Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2016

NARRATIVE DISCUSSION

For the three months ended June 30, 2016

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, 2016 management discussion and analysis and annual audited financial statements.

OUTLOOK

It has been one year since the expanded Museum opened in May 2015, and in that time visitation has hit record levels. In the first quarter of 2016-17, more than 28,000 people visited the Museum, with paid visitation just slightly below budget, and school visitation exceeding target. A continued focus on marketing and communication is attracting visitors both onsite and online, with web visitation also exceeding target. The *Empress of Ireland* exhibit, developed in partnership with the Canadian Museum of History, continues to be popular with complementary school and public programming attracting local visitation. The Museum's new Artist in Residence program also complements the *Empress of Ireland* exhibit and is proving to be popular with visitors of all ages.

The Museum's first travelling exhibit, Canada: Day 1, continues to move across Canada telling the stories of newcomers' experiences on their first day in Canada. Canada: Day 1 completed its run in Moose Jaw on May 1, 2016, attracting almost 10,000 visitors. The exhibit opened in Red Deer on May 5, 2016 and will continue to travel the country as the Museum's legacy project for Canada's 150th anniversary in 2017. Smaller Canada: Day 1 exhibits have been developed in partnership with Immigration, Refugees and Citizenship Canada and Global Affairs Canada and are planned to begin travelling this year to venues across Canada and to embassies internationally.

FINANCIAL RESULTS

Operations

The operating results for the quarter ended June 30, 2016 yielded a net income of \$189,000 compared to a net loss of operations of \$107,000 for the quarter ended June 30, 2015. When combined with the \$2,402,000 in unrestricted net assets at March 31, 2016, this resulted in unrestricted net assets at June 30, 2016 of \$2,591,000.

For the quarter ended June 30, 2016, self-generated revenues including operating revenues, donations, and interest and other revenues increased \$203,000 from \$486,000 in 2015 to \$689,000 in 2016. The increase from the prior year is primarily due to higher rental, ticket, gift shop and family history centre sales and programming revenues. The higher rental sales were due to a strong April 2016 (Museum closed in April 2015) and three large multi-day events. Higher ticket, gift shop and family history sales are due to increased visitation and the Museum being fully operational for the whole quarter. In 2015-16, the Museum reopened partially at the beginning of May 2015 with one of the two major exhibits available and had its grand reopening at the end of June 2015. Programming revenues also increased due to a higher number of school groups and the timing of the travelling exhibit rental. *Canada: Day 1* opened in Red Deer in May 2016.

The endowment investments realized a net loss of \$14,000, which is included in the Statement of Operations for the quarter ended June 30, 2016, compared to a net income of \$35,000 in 2015. 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 \$129,000 was recorded for the quarter, which results in an overall positive performance for the endowment investments of \$115,000 for the quarter ended June 30, 2016.

Expenses for the quarter ended June 30, 2016 decreased \$122,000 from \$3,122,000 in 2015 to \$3,000,000 in 2016, and were lower than budget. Decreases are mainly due to expenses related to the 2015 Museum's expansion and reopening not recurring in 2016. It is anticipated that expenses will increase during the remainder of the year, utilizing some of the unrestricted net assets, as planned.

Financial Position

Total assets at June 30, 2016 were \$30,500,000 compared to \$30,966,000 at March 31, 2016. The \$466,000 decrease is due to the decrease in capital assets, cash and accounts receivable offset mainly by the increase in endowment cash and investments. The decrease in capital assets is attributable to the amortization net of acquisitions. The decrease in cash is mainly attributable to payments for the acquisition of capital assets. The decrease in accounts receivable is mainly due to the decrease in HST receivable due to the completion of the capital project.

Total liabilities decreased by \$784,000 to \$19,921,000 at June 30, 2016 due to the \$128,000 decrease in accounts payable and accrued liabilities, the \$67,000 decrease in deferred revenue and the \$589,000 decrease in deferred contributions related to capital assets. The decrease in accounts payable and accrued liabilities is mainly due to costs associated with the capital project. The decrease in deferred revenue is mainly due to the timing of events. The decrease in deferred contributions related to capital assets is attributable to the amortization.

BUSINESS RISKS

Management has not identified any new business risks to those discussed in the 2015-16 annual Management Discussion and Analysis and has removed the risks related to the capital project as it is now complete.

Chief Executive Officer

Kendall J. Blunden, CPA, CA

Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2016

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 guarterly financial statements.

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

Marie Chapman

Chief Executive Officer

Kerdall J. Blunden, CPA, CA Chief Financial Officer

Halifax, Canada August 18, 2016

Statement of Financial Position (Unaudited)

As at June 30, 2016 (in thousands of dollars)

	June 30	March 31
	2016	2016
Assets		
Current assets		
Cash	\$ 2,816	\$ 2,936
Accounts receivable	166	194
Inventory	183	151
Prepaid expenses	77	57
	3,242	3,338
Endowment cash and investments (note 4)	7,961	7,846
Capital assets	19,296	19,781
Collections	1	1
	\$ 30,500	\$ 30,96
Liabilities and net assets		
Current liabilities		
Current liabilities Accounts payable and accrued liabilities	\$ 601	\$ 729
	\$ 601 126	\$
Accounts payable and accrued liabilities	\$	\$ 729 193 19,783
Accounts payable and accrued liabilities Deferred revenue	\$ 126	\$ 193
Accounts payable and accrued liabilities Deferred revenue Deferred contributions related to capital assets (note 5)	\$ 126	\$ 193 19,783
Accounts payable and accrued liabilities Deferred revenue Deferred contributions related to capital assets (note 5) Net assets	\$ 126 19,194	\$ 193
Accounts payable and accrued liabilities Deferred revenue Deferred contributions related to capital assets (note 5) Net assets Unrestricted	\$ 126 19,194 2,591	\$ 193 19,783 2,402 352
Accounts payable and accrued liabilities Deferred revenue Deferred contributions related to capital assets (note 5) Net assets Unrestricted Internally restricted	\$ 126 19,194 2,591 352 203	\$ 193 19,783 2,402 352 74
Accounts payable and accrued liabilities Deferred revenue Deferred contributions related to capital assets (note 5) Net assets Unrestricted Internally restricted Accumulated remeasurement gains (losses)	\$ 126 19,194 2,591 352	\$ 193 19,783 2,402

Statement of Operations (Unaudited)

For the three months ended June 30, 2016 *(in thousands of dollars)*

	June 30 2016	June 30 2015
Revenues		
Operating (schedule 1) Amortization of deferred contributions related to	\$ 574	\$ 359
capital assets transferred from Pier 21 Society Amortization of deferred contributions related to	_	123
capital assets received from a related party	23	14
Donations	109	115
Interest and other	6	12
	712	623
Expenses (schedule 2)		
Visitor experience and connections	690	764
Accommodation	1,259	1,233
Internal services	1,051	1,125
	3,000	3,122
Net result of operations before appropriations and		
endowment investment net income	(2,288)	(2,499)
Appropriations (note 6)	2,491	2,357
Endowment investment net income (loss)	(14)	35
Net result of operations	\$ 189	\$ (107)

Statement of Remeasurement Gains and Losses (Unaudited)

For the three months ended June 30, 2016 *(in thousands of dollars)*

	June 30 2016	June 30 2015
Accumulated remeasurement gains (losses), beginning of period	\$ 74	\$ 258
Realized (gains) losses on endowment investments reclassified to operations	14	_
Unrealized gains (losses) on endowment investments	115	(108)
Accumulated remeasurement gains (losses), end of period	\$ 203	\$ 150

Statement of Changes in Net Assets (Unaudited)

For the three months ended June 30, 2016 (in thousands of dollars)

	Un	restricted	ernally stricted	Accumulated emeasurement gains (losses)	En	dowment	June 30 2016	June 30 2015
Net assets, beginning of period	\$	2,402	\$ 352	\$ 74	\$	7,433	\$ 10,261	\$ 10,846
Net result of operations		189	_	_		_	189	(107)
Remeasurement gains (losses)		_	_	129		_	129	(108)
Contributions received for endowment		_	_	-		_	_	-
Net assets, end of period	\$	2,591	\$ 352	\$ 203	\$	7,433	\$ 10,579	\$ 10,631

Statement of Cash Flows (Unaudited)

For the three months ended June 30, 2016 *(in thousands of dollars)*

	June 30	June 30
	2016	2015
Operating activities		
Appropriations received	\$ 1,925 \$	2,660
Other cash received	645	925
Cash paid to employees and suppliers	(2,448)	(2,153)
Interest received	5	13
	127	1,445
Capital activities		
Acquisition of capital assets	(207)	(2,643)
	(207)	(2,643)
Investing activities		
Acquisition of endowment investments	(42)	(47)
Disposal of endowment investments	2	12
	(40)	(35)
Financing activities		
Contributions to endowment	_	_
	_	_
Decrease in cash	(120)	(1,233
Cash, beginning of period	2,936	6,577
Cash, end of period	\$ 2,816 \$	5,344

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2016 (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, 2016.

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, 2016 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2016.

4. Endowment

Endowment cash and investments consist of the following:

		June 30 2016		March 31 2016
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 65	\$ 65	\$ 66	\$ 66
	65	65	66	66
Investment funds				
Fixed income	4,680	4,743	4,699	4,666
Alternatives	3,013	3,153	3,007	3,114
	7,693	7,896	7,706	7,780
	\$ 7,758	\$ 7,961	\$ 7,772	\$ 7,846

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2016 (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	 nsfer from 21 Society	Аp	propriations	со	Other entributions	June 30 2016
Balance, beginning of period	\$ _	\$	18,656	\$	1,127	\$ 19,783
Less: Amortization of deferred contributions related to capital assets	_		(566)		(23)	(589)
Balance, end of period	\$ -	\$	18,090	\$	1,104	\$ 19,194

For the year ended	 nsfer from 21 Society	Арј	propriations	СО	Other Intributions	March 31 2016
Balance, beginning of year	\$ 408	\$	20,775	\$	1,210	\$ 22,393
Less: Amortization of deferred contributions related to capital assets	(408)		(2,119)		(83)	(2,610)
Balance, end of year	\$ _	\$	18,656	\$	1,127	\$ 19,783

The unused portion of deferred contributions related to capital assets was nil at June 30, 2016 (March 31, 2016 – \$2). Other contributions received from a related party were received from the Halifax Port Authority as per the lease of the Pier 21 premises for leasehold improvements to the premises.

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2016 (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	June 30
	2016	2015
Parliamentary appropriations provided		
Main estimates	\$ 7,700	\$ 7,700
Portion of appropriation for future expenses	(5,775)	(5,775)
Appropriations received for operating in the current period	1,925	1,925
Amortization of deferred contributions related to capital assets	566	432
Appropriations recognized as revenue	\$ 2,491	\$ 2,357

At June 30, 2016, no appropriations were recorded as deferred revenue since none has been received for the operations of the quarter ending September 30, 2016 (2015 – \$735).

7. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period. Certain expenses in Schedule 2 to the financial statements have been reclassified to include all of the Museum's travel and hospitality expenses under one expense line item. Some travel and hospitality expenses were previously allocated to the activity they supported. In addition, the Statement of Cash Flows, which previously presented the investing activities on a net basis, has been adjusted to present the investing activities on a gross basis.

Schedule 1 – Operating Revenue (Unaudited) *(in thousands of dollars)*

For the three months ended	June 30 2016		June 30 2015
Special events	\$ 197	\$	162
Hall rental	140	•	57
Exhibition hall ticket sales	101		62
Gift shop	71		50
Programming	40		10
Family history centre	25		18
	\$ 574	\$	359

Schedule 2 – Expenses (Unaudited) (in thousands of dollars)

For the three months ended	June 30	June 30
	2016	2015
Personnel costs	\$ 1,376	\$ 1,415
Amortization of capital assets	589	569
Rent and related costs	405	387
Repairs and maintenance and building operation	91	118
Cost of goods sold	90	78
Utilities	78	72
Marketing, promotion and recognition	67	103
Office supplies and administration	63	53
Payment in lieu of taxes	55	50
Travel and hospitality	55	26
Exhibition and programming	47	105
Professional and special services	43	35
Operating supplies and services	41	58
Museum reopening costs	_	53
	\$ 3,000	\$ 3,122