

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

December 31, 2019

NARRATIVE DISCUSSION

For the nine months ended December 31, 2019

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, 2019 Management Discussion and Analysis and annual audited financial statements.

OUTLOOK

Museum visitation continues to grow with over 121,000 people visiting in the first three quarters of 2019-20. Included in this total are 33,000 visitors to the *Family Bonds and Belonging* exhibition which opened in March 2019 and closed in early November 2019. Originally produced by the Royal BC Museum and adapted by the Canadian Museum of Immigration at Pier 21, *Family Bonds and Belonging* welcomed visitors of all ages to discover together the many different ideas of family: those of biology, choice, association and place.

Refuge Canada, the Museum’s second travelling exhibition, continued its national tour in the third quarter of 2019-20, completing its run at the Esplanade Museum in Medicine Hat, Alberta in early December. *Refuge Canada* provides the context for Canada’s place in the global refugee crisis and brings to light the challenges faced by refugees in Canada. The exhibition also shares stories of success and contributions made by people who came to Canada as refugees. *Refuge Canada* will tour the country through 2024 helping to fulfil the Museum’s national mandate.

Digital engagement continues to be another key tool for the Museum to reach audiences across the country with 386,900 unique web visitors in the first three quarters of 2019-20. Strong and ongoing coverage by traditional and digital media further supports the Museum’s national and international reach. In addition, a significant project to catalogue the Collection and make selections available online continues and will attract additional web visitors and enhance access to the Collection.

FINANCIAL RESULTS

Operations

The net result of operations for the nine months ended December 31, 2019 was a net income of \$1,403,000 compared to a net income of \$1,228,000 for the nine months ended December 31, 2018. When combined with the \$4,089,000 in unrestricted net assets at March 31, 2019, this results in unrestricted net assets at December 31, 2019 of \$5,492,000.

For the nine months ended December 31, 2019, self-generated revenues decreased \$299,000 from \$2,904,000 in 2018 to \$2,605,000 in 2019. Self-generated revenues include operating revenues, donations, and interest and other revenues. The decrease in self-generated revenues is primarily the net result of lower donations. Also contributing to the diminution are lower rental revenues, gift shop sales and ticket sales offset by higher special events revenues. At the beginning of September 2019, during its busy season, the Museum had to close for three days due to a power outage following hurricane Dorian. The Museum did not sustain any significant damage.

The Museum tendered its investment advisory services for its endowment fund. In July 2019, the Museum retained the services of a new investment consultant. By the end of November 2019, all investments had been liquidated and funds transferred to the new investment consultant. Net income earned on the endowment investments of \$345,000 is included in the Statement of Operations for the nine months ended December 31, 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 of \$148,000 was recorded in the accumulated remeasurement gains (losses) which resulted in an overall

positive performance for the endowment investments of \$197,000 for the nine months ended December 31, 2019, compared to a positive performance of \$12,000 for the same period in 2018.

Expenses for the nine months ended December 31, 2019 decreased \$98,000, from \$9,499,000 in 2018 to \$9,401,000 in 2019, and were lower than budget. The decrease is mainly due to lower marketing, repairs and maintenance and personnel costs. Marketing expenses are planned later during this fiscal year compared to the prior year. Lower repairs and maintenance expenses are mainly due to less HVAC maintenance needed in 2019-20 and lower exhibits repairs. Decreased personnel costs are due to the timing of planned personnel increases.

Financial Position

Total assets at December 31, 2019 were \$26,850,000 compared to \$27,357,000 at March 31, 2019. The \$507,000 decrease is primarily due to the decrease in capital assets offset by the increase in cash. The decrease in capital assets is attributable to the amortization net of acquisitions. The increase in cash is mainly attributable to the earnings for the period.

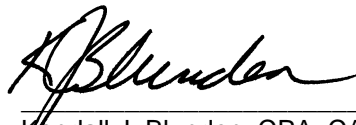
Total liabilities decreased by \$1,879,000 to \$12,606,000 at December 31, 2019 mainly due to the decrease in deferred contributions related to capital assets attributable to the amortization.

BUSINESS RISKS

Management has not identified any new significant business risks to those discussed in the 2018-19 annual Management Discussion and Analysis.



Marie Chapman
Chief Executive Officer



Wendall J. Blunden, CPA, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

December 31, 2019

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 12, 2020

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

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

	December 31 2019	March 31 2019
Assets		
Current assets		
Cash	\$ 5,479	\$ 4,507
Accounts receivable	185	311
Inventory	143	126
Prepaid expenses	122	269
	<u>5,929</u>	<u>5,213</u>
Endowment cash and investments (note 5)	9,084	8,770
Capital assets	11,836	13,373
Collections	1	1
	<u>\$ 26,850</u>	<u>\$ 27,357</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 570	\$ 686
Deferred revenue	154	209
Deferred contributions related to capital assets (note 4)	11,882	13,590
Net assets		
Unrestricted	5,492	4,089
Internally restricted	352	352
Accumulated remeasurement gains (losses)	(7)	141
Endowment	8,407	8,290
	<u>14,244</u>	<u>12,872</u>
	<u>\$ 26,850</u>	<u>\$ 27,357</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	
	2019	2018	2019	2018
Revenues				
Operating (schedule 1)	\$ 388	\$ 380	\$ 1,814	\$ 1,835
Amortization of deferred contributions related to capital assets received from a related party	24	23	70	69
Donations	457	613	711	1,004
Interest and other	29	28	80	65
	<u>898</u>	<u>1,044</u>	<u>2,675</u>	<u>2,973</u>
Expenses (schedule 2)				
Visitor experience and connections	995	969	3,030	3,174
Accommodation	1,224	1,217	3,701	3,717
Fundraising and commercial activities	286	305	957	979
Internal services	536	498	1,713	1,629
	<u>3,041</u>	<u>2,989</u>	<u>9,401</u>	<u>9,499</u>
Net result of operations before appropriations and endowment investment net income (loss)	(2,143)	(1,945)	(6,726)	(6,526)
Appropriations (note 6)	2,587	2,605	7,784	7,647
Endowment investment net income (loss)	230	36	345	107
Net result of operations	\$ 674	\$ 696	\$ 1,403	\$ 1,228

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	
	2019	2018	2019	2018
Accumulated remeasurement gains (losses), beginning of period	\$ 196	\$ 173	\$ 141	\$ 215
Realized (gains) losses on endowment investments reclassified to operations	(208)	–	(298)	–
Unrealized gains (losses) on endowment investments	5	(53)	150	(95)
Accumulated remeasurement gains (losses), end of period	\$ (7)	\$ 120	\$ (7)	\$ 120

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 2019	December 31 2018
Net assets, beginning of period	\$ 4,818	\$ 352	\$ 196	\$ 8,400	\$ 13,766	\$ 12,676
Net result of operations	674	–	–	–	674	696
Remeasurement gains (losses)	–	–	(203)	–	(203)	(53)
Contributions received for endowment	–	–	–	7	7	9
Net assets, end of period	\$ 5,492	\$ 352	\$ (7)	\$ 8,407	\$ 14,244	\$ 13,328

For the nine months ended	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	December 31 2019	December 31 2018
Net assets, beginning of period	\$ 4,089	\$ 352	\$ 141	\$ 8,290	\$ 12,872	\$ 12,161
Net result of operations	1,403	–	–	–	1,403	1,228
Remeasurement gains (losses)	–	–	(148)	–	(148)	(95)
Contributions received for endowment	–	–	–	117	117	34
Net assets, end of period	\$ 5,492	\$ 352	\$ (7)	\$ 8,407	\$ 14,244	\$ 13,328

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	
	2019	2018	2019	2018
Operating activities				
Appropriations received	\$ 1,060	\$ 2,064	\$ 6,146	\$ 6,028
Other cash received	1,026	990	2,943	2,913
Cash paid to employees and suppliers	(2,336)	(2,795)	(7,584)	(7,761)
Interest received	28	25	78	62
	(222)	284	1,583	1,242
Capital activities				
Acquisition of capital assets	(27)	(32)	(266)	(32)
	(27)	(32)	(266)	(32)
Investing activities				
Acquisition of endowment investments	(8,074)	(51)	(14,740)	(153)
Disposal of endowment investments	7,837	6	14,278	12
	(237)	(45)	(462)	(141)
Financing activities				
Appropriations received for the acquisition of capital assets	–	120	–	120
Contributions received for endowment	7	9	117	34
	7	129	117	154
Increase (decrease) in cash	(479)	336	972	1,223
Cash, beginning of period	5,958	4,730	4,507	3,843
Cash, end of period	\$ 5,479	\$ 5,066	5,479	\$ 5,066

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 nine months ended December 31, 2019
(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.

Consistent with the Government of Canada's Policy on Results (July 1, 2016), the Museum has adopted three core responsibilities, as well as internal services, replacing the Program Alignment Architecture previously established. Reporting on these core responsibilities started in 2018-19.

- 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, 2019.

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, 2019 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2019.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the nine months ended December 31, 2019

(in thousands of dollars)

4. 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	December 31 2019
Balance, beginning of period	\$ 11,650	\$ 803	\$ 12,453
Less:			
Amortization of deferred contributions related to capital assets	(547)	(24)	(571)
Balance, end of period	\$ 11,103	\$ 779	\$ 11,882

For the nine months ended	Appropriations	Other contributions	December 31 2019
Balance, beginning of period	\$ 12,741	\$ 849	\$ 13,590
Less:			
Amortization of deferred contributions related to capital assets	(1,638)	(70)	(1,708)
Balance, end of period	\$ 11,103	\$ 779	\$ 11,882

For the year ended	Appropriations	Other contributions	March 31 2019
Balance, beginning of year	\$ 14,482	\$ 942	\$ 15,424
Add:			
Appropriations received to acquire capital assets	420	–	420
Less:			
Amortization of deferred contributions related to capital assets	(2,161)	(93)	(2,254)
Balance, end of year	\$ 12,741	\$ 849	\$ 13,590

The unused portion of deferred contributions related to capital assets was \$46 at December 31, 2019 (March 31, 2019 – \$217). 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)

For the nine months ended December 31, 2019

(in thousands of dollars)

5. Endowment

Endowment cash and investments consist of the following:

	December 31 2019		March 31 2019	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 763	\$ 763	\$ 138	\$ 138
Investment funds				
Fixed income	2,958	2,934	4,702	4,756
Global equity	4,470	4,494	441	440
Alternatives	900	893	3,348	3,436
	8,328	8,321	8,491	8,632
	\$ 9,091	\$ 9,084	\$ 8,629	\$ 8,770

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	
	2019	2018	2019	2018
Parliamentary appropriations provided				
Main estimates	\$ 8,215	\$ 8,215	\$ 8,215	\$ 8,215
Supplementary estimates	–	26	–	26
	8,215	8,241	8,215	8,241
Portion of appropriations for capital projects	(100)	(420)	(100)	(420)
Portion of appropriations for future expenses	(1,969)	(1,793)	(1,969)	(1,793)
Amount received in prior quarters	(4,106)	(3,964)	–	–
Appropriations received for operating in the current period	2,040	2,064	6,146	6,028
Amortization of deferred contributions related to capital assets	547	541	1,638	1,619
Appropriations recognized as revenue	\$ 2,587	\$ 2,605	\$ 7,784	7,647

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		Nine months ended	
	December 31		December 31	
	2019	2018	2019	2018
Exhibition hall ticket sales	\$ 86	\$ 102	\$ 637	\$ 670
Hall rental	154	185	464	504
Special events	61	(4)	272	192
Gift shop	64	73	269	304
Family history centre	17	17	100	100
Programming	6	7	72	65
	\$ 388	\$ 380	\$ 1,814	\$ 1,835

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended		Nine months ended	
	December 31		December 31	
	2019	2018	2019	2018
Personnel costs	\$ 1,424	\$ 1,414	\$ 4,473	\$ 4,507
Amortization of capital assets	571	564	1,708	1,688
Rent and related costs	407	406	1,217	1,216
Utilities	86	89	276	270
Repairs and maintenance and building operation	81	104	262	305
Cost of goods sold	52	56	231	252
Operating supplies and services	54	48	231	189
Marketing, promotion and recognition	83	42	226	275
Exhibition and programming	85	95	223	217
Travel and hospitality	70	57	187	198
Office supplies and administration	49	51	163	164
Payment in lieu of taxes	44	21	131	131
Professional and special services	35	42	73	87
	\$ 3,041	\$ 2,989	\$ 9,401	\$ 9,499