

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

September 30, 2012

MANAGEMENT DISCUSSION

For the six months ended September 30, 2012

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, 2012 Management Discussion and Analysis and annual audited financial statements.

The Museum has prepared its financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The 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, 2012.

The note disclosures in the 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 but are in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations.

FINANCIAL RESULTS AND OUTLOOK

In its Corporate Plans and its 2011-2012 annual Management Discussion and Analysis, the Museum noted delays in the start of operations in 2010-2011 impacting the timing of expenses which resulted in the 2010-2011 excess of revenues over expenses of \$1.65 million. Delayed expenses including the capital expansion, the development of the Master Exhibition Plan, and the transcription and digitization project, continued through 2011-2012 which resulted in unrestricted net assets of \$2.1 million at March 31, 2012. The impact on the timing of expenses still continues yielding unrestricted net assets of \$2.0 million at September 30, 2012 but should be mostly resolved by the end of 2012-2013 as most of these expenses will occur in the 2012-2013 fiscal year.

Operations

For the six months ended September 30, 2012, the Museum’s operating results were an excess of expenses over revenues of \$0.1 million. By the end of the year, it is anticipated that all appropriations allocated will be drawn and that spending will be greater than the 2012-2013 budget, as planned, utilizing a significant portion of the 2011-2012 unrestricted net assets.

For the six months ended September 30, 2012, revenues were \$0.9 million, excluding amortization, which is relatively unchanged compared to 2011 and slightly lower than budget. Lower donations and lower ticket and gift shop sales were offset by the success of the special events fundraising and higher revenues from hall rentals. The decrease in sales is attributed to a lower number of visitors which affected ticket sales, gift shop sales and Scotiabank Family History Centre revenues.

As noted in the Museum’s Corporate Plan Summary and its 2011-2012 Management Discussion and Analysis, delays in the start of operations in 2010-2011 affected the timing of expenses. For the six months ended September 30, 2012, expenses were \$4.7 million compared to \$3.2 million in the same six months of the prior year. This increase is primarily due to the Museum’s expanded operations, but expenses are lower than budget for the six months. The most significant increases are personnel costs following the increase in the number of employees compared to 2011, the increase in amortization expense due to the increase in capital assets and the increase in operating supplies and services to cover the costs of the Master Interpretation Plan and the transcription and digitization project.

Endowment investment net income of \$0.05 million is included in the Statement of Operations for the period. Unrealized gains and losses on investments are not recorded as revenue but as an accumulated remeasurement gain or loss in the Statement of Financial Position. A net increase in the accumulated

remeasurement gains of \$0.05 million was recorded for the six months ended September 30, 2012, which should be combined with the investment revenues when looking at the overall performance of the endowment funds.

Financial Position

Total assets at September 30, 2012 were \$22.4 million, a decrease of \$1.3 million compared to March 31, 2012. This is primarily due to the decrease in cash of \$4.8 million net of the increase in capital assets of \$3.6 million.

Total liabilities and net assets of \$22.4 million decreased by \$1.3 million compared to March 31, 2012. This is explained by the decrease in accounts payable of \$2.9 million net of the increase in deferred contributions related to capital assets of \$1.5 million.

Capital expenditures are proceeding as per the 2012-2013 Corporate Plan and remain slightly under budget. Significant capital expenditures occurred at the end of 2011-2012 and in the first half of 2012-2013. They include the retro-fit of the upper and lower annex which were substantially completed in August 2012, the refit of the Heating, Ventilation and Cooling (HVAC) and the electrical and communication systems and the retro-fit of the mezzanine also substantially completed in August 2012. The entire project is scheduled to be completed in fiscal year 2012-2013.

BUSINESS RISKS

The Museum has not identified any new business risks to those discussed in the 2011-2012 annual Management Discussion and Analysis.



Marie Chapman
Chief Executive Officer



Kendall Blunden, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

September 30, 2012

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 Blunden, CA
Chief Financial Officer

Halifax, Canada
November 19, 2012

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)

(in thousands of dollars)

	September 30 2012	March 31 2012
Assets		
Current assets		
Cash	\$ 4,059	\$ 8,967
Accounts receivable	402	841
Inventory	174	143
Prepaid expenses	24	12
	<u>4,659</u>	<u>9,963</u>
Endowment cash and investments (note 4)	5,827	5,476
Capital assets	11,944	8,303
Collections	1	1
	<u>\$ 22,431</u>	<u>\$ 23,743</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,795	\$ 4,686
Deferred revenue	48	163
Deferred contributions related to capital assets (note 5)	12,769	11,269
Net assets		
Unrestricted	1,970	2,070
Accumulated remeasurement gains (losses)	118	68
Endowment	5,731	5,487
	<u>7,819</u>	<u>7,625</u>
	<u>\$ 22,431</u>	<u>\$ 23,743</u>

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)
(in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2012	2011	2012	2011
Revenues				
Operating (schedule 1)	\$ 404	\$ 399	\$ 818	\$ 750
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	129	129	259	258
Amortization of deferred contributions related to capital assets received from a related party	3	—	3	—
Donations	18	71	90	215
Investment and other	10	21	33	38
	564	620	1,203	1,261
Expenses (schedule 2)				
Visitor experience and connections	533	388	1,151	610
Internal services	907	811	1,871	1,444
Accommodation	899	603	1,686	1,131
	2,339	1,802	4,708	3,185
Excess of expenses over revenues before appropriations and endowment investment net income	(1,775)	(1,182)	(3,505)	(1,924)
Appropriations (note 6)	1,245	8	3,359	1,385
Endowment investment net income	24	102	46	97
Excess of expenses over revenues	\$ (506)	\$ (1,072)	\$ (100)	\$ (442)

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)
(in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2012	2011	2012	2011
Accumulated remeasurement gains (losses), beginning of period	\$ 60	\$ (46)	\$ 68	\$ 5
Unrealized gains (losses) on endowment investments	58	(281)	50	(332)
Accumulated remeasurement gains (losses), end of period	\$ 118	\$ (327)	\$ 118	\$ (327)

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)
(in thousands of dollars)

For the three months ended	Unrestricted	Accumulated remeasurement net gains (losses)	Endowment	September 30 2012	September 30 2011
Net assets, beginning of period	\$ 2,476	\$ 60	\$ 5,521	\$ 8,057	\$ 6,862
Excess of expenses over revenues	(506)	–	–	(506)	(1,072)
Remeasurement gains (losses)	–	58	–	58	(281)
Contributions received for endowment	–	–	210	210	62
Net assets, end of period	\$ 1,970	\$ 118	\$ 5,731	\$ 7,819	\$ 5,571

For the six months ended	Unrestricted	Accumulated remeasurement net gains (losses)	Endowment	September 30 2012	September 30 2011
Net assets, beginning of period	\$ 2,070	\$ 68	\$ 5,487	\$ 7,625	\$ 6,167
Excess of expenses over revenues	(100)	–	–	(100)	(442)
Remeasurement gains (losses)	–	50	–	50	(332)
Contributions received for endowment	–	–	244	244	178
Net assets, end of period	\$ 1,970	\$ 118	\$ 5,731	\$ 7,819	\$ 5,571

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)
(in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2012	2011	2012	2011
Operating activities				
Appropriations received	\$ 975	\$ –	\$ 2,871	\$ 1,374
Other cash received	490	528	1,279	1,267
Cash paid to employees and suppliers	(2,928)	(1,519)	(6,892)	(3,119)
Interest received	13	112	33	124
	(1,450)	(879)	(2,709)	(354)
Capital activities				
Acquisition of capital assets	(821)	(187)	(4,391)	(272)
	(821)	(187)	(4,391)	(272)
Investing activities				
Increase in endowment cash and investments	(246)	(158)	(302)	(280)
	(246)	(158)	(302)	(280)
Financing activities				
Appropriations received for the acquisition of capital assets	–	–	2,250	–
Contributions received for endowment	210	62	244	178
	210	62	2,494	178
Decrease in cash	(2,307)	(1,162)	(4,908)	(728)
Cash, beginning of period	6,366	4,168	8,967	3,734
Cash, end of period	\$ 4,059	\$ 3,006	\$ 4,059	\$ 3,006

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)

September 30, 2012
(in thousands of dollars)

1. Authority and objectives

The Canadian Museum of Immigration at Pier 21 (the "Museum") was established under the *Museums Act*. The Museum came into force November 25, 2010 and 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 period ended March 31, 2012.

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 Management Discussion for the six months ended September 30, 2012 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2012.

4. Endowment

Endowment cash and investments consist of the following:

	September 30		March 31	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 177	\$ 177	\$ 560	\$ 560
Investment funds				
Fixed income	3,310	3,449	3,099	3,166
Canadian equity	603	562	578	527
US equity	514	563	490	549
Alternatives	1,105	1,076	681	674
	5,532	5,650	4,848	4,916
	\$ 5,709	\$ 5,827	\$ 5,408	\$ 5,476

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

September 30, 2012
(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	September 30 2012
Balance, beginning of period	\$ 1,795	\$ 11,139	\$ 237	\$ 13,171
Add:				
Appropriations received to acquire capital assets	–	–	–	–
Less:				
Amortization of deferred contributions related to capital assets	(129)	(270)	(3)	(402)
Balance, end of period	\$ 1,666	\$ 10,869	\$ 234	\$ 12,769

For the six months ended	Transfer from Pier 21 Society	Appropriations	Other contributions	September 30 2012
Balance, beginning of period	\$ 1,925	\$ 9,107	\$ 237	\$ 11,269
Add:				
Appropriations received to acquire capital assets	–	2,250	–	2,250
Less:				
Amortization of deferred contributions related to capital assets	(259)	(488)	(3)	(750)
Balance, end of period	\$ 1,666	\$ 10,869	\$ 234	\$ 12,769

For the year ended	Transfer from Pier 21 Society	Appropriations	Other contributions	March 31 2012
Balance, beginning of period	\$ 2,441	\$ 1,722	\$ 70	\$ 4,233
Add:				
Appropriations received to acquire capital assets	–	7,525	–	7,525
Other contributions received from related party to acquire capital assets	–	–	167	167
Less:				
Amortization of deferred contributions related to capital assets	(516)	(140)	–	(656)
Balance, end of period	\$ 1,925	\$ 9,107	\$ 237	\$ 11,269

The unused portion of deferred contributions related to capital assets was \$825 at September 30, 2012 (March 31, 2012 – \$2,966). Other contributions received from a related party were received from the Halifax Port Authority and related to the lease of the Pier 21 premises.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

September 30, 2012
(in thousands of dollars)

6. Appropriations

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

	Three months ended September 30		Six months ended September 30	
	2012	2011	2012	2011
Parliamentary appropriations provided				
Main estimates	\$ 9,950	\$ –	\$ 9,950	\$ –
Supplementary estimates	–	9,975	–	9,975
Statutory appropriations provided	–	3,850	–	3,850
	9,950	13,825	9,950	13,825
Portion of appropriation for future expenses and capital projects	(7,079)	(12,451)	(5,183)	(12,451)
Amount received in prior quarter	(1,896)	(1,374)	(1,896)	–
Appropriations received for operating in the current period	975	–	2,871	1,374
Amortization of deferred contributions related to capital assets	270	8	488	11
Appropriations recognized as revenue	\$ 1,245	\$ 8	\$ 3,359	\$ 1,385

For the fiscal year 2011-2012, Parliament had approved a statutory appropriation to bridge the gap until the normal flow of parliamentary appropriations. The statutory appropriation, which was available for both operating and capital expenditures, enabled the Museum to operate until its appropriations were granted on June 27, 2011 by Parliament through Supplementary Estimates in the regular appropriations cycle.

7. Comparative figures

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Schedule 1 – Operating Revenue (Unaudited)

(in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2012	2011	2012	2011
Hall rental	\$ 112	\$ 77	\$ 230	\$ 186
Gift shop	129	136	180	190
Special events	1	1	179	101
Exhibition hall ticket sales	130	149	174	208
Family History centre	29	34	42	49
Programming	3	2	13	16
	\$ 404	\$ 399	\$ 818	\$ 750

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2012	2011	2012	2011
Personnel costs	\$ 1,002	\$ 882	\$ 1,989	\$ 1,347
Amortization of capital assets	402	137	750	269
Rent	282	275	557	537
Operating supplies and services	76	63	269	82
Professional and special services	73	100	267	245
Cost of goods sold	74	71	166	138
Repairs and maintenance and building operation	89	107	154	179
Payment in lieu of taxes	62	25	100	50
Marketing and promotion	65	33	92	71
Office supplies and administration	51	35	90	111
Training and professional development	56	29	90	55
Exhibition and programming	60	5	86	32
Utilities	44	32	86	58
Travel	3	8	12	11
	\$ 2,339	\$ 1,802	\$ 4,708	\$ 3,185