

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

December 31, 2016

NARRATIVE DISCUSSION

For the nine months ended December 31, 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

Visitation and audience response to the expanded Museum continues to be strong, with more than 115,000 people visiting the Museum by the end of the third quarter and 96% of those surveyed reporting a satisfying or very satisfying experience. Paid visitation was just below target for the quarter, but was offset by visitation from school groups, public programming visitors and those visiting the Scotiabank Family History Centre. 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 an attraction for visitors of all ages. The *Empress of Ireland* exhibit concluded its run on 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* was hosted at the Legislative Assembly in Edmonton from August to December 2016 and then moved on to the Cultural & Science Centre in Lloydminster where it will be from December 2016 to March 2017. *Canada: Day 1* will return to the Museum in April 2017 where it will be showcased onsite as part of Canada’s 150th anniversary celebrations. 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 also continued 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 organizations requesting use of the Museum’s permanent collection.

FINANCIAL RESULTS

Operations

The net result of operations for the nine months ended December 31, 2016, yielded a net profit of \$1,336,000 compared to a net loss of \$1,000 for the nine months ended December 31, 2015. When combined with the \$2,402,000 in unrestricted net assets at March 31, 2016, this results in unrestricted net assets at December 31, 2016, of \$3,738,000. The net profit for the nine months ended December 31, 2016 is temporary. Revenues are low in the last quarter with winter being a slower period (visitation wise) in combination with some revenues planned for the last quarter coming in earlier than budgeted. Also, some expenses were delayed until the last quarter to accommodate the slow period.

For the nine months ended December 31, 2016, self-generated revenues increased \$710,000 from \$1,678,000 in 2015 to \$2,388,000 in 2016. Self-generated revenues include operating revenues, donations, and interest and other revenues. The increase in operating revenues is due to higher ticket, gift shop and family history centre sales, higher rentals and programming revenues and successful special events fundraisers. An increase in visitation combined with the Museum being fully operational for the whole nine 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 busy April and November 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. Special events were very successful fundraising activities and one of the events originally planned for March 2017 happened in November 2016. In addition, two major gifts were received in the period but were budgeted for the fourth quarter increasing donations by \$250,000.

Net income earned on the endowment investments of \$55,000 is included in the Statement of Operations for the nine months ended December 31, 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 of \$177,000 was recorded in the accumulated remeasurement gains which resulted in an overall positive performance for the endowment investments of \$232,000 for the nine months ended December 31, 2016, compared to a positive performance of \$28,000 for the same period in 2015.

Expenses for the nine months ended December 31, 2016, decreased \$947,000, from \$9,934,000 in 2015 to \$8,987,000 in 2016. Decreases are mainly due to expenses related to the 2015 Museum's expansion and reopening not recurring in 2016 and the completion of amortization on capital assets transferred from the Pier 21 Society. It is anticipated expenses will increase during the remainder of the year as planned in combination with expenses delayed to the last quarter.

Financial Position

Total assets at December 31, 2016, were \$30,822,000 compared to \$30,966,000 at March 31, 2016. The \$144,000 decrease is primarily due to the decrease in capital assets offset by the increase in cash and endowment cash and investments. The decrease in capital assets is attributable to the amortization net of acquisitions. The increase in cash is mainly attributable to higher self-generated revenues and appropriations received in advance offset by lower expenses. The increase in endowment cash and investments is due to contribution received, endowment net income and increase in unrealized remeasurement gains.

Total liabilities decreased by \$1,779,000 to \$18,926,000 at December 31, 2016, due to the decrease in deferred contributions related to capital assets and in deferred revenue. The decrease in deferred contributions related to capital assets is attributable to the amortization. The decrease in deferred revenue is mainly due to timing of special events and deposits on travelling exhibits.

BUSINESS RISKS

Management has not identified any new business risks to those discussed in the 2015-16 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, 2016

STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

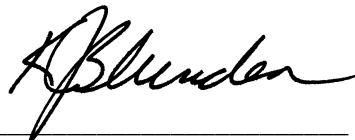
Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the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

Halifax, Canada
February 15, 2017

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

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

	December 31 2016	March 31 2016
Assets		
Current assets		
Cash	\$ 4,055	\$ 2,936
Accounts receivable	182	194
Inventory	153	151
Prepaid expenses	100	57
	<u>4,490</u>	<u>3,338</u>
Endowment cash and investments (note 4)	8,200	7,846
Capital assets	18,131	19,781
Collections	1	1
	<u>\$ 30,822</u>	<u>\$ 30,966</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 642	\$ 729
Deferred revenue	76	193
Deferred contributions related to capital assets (note 5)	18,208	19,783
Net assets		
Unrestricted	3,738	2,402
Internally restricted	352	352
Accumulated remeasurement gains (losses)	251	74
Endowment	7,555	7,433
	<u>11,896</u>	<u>10,261</u>
	<u>\$ 30,822</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 December 31		Nine months ended December 31	
	2016	2015	2016	2015
Revenues				
Operating (schedule 1)	\$ 458	\$ 299	\$ 1,726	\$ 1,266
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	–	122	–	366
Amortization of deferred contributions related to capital assets received from a related party	23	23	69	61
Donations	388	232	641	384
Interest and other	9	8	21	28
	878	684	2,457	2,105
Expenses (schedule 2)				
Visitor experience and connections	661	828	2,045	2,311
Accommodation	1,224	1,424	3,752	4,067
Internal services	1,013	1,041	3,190	3,556
	2,898	3,293	8,987	9,934
Net result of operations before appropriations and endowment investment net income (loss)	(2,020)	(2,609)	(6,530)	(7,829)
Appropriations (note 6)	2,680	2,883	7,811	7,706
Endowment investment net income (loss)	36	55	55	122
Net result of operations	\$ 696	\$ 329	\$ 1,336	\$ (1)

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	
	2016	2015	2016	2015
Accumulated remeasurement gains (losses), beginning of period	\$ 333	\$ 146	\$ 74	\$ 258
Realized (gains) losses on endowment investments reclassified to operations	29	(13)	90	(13)
Unrealized gains (losses) on endowment investments	(111)	31	87	(81)
Accumulated remeasurement gains (losses), end of period	\$ 251	\$ 164	\$ 251	\$ 164

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 2016	December 31 2015
Net assets, beginning of period	\$ 3,042	\$ 352	\$ 333	\$ 7,443	\$ 11,170	\$ 10,414
Net result of operations	696	–	–	–	696	329
Remeasurement gains (losses)	–	–	(82)	–	(82)	18
Contributions received for endowment	–	–	–	112	112	9
Net assets, end of period	\$ 3,738	\$ 352	\$ 251	\$ 7,555	\$ 11,896	\$ 10,770

For the nine months ended	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	December 31 2016	December 31 2015
Net assets, beginning of period	\$ 2,402	\$ 352	\$ 74	\$ 7,433	\$ 10,261	\$ 10,846
Net result of operations	1,336	–	–	–	1,336	(1)
Remeasurement gains (losses)	–	–	177	–	177	(94)
Contributions received for endowment	–	–	–	122	122	19
Net assets, end of period	\$ 3,738	\$ 352	\$ 251	\$ 7,555	\$ 11,896	\$ 10,770

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		Nine months ended	
	December 31		December 31	
	2016	2015	2016	2015
Operating activities				
Appropriations received	\$ 1,385	\$ 2,270	\$ 6,105	\$ 6,905
Other cash received	704	547	2,319	2,866
Cash paid to employees and suppliers	(2,392)	(3,057)	(7,118)	(9,173)
Interest received	7	7	18	27
	(296)	(233)	1,324	625
Capital activities				
Acquisition of capital assets	(7)	(24)	(260)	(2,869)
	(7)	(24)	(260)	(2,869)
Investing activities				
Acquisition of endowment investments	(930)	(580)	(1,024)	(670)
Disposal of endowment investments	753	516	757	529
	(177)	(64)	(267)	(141)
Financing activities				
Appropriations received for the acquisition of capital assets	200	–	200	–
Contributions received for endowment	112	9	122	19
	312	9	322	19
Increase (decrease) in cash	(168)	(312)	1,119	(2,366)
Cash, beginning of period	4,223	4,523	2,936	6,577
Cash, end of period	\$ 4,055	\$ 4,211	4,055	\$ 4,211

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, 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 nine months ended December 31, 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:

	December 31 2016		March 31 2016	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 123	\$ 123	\$ 66	\$ 66
	123	123	66	66
Investment funds				
Fixed income	4,861	4,931	4,699	4,666
Alternatives	2,965	3,146	3,007	3,114
	7,826	8,077	7,706	7,780
	\$ 7,949	\$ 8,200	\$ 7,772	\$ 7,846

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

December 31, 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	December 31 2016
Balance, beginning of period	\$ –	\$ 17,520	\$ 1,081	\$ 18,601
Add:				
Appropriations received to acquire capital assets	–	200	–	200
Less:				
Amortization of deferred contributions related to capital assets	–	(570)	(23)	(593)
Balance, end of period	\$ –	\$ 17,150	\$ 1,058	\$ 18,208

For the nine months ended	Transfer from Pier 21 Society	Appropriations	Other contributions	December 31 2016
Balance, beginning of period	\$ –	\$ 18,656	\$ 1,127	\$ 19,783
Add:				
Appropriations received to acquire capital assets	–	200	–	200
Less:				
Amortization of deferred contributions related to capital assets	–	(1,706)	(69)	(1,775)
Balance, end of period	\$ –	\$ 17,150	\$ 1,058	\$ 18,208

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 \$77 at December 31, 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)

December 31, 2016
(in thousands of dollars)

6. Appropriations

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

	Three months ended		Nine months ended	
	December 31		December 31	
	2016	2015	2016	2015
Parliamentary appropriations provided				
Main estimates	\$ 7,700	\$ 7,700	\$ 7,700	\$ 7,700
Budget 2016	200	–	200	–
	7,900	7,700	7,900	7,700
Portion of appropriations for capital projects	(200)	–	(200)	–
Portion of appropriations for future expenses	(1,595)	(1,550)	(1,595)	(1,550)
Amount received in prior quarters	(3,995)	(3,830)	–	–
Appropriations received for operating in the current period	2,110	2,320	6,105	6,150
Amortization of deferred contributions related to capital assets	570	563	1,706	1,556
Appropriations recognized as revenue	\$ 2,680	\$ 2,883	\$ 7,811	\$ 7,706

At December 31, 2016, appropriations recorded as deferred revenue were nil (December 31, 2015 – \$755).

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 December 31		Nine months ended December 31	
	2016	2015	2016	2015
Exhibition hall ticket sales	\$ 69	\$ 61	\$ 487	\$ 386
Hall rental	141	108	393	279
Gift shop	77	72	327	276
Special events	129	32	326	194
Family history centre	18	18	110	96
Programming	24	8	83	35
	\$ 458	\$ 299	\$ 1,726	\$ 1,266

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Personnel costs	\$ 1,298	\$ 1,416	\$ 4,004	\$ 4,236
Amortization of capital assets	593	708	1,775	1,983
Rent and related costs	405	406	1,215	1,204
Marketing, promotion and recognition	80	94	306	640
Cost of goods sold	89	49	277	206
Repairs and maintenance and building operation	77	86	257	325
Utilities	85	100	250	256
Operating supplies and services	59	58	181	188
Travel and hospitality	51	52	166	110
Office supplies and administration	46	39	160	129
Payment in lieu of taxes	32	35	142	135
Professional and special services	40	116	133	181
Exhibition and programming	43	134	121	286
Museum reopening costs	–	–	–	55
	\$ 2,898	\$ 3,293	\$ 8,987	\$ 9,934