

Quarterly Financial Reports of

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

September 30, 2015

# NARRATIVE DISCUSSION

For the six months ended September 30, 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

This period marked the first full quarter of operations for the expanded Museum. On June 25, 2015, a 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 monthly visitation ever in July 2015. An integrated marketing and communications campaign is supporting the launch of the new Museum and is attracting visitors both onsite and online. The Museum has set ambitious visitation targets for the year and attracting new and repeat visitors is a significant focus across the organization.

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 in July 2015. It will continue to travel the country as our legacy project for our nation's 150th anniversary in 2017.

## FINANCIAL RESULTS

### *Operations*

The net result of operations for the six months ended September 30, 2015 was a net loss of \$330,000 compared to a net income of \$445,000 for the six months ended September 30, 2014. When combined with the \$3,033,000 in unrestricted net assets at March 31, 2015, this results in unrestricted net assets at September 30, 2015 of \$2,703,000.

For the six months ended September 30, 2015, self-generated revenues including operating revenues, donations, and interest and other revenues decreased \$77,000 from \$1,216,000 in 2014 to \$1,139,000 in 2015 and were lower than budget. The decrease from the prior year is primarily due to lower donations and rental sales offset by higher ticket sales. The decrease in donations is attributed to the timing of major gifts receipts. The lower rental sales were budgeted due to the Museum's closure for its capital project. Ticket sales were also lower than budget. They were budgeted according to a May grand reopening which became the soft opening date and the grand reopening was on June 25, 2015. The increase in ticket prices was delayed until June 25 and visitation was lower, both generating less revenues.

Net income earned on the endowment investments of \$67,000, included in the Statement of Operations for the six months ended September 30, 2015, is slightly higher than 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 in the accumulated remeasurement gains of \$112,000 was recorded for the six months, which results in an overall negative performance for the endowment investments of \$45,000 for the six months ended September 30, 2015.

Expenses for the six months ended September 30, 2015 increased \$946,000, from \$5,695,000 in 2014 to \$6,641,000 in 2015. The rent and related costs has increased in part because of the addition of the Shed 22 space. The amortization of the capital assets has increased since the capital project has been completed and has started to be amortized. Personnel costs increased \$157,000 from \$2,596,000 to \$2,753,000. Other expenses netted an increase from the six months of the prior year but are under budget. It is anticipated these expenses will increase during the remainder of the year, utilizing some of the unrestricted net assets, as planned.

*Financial Position*

Total assets at September 30, 2015 were \$33,466,000 compared to \$35,513,000 at March 31, 2015. The \$2,047,000 decrease is primarily due to the net impact of the increase in capital assets and the decrease in cash and accounts receivable. With the grand reopening on June 25, 2015, capital projects – work in progress amounts were transferred to the appropriate capital asset category and amortization over 10 to 15 years has commenced. The decrease in cash is mainly attributable to payments related to the capital project.

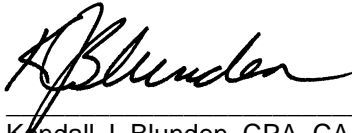
Total liabilities decreased by \$1,615,000 to \$23,052,000 at September 30, 2015 due to the \$1,177,000 decrease in accounts payable and accrued liabilities and the \$1,275,000 decrease in deferred contributions related to capital assets, offset by the increase of \$837,000 in deferred revenue. The decrease in accounts payable and accrued liabilities is mainly due to 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 October's appropriations of \$805,000 in September.

**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**

September 30, 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

November 17, 2015

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

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

	September 30 2015	March 31 2015
<b>Assets</b>		
Current assets		
Cash	\$ 4,523	\$ 6,577
Accounts receivable	108	1,210
Inventory	160	110
Prepaid expenses	55	64
	<b>4,846</b>	<b>7,961</b>
Endowment cash and investments (note 4)	7,765	7,800
Capital assets	20,854	19,751
Collections	1	1
	<b>\$ 33,466</b>	<b>\$ 35,513</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,028	\$ 2,205
Deferred revenue	906	69
Deferred contributions related to capital assets (note 5)	21,118	22,393
Net assets		
Unrestricted	2,703	3,033
Internally restricted	282	282
Accumulated remeasurement gains	146	258
Endowment	7,283	7,273
	<b>10,414</b>	<b>10,846</b>
	<b>\$ 33,466</b>	<b>\$ 35,513</b>

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 September 30		Six months ended September 30	
	2015	2014	2015	2014
<b>Revenues</b>				
Operating (schedule 1)	\$ 608	\$ 472	\$ 967	\$ 954
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	121	122	244	245
Amortization of deferred contributions related to capital assets received from a related party	24	6	38	12
Donations	37	26	152	198
Interest and other	8	32	20	64
	798	658	1,421	1,473
<b>Expenses (schedule 2)</b>				
Visitor experience and connections	719	842	1,483	1,770
Accommodation	1,410	956	2,643	1,877
Internal services	1,390	988	2,515	2,048
	3,519	2,786	6,641	5,695
Net result of operations before appropriations and endowment investment net income	(2,721)	(2,128)	(5,220)	(4,222)
Appropriations (note 6)	2,466	2,025	4,823	4,607
Endowment investment net income	32	28	67	60
Net result of operations	\$ (223)	\$ (75)	\$ (330)	\$ 445

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 September 30		Six months ended September 30	
	2015	2014	2015	2014
Accumulated remeasurement gains (losses), beginning of period	\$ 150	\$ 53	\$ 258	\$ (63)
Unrealized gains (losses) on endowment investments	(4)	9	(112)	125
Accumulated remeasurement gains (losses), end of period	\$ 146	\$ 62	\$ 146	\$ 62

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	September 30 2015	September 30 2014
Net assets, beginning of period	\$ 2,926	\$ 282	\$ 150	\$ 7,273	\$ 10,631	\$ 10,047
Net result of operations	(223)	–	–	–	(223)	(75)
Remeasurement gains (losses)	–	–	(4)	–	(4)	9
Contributions received for endowment	–	–	–	10	10	3
Net assets, end of period	\$ 2,703	\$ 282	\$ 146	\$ 7,283	\$ 10,414	\$ 9,984

For the six months ended	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	September 30 2015	September 30 2014
Net assets, beginning of period	\$ 3,033	\$ 282	\$ 258	\$ 7,273	\$ 10,846	\$ 9,311
Net result of operations	(330)	–	–	–	(330)	445
Remeasurement gains (losses)	–	–	(112)	–	(112)	125
Contributions received for endowment	–	–	–	10	10	103
Net assets, end of period	\$ 2,703	\$ 282	\$ 146	\$ 7,283	\$ 10,414	\$ 9,984

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 September 30		Six months ended September 30	
	2015	2014	2015	2014
<b>Operating activities</b>				
Appropriations received	\$ 1,975	\$ 2,450	\$ 4,635	\$ 4,725
Other cash received	1,394	181	2,319	1,493
Cash paid to employees and suppliers	(3,963)	(2,349)	(6,116)	(4,813)
Interest received	7	31	20	64
	(587)	313	858	1,469
<b>Capital activities</b>				
Acquisition of capital assets	(202)	(437)	(2,845)	(852)
	(202)	(437)	(2,845)	(852)
<b>Investing activities</b>				
Increase in endowment cash and investments	(42)	(31)	(77)	(163)
	(42)	(31)	(77)	(163)
<b>Financing activities</b>				
Appropriations received for the acquisition of capital assets	–	–	–	200
Contributions received for the acquisition of capital assets	–	1,036	–	1,036
Contributions received for endowment	10	3	10	103
	10	1,039	10	1,339
(Decrease) increase in cash	(821)	884	(2,054)	1,793
Cash, beginning of period	5,344	12,354	6,577	11,445
Cash, end of period	\$ 4,523	\$ 13,238	\$ 4,523	\$ 13,238

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)

September 30, 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 six months ended September 30, 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:

	September 30 2015		March 31 2015	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 11	\$ 11	\$ 203	\$ 203
	11	11	203	203
Investment funds				
Fixed income	4,686	4,686	4,517	4,581
Alternatives	2,922	3,068	2,822	3,016
	7,608	7,754	7,339	7,597
	\$ 7,619	\$ 7,765	\$ 7,542	\$ 7,800

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

September 30, 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	September 30 2015
Balance, beginning of period	\$ 285	\$ 20,343	\$ 1,196	\$ 21,824
Add:				
Appropriations received to acquire capital assets	-	-	-	-
Less:				
Amortization of deferred contributions related to capital assets	(121)	(561)	(24)	(706)
Balance, end of period	\$ 164	\$ 19,782	\$ 1,172	\$ 21,118

For the six months ended	Transfer from Pier 21 Society	Appropriations	Other contributions	September 30 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	(244)	(993)	(38)	(1,275)
Balance, end of period	\$ 164	\$ 19,782	\$ 1,172	\$ 21,118

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)

September 30, 2015  
(in thousands of dollars)

## 5. Deferred contributions related to capital assets (continued)

The unused portion of deferred contributions related to capital assets was \$264 at September 30, 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 September 30		Six months ended September 30	
	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	(3,870)	(3,705)	(3,870)	(3,705)
Amount received in prior quarter	(1,925)	(2,275)	–	–
Appropriations received for operating in the current period	1,905	1,720	3,830	3,995
Amortization of deferred contributions related to capital assets	561	305	993	612
Appropriations recognized as revenue	\$ 2,466	\$ 2,025	\$ 4,823	\$ 4,607

At September 30, 2015, \$805 in appropriations were recorded as deferred revenue since they were received for the operations of the quarter ending December 31, 2015 (2014 – \$730).

## 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 September 30		Six months ended September 30	
	2015	2014	2015	2014
Exhibition hall ticket sales	\$ 263	\$ 163	\$ 325	\$ 223
Gift shop	154	151	204	212
Hall rental	114	108	171	237
Special events	–	–	162	184
Family history centre	60	47	78	67
Programming	17	3	27	31
	<b>\$ 608</b>	<b>\$ 472</b>	<b>\$ 967</b>	<b>\$ 954</b>

## Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Personnel costs	\$ 1,377	\$ 1,292	\$ 2,753	\$ 2,596
Amortization of capital assets	706	433	1,275	869
Rent and related costs	411	276	798	516
Marketing, promotion and recognition	454	62	561	154
Repairs and maintenance and building operation	121	100	239	197
Exhibition and programming	65	145	172	417
Cost of goods sold	79	89	157	189
Utilities	84	62	156	121
Professional and special services including Board of Trustees costs	47	102	130	212
Operating supplies and services	65	107	106	175
Payment in lieu of taxes	50	50	100	100
Office supplies and administration	33	46	83	79
Museum reopening costs	2	–	55	–
Training and professional development	20	17	39	42
Travel and hospitality	5	5	17	28
	<b>\$ 3,519</b>	<b>\$ 2,786</b>	<b>\$ 6,641</b>	<b>\$ 5,695</b>