

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

December 31, 2015

NARRATIVE DISCUSSION

For the nine months ended December 31, 2015

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, 2015 Management Discussion and Analysis and annual audited financial statements.

OUTLOOK

On June 25, 2015, the Museum’s grand reopening was held where two new exhibitions were launched, marking the completion of a five year capital and thematic expansion project. The expanded Museum has been well received by visitors, with the Museum experiencing its highest visitation ever. An integrated marketing and communications campaign is supporting the launch of the expanded Museum and is attracting visitors both onsite and online.

In November 2015, the *Empress of Ireland* exhibit, developed in partnership with the Canadian Museum of History, opened with complementary public and education programs. The exhibit will be onsite until November 2016.

For those that can’t visit in person, an online presence via the website and social media offers a way to experience the Museum. In addition, the *Canada: Day 1* travelling exhibition continues to move across Canada telling the stories of newcomers’ experiences on their first day in Canada. *Canada: Day 1* opened at the Western Development Museum – Moose Jaw in December 2015 and will continue to travel the country as the Museum’s legacy project for Canada’s 150th anniversary in 2017.

FINANCIAL RESULTS

Operations

The net result of operations for the nine months ended December 31, 2015, yielded a net loss of \$1,000 compared to a net income of \$1,176,000 for the nine months ended December 31, 2014. When combined with the \$3,033,000 in unrestricted net assets at March 31, 2015, this results in unrestricted net assets at December 31, 2015, of \$3,032,000.

For the nine months ended December 31, 2015, self-generated revenues increased by \$123,000 from \$1,555,000 in 2014 to \$1,678,000 in 2015 but were lower than budget. Self-generated revenues include operating revenues, donations, and interest and other revenues. The increase from the prior year is primarily due to higher ticket sales and donations offset by lower rental sales and interest and other revenues. Ticket sales increased \$136,000 to \$386,000 attributed to the new exhibits. The Museum had set ambitious visitation targets for the months after the reopening and while visitation is at record levels, actual results were less than budgeted. The increase in donations of \$81,000 is attributed mainly to the timing of major gifts. Donations were under budget by \$218,000 at the end of the third quarter which is forecast to grow by the end of the year. This is attributed to a longer lead time than expected to secure named gifts for the new museum spaces. Lower rental sales were budgeted due to the Museum’s closure for its capital project. Lower interest and other revenues were also budgeted due to the reduced cash balance following the completion of the capital project.

Net income earned on the endowment investments of \$122,000 included in the Statement of Operations for the nine months ended December 31, 2015, is higher than the \$115,000 earned in the same period of 2014. 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 decrease of \$94,000 was recorded in the accumulated remeasurement gains which resulted in an overall positive performance for the endowment investments of \$28,000 for the nine months ended December 31, 2015, compared to a positive performance of \$280,000 for the same period in 2014.

Expenses for the nine months ended December 31, 2015, increased \$1,320,000, from \$8,614,000 in 2014 to \$9,934,000 in 2015. Total expenses include the amortization of the capital assets which has increased \$683,000 compared to the same period in 2014 following the completion of the capital project. Marketing, promotion and recognition expenses increased by \$413,000 compared to the prior period due to the national advertising campaign promoting the expanded museum. The rent and related costs have increased by \$306,000 for the nine months ended December 31, 2015 primarily because of the addition of the Shed 22 space. Personnel costs increased \$310,000 from \$3,926,000 to \$4,236,000 but were a little lower than budget. Offsetting the increases are lower costs for exhibition and programming of \$488,000 mainly due to the lower cost of exhibits development. Other expenses netted an increase of \$96,000 due to the Museum's opening celebration costs of \$55,000 and the building operation costs related to the expanded footprint. It is anticipated that other expenses will increase during the remainder of the year, utilizing some of the unrestricted net assets, as planned.

The Museum is implementing Treasury Board's *Directive on Travel, Hospitality, Conference and Event Expenditures* as directed by the Governor in Council. For the Museum, this results in a change on how some expenditures are classified. Some travel and hospitality expenditures were previously allocated to the activity they supported but are now being reported as a total. There was no impact on net result of operations or net assets as a result of this reclassification.

Financial Position

Total assets at December 31, 2015, were \$32,611,000 compared to \$35,513,000 at March 31, 2015. The \$2,902,000 decrease is due to the decrease in cash and accounts receivable net of the increase in capital assets. The decrease in cash is mainly attributable to payments related to the capital project. With the Museum's expansion completed, capital projects – work in progress amounts were transferred to the appropriate capital asset category and amortization over 10 to 15 years has commenced.

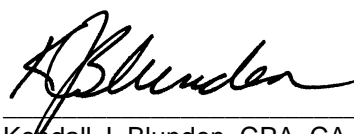
Total liabilities decreased by \$2,826,000 to \$21,841,000 at December 31, 2015, due to the decrease in accounts payable and accrued liabilities and the decrease in deferred contributions related to capital assets, offset by the increase in deferred revenue. The decrease in accounts payable and accrued liabilities is mainly due to the payment of costs associated with the capital project. The decrease in deferred contributions related to capital assets is attributable to the amortization. The increase in deferred revenue is mainly due to the receipt of January 2016's appropriations in December 2015.

BUSINESS RISKS

Management has not identified any new business risks to those discussed in the 2014-15 annual Management Discussion and Analysis.



Marie Chapman
Chief Executive Officer



Kendall J. Blunden, CPA, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

December 31, 2015

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, CPA, CA
Chief Financial Officer

Halifax, Canada
February 17, 2015

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)
(in thousands of dollars)

| | December 31 2015 | March 31 2015 |
|---|---------------------|------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 4,211 | \$ 6,577 |
| Accounts receivable | 127 | 1,210 |
| Inventory | 162 | 110 |
| Prepaid expenses | 89 | 64 |
| | <u>4,589</u> | <u>7,961</u> |
| Endowment cash and investments (note 4) | 7,847 | 7,800 |
| Capital assets | 20,174 | 19,751 |
| Collections | 1 | 1 |
| | <u>\$ 32,611</u> | <u>\$ 35,513</u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 597 | \$ 2,205 |
| Deferred revenue | 834 | 69 |
| Deferred contributions related to capital assets (note 5) | 20,410 | 22,393 |
| Net assets | | |
| Unrestricted | 3,032 | 3,033 |
| Internally restricted | 282 | 282 |
| Accumulated remeasurement gains (losses) | 164 | 258 |
| Endowment | <u>7,292</u> | <u>7,273</u> |
| | <u>10,770</u> | <u>10,846</u> |
| | <u>\$ 32,611</u> | <u>\$ 35,513</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 December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|---------------|----------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | |
| Operating (schedule 1) | \$ 299 | \$ 198 | \$ 1,266 | \$ 1,152 |
| Amortization of deferred contributions related to capital assets transferred from Pier 21 Society | 122 | 121 | 366 | 366 |
| Amortization of deferred contributions related to capital assets received from a related party | 23 | 6 | 61 | 18 |
| Donations | 232 | 105 | 384 | 303 |
| Rent refund | – | 575 | – | 575 |
| Interest and other | 8 | 36 | 28 | 100 |
| | <u>684</u> | <u>1,041</u> | <u>2,105</u> | <u>2,514</u> |
| Expenses (schedule 2) | | | | |
| Visitor experience and connections | 828 | 942 | 2,311 | 2,712 |
| Accommodation | 1,424 | 1,042 | 4,067 | 2,919 |
| Internal services | 1,041 | 935 | 3,556 | 2,983 |
| | <u>3,293</u> | <u>2,919</u> | <u>9,934</u> | <u>8,614</u> |
| Net result of operations before appropriations and endowment investment net income (loss) | (2,609) | (1,878) | (7,829) | (6,100) |
| Appropriations (note 6) | 2,883 | 2,554 | 7,706 | 7,161 |
| Endowment investment net income (loss) | 55 | 55 | 122 | 115 |
| Net result of operations | <u>\$ 329</u> | <u>\$ 731</u> | <u>\$ (1)</u> | <u>\$ 1,176</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)
(in thousands of dollars)

| | Three months ended December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|--------|----------------------------------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| Accumulated remeasurement gains (losses), beginning of period | \$ 146 | \$ 62 | \$ 258 | \$ (63) |
| Realized (gains) losses on endowment investments reclassified to operations | (13) | (20) | (13) | (25) |
| Unrealized gains (losses) on endowment investments | 31 | 60 | (81) | 190 |
| Accumulated remeasurement gains (losses), end of period | \$ 164 | \$ 102 | \$ 164 | \$ 102 |

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 | Internally restricted | Accumulated remeasurement gains (losses) | Endowment | December 31 2015 | December 31 2014 |
|---|--------------|-----------------------|--|-----------|---------------------|---------------------|
| Net assets, beginning of period | \$ 2,703 | \$ 282 | \$ 146 | \$ 7,283 | \$ 10,414 | \$ 9,984 |
| Net result of operations | 329 | – | – | – | 329 | 731 |
| Remeasurement gains (losses) | – | – | 18 | – | 18 | 40 |
| Contributions received for endowment | – | – | – | 9 | 9 | 27 |
| Net assets, end of period | \$ 3,032 | \$ 282 | \$ 164 | \$ 7,292 | \$ 10,770 | \$ 10,782 |

| For the nine months ended | Unrestricted | Internally restricted | Accumulated remeasurement gains (losses) | Endowment | December 31 2015 | December 31 2014 |
|---|--------------|-----------------------|--|-----------|---------------------|---------------------|
| Net assets, beginning of period | \$ 3,033 | \$ 282 | \$ 258 | \$ 7,273 | \$ 10,846 | \$ 9,311 |
| Net result of operations | (1) | – | – | – | (1) | 1,176 |
| Remeasurement gains (losses) | – | – | (94) | – | (94) | 165 |
| Contributions received for endowment | – | – | – | 19 | 19 | 130 |
| Net assets, end of period | \$ 3,032 | \$ 282 | \$ 164 | \$ 7,292 | \$ 10,770 | \$ 10,782 |

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 December 31 | | Nine months ended December 31 | |
|---|-----------------------------------|-----------|----------------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Operating activities | | | | |
| Appropriations received | \$ 2,270 | \$ 1,520 | \$ 6,905 | \$ 6,245 |
| Other cash received | 547 | 603 | 2,866 | 2,096 |
| Cash paid to employees and suppliers | (3,057) | (2,298) | (9,173) | (7,111) |
| Interest received | 7 | 34 | 27 | 98 |
| | (233) | (141) | 625 | 1,328 |
| Capital activities | | | | |
| Acquisition of capital assets | (24) | (2,799) | (2,869) | (3,651) |
| | (24) | (2,799) | (2,869) | (3,651) |
| Investing activities | | | | |
| Increase in endowment cash and investments | (64) | (82) | (141) | (245) |
| | (64) | (82) | (141) | (245) |
| Financing activities | | | | |
| Appropriations received for the acquisition of capital assets | – | 575 | – | 775 |
| Contributions received for the acquisition of capital assets | – | – | – | 1,036 |
| Contributions received for endowment | 9 | 27 | 19 | 130 |
| | 9 | 602 | 19 | 1,941 |
| Decrease in cash | (312) | (2,420) | (2,366) | (627) |
| Cash, beginning of period | 4,523 | 13,238 | 6,577 | 11,445 |
| Cash, end of period | \$ 4,211 | \$ 10,818 | \$ 4,211 | \$ 10,818 |

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)

December 31, 2015
(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, 2015.

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 nine months ended December 31, 2015 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2015.

4. Endowment

Endowment cash and investments consist of the following:

| | December 31 2015 | | March 31 2015 | |
|---------------------------|---------------------|------------|------------------|------------|
| | Cost | Fair Value | Cost | Fair value |
| Cash and cash equivalents | \$ 17 | \$ 17 | \$ 203 | \$ 203 |
| | 17 | 17 | 203 | 203 |
| Investment funds | | | | |
| Fixed income | 4,704 | 4,701 | 4,517 | 4,581 |
| Alternatives | 2,962 | 3,129 | 2,822 | 3,016 |
| | 7,666 | 7,830 | 7,339 | 7,597 |
| | \$ 7,683 | \$ 7,847 | \$ 7,542 | \$ 7,800 |

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

December 31, 2015
(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 | December 31 2015 |
|--|----------------------------------|----------------|------------------------|---------------------|
| Balance, beginning of period | \$ 164 | \$ 19,782 | \$ 1,172 | \$ 21,118 |
| Add: | | | | |
| Appropriations received to acquire capital assets | - | - | - | - |
| Less: | | | | |
| Amortization of deferred contributions related to capital assets | (122) | (563) | (23) | (708) |
| Balance, end of period | \$ 42 | \$ 19,219 | \$ 1,149 | \$ 20,410 |

| For the nine months ended | Transfer from Pier 21 Society | Appropriations | Other contributions | December 31 2015 |
|--|----------------------------------|----------------|------------------------|---------------------|
| Balance, beginning of period | \$ 408 | \$ 20,775 | \$ 1,210 | \$ 22,393 |
| Add: | | | | |
| Appropriations received to acquire capital assets | - | - | - | - |
| Less: | | | | |
| Amortization of deferred contributions related to capital assets | (366) | (1,556) | (61) | (1,983) |
| Balance, end of period | \$ 42 | \$ 19,219 | \$ 1,149 | \$ 20,410 |

| For the year ended | Transfer from Pier 21 Society | Appropriations | Other contributions | March 31 2015 |
|---|----------------------------------|----------------|------------------------|------------------|
| Balance, beginning of year | \$ 896 | \$ 19,795 | \$ 198 | \$ 20,889 |
| Add: | | | | |
| Appropriations received to acquire capital assets | - | 2,200 | - | 2,200 |
| Other contributions received from related party to acquire capital assets | - | - | 1,036 | 1,036 |
| Less: | | | | |
| Amortization of deferred contributions related to capital assets | (488) | (1,220) | (24) | (1,732) |
| Balance, end of year | \$ 408 | \$ 20,775 | \$ 1,210 | \$ 22,393 |

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

December 31, 2015
(in thousands of dollars)

5. Deferred contributions related to capital assets (continued)

The unused portion of deferred contributions related to capital assets was \$236 at December 31, 2015 (March 31, 2015 – \$2,642). 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.

6. Appropriations

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

| | Three months ended December 31 | | Nine months ended December 31 | |
|--|-----------------------------------|----------|----------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| Parliamentary appropriations provided | | | | |
| Main estimates | \$ 7,700 | \$ 9,900 | \$ 7,700 | \$ 9,900 |
| Portion of appropriation for capital projects | – | (2,200) | – | (2,200) |
| Portion of appropriation for future expenses | (1,550) | (1,455) | (1,550) | (1,455) |
| Amount received in prior quarters | (3,830) | (3,995) | – | – |
| Appropriations received for operating in the current period | 2,320 | 2,250 | 6,150 | 6,245 |
| Amortization of deferred contributions related to capital assets | 563 | 304 | 1,556 | 916 |
| Appropriations recognized as revenue | \$ 2,883 | \$ 2,554 | \$ 7,706 | \$ 7,161 |

At December 31, 2015, \$755 in appropriations were recorded as deferred revenue since they were received for the operations of the quarter ending March 31, 2016 (2015 – nil).

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 December 31 | | Nine months ended December 31 | |
|------------------------------|-----------------------------------|--------|----------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| Exhibition hall ticket sales | \$ 61 | \$ 27 | \$ 386 | \$ 250 |
| Hall rental | 108 | 64 | 279 | 301 |
| Gift shop | 72 | 53 | 276 | 265 |
| Special events | 32 | 34 | 194 | 218 |
| Family history centre | 18 | 17 | 96 | 84 |
| Programming | 8 | 3 | 35 | 34 |
| | \$ 299 | \$ 198 | \$ 1,266 | \$ 1,152 |

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

| | Three months ended December 31 | | Nine months ended December 31 | |
|--|-----------------------------------|----------|----------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| Personnel costs | \$ 1,416 | \$ 1,256 | \$ 4,236 | \$ 3,926 |
| Amortization of capital assets | 708 | 431 | 1,983 | 1,300 |
| Rent and related costs | 406 | 382 | 1,204 | 898 |
| Marketing, promotion and recognition | 94 | 86 | 640 | 227 |
| Repairs and maintenance and building operation | 86 | 84 | 325 | 281 |
| Exhibition and programming | 134 | 361 | 286 | 774 |
| Utilities | 100 | 59 | 256 | 180 |
| Cost of goods sold | 49 | 44 | 206 | 233 |
| Operating supplies and services | 58 | 57 | 188 | 262 |
| Professional and special services | 116 | 49 | 181 | 162 |
| Payment in lieu of taxes | 35 | 50 | 135 | 150 |
| Office supplies and administration | 39 | 43 | 129 | 127 |
| Travel and hospitality | 52 | 17 | 110 | 94 |
| Museum reopening costs | – | – | 55 | – |
| | \$ 3,293 | \$ 2,919 | \$ 9,934 | \$ 8,614 |

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