

# QUARTERLY FINANCIAL REPORT

First quarter  
covering the period of  
April 1 to June 30, 2011

Volume 1, 2011-2012

Canada



**CANADIAN MUSEUM OF NATURE**  
**QUARTERLY FINANCIAL REPORT**

*For the period of April 1 to June 30, 2011*

**Financial Statements.....3**

**Management Discussion and Analysis ..... 14**

**Risk Analysis ..... 16**

**Statement of Management Responsibility by Senior Officials ..... 17**

**Statement of Financial Position**  
**as at June 30, 2011**  
**(Unaudited)**

<i>(in thousands of dollars)</i>	June 2011	June 2010	March 2011
<b>Assets</b>			
Current			
Cash and cash equivalents	14,195	15,750	14,020
Accounts receivable			
Trade	209	279	272
Government departments and agencies	176	296	507
Prepaid expenses	501	847	936
	15,081	17,172	15,735
Restricted cash, cash equivalents and receivables	1,756	2,003	1,804
Collections	1	1	1
Capital assets (note 4)	209,178	211,913	210,875
	<b>226,016</b>	<b>231,089</b>	<b>228,415</b>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities			
Trade	1,991	3,029	2,399
Government departments and agencies	455	727	569
Current portion - obligation under capital lease (note 5)	495	448	483
Deferred contributions and deferred revenue (note 6)	8,791	10,975	8,457
	11,732	15,179	11,908
Obligation under capital lease (note 5)	29,994	30,489	30,123
Deferred contributions related to capital assets (note 7)	188,435	189,918	189,881
Employee future benefits	2,709	2,746	2,653
	232,870	238,332	234,565
<b>Net Assets</b>			
Unrestricted	2,587	1,394	3,157
Restricted for endowment purposes (note 8)	305	305	305
Investment in capital assets (note 9)	(9,746)	(8,942)	(9,612)
	(6,854)	(7,243)	(6,150)
	<b>226,016</b>	<b>231,089</b>	<b>228,415</b>

The accompanying notes form an integral part of the financial statements.

**Statement of Operations**  
for the period ended June 30, 2011  
(Unaudited)

<i>(in thousands of dollars)</i>	June 2011	June 2010
<b>Revenue</b>		
Parliamentary appropriation (note 10)	8,211	8,958
Commercial operations (note 11)	703	715
Educational programmes	81	130
Contributions	52	443
Interest income	41	17
Scientific services	12	22
Other	22	4
	<b>9,122</b>	<b>10,289</b>
<b>Expenses (note 13)</b>		
Public education programmes	1,935	2,323
Collection management	476	564
Research	913	944
Corporate management	1,672	1,588
Accommodation	3,112	3,137
Depreciation of capital assets	1,718	1,691
	<b>9,826</b>	<b>10,247</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(704)</b>	<b>42</b>

The accompanying notes form an integral part of the financial statements.

**Statement of Changes in Net Assets**  
for the period ended June 30, 2011  
(Unaudited)

<i>(in thousands of dollars)</i>	Unrestricted	Endowment	Invested in capital assets	June 2011	June 2010
Net assets, beginning of year	3,157	305	(9,612)	(6,150)	(7,285)
Deficiency of revenue over expenses	(704)	-	-	(704)	42
Net change in investment in capital assets	134	-	(134)	-	-
<b>Net assets, end of year</b>	<b>2,587</b>	<b>305</b>	<b>(9,746)</b>	<b>(6,854)</b>	<b>(7,243)</b>

The accompanying notes form an integral part of the financial statements.

**Statement of Cash Flows**  
for the period ended June 30, 2011  
(Unaudited)

<i>(in thousands of dollars)</i>	June 2011	June 2010
<b>Operating activities</b>		
Cash receipts - customers	1,081	1,718
Cash receipts - parliamentary appropriation for operating activities	7,245	5,633
Cash disbursements - suppliers and employees	(7,380)	(9,848)
Interest received	57	17
Interest paid	(759)	(770)
	244	(3,250)
<b>Financing activities</b>		
Parliamentary appropriation for the acquisition of capital assets	21	2,025
Obligation under capital lease	(117)	(105)
	(96)	1,920
<b>Capital activities</b>		
Acquisition of capital assets	(21)	(2,025)
	(21)	(2,025)
<b>Investing activities</b>		
Decrease (increase) in restricted cash, cash equivalents and receivable	48	(76)
	48	(76)
<b>Decrease (increase) in cash and cash equivalents</b>	<b>175</b>	<b>(3,431)</b>
Cash and cash equivalents, beginning of year	14,020	19,181
<b>Cash and cash equivalents, end of year</b>	<b>14,195</b>	<b>15,750</b>

The accompanying notes form an integral part of the financial statements.

## Notes to the Financial Statements

for the period ended June 30, 2011

(Unaudited)

(in thousands of dollars)

### 1. AUTHORITY AND MISSION

The Canadian Museum of Nature (the "Corporation") was established by the *Museums Act* on July 1st, 1990, and 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 Corporation's mission 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.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. Significant accounting policies are as follows.

#### A) Basis of Presentation

The Corporation has prepared the financial statements applying the Section 4200 series of Canadian public sector accounting standards applicable to government-not-for-profit organizations.

The Corporation applies the deferral method of accounting for contributions for not-for-profit organizations.

#### B) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. Employee future benefits and the estimated useful lives of capital assets are the most significant items for which estimates are used. Actual results could differ significantly from those estimated. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the fiscal year which they become known.

#### C) Collections

The Canadian Museum of Nature holds and preserves invaluable collections of natural history specimens for the benefit of Canadians, present and future. The collections form the largest part of the assets of the Corporation. The collections are shown as an asset on the Statement of Financial Position at a nominal value of \$1 due to practical difficulties in determining a meaningful value for these assets. Objects purchased for the collections are recorded as an expense in the year of acquisition. Objects donated to the Corporation are recorded as assets at the nominal value.

#### D) Capital Assets

Capital assets are recorded at cost. Assets recorded as capital leases are initially recorded at the present value of the minimum lease payments at the inception of the lease. Land and building owned by the Government of Canada and that are under the control of the Corporation are recorded at their estimated cost. Depreciation is calculated on the straight-line method using rates based on the estimated useful life of the assets.

Material and equipment acquired for the purpose of the design, development and maintenance of exhibits are charged to operations in the year of acquisition.

40 years	Victoria Memorial Museum Building
35 years	Property under capital lease
35 years	Collection cabinets and compactors
10 years	Research equipment
10 years	General equipment
10 years	Furnishings and office equipment
5 to 25 years	Building improvements
5 years	Motor vehicles
3 to 5 years	Leasehold improvements
3 years	Computer equipment

## Notes to the Financial Statements

for the period ended June 30, 2011

(Unaudited)

(in thousands of dollars)

### E) Employee Future Benefits

#### *i) Pension benefits*

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the plan reflects the full cost as employer. This amount is currently based on a multiple of the employee's required contributions, and may change over time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are charged to operations during the year in which the services are rendered. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

#### *ii) Severance benefits*

Employees are entitled to severance benefits, as provided for under labor contracts and conditions of employment. The cost of these benefits is accrued to operations as the employees render the services necessary to earn them. Management determined the accrued benefit obligation using a method based upon assumptions and its best estimates. These benefits represent the only obligation of the Corporation that entails settlement by future payment.

### F) Revenue Recognition

Revenues from commercial operations, educational programmes, scientific services and other revenues are recognized when persuasive evidence of an arrangement exists between the two parties, goods have been delivered or services have been provided to the customers, price is fixed and determinable and collection is reasonably assured. The Corporation also records deferred revenue when amounts are received in advance of providing goods and services.

### G) Appropriation

The Government of Canada provides contribution funding to the Corporation through appropriation.

Appropriations which are explicitly or implicitly restricted for the purchase of amortizable capital assets are deferred and recognized as revenue on the same basis and over the same periods as the related capital assets acquired.

Appropriations restricted for specific expenses are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the fiscal year that those expenses are incurred. Appropriations that are not restricted to a specific purpose are recognized as revenue in the Statement of Operations in the fiscal year for which they are approved.

### H) Donations

Donations are comprised of contributions received from entities, such as individuals, foundations, corporations, and entities part of the federal government.

Unrestricted contributions are recognized as revenue on the Statement of Operations when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions externally restricted for specific purposes are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the fiscal year in which the related expenditures are recognized. Restricted investment income is recognized as revenue in the Statement of Operations in the fiscal year that the related expenditures are recognized.

### I) Volunteer Services

Volunteers contribute a significant number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

## Notes to the Financial Statements

for the period ended June 30, 2011

(Unaudited)

(in thousands of dollars)

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective April 1<sup>st</sup>, 2011, the Corporation adopted the public sector accounting standards applicable for a government not-for-profit organization. These amended standards were retrospectively adopted and therefore the 2011 comparative figures have been restated. Key adjustments resulting from the adoption of these accounting standards are as follows:

- Other comprehensive income is not recognized under public sector accounting standards applicable for a government not-for-profit organization. Consequently, other comprehensive income and accumulated other comprehensive income are no longer reported on the Corporation's Statement of Operations. The 2011 financial statements have been adjusted to record amounts previously recognized as other comprehensive income as deferred contributions and restricted net assets for endowment purposes.
- As a result previously reported accumulated other comprehensive income of \$1,684 has been reclassified as \$1,379 to deferred contributions and deferred revenues and \$305 to net assets restricted for endowment purposes. Other comprehensive income previously recognized as income in 2011 has been reversed.

The impact of these restatements on the 2011 figures is as follows:

	June 2010	Adjustment s	June 2010 Revised	Audited March 2011	Adjustment s	Revised 2011
<b><u>Statement of Financial Position</u></b>						
Liabilities:						
Deferred contributions and deferred revenues	9,424	1,551	10,975	7,078	1,379	8,457
Net Assets:						
Net Assets, beginning of year	(6,004)	(1,281)	(7,285)	(6,004)	(1,281)	(7,285)
Net Assets, end of year	(5,692)	(1,550)	(7,242)	(4,771)	(1,379)	(6,150)
<b><u>Statement of Operations</u></b>						
Excess of revenue over expenses	42	-	42	1,135	-	1,135
Other Comprehensive Income	270	(270)	-	98	(98)	-



## Notes to the Financial Statements

for the period ended June 30, 2011

(Unaudited)

(in thousands of dollars)

### 4. CAPITAL ASSETS

			June 2011	June 2010
	Cost	Accumulated depreciation	Net book value	Net book value
Land	627	-	627	627
Victoria Memorial Museum Building	204,727	20,139	184,588	186,379
Property under capital lease	35,040	15,121	19,919	20,911
Collection cabinets and compactors	3,639	1,552	2,087	2,191
Leasehold improvements	2,304	1,325	979	491
Furnishings and office equipment	1,259	861	398	338
Research equipment	3,293	3,036	257	421
Computer equipment	2,662	2,497	165	377
Building improvements	144	64	80	108
General equipment	395	317	78	66
Motor vehicles	42	42	-	4
	<b>254,132</b>	<b>44,954</b>	<b>209,178</b>	<b>211,913</b>

The current year amortization expense amounts to \$1,718.

### 5. OBLIGATION UNDER CAPITAL LEASE

The Natural Heritage Building houses the Canadian Museum of Nature natural history collections and administrative functions, on the Corporation's site in Gatineau, Quebec. The Corporation is acquiring the building through a lease purchase agreement with a term of 35 years. It is committed to pay rent under all circumstances and in the event of termination of the lease, at the Corporation's option or otherwise, pay sufficient rent to repay all financing on the building. Management intends to completely discharge its obligation under the lease and obtain free title to the building in 2031, after the Corporation uses its right to purchase the building for ten dollars.

Future minimum lease repayments, by year and in aggregate, under the financing obligation are as follows:

	Obligation under capital lease
2012	2,625
2013	3,500
2014	3,500
2015	3,500
2016	3,500
Thereafter	54,250
Total minimum future payments	(1) 70,875
Deduct: Imputed interest	(40,386)
<b>Present value of financing obligations</b>	<b>(2) 30,489</b>

(1) The amounts payable under the capital lease are based on the fixed interest rate of 9.88%, for a period of 35 years, established at the time of signing the lease.

(2) The present value of the capital lease obligation based on a current market interest rate of 8.25% is estimated at \$35 million.

## Notes to the Financial Statements

for the period ended June 30, 2011

(Unaudited)

(in thousands of dollars)

### 6. DEFERRED CONTRIBUTIONS AND DEFERRED REVENUE

Contributions received and appropriations that are restricted for a specified purpose are deferred, and recognized as revenue in the fiscal year that the related expenses are incurred.

Funds received by the Corporation for Museum operations, educational programs, or scientific services that are not yet earned through the provision of goods or services, are deferred by the Corporation, and recognized as revenue in the fiscal year that the earnings process is culminated.

Changes in the deferred contributions and deferred revenues balance during the fiscal year were as follows:

	June 2011	June 2010
Balance, beginning of year	8,457	12,634
Add:		
Restricted contributions received	(2)	511
Restricted appropriation received	448	818
Deferred investment income	3	1
Funds received through the provision of goods and services	11	(26)
	460	1,304
Less:		
Restricted contributions recognized	(52)	(443)
Restricted appropriation spent	(74)	(2,520)
	(126)	(2,963)
<b>Balance, end of year</b>	<b>8,791</b>	<b>10,975</b>

### 7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized appropriation used to acquire amortizable capital assets. Deferred contributions related to capital assets are recognized as appropriation revenue on the same basis and over the same periods as the related capital asset is amortized.

Changes in the deferred contributions related to capital assets balance are as follows:

	June 2011	June 2010
Balance, beginning of year	189,881	189,584
Appropriation used to purchase capital assets	21	2,025
Amortization of deferred contributions related to capital assets	(1,467)	(1,691)
<b>Balance, end of year</b>	<b>188,435</b>	<b>189,918</b>

## Notes to the Financial Statements

for the period ended June 30, 2011

(Unaudited)

(in thousands of dollars)

### 8. RESTRICTIONS ON NET ASSETS

The entire amount of net assets restricted for endowment purposes is subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on the endowment is externally restricted for specified purposes and is included in deferred contributions and deferred revenue.

The principal amount of \$305 was received from Anne and Henry Howden, which included a significant entomological collection. The endowment was established to enable professional studies and research of entomological collections for the Corporation.

In the event that the Corporation decides not to maintain entomological collections, the Systematic Entomology Endowment Fund shall be transferred, along with any entomological collections, to the Royal Ontario Museum.

### 9. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	June 2011	June 2010
Capital assets	209,178	211,913
Less amounts financed by capital lease	(30,489)	(30,937)
Less amounts financed by deferred contributions related to capital assets	(188,435)	(189,918)
	<b>(9,746)</b>	<b>(8,942)</b>

The net change in investment in capital assets is calculated as follows:

	June 2011	June 2010
Capital asset additions	21	2,025
Add: repayment of obligation under capital lease	117	105
Less: capital assets financed with deferred capital contributions	(21)	(2,025)
Capital assets purchased with Corporation funds	117	105
Amortization of deferred capital contributions	1,467	1,691
Amortization of capital assets	(1,718)	(1,691)
Net change in investment in capital assets	<b>(134)</b>	<b>(105)</b>

## Notes to the Financial Statements

for the period ended June 30, 2011

(Unaudited)

(in thousands of dollars)

### 10. APPROPRIATION

To achieve its mission, the Corporation relies on government funding. This government funding is comprised as follows:

	June 2011	June 2010
<b>Appropriation received and receivable:</b>		
Operating and Capital Budgets	7,139	7,590
Supplementary Budgets	-	-
	<b>7,139</b>	<b>7,590</b>
Portion of appropriation in current year deferred for future capital projects	(448)	(818)
Previous year's appropriation used in current year to complete specific projects	74	2,520
Appropriation used to purchase amortizable capital assets	(21)	(2,025)
Amortization of deferred contributions related to capital assets	1,467	1,691
<b>Appropriation used</b>	<b>8,211</b>	<b>8,958</b>

### 11. COMMERCIAL OPERATIONS

Commercial operations revenue is comprised as follows:

	June 2011	June 2010
Admission fees	370	371
Parking	127	137
Rental of facilities	124	84
Boutique and cafeteria leases	39	37
Memberships	40	80
Publishing royalties	-	3
Publishing revenues	3	3
	<b>703</b>	<b>715</b>

### 12. RELATED PARTY TRANSACTIONS

The Corporation is related to all Government of Canada departments, agencies and Crown corporations.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation incurred expenses for the work and services provided by other government departments, agencies, and Crown corporations totalling \$499 (June 2010 – \$559), and earned revenues totalling \$5 (June 2010 – \$21). These transactions were conducted in the normal course of operations, under the same terms and conditions that applied to outside parties and recorded at the exchange amount.

## Notes to the Financial Statements

for the period ended June 30, 2011

(Unaudited)

(in thousands of dollars)

### 13. SUMMARY OF EXPENSES BY CLASSIFICATION

	June 2011	June 2010
Personnel costs	3,668	3,572
Depreciation of capital assets	1,718	1,691
Operation and maintenance of buildings	907	696
Exhibitions	767	896
Interest on capital lease obligation	759	770
Real property taxes	691	568
Professional and special services	657	657
Information management infrastructure and systems	237	217
Repairs and maintenance	175	257
Marketing and communications	112	710
Travel	58	70
Freight and cartage	12	11
Purchase of objects for collections	-	-
Other	65	132
	9,826	10,247

## MANAGEMENT DISCUSSION AND ANALYSIS Overview – 2011-2012

(Unaudited)

These quarterly financial statements must be read in conjunction with the Canadian Museum of Nature's most recent audited annual financial statements for the period ending March 31, 2011 and with the narrative discussion included in this quarterly financial report.

The Canadian Museum of Nature's primary objective is to fulfill 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*. To this end, the Museum's Board of Trustees and Management are committed to managing the public and private funds invested in the Museum in a transparent, accountable manner and to optimizing the value of the contribution the Museum makes to Canadians and to Canadian society.

The strategic directions for the Museum acknowledge the intent to be a leading source of natural history knowledge and scientific inquiry for scientists and the public, thus contributing a distinctly Canadian perspective to the global body of knowledge. The Museum will disseminate the results of this scientific inquiry, thus helping inspire Canadians to act conscientiously about the natural environment. As a public institution, the Museum also wishes to continue to demonstrate accountability, value and fiscal effectiveness through achieving measurable, meaningful results.

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 be a national institution providing maximum value and service to the public.

### Significant Changes

We are pleased that the Minister of Canadian Heritage and Official Languages announced the appointment of Margaret Beckel as the new President and Chief Executive Officer of the Canadian Museum of Nature starting June 6, 2011.

Effective April 1st, 2011, the Corporation adopted the Canadian public sector accounting standards applicable for government not-for-profit organizations.

### Revenue

Revenue in the first quarter amounted to \$9,122,000 compared to the \$10,289,000 in the first quarter of the previous year. In the first quarter non-appropriation revenues were \$911,000, representing a decrease of 32 percent compared to non-appropriation revenues of \$1,331,000 in the first quarter of the previous year. This is mainly due to a decrease of \$391,000 or 88 percent related to the timing in the recognition of contribution revenue as exhibition activity will be occurring later in the year compared to the previous year. Educational programmes revenue decreased by \$49,000 in the first quarter compared to the first quarter of the previous year due mainly to travelling exhibition revenue occurring later in the year compared to the previous year.

Revenue includes appropriation (the portion recognized in the quarter) and represented 90 percent of the Museum's revenue in the first quarter. On an accrual basis, appropriation amounted to \$8,211,000 in the first quarter compared to \$8,958,000 in the first quarter of the previous year. The year over year decrease is mainly due to the utilization of deferred capital contribution related to capital assets.

## MANAGEMENT DISCUSSION AND ANALYSIS Overview – 2011-2012

(Unaudited)

### Expenses

The Museum's total cost of operations in the first quarter was \$9,826,000 compared to \$10,247,000 in the first quarter of last year. The decrease in this quarter compared to first quarter of 2010 is mainly attributable to lower costs of marketing and communication.

#### Depreciation of capital assets

Depreciation of capital assets increased to \$1,718,000 as of June 30, 2011 from \$1,691,000 in June 30, 2010 due to increase in cost related to the completion of the Victoria Memorial Museum Building.

#### Facilities Management

The costs of managing the Museum's two buildings have increased since the completion of the renovated Victoria Memorial Museum Building. In the first quarter of 2011 the costs rose by 30 percent to \$907,000 from \$696,000 in the first quarter of 2010. 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 severe 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 programmes.

#### Excess (deficiency) of revenue over expenses

The deficiency of revenue over expenses for the quarter was \$704,000. The loss from operations is attributable to a timing difference between the recognition of appropriation for operating expenditures that is recognized in the fiscal year for which it is approved and expenses that are recognized in the fiscal year they are incurred. Specifically, previous year funding was used to commit and prepay for three special exhibits scheduled for this fiscal year.

Another contributor to the deficiency in this quarter is the result of the accounting treatment related to the depreciation charges for its Natural Heritage Building facility located in Gatineau which is shown on the Museum's statement of financial position as a capital lease. This accounting treatment will keep the Corporation's net asset in a deficit position for many years. The situation will begin to reverse near the mid-point of the lease term and will completely reverse itself over the full term of the lease. This does not impact the Corporation's cash flow or financial stability in any way.

### Statement of Financial Position

#### Assets

The level of cash and cash equivalents as of June 30, 2011 remains substantially the same compared to same period in 2010.

The decrease in capital assets reflects the depreciation of Victoria Memorial Museum Building and other capital costs.

#### Liabilities

Accounts payable and accrued liabilities from Trade have decreased as of June 30, 2011 from 2010 mainly as a result of lower amounts associated with the Renewal Project.

Deferred contributions and deferred revenue have decreased due to the spending of appropriation received for the renovation of the Victoria Memorial Museum Building in prior years.

## RISK ANALYSIS

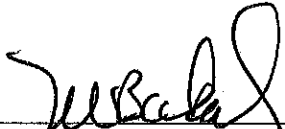
Risk	Mitigation Strategies
<p>1. Risk that marketing, communications and positioning mechanisms do not sufficiently promote and demonstrate the strengths and value of the CMN to Canadians and key stakeholders.</p>	<ul style="list-style-type: none"> <li>▪ Marketing of all revenue generation programs and communication of Research, Collections and Education Services to clients</li> <li>▪ Strategic planning (objectives, strategies, performance measurement);</li> <li>▪ Annual operational and programming reviews and planning exercises that incorporate focus groups, visitor comments, national consultations and needs analysis.</li> <li>▪ Identification of issues of relevance (monitoring and feedback through national consultation);</li> <li>▪ Identification of areas of scientific excellence for collection and research that will impact exhibits and programs.</li> </ul>
<p>2. Risk that the government funding framework does not meet CMN's resource requirements. This may result in insufficient resources to develop adequate programs.</p>	<ul style="list-style-type: none"> <li>▪ Ongoing communications and collaboration with central agencies to take advantage of opportunities as they occur to ensure funding framework aligns with resource requirements; Treasury Board submissions; Quarterly budget review meetings to see where reallocations may be required; Memorandum to Cabinet looks at priorities in future years and allocates resources for operations; Operational and programme planning process.</li> </ul>
<p>3. Risk that the revenue generation framework targets are not achieved due to increasing competition for visitors, rental/events and contributions, or other factors. This may result in insufficient resources to develop adequate programs.</p>	<ul style="list-style-type: none"> <li>▪ Work plans are revised when appropriate;</li> <li>▪ Dedicated work plans help units understand how to perform their tasks in order to achieve targets related to commercial operations and development.</li> </ul>
<p>4. Risk that there are insufficient and/or inadequately skilled human resources (e.g. number, capability, skills, training and career development, recruiting, retaining, succession planning) to achieve objectives and meet the CMN's current and future needs.</p>	<ul style="list-style-type: none"> <li>▪ Succession planning and ;</li> <li>▪ Development;</li> <li>▪ Training plans;</li> <li>▪ Action learning (leadership development);</li> <li>▪ Competitive salaries and working conditions;</li> <li>▪ Open market for recruitment.</li> </ul>



## STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated quarterly financial statements.

Based on our knowledge, these unaudited consolidated 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 consolidated quarterly financial statements.



\_\_\_\_\_  
Margaret Beckel  
President and Chief Executive Officer



\_\_\_\_\_  
Michel Houle  
Acting/ Vice President, Corporate Services  
and Chief Financial Officer

Ottawa, Canada  
August 25, 2011