

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.

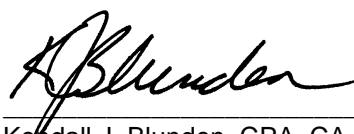
Total liabilities decreased by \$2,826,000 to \$21,841,000 at December 31, 2015, due to the decrease in accounts payable and accrued liabilities and the decrease in deferred contributions related to capital assets, offset by the increase in deferred revenue. The decrease in accounts payable and accrued 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
<b>Assets</b>		
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>
<b>Liabilities and Net Assets</b>		
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	7,292	7,273
	<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
<b>Revenues</b>				
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>
<b>Expenses (schedule 2)</b>				
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
<b>Operating activities</b>				
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
<b>Capital activities</b>				
Acquisition of capital assets	(24)	(2,799)	(2,869)	(3,651)
	(24)	(2,799)	(2,869)	(3,651)
<b>Investing activities</b>				
Increase in endowment cash and investments	(64)	(82)	(141)	(245)
	(64)	(82)	(141)	(245)
<b>Financing activities</b>				
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.