

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

December 31, 2011

MANAGEMENT DISCUSSION

For the nine months ended December 31, 2011

FINANCIAL RESULTS AND OUTLOOK

The 2011-2012 fiscal year will be the first complete year of operations for the Museum after launching its operations on February 4, 2011. In its first Corporate Plan and its 2010-2011 annual Management and Discussion Analysis, the Museum noted delays in the start of operations in 2010-2011 impacting the timing of expenses which resulted in an accumulated surplus of \$1.6 million at March 31, 2011. The impact on the timing of expenses still continues but should be mostly resolved by the end of 2011-2012 as many of these expenses will occur in the fourth quarter; however some will continue into the next fiscal year.

At its inaugural strategic planning retreat in the fall of 2011, the Board began the process of determining the long-term vision and values of the Museum to guide its activities and operations and directed management to incorporate them into the 2012-2013 Corporate Plan. In addition, the Museum's CEO was appointed on October 20, 2011.

The Museum continues to prepare its financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The 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 period ended March 31, 2011.

The note disclosures in the 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 but are in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations.

Financial Highlights

For the nine months ended December 31, 2011, the Museum's operating results were (\$0.5) million. This is due to the timing of receipt of appropriations and the timing of expenses. By the end of the year, it is anticipated that all appropriations allocated will be drawn and that spending will be over the 2011-2012 budget, utilizing a portion of the 2010-2011 surplus.

Appropriations

As a transitional provision, the Museum received authority to access a statutory appropriation of up to \$15 million to bridge the gap until the normal flow of regular appropriations. The statutory appropriation was available to cover its operating and capital costs for up to one year until its appropriations were granted by Parliament through the regular appropriations cycle. Of the statutory amount, \$4.5 million was received in 2010-2011 and \$3.9 million was received in 2011-2012.

In June 2011, \$10 million in parliamentary appropriations were approved for the remainder of the year through Supplementary Estimates (A). As at December 31, 2011, \$2.5 million had been received.

Operations for the nine months ended December 31, 2011

Operating revenues were lower than the budget in the 2011-2012 Corporate Plan by \$0.2 million primarily due to rental revenues, ticket sales and gift shop sales. This is attributed to a lower number of visitors. Donations, although under budget at December 31, 2011, are expected to be on budget by the end of 2011-2012. Investment revenues from the Endowment funds have not materialized which is consistent with poor market conditions. An investment loss is included in investment income in the Statement of Operations for the period. Unrealized gains and losses on investments are not recorded as revenue but as an accumulated remeasurement gain or loss in the Statement of Financial Position.

Expenses for the period were lower than budget by \$1.3 million primarily due to the delay in the Museum's operations and the fact the CEO was only appointed on October 20, 2011. This challenges the spending according to the budget timetable, as it was not deemed appropriate to move forward with expenditures affecting the future of the Museum until after the appointment.

Financial Position at December 31, 2011

Assets were \$15.2 million at December 31, 2011, an increase of \$4.0 million due primarily to the increase in cash of \$2.4 million and the increase in capital assets of \$1.0 million. At December 31, 2011, the cash balance was significant due to the timing of appropriations received for capital expenses and the payments made to suppliers. Significant payments will be made in the fourth quarter.

Total liabilities and net assets increased \$4.0 million from March 31, 2011 primarily due to the increase in deferred contributions related to capital assets.

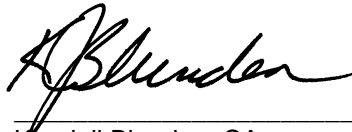
Capital expenditures are proceeding as per the Corporate Plan. Significant capital expenditures occurred in the third quarter of 2011-2012. They include the retro-fit of the upper and lower annex anticipated to be completed by June 2012, the refit of the Heating, Ventilation and Cooling (HVAC) and electrical system and the retro-fit of the mezzanine also anticipated to be completed by June 2012. The entire project is still scheduled to be completed by fiscal year 2012-2013. Adding the electrical refitting to the scope of work allows for all infrastructure construction to be completed at the same time, diminishing the interruption to operations and generating cost savings. Similarly, adding the lower annex to the scope of work allows all personnel to move at one time reducing interruptions and costs. The additions to the scope necessitated further drawings and details which moved the time frame forward.

BUSINESS RISKS

The Museum has not identified any new business risks to those discussed in the 2010-2011 annual Management Discussion and Analysis.



Marie Chapman
Chief Executive Officer



Kendall Blunden, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

December 31, 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

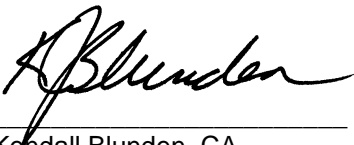
Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the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

Halifax, Canada
February 16, 2012

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)

As at December 31, 2011
(in thousands of dollars)

	December 31 2011	March 31 2011
Assets		
Current assets		
Cash	\$ 6,098	\$ 3,734
Accounts receivable	266	240
Inventory	156	152
Prepaid expenses	35	19
	<u>6,555</u>	<u>4,145</u>
Endowment cash and investments	5,176	4,538
Capital assets	3,432	2,483
Collections	1	1
	<u>\$ 15,164</u>	<u>\$ 11,167</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,383	\$ 671
Deferred revenue	53	166
Deferred contributions related to capital assets (note 4)	7,303	4,163
Net assets		
Unrestricted	1,116	1,649
Accumulated remeasurement gains	30	5
Endowment	<u>5,279</u>	<u>4,513</u>
	<u>6,425</u>	<u>6,167</u>
	<u>\$ 15,164</u>	<u>\$ 11,167</u>

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Operations (Unaudited)
(in thousands of dollars)

	Three months ended December 31 2011	November 25 to December 31 2010	Nine months ended December 31 2011	November 25 to December 31 2010
Revenues				
Appropriations (note 5)	\$ 1,665	\$ 761	\$ 3,050	\$ 761
Operating (schedule 1)	211	-	961	-
Amortization of deferred contributions related to capital assets transferred from Pier 21 Society	130	-	388	-
Donations	27	-	242	-
Investment and other	(256)	-	(121)	-
	<u>1,777</u>	<u>761</u>	<u>4,520</u>	<u>761</u>
Expenses (schedule 2)				
Visitor experience and connections	403	-	1,051	-
Internal services	810	100	2,248	100
Accommodation	655	3	1,754	3
	<u>1,868</u>	<u>103</u>	<u>5,053</u>	<u>103</u>
(Deficiency) excess of revenues over expenses	\$ (91)	\$ 658	\$ (533)	\$ 658

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Remeasurement Gains and Losses (Unaudited)
(in thousands of dollars)

	Three months ended December 31 2011	November 25 to December 31 2010	Nine months ended December 31 2011	November 25 to December 31 2010
Accumulated remeasurement (losses) gains, beginning of period	\$ (327)	\$ -	\$ 5	\$ -
Unrealized gains attributed to endowment investments	357	-	25	-
Accumulated remeasurement gains, end of period	\$ 30	\$ -	\$ 30	\$ -

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Changes in Net Assets (Unaudited)
(in thousands of dollars)

For the three months ended					November 25
	Unrestricted	Accumulated remeasurement (losses) gains	Endowment	December 31 2011	to December 31 2010
Net assets, beginning of period	\$ 1,207	\$ (327)	\$ 4,691	\$ 5,571	\$ -
(Deficiency) excess of revenues over expenses	(91)	-	-	(91)	658
Remeasurement gains	-	357	-	357	-
Contributions received for endowment	-	-	588	588	-
Net assets, end of period	\$ 1,116	\$ 30	\$ 5,279	\$ 6,425	\$ 658

For the nine months ended					November 25
	Unrestricted	Accumulated remeasurement gains	Endowment	December 31 2011	to December 31 2010
Net assets, beginning of period	\$ 1,649	\$ 5	\$ 4,513	\$ 6,167	\$ -
(Deficiency) excess of revenues over expenses	(533)	-	-	(533)	658
Remeasurement gains	-	25	-	25	-
Contributions received for endowment	-	-	766	766	-
Net assets, end of period	\$ 1,116	\$ 30	\$ 5,279	\$ 6,425	\$ 658

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Cash Flows (Unaudited)
(in thousands of dollars)

	Three months ended December 31 2011	November 25 to December 31 2010	Nine months ended December 31 2011	November 25 to December 31 2010
Operating activities				
Appropriations received (note 5)	\$ 1,641	\$ 761	\$ 3,015	\$ 761
Other cash received	46	-	1,313	-
Cash paid to employees and suppliers	(833)	-	(3,957)	-
Interest received	12	-	39	-
	866	761	410	761
Capital activities				
Acquisition of capital assets	(1,100)	-	(1,372)	-
	(1,100)	-	(1,372)	-
Investing activities				
Increase in endowment cash and investments	(587)	-	(766)	-
	(587)	-	(766)	-
Financing activities				
Appropriation for the acquisition of property and equipment	3,326	-	3,326	-
Restricted contributions	587	-	766	-
	3,913	-	4,092	-
Increase in cash	3,092	761	2,364	761
Cash, beginning of period	3,006	-	3,734	-
Cash, end of period	\$ 6,098	\$ 761	\$ 6,098	\$ 761

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

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Unaudited Financial Statements

For the nine months ended December 31, 2011
(in thousands of dollars)

1. Authority and objectives

Under the *Museums Act*, the Canadian Museum of Immigration at Pier 21 (the "Museum") was established 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 Museum came into force November 25, 2010 and 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'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 period ended March 31, 2011.

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 for annual audited financial statements. These unaudited financial statements should be read in conjunction with the Management Discussion for the nine months ended December 31, 2011 and with the Museum's annual audited financial statements as at and for the period ended March 31, 2011.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Unaudited Financial Statements

For the nine months ended December 31, 2011
(in thousands of dollars)

4. 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 change in the deferred contributions balance is as follows:

For the three months ended December 31, 2011	Transfer from Pier 21 Society	Statutory appropriations	Other contributions	Total
Balance, beginning of period	\$ 2,183	\$ 1,711	\$ -	\$ 3,894
Add:				
Appropriations received in the current period to acquire capital assets in future periods	-	3,326	-	3,326
Other contributions received from related party in the current period to acquire capital assets in future periods	-	-	237	237
Less:				
Amortization of deferred contributions related to capital assets	130	24	-	154
Balance, end of period	\$ 2,053	\$ 5,013	\$ 237	\$ 7,303

For the nine months ended December 31, 2011	Transfer from Pier 21 Society	Statutory appropriations	Other contributions	Total
Balance, beginning of period	\$ 2,441	\$ 1,722	\$ -	\$ 4,163
Add:				
Appropriations received in the current period to acquire capital assets in future periods	-	3,326	-	3,326
Other contributions received from related party in the current period to acquire capital assets in future periods	-	-	237	237
Less:				
Amortization of deferred contributions related to capital assets	388	35	-	423
Balance, end of period	\$ 2,053	\$ 5,013	\$ 237	\$ 7,303

The unused portion of deferred contributions related to capital assets was \$3,634 at December 31, 2011 and \$1,408 at September 30, 2011 (March 31, 2011 – \$1,680).

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Unaudited Financial Statements

For the nine months ended December 31, 2011
(in thousands of dollars)

5. Appropriations

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

	Three months ended December 31 2011	November 25 to December 31 2010	Nine months ended December 31 2011	November 25 to December 31 2010
Statutory appropriations provided	\$ 3,850	\$ 4,576	\$ 3,850	\$ 4,576
Supplementary estimates provided	9,974	-	9,974	-
	13,824	4,576	13,824	4,576
Less:				
Portion of appropriation for future expenses and capital projects	10,809	3,815	9,435	3,815
Amount received in prior periods	1,374	-	1,374	-
Appropriations received in the current period	1,641	761	3,015	761
Add:				
Amortization of deferred contributions related to capital assets	24	-	35	-
Appropriations recognized as revenue	\$ 1,665	\$ 761	\$ 3,050	\$ 761

Parliament approved a statutory appropriation to bridge the gap until the normal flow of parliamentary appropriations. The statutory appropriation, available for both operating and capital expenditures, has enabled the Museum to operate until its appropriations were granted on June 27, 2011 by Parliament through Supplementary Estimates in the regular appropriations cycle.

6. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Schedule 1 – Operating Revenue (Unaudited) (in thousands of dollars)

	Three months ended December 31 2011	November 25 to December 31 2010	Nine months ended December 31 2011	November 25 to December 31 2010
Hall rental	\$ 103	\$ -	\$ 289	\$ -
Gift shop	54	-	244	-
Exhibition hall ticket sales	34	-	242	-
Special events	4	-	105	-
Research centre	11	-	60	-
Programming	5	-	21	-
	\$ 211	\$ -	\$ 961	\$ -

Schedule 2 – Expenses (Unaudited) (in thousands of dollars)

	Three months ended December 31 2011	November 25 to December 31 2010	Nine months ended December 31 2011	November 25 to December 31 2010
Personnel costs	\$ 866	\$ -	\$ 2,255	\$ -
Rent	274	-	811	-
Amortization of capital assets	154	-	423	-
Building operation and maintenance	101	3	280	3
Professional and special services	88	86	248	86
Operating supplies and services	110	-	228	-
Office supplies and administration	61	4	172	4
Cost of goods sold	40	-	167	-
Utilities	47	5	105	5
Marketing and promotion	23	-	86	-
Training and professional development	26	2	81	2
Payment in lieu of taxes	24	-	74	-
Travel	31	3	68	3
Exhibition and programming	23	-	55	-
	\$ 1,868	\$ 103	\$ 5,053	\$ 103