

Quarterly Financial Reports of

# **CANADIAN MUSEUM OF IMMIGRATION AT PIER 21**

June 30, 2012

# MANAGEMENT DISCUSSION

For the three months ended June 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 \$2.5 million at June 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 quarter ended June 30, 2012, the Museum’s operating results were an excess of revenues over expenses of \$0.4 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 most of the 2011-2012 unrestricted net assets.

For the quarter ended June 30, 2012, revenues were \$0.5 million, excluding amortization, which is relatively unchanged compared to 2011 and slightly higher than budget. The success of the special events fundraising was offset by lower donations and lower ticket sales. The decrease in ticket sales is attributed to a lower number of visitors due to the ongoing construction and good weather in May and June 2012.

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 quarter ended June 30, 2012, expenses were \$2.4 million compared to \$1.4 million in the same quarter of the prior year. Overall, most expenses have increased in comparison to the prior year’s quarter as operations have expanded but are lower than budget for the quarter. 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.

As a transitional provision, the Museum received authority to access a statutory appropriation of up to \$15 million to bridge the gap until the normal flow of regular appropriations. The statutory appropriation was available to cover its operating and capital costs for up to one year until its appropriations were granted by Parliament through the regular appropriations cycle. In June 2011, parliamentary appropriations were approved for the remainder of the year through Supplementary Estimates (A). The Museum was able to go through the regular appropriations cycle and was included in the 2012-2013 Main Estimates where \$10 million was approved to cover the Museum's 2012-2013 operating and capital costs. In the first quarter, \$4.1 million has been received.

Endowment investment net income of \$0.02 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 decrease in the accumulated remeasurement gains of \$0.008 million was recorded this quarter, which partially offsets the investment revenues when looking at the overall performance of the endowment funds.

#### *Financial Position*

Total assets at June 30, 2012 were \$24 million which is relatively unchanged from March 31, 2012. The decrease in cash of \$2.6 million was largely offset by the increase in capital assets of \$3.2 million.

Total liabilities and net assets of \$24 million were relatively unchanged from March 31, 2012. The decrease in accounts payable of \$1.9 million was offset by the increase in deferred contributions related to capital assets of \$1.9 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 quarter of 2012-2013. They include the retro-fit of the upper and lower annex anticipated to be substantially completed by 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 anticipated to be substantially completed by 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**

June 30, 2012

## 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 Blunden, CA  
Chief Financial Officer

Halifax, Canada  
August 20, 2012

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

## Statement of Financial Position (Unaudited)

As at June 30, 2012

(in thousands of dollars)

	June 30 2012	March 31 2012
<b>Assets</b>		
Current assets		
Cash	\$ 6,366	\$ 8,967
Accounts receivable	450	841
Inventory	191	143
Prepaid expenses	17	12
	7,024	9,963
Endowment cash and investments (note 4)	5,532	5,476
Capital assets	11,525	8,303
Collections	1	1
	\$ 24,082	\$ 23,743
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,805	\$ 4,686
Deferred revenue	49	163
Deferred contributions related to capital assets (note 5)	13,171	11,269
Net assets		
Unrestricted	2,476	2,070
Accumulated remeasurement gains	60	68
Endowment	5,521	5,487
	8,057	7,625
	\$ 24,082	\$ 23,743

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, 2012  
(in thousands of dollars)

	June 30 2012	June 30 2011
<b>Revenues</b>		
Operating (schedule 1)	\$ 414	\$ 351
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	130	129
Donations	72	144
Interest and other	23	18
	<u>639</u>	<u>642</u>
<b>Expenses</b> (schedule 2)		
Visitor experience and connections	618	222
Internal services	964	633
Accommodation	787	528
	<u>2,369</u>	<u>1,383</u>
Excess of expenses over revenues before appropriations and endowment investment net income (loss)	<u>(1,730)</u>	<u>(741)</u>
Appropriations (note 6)	2,114	1,377
Endowment investment net income (loss)	22	(6)
Excess of revenues over expenses	<u>\$ 406</u>	<u>\$ 630</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, 2012

*(in thousands of dollars)*

	June 30 2012	June 30 2011
Accumulated remeasurement gains, beginning of period	\$ 68	\$ 5
Unrealized losses on endowment investments	(8)	(51)
Accumulated remeasurement gains (losses), end of period	\$ 60	\$ (46)

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, 2012

*(in thousands of dollars)*

	Unrestricted	Accumulated remeasurement gains	Endowment	June 30 2012	June 30 2011
Net assets, beginning of period	\$ 2,070	\$ 68	\$ 5,487	\$ 7,625	\$ 6,167
Excess of revenues over expenses	406	–	–	406	630
Remeasurement losses	–	(8)	–	(8)	(51)
Contributions received for endowment	–	–	34	34	116
Net assets, end of period	\$ 2,476	\$ 60	\$ 5,521	\$ 8,057	\$ 6,862

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, 2012

(in thousands of dollars)

	June 30 2012	June 30 2011
<b>Operating activities</b>		
Appropriations received	\$ 1,896	\$ 1,374
Other cash received	789	739
Cash paid to employees and suppliers	(3,964)	(1,600)
Interest received	20	12
	(1,259)	525
<b>Capital activities</b>		
Acquisition of capital assets	(3,570)	(85)
	(3,570)	(85)
<b>Investing activities</b>		
Increase in endowment cash and investments	(56)	(122)
	(56)	(122)
<b>Financing activities</b>		
Appropriations received for the acquisition of capital assets	2,250	–
Contributions to endowment	34	116
	2,284	116
(Decrease) increase in cash	(2,601)	434
Cash, beginning of period	8,967	3,734
Cash, end of period	\$ 6,366	\$ 4,168

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, 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 year 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 three months ended June 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:

	June 30 2012		March 31 2012	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 41	\$ 41	\$ 564	\$ 564
Investment funds				
Fixed income	3,241	3,355	3,099	3,166
Canadian equity	597	519	578	527
US equity	507	546	490	549
Alternatives	1,094	1,079	681	674
	5,439	5,499	4,848	4,916
Management fee net accrual	(8)	(8)	(4)	(4)
	\$ 5,472	\$ 5,532	\$ 5,408	\$ 5,476

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 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	June 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	(130)	(218)	–	(348)
Balance, end of period	\$ 1,795	\$ 11,139	\$ 237	\$ 13,171

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 \$1,646 at June 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)

For the three months ended June 30, 2012  
(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 2012	June 30 2011
Parliamentary appropriations provided		
Main estimates	\$ 9,950	\$ –
Supplementary estimates	–	9,975
Statutory appropriations provided	–	3,850
	9,950	13,825
Portion of appropriation for future expenses and capital projects	(8,054)	(12,451)
Appropriations received for operating in the current period	1,896	1,374
Amortization of deferred contributions related to capital assets	218	3
Appropriations recognized as revenue	\$ 2,114	\$ 1,377

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)

For the three months ended	June 30 2012	June 30 2011
Special events	\$ 178	\$ 100
Hall rental	118	109
Gift shop	51	54
Exhibition hall ticket sales	44	59
Research centre	13	15
Programming	10	14
	<b>\$ 414</b>	<b>\$ 351</b>

## Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

For the three months ended	June 30 2012	June 30 2011
Personnel costs	\$ 987	\$ 464
Amortization of capital assets	348	132
Rent	275	262
Professional and special services	194	145
Operating supplies and services	193	19
Cost of goods sold	92	67
Repairs and maintenance and building operation	65	72
Utilities	42	26
Office supplies and administration	39	76
Payment in lieu of taxes	38	25
Training and professional development	34	26
Marketing, promotion and recognition	27	37
Exhibition and programming	26	29
Travel	9	3
	<b>\$ 2,369</b>	<b>\$ 1,383</b>