

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

December 31, 2014

MANAGEMENT DISCUSSION

For the nine months ended December 31, 2014

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, 2014 Management Discussion and Analysis and annual audited financial statements.

OUTLOOK

The 2014-15 fiscal year is a significant one for the Museum as we near completion of a five year plan to become a truly national museum. At the beginning of the third quarter, the Museum closed its doors so that a significant capital and expansion project can take place. In the spring of 2015, an expanded museum will open with a new exhibition telling the Pier 21 story, and another showcasing the broader story of immigration to our country. These will be defining moments for the Museum – shining a light on the importance of immigration to this country and the immeasurable contributions of so many who have chosen to make Canada home.

The Museum’s first travelling exhibit, *Canada: Day 1*, began its four-year national tour in June 2014 in Nanaimo, British Columbia and will travel to Markham, Ontario in the fourth quarter. *Canada: Day 1* explores the memories, impressions and experiences of immigrants on their first day in Canada, from Confederation to present day. The travelling exhibition is supported by the Museum’s first digital application. This legacy project will commemorate our country’s birth as a nation as part of the 2017 celebrations where it will be simultaneously displayed at the Museum of History in Gatineau and in Halifax at the Museum.

Other major projects are still ongoing. The multi-year project to catalogue the Collection and to make it accessible on the *CollectiveAccess* database is well underway. And a continued focus on marketing, communications and fund development continues to grow awareness, to generate visitation both on-site and on-line, and to meet self-generated revenue targets.

FINANCIAL RESULTS

Operations

The net result of operations for the nine months ended December 31, 2014, yielded \$1,176,000 excess of revenues over expenses compared to \$255,000 for the nine months ended December 31, 2013. When combined with the \$2,533,000 in unrestricted net assets at March 31, 2014, this results in unrestricted net assets at December 31, 2014, of \$3,709,000.

For the nine months ended December 31, 2014, self-generated revenues including operating revenues, donations, and interest and other revenues were \$1,555,000 compared to \$1,345,000 in 2013 and were higher than budget. The increase is due to higher donations but also includes the success of special event fundraising, and higher ticket and Scotiabank Family History Centre sales. The increase in donations is attributed to the timing of major gifts receipts. Despite the closure of the Museum at the end of October, the number of visitors increased compared to the previous year which generated increases in sales. Revenue of \$575,000 was also recognized this quarter, representing a rent refund due to the landlord’s overestimation of the Museum’s proportionate share of the property’s operating costs (also known as common area costs) for the last three years.

Net income earned on the endowment investments of \$115,000, included in the Statement of Operations for the nine months ended December 31, 2014, is higher than the \$24,000 earned in the same period of 2013. 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 \$165,000 was recorded in the accumulated remeasurement gains which results in an overall positive performance for the endowment investments of \$280,000 for the nine months ended December 31, 2014, compared to \$28,000 for the same period in 2013.

Expenses for the nine months ended December 31, 2014, increased \$375,000, from \$8,239,000 in 2013 to \$8,614,000 in 2014. The increase was planned in the budget and is primarily due to the Museum's expansion. The spending of the surplus funds on operations will continue in the last quarter and into next year.

Financial Position

Total assets at December 31, 2014, were \$33,925,000 compared to \$31,602,000 at March 31, 2014. The \$2,323,000 increase is due to the increase in capital assets of \$2,892,000 and endowment of \$410,000, offset by the decrease in cash of \$627,000, in accounts receivable of \$68,000, in inventory of \$25,000 and in prepaid expenses of \$259,000. The increase in capital assets is largely work in progress related to the expansion of the museum offset by amortization. The decrease in cash is mainly attributable to the purchase of capital assets and the timing of the appropriations received. The decrease in prepaid expenses is mainly due to the *Empress of Ireland* exhibit opening at the Museum of History, an exhibit developed in partnership.

Total liabilities increased by \$852,000 to \$23,143,000 at December 31, 2014, due to the net increase of \$511,000 in deferred contributions related to capital assets and a \$458,000 increase in accounts payable and accrued liabilities offset by a \$117,000 decrease in deferred revenue. The increase in deferred contributions related to capital assets is attributable to the appropriations and contributions received for capital projects and amortization. The increase in accounts payable and accrued liabilities is mainly due to costs associated with the capital project. The decrease in deferred revenue is due to the timing of the appropriations received.

BUSINESS RISKS

Management has not identified any new business risks to those discussed in the 2013-14 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, 2014

STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

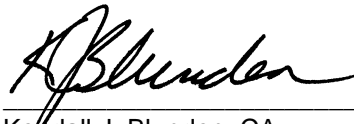
Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the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

Halifax, Canada
February 18, 2015

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

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

	December 31 2014	March 31 2014
Assets		
Current assets		
Cash	\$ 10,818	\$ 11,445
Accounts receivable	426	494
Inventory	111	136
Prepaid expenses	50	309
	<u>11,405</u>	<u>12,384</u>
Endowment cash and investments (note 4)	7,175	6,765
Capital assets	15,344	12,452
Collections	1	1
	<u>\$ 33,925</u>	<u>\$ 31,602</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,679	\$ 1,221
Deferred revenue	64	181
Deferred contributions related to capital assets (note 5)	21,400	20,889
Net assets		
Unrestricted	3,709	2,533
Internally restricted	282	282
Accumulated remeasurement gains (losses)	102	(63)
Endowment	6,689	6,559
	<u>10,782</u>	<u>9,311</u>
	<u>\$ 33,925</u>	<u>\$ 31,602</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	
	2014	2013	2014	2013
Revenues				
Operating (schedule 1)	\$ 198	\$ 282	\$ 1,152	\$ 1,129
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	121	129	366	387
Amortization of deferred contributions related to capital assets received from a related party	6	6	18	18
Donations	105	107	303	164
Rent refund (note 6)	575	–	575	–
Interest and other	36	21	100	51
	<u>1,041</u>	<u>545</u>	<u>2,514</u>	<u>1,749</u>
Expenses (schedule 2)				
Visitor experience and connections	942	933	2,712	2,320
Internal services	935	870	2,983	3,100
Accommodation	1,042	912	2,919	2,819
	<u>2,919</u>	<u>2,715</u>	<u>8,614</u>	<u>8,239</u>
Net result of operations before appropriations and endowment investment net income (loss)	(1,878)	(2,170)	(6,100)	(6,490)
Appropriations (note 7)	2,554	2,230	7,161	6,721
Endowment investment net income (loss)	55	(41)	115	24
Net result of operations	\$ 731	\$ 19	\$ 1,176	\$ 255

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	
	2014	2013	2014	2013
Accumulated remeasurement gains (losses), beginning of period	\$ 62	\$ (154)	\$ (63)	\$ (3)
Realized (gains) losses on endowment investments reclassified to operations	(20)	84	(25)	84
Unrealized gains (losses) attributable to:				
Endowment investments	58	71	188	(80)
Foreign exchange	2	–	2	–
Accumulated remeasurement gains (losses), end of period	\$ 102	\$ 1	\$ 102	\$ 1

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 2014	December 31 2013
Net assets, beginning of period	\$ 2,978	\$ 282	\$ 62	\$ 6,662	\$ 9,984	\$ 9,333
Net result of operations	731	–	–	–	731	19
Remeasurement gains (losses)	–	–	40	–	40	155
Contributions received for endowment	–	–	–	27	27	62
Net assets, end of period	\$ 3,709	\$ 282	\$ 102	\$ 6,689	\$ 10,782	\$ 9,569

For the nine months ended	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	December 31 2014	December 31 2013
Net assets, beginning of period	\$ 2,533	\$ 282	\$ (63)	\$ 6,559	\$ 9,311	\$ 9,025
Net result of operations	1,176	–	–	–	1,176	255
Remeasurement gains (losses)	–	–	165	–	165	4
Contributions received for endowment	–	–	–	130	130	285
Net assets, end of period	\$ 3,709	\$ 282	\$ 102	\$ 6,689	\$ 10,782	\$ 9,569

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	
	2014	2013	2014	2013
Operating activities				
Appropriations received	\$ 1,520	\$ 2,103	\$ 6,245	\$ 6,560
Other cash received	603	288	2,096	1,684
Cash paid to employees and suppliers	(2,682)	(2,282)	(6,570)	(7,210)
Interest received	34	18	98	48
	(525)	127	1,869	1,082
Capital activities				
Acquisition of capital assets	(2,415)	(95)	(4,192)	(238)
	(2,415)	(95)	(4,192)	(238)
Investing activities				
Increase in endowment cash and investments	(82)	(21)	(245)	(309)
	(82)	(21)	(245)	(309)
Financing activities				
Appropriations received for the acquisition of capital assets	575	3,420	775	6,000
Contributions received for the acquisition of capital assets	–	–	1,036	–
Contributions received for endowment	27	62	130	285
	602	3,482	1,941	6,285
Increase (decrease) in cash	(2,420)	3,493	(627)	6,820
Cash, beginning of period	13,238	6,432	11,445	3,105
Cash, end of period	\$ 10,818	\$ 9,925	\$ 10,818	\$ 9,925

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, 2014
(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.

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, 2014.

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, 2014 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2014.

4. Endowment

Endowment cash and investments consist of the following:

	December 31 2014		March 31 2014	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 30	\$ 30	\$ 86	\$ 86
Investment funds				
Fixed income	4,366	4,309	4,461	4,378
Alternatives	2,677	2,836	2,281	2,301
	7,043	7,145	6,742	6,679
	\$ 7,073	\$ 7,175	\$ 6,828	\$ 6,765

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

December 31, 2014
(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 2014
Balance, beginning of period	\$ 651	\$ 19,383	\$ 1,222	\$ 21,256
Add:				
Appropriations received to acquire capital assets	–	575	–	575
Other contributions received from related party to acquire capital assets	–	–	–	–
Less:				
Amortization of deferred contributions related to capital assets	(121)	(304)	(6)	(431)
Balance, end of period	\$ 530	\$ 19,654	\$ 1,216	\$ 21,400

For the nine months ended	Transfer from Pier 21 Society	Appropriations	Other contributions	December 31 2014
Balance, beginning of period	\$ 896	\$ 19,795	\$ 198	\$ 20,889
Add:				
Appropriations received to acquire capital assets	–	775	–	775
Other contributions received from related party to acquire capital assets	–	–	1,036	1,036
Less:				
Amortization of deferred contributions related to capital assets	(366)	(916)	(18)	(1,300)
Balance, end of period	\$ 530	\$ 19,654	\$ 1,216	\$ 21,400

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

December 31, 2014
(in thousands of dollars)

5. Deferred contributions related to capital assets (continued)

For the year ended	Transfer from Pier 21 Society	Appropriations	Other contributions	March 31 2014
Balance, beginning of period	\$ 1,408	\$ 10,272	\$ 222	\$ 11,902
Add:				
Appropriations received to acquire capital assets	–	10,750	–	10,750
Less:				
Amortization of deferred contributions related to capital assets	(512)	(1,227)	(24)	(1,763)
Balance, end of period	\$ 896	\$ 19,795	\$ 198	\$ 20,889

The unused portion of deferred contributions related to capital assets was \$6,056 at December 31, 2014 (March 31, 2014 – \$8,437). Other contributions received from a related party were received from the Halifax Port Authority as per the lease of the Pier 21 premises.

6. Rent refund

As per the agreement with the Halifax Port Authority for the lease of the Pier 21 premises, the rent includes an amount which represents the Museum's proportionate share of the property's operating costs (also known as common area costs). The costs are estimated by the landlord and are reconciled to reflect actual amounts on a regular basis. During the quarter, it was determined the Museum's common area costs were overestimated for the previous three years resulting in a refund of \$575.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

December 31, 2014
(in thousands of dollars)

7. 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	
	2014	2013	2014	2013
Parliamentary appropriations provided				
Main estimates	\$ 9,900	\$ 18,450	\$ 9,900	\$ 18,450
Portion of appropriation for capital projects	(2,200)	(10,750)	(2,200)	(10,750)
Portion of appropriation for future expenses	(1,455)	(1,899)	(1,455)	(1,899)
Amount received in prior quarters	(3,995)	(3,878)	–	–
Appropriations received for operating in the current period	2,250	1,923	6,245	5,801
Amortization of deferred contributions related to capital assets	304	307	916	920
Appropriations recognized as revenue	\$ 2,554	\$ 2,230	\$ 7,161	\$ 6,721

No appropriations were received relating to the quarter ending March 31, 2015 are recorded in deferred revenue (December 31, 2013 - \$759).

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	
	2014	2013	2014	2013
Hall rental	\$ 64	\$ 127	\$ 301	\$ 322
Gift shop	53	72	265	295
Exhibition hall ticket sales	27	33	250	222
Special events	34	31	218	206
Family history centre	17	13	84	62
Programming	3	6	34	22
	\$ 198	\$ 282	\$ 1,152	\$ 1,129

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended		Nine months ended	
	December 31		December 31	
	2014	2013	2014	2013
Personnel costs	\$ 1,227	\$ 1,159	\$ 3,823	\$ 3,507
Amortization of capital assets	431	442	1,300	1,325
Rent and related costs	382	287	898	859
Exhibition and programming	362	372	779	671
Repairs and maintenance and building operation	84	68	281	228
Professional and special services including Board of Trustees costs	65	102	277	275
Marketing, promotion and recognition	92	15	246	447
Cost of goods sold	44	85	233	269
Operating supplies and services	53	41	228	111
Utilities	59	70	180	202
Payment in lieu of taxes	50	15	150	105
Office supplies and administration	41	35	120	125
Training and professional development	19	18	61	96
Travel	10	6	38	19
	\$ 2,919	\$ 2,715	\$ 8,614	\$ 8,239