

Quarterly Financial Reports of

# **CANADIAN MUSEUM OF IMMIGRATION AT PIER 21**

September 30, 2013

# MANAGEMENT DISCUSSION

For the six months ended September 30, 2013

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, 2013 Management Discussion and Analysis and annual audited financial statements.

The Museum has prepared 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 year ended March 31, 2013.

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.

## FINANCIAL RESULTS AND OUTLOOK

Over the past two years, the Museum has established the foundation to become a national museum and has put in place the facilities, the technology and the team to grow the Museum both in size and scope. Major projects are still ongoing: the development of the first travelling exhibition *Canada: Day 1* is on track for a late 2013 launch; the multi-year project to catalogue the Collection and to make it accessible on the *CollectiveAccess* database is well underway; and the first national advertising campaign launched in March 2013 ran until the end of June 2013, increasing Canadian public awareness for the Museum. Plans are underway for the refit of existing spaces and the expansion of the Museum. This two-year project will result in new permanent exhibits reflective of the Museum’s national mandate.

### *Operations*

The operating results for the six months ended September 30, 2013 yielded \$0.24 million excess of revenues over expenses compared to (\$0.10) million for the six months ended September 30, 2012. When combined with the \$2.69 million in unrestricted net assets at March 31, 2013, this results in unrestricted net assets at September 30, 2013 of \$2.93 million.

For the six months ended September 30, 2013, self-generated revenues including operating revenues, donations, and interest and other revenues were \$0.93 million, which is relatively unchanged compared to 2012 and slightly lower than budget. Compared to the prior period, ticket and gift shop sales were higher due to an increase in the number of visitors, and were offset by lower donations, rentals and interest. The decrease in donations is attributed to the timing of major gifts receipts.

Net income earned on the endowment investments of \$0.07 million, included in the Statement of Operations for the six months ended September 30, 2013, is slightly higher than 2012. 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 in the accumulated remeasurement losses of \$0.15 million was recorded for the six months, which results in an overall negative performance for the endowment investments of \$0.08 million for the six months ended September 30, 2013.

Expenses for the six months ended September 30, 2013 increased \$0.81 million, from \$4.71 million in 2012 to \$5.52 million in 2013. The increase was planned in the budget and utilized some unrestricted net assets. This increase is primarily due to the Museum’s expanded operations. The most significant increases were \$0.34 million in marketing, promotion and recognition for the national ad campaign, \$0.21 million in exhibition and programming mainly for the development of our travelling exhibit *Canada: Day 1*, and \$0.36 million in personnel costs resulting from the planned increase in the number of employees.

*Financial Position*

Total assets at September 30, 2013 were \$24.23 million compared to \$22.08 million at March 31, 2013. The \$2.15 million increase is due to the increase in cash of \$3.32 million, largely offset by the decrease in accounts receivable of \$0.5 million and in capital assets of \$0.74 million. The increase in cash is mainly attributable to the appropriations received for the refit and expansion projects taking place in the current year. The decrease in capital assets is due to amortization.

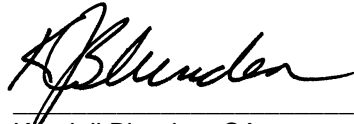
Total liabilities increased by \$1.85 million to \$14.9 million at September 30, 2013 due to the net increase of \$1.7 million in deferred contributions related to capital assets and \$0.51 million increase in deferred revenue offset by a \$0.36 million decrease in accounts payable and accrued liabilities. The increase in deferred contributions related to capital assets is attributable to the appropriations received for capital projects offset by amortization.

**BUSINESS RISKS**

Management has not identified any new business risks to those discussed in the 2012-13 annual Management Discussion and Analysis and continues to monitor risks related to the capital project.



Marie Chapman  
Chief Executive Officer



Kendall Blunden, CA  
Chief Financial Officer

Unaudited Financial Statements of

# **CANADIAN MUSEUM OF IMMIGRATION AT PIER 21**

September 30, 2013

## 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 Blunden, CA  
Chief Financial Officer

November 20, 2013

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)

(in thousands of dollars)

	September 30 2013	March 31 2013
<b>Assets</b>		
Current assets		
Cash	\$ 6,432	\$ 3,105
Accounts receivable	94	589
Inventory	185	154
Prepaid expenses	21	128
	<b>6,732</b>	<b>3,976</b>
Endowment cash and investments (note 4)	6,394	6,257
Capital assets	11,102	11,842
Collections	1	1
	<b>\$ 24,229</b>	<b>\$ 22,076</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 630	\$ 993
Deferred revenue	667	156
Deferred contributions related to capital assets (note 5)	13,599	11,902
Net assets		
Unrestricted	2,928	2,692
Internally restricted	282	282
Accumulated remeasurement losses	(154)	(3)
Endowment	6,277	6,054
	<b>9,333</b>	<b>9,025</b>
	<b>\$ 24,229</b>	<b>\$ 22,076</b>

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		Six months ended September 30	
	2013	2012	2013	2012
<b>Revenues</b>				
Operating (schedule 1)	\$ 439	\$ 404	\$ 847	\$ 818
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	129	129	258	259
Amortization of deferred contributions related to capital assets received from a related party	6	3	12	3
Donations	38	18	57	90
Investment and other	17	10	30	33
	629	564	1,204	1,203
<b>Expenses (schedule 2)</b>				
Visitor experience and connections	662	533	1,387	1,151
Internal services	925	907	2,230	1,871
Accommodation	952	899	1,907	1,686
	2,539	2,339	5,524	4,708
Excess of expenses over revenues before appropriations and endowment investment net income	(1,910)	(1,775)	(4,320)	(3,505)
Appropriations (note 6)	2,152	1,245	4,491	3,359
Endowment investment net income	33	24	65	46
Excess (deficiency) of revenues over expenses	\$ 275	\$ (506)	\$ 236	\$ (100)

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		Six months ended September 30	
	2013	2012	2013	2012
Accumulated remeasurement gains (losses), beginning of period	\$ (119)	\$ 60	\$ (3)	\$ 68
Unrealized gains (losses) on endowment investments	(35)	58	(151)	50
Accumulated remeasurement gains (losses), end of period	\$ (154)	\$ 118	\$ (154)	\$ 118

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 losses	Endowment	September 30 2013	September 30 2012
Net assets, beginning of period	\$ 2,653	\$ 282	\$ (119)	\$ 6,119	\$ 8,935	\$ 8,057
Excess (deficiency) of revenues over expenses	275	–	–	–	275	(506)
Remeasurement gains (losses)	–	–	(35)	–	(35)	58
Contributions received for endowment	–	–	–	158	158	210
<b>Net assets, end of period</b>	<b>\$ 2,928</b>	<b>\$ 282</b>	<b>\$ (154)</b>	<b>\$ 6,277</b>	<b>\$ 9,333</b>	<b>\$ 7,819</b>

For the six months ended	Unrestricted	Internally restricted	Accumulated remeasurement losses	Endowment	September 30 2013	September 30 2012
Net assets, beginning of period	\$ 2,692	\$ 282	\$ (3)	\$ 6,054	\$ 9,025	\$ 7,625
Excess (deficiency) of revenues over expenses	236	–	–	–	236	(100)
Remeasurement gains (losses)	–	–	(151)	–	(151)	50
Contributions received for endowment	–	–	–	223	223	244
<b>Net assets, end of period</b>	<b>\$ 2,928</b>	<b>\$ 282</b>	<b>\$ (154)</b>	<b>\$ 6,277</b>	<b>\$ 9,333</b>	<b>\$ 7,819</b>

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		Six months ended September 30	
	2013	2012	2013	2012
<b>Operating activities</b>				
Appropriations received	\$ 2,424	\$ 975	\$ 4,457	\$ 2,871
Other cash received	611	490	1,396	1,279
Cash paid to employees and suppliers	(2,391)	(2,928)	(4,928)	(6,892)
Interest received	17	13	30	33
	661	(1,450)	955	(2,709)
<b>Capital activities</b>				
Acquisition of capital assets	(86)	(821)	(143)	(4,391)
	(86)	(821)	(143)	(4,391)
<b>Investing activities</b>				
Increase in endowment cash and investments	(191)	(246)	(288)	(302)
	(191)	(246)	(288)	(302)
<b>Financing activities</b>				
Appropriations received for the acquisition of capital assets	–	–	2,580	2,250
Contributions received for endowment	158	210	223	244
	158	210	2,803	2,494
Increase (decrease) in cash	542	(2,307)	3,327	(4,908)
Cash, beginning of period	5,890	6,366	3,105	8,967
Cash, end of period	\$ 6,432	\$ 4,059	\$ 6,432	\$ 4,059

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)

September 30, 2013  
(in thousands of dollars)

## 1. Authority and objectives

The Canadian Museum of Immigration at Pier 21 (the "Museum") was established under the *Museums 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 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 period ended March 31, 2013.

## 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 Management Discussion for the six months ended September 30, 2013 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2013.

## 4. Endowment

Endowment cash and investments consist of the following:

	September 30 2013		March 31 2013	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 155	\$ 155	\$ 161	\$ 161
Investment funds				
Fixed income	4,489	4,336	4,265	4,234
Global equity	532	665	512	584
Alternatives	1,372	1,238	1,322	1,278
	6,393	6,239	6,099	6,096
	\$ 6,548	\$ 6,394	\$ 6,260	\$ 6,257

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

September 30, 2013  
(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	September 30 2013
Balance, beginning of period	\$ 1,279	\$ 12,546	\$ 216	\$ 14,041
Add:				
Appropriations received to acquire capital assets	–	–	–	–
Less:				
Amortization of deferred contributions related to capital assets	(129)	(307)	(6)	(442)
Balance, end of period	\$ 1,150	\$ 12,239	\$ 210	\$ 13,599
For the six months ended	Transfer from Pier 21 Society	Appropriations	Other contributions	September 30 2013
Balance, beginning of period	\$ 1,408	\$ 10,272	\$ 222	\$ 11,902
Add:				
Appropriations received to acquire capital assets	–	2,580	–	2,580
Less:				
Amortization of deferred contributions related to capital assets	(258)	(613)	(12)	(883)
Balance, end of period	\$ 1,150	\$ 12,239	\$ 210	\$ 13,599
For the year ended	Transfer from Pier 21 Society	Appropriations	Other contributions	March 31 2013
Balance, beginning of period	\$ 1,925	\$ 9,107	\$ 237	\$ 11,269
Add:				
Appropriations received to acquire capital assets	–	2,250	–	2,250
Less:				
Amortization of deferred contributions related to capital assets	(517)	(1,085)	(15)	(1,617)
Balance, end of period	\$ 1,408	\$ 10,272	\$ 222	\$ 11,902

The unused portion of deferred contributions related to capital assets was \$2,497 at September 30, 2013 (March 31, 2013 – \$60). Other contributions received from a related party were received from the Halifax Port Authority as per the lease of the Pier 21 premises.

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

September 30, 2013  
(in thousands of dollars)

## 6. Appropriations

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

	Three months ended September 30		Six months ended September 30	
	2013	2012	2013	2012
Parliamentary appropriations provided				
Main estimates	\$ 18,450	\$ 9,950	\$ 18,450	\$ 9,950
Portion of appropriation for capital projects	(10,750)	(2,250)	(10,750)	(2,250)
Portion of appropriation for future expenses	(3,822)	(4,829)	(3,822)	(4,829)
Amount received in prior quarter	(2,033)	(1,896)	–	–
Appropriations received for operating in the current period	1,845	975	3,878	2,871
Amortization of deferred contributions related to capital assets	307	270	613	488
Appropriations recognized as revenue	\$ 2,152	\$ 1,245	\$ 4,491	\$ 3,359

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

## Schedule 1 – Operating Revenue (Unaudited)

(in thousands of dollars)

	Three months ended		Six months ended	
	September 30		September 30	
	2013	2012	2013	2012
Gift shop	\$ 170	\$ 129	\$ 223	\$ 180
Hall rental	89	112	195	230
Exhibition hall ticket sales	140	130	189	174
Special events	2	1	175	179
Family history centre	36	29	49	42
Programming	2	3	16	13
	\$ 439	\$ 404	\$ 847	\$ 818

## Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended		Six months ended	
	September 30		September 30	
	2013	2012	2013	2012
Personnel costs	\$ 1,174	\$ 1,002	\$ 2,348	\$ 1,989
Amortization of capital assets	442	402	883	750
Rent	286	282	572	557
Marketing, promotion and recognition	57	65	432	92
Exhibition and programming	103	60	299	86
Cost of goods sold	90	74	184	166
Professional and special services	60	73	173	267
Repairs and maintenance and building operation	79	89	160	154
Utilities	69	44	132	86
Office supplies and administration	46	51	90	90
Payment in lieu of taxes	45	62	90	100
Training and professional development	34	56	78	90
Operating supplies and services	47	76	70	269
Travel	7	3	13	12
	\$ 2,539	\$ 2,339	\$ 5,524	\$ 4,708