

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

December 31, 2020

NARRATIVE DISCUSSION

For the nine months ended December 31, 2020

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, 2020 Management Discussion and Analysis and annual audited financial statements.

OUTLOOK

In response to the COVID-19 pandemic, the Museum closed its doors to the public on March 14, 2020 and reopened on July 7, 2020. During the closure, most operations continued behind the scenes or adapted to digital delivery. In accordance with the provincial public health directive, the Museum had to close again to the public on November 25, 2020; a few weeks earlier than the planned closure in mid-December for renovations. Museum visitation for the second and third quarters (until the November closure) was very low, approximately 3% of the visitation for the same period in 2019-20.

The project to redesign the Contributions Zone of the Canadian Immigration Hall is continuing as planned. The renovations to one of the permanent exhibitions – the Canadian Immigration Story – started in December 2020 and is scheduled to be completed by the end of March 2021. During this period, the Museum plans to make other upgrades to support public health measures (including touchless doors and changes to the exhibitions to make them hands-free) and other physical modifications to provide a more accessible experience to visitors. The redeveloped space is scheduled to reopen to the public in Q1 2021-22 and will be a significant draw for visitors in the post-COVID recovery period.

Key initiatives in the third quarter included an enhanced online presence including online Museum programs, a focus on digital engagement through social media channels, and the continuation of the national tour of the *Refuge Canada* travelling exhibition. These projects support the national mandate and will help ensure the Museum continues to collect, share and pay tribute to Canada’s immigration stories.

The COVID-19 outbreak has, and will continue to have, a negative impact on the results of operations. Given the uncertainty around the extent and duration of COVID-19, we cannot estimate the full impact on our future results of operations and financial position. An enhanced digital presence, strong financial position, and innovative and engaged employees are significant assets as the Museum continues to navigate these uncertain times.

On June 18, 2020, the Honourable Steven Guilbeault, Minister of Canadian Heritage, announced \$25.7 million in funding for national museums and the National Battlefields Commission to help maintain essential services and assist in reopening costs. The Museum received \$2.05 million in funding to support its operations and reopening expenses. This statutory funding will help offset lost revenues from ticket sales, fund development and facility rentals and ensures financial stability for the current year.

FINANCIAL RESULTS

Operations

The net result of operations for the nine months ended December 31, 2020 was a net income of \$851,000 compared to a net income of \$1,403,000 for the nine months ended December 31, 2019. When combined with the \$5,013,000 in unrestricted net assets at March 31, 2020, this results in unrestricted net assets at December 31, 2020 of \$5,864,000.

For the nine months ended December 31, 2020, self-generated revenues decreased \$2,237,000 from \$2,605,000 in 2019 to \$368,000 in 2020. Self-generated revenues include operating revenues, donations, and interest and other revenues. The significant decrease in self-generated revenues is due to the closure of the Museum to the public in Q1 and to COVID-19 related provincial restrictions once the Museum reopened in Q2. The number of visitors in Q2 and Q3 was significantly lower which reduced ticket and gift

shop sales and the Scotiabank family history center revenues. Due to the restrictions, only a few rental events were possible during the period the Museum was open to the public and both planned fundraising events were cancelled.

Appropriations increased \$1,052,000 for the nine months ended December 31, 2020, from \$7,784,000 in 2019 to \$8,836,000 in 2020. In addition to its on-going operating appropriations, the Museum received \$2,050,000 in statutory funding which was utilized to maintain operations and cover reopening expenses.

Net income earned on the endowment investments of \$196,000 is included in the Statement of Operations for the nine months ended December 31, 2020. 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 \$876,000 was recorded in the accumulated remeasurement gains which resulted in an overall positive performance for the endowment investments of \$1,072,000 for the nine months ended December 31, 2020, compared to a positive performance of \$197,000 for the same period in 2019.

Expenses for the nine months ended December 31, 2020 decreased \$782,000, from \$9,401,000 in 2019 to \$8,619,000 in 2020. The decrease is mainly due to the decrease in personnel costs, cost of goods sold and travel and hospitality expenses. With the Museum closed to the public in Q1 and reduced hours and visitation numbers in Q2 and Q3, hourly staff was kept to a minimum. With reduced gift shop sales and the cancellation of the California Wine Dinner and Fascinating Canadian fundraising events, the cost of goods sold was significantly lower for the nine months ended December 31, 2020. Travel for Museum employees and Board members was suspended until further notice due to COVID-19 restrictions, which also reduced professional development and training costs as well as hospitality. Repairs and maintenance and building operation increased slightly compared to the same period last year and included the reopening expense and additional cleaning measures related to COVID-19, which were offset by lower security and cleaning costs during the Museum's closure to the public.

Financial Position

Total assets at December 31, 2020 were \$25,416,000 compared to \$25,681,000 at March 31, 2020. The \$265,000 decrease is primarily due to the decrease in capital assets offset by the increase in endowment cash and investments. The decrease in capital assets is attributable to the amortization net of acquisitions. Endowment cash and investments increased due to the endowment net income, the contributions received and the positive change in unrealized remeasurement gains and losses.

Total liabilities decreased by \$2,100,000 to \$10,261,000 at December 31, 2020 mainly due to the decrease in accounts payable and accrued liabilities and deferred contributions related to capital assets. The decrease in accounts payable and accrued liabilities is mainly due to the reduction and timing of expenses. The decrease in deferred contributions related to capital assets is attributable to the amortization.

BUSINESS RISKS

Management has not identified any new significant business risks to those discussed in the 2019-20 annual Management Discussion and Analysis.

The Museum is actively monitoring the COVID-19 situation and is committed to take the action necessary to mitigate risks.



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, 2020

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's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, 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 11, 2021

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

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

| | December 31 2020 | March 31 2020 |
|---|---------------------|------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 5,050 | \$ 4,831 |
| Accounts receivable | 122 | 225 |
| Inventory | 141 | 136 |
| Prepaid expenses | 154 | 271 |
| | <u>5,467</u> | <u>5,463</u> |
| Endowment cash and investments (note 5) | 9,936 | 8,753 |
| Capital assets | 10,012 | 11,464 |
| Collections | 1 | 1 |
| | <u>\$ 25,416</u> | <u>25,681</u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 428 | \$ 775 |
| Deferred revenue | 125 | 175 |
| Deferred contributions related to capital assets (note 4) | 9,708 | 11,411 |
| Net assets | | |
| Unrestricted | 5,864 | 5,013 |
| Internally restricted | 352 | 352 |
| Accumulated remeasurement gains (losses) | 424 | (452) |
| Endowment | 8,515 | 8,407 |
| | <u>15,155</u> | <u>13,320</u> |
| | <u>\$ 25,416</u> | <u>\$ 25,681</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 | | Nine months ended | |
|--|--------------------|--------------|-------------------|--------------|
| | December 31 | | December 31 | |
| | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | |
| Operating (schedule 1) | \$ 24 | \$ 388 | \$ 68 | \$ 1,814 |
| Amortization of deferred contributions related to capital assets received from a related party | 24 | 24 | 70 | 70 |
| Donations | 189 | 457 | 281 | 711 |
| Interest and other | 8 | 29 | 19 | 80 |
| | <u>245</u> | <u>898</u> | <u>438</u> | <u>2,675</u> |
| Expenses (schedule 2) | | | | |
| Visitor experience and connections | 949 | 995 | 2,818 | 3,030 |
| Accommodation | 1,246 | 1,224 | 3,678 | 3,701 |
| Fundraising and commercial activities | 237 | 286 | 724 | 957 |
| Internal services | 504 | 536 | 1,399 | 1,713 |
| | <u>2,936</u> | <u>3,041</u> | <u>8,619</u> | <u>9,401</u> |
| Net result of operations before appropriations and endowment investment net income (loss) | (2,691) | (2,143) | (8,181) | (6,726) |
| Appropriations (note 6) | 3,039 | 2,587 | 8,836 | 7,784 |
| Endowment investment net income (loss) | 107 | 230 | 196 | 345 |
| Net result of operations | \$ 455 | \$ 674 | \$ 851 | \$ 1,403 |

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 | |
|---|-----------------------------------|--------|----------------------------------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| Accumulated remeasurement gains (losses), beginning of period | \$ 140 | \$ 196 | \$ (452) | \$ 141 |
| Realized (gains) losses on endowment investments reclassified to operations | (7) | (208) | (38) | (298) |
| Unrealized gains (losses) on endowment investments | 291 | 5 | 914 | 150 |
| Accumulated remeasurement gains (losses), end of period | \$ 424 | \$ (7) | \$ 424 | \$ (7) |

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 2020 | December 31 2019 |
|--------------------------------------|--------------|-----------------------|--|-----------|---------------------|---------------------|
| Net assets, beginning of period | \$ 5,409 | \$ 352 | \$ 140 | \$ 8,408 | \$ 14,309 | \$ 13,766 |
| Net result of operations | 455 | – | – | – | 455 | 674 |
| Remeasurement gains (losses) | – | – | 284 | – | 284 | (203) |
| Contributions received for endowment | – | – | – | 107 | 107 | 7 |
| Net assets, end of period | \$ 5,864 | \$ 352 | \$ 424 | \$ 8,515 | \$ 15,155 | \$ 14,244 |

| For the nine months ended | Unrestricted | Internally restricted | Accumulated remeasurement gains (losses) | Endowment | December 31 2020 | December 31 2019 |
|--------------------------------------|--------------|-----------------------|--|-----------|---------------------|---------------------|
| Net assets, beginning of period | \$ 5,013 | \$ 352 | \$ (452) | \$ 8,407 | \$ 13,320 | \$ 12,872 |
| Net result of operations | 851 | – | – | – | 851 | 1,403 |
| Remeasurement gains (losses) | – | – | 876 | – | 876 | (148) |
| Contributions received for endowment | – | – | – | 108 | 108 | 117 |
| Net assets, end of period | \$ 5,864 | \$ 352 | \$ 424 | \$ 8,515 | \$ 15,155 | \$ 14,244 |

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 | |
| | 2020 | 2019 | 2020 | 2019 |
| Operating activities | | | | |
| Appropriations received | \$ 2,495 | \$ 1,060 | \$ 7,203 | \$ 6,146 |
| Cash received from clients and donors | 327 | 1,023 | 600 | 2,940 |
| Cash paid to suppliers | (1,132) | (829) | (2,734) | (3,116) |
| Payments related to salary and benefits | (1,290) | (1,504) | (4,277) | (4,465) |
| Interest received | 6 | 28 | 17 | 78 |
| | 406 | (222) | 809 | 1,583 |
| Capital activities | | | | |
| Acquisition of capital assets | (98) | (27) | (391) | (266) |
| | (98) | (27) | (391) | (266) |
| Investing activities | | | | |
| Acquisition of endowment investments | (397) | (8,074) | (1,384) | (14,740) |
| Disposal of endowment investments | 184 | 7,837 | 1,077 | 14,278 |
| | (213) | (237) | (307) | (462) |
| Financing activities | | | | |
| Appropriations received for the acquisition of capital assets | – | – | – | – |
| Contributions received for endowment | 107 | 7 | 108 | 117 |
| | 107 | 7 | 108 | 117 |
| Increase (decrease) in cash | 202 | (479) | 219 | 972 |
| Cash, beginning of period | 4,848 | 5,958 | 4,831 | 4,507 |
| Cash, end of period | \$ 5,050 | \$ 5,479 | 5,050 | \$ 5,479 |

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, 2020

(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.

The Museum's operations are divided into three core responsibilities, as well as internal services, to support the overall strategic outcome derived from its mandate. These responsibilities are:

- 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, 2020.

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. They are prepared in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports. These unaudited financial statements should be read in conjunction with the Narrative Discussion for the nine months ended December 31, 2020 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2020.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the nine months ended December 31, 2020

(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 2020 |
|--|----------------|---------------------|------------------|
| Balance, beginning of period | \$ 9,566 | \$ 710 | \$ 10,276 |
| Less: | | | |
| Amortization of deferred contributions related to capital assets | (544) | (24) | (568) |
| Balance, end of period | \$ 9,022 | \$ 686 | \$ 9,708 |

| For the nine months ended | Appropriations | Other contributions | December 31 2020 |
|--|----------------|---------------------|------------------|
| Balance, beginning of period | \$ 10,655 | \$ 756 | \$ 11,411 |
| Less: | | | |
| Amortization of deferred contributions related to capital assets | (1,633) | (70) | (1,703) |
| Balance, end of period | \$ 9,022 | \$ 686 | \$ 9,708 |

| For the year ended | Appropriations | Other contributions | March 31 2020 |
|--|----------------|---------------------|---------------|
| Balance, beginning of year | \$ 12,741 | \$ 849 | \$ 13,590 |
| Add: | | | |
| Appropriations received to acquire capital assets | 100 | – | 100 |
| Less: | | | |
| Amortization of deferred contributions related to capital assets | (2,186) | (93) | (2,279) |
| Balance, end of year | \$ 10,655 | \$ 756 | \$ 11,411 |

The unused portion of deferred contributions related to capital assets was nil at December 31, 2020 (March 31, 2020 – nil). 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, 2020

(in thousands of dollars)

5. Endowment

Endowment cash and investments consist of the following:

| | December 31 2020 | | March 31 2020 | |
|---------------------------------|---------------------|------------|------------------|------------|
| | Cost | Fair Value | Cost | Fair value |
| Cash and short-term investments | \$ 742 | \$ 742 | \$ 623 | \$ 623 |
| Investment funds | | | | |
| Fixed income | 4,069 | 4,246 | 3,997 | 4,075 |
| Global equity | 3,743 | 4,111 | 3,671 | 3,359 |
| Alternatives | 958 | 837 | 914 | 696 |
| | 8,770 | 9,194 | 8,582 | 8,130 |
| | \$ 9,512 | \$ 9,936 | \$ 9,205 | \$ 8,753 |

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 | |
|--|-----------------------------------|----------|----------------------------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Parliamentary appropriations provided | | | | |
| Main estimates | \$ 7,895 | \$ 8,215 | \$ 7,895 | \$ 8,215 |
| Statutory appropriations | 2,050 | – | 2,050 | – |
| | 9,945 | 8,215 | 9,945 | 8,215 |
| Portion of appropriations for capital projects | (90) | (100) | (90) | (100) |
| Portion of appropriations for future expenses | (2,652) | (1,969) | (2,652) | (1,969) |
| Amount received in prior quarters | (4,708) | (4,106) | – | – |
| Appropriations received for operating in the current period | 2,495 | 2,040 | 7,203 | 6,146 |
| Amortization of deferred contributions related to capital assets | 544 | 547 | 1,633 | 1,638 |
| Appropriations recognized as revenue | \$ 3,039 | \$ 2,587 | \$ 8,836 | 7,784 |

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 | |
| | 2020 | 2019 | 2020 | 2019 |
| Gift shop | \$ 12 | \$ 64 | \$ 22 | \$ 269 |
| Programming | 1 | 6 | 17 | 72 |
| Exhibition hall ticket sales | 4 | 86 | 15 | 637 |
| Family history centre | 3 | 17 | 8 | 100 |
| Hall rental | 4 | 154 | 6 | 464 |
| Special events | – | 61 | – | 272 |
| | \$ 24 | \$ 388 | \$ 68 | \$ 1,814 |

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

| | Three months ended | | Nine months ended | |
|--|--------------------|----------|-------------------|----------|
| | December 31 | | December 31 | |
| | 2020 | 2019 | 2020 | 2019 |
| Personnel costs | \$ 1,422 | \$ 1,424 | \$ 4,236 | \$ 4,473 |
| Amortization of capital assets | 568 | 571 | 1,703 | 1,708 |
| Rent and related costs | 425 | 407 | 1,226 | 1,217 |
| Repairs and maintenance and building operation | 92 | 81 | 274 | 262 |
| Utilities | 74 | 86 | 209 | 276 |
| Marketing, promotion and recognition | 83 | 83 | 182 | 226 |
| Exhibition and programming | 63 | 85 | 171 | 223 |
| Payment in lieu of taxes | 48 | 44 | 162 | 131 |
| Operating supplies and services | 45 | 54 | 155 | 231 |
| Professional and special services | 68 | 35 | 151 | 73 |
| Office supplies and administration | 39 | 49 | 134 | 163 |
| Cost of goods sold | 9 | 52 | 16 | 231 |
| Travel and hospitality | – | 70 | – | 187 |
| | \$ 2,936 | \$ 3,041 | \$ 8,619 | \$ 9,401 |