

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2015

NARRATIVE DISCUSSION

For the three months ended June 30, 2015

The unaudited quarterly financial statements for the Canadian Museum of Immigration at Pier 21 (“the Museum”) should be read in conjunction with the March 31, 2015 management discussion and analysis and annual audited financial statements.

OUTLOOK

This quarter was an exciting one for the Museum as the two year capital and thematic expansion project was completed. On June 25, 2015, a grand reopening was held where two new exhibitions were launched to very positive reviews. One exhibition tells the Pier 21 story, a rich history of immigration from 1928 to 1971. The other tells the broader stories of Canadian immigration from all points of entry, past to present day. Both showcase the vast contributions of immigration to Canada’s culture, economy and way of life.

An integrated marketing and communications campaign is supporting the launch of the new Museum inviting onsite and online visitors to “See how Canada is shaped by the World”. Media coverage and positive word of mouth around the grand reopening; the marketing and communications campaign; and a focussed outreach effort are attracting new and repeat visitors to the Museum.

For those that can’t visit in person, an online presence via the website and social media offers a way to experience the Museum. In addition, the *Canada: Day 1* travelling exhibition continues to move across Canada telling the stories of newcomers’ experiences on their first day in Canada. *Canada: Day 1* is supported on its national tour by the RBC Foundation. It completed its stop at the Markham Museum in Ontario this quarter and moves to the Saskatchewan Western Development Museum in July 2015. It will continue to travel the country through 2017 as our legacy project for our nation’s 150th anniversary in 2017.

FINANCIAL RESULTS

Operations

The Museum had its soft reopening on May 5, 2015 and its grand reopening on June 25, 2015 after a closure of 6 months. The operating results for the quarter ended June 30, 2015 yielded a loss of \$107,000 compared to a net result of operations of \$520,000 for the quarter ended June 30, 2014. When combined with the \$3,033,000 in unrestricted net assets at March 31, 2015, this resulted in unrestricted net assets at June 30, 2015 of \$2,926,000.

For the quarter ended June 30, 2015, self-generated revenues including operating revenues, donations, and interest and other revenues decreased \$200,000 from \$686,000 in 2014 to \$486,000 in 2015. The decrease from the prior year is primarily due to lower rental sales and donations. The lower rental sales were on budget as the Museum planned to be closed until May 5, 2015. The decrease in donations is attributed to the timing of major gifts receipts. Self-generated revenues were also lower than budget, primarily due to ticket sales and donations. Ticket sales were budgeted according to a May grand reopening. With the grand reopening delayed to June 25, 2015, the increase in ticket prices was also delayed and visitation was lower, both generating less revenues. Donations were under-budget due to the delay of major gifts, however these are expected to be received by the end of the fiscal year.

Net income earned on the endowment investments of \$35,000, included in the Statement of Operations for the quarter ended June 30, 2015, is slightly higher than 2014. Unrealized gains and losses on investments are not recorded as revenue but as accumulated remeasurement gains or losses in the Statement of Financial Position. A net decrease in the accumulated remeasurement gains of \$108,000 was recorded for the quarter, which results in an overall negative performance for the endowment investments of \$73,000 for the quarter ended June 30, 2015.

Expenses for the quarter ended June 30, 2015 increased \$213,000 from \$2,909,000 in 2014 to \$3,122,000 in 2015, however they are lower than budget. The rent and related costs has increased in part because of the addition of Shed 22 space. The amortization of the capital assets has increased since the capital project has been completed and has started to be amortized this quarter. Personnel costs increased \$72,000 from \$1,304,000 to \$1,376,000 which is less than the budgeted increase. Other expenses netted a small increase from the first quarter of the prior year but are under budget. It is anticipated these expenses will increase during the remainder of the year, utilizing some of the unrestricted net assets, as planned.

Financial Position

Total assets at June 30, 2015 were \$35,622,000 compared to \$35,513,000 at March 31, 2015. The \$109,000 increase is due to the net impact of the increase in capital assets and the decrease in cash and accounts receivable. With the grand reopening on June 25, 2015, capital projects – work in progress amounts were transferred to the appropriate capital asset category and amortization has started. Leasehold improvements and permanent exhibits are amortized using the straight-line method over 15 years and 10 years respectively. The decrease in cash is mainly attributable to payments for the capital project.

Total liabilities increased by \$324,000 to \$24,991,000 at June 30, 2015 due to the \$139,000 increase in accounts payable and accrued liabilities and \$754,000 in deferred revenue, offset by the \$569,000 decrease in deferred contributions related to capital assets. The increase in accounts payable and accrued liabilities is mainly due to costs associated with the capital project. The increase in deferred revenue is mainly due to the receipt of July's appropriation of \$735,000 in June. The decrease in deferred contributions related to capital assets is attributable to the amortization.

BUSINESS RISKS

Management has not identified any new business risks to those discussed in the 2014-15 annual Management Discussion and Analysis and continues to monitor risks related to the capital project as it winds up.



Marie Chapman
Chief Executive Officer



Kendall J. Blunden, CPA, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

June 30, 2015

STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

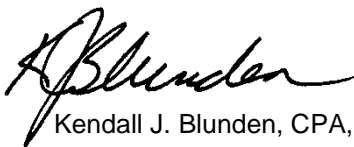
Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

These quarterly financial statements have not been audited or reviewed by an external auditor.



Marie Chapman
Chief Executive Officer



Kendall J. Blunden, CPA, CA
Chief Financial Officer

Halifax, Canada
August 19, 2015

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)

As at June 30, 2015

(in thousands of dollars)

	June 30 2015	March 31 2015
Assets		
Current assets		
Cash	\$ 5,344	\$ 6,577
Accounts receivable	809	1,210
Inventory	163	110
Prepaid expenses	60	64
	6,376	7,961
Endowment cash and investments (note 4)	7,727	7,800
Capital assets	21,518	19,751
Collections	1	1
	\$ 35,622	\$ 35,513
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,344	\$ 2,205
Deferred revenue	823	69
Deferred contributions related to capital assets (note 5)	21,824	22,393
Net assets		
Unrestricted	2,926	3,033
Internally restricted	282	282
Accumulated remeasurement gains (losses)	150	258
Endowment	7,273	7,273
	10,631	10,846
	\$ 35,622	\$ 35,513

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Operations (Unaudited)

For the three months ended June 30, 2015
(in thousands of dollars)

	June 30 2015	June 30 2014
Revenues		
Operating (schedule 1)	\$ 359	\$ 482
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	123	123
Amortization of deferred contributions related to capital assets received from a related party	14	6
Donations	115	172
Interest and other	12	32
	<u>623</u>	<u>815</u>
Expenses (schedule 2)		
Visitor experience and connections	764	928
Accommodation	1,233	1,060
Internal services	1,125	921
	<u>3,122</u>	<u>2,909</u>
Net result of operations before appropriations and endowment investment net income	<u>(2,499)</u>	<u>(2,094)</u>
Appropriations (note 6)	2,357	2,582
Endowment investment net income	35	32
Net result of operations	<u>\$ (107)</u>	<u>\$ 520</u>

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Remeasurement Gains and Losses (Unaudited)

For the three months ended June 30, 2015

(in thousands of dollars)

	June 30 2015	June 30 2014
Accumulated remeasurement gains (losses), beginning of period	\$ 258	\$ (63)
Unrealized gains (losses) on endowment investments	(108)	116
Accumulated remeasurement gains (losses), end of period	\$ 150	\$ 53

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Changes in Net Assets (Unaudited)

For the three months ended June 30, 2015

(in thousands of dollars)

	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	June 30 2015	June 30 2014
Net assets, beginning of period	\$ 3,033	\$ 282	\$ 258	\$ 7,273	\$ 10,846	\$ 9,311
Net result of operations	(107)	–	–	–	(107)	520
Remeasurement gains (losses)	–	–	(108)	–	(108)	116
Contributions received for endowment	–	–	–	–	–	100
Net assets, end of period	\$ 2,926	\$ 282	\$ 150	\$ 7,273	\$ 10,631	\$ 10,047

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Cash Flows (Unaudited)

For the three months ended June 30, 2015
(in thousands of dollars)

	June 30 2015	June 30 2014
Operating activities		
Appropriations received	\$ 2,660	\$ 2,275
Other cash received	925	1,312
Cash paid to employees and suppliers	(2,153)	(2,158)
Interest received	13	33
	1,445	1,462
Capital activities		
Acquisition of capital assets	(2,643)	(721)
	(2,643)	(721)
Investing activities		
Increase in endowment cash and investments	(35)	(132)
	(35)	(132)
Financing activities		
Appropriations received for the acquisition of capital assets	–	200
Contributions to endowment	–	100
	–	300
(Decrease) increase in cash	(1,233)	909
Cash, beginning of period	6,577	11,445
Cash, end of period	\$ 5,344	\$ 12,354

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2015
(in thousands of dollars)

1. Authority and objectives

The Canadian Museum of Immigration at Pier 21 (the "Museum") was established on November 25, 2010 under the *Museums Act*. The transfer and assignment of assets, contracts and records from the Pier 21 Society and Pier 21 Foundation occurred on February 3, 2011. The Museum is an agent Crown corporation named in Part I of Schedule III of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*.

The Museum's mandate is to explore the theme of immigration to Canada in order to enhance public understanding of the experiences of immigrants as they arrived in Canada, of the vital role immigration has played in the building of Canada and the contributions of immigrants to Canada's culture, economy and way of life.

2. Accounting policies

These unaudited financial statements follow the same accounting policies and methods of computation as the Museum's annual audited financial statements as at and for the year ended March 31, 2015.

3. Basis of presentation

The note disclosures in these unaudited financial statements do not conform in all respects to the requirements of Canadian Public Sector Accounting Standards for government not-for-profit organizations for annual audited financial statements. These unaudited financial statements should be read in conjunction with the Narrative Discussion for the three months ended June 30, 2015 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2015.

4. Endowment

Endowment cash and investments consist of the following:

	June 30 2015		March 31 2015	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 3	\$ 3	\$ 203	\$ 203
	3	3	203	203
Investment funds				
Fixed income	4,663	4,678	4,517	4,581
Alternatives	2,911	3,046	2,822	3,016
	7,574	7,724	7,339	7,597
	\$ 7,577	\$ 7,727	\$ 7,542	\$ 7,800

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2015
(in thousands of dollars)

5. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions for the acquisition of capital assets. Deferred contributions are amortized to income on the same basis as the related capital assets are amortized. The changes in the deferred contributions balance for the periods are as follows:

For the three months ended	Transfer from Pier 21 Society	Appropriations	Other contributions	June 30 2015
Balance, beginning of period	\$ 408	\$ 20,775	\$ 1,210	\$ 22,393
Less:				
Amortization of deferred contributions related to capital assets	(123)	(432)	(14)	(569)
Balance, end of period	\$ 285	\$ 20,343	\$ 1,196	\$ 21,824

For the year ended	Transfer from Pier 21 Society	Appropriations	Other contributions	March 31 2015
Balance, beginning of year	\$ 896	\$ 19,795	\$ 198	\$ 20,889
Add:				
Appropriations received to acquire capital assets	–	2,200	–	2,200
Other contributions received from related party to acquire capital assets	–	–	1,036	1,036
Less:				
Amortization of deferred contributions related to capital assets	(488)	(1,220)	(24)	(1,732)
Balance, end of year	\$ 408	\$ 20,775	\$ 1,210	\$ 22,393

The unused portion of deferred contributions related to capital assets was \$306 at June 30, 2015 (March 31, 2015 – \$2,642). Other contributions received from a related party were received from the Halifax Port Authority as per the lease of the Pier 21 premises for leasehold improvements to the premises.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the three months ended June 30, 2015
(in thousands of dollars)

6. Appropriations

To achieve its mandate, the Museum relies on government funding comprised of the following:

For the three months ended	June 30 2015	June 30 2014
Parliamentary appropriations provided		
Main estimates	\$ 7,700	\$ 9,900
Portion of appropriation for capital projects	–	(2,200)
Portion of appropriation for future expenses	(5,775)	(5,425)
Appropriations received for operating in the current period	1,925	2,275
Amortization of deferred contributions related to capital assets	432	307
Appropriations recognized as revenue	\$ 2,357	\$ 2,582

At June 30, 2015, \$735 in appropriations were recorded as deferred revenue since they were received for the operations of the quarter ending September 30, 2015 (2014 – nil).

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Schedule 1 – Operating Revenue (Unaudited)

(in thousands of dollars)

For the three months ended	June 30 2015	June 30 2014
Special events	\$ 162	\$ 184
Exhibition hall ticket sales	62	60
Hall rental	57	129
Gift shop	50	61
Family history centre	18	20
Programming	10	28
	\$ 359	\$ 482

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

For the three months ended	June 30 2015	June 30 2014
Personnel costs	\$ 1,376	\$ 1,304
Amortization of capital assets	569	436
Rent and related costs	387	240
Repairs and maintenance and building operation	118	97
Exhibition and programming	107	272
Marketing, promotion and recognition	107	92
Professional and special services including Board of Trustees costs	83	110
Cost of goods sold	78	100
Utilities	72	59
Museum reopening costs	53	–
Office supplies and administration	50	33
Payment in lieu of taxes	50	50
Operating supplies and services	41	68
Training and professional development	19	25
Travel and hospitality	12	23
	\$ 3,122	\$ 2,909