

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

September 30, 2011

MANAGEMENT DISCUSSION

For the six months ended September 30, 2011

FINANCIAL RESULTS AND OUTLOOK

The 2011-2012 fiscal year will be the first complete year of operations for the Museum after launching its operations on February 4, 2011. In its first Corporate Plan and its 2010-2011 annual Management and Discussion Analysis, the Museum noted delays in the start of operations in 2010-2011 impacting the timing of expenses. The impact on the timing of expenses still continues but should be mostly resolved by the end of 2011-2012; however some may continue into the next fiscal year. Larger operating and capital expenditures are planned for the third and fourth quarters.

Capital expenditures are proceeding as per the Corporate Plan. Significant capital expenditures are planned for the last two quarters of 2011-2012. They include the retro-fit of the upper and lower annex anticipated to be completed by June 2012, the refit of the Heating, Ventilation and Cooling (HVAC) and electrical system and the retro-fit of the mezzanine also anticipated to be completed by June 2012. The procurement process continues and it is anticipated the majority of contracts will be awarded by December 2011. The entire project is still scheduled to be completed by fiscal year 2012-2013. Adding the electrical refitting to the scope of work allows for all infrastructure construction to be completed at the same time, diminishing the interruption to operations and generating cost savings. Similarly, adding the lower annex to the scope of work allows all personnel to move at one time reducing interruptions and costs. The additions to the scope necessitated further drawings and details which moved the time frame forward.

As a transitional provision, Parliament had approved a statutory appropriation not to exceed \$15 million to bridge the gap until the normal flow of parliamentary appropriations. Of this amount, \$4.5 million was received in 2010-2011, \$1.4 million in the first quarter of 2011-2012 and \$2.5 million will be received in the third quarter. Appropriations were not drawn upon in the second quarter due to the cash balance. The statutory appropriation — available for both operating and capital expenditures — has enabled the Museum to operate until its appropriations were granted by Parliament through the regular appropriations cycle. On June 27, 2011, \$10 million in parliamentary appropriations were approved for the remainder of the year.

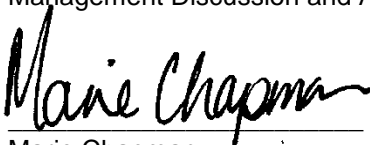
The Museum continues to prepare its financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The unaudited financial statements follow the same accounting policies and methods of computation as the Museum's annual audited financial statements as at and for the period ended March 31, 2011.

The note disclosures in the 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 but are in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations.

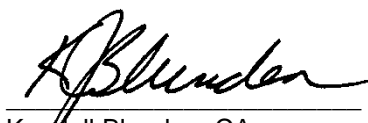
At its inaugural strategic planning retreat in the fall of 2011, the Board began the process of determining the long-term vision and values of the Museum to guide its activities and operations and directed management to incorporate them into the 2012-2013 corporate plan.

BUSINESS RISKS

The Museum has not identified any new business risks to those discussed in the 2010-2011 annual Management Discussion and Analysis.



Marie Chapman
Chief Executive Officer



Kendall Blunden, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

September 30, 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

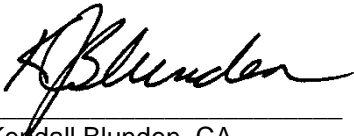
Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the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

Halifax, Canada
November 17, 2011

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)

As at September 30, 2011
(in thousands of dollars)

| | September 30 2011 | March 31 2011 |
|---|----------------------|------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 3,006 | \$ 3,734 |
| Accounts receivable | 65 | 240 |
| Inventory | 175 | 152 |
| Prepaid expenses | 68 | 19 |
| | <u>3,314</u> | <u>4,145</u> |
| Endowment cash and investments | 4,485 | 4,538 |
| Capital assets | 2,486 | 2,483 |
| Collections | 1 | 1 |
| | <u>\$ 10,286</u> | <u>\$ 11,167</u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 539 | \$ 671 |
| Deferred revenue | 282 | 166 |
| Deferred contributions related to capital assets (note 4) | 3,894 | 4,163 |
| Net assets | | |
| Unrestricted | 1,207 | 1,649 |
| Accumulated remeasurement (losses) gains | (327) | 5 |
| Endowment | 4,691 | 4,513 |
| | <u>5,571</u> | <u>6,167</u> |
| | <u>\$ 10,286</u> | <u>\$ 11,167</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 2011 | Six months ended September 30 2011 |
|--|--|--|
| Revenues | | |
| Appropriations (note 5) | \$ 8 | \$ 1,385 |
| Operating (schedule 1) | 399 | 750 |
| Amortization of deferred contributions related to capital assets transferred from Pier 21 Society | 129 | 258 |
| Donations | 71 | 215 |
| Investment and other | 123 | 135 |
| | <u>730</u> | <u>2,743</u> |
| Expenses (schedule 2) | | |
| Visitor experience and connections | 413 | 648 |
| Internal services | 805 | 1,438 |
| Accommodation | 584 | 1,099 |
| | <u>1,802</u> | <u>3,185</u> |
| Excess of expenses over revenues | <u>\$ (1,072)</u> | <u>\$ (442)</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 September 30 2011 | Six months ended September 30 2011 |
|---|--|--|
| Accumulated remeasurement (losses) gains, beginning of period | \$ (46) | \$ 5 |
| Unrealized losses attributed to: Endowment investments | (281) | (332) |
| Accumulated remeasurement losses, end of period | \$ (327) | \$ (327) |

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 September 30, 2011 | Unrestricted | Accumulated remeasurement gains (losses) | Endowment | Total |
|--|--------------|--|-----------|----------|
| Net assets, beginning of period | \$ 2,279 | \$ (46) | \$ 4,629 | \$ 6,862 |
| Excess of expenses over revenues | (1,072) | - | - | (1,072) |
| Remeasurement losses | - | (281) | - | (281) |
| Contributions received for endowment | - | - | 62 | 62 |
| Net assets, end of period | \$ 1,207 | \$ (327) | \$ 4,691 | \$ 5,571 |

| For the six months ended September 30, 2011 | Unrestricted | Accumulated remeasurement gains (losses) | Endowment | Total |
|--|--------------|--|-----------|----------|
| Net assets, beginning of period | \$ 1,649 | \$ 5 | \$ 4,513 | \$ 6,167 |
| Excess of expenses over revenues | (442) | - | - | (442) |
| Remeasurement losses | - | (332) | - | (332) |
| Contributions received for endowment | - | - | 178 | 178 |
| Net assets, end of period | \$ 1,207 | \$ (327) | \$ 4,691 | \$ 5,571 |

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 2011 | Six months ended September 30 2011 |
|--|--|--|
| Operating activities | | |
| Appropriations received (note 5) | \$ - | \$ 1,374 |
| Other cash received | 528 | 1,267 |
| Cash paid to employees and suppliers | (1,519) | (3,119) |
| Interest received | 112 | 124 |
| | (879) | (354) |
| Capital activities | | |
| Acquisition of capital assets | (187) | (272) |
| | (187) | (272) |
| Investing activities | | |
| Increase in endowment cash and investments | (158) | (280) |
| | (158) | (280) |
| Financing activities | | |
| Restricted contributions | 62 | 178 |
| | 62 | 178 |
| Decrease in cash | (1,162) | (728) |
| Cash, beginning of period | 4,168 | 3,734 |
| Cash, end of period | \$ 3,006 | \$ 3,006 |

The accompanying notes and schedules form an integral part of the unaudited financial statements.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Unaudited Financial Statements

For the six months ended September 30, 2011
(in thousands of dollars)

1. Authority and objectives

Under the Museums Act, the Canadian Museum of Immigration at Pier 21 (the "Museum") was established and 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 came into force November 25, 2010 and 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'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 period ended March 31, 2011.

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 for annual audited financial statements. These unaudited financial statements should be read in conjunction with the Management Discussion for the six months ended September 30, 2011 and with the Museum's annual audited financial statements as at and for the period ended March 31, 2011.

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 change in the deferred contributions balance is as follows:

| For the three months ended September 30, 2011 | Transfer from Pier 21 Society | Statutory appropriations | Total |
|---|----------------------------------|-----------------------------|----------|
| Balance, beginning of period | \$ 2,312 | \$ 1,719 | \$ 4,031 |
| Less: Amortization of deferred contributions related to capital assets | (129) | (8) | (137) |
| Balance, end of period | \$ 2,183 | \$ 1,711 | \$ 3,894 |

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Unaudited Financial Statements

For the six months ended September 30, 2011
(in thousands of dollars)

4. Deferred contributions related to capital assets (continued)

| For the six months ended September 30, 2011 | Transfer from Pier 21 Society | Statutory appropriations | Total |
|--|----------------------------------|-----------------------------|----------|
| Balance, beginning of period | \$ 2,441 | \$ 1,722 | \$ 4,163 |
| Less: | | | |
| Amortization of deferred contributions related to capital assets | (258) | (11) | (269) |
| Balance, end of period | \$ 2,183 | \$ 1,711 | \$ 3,894 |

The unused portion of deferred contributions related to capital assets was \$1,408 at September 30, 2011 and \$1,595 at June 30, 2011 (March 31, 2011 – \$1,680).

5. Appropriations

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

| | Three months ended September 30 2011 | Six months ended September 30 2011 |
|---|--|--|
| Statutory appropriations | \$ 3,850 | \$ 3,850 |
| Supplementary estimates | 9,974 | 9,974 |
| | 13,824 | 13,824 |
| Less: | | |
| Portion of appropriation for future expenses and capital projects | (12,450) | (12,450) |
| Amount received in prior quarter | (1,374) | - |
| Appropriations received | - | 1,374 |
| Add: | | |
| Amortization of deferred contributions related to capital assets | 8 | 11 |
| Appropriations used | \$ 8 | \$ 1,385 |

Parliament approved a statutory appropriation to bridge the gap until the normal flow of parliamentary appropriations. The statutory appropriation, available for both operating and capital expenditures, has enabled the Museum to operate until its appropriations were granted on June 27, 2011 by Parliament through Supplementary estimates in the regular appropriations cycle.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Schedule 1 – Operating Revenue (Unaudited) (in thousands of dollars)

| | Three months ended September 30 2011 | Six months ended September 30 2011 |
|------------------------------|--|--|
| Exhibition hall ticket sales | \$ 149 | \$ 208 |
| Gift shop | 136 | 190 |
| Hall rental | 77 | 186 |
| Special events | 1 | 101 |
| Research centre | 34 | 49 |
| Programming | 2 | 16 |
| | \$ 399 | \$ 750 |

Schedule 2 – Expenses (Unaudited) (in thousands of dollars)

| | Three months ended September 30 2011 | Six months ended September 30 2011 |
|---------------------------------------|--|--|
| Personnel costs | \$ 903 | \$ 1,389 |
| Rent | 275 | 537 |
| Amortization of capital assets | 137 | 269 |
| Building operation and maintenance | 107 | 179 |
| Professional and special services | 65 | 160 |
| Cost of goods sold | 71 | 127 |
| Operating supplies and services | 67 | 118 |
| Office supplies and administration | 35 | 111 |
| Marketing and promotion | 33 | 63 |
| Utilities | 32 | 58 |
| Training and professional development | 29 | 55 |
| Payment in lieu of taxes | 25 | 50 |
| Travel | 23 | 37 |
| Exhibition and programming | - | 32 |
| | \$ 1,802 | \$ 3,185 |