

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2014

NARRATIVE DISCUSSION

For the three months ended June 30, 2014

The unaudited quarterly financial statements for the Canadian Museum of Immigration at Pier 21 (“the Museum”) should be read in conjunction with the March 31, 2014 management discussion and analysis and annual audited financial statements.

OUTLOOK

Over the past three years, the Museum has established its foundations and now has in place the facilities, the technology and the team to reflect its national scope – one that tells the stories of immigration across Canada.

The development of the new permanent exhibit, the refit of existing exhibition spaces and renovation and refit of Shed 22 for new exhibition space are on track for the May 2015 launch of the expanded museum. The two-year expansion project will result in new permanent exhibits reflective of the Museum’s national mandate.

The Museum’s first travelling exhibit, *Canada: Day 1*, began its four-year national tour in June of 2014. *Canada: Day 1* explores the memories, impressions and experiences of immigrants on their first day in Canada, from Confederation to present. Other major projects are still ongoing. The multi-year project to catalogue the Collection and to make it accessible on the *CollectiveAccess* database is well underway. A continued focus is put on marketing, communications and fund development to grow awareness, to generate visitation both on-site and on-line and to meet self-generated revenue targets.

FINANCIAL RESULTS

Operations

The operating results for the quarter ended June 30, 2014 yielded a \$520,000 net result of operations compared to a net loss of \$39,000 for the quarter ended June 30, 2013. When combined with the \$2,533,000 in unrestricted net assets at March 31, 2014, this results in unrestricted net assets at June 30, 2014 of \$3,053,000.

For the quarter ended June 30, 2014, self-generated revenues including operating revenues, donations, and interest and other revenues increased \$246,000 from \$440,000 in 2013 to \$686,000 in 2014 and were higher than budget. The increase is primarily due to higher donations but also includes the success of the special events fundraising, and higher rentals, ticket and gift shop sales. The increase in donations is attributed to the timing of major gifts receipts. The number of visitors increased compared to the previous year which generated increases in ticket and gift shop sales.

Net income earned on the endowment investments of \$32,000, included in the Statement of Operations for the quarter ended June 30, 2014, is the same as 2013. Unrealized gains and losses on investments are not recorded as revenue but as accumulated remeasurement gains or losses in the Statement of Financial Position. A net increase in the accumulated remeasurement gains of \$116,000 was recorded for the quarter, which results in an overall positive performance for the endowment investments of \$148,000 for the quarter ended June 30, 2014.

Expenses for the quarter ended June 30, 2014 decreased \$76,000 from \$2,985,000 in 2013 to \$2,909,000 in 2014 and are on budget. The spending of the surplus funds on operations did not occur in the first quarter but is anticipated to occur during the remainder of the year.

Financial Position

Total assets at June 30, 2014 were \$32,837,000 compared to \$31,602,000 at March 31, 2014. The \$1,235,000 increase is due to increases in cash of \$909,000, capital assets of \$285,000 and endowment cash and investments of \$248,000, largely offset by the decrease in accounts receivable of \$267,000. The increase in cash is mainly attributable to the timing of the operating appropriations received and the appropriations for the refit and expansion projects taking place in the current year. The increase in capital assets is largely capital projects – work in progress related to the expansion of the museum offset by amortization.

Total liabilities increased by \$499,000 to \$22,790,000 at June 30, 2014 due to the \$375,000 increase in accounts payable and accrued liabilities and the \$360,000 in deferred revenue, offset by the \$236,000 decrease in deferred contributions related to capital assets. The increase in accounts payable and accrued liabilities is mainly due to costs associated with the capital project. The decrease in deferred contributions related to capital assets is attributable to the appropriations received for capital projects and amortization.

BUSINESS RISKS

Management has not identified any new business risks to those discussed in the 2013-14 annual Management Discussion and Analysis and continues to monitor risks related to the capital project.



Marie Chapman
Chief Executive Officer



Kendall J. Blunden, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2014

STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

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.

These quarterly financial statements have not been audited or reviewed by an external auditor.



Marie Chapman
Chief Executive Officer



Kendall J. Blunden, CA
Chief Financial Officer

Halifax, Canada
August 19, 2014

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)

As at June 30, 2014

(in thousands of dollars)

| | June 30 2014 | March 31 2014 |
|---|-----------------|------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 12,354 | \$ 11,445 |
| Accounts receivable | 227 | 494 |
| Inventory | 189 | 136 |
| Prepaid expenses | 316 | 309 |
| | 13,086 | 12,384 |
| Endowment cash and investments (note 4) | 7,013 | 6,765 |
| Capital assets | 12,737 | 12,452 |
| Collections | 1 | 1 |
| | \$ 32,837 | \$ 31,602 |
| Liabilities and net assets | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 1,596 | \$ 1,221 |
| Deferred revenue | 541 | 181 |
| Deferred contributions related to capital assets (note 5) | 20,653 | 20,889 |
| Net assets | | |
| Unrestricted | 3,053 | 2,533 |
| Internally restricted | 282 | 282 |
| Accumulated remeasurement gains (losses) | 53 | (63) |
| Endowment | 6,659 | 6,559 |
| | 10,047 | 9,311 |
| | \$ 32,837 | \$ 31,602 |

The accompanying notes and schedules form an integral part of the unaudited financial statements.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Operations (Unaudited)

For the three months ended June 30, 2014
(in thousands of dollars)

| | June 30 2014 | June 30 2013 |
|---|-----------------|-----------------|
| Revenues | | |
| Operating (schedule 1) | \$ 482 | \$ 408 |
| Amortization of deferred contributions related to capital assets transferred from Pier 21 Society | 123 | 129 |
| Amortization of deferred contributions related to capital assets received from a related party | 6 | 6 |
| Donations | 172 | 19 |
| Interest and other | 32 | 13 |
| | <u>815</u> | <u>575</u> |
| Expenses (schedule 2) | | |
| Visitor experience and connections | 928 | 725 |
| Internal services | 921 | 1,305 |
| Accommodation | 1,060 | 955 |
| | <u>2,909</u> | <u>2,985</u> |
| Net result of operations before appropriations and endowment investment net income | <u>(2,094)</u> | <u>(2,410)</u> |
| Appropriations (note 6) | 2,582 | 2,339 |
| Endowment investment net income | 32 | 32 |
| Net result of operations | <u>\$ 520</u> | <u>\$ (39)</u> |

The accompanying notes and schedules form an integral part of the unaudited financial statements.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Remeasurement Gains and Losses (Unaudited)

For the three months ended June 30, 2014

(in thousands of dollars)

| | June 30 2014 | June 30 2013 |
|---|-----------------|-----------------|
| Accumulated remeasurement gains (losses), beginning of period | \$ (63) | \$ (3) |
| Unrealized gains (losses) on endowment investments | 116 | (116) |
| Accumulated remeasurement gains (losses), end of period | \$ 53 | \$ (119) |

The accompanying notes and schedules form an integral part of the unaudited financial statements.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Changes in Net Assets (Unaudited)

For the three months ended June 30, 2014

(in thousands of dollars)

| | Unrestricted | Internally restricted | Accumulated remeasurement gains (losses) | Endowment | June 30 2014 | June 30 2013 |
|---|--------------|--------------------------|--|-----------|-----------------|-----------------|
| Net assets, beginning of period | \$ 2,533 | \$ 282 | \$ (63) | \$ 6,559 | \$ 9,311 | \$ 9,025 |
| Net result of operations | 520 | – | – | – | 520 | (39) |
| Remeasurement gains (losses) | – | – | 116 | – | 116 | (116) |
| Contributions received for endowment | – | – | – | 100 | 100 | 65 |
| Net assets, end of period | \$ 3,053 | \$ 282 | \$ 53 | \$ 6,659 | \$ 10,047 | \$ 8,935 |

The accompanying notes and schedules form an integral part of the unaudited financial statements.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Cash Flows (Unaudited)

For the three months ended June 30, 2014
(in thousands of dollars)

| | June 30 2014 | June 30 2013 |
|---|------------------|-----------------|
| Operating activities | | |
| Appropriations received | \$ 2,275 | \$ 2,033 |
| Other cash received | 1,312 | 785 |
| Cash paid to employees and suppliers | (2,158) | (2,537) |
| Interest received | 33 | 13 |
| | <u>1,462</u> | <u>294</u> |
| Capital activities | | |
| Acquisition of capital assets | (721) | (57) |
| | <u>(721)</u> | <u>(57)</u> |
| Investing activities | | |
| Increase in endowment cash and investments | (132) | (97) |
| | <u>(132)</u> | <u>(97)</u> |
| Financing activities | | |
| Appropriations received for the acquisition of capital assets | 200 | 2,580 |
| Contributions to endowment | 100 | 65 |
| | <u>300</u> | <u>2,645</u> |
| Increase in cash | 909 | 2,785 |
| Cash, beginning of period | 11,445 | 3,105 |
| Cash, end of period | <u>\$ 12,354</u> | <u>\$ 5,890</u> |

The accompanying notes and schedules form an integral part of the unaudited financial statements.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2014
(in thousands of dollars)

1. Authority and objectives

The Canadian Museum of Immigration at Pier 21 (the "Museum") was established on November 25, 2010 under the *Museums Act*. The transfer and assignment of assets, contracts and records from the Pier 21 Society and Pier 21 Foundation occurred on February 3, 2011. The Museum is an agent Crown corporation named in Part I of Schedule III of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*.

The Museum's mandate is to explore the theme of immigration to Canada in order to enhance public understanding of the experiences of immigrants as they arrived in Canada, of the vital role immigration has played in the building of Canada and the contributions of immigrants to Canada's culture, economy and way of life.

2. Accounting policies

These unaudited financial statements follow the same accounting policies and methods of computation as the Museum's annual audited financial statements as at and for the year ended March 31, 2014.

3. Basis of presentation

The note disclosures in these unaudited financial statements do not conform in all respects to the requirements of Canadian Public Sector Accounting Standards for government not-for-profit organizations for annual audited financial statements. These unaudited financial statements should be read in conjunction with the Narrative Discussion for the three months ended June 30, 2014 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2014.

4. Endowment

Endowment cash and investments consist of the following:

| | June 30 2014 | | March 31 2014 | |
|---------------------------|-----------------|------------|------------------|------------|
| | Cost | Fair Value | Cost | Fair value |
| Cash and cash equivalents | \$ 51 | \$ 51 | \$ 86 | \$ 86 |
| Investment funds | | | | |
| Fixed income | 4,236 | 4,214 | 4,461 | 4,378 |
| Alternatives | 2,673 | 2,748 | 2,281 | 2,301 |
| | 6,909 | 6,962 | 6,742 | 6,679 |
| | \$ 6,960 | \$ 7,013 | \$ 6,828 | \$ 6,765 |

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2014
(in thousands of dollars)

5. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions for the acquisition of capital assets. Deferred contributions are amortized to income on the same basis as the related capital assets are amortized. The changes in the deferred contributions balance for the periods are as follows:

| For the three months ended | Transfer from Pier 21 Society | Appropriations | Other contributions | June 30 2014 |
|--|----------------------------------|----------------|------------------------|-----------------|
| Balance, beginning of period | \$ 896 | \$ 19,795 | \$ 198 | \$ 20,889 |
| Add: | | | | |
| Appropriations received to acquire capital assets | – | 200 | – | 200 |
| Less: | | | | |
| Amortization of deferred contributions related to capital assets | (123) | (307) | (6) | (436) |
| Balance, end of period | \$ 773 | \$ 19,688 | \$ 192 | \$ 20,653 |

| For the year ended | Transfer from Pier 21 Society | Appropriations | Other contributions | March 31 2014 |
|--|----------------------------------|----------------|------------------------|------------------|
| Balance, beginning of year | \$ 1,408 | \$ 10,272 | \$ 222 | \$ 11,902 |
| Add: | | | | |
| Appropriations received to acquire capital assets | – | 10,750 | – | 10,750 |
| Less: | | | | |
| Amortization of deferred contributions related to capital assets | (512) | (1,227) | (24) | (1,763) |
| Balance, end of year | \$ 896 | \$ 19,795 | \$ 198 | \$ 20,889 |

The unused portion of deferred contributions related to capital assets was \$7,916 at June 30, 2014 (March 31, 2014 – \$8,437). Other contributions received from a related party were received from the Halifax Port Authority as per the lease of the Pier 21 premises.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2014
(in thousands of dollars)

6. Appropriations

To achieve its mandate, the Museum relies on government funding comprised of the following:

| For the three months ended | June 30 2014 | June 30 2013 |
|--|-----------------|-----------------|
| Parliamentary appropriations provided | | |
| Main estimates | \$ 9,900 | \$ 18,450 |
| Portion of appropriation for capital projects | (2,200) | (10,750) |
| Portion of appropriation for future expenses | (5,425) | (5,667) |
| Appropriations received for operating in the current period | 2,275 | 2,033 |
| Amortization of deferred contributions related to capital assets | 307 | 306 |
| Appropriations recognized as revenue | \$ 2,582 | \$ 2,339 |

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Schedule 1 – Operating Revenue (Unaudited)

(in thousands of dollars)

| For the three months ended | June 30 2014 | June 30 2013 |
|------------------------------|-----------------|-----------------|
| Special events | \$ 184 | \$ 173 |
| Hall rental | 129 | 106 |
| Gift shop | 61 | 53 |
| Exhibition hall ticket sales | 60 | 49 |
| Programming | 28 | 14 |
| Family history centre | 20 | 13 |
| | \$ 482 | \$ 408 |

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

| For the three months ended | June 30 2014 | June 30 2013 |
|---|-----------------|-----------------|
| Personnel costs | \$ 1,304 | \$ 1,174 |
| Amortization of capital assets | 436 | 441 |
| Exhibition and programming | 272 | 196 |
| Rent and related costs | 240 | 286 |
| Professional and special services including Board of Trustees costs | 110 | 113 |
| Cost of goods sold | 100 | 94 |
| Repairs and maintenance and building operation | 97 | 81 |
| Marketing, promotion and recognition | 92 | 375 |
| Operating supplies and services | 68 | 23 |
| Utilities | 59 | 63 |
| Payment in lieu of taxes | 50 | 45 |
| Office supplies and administration | 33 | 44 |
| Training and professional development | 25 | 44 |
| Travel and hospitality | 23 | 6 |
| | \$ 2,909 | \$ 2,985 |