

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2013

MANAGEMENT DISCUSSION

For the three months ended June 30, 2013

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, 2013 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, 2013.

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 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

Over the past two years, the Museum has established the foundation to become a national museum and has put in place the facilities, the technology and the team to grow the Museum both in size and scope. Major projects are still ongoing: the development of the first travelling exhibition *Canada: Day 1* is on track for a late 2013 launch; the multi-year project to catalogue the Collection and to make it accessible on the *CollectiveAccess* database is well underway; and the first national advertising campaign launched in March 2013 ran until the end of June 2013, increasing Canadian public awareness for the Museum. Plans are underway for the refit of existing spaces and the expansion of the Museum. This two-year project will result in new permanent exhibits reflective of the Museum’s national mandate.

Operations

The operating results for the quarter ended June 30, 2013 yielded \$0.04 million excess of expenses over revenues compared to \$0.40 million excess of revenues over expenses for the quarter ended June 30, 2012. When combined with the \$2.69 million in unrestricted net assets at March 31, 2013, this results in unrestricted net assets at June 30, 2013 of \$2.65 million.

For the quarter ended June 30, 2013, self-generated revenues including operating revenues, donations, and interest and other revenues were \$0.44 million, slightly lower than 2012 and budget. The success of the special events fundraising was offset by lower donations, rentals and interest. The decrease in donations is attributed to the timing of major gifts receipts.

Net income earned on the endowment investments of \$0.03 million, included in the Statement of Operations for the quarter ended June 30, 2013, is slightly higher than 2012. 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 losses of \$0.12 million was recorded for the quarter, which results in an overall negative performance for the endowment investments of \$0.09 million for the quarter ended June 30, 2013.

Expenses for the quarter ended June 30, 2013 increased \$0.62 million, from \$2.37 million in 2012 to \$2.99 million in 2013. The increase was planned in the budget and utilized some unrestricted net assets. This increase is primarily due to the Museum's expanded operations. The most significant increases were \$0.35 million in marketing and promotion for the national ad campaign and \$0.19 million in personnel costs resulting from the planned increase in the number of employees.

Financial Position

Total assets at June 30, 2013 were \$23.97 million compared to \$22.08 million at March 31, 2013. The \$1.89 million increase is due to the increase in cash of \$2.79 million, largely offset by the decrease in accounts receivable of \$0.43 million and in capital assets of \$0.38 million. The increase in cash is mainly attributable to the appropriations received for the refit and expansion projects taking place in the current year. The decrease in capital assets is due to amortization.

Total liabilities increased by \$1.99 million to \$15.04 million at June 30, 2013 due to the \$2.14 million increase in deferred contributions related to capital assets offset by a \$0.05 million decrease in accounts payable and accrued liabilities and \$0.10 million decrease in deferred revenues. The increase in deferred contributions related to capital assets is attributable to the appropriations received for capital projects.

BUSINESS RISKS

Management has not identified any new business risks to those discussed in the 2012-2013 annual Management Discussion and Analysis and continues to monitor risks related to the capital project.



Marie Chapman
Chief Executive Officer



Kendall Blunden, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2013

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 19, 2013

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)

As at June 30, 2013

(in thousands of dollars)

	June 30 2013	March 31 2013
Assets		
Current assets		
Cash	\$ 5,890	\$ 3,105
Accounts receivable	159	589
Inventory	200	154
Prepaid expenses	24	128
	6,273	3,976
Endowment cash and investments (note 4)	6,238	6,257
Capital assets	11,458	11,842
Collections	1	1
	\$ 23,970	\$ 22,076
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 942	\$ 993
Deferred revenue	52	156
Deferred contributions related to capital assets (note 5)	14,041	11,902
Net assets		
Unrestricted	2,653	2,692
Internally restricted	282	282
Accumulated remeasurement losses	(119)	(3)
Endowment	6,119	6,054
	8,935	9,025
	\$ 23,970	\$ 22,076

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, 2013
(in thousands of dollars)

	June 30 2013	June 30 2012
Revenues		
Operating (schedule 1)	\$ 408	\$ 414
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	129	130
Amortization of deferred contributions related to capital assets received from a related party	6	–
Donations	19	72
Interest and other	13	23
	<u>575</u>	<u>639</u>
Expenses (schedule 2)		
Visitor experience and connections	725	618
Internal services	1,305	964
Accommodation	955	787
	<u>2,985</u>	<u>2,369</u>
Excess of expenses over revenues before appropriations and endowment investment net income	<u>(2,410)</u>	<u>(1,730)</u>
Appropriations (note 6)	2,339	2,114
Endowment investment net income	32	22
(Deficiency) excess of revenues over expenses	<u>\$ (39)</u>	<u>\$ 406</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, 2013

(in thousands of dollars)

	June 30 2013	June 30 2012
Accumulated remeasurement gains (losses), beginning of period	\$ (3)	\$ 68
Unrealized losses on endowment investments	(116)	(8)
Accumulated remeasurement gains (losses), end of period	\$ (119)	\$ 60

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, 2013

(in thousands of dollars)

	Unrestricted	Internally restricted	Accumulated remeasurement losses	Endowment	June 30 2013	June 30 2012
Net assets, beginning of period	\$ 2,692	\$ 282	\$ (3)	\$ 6,054	\$ 9,025	\$ 7,625
(Deficiency) excess of revenues over expenses	(39)	–	–	–	(39)	406
Remeasurement losses	–	–	(116)	–	(116)	(8)
Contributions received for endowment	–	–	–	65	65	34
Net assets, end of period	\$ 2,653	282	\$ (119)	\$ 6,119	\$ 8,935	\$ 8,057

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, 2013
(in thousands of dollars)

	June 30 2013	June 30 2012
Operating activities		
Appropriations received	\$ 2,033	\$ 1,896
Other cash received	785	789
Cash paid to employees and suppliers	(2,537)	(3,964)
Interest received	13	20
	294	(1,259)
Capital activities		
Acquisition of capital assets	(57)	(3,570)
	(57)	(3,570)
Investing activities		
Increase in endowment cash and investments	(97)	(56)
	(97)	(56)
Financing activities		
Appropriations received for the acquisition of capital assets	2,580	2,250
Contributions to endowment	65	34
	2,645	2,284
Increase (decrease) in cash	2,785	(2,601)
Cash, beginning of period	3,105	8,967
Cash, end of period	\$ 5,890	\$ 6,366

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, 2013
(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, 2013.

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, 2013 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2013.

4. Endowment

Endowment cash and investments consist of the following:

	June 30 2013		March 31 2013	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 68	\$ 68	\$ 161	\$ 161
Investment funds				
Fixed income	4,412	4,267	4,265	4,234
Global equity	525	629	512	584
Alternatives	1,352	1,274	1,322	1,278
	6,289	6,170	6,099	6,096
	\$ 6,357	\$ 6,238	\$ 6,260	\$ 6,257

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2013
(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 2013
Balance, beginning of period	\$ 1,408	\$ 10,272	\$ 222	\$ 11,902
Add:				
Appropriations received to acquire capital assets	–	2,580	–	2,580
Less:				
Amortization of deferred contributions related to capital assets	(129)	(306)	(6)	(441)
Balance, end of period	\$ 1,279	\$ 12,546	\$ 216	\$ 14,041

For the year ended	Transfer from Pier 21 Society	Appropriations	Other contributions	March 31 2013
Balance, beginning of year	\$ 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	(517)	(1,085)	(15)	(1,617)
Balance, end of year	\$ 1,408	\$ 10,272	\$ 222	\$ 11,902

The unused portion of deferred contributions related to capital assets was \$2,583 at June 30, 2013 (March 31, 2013 – \$60). 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, 2013
(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 2013	June 30 2012
Parliamentary appropriations provided		
Main estimates	\$ 18,450	\$ 9,950
Portion of appropriation for capital projects	(10,750)	(2,250)
Portion of appropriation for future expenses	(5,667)	(5,804)
Appropriations received for operating in the current period	2,033	1,896
Amortization of deferred contributions related to capital assets	306	218
Appropriations recognized as revenue	\$ 2,339	\$ 2,114

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Schedule 1 – Operating Revenue (Unaudited)

(in thousands of dollars)

For the three months ended	June 30 2013	June 30 2012
Special events	\$ 173	\$ 178
Hall rental	106	118
Gift shop	53	51
Exhibition hall ticket sales	49	44
Programming	14	10
Family history centre	13	13
	\$ 408	\$ 414

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

For the three months ended	June 30 2013	June 30 2012
Personnel costs	\$ 1,174	\$ 987
Amortization of capital assets	441	348
Marketing, promotion and recognition	375	27
Rent	286	275
Exhibition and programming	196	26
Professional and special services	113	194
Cost of goods sold	94	92
Repairs and maintenance and building operation	81	65
Utilities	63	42
Payment in lieu of taxes	45	38
Office supplies and administration	44	39
Training and professional development	44	34
Operating supplies and services	23	193
Travel	6	9
	\$ 2,985	\$ 2,369