

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

September 30, 2016

NARRATIVE DISCUSSION

For the six months ended September 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 over a year since the expanded Museum opened in May 2015, and in that time visitation has hit record levels. In the first six months of the year, more than 96,800 people visited the Museum, with the number of paid visitors on 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* temporary exhibit, developed in partnership with the Canadian Museum of History, continued to be popular with complementary school and public programming attracting local visitation. The Museum’s new Artist in Residence program also complemented the *Empress of Ireland* exhibit and proved to be popular with visitors of all ages. The *Empress of Ireland* exhibit will be on display at the Museum until November 13, 2016.

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 at the Western Development Museum: History of Transportation in Moose Jaw on May 1, 2016, attracting almost 10,000 visitors. The exhibit was hosted by the Red Deer Museum + Art Gallery in Red Deer, Alberta from May 5, 2016 to mid-August 2016 and then moved to the Alberta Legislature Building in Edmonton. The Museum hosted their Annual Public Meeting at the Alberta Legislature Building on September 22, 2016 in conjunction with the exhibit. *Canada: Day 1* 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 travelling to venues across Canada and to embassies internationally.

Growing the Museum’s collection of stories, oral histories and images to reflect the national mandate continues to be a priority. During the quarter, the oral history research team added new oral history interviews and related material to the collection and additional stories and images were made available online via the Collections application. Onsite and online access to the collection is growing in popularity, with individuals and organisations requesting use of the Museum’s permanent collection.

FINANCIAL RESULTS

Operations

The net result of operations for the six months ended September 30, 2016 was a net income of \$640,000 compared to a net loss of \$330,000 for the six months ended September 30, 2015. When combined with the \$2,402,000 in unrestricted net assets at March 31, 2016, this results in unrestricted net assets at September 30, 2016 of \$3,042,000.

For the six months ended September 30, 2016, self-generated revenues including operating revenues, donations, and interest and other revenues increased \$394,000 from \$1,139,000 in 2015 to \$1,533,000 in 2016 and were higher than budget. The increase from the prior year is primarily due to higher ticket, gift shop and family history centre sales, higher rentals and programming revenues and successful special event fundraising. An increase in visitation combined with the Museum being fully operational for the whole six months generated higher ticket, gift shop and family history sales. 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. Higher rental sales were due to a strong April 2016 (Museum closed in April 2015) and three large multi-day events. Programming revenues also increased due to a higher number of school groups and the timing of the travelling exhibit rental.

Net income earned on the endowment investments of \$19,000 is included in the Statement of Operations for the six months ended September 30, 2016. 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 \$259,000 was recorded for the six months, which results in an overall positive performance for the endowment investments of \$278,000 for the six months ended September 30, 2016. This compares to an overall negative performance of \$45,000 for the six months ended September 30, 2015.

Expenses for the six months ended September 30, 2016 decreased \$552,000, from \$6,641,000 in 2015 to \$6,089,000 in 2016. Decreases are mainly due to expenses related to the 2015 Museum's expansion and reopening not recurring in 2016. It is anticipated 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, 2016 were \$31,439,000 compared to \$30,966,000 at March 31, 2016. The \$473,000 increase is primarily due to the increase in cash and in endowment cash and investments offset mainly by the decrease in capital assets and in accounts receivable. The increase in cash is mainly attributable to higher self-generated revenues and appropriations received in advance offset by lower expenses. The decrease in capital assets is attributable to the amortization net of acquisitions. 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 \$436,000 to \$20,269,000 at September 30, 2016 due to the decrease in deferred contributions related to capital assets offset by the increase in deferred revenue. 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 in September of October's appropriations.

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.



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, 2016

STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

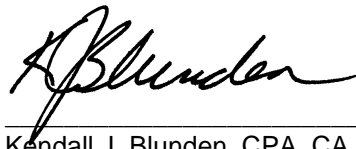
Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the 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 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 16, 2016

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

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

	September 30 2016	March 31 2016
Assets		
Current assets		
Cash	\$ 4,223	\$ 2,936
Accounts receivable	135	194
Inventory	161	151
Prepaid expenses	68	57
	<u>4,587</u>	<u>3,338</u>
Endowment cash and investments (note 4)	8,134	7,846
Capital assets	18,717	19,781
Collections	1	1
	<u>\$ 31,439</u>	<u>\$ 30,966</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 734	\$ 729
Deferred revenue	934	193
Deferred contributions related to capital assets (note 5)	18,601	19,783
Net assets		
Unrestricted	3,042	2,402
Internally restricted	352	352
Accumulated remeasurement gains	333	74
Endowment	7,443	7,433
	<u>11,170</u>	<u>10,261</u>
	<u>\$ 31,439</u>	<u>\$ 30,966</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 September 30		Six months ended September 30	
	2016	2015	2016	2015
Revenues				
Operating (schedule 1)	\$ 694	\$ 608	\$ 1,268	\$ 967
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	–	121	–	244
Amortization of deferred contributions related to capital assets received from a related party	23	24	46	38
Donations	144	37	253	152
Interest and other	6	8	12	20
	867	798	1,579	1,421
Expenses (schedule 2)				
Visitor experience and connections	694	719	1,384	1,483
Accommodation	1,269	1,410	2,528	2,643
Internal services	1,126	1,390	2,177	2,515
	3,089	3,519	6,089	6,641
Net result of operations before appropriations and endowment investment net income	(2,222)	(2,721)	(4,510)	(5,220)
Appropriations (note 6)	2,640	2,466	5,131	4,823
Endowment investment net income	33	32	19	67
Net result of operations	\$ 451	\$ (223)	\$ 640	\$ (330)

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	
	2016	2015	2016	2015
Accumulated remeasurement gains (losses), beginning of period	\$ 203	\$ 150	\$ 74	\$ 258
Realized gains (losses) on endowment investments reclassified to operations	(47)	–	(61)	–
Unrealized gains (losses) on endowment investments	177	(4)	320	(112)
Accumulated remeasurement gains (losses), end of period	\$ 333	\$ 146	\$ 333	\$ 146

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 2016	September 30 2015
Net assets, beginning of period	\$ 2,591	\$ 352	\$ 203	\$ 7,433	\$ 10,579	\$ 10,631
Net result of operations	451	–	–	–	451	(223)
Remeasurement gains (losses)	–	–	130	–	130	(4)
Contributions received for endowment	–	–	–	10	10	10
Net assets, end of period	\$ 3,042	\$ 352	\$ 333	\$ 7,443	\$ 11,170	\$ 10,414

For the six months ended	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	September 30 2016	September 30 2015
Net assets, beginning of period	\$ 2,402	\$ 352	\$ 74	\$ 7,433	\$ 10,261	\$ 10,846
Net result of operations	640	–	–	–	640	(330)
Remeasurement gains (losses)	–	–	259	–	259	(112)
Contributions received for endowment	–	–	–	10	10	10
Net assets, end of period	\$ 3,042	\$ 352	\$ 333	\$ 7,443	\$ 11,170	\$ 10,414

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	
	2016	2015	2016	2015
Operating activities				
Appropriations received	\$ 2,795	\$ 1,975	\$ 4,720	\$ 4,635
Other cash received	970	1,394	1,615	2,319
Cash paid to employees and suppliers	(2,278)	(3,963)	(4,726)	(6,116)
Interest received	6	7	11	20
	1,493	(587)	1,620	858
Capital activities				
Acquisition of capital assets	(46)	(202)	(253)	(2,845)
	(46)	(202)	(253)	(2,845)
Investing activities				
Acquisition of endowment investments	(52)	(43)	(94)	(90)
Disposal of endowment investments	2	1	4	13
	(50)	(42)	(90)	(77)
Financing activities				
Appropriations received for the acquisition of capital assets	–	–	–	–
Contributions received for endowment	10	10	10	10
	10	10	10	10
Increase (decrease) in cash	1,407	(821)	1,287	(2,054)
Cash, beginning of period	2,816	5,344	2,936	6,577
Cash, end of period	\$ 4,223	\$ 4,523	\$ 4,223	\$ 4,523

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, 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 six months ended September 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:

	September 30 2016		March 31 2016	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 73	\$ 73	\$ 66	\$ 66
	73	73	66	66
Investment funds				
Fixed income	4,699	4,844	4,699	4,666
Alternatives	3,029	3,217	3,007	3,114
	7,728	8,061	7,706	7,780
	\$ 7,801	\$ 8,134	\$ 7,772	\$ 7,846

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

September 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	Transfer from Pier 21 Society	Appropriations	Other contributions	September 30 2016
Balance, beginning of period	\$ –	\$ 18,090	\$ 1,104	\$ 19,194
Less:				
Amortization of deferred contributions related to capital assets	–	(570)	(23)	(593)
Balance, end of period	\$ –	\$ 17,520	\$ 1,081	\$ 18,601

For the six months ended	Transfer from Pier 21 Society	Appropriations	Other contributions	September 30 2016
Balance, beginning of period	\$ –	\$ 18,656	\$ 1,127	\$ 19,783
Less:				
Amortization of deferred contributions related to capital assets	–	(1,136)	(46)	(1,182)
Balance, end of period	\$ –	\$ 17,520	\$ 1,081	\$ 18,601

For the year ended	Transfer from Pier 21 Society	Appropriations	Other contributions	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 September 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.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

September 30, 2016
(in thousands of dollars)

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	
	2016	2015	2016	2015
Parliamentary appropriations provided				
Main estimates	\$ 7,700	\$ 7,700	\$ 7,700	\$ 7,700
Portion of appropriation for future expenses	(3,705)	(3,870)	(3,705)	(3,870)
Amount received in prior quarter	(1,925)	(1,925)	–	–
Appropriations received for operating in the current period	2,070	1,905	3,995	3,830
Amortization of deferred contributions related to capital assets	570	561	1,136	993
Appropriations recognized as revenue	\$ 2,640	\$ 2,466	\$ 5,131	\$ 4,823

At September 30, 2016, \$725 in appropriations were recorded as deferred revenue since they were received for the operations of the quarter ending December 31, 2016 (2015 – \$730).

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.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Schedule 1 – Operating Revenue (Unaudited)

(in thousands of dollars)

	Three months ended		Six months ended	
	September 30		September 30	
	2016	2015	2016	2015
Exhibition hall ticket sales	\$ 317	\$ 263	\$ 418	\$ 325
Hall rental	112	114	252	171
Gift shop	179	154	250	204
Special events	–	–	197	162
Family history centre	67	60	92	78
Programming	19	17	59	27
	\$ 694	\$ 608	\$ 1,268	\$ 967

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended		Six months ended	
	September 30		September 30	
	2016	2015	2016	2015
Personnel costs	\$ 1,330	\$ 1,405	\$ 2,706	\$ 2,820
Amortization of capital assets	593	706	1,182	1,275
Rent and related costs	405	411	810	798
Marketing, promotion and recognition	159	443	226	546
Cost of goods sold	98	79	188	157
Repairs and maintenance and building operation	89	121	180	239
Utilities	87	84	165	156
Operating supplies and services	81	72	122	130
Travel and hospitality	60	32	115	58
Office supplies and administration	51	37	114	90
Payment in lieu of taxes	55	50	110	100
Professional and special services	50	30	93	65
Exhibition and programming	31	47	78	152
Museum reopening costs	–	2	–	55
	\$ 3,089	\$ 3,519	\$ 6,089	\$ 6,641