

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

September 30, 2014

MANAGEMENT DISCUSSION

For the six months ended September 30, 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 the vision of a truly national Museum becomes a reality. At the end of October 2014, the Museum closed its doors so that a significant capital and expansion project can take place. In May of 2015, an expanded museum will be unveiled with a new permanent exhibition showcasing the broader story of immigration to our country, and a new exhibition telling the Pier 21 story. 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 of 2014 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. This legacy project will also commemorate our country’s birth as a nation as part of the 2017 celebrations.

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 six months ended September 30, 2014 was \$445,000 compared to \$236,000 for the six months ended September 30, 2013. When combined with the \$2,533,000 in unrestricted net assets at March 31, 2014, this results in unrestricted net assets at September 30, 2014 of \$2,978,000.

For the six months ended September 30, 2014, self-generated revenues including operating revenues, donations, and interest and other revenues increased \$282,000 from \$934,000 in 2013 to \$1,216,000 in 2014 and were higher than budget. The increase is primarily due to higher donations but also includes the success of the special events fundraising, and higher rentals and ticket sales. The increase in donations is attributed to the timing of major gifts receipts. The number of visitors increased compared to the previous year which generated increases in ticket sales.

Net income earned on the endowment investments of \$60,000, included in the Statement of Operations for the six months ended September 30, 2014, is slightly lower than 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 in the accumulated remeasurement gains of \$125,000 was recorded for the six months, which results in an overall positive performance for the endowment investments of \$185,000 for the six months ended September 30, 2014.

Expenses for the six months ended September 30, 2014 increased \$171,000, from \$5,524,000 in 2013 to \$5,695,000 in 2014. 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 spending of the surplus funds on operations did not occur in the first six months but is anticipated to occur during the remainder of the year.

Financial Position

Total assets at September 30, 2014 were \$34,232,000 compared to \$31,602,000 at March 31, 2014. The \$2,630,000 increase is due to increases in cash of \$1,793,000, capital assets of \$908,000 and endowment cash and investments of \$288,000, largely offset by the decrease in accounts receivable of \$366,000. The increase in cash is mainly attributable to the timing of the operating appropriations received and the appropriations for the refit and expansion projects taking place in the current year. The increase in capital assets is largely work in progress related to the expansion of the museum offset by amortization.

Total liabilities increased by \$1,957,000 to \$24,248,000 at September 30, 2014 due to the increases of \$945,000 in accounts payable and accrued liabilities, \$645,000 in deferred revenue and \$367,000 in deferred contributions related to capital assets. The increase in accounts payable and accrued liabilities is mainly due to costs associated with the capital project. The increase in deferred revenue is due to the timing of the appropriations received. The increase in deferred contributions related to capital assets is attributable to the appropriations and contributions received for capital projects and amortization.

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

September 30, 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

November 19, 2014

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

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

	September 30 2014	March 31 2014
Assets		
Current assets		
Cash	\$ 13,238	\$ 11,445
Accounts receivable	128	494
Inventory	141	136
Prepaid expenses	311	309
	<u>13,818</u>	<u>12,384</u>
Endowment cash and investments (note 4)	7,053	6,765
Capital assets	13,360	12,452
Collections	1	1
	<u>\$ 34,232</u>	<u>\$ 31,602</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,166	\$ 1,221
Deferred revenue	826	181
Deferred contributions related to capital assets (note 5)	21,256	20,889
Net assets		
Unrestricted	2,978	2,533
Internally restricted	282	282
Accumulated remeasurement gains (losses)	62	(63)
Endowment	6,662	6,559
	<u>9,984</u>	<u>9,311</u>
	<u>\$ 34,232</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 September 30		Six months ended September 30	
	2014	2013	2014	2013
Revenues				
Operating (schedule 1)	\$ 472	\$ 439	\$ 954	\$ 847
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	122	129	245	258
Amortization of deferred contributions related to capital assets received from a related party	6	6	12	12
Donations	26	38	198	57
Interest and other	32	17	64	30
	658	629	1,473	1,204
Expenses (schedule 2)				
Visitor experience and connections	842	662	1,770	1,387
Internal services	956	925	1,877	2,230
Accommodation	988	952	2,048	1,907
	2,786	2,539	5,695	5,524
Net result of operations before appropriations and endowment investment net income	(2,128)	(1,910)	(4,222)	(4,320)
Appropriations (note 6)	2,025	2,152	4,607	4,491
Endowment investment net income	28	33	60	65
Net result of operations	\$ (75)	\$ 275	\$ 445	\$ 236

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	
	2014	2013	2014	2013
Accumulated remeasurement gains (losses), beginning of period	\$ 53	\$ (119)	\$ (63)	\$ (3)
Unrealized gains (losses) on endowment investments	9	(35)	125	(151)
Accumulated remeasurement gains (losses), end of period	\$ 62	\$ (154)	\$ 62	\$ (154)

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	Endowment	September 30 2014	September 30 2013
Net assets, beginning of period	\$ 3,053	\$ 282	\$ 53	\$ 6,659	\$ 10,047	\$ 8,935
Net result of operations	(75)	–	–	–	(75)	275
Remeasurement gains (losses)	–	–	9	–	9	(35)
Contributions received for endowment	–	–	–	3	3	158
Net assets, end of period	\$ 2,978	\$ 282	\$ 62	\$ 6,662	\$ 9,984	\$ 9,333

For the six months ended	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	September 30 2014	September 30 2013
Net assets, beginning of period	\$ 2,533	\$ 282	\$ (63)	\$ 6,559	\$ 9,311	\$ 9,025
Net result of operations	445	–	–	–	445	236
Remeasurement gains (losses)	–	–	125	–	125	(151)
Contributions received for endowment	–	–	–	103	103	223
Net assets, end of period	\$ 2,978	\$ 282	\$ 62	\$ 6,662	\$ 9,984	\$ 9,333

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	
	2014	2013	2014	2013
Operating activities				
Appropriations received	\$ 2,450	\$ 2,424	\$ 4,725	\$ 4,457
Other cash received	181	611	1,493	1,396
Cash paid to employees and suppliers	(1,730)	(2,391)	(3,888)	(4,928)
Interest received	31	17	64	30
	932	661	2,394	955
Capital activities				
Acquisition of capital assets	(1,056)	(86)	(1,777)	(143)
	(1,056)	(86)	(1,777)	(143)
Investing activities				
Increase in endowment cash and investments	(31)	(191)	(163)	(288)
	(31)	(191)	(163)	(288)
Financing activities				
Appropriations received for the acquisition of capital assets	–	–	200	2,580
Contributions received for the acquisition of capital assets	1,036	–	1,036	–
Contributions received for endowment	3	158	103	223
	1,039	158	1,339	2,803
Increase in cash	884	542	1,793	3,327
Cash, beginning of period	12,354	5,890	11,445	3,105
Cash, end of period	\$ 13,238	\$ 6,432	\$ 13,238	\$ 6,432

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, 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 six months ended September 30, 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:

	September 30 2014		March 31 2014	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 6	\$ 6	\$ 86	\$ 86
Investment funds				
Fixed income	4,308	4,271	4,461	4,378
Alternatives	2,677	2,776	2,281	2,301
	6,985	7,047	6,742	6,679
	\$ 6,991	\$ 7,053	\$ 6,828	\$ 6,765

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

September 30, 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	September 30 2014
Balance, beginning of period	\$ 773	\$ 19,688	\$ 192	\$ 20,653
Add:				
Appropriations received to acquire capital assets	–	–	–	–
Other contributions received from related party to acquire capital assets	–	–	1,036	1,036
Less:				
Amortization of deferred contributions related to capital assets	(122)	(305)	(6)	(433)
Balance, end of period	\$ 651	\$ 19,383	\$ 1,222	\$ 21,256
For the six months ended	Transfer from Pier 21 Society	Appropriations	Other contributions	September 30 2014
Balance, beginning of period	\$ 896	\$ 19,795	\$ 198	\$ 20,889
Add:				
Appropriations received to acquire capital assets	–	200	–	200
Other contributions received from related party to acquire capital assets	–	–	1,036	1,036
Less:				
Amortization of deferred contributions related to capital assets	(245)	(612)	(12)	(869)
Balance, end of period	\$ 651	\$ 19,383	\$ 1,222	\$ 21,256

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

September 30, 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 \$7,896 at September 30, 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. 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	
	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	(3,705)	(3,822)	(3,705)	(3,822)
Amount received in prior quarter	(2,275)	(2,033)	–	–
Appropriations received for operating in the current period	1,720	1,845	3,995	3,878
Amortization of deferred contributions related to capital assets	305	307	612	613
Appropriations recognized as revenue	\$ 2,025	\$ 2,152	\$ 4,607	\$ 4,491

Appropriations received of \$730 relating to the quarter ending December 31, 2014 are recorded in deferred revenue.

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	
	2014	2013	2014	2013
Hall rental	\$ 108	\$ 89	\$ 237	\$ 195
Exhibition hall ticket sales	163	140	223	189
Gift shop	151	170	212	223
Special events	–	2	184	175
Family history centre	47	36	67	49
Programming	3	2	31	16
	\$ 472	\$ 439	\$ 954	\$ 847

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended		Six months ended	
	September 30		September 30	
	2014	2013	2014	2013
Personnel costs	\$ 1,292	\$ 1,174	\$ 2,596	\$ 2,348
Amortization of capital assets	433	442	869	883
Rent and related costs	276	286	516	572
Exhibition and programming	145	103	417	299
Professional and special services including Board of Trustees costs	102	60	212	173
Repairs and maintenance and building operation	100	79	197	160
Cost of goods sold	89	90	189	184
Operating supplies and services	107	47	175	70
Marketing, promotion and recognition	62	57	154	432
Utilities	62	69	121	132
Payment in lieu of taxes	50	45	100	90
Office supplies and administration	46	46	79	90
Training and professional development	17	34	42	78
Travel and hospitality	5	7	28	13
	\$ 2,786	\$ 2,539	\$ 5,695	\$ 5,524