee benefits	32,960	17,489	50,449	45,994
Accommodation and rentals	305	5,085	5,390	5,611
Professional and special services	2,260	4,814	7,074	5,181
Transportation and communications	2,282	783	3,065	3,502
Amortization of tangible capital assets	-	2,577	2,577	1,683
Information	66	992	1,058	1,207
Utilities, materials and supplies	21	68	89	127
Acquisition of machinery and equipment	81	1,342	1,423	1,335
Repair and maintenance	7	117	124	104
Other	1	1	2	10
Total operating expenses	37,983	33,268	71,251	64,754
Total expenses	1,331,509	33,268	1,364,777	1,335,063
Revenues				
Miscellaneous revenues	-	153	153	178
Total revenues	-	153	153	178
Net cost of operations before government funding and transfers	1,331,509	33,115	1,364,624	1,334,885