

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2020

NARRATIVE DISCUSSION

For the three months ended June 30, 2020

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, 2020 management discussion and analysis and annual audited financial statements.

OUTLOOK

In response to the COVID-19 pandemic, the Museum closed its doors to the public on March 14, 2020 and remained closed for the first quarter, reopening on July 7, 2020. Behind the scenes, most operations have continued or adapted to digital delivery during the period of closure.

The COVID-19 outbreak has, and will continue to have, a negative impact on the results of operations. Given the uncertainty around the extent and duration of COVID-19, we cannot estimate the full impact on our future results of operations and financial position.

On June 18, 2020, the Honourable Steven Guilbeault, Minister of Canadian Heritage, announced \$25.7 million in funding for national museums and the National Battlefields Commission to help maintain essential services and to be ready to reopen their doors to the public once precautionary measures were lifted. The Museum will receive up to \$2.05 million in funding to support operations and reopening expenses. This statutory funding will help offset lost revenues from ticket sales, fund development, facility rentals, etc.

Key initiatives in the first quarter included an enhanced online presence, the launch of season one of the Museum’s first podcast *Countless Journeys*, and the continuation of the national tour of the *Refuge Canada* travelling exhibition. These projects support the national mandate and will help ensure the Museum continues to collect, share and pay tribute to Canada’s immigration stories.

An enhanced digital presence, strong financial position, and innovative and engaged employees will be significant assets as the Museum continues to navigate these uncertain times. The Museum has a history of, and commitment to, fiscal prudence.

FINANCIAL RESULTS

Operations

The operating results for the quarter ended June 30, 2020 yielded a net loss of \$120,000 compared to a net income of \$136,000 for the quarter ended June 30, 2019. When combined with the \$5,013,000 in unrestricted net assets at March 31, 2020, this results in unrestricted net assets at June 30, 2020 of \$4,893,000.

For the quarter ended June 30, 2020, self-generated revenues decreased \$768,000 from \$839,000 in 2019 to \$71,000 in 2020. Self-generated revenues include operating revenues, donations, and interest and other revenues. The decrease in self-generated revenues is primarily due to the closure of the Museum to the public and lower donations resulting from the timing of major gifts and planned giving receipts.

The endowment investments realized a net income of \$66,000, which is included in the Statement of Operations for the quarter ended June 30, 2020, compared to a net income of \$18,000 in 2019. 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 in the accumulated remeasurement losses of \$415,000 was recorded for the period, which results in an overall positive performance for the endowment investments of \$481,000 for the quarter ended June 30, 2020.

Expenses for the quarter ended June 30, 2020 decreased \$465,000 from \$3,264,000 in 2019 to \$2,799,000 in 2020. The decrease is mainly due to the decrease in exhibition and programming expenses, cost of goods sold, personnel costs and travel and hospitality expenses. Exhibition and programming expenses were higher in 2019-20 due to the development costs for the permanent and travelling exhibits. With no gift shop sales and the California Wine Dinner fundraising event postponed, the cost of goods sold was nil for the quarter ended June 30, 2020. With the Museum closed to the public, hourly staff was kept to a minimum. Travel for Museum employees and Board members was suspended until further notice, which also reduced the professional development and training costs.

Financial Position

Total assets at June 30, 2020 were \$25,193,000 compared to \$25,681,000 at March 31, 2020. The \$488,000 decrease is mainly due to the net decrease in capital assets and cash offset by the increase in endowment cash and investments. The decrease in capital assets is mainly attributable to the amortization. The decrease in cash is attributable to the net loss for the quarter and reduced current liabilities. Endowment cash and investments increased due to the endowment net income and the decrease in unrealized remeasurement losses.

Total liabilities decreased by \$783,000 to \$11,578,000 at June 30, 2020 mainly due to the decrease in accounts payable and accrued liabilities and deferred contributions related to capital assets. The decrease in accounts payable and accrued liabilities is mainly due to the timing of expenses. 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 2019-20 annual Management Discussion and Analysis.

The Museum is actively monitoring the COVID-19 situation and is committed to take the action necessary to mitigate risks.



Marie Chapman
Chief Executive Officer



Kendall J. Blunden, CPA, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2020

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
August 13, 2020

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)

As at June 30, 2020

(in thousands of dollars)

	June 30	March 31
	2020	2020
Assets		
Current assets		
Cash	\$ 4,567	\$ 4,831
Accounts receivable	164	225
Inventory	139	136
Prepaid expenses	130	271
	5,000	5,463
Endowment cash and investments (note 4)	9,239	8,753
Capital assets	10,953	11,464
Collections	1	1
	\$ 25,193	\$ 25,681
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 580	\$ 775
Deferred revenue	155	175
Deferred contributions related to capital assets (note 6)	10,843	11,411
Net assets		
Unrestricted	4,893	5,013
Internally restricted	352	352
Accumulated remeasurement gains (losses)	(37)	(452)
Endowment	8,407	8,407
	13,615	13,320
	\$ 25,193	\$ 25,681

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, 2020
(in thousands of dollars)

	June 30 2020	June 30 2019
Revenues		
Operating (schedule 1)	\$ 2	\$ 649
Amortization of deferred contributions related to capital assets received from a related party	23	23
Donations	63	166
Interest and other	6	24
	<u>94</u>	<u>862</u>
Expenses (schedule 2)		
Visitor experience and connections	897	1,084
Accommodation	1,164	1,225
Fundraising and commercial activities	264	348
Internal services	474	607
	<u>2,799</u>	<u>3,264</u>
Net result of operations before appropriations and endowment investment net income	<u>(2,705)</u>	<u>(2,402)</u>
Appropriations (note 5)	2,519	2,520
Endowment investment net income (loss)	66	18
Net result of operations	<u>\$ (120)</u>	<u>\$ 136</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, 2020

(in thousands of dollars)

	June 30 2020	June 30 2019
Accumulated remeasurement gains (losses), beginning of period	\$ (452)	\$ 141
Realized (gains) losses on endowment investments reclassified to operations	(27)	–
Unrealized gains (losses) on endowment investments	442	105
Accumulated remeasurement gains (losses), end of period	\$ (37)	\$ 246

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, 2020

(in thousands of dollars)

	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	June 30 2020	June 30 2019
Net assets, beginning of period	\$ 5,013	\$ 352	\$ (452)	\$ 8,407	\$ 13,320	\$ 12,872
Net result of operations	(120)	–	–	–	(120)	136
Remeasurement gains (losses)	–	–	415	–	415	105
Contributions received for endowment	–	–	–	–	–	100
Net assets, end of period	\$ 4,893	\$ 352	\$ (37)	\$ 8,407	\$ 13,615	\$ 13,213

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, 2020
(in thousands of dollars)

	June 30 2020	June 30 2019
Operating activities		
Appropriations received	\$ 1,974	\$ 1,976
Cash received from clients and donors	172	816
Cash paid to suppliers	(669)	(1,160)
Payments related to salary and benefits	(1,491)	(1,519)
Interest received	6	24
	(8)	137
Capital activities		
Acquisition of capital assets	(185)	(147)
	(185)	(147)
Investing activities		
Acquisition of endowment investments	(822)	(118)
Disposal of endowment investments	751	–
	(71)	(118)
Financing activities		
Contributions to endowment	–	100
	–	100
Increase (decrease) in cash	(264)	(28)
Cash, beginning of period	4,831	4,507
Cash, end of period	\$ 4,567	\$ 4,479

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, 2020
(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.

The Museum's operations are divided into three core responsibilities, as well as internal services, to support the overall strategic outcome derived from its mandate. These responsibilities are:

- 1) Visitor experience and connections: Canadians have access to – and are engaged in building – museum content and programming that reflects the diverse experiences and contributions of immigrants throughout Canada's history.
- 2) Accommodation: The Museum's facilities contribute to a rich, welcoming and engaging visitor experience; are safe and accessible for visitors, staff and volunteers; and are maintained in a cost-effective manner.
- 3) Fundraising and commercial activities: The Museum's fundraising and commercial activities provide essential financial support.
- 4) Internal services: Sound governance practices are in place and resources are effectively managed to support the achievement of the Museum's mandate.

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, 2020.

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, 2020 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2020.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2020
(in thousands of dollars)

4. Endowment

Endowment cash and investments consist of the following:

	June 30 2020		March 31 2020	
	Cost	Fair Value	Cost	Fair value
Cash and short-term investments	\$ 618	\$ 617	\$ 623	\$ 623
Investments				
Fixed income	4,059	4,263	3,997	4,075
Global equity	3,671	3,603	3,671	3,359
Alternatives	928	756	914	696
	8,658	8,622	8,582	8,130
	\$ 9,276	\$ 9,239	\$ 9,205	\$ 8,753

5. Appropriations

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

For the three months ended	June 30 2020	June 30 2019
Parliamentary appropriations provided		
Main estimates	\$ 7,895	\$ 7,905
Portion of appropriations for capital projects	(90)	(100)
Portion of appropriation for future expenses	(5,831)	(5,829)
Appropriations received for operating in the current period	1,974	1,976
Amortization of deferred contributions related to capital assets	545	544
Appropriations recognized as revenue	\$ 2,519	\$ 2,520

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2020
(in thousands of dollars)

6. 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	Appropriations	Other contributions	June 30 2020
Balance, beginning of period	\$ 10,655	\$ 756	\$ 11,411
Less:			
Amortization of deferred contributions related to capital assets	(545)	(23)	(568)
Balance, end of period	\$ 10,110	\$ 733	\$ 10,843

	Appropriations	Other contributions	March 31 2020
Balance, beginning of year	\$ 12,741	\$ 849	\$ 13,590
Add:			
Appropriations received to acquire capital assets	100	–	100
Less:			
Amortization of deferred contributions related to capital assets	(2,186)	(93)	(2,279)
Balance, end of year	\$ 10,655	\$ 756	\$ 11,411

The unused portion of deferred contributions related to capital assets was nil at June 30, 2020 (March 31, 2020 – nil). Other contributions were received from a related party, the Halifax Port Authority, as per the lease of the Pier 21 premises for leasehold improvements to the premises.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Schedule 1 – Operating Revenue (Unaudited)

(in thousands of dollars)

For the three months ended	June 30 2020	June 30 2019
Family history centre	2	21
Special events	\$ –	\$ 211
Hall rental	–	159
Exhibition hall ticket sales	–	144
Gift shop	–	71
Programming	–	43
	\$ 2	\$ 649

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

For the three months ended	June 30 2020	June 30 2019
Personnel costs	\$ 1,470	\$ 1,567
Amortization of capital assets	568	567
Rent and related costs	389	405
Operating supplies and services	69	46
Repairs and maintenance and building operation	66	82
Utilities	60	91
Office supplies and administration	50	64
Payment in lieu of taxes	50	44
Marketing, promotion and recognition	31	63
Professional and special services	28	13
Exhibition and programming	18	138
Cost of goods sold	–	104
Travel and hospitality	–	80
	\$ 2,799	\$ 3,264