



# SUMMARY OF THE CORPORATE PLAN

FOR THE 2014-2015 TO 2018-2019 PLANNING PERIOD  
OPERATING AND CAPITAL BUDGET FOR 2014-2015

Exploring our Natural Future

# Board of Trustees

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(06-June-2013 to 06-June-2017)

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(20-Oct-2011 to 19-Oct-2015)

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**Chris Nelson**  
(15-Sep-2006 to 14-Sep-2013)

Ottawa, Ontario

**Erin Rankin Nash**  
(24-Feb-2008 to 29-Feb-2016)

London, Ontario

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If a trustee is not appointed to take office on the expiration of the term of an incumbent trustee, the incumbent trustee continues in office until a successor is appointed.

## **Executive Staff**

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**Mark Graham**

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Vice-President,  
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## Table of Contents

1.0 Executive Summary .....	2
2.0 Corporate Overview .....	4
3.0 Planning Environment.....	6
4.0 Assessment of 2013-2014 Results .....	9
5.0 Objectives and Strategies for 2014–2015 to 2018–2019 .....	15
6.0 Five-Year Financial Plan.....	21

## 1.0 Executive Summary

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The Canadian Museum of Nature (the Museum) pursues its national mandate as described in the *Museums Act*, within the context of the governance and accountability regime established in that Act and Part X of the *Financial Administration Act*. The Museum Board of Trustees and management are committed to managing the public and private funds invested in the institution in a transparent, accountable manner and to optimizing the value of the contribution the Museum makes to Canadians and to Canada.

This Corporate Plan outlines the strategies and priorities the Museum will use to achieve its short and long-term objectives. The Museum's vision is to inspire understanding and respect for nature. It advances this vision by creating and delivering inspiring and memorable connections with nature through engaging and impactful programs of research, collections management, exhibitions and public engagement in a 21st century global context.

By achieving its strategic objectives and its annual corporate priorities, the Museum will realize defined outcomes that support its mandate and advance its position as a national museum of international first rank.

The 2013-2014 results demonstrate the positive impact of changes to the operational approach of the Museum. More focussed research, audience targeted programming, position enhancing strategic collaborations, bold and consistent marketing, a business enterprise approach, a pipeline building advancement focus and a new strategic plan have all helped to enhance and advance the Canadian Museum of Nature. The Museum will achieve a balanced budget in 2013-2014 and we forecast a balanced budget for 2014-2015. The Canadian Museum of Nature is grateful for the Government of Canada's ongoing support and its strong commitment to Canada's cultural institutions.

### **The 2014-2015 to 2018-2019 Corporate Plan sets out five strategic objectives:**

- To create a Centre for Arctic Knowledge and Exploration that transforms people's understanding of Canada's arctic and its relationship to Canada as a country in a 21<sup>st</sup> Century global context.
- To create a centre for Species Discovery and Change that transforms people's understanding of the relevance of species diversity to their lives now and in the future.
- To create a Centre for Nature Inspiration and Engagement that transforms people's expectations of the Museum as a destination for discussion, connection and exploration with nature's past, present and future.
- To position the Natural Heritage Campus as a centre of excellence in collections management and in knowledge creation, advancement and sharing.
- To create a sustainable business enterprise model of operation that leverages the Museum's strategic imperatives: knowledge and discovery, inspiration and engagement, presence, performance and advancement.

### **In 2014-2015 the Museum will concentrate its efforts on the following priorities:**

- Arctic: Launch new arctic alliances and content that positions the Canadian Museum of Nature nationally and internationally.
- Species Discovery: Lead Canada's membership and participation in the Global Biodiversity Information Facility.

- Nature Inspiration: Launch the Nature Inspiration Centre as a place for piloting and testing new experiences with audiences on-site, off-site and on-line.
- Campus: Position Museum experts as global participants and influencers in the dialogue about our natural future.
- Sustainable enterprise: Position the Museum as a fundamental element of the national capital experience

**In 2014-2015 the Museum will operate within the context of the following Strategic Issues:**

The Advancement programs of the Museum operate within a competitive marketplace for donors and volunteer talent. The Museum continues to attract major donors due to the excitement and naming opportunities associated with its renovated Victoria Memorial Museum Building, however it faces challenges in its ability to attract the volunteer talent necessary to advance our major gift, sponsorship and annual giving programs.

The Museum is shifting from an appropriation based operating model to a business enterprise operating model. This shift calls for new skills and accountabilities for staff and volunteers. The challenge for the Museum is ensuring the shift happens at the required pace through recruitment, training and performance management.

The gap in funds to operate the two facilities under the Museum's stewardship is the most critical issue facing the Corporation as appropriation funding has not been indexed to protect the Museum against the impact of inflation on key inputs such as utilities and property taxes. Finding ways to close the Museum's operating funding gap, thus ensuring the financial sustainability of the institution will require the Museum to find new and larger sources of self-generated revenues for its programmes and services, and to develop new approaches to working with collaborators.

## 2.0 Corporate Overview

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The Canadian Museum of Nature pursues its national mandate as described in the *Museums Act*, within the context of the governance and accountability regime established in Part X of the *Financial Administration Act*. The Museum's Board of Trustees and management are firmly committed to managing the public and private funds invested in the institution in a transparent, accountable manner, and to optimizing the value of the contribution the Museum makes to Canadians and Canadian society.

The Canadian Museum of Nature became a Crown corporation on July 1, 1990 through the *Museums Act*. The Museum is named in Part 1 of Schedule III to the *Financial Administration Act* and is subject to the control and accountability requirements set out for Crown corporations in that Act. It reports to Parliament through the Minister of Canadian Heritage and Official Languages.

### 2.1 Mandate and Vision

The mandate of the Canadian Museum of Nature, as embodied in the *Museums Act* (1990), is:

"To increase, throughout Canada and internationally, interest in, knowledge of and appreciation and respect for the natural world by establishing, maintaining and developing for research and posterity, a collection of natural history objects, with special but not exclusive reference to Canada, and by demonstrating the natural world, the knowledge derived from it and the understanding it represents."

#### Vision

To inspire understanding and respect for nature.

#### Mission

To create and deliver inspiring and memorable connections with nature through engaging and impactful programs of research, collections management, exhibitions and engagement in a 21<sup>st</sup> century global context.

#### Position

A national museum of international first rank known as one of Canada's foremost sources of evidence based insights, inspiring visitor experiences and real engagement with nature's past, present and future.

### 2.2 Governance

The Board of Trustees is the Museum's governing body, responsible to Parliament through the Minister of Canadian Heritage and Official Languages. The 11 members of the Board of Trustees are Governor-in-Council appointees from all regions of the country. Through accountability, policy and planning frameworks, the Board of Trustees provides corporate direction and delegates its authority to the President and Chief Executive Officer for the management of the Museum.

The Board of Trustees committee structure is designed to support and advance the strategic objectives of the organization and to provide governance oversight as appropriate. The Board of Trustees currently has three Standing committees: Executive, Audit and Finance and Governance and Nominating. It has also established a profile raising and fundraising arm called the National Nature Council, composed of leaders and philanthropists who believe in the mission of the Museum and wish to advance its mission. Each Committee is responsible for the review of policies, management's adherence to policies and its relation to the strategic objectives of the organization and the policy directives of the Government of Canada as appropriate. The Museum's Annual Public Meeting was held on November 28<sup>th</sup> in St. John's Newfoundland at *The Rooms*.

In accordance with the Privy Council Office's (PCO) Performance Management Program (PMP) for Chief Executive Officers (CEOs) of Crown corporations, the Chairperson of the Board of Trustees is responsible for the establishment of an annual performance agreement with the CEO. The CEO's Performance Agreement is established at the onset of the fiscal year and consists of clear and measurable objectives which are aligned with the approved Corporate Plan as well as current Government priorities. The Governance and Nominating Committee establishes the annual performance objectives for the CEO for Board approval. The Governance and Nominating Committee conducts the year-end CEO performance appraisal and presents its recommendation to the full Board for discussion and approval. The Board of Trustees reviews the CEO's performance, prepares a detailed written assessment and makes a recommendation to the Minister and Deputy Minister of Canadian Heritage for a performance rating. As per PCO guidelines, the performance agreement is comprised of objectives and their related performance measures in the following categories: Policy and Program; Management; Shareholder and Stakeholder Relations; Leadership Results; and Corporate Results.

Performance evaluations for the Executive Management team are conducted by the CEO on an annual basis against the objectives stated in their individual performance agreements. The performance objectives of the Executive Management members are linked to the strategic key result areas outlined in the Corporate Plan as well as the Corporate Commitment.



## **3.0 Planning Environment**

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Fiscal year 2013-2014 was the final year of the five-year strategic framework that was shaping this Corporate Plan. The assessments completed for this five-year framework confirmed that the Museum's value is based on the knowledge it creates and shares with Canadians. For the Museum to increase its social relevance, this knowledge will need to respond to and reflect the evolving interests and concerns of stakeholders.

Dynamic change is required to seize opportunities in the Museum's nature inspiration and in its knowledge and discovery activities. Environmental trends will increase the value of the Museum's mandate over the planning period, but the Museum needs to adapt significantly to deliver. However, the ability to invest in change will be conditioned by the Museum's financial framework which demands new sources of revenue and efficiencies in order to sustain its operations.

### **3.1 Environmental Scan**

Canada's north faces both challenges and opportunities as changes in the climate make the Arctic more accessible for trade and development. The Museum's leadership in Knowledge and Exploration of the Arctic, accumulated over the past 100 years, will be increasingly important and valuable. The Museum maintains and manages the national natural history collection, which now stands at over 10.5 million specimens. It is used as the "yardstick" of nature in Canada with which changes to our natural environment are measured and forecast. Informed stewardship of our natural wealth will demand access to the knowledge provided by the Museum's ongoing activities in Research and Collections, and these demands will only increase. Meeting this demand is facilitated through improvements in digital technology and the digitization of pertinent specimen data in order to afford web-based electronic access. Of course digitization of over 10 million specimens collected over the course of over 100 years cannot be done overnight, resulting in a need to prioritize digitization in accordance with areas of specialization and in concert with similar efforts by other regional and international institutions. This is managed through participation in alliances, such as the Alliance of Natural History Museums of Canada (ANHMC), and in international bodies, such as the Global Biodiversity Information Facility (GBIF) and the International Union for Conservation of Nature (IUCN).

In parallel, growth in economic globalization has led to corresponding growth in the advent of invasive species threatening indigenous flora and fauna. This trend is likely to continue and increase over the planning period. As with changes in the climate, Museum knowledge and discovery activities focused on species discovery and change will be increasingly valuable for use in impact mitigation and environmental management efforts.

Nature inspiration activities at the Victoria Memorial Museum site will continue to be impacted by changing demographics – both of the local national capital region population and of the complexion of tourists to the area.

Changes in the local market will continue to be defined by an aging population and increased ethnic diversity. Sustaining visitation will demand: increasing the frequency of visits from the traditional core of young families; extending programming to appeal to older demographics; and developing culturally resonant messaging for ethnic communities.

Nature is endemic to the Canadian identity, yet the Canadian Museum of Nature's share of tourist visits is lower than other national capital museums. This is partly due to the Museum's location away from Confederation Boulevard, but it is also a legacy of its condition prior to renovation completed in 2010 and the presence and relevancy of its marketing message. The Museum's renovated facility and current value proposition is well placed to increase share of the tourist market over the planning period. The tourist market is the primary opportunity to increase Museum visits.

The tourist market has faced precipitous drops in US tourism, caused by increased border controls (passports), a strong Canadian dollar, US economic fragility, and a growing culture of insularism. The US economy is now showing signs of recovery, and as a result, there is a strong likelihood of improvement throughout the planning period. This, combined with a likely decline in key resource prices (oil and gas), will put downward pressure on the Canadian exchange rate. So, while there is no evidence that border controls or insularism will be addressed over the planning period, there are at least some factors that may reverse the declining trend. Overseas tourism, while still representing a small portion of the overall tourist market, is expected to grow driven largely by growth in tourism from BRIC (Brazil, Russia, India, China) countries, especially China.

Most tourism to the National Capital Region continues to come from within Canada. Here too changes have been striking as tourism from Quebec has declined considerably and tourism from parts other than Ontario and Quebec has increased dramatically. Economic trends are the likely drivers of these changes, and it is difficult to predict if these trends will continue. Regardless, propensity to visit the Museum will be driven by awareness of the Museum, and logically visitors with prior awareness of the Museum and its mandate will be more likely to come. More visitation should therefore result from increased national awareness, whether through the application and publicity of research and collections activity, exposure to travelling or partner exhibits, online access and online media references, or content referenced within other media such as movies or TV shows.

In addition, the nation's capital will be a tourist focus in Canada's sesquicentennial year – 2017, which the Museum can leverage, together with other museums and attractions in the city, through showcase exhibits and activities.

Competition for leisure activities in both the local market and the tourist market has increased and this can be expected to continue. At the same time, museums are offering more diverse offerings, increasing competition between museums but also increasing museum competition with other categories. There is opportunity for museums to increase share as a category, which will be furthered from museums behaving as complements to each other, rather than as competitors, especially at the level of national museums within the capital. Such co-operation could also increase the tourist market, as museums serve as a major tourist draw, second only to Parliament Hill, in attracting tourists to the National Capital Region. Co-ordinated marketing of the museum category within tourist channels could have greater impact than independent messaging from individual museums.

Competition is increasing not only in promotion but also in the product and service offering. Information and facts are ubiquitously available anywhere, anytime, on any mobile handset. The trend to increasing availability of information will only continue. To be relevant, museums must present their unique competitive advantage, the real artefact, and surround it with an experience that is both educational and entertaining. Service is paramount. Visitors must be engaged, and engaged at many levels and across multiple media. Growing reliance on repeat visits means that offerings must be diverse and changing.

In addition to competition for visitors, the Museum faces growing competition for the fundraising dollars which are increasingly necessary in order to fulfill its mandate. A recovering US economy and declining Canadian dollar could increase opportunities for fundraising in industry sectors the Museum has historically not tapped into. Increased national awareness of the Museum's mandate will increase fundraising traction in regional markets that are new to the Museum. At the same time, demographic changes open new opportunities for individual legacy giving.

## **3.2 Strategic Issues**

The gap in funds to operate the two facilities under the Museum's stewardship is the most critical issue facing the Corporation as appropriation funding has not been indexed to protect the Museum against the impact of inflation on key inputs such as utilities and property taxes. Finding ways to close the Museum's operating funding gap, thus ensuring the financial sustainability of the institution will require the Museum to find new and larger sources of self-generated revenues for its programmes and services, and to develop new approaches to working with collaborators.

The Advancement programs of the Museum operate within a competitive marketplace for donors and volunteer talent. The Museum continues to attract major donors due to the excitement and naming opportunities associated with its renovated Victoria Memorial Museum Building, however it faces challenges in its ability to attract the volunteer talent necessary to advance our major gift, sponsorship and annual giving programs.

The Museum is shifting from an appropriation based operating model to a business enterprise operating model. This shift calls for new skills and accountabilities for staff and volunteers. The challenge for the Museum is ensuring the shift happens at the required pace through recruitment, training and performance management.

## **3.3 Risks and Mitigation Strategies**

The Museum has in place an enterprise risk management framework designed to effectively and proactively manage the risks that could prevent the Museum from achieving its objectives. This Corporate Plan identifies five risks and their related mitigation strategies:

1. Risk that a limited donor pipeline may constrain financial resources available to support the investment required for initial implementation of the Museum's strategic objectives. This is mitigated by an aggressive prospecting program by a team of fundraising professionals and a new group of committed volunteers and board members.
2. Risk that the structural deficit will continue to increase due to expenses increasing at a greater rate than revenues, such as facilities maintenance, taxes and general inflation. This is mitigated by a continuous process of expenditure review and new revenue centre creation.
3. Risk that new skills and responsibilities of staff evolve at a different pace than needed by the enterprise business model. This is mitigated by a performance management program supported by coaching, training, clear accountabilities and regular tracking of progress against plan.
4. Risk that information technologies and systems are not available or leveraged to support organizational objectives. This is mitigated by new leadership and skills in IT and an IT plan that responds to and enables the strategic objectives of the Museum.
5. Risk that aging research equipment, funding constraints, and other factors impair the ability of the Museum to attract research talent and/or collaborators to fulfill research objectives. This is mitigated by continuous investment in equipment through resource reallocation and ongoing fundraising in support of research equipment and fieldwork.

## 4.0 Assessment of 2013-2014 Results

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Progress was made towards setting the foundation for a new five year strategic plan that builds on our strategic operational imperatives of: inspiration and education, knowledge and discovery, presence, performance and advancement. Please refer to the Museum's latest annual report for additional information.

### Knowledge and Discovery

**To develop innovative approaches to creating, advancing and sharing knowledge that increase awareness of Canada's natural environment based upon research and collections programs.**

**The expected outcome:** The Canadian Museum of Nature will be recognized as a leading source of natural history knowledge to scientists and the public, contributing a distinctly Canadian perspective to the global body of knowledge.

**Strategy 1.1** Position the *Centre for Arctic Knowledge and Exploration* and the *Centre for Species Discovery and Change* as strategic anchors for Museum research, collections and education programs.

**Advance and package our centres of excellence so they focus and anchor our research, collections and education programs while raising our profile and position as a national museum of international first rank.**

**Strategy 1.2** Further integrate collaborations into Museum operations so that working relationships become a productive and effective means of operating in order to achieve the Museum's objectives.

**Identify and act on collaborations with local, national and international partners that advance the strategic positioning and objectives of the Canadian Museum of Nature.**

Several, significant advances were made to promote, highlight and expand the scientific leadership, knowledge and expertise of the Museum in the areas of species discovery and Arctic research. The programs of research in botany, mineralogy, palaeobiology, and zoology created new knowledge that was shared with the scientific community and through many forums with the general public.

The Museum continued to advance planning for its Museum Research Centres of Excellence, *Arctic Knowledge and Exploration* (CAKE), and *Species Discovery and Change* (CSDC). The Museum continued to demonstrate its excellence in Arctic research. This collection-based work included two field parties in the High-Arctic, increasing our understanding of terrestrial and marine environments. Museum experts continued to lead the *Flora of the Canadian Arctic and Alaska* project through the analysis and processing of thousands of plant specimens and in coordinating the coming field season; some of their work was shown in an artistic display at the Victoria Memorial Museum Building. With the support of Special Advisor Peter Harrison, the CAKE continued to build a full program, including the co-production of a travelling exhibit with Science North and the production of national education tools in collaboration with the Royal Canadian Geographical Society. The Museum continues to lead the development of the *Alliance of Arctic Council Museums* through the engagement of national museums in the eight Arctic nations and associate member nations. Museum science experts participated in several advisory and working groups within the Arctic Council, and continue their participation with our strategic collaborator Students on Ice.

The full planning of the CSDC was completed, and benefitted from its new Special Advisor Geoff Munro, the Chief Scientist for Natural Resources Canada. Research occurred in the field and the laboratory with a substantial number of collaborators, involved many students who aspire to be experts, and presented new bodies of work to the scientific literature and professional gatherings. Museum researchers described

nine new species of plants, animals, minerals and fossils. Our capacity to share information about our mineral, fossil, plant and animal collections increased through the implementation of a new photographic studio, the installation of state of the art equipment to scan plant specimens, and a web portal at **nature.ca** to provide free access to records and images. Museum experts continued to provide advice and support to many national and international initiatives, such as the Committee on the Status of Endangered Wildlife in Canada (COSEWIC), the Canadian Commission for the International Union for the Conservation of Nature (CCIUCN), and GBIF. The Museum took a leadership role in developing a measure of taxonomic expertise in Canada, and in formulating collections information from Canadian museums for Canada's 5<sup>th</sup> National Report to the Convention on Biological Diversity (CBD), and advised the members of the Canadian Delegation to the CBD's science and technology meetings on the Nagoya Protocol and the Global Taxonomy Initiative. With the help of educators and exhibit designers, scientific findings were offered to the public to make it more understandable, useful and appreciated.

The Museum and the Smithsonian's Natural History Museum led the development and implementation of ground-breaking, web-based tools to provide information on all global site locations for pegmatites (an economically important group of minerals). Through our research, our position within the Alliance of Natural History Museums in Canada, and numerous scientific collaborations, the national collection was used, increased in value, and developed.

## **Inspiration and Education**

**To present the natural world through public education programs that increase understanding of Canada's changing natural environment.**

**The expected outcome:** As Canada's national natural history institution, the Museum will provide Canadians with information and options relating to their responsibilities for the natural world.

**Strategy 2.1:** Define and implement a public education program for the Canadian Museum of Nature that increases public understanding of the issues concerning Canadians' relationship with the natural environment while attracting new audiences.

**Create and deliver new programming options that attract new audiences.**

The Canadian Museum of Nature hosted *Edward Burtynsky: Oil*, the Smithsonian's *Farmers, Warriors, Builders: The Hidden Life of Ants and Frogs - A Chorus of Colours* from Reptileland in Pennsylvania in 2013-2014. The Museum added a Science Lounge experience to *Edward Burtynsky: Oil* providing opportunities for the primarily adult visitors to think more deeply, to respond to the questions raised by the exhibition and to engage in a dialogue with other visitors in the space. In *Frogs – A Chorus of Colours*, two areas were added by the Museum to increase the holding power and the appeal of the exhibition for its family audience. Frogs has seen a higher than anticipated capture rate in a season that is normally slow at the Museum.

Recognizing the financial pressures of many museums across the country, the Museum embarked on collaboration with Science North in Sudbury to share equally in the costs of developing a traveling exhibition on the Arctic. Through the collaboration both institutions were able to build a larger and more content rich show than they would have been able to do alone. The collaboration to co-create *Arctic Voices* was initiated in June 2013, and opened at Science North in March 2014 (an incredible pace for the development of any exhibition). This 5,000 square foot exhibition will open at the Museum in December 2014. The revenues from the exhibition as it travels North America over the next five years will be shared equally between the institutions. This collaboration model reflects a direction the Museum will continue to pursue to leverage scarce resources to best effect.

The year 2013-2014 also saw the incredible success of the Museum's Nature Nocturne evenings – these adult only evenings have seen sold out crowds and a new perspective on the Museum as a place for young adults – many of whom have not visited at all or since they were much younger. The conversion of the Museum to a social destination has been much more successful than imagined when the program was launched. Nature Nocturne also provided an opportunity to collaborate with another national museum with a special Star Wars themed event resulting in new visitors to the Museum and additional promotion of the Canada Aviation and Space Museum's *Star Wars Identities: The Exhibition*.

Building on a strong collaboration with the Globe and Mail, the Museum launched a more intimate opportunity for an exclusive clientele to participate in the discussion of scientific topics that highlight the Museum's research directions. Ivan Semeniuk – the Globe's science reporter, acting as interviewer, has explored such topics as de-extinction, plant intelligence and another perspective on the health benefits of parasites with Museum researchers in our Nature Talks program. Media assets from these interviews are available online.

Through the summer months, the Museum focused on live animal programs for our family audience. Experiments with surcharging for these up-close-and-personal encounters with live animals were successful in exploring the price points and logistics of this approach. Further experiments will be carried out in the next fiscal year.

## **Presence**

**To create unique experiences and increase value for visitors through the renewal of the Victoria Memorial Museum Building and associated programming and services.**

**The expected outcome:** The Canadian Museum of Nature will be recognized as a destination of choice for visitors to the National Capital Region, and for Canadian and international audiences seeking to learn about and experience Canada's natural environment. The Canadian Museum of Nature will become well known and the Museum's profile, influence and revenues will grow.

**Strategy 3.1:** Raise the public profile and credibility of the Museum to ensure that our work as natural science experts is fully appreciated and understood by Canadians.

**Advance a bold and consistent marketing, communications and identity campaign that positions the Museum in the eyes of key influencers and markets across Canada and around the world.**

Museum attendance in 2013-14 was level with that of the prior year at 381,910. This falls short of the 400,000 attendance forecast for the year, but far exceeds the 257,000 attendance average experienced prior to the Museum's renovations completed in 2010. Declines in tourist numbers to the National Capital resulted in year-over-year visitor declines at many other city attractions over the summer. The Museum only experienced summer declines in August, and then not to the same extent as others. Travelling Exhibitions reached over 1 million people in Canada and internationally. *Accessible Arctic*, an exhibit created in conjunction with the Royal Canadian Geographical Society, toured Canadian Embassies around the world, while *Winged Tapestries: Moths at Large* continued to show at the American Museum of Natural History in New York. *Creatures of Light: Nature's Bioluminescence*, a major exhibit created in collaboration with the American Museum of Natural History and The Field Museum in Chicago, extended its stay in Chicago and was seen by over a million people. It will come to Ottawa to open at the Museum in May 2014.

Marketing, in carrying forward the new bold brand introduced in 2012-2013, focused on the theme of Nature: Up Close and Personal, which resonated with live animal exhibits in *Farmers, Warriors, Builders. The Hidden Life of Ants*, *Frogs – A Chorus of Colours*, and special summer programming. In response to declining tourist visitation in the summer, a mascot moose handing out coupons was utilized to incent tourists to make the walk from Confederation Boulevard to visit the Museum. This tactic successfully raised the image of the Museum on the street and with hotels.

The National Heritage Campus was the site of a one-day Open House of our collections and research facility. The attendance of close to 3,600 people far surpassed attendance at previous open houses held two years ago and in previous years.

Marketing and media relations continued to increase efforts in the online and social media space. The Museum's Twitter followers now exceed 15,000 and Facebook "likes" exceed 7,000. Media relations activity was very positive with extensive media coverage of exhibit openings in the year, which paid particular interest to the Museum curators and research experts that had been involved. New relationships were also established with influential family, culture and arts bloggers during outreach for programs such as *Nature Nocturne* and the *Extraordinary Arctic: the Festival*, as well as art-themed exhibitions such as *Edward Burtynsky: Oil*.

## **Performance**

**To establish leading edge governance practices and corporate systems that support and help finance the Museum's strategic directions and objectives.**

**The expected outcome:** As a steward of Canada's natural history and as a public institution, the Museum will be a viable, well governed and successful organization.

**Strategy 4.1:** Achieve financial sustainability within the funding framework for the renewed and refitted Museum, increasing earned revenues from the commercial operations of the Museum to 18 percent of base operating costs.

**Strategy 4.2:** Identify and act on opportunities for collaboration with the national museums that improve effectiveness and efficiency.

Through a combination of revenue generation and expenditure reduction measures, the Museum has made significant progress towards achieving financial sustainability. Although revenues from commercial operations have remained substantially the same when compared to the previous year, revenues from educational programs have increased by \$147,000 or 34 percent reaching \$583,000 in 2013-14. This significant increase is due to the introduction of new programs such as *Nature Nocturne* and has resulted in self-generated revenues as a percentage of base operating costs of 18 percent.

Since 2011-2012, the Museum has continued with the implementation of a business model moving from an appropriation based model to an enterprise model. This shift is meant to foster innovation. During the year the redesign of the organizational structure that began in the previous year was finalized with the hiring of a Director of Marketing and Media Relations and a Director of Advancement. Other initiatives related to human resources included revamping the employee performance review ensuring that they are done in a timely basis and aligned with the strategic direction of the Museum. Finally, the Museum leveraged its information technology infrastructure in order to increase its capacity to disseminate its collections and knowledge and improve the visitor experience and public engagement.

Overall the results are consistent with the Museum's priority of implementing an enterprise model with clear metrics and accountabilities.

## **Advancement**

**To cultivate meaningful relationships with visitors, members, donors, partners and stakeholders who are philosophically and financially committed to the vision and mandate of the Museum and wish to play a part in the future of the Museum.**

**The expected outcome:** The growing support from members, donors, and partners will reflect the Museum's position as a museum of international first rank.

**Strategy 5.1:** Roll out the next phase of the Museum's fundraising and development strategy, with the goal of raising \$15 million over five years by building support from individual, corporate and foundation donors, sponsors, granting agencies and members.

**Build a high performance advancement operation focussed on developing a pipeline of annual, sponsorship and major gifts prospects and donors.**

The Advancement Division underwent several major developments in 2013-2014 which included a new Director after a two-year vacancy in leadership, the professionalization of the Division, and its approach to the fund development process involving the introduction of industry best-practices, tools, reporting standards, data analysis and related metrics to support goals.

The Division continues to build capacity and undertook an assessment of organizational structure resulting in re-alignment of current roles and responsibilities, the creation of a new Advancement Officer, Annual Giving and Events position and training to expand expertise in membership, major gifts and sponsorship. With these changes the Advancement Division is poised for success in achieving the ambitious financial targets required to fund the Museum's future aspirations.

A comprehensive review of the natureMEMBER program was completed and steps taken to update and improve benefits, improve content and style of communications, overall process and stewardship. An acquisition strategy was implemented to support the ambitious goal of 1,000 additional members. While membership fell slightly below the 5,000 active member household goal, the resulting overall net increase over last year's numbers, especially in light of the absence of a large blockbuster exhibition was still a great success for this area.

Distinctive tailored naturePATRON experiences were created to deepen involvement of PATRONS in the life and future of the Museum. The experiences are designed to encourage more meaningful engagement and increasingly higher levels of giving. A new annual Donor Appreciation Event: Inspiration, Connection and Engagement will be launched in April 2014 to support the culture of gratitude the Museum is building and reinforce a strong stewardship stance. Overall the number of naturePATRONS increased and both the financial and numeric objectives were achieved.

Significant achievements were made in recruiting a Chair for the National Nature Council, building a detailed national structural vision for the Council, raising profile and recruiting new members to this group of ambassadors, philanthropists and champions for the Museum.

The Advancement Division had success in involving the Board of Trustees to participate actively and directly in support of advancement activities, including playing leadership roles within the structure of the National Nature Council in their regions.

The Advancement Division was successful in significantly expanding its pipeline of potential donors, while acknowledging much more work needs to be done to achieve a robust enough group of prospective supporters to support the \$15M overall fundraising goal. As part of the work of the Council of CEO's, the Museum led a feasibility review of a collaborative profile raising and future fundraising effort for the national museums. The recommendations for a collaborative profile raising effort will be advanced in 2014-2015 as an activity needed prior to any collaborative fundraising effort.



In 2013-2014, the Museum received support from individual and corporation donations, sponsorships, memberships, collaboration, and in-kind support for research and collections and from the media, reaching the annual goal of \$3.0 million.

## 5.0 Objectives and Strategies for 2014–2015 to 2018–2019

In 2014-2015, the Museum will begin to advance a new strategic plan that leverages its research and collections strengths in arctic knowledge and species discovery. New approaches to the design and delivery of visitor experiences will enable the Museum to attract and inspire new audiences. These new engaging experiences will lead to higher memberships, higher membership renewal and will provide a foundation for enhanced fundraising. Overall higher levels of engagement will lead to a better understanding of and connection with Canada's natural world.

### Strategic Objective #1:

Create a Centre for arctic knowledge and exploration that **transforms people's understanding of Canada's arctic** and its relationship with Canada as a country in a 21<sup>st</sup> century global context.

**Strategies:** Advance a five year program to enhance and advance the research, collections, education and exhibition programs focussed on Canada's Arctic within a national and global context.

- Launch new arctic alliances and content that position the Museum nationally and internationally.
- Launch the newly formulated Centre for Arctic Knowledge and Exploration.
- Unveil an arctic sculpture and associated programming
- Launch the arctic gallery and associated programming and research.

**Outcome #1:** Be a global museum leader in arctic knowledge and exploration.

### Performance Measures:

Outcome	Measure	2014–2015 to 2018-2019 Performance Target	2014–2015 Performance Target
Be a global museum leader in arctic knowledge and exploration	<ul style="list-style-type: none"> <li>▪ Number of participants in arctic themed experiences: gallery, exhibit, program, digital</li> <li>▪ Funds raised supporting arctic research, collections and engagement programming</li> <li>▪ Number of contacts with the Museum of Nature and its experts and collections for arctic related content, expertise and collaboration</li> <li>▪ Awareness of the Museum's arctic content and expertise as measured by media mentions, stories, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ From 250,000 annually to 1 million annually</li> <li>▪ From \$100,000 annually to \$500,000 annually</li> <li>▪ From 50 annually to 200 annually</li> <li>▪ From 10 stories to 50 stories annually</li> </ul>	<ul style="list-style-type: none"> <li>▪ From 250,000 to 400,000</li> <li>▪ From \$100,000 to \$200,000</li> <li>▪ From 50 to 60</li> <li>▪ From 10 - 20</li> </ul>

## Strategic Objective #2:

Create a Centre for Species Discovery and Change that **transforms people’s understanding of the relevance of species diversity** to their lives now and in the future.

**Strategies:** Advance a five year program to advance and disseminate the research, collections, education and exhibition programs explaining Canada’s species diversity aligned with the United Nations Convention on Biodiversity 2020 program.

- Lead Canada’s membership and participation in GBIF
- Launch the newly formulated Centre for Species Discovery and Change
- Unveil the Regions of Canada Gardens at the VMMB
- Position the Museum’s leadership in species discovery at national and international conferences such as IUCN world congress
- Launch a national media campaign profiling research expertise.

**Outcome #2:** Be a national leader and global influencer in advancing and sharing knowledge about species discovery and change.

### Performance Measures:

Outcome	Measure	2014–2015 to 2018-2019 Performance Target	2014–2015 Performance Target
Be a national leader and global influencer in advancing and sharing knowledge about species discovery and change	<ul style="list-style-type: none"> <li>▪ Number of publications</li> <li>▪ Number of new species described by the Museum</li> <li>▪ Number of collaborators involved in the work the Museum does</li> <li>▪ Number of new experts being guided by us</li> <li>▪ Number of collections acquired</li> <li>▪ Amount of data shared digitally over the internet</li> <li>▪ Percentage of GBIF memberships funded</li> </ul>	<ul style="list-style-type: none"> <li>▪ From 40 annually to 60 annually</li> <li>▪ From 10 to 20 species</li> <li>▪ From 300 collaborators to 400 collaborators</li> <li>▪ From 20 students/post docs to 30 students/post docs</li> <li>▪ From 10,000 lots to 50,000 lots</li> <li>▪ From 1 million downloads to 2 million downloads</li> <li>From 10% from the Museum to 100% from collaborations</li> </ul>	<ul style="list-style-type: none"> <li>▪ From 40 – 45</li> <li>▪ From 10 – 20</li> <li>▪ From 300 – 320</li> <li>▪ From 20 – 22</li> <li>▪ From 10,000 to 20,000 lots</li> <li>▪ From 1 million to 1.2 million</li> <li>▪ From 10% to 20%</li> </ul>

### Strategic Objective #3:

Create a Centre for Nature Inspiration and Engagement that **transforms people’s expectations of the Canadian Museum of Nature as a destination** for discussion, connection and exploration with nature’s past, present and future that advances understanding and respect for Canada’s natural world.

**Strategies:** Advance a five year program of inspiration and engagement activities on-site and off-site that deliver a different and compelling approach to connection and engagement with nature.

Launch the Nature Inspiration Centre (NIC) as a place for piloting new experiences with new and existing audiences.

- Launch an annual award recognizing excellence in nature inspiration.
- Launch the global summit on nature inspiration to share new approaches to inspiring engagement with nature and our natural future.
- Launch commercial products piloted in the NIC in markets across Canada.
- Launch a national salon series in collaboration with a major partner – giving nature a voice across Canada

**Outcome #3:** Be a national leader in nature inspiration experiences on-site and off-site.

### Performance Measures:

Outcome	Measure	2014–2015 to 2018 - 2019 Performance Target	2014–2015 Performance Target
Be a national leader in nature inspiration experiences on-site and off-site	<ul style="list-style-type: none"> <li>▪ Number of visitors attending the VMMB and NHC generated experiences</li> <li>▪ Change in the holding power of the Museum visitor experiences</li> <li>▪ Change in membership renewal rate and total memberships</li> <li>▪ Change in reach of museum expertise demonstrated by number of collaborations, conference presentations and workshop</li> <li>▪ Number of organizations collaborating with the Museum for content and experience creations</li> <li>▪ Funds raised in support of nature inspiration, content and experiences</li> </ul>	<ul style="list-style-type: none"> <li>▪ From 2 to 4 million</li> <li>▪ Increase hold by 50% (by 30 minutes)</li> <li>▪ From 4,200 and 42% renewal to 5,000 and 60% renewal</li> <li>▪ From 20 events and 2,000 people to 40 events and 100,000 people</li> <li>▪ From 4 to 14 collaborations</li> <li>▪ From \$100,000 annually to \$500,000 annually</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2 to 2.5 million</li> <li>▪ Increase by 10%</li> <li>▪ 4,300 renewals 43%</li> <li>▪ 25 events and 5,000 people</li> <li>▪ 6 collaborators</li> <li>▪ \$200,000 annually</li> </ul>

## Strategic Objective #4:

**Position the Natural Heritage Campus as a centre of excellence** in collections management and knowledge creation, advancement and sharing by becoming a collections collaborator with institutions around the world seeking to collect, preserve, digitize and disseminate specimens that document the nature of Canada.

**Strategies:** Advance a five year program that positions the Campus as a globally excellent research, collections, administration and experience site that advances understanding and respect for nature.

- Participate in, and collaborate with national and international research and collections management organizations.
- Launch a public awareness campaign highlighting the role and achievements of Museum scientists and collection management staff.
- Animate the Campus through public programs
- Launch the collections digitization and access project aligned with the Museum's role with GBIF thus leveraging its technology in providing greater online access to its collections and knowledge.
- Launch a digital /IT network upgrade to increase the Museum's capacity and improve access to support new digital nature experiences
- Attract and house signature collections from public and private sources.

**Outcome #4:** Be a global museum leader in natural heritage collections storage, study, preservation, digitization and dissemination.

## Performance Measures:

Outcome	Measure	2014–2015 to 2018-2019 Performance Target	2014–2015 Performance Target
Be a global museum leader in natural heritage collections storage, study, preservation, digitization and dissemination	<ul style="list-style-type: none"> <li>▪ Number of roles in national and international collections management and research bodies</li> <li>▪ Growth of collections through new signature public and private sources gifted to the Canadian Museum of Nature</li> <li>▪ Access to NHC on-site and digitally through the Museum and third party created experiences</li> <li>▪ Position relative to Alliance of Natural History Museums of Canada collections for # of Canadian collections digitized</li> </ul>	<ul style="list-style-type: none"> <li>▪ From 10 to 50</li> <li>▪ Increase collection by 10% over plan timeframe</li> <li>▪ From 2 million downloads and retrievals to 3 million annually</li> <li>▪ From 700,000 digitized Canadian specimens to 1 million.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 20</li> <li>▪ 2%</li> <li>▪ 2.2 million</li> <li>▪ 750,000</li> </ul>

## Strategic Objective #5:

Create a **sustainable business enterprise model of operation** that leverages the Museum's strategic imperatives: knowledge and discovery, inspiration and engagement, presence, performance and advancement.

**Strategies:** Advance a five year program of continuous innovation in all aspects of the Museum operation in order to create a financial and operational model that sustains the Museum now and into the future.

- Position the Museum as a fundamental element of the national capital experience.
- Launch a collaborative national museums positioning campaign leading up to 2017
- Launch a fundraising program in support of the arctic and species discovery initiatives.
- Systematize the contribution analysis model for enterprise management
- Launch a program to develop the skills/competencies and human capacity needed to advance and maintain a sustainable museum enterprise
- Continue to leverage the Council of CEO's with collaborative procurement, profile raising and exhibit planning coordination.

**Outcome #5:** Be a national leader in sustainable museum enterprise operations within an international best practice context.

### Performance measures:

Outcome	Measure	2014–2015 to 2018-2019 Performance Target	2014–2015 Performance Target
Be a national leader in sustainable museum enterprise operations within an international best practice context.	<ul style="list-style-type: none"> <li>▪ Earned revenue as % of total budget</li> <li>▪ Penetration of tourist market</li> <li>▪ Advancement revenue as % of earned revenue</li> <li>▪ Number of experience connections per FTE and per dollar spent</li> <li>▪ Conversion of connections to stakeholders relationships</li> <li>▪ Number of media mentions</li> <li>▪ Align the performance management and succession plans to support the enterprise model and the skills and human resources needed.</li> </ul>	<ul style="list-style-type: none"> <li>▪ From 17 to 20%</li> <li>▪ From 20% market penetration to 30% market penetration</li> <li>▪ From 15% to 20%</li> <li>▪ From 28,000 per FTE to 35,000 per FTE</li> <li>▪ From \$8.42 per connection to \$6.50 per connection</li> <li>▪ From 16,000 members to 20,000 members</li> <li>▪ From 5 mentions per day to 10 mentions per day</li> <li>▪ Roll out new performance management system – year one</li> </ul>	<ul style="list-style-type: none"> <li>▪ 19%</li> <li>▪ 20-22%</li> <li>▪ 15-16%</li> <li>▪ 28,000 – 30,000</li> <li>▪ \$8.42 to \$8.00</li> <li>▪ 16,000 to 17,000</li> <li>▪ 5 – 6</li> <li>▪ Launch new Performance Management Program – Year 1</li> </ul>

		<ul style="list-style-type: none"><li>▪ Apply new succession plan – year two</li><li>▪ Combined and integrated approach – year three onwards</li></ul>	
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## 6.0 Five-Year Financial Plan

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### 6.1 Overview

Achieving financial sustainability has been, and will continue to be, one of the main priorities of the Museum. The Museum has in place a number of strategies designed to manage both known and anticipated pressures. An enterprise risk management approach is being used to manage these strategies and pressures in support of the vision to inspire understanding and respect for nature.

Through a combination of revenue generation and expenditure reduction measures implemented over the past four years, the Museum has made significant progress in narrowing the gap in funds to operate the two facilities under its stewardship. However, the challenging financial situation remains as the most critical issue facing the Museum as it is still vulnerable to the impact of inflation on key inputs such as utilities and property taxes. In 1996, Treasury Board approved a management regime that devolved the responsibility for funding non-discretionary fixed costs related to facilities from Public Works and Government Services Canada (PWGSC) to individual organizations. Unlike PWGSC and the Department of National Defence, most departments, agencies and Crown corporations did not receive the authority to seek annual adjustments in their appropriation to reflect increases in non-discretionary fixed costs related to facilities. At the time, it was anticipated that this could eventually pose challenges to small cultural organizations like museums.

The Museum will continue looking for ways to find new and larger sources of self-generated revenue for its programs and services, and to develop new approaches to working with collaborators. Revenue generation measures in 2014-2015 and beyond will include:

- continue with the roll out of the next phase of the Museum's fundraising and development strategy, with the goal of raising \$15 million over five years in support of operations, exhibitions and public education programming;
- implement a plan to increase revenues by capitalizing on the Victoria Memorial Museum Building's commercial operations, especially in the areas of attendance and membership fees, rental of facilities, boutique and online sales;
- expand the Museum's virtual presence and attract new audiences through the use of new broadcast technologies and digital strategies;
- enhance existing marketing and awareness campaigns, including the Museum's social media marketing campaign;
- build and strengthen the Museum's exhibitions and public-education programming with a view to continuously increasing overall attendance and diversifying its audience base;
- develop a new model for the travelling exhibitions program at the Museum;
- monetize the physical assets of the Museum at the Victoria Memorial Museum Building and Natural Heritage Campus sites.



<b>TABLE 1: Budget Summary by Activity</b>							
<i>(in thousands of dollars - except for staff levels)</i>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
	<b>Actual</b>	<b>Outlook</b>	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Staff Levels</b>	137	135	135	135	135	135	135
Public Education	9,791	7,803	8,580	8,360	8,341	8,341	8,341
Collections Management	2,352	2,085	2,091	2,144	2,149	2,149	2,149
Research	4,452	4,028	4,020	3,779	3,942	3,942	3,942
Internal Services	6,270	5,500	5,524	5,691	5,694	5,694	5,694
Accommodation - Operating	12,041	12,423	12,132	12,470	12,448	12,448	12,448
Accommodation - Capital	6,283	-	-	-	-	-	-
<b>Sub-total</b>	<b>41 189</b>	<b>31 839</b>	<b>32 347</b>	<b>32 444</b>	<b>32 574</b>	<b>32 574</b>	<b>32 574</b>
Less: Revenues	(6 818)	(5 712)	(6 220)	(6 317)	(6 447)	(6 447)	(6 447)
<b>Appropriation</b>	<b>34 371</b>	<b>26 127</b>	<b>26 127</b>	<b>26 127</b>	<b>26 127</b>	<b>26 127</b>	<b>26 127</b>

**Note:** Table 1 is prepared on a cash basis whereas the financial statements are prepared on an accrual basis and therefore, Deferred Parliamentary Appropriations are not reflected in Table 1.

Table 1 outlines the budget summary by activity based upon approved reference levels and revenue projections for the planning period. The Museum's program activity architecture reflects the three central aspects of the Museum's mandate: Public Education, Collections Management and Research. Internal Services includes the development and implementation of policies, accountability structure, processes and support to all Museum activities through services to oversee the fulfillment of the Museum's mandate and advancement activities. Accommodation includes the ongoing operations and maintenance of the Museum's two facilities.

In 2014-2015, the Museum will operate with a total budget of \$32.3 million. 81 percent of the operating resources will come from parliamentary appropriations (82 percent in 2013-2014), while the remaining 19 percent will come from self-generated revenues (18 percent in 2013-2014).

The budget for Public Education in 2014-2015 includes the activities in support of education programs and the development of permanent galleries, special temporary exhibitions and guest services. Going forward, building and strengthening the Museum's special temporary exhibitions program will be a priority. A strong special temporary exhibition program is important to increasing and sustaining strong attendance and revenues. The Museum will also strive to finance in part temporary exhibitions through sponsorships. Another objective is to increase national outreach by expanding the Museum's virtual presence and attracting new audiences through the use of new broadcast technologies and digital strategies.

The budget for Collections Management in 2014-2015 will be close to the amount spent in the previous year, hence maintaining the cost reduction measures implemented in 2012-2013 to deal with the gap in funds to operate the Museum's two facilities under its stewardship. The Museum will improve the effectiveness and efficiency of the Museum's operations as it relates to conservation and services associated with its collections. This will be achieved by optimizing environmental controls and the organizational structure in the collections areas.

The budget for Research in 2014-2015 will be close to the amount spent in the previous year in support of the Museum increasing its capacity to create information related to biodiversity through its *Museum Research Centres of Excellence*. *Museum Research Centres of Excellence* are scientific projects that are initiated and led by the Canadian Museum of Nature, are national in scope and are done in collaboration with external experts. The collections-based research will bear results that can be directly applied to issues of relevance to Canadians. The two Museum Research Centres of Excellence established in 2010-2011 are:

- *Arctic Knowledge & Exploration* initiative focusing a comprehensive effort in documenting the Arctic and widely disseminating this knowledge through publications, freely available online databases, workshops and symposia; and,
- *Species Discovery & Change* will continue to create new scientific knowledge on plants, animals, minerals and fossils. This will result in the addition of thousands of specimens to the national collection, based on the Museum's field studies and those of other museums

The budget for Internal Services in 2014–2015 will be close to the amount spent in the previous year, hence maintaining the cost reduction measures implemented in 2012-2013 to deal with the gap in funds to operate the Museum's two facilities under its stewardship.

The budget for Accommodation - Operating in 2014-2015 represents a decrease from the amount spent in the previous year as a result of cost reduction and control measures implemented in 2013-2014. However, the costs of managing the Museum's two buildings have increased since the completion of the renovated Victoria Memorial Museum Building. Accommodation represents 38 percent of total operating expenses. The new museum-standard environmental control systems and additional space that must now be maintained at the renovated Victoria Memorial Museum Building have placed an additional pressure on the Museum's operating budget. The Museum continues to explore additional facilities cost reduction and control measures in order to minimize the financial impact on its programs.

## 6.2 Attendance and Revenue Forecast

TABLE 2: Revenue Forecast							
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<i>(in thousands of dollars)</i>	Actual	Outlook	Budget	Forecast	Forecast	Forecast	Forecast
Public Education	342	471	762	723	724	724	724
Collections Management	288	234	234	234	234	234	234
Research	2	6	-	-	-	-	-
Internal Services	5,517	4,351	4,609	4,710	4,838	4,838	4,838
Accommodation	669	650	615	650	650	650	650
<b>Total revenues</b>	<b>6,818</b>	<b>5,712</b>	<b>6,220</b>	<b>6,317</b>	<b>6,447</b>	<b>6,447</b>	<b>6,447</b>

Table 2 outlines the revenue forecast for the planning period.

The revenue forecast for admission fees and other revenues in 2014–2015 and beyond are aggressive, and will be monitored closely by the Museum, given the challenging business environment.

In 2012-2013 revenues related to Internal Services included \$1.1 million in one-time contributions related to the development of phase 2 of the Vale Earth Gallery, explaining the year over year variance. Public Education revenues are expected to increase in 2014-2015 and beyond due to the introduction of new programming and value-based pricing for education programs. Internal service revenues include revenues generated from commercial operations such as admission fees, parking, rental of facilities and memberships.

## 6.3 2014–2015 Operating and Capital Budgets

The budgets have been formulated on the basis of the operating forecast and the program activity architecture and services required in support of these activities. Table 3 summarizes the operating and capital budget.

TABLE 3: Summary of Operating and Capital Budgets				
	2012-2013	2013-2014	2013-2014	2014-2015
<i>(in thousands of dollars)</i>	Actual	Approved	Outlook	Proposed
Ongoing Capital Program	6,283	4,016	1,616	2,400
Operating Budget	34,799	31,605	31,839	32,347
Variation in Deferred Appropriation - Capital	107	(4,016)	(1,616)	(2,400)
Less Revenues	(6,818)	(5,770)	(5,712)	(6,220)
<b>Appropriation</b>	<b>34,371</b>	<b>25,835</b>	<b>26,127</b>	<b>26,127</b>

The operating budget freeze announced in the 2013 Speech from the Throne and Fall Update applies to program and operating votes of departments and agencies, as well as voted payments to Crown corporations. This directive will impact the Museum as it will apply for two fiscal years -2014-15 and 2015-16. Therefore, the Museum's appropriation will not increase in 2014-2015 to offset expected salary increases.

## 6.4 Financial Statements

The pro forma financial statements have been prepared in accordance with Section 4200 series of the Canadian Public Sector Accounting Standards applicable to government-not-for-profit organizations consistent with those reported in the institution's annual report. The Corporation applies the deferral method of accounting for contributions for not-for-profit organizations.

STATEMENT 1: Statement of Financial Position							
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<i>(in thousands of dollars)</i>	Actual	Forecast	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma
<b>Assets</b>							
Current							
Cash and cash equivalents	8,619	4,200	1,800	1,800	1,800	1,800	1,800
Accounts receivable							
Trade	647	300	300	300	300	300	300
Government departments and agencies	1,133	500	500	500	500	500	500
Prepaid expenses	827	1,000	700	700	700	700	700
	11,226	6,000	3,300	3,300	3,300	3,300	3,300
Restricted cash, cash equivalents and receivables	1,904	1,000	2,000	3,000	4,000	500	500
Collections	1	1	1	1	1	1	1
Capital assets	204,457	213,078	205,684	194,394	184,639	177,160	171,232
	217,588	220,079	210,985	200,695	191,940	180,961	175,033
<b>Liabilities</b>							
Current							
Accounts payable and accrued liabilities							
Trade	3,030	1,000	1,000	1,000	1,000	1,000	1,000
Government departments and agencies	30	100	100	100	100	100	100
Current portion - obligation under capital lease	588	648	716	790	873	963	1,064
Deferred revenue, contributions and parliamentary appropriations	6,680	1,000	2,000	3,000	4,000	500	500
Employee future benefits	795	623	498	398	319	255	204
	11,123	3,371	4,314	5,288	6,292	2,818	2,868
Obligation under capital lease	29,002	28,342	27,626	26,836	25,963	25,000	23,936
Deferred contributions related to capital assets	185,468	197,398	188,917	179,114	170,747	164,579	159,895
Employee future benefits	3,113	2,490	1,992	1,594	1,275	1,020	816
	228,706	231,601	222,849	212,832	204,277	193,417	187,515
<b>Net Assets</b>							
Unrestricted	(822)	(638)	(330)	112	701	1,458	2,394
Restricted for endowment purposes	305	305	305	305	305	305	305
Investment in capital assets	(10,601)	(11,189)	(11,838)	(12,555)	(13,343)	(14,219)	(15,181)
	(11,118)	(11,522)	(11,863)	(12,138)	(12,337)	(12,456)	(12,482)
	217,588	220,079	210,985	200,695	191,940	180,961	175,033

STATEMENT 2: Statement of Operations							
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<i>(in thousands of dollars)</i>	Actual	Forecast	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma
<b>Revenue</b>							
Parliamentary appropriation	35,997	34,766	34,608	35,928	34,495	32,296	30,810
Commercial operations	4,115	4,416	4,469	4,620	4,749	4,749	4,749
Contributions	2,007	600	725	725	725	725	725
Educational programs	277	436	762	723	724	724	724
Scientific services	246	240	234	234	234	234	234
Interest income	129	20	30	15	15	15	15
Other	44	0	0	0	0	0	0
	42,815	40,478	40,828	42,245	40,943	38,744	37,258
<b>Expenses</b>							
Public Education	9,791	7,803	8,580	8,360	8,341	8,341	8,341
Collection management	2,460	2,085	2,091	2,144	2,149	2,149	2,149
Research	4,524	4,028	4,020	3,779	3,942	3,942	3,942
Internal Services	6,400	5,500	5,524	5,691	5,694	5,694	5,694
Accommodation	20,103	21,465	20,954	22,546	21,017	18,736	17,159
	43,278	40,881	41,169	42,520	41,143	38,862	37,285
<b>Excess (deficiency) of revenue over expenses</b>	(463)	(403)	(341)	(275)	(200)	(118)	(27)

**Note:** The losses recognized in the forecast year and five-year year planning period in the Statement of Operations are entirely a result of the accounting treatment related to a long-term capital lease. The Museum received borrowing authority to enter into a long-term capital lease obligation to fund the National Heritage Campus located in Gatineau. The Statement of Operations therefore reflects the interest on the capital lease obligation as well as depreciation charges because of the recognition of the building as an asset. The accounting treatment of the costs associated with the Gatineau facility has a significant negative impact on the Museum's Statement of Operations. The situation will begin to reverse in 2019-2020 until it is fully eliminated by the end of the lease term in 2032. This does not impact the Museum's cash flow or financial stability in anyway.

<b>STATEMENT 3: Statement of Changes in Net Assets</b>				
<i>(in thousands of dollars)</i>	<b>Unrestricted</b>	<b>Endowment</b>	<b>Invested in capital assets</b>	
Net assets, beginning of year	(828)	305	(10,132)	(10,655)
Deficiency of revenue over expenses	(463)	-	-	(463)
Net change in investment in capital assets	469	-	(469)	-
<b>Net assets, end of year 2012-2013</b>	<b>(822)</b>	<b>305</b>	<b>(10,601)</b>	<b>(11,118)</b>
Net assets, beginning of year	(822)	305	(10,601)	(11,118)
Deficiency of revenue over expenses	(403)	-	-	(403)
Net change in investment in capital assets	588	-	(588)	-
<b>Net assets, end of year 2013-2014</b>	<b>(638)</b>	<b>305</b>	<b>(11,189)</b>	<b>(11,522)</b>
Net assets, beginning of year	(638)	305	(11,189)	(11,522)
Deficiency of revenue over expenses	(341)	-	-	(341)
Net change in investment in capital assets	649	-	(649)	-
<b>Net assets, end of year 2014-2015</b>	<b>(330)</b>	<b>305</b>	<b>(11,838)</b>	<b>(11,863)</b>
Net assets, beginning of year	(330)	305	(11,838)	(11,863)
Deficiency of revenue over expenses	(275)	-	-	(275)
Net change in investment in capital assets	717	-	(717)	-
<b>Net assets, end of year 2015-2016</b>	<b>112</b>	<b>305</b>	<b>(12,555)</b>	<b>(12,138)</b>
Net assets, beginning of year	112	305	(12,555)	(12,138)
Deficiency of revenue over expenses	(200)	-	-	(200)
Net change in investment in capital assets	789	-	(789)	-
<b>Net assets, end of year 2016-2017</b>	<b>701</b>	<b>305</b>	<b>(13,343)</b>	<b>(12,337)</b>
Net assets, beginning of year	701	305	(13,343)	(12,337)
Deficiency of revenue over expenses	(118)	-	-	(118)
Net change in investment in capital assets	875	-	(875)	-
<b>Net assets, end of year 2017-2018</b>	<b>1,458</b>	<b>305</b>	<b>(14,219)</b>	<b>(12,456)</b>
Net assets, beginning of year	1,458	305	(14,219)	(12,456)
Deficiency of revenue over expenses	(27)	-	-	(27)
Net change in investment in capital assets	962	-	(962)	-
<b>Net assets, end of year 2018-2019</b>	<b>2,394</b>	<b>305</b>	<b>(15,181)</b>	<b>(12,482)</b>

<b>STATEMENT 4: Statement of Cash Flows</b>							
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<i>(in thousands of dollars)</i>	Actual	Forecast	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma
<b>Operating activities</b>							
Cash receipts - customers	5,268	6,536	8,180	7,302	7,433	2,933	6,433
Cash receipts - parliamentary appropriation for operating activities	26,712	26,128	26,126	26,128	26,129	26,126	26,126
Cash disbursements - suppliers and employees	(32,453)	(34,501)	(32,236)	(28,945)	(29,077)	(29,074)	(30,320)
Interest received	153	14	30	15	15	15	15
Interest paid	(2,968)	(2,913)	(2,852)	(2,784)	(2,710)	(2,627)	(2,537)
	(3,288)	(4,736)	(752)	1,716	1,790	(2,627)	(283)
<b>Capital activities</b>							
Acquisition of capital assets	(7,130)	(2,239)	-	-	-	-	-
Parliamentary appropriation for the acquisition of capital assets	7,130	2,239	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Investing activities</b>							
Decrease in restricted cash, cash equivalents and receivable	172	904	(1,000)	(1,000)	(1,000)	3,500	-
	172	904	(1,000)	(1,000)	(1,000)	3,500	-
<b>Financing activities</b>							
Obligation under capital lease	(532)	(587)	(648)	(716)	(790)	(873)	(963)
	(532)	(587)	(648)	(716)	(790)	(873)	(963)
<b>Decrease in cash and cash equivalents</b>	(3,648)	(4,419)	(2,400)	-	-	-	-
Cash and cash equivalents, beginning of year	12,267	8,619	4,200	1,800	1,800	1,800	1,800
<b>Cash and cash equivalents, end of year</b>	<b>8,619</b>	<b>4,200</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>