

Quarterly Financial Reports of

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

December 31, 2013

# MANAGEMENT DISCUSSION

For the nine months ended December 31, 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.

In the three years since becoming a Crown corporation, the Museum has made significant strides in the transformation to a museum with national scope. Major projects are still ongoing: the development of the first travelling exhibition *Canada: Day 1* is to be launched June 2014; 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 was successfully launched in March 2013 and ran until the end of June 2013, increasing public awareness for the Museum. The capital expansion project is underway. This two-year project will result in new permanent exhibits reflective of the Museum’s national mandate and will be completed May 2015.

## *Operations*

The net result of operations for the nine months ended December 31, 2013 yielded \$0.26 million excess of revenues over expenses compared to \$1.04 million for the nine months ended December 31, 2012. When combined with the \$2.69 million in unrestricted net assets at March 31, 2013, this results in unrestricted net assets at December 31, 2013 of \$2.95 million.

For the nine months ended December 31, 2013, self-generated revenues including operating revenues, donations, and interest and other revenues were \$1.34 million, which is slightly higher compared to 2012 and to budget. Higher ticket, family history centre and gift shop sales, due to an increase in the number of visitors, were offset by lower rentals.

Net income earned on the endowment investments of \$0.02 million, included in the Statement of Operations for the nine months ended December 31, 2013, is lower than the \$0.22 million earned in the same period of 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 gains was negligible which results in an overall positive performance for the endowment investments of \$0.03 million for the nine months ended December 31, 2013.

Expenses for the nine months ended December 31, 2013 increased \$1.11 million, from \$7.13 million in 2012 to \$8.24 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 \$0.51 million in exhibition and programming for the development of our permanent and travelling exhibit *Canada: Day 1*, \$0.33 million in marketing, promotion and recognition for the national ad campaign, and \$0.47 million in personnel costs resulting from the planned increase in the number of employees.

*Financial Position*

Total assets at December 31, 2013 were \$27.64 million compared to \$22.08 million at March 31, 2013. The \$5.56 million increase is due to the increase in cash of \$6.82 million, largely offset by the decrease in accounts receivable of \$0.42 million and in capital assets of \$1.09 million. The increase in cash is mainly attributable to the appropriations received for the refit and expansion projects currently taking place. The decrease in capital assets is due to amortization.

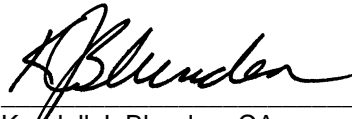
Total liabilities increased by \$5.02 million to \$18.07 million at December 31, 2013 due to the net increase of \$4.68 million in deferred contributions related to capital assets and \$0.70 million increase in deferred revenue offset by a \$0.36 million decrease in accounts payable and accrued liabilities. The net increase in deferred contributions related to capital assets is attributable to the appropriations received for the capital projects offset by amortization.

**BUSINESS RISKS**

Management has not identified any new business risks to those discussed in the 2012-2013 annual Management Discussion and Analysis and continues to monitor risks related to the capital project.



Marie Chapman  
Chief Executive Officer



Kendall J. Blunden, CA  
Chief Financial Officer

Unaudited Financial Statements of

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

December 31, 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



Wendall J. Blunden, CA  
Chief Financial Officer

Halifax, Canada  
February 19, 2014

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

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

	December 31 2013	March 31 2013
<b>Assets</b>		
Current assets		
Cash	\$ 9,925	\$ 3,105
Accounts receivable	171	589
Inventory	155	154
Prepaid expenses	62	128
	<b>10,313</b>	<b>3,976</b>
Endowment cash and investments (note 4)	6,570	6,257
Capital assets	10,755	11,842
Collections	1	1
	<b>\$ 27,639</b>	<b>\$ 22,076</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 633	\$ 993
Deferred revenue	860	156
Deferred contributions related to capital assets (note 5)	16,577	11,902
Net assets		
Unrestricted	2,947	2,692
Internally restricted	282	282
Accumulated remeasurement gains (losses)	1	(3)
Endowment	6,339	6,054
	<b>9,569</b>	<b>9,025</b>
	<b>\$ 27,639</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 December 31		Nine months ended December 31	
	2013	2012	2013	2012
<b>Revenues</b>				
Operating (schedule 1)	\$ 282	\$ 252	\$ 1,129	\$ 1,070
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	129	129	387	388
Amortization of deferred contributions related to capital assets received from a related party	6	6	18	9
Donations	107	75	164	165
Investment and other	21	15	51	48
	545	477	1,749	1,680
<b>Expenses (schedule 2)</b>				
Visitor experience and connections	933	514	2,320	1,665
Internal services	870	970	3,100	2,841
Accommodation	912	940	2,819	2,626
	2,715	2,424	8,239	7,132
Net result of operations before appropriations and endowment investment net income	(2,170)	(1,947)	(6,490)	(5,452)
Appropriations (note 6)	2,230	2,914	6,721	6,273
Endowment investment net income (loss)	(41)	173	24	219
Net result of operations	\$ 19	\$ 1,140	\$ 255	\$ 1,040

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	
	2013	2012	2013	2012
Accumulated remeasurement gains (losses), beginning of period	\$ (154)	\$ 118	\$ (3)	\$ 68
Realized (gains) losses on endowment investments reclassified to operations	84	(118)	84	(68)
Unrealized gains (losses) on endowment investments	71	(62)	(80)	(62)
Accumulated remeasurement gains (losses), end of period	\$ 1	\$ (62)	\$ 1	\$ (62)

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 2013	December 31 2012
Net assets, beginning of period	\$ 2,928	\$ 282	\$ (154)	\$ 6,277	\$ 9,333	\$ 7,819
Net result of operations	19	–	–	–	19	1,140
Remeasurement gains (losses)	–	–	155	–	155	(180)
Contributions received for endowment	–	–	–	62	62	226
Net assets, end of period	\$ 2,947	\$ 282	\$ 1	\$ 6,339	\$ 9,569	\$ 9,005

For the nine months ended	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	December 31 2013	December 31 2012
Net assets, beginning of period	\$ 2,692	\$ 282	\$ (3)	\$ 6,054	\$ 9,025	\$ 7,625
Net result of operations	255	–	–	–	255	1,040
Remeasurement gains (losses)	–	–	4	–	4	(130)
Contributions received for endowment	–	–	–	285	285	470
Net assets, end of period	\$ 2,947	\$ 282	\$ 1	\$ 6,339	\$ 9,569	\$ 9,005

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	
	2013	2012	2013	2012
<b>Operating activities</b>				
Appropriations received	\$ 2,103	\$ 3,375	\$ 6,560	\$ 6,246
Other cash received	288	691	1,684	1,970
Cash paid to employees and suppliers	(2,282)	(2,083)	(7,210)	(8,975)
Interest received	18	14	48	47
	127	1,997	1,082	(712)
<b>Capital activities</b>				
Acquisition of capital assets	(95)	(596)	(238)	(4,987)
	(95)	(596)	(238)	(4,987)
<b>Investing activities</b>				
Increase in endowment cash and investments	(21)	(386)	(309)	(688)
	(21)	(386)	(309)	(688)
<b>Financing activities</b>				
Appropriations received for the acquisition of capital assets	3,420	–	6,000	2,250
Contributions received for endowment	62	226	285	470
	3,482	226	6,285	2,720
Increase (decrease) in cash	3,493	1,241	6,820	(3,667)
Cash, beginning of period	6,432	4,059	3,105	8,967
Cash, end of period	\$ 9,925	\$ 5,300	\$ 9,925	\$ 5,300

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, 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 year 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 nine months ended December 31, 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:

	December 31		March 31	
	2013		2013	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 112	\$ 112	\$ 161	\$ 161
Investment funds				
Fixed income	4,620	4,474	4,265	4,234
Global equity	543	753	512	584
Alternatives	1,294	1,231	1,322	1,278
	6,457	6,458	6,099	6,096
	\$ 6,569	\$ 6,570	\$ 6,260	\$ 6,257

# CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

December 31, 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	December 31 2013
Balance, beginning of period	\$ 1,150	\$ 12,239	\$ 210	\$ 13,599
Add:				
Appropriations received to acquire capital assets	–	3,420	–	3,420
Less:				
Amortization of deferred contributions related to capital assets	(129)	(307)	(6)	(442)
Balance, end of period	\$ 1,021	\$ 15,352	\$ 204	\$ 16,577
For the nine months ended	Transfer from Pier 21 Society	Appropriations	Other contributions	December 31 2013
Balance, beginning of period	\$ 1,408	\$ 10,272	\$ 222	\$ 11,902
Add:				
Appropriations received to acquire capital assets	–	6,000	–	6,000
Less:				
Amortization of deferred contributions related to capital assets	(387)	(920)	(18)	(1,325)
Balance, end of period	\$ 1,021	\$ 15,352	\$ 204	\$ 16,577
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 \$5,822 at December 31, 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)

December 31, 2013  
(in thousands of dollars)

## 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	
	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	(1,899)	(2,204)	(1,899)	(2,204)
Amount received in prior quarters	(3,878)	(2,871)	–	–
Appropriations received for operating in the current period	1,923	2,625	5,801	5,496
Amortization of deferred contributions related to capital assets	307	289	920	777
Appropriations recognized as revenue	\$ 2,230	\$ 2,914	\$ 6,721	\$ 6,273

Appropriations received of \$759 relating to the quarter ending March 31, 2014 is recorded in deferred revenue (December 31, 2012 - \$750).

## 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 December 31		Nine months ended December 31	
	2013	2012	2013	2012
Hall rental	\$ 127	\$ 114	\$ 322	\$ 344
Gift shop	72	62	295	242
Exhibition hall ticket sales	33	31	222	205
Special events	31	31	206	210
Family history centre	13	9	62	51
Programming	6	5	22	18
	\$ 282	\$ 252	\$ 1,129	\$ 1,070

## Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended December 31		Nine months ended December 31	
	2013	2012	2013	2012
Personnel costs	\$ 1,159	\$ 1,046	\$ 3,507	\$ 3,035
Amortization of capital assets	442	424	1,325	1,174
Rent	287	274	859	831
Exhibition and programming	372	76	671	165
Marketing, promotion and recognition	15	25	447	117
Professional and special services including Board of Trustees costs	102	80	275	347
Cost of goods sold	85	66	269	232
Repairs and maintenance and building operation	68	118	228	272
Utilities	70	75	202	161
Office supplies and administration	35	74	125	164
Operating supplies and services	41	76	111	345
Payment in lieu of taxes	15	34	105	134
Training and professional development	18	46	96	136
Travel	6	10	19	19
	\$ 2,715	\$ 2,424	\$ 8,239	\$ 7,132