



CANADIAN  
MUSEUM  
OF HISTORY  
-  
MUSÉE  
CANADIEN  
DE L'HISTOIRE



CANADIAN  
WAR  
MUSEUM  
-  
MUSÉE  
CANADIEN  
DE LA GUERRE

QUARTERLY FINANCIAL REPORT  
FOR THE SIX MONTH PERIOD ENDED  
SEPTEMBER 30, 2015  
UNAUDITED

Canada

## **NARRATIVE DISCUSSION**

These quarterly financial statements must be read in conjunction with the March 31, 2015 audited financial statements of the Canadian Museum of History (CMH) and with this narrative discussion.

## **OVERVIEW**

The Corporation is committed to sustaining a strong financial and operational foundation for the delivery of quality museum programs and services. Responding to the Strategic Directions of its Board of Trustees, the Corporation builds accountability into its operational planning and reporting. The Corporation has at its core, a management culture that fosters excellence and adaptation of best practices for continued improvement. It is accountable to Parliament and Canadians in implementing its mandate.

## **STRATEGIC DIRECTION**

In June 2014, the Corporation's Board of Trustees unveiled five Strategic Directions that introduced new priorities and broadened the Corporation's scope of activities. A detailed set of goals and objectives addresses each direction. The Corporation's five Strategic Directions are as follows:

ESTABLISH THE MUSEUM AS A HUB OF CANADIAN HISTORY FOR CANADA AND THE WORLD.

CONNECT CANADIANS TO THEIR HISTORY AND REFLECT THIS PERSONAL CONNECTION IN ALL ASPECTS OF THE MUSEUM EXPERIENCE.

DEVELOP A COLLECTION THAT BETTER REFLECTS CANADA'S HISTORY AND DISTINCTIVENESS.

ENGAGE DYNAMIC PARTNERSHIPS AND NETWORKS ACROSS CANADA AND INTERNATIONALLY FOR MUTUAL BENEFIT.

ENSURE THE MUSEUM HAS THE FINANCIAL RESOURCES TO CARRY OUT ITS MANDATE.

## **VIRTUAL MUSEUM OF CANADA AND ONLINE WORKS OF REFERENCE**

Budget 2014 announced the government's intention to transfer the responsibilities for the Virtual Museum of Canada (VMC) and the Online Works of Reference (OWR) from the Department of Canadian Heritage (PCH) to the Canadian Museum of History. The transfer was enacted through the approval of the Budget Implementation Act (BIA) in June 2014.

The effective dates of the transfers were August 29, 2014 for the OWR and September 30, 2014 for the VMC. The annualized funding for the VMC is \$6.2 million and the OWR is \$2.1 million.

## **STATEMENT OF OPERATIONS**

Net results of operations at September 30, 2015 reflected a surplus of \$1.7 million, compared to \$1.3 million the prior fiscal year.

Parliamentary appropriations at September 30, 2015 were \$36.8 million, compared to \$34.5 million the prior fiscal year. The increase in appropriations is mainly due to the transfer of VMC and OWR responsibilities, as noted above.

## **STATEMENT OF OPERATIONS** (continued)

Operating expenses were higher than the prior fiscal year at \$44.5 million, compared to \$42.3 million. The increase in expenses is also primarily related to the Virtual Museum of Canada and Online Works of Reference.

The Corporation continues to review its expenses to identify opportunities to reduce its costs through contract re-negotiations and implementation of efficiencies. However, certain costs outside the control of the organization, such as the Payment in Lieu of Taxes (property taxes) and other fixed costs continue to be challenging.

## **STATEMENT OF FINANCIAL POSITION**

As at September 30, 2015, the Corporation's investments include Master Asset Vehicle (MAV) notes. The fair values of the MAVII notes are based on the Corporation's assessment of market conditions. At March 31, 2015, the MAVII notes were recorded at their estimated fair value of \$9.6 million. The Corporation has maintained this valuation at September 30, 2015.

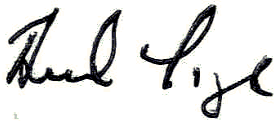
The National Collection Fund represents funds for the acquisition of artifacts by the Canadian Museum of History and the Canadian War Museum. At September 30, 2015, the balance of the National Collection Fund stands at \$10.8 million.

The impact of seasonal fluctuations is also of note when comparing balances at September 30, 2015 against those at March 31, 2015.

## STATEMENT OF MANAGEMENT RESPONSIBILITY

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, remeasurement gains and losses and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



David Loye, CPA, CGA  
Chief Operating Officer and Senior Vice-President



Melissa MacKenzie, CPA, CA  
Chief Financial Officer

Gatineau, Quebec

November 18, 2015

**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

## Statement of Financial Position

As at  
(In thousands of dollars)

	September 30, 2015	March 31, 2015
<b>Assets</b>		
Current assets:		
Cash	\$ 10,368	\$ 4,070
Restricted cash and investments	1,538	1,129
Investments	7,112	7,384
Accounts receivable	1,068	1,769
Inventories	881	880
Prepaid expenses	876	527
	<u>21,843</u>	<u>15,759</u>
Restricted cash and investments	12,755	12,894
Investments	41,922	44,249
Collections	1	1
Capital assets	<u>241,583</u>	<u>243,493</u>
	<u>\$ 318,104</u>	<u>\$ 316,396</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 14,582	\$ 16,540
Deferred contributions and deferred revenues (note 4)	9,986	8,291
Current portion of employee future benefits	215	251
	<u>24,783</u>	<u>25,082</u>
Deferred contributions - National Collection Fund (note 5)	10,760	10,759
Deferred contributions related to capital assets (note 6)	211,576	210,947
Employee future benefits	5,694	5,454
	<u>252,813</u>	<u>252,242</u>
Net assets:		
Unrestricted	20,461	18,721
Investment in capital assets	40,868	40,868
Accumulated remeasurement gains	3,962	4,565
	<u>65,291</u>	<u>64,154</u>
	<u>\$ 318,104</u>	<u>\$ 316,396</u>

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

**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

## Statement of Operations

For the three and six month periods ended September 30, 2015

(In thousands of dollars)

	Three month period ended September 30		Six month period ended September 30	
	2015	2014	2015	2014
				(Restated Note 3)
Revenues:				
Donations and sponsorships (note 7)	\$ 76	\$ 106	\$ 289	\$ 399
Net investment income	358	347	569	633
Operating (schedule 1)	4,868	4,269	8,579	8,044
	5,302	4,722	9,437	9,076
Expenses (schedule 2):				
Collect and research	\$ 2,899	\$ 2,640	\$ 6,117	\$ 5,677
Exhibit, educate and communicate	4,961	4,336	10,996	8,604
Accommodation	9,408	9,381	18,642	18,872
Corporate management	4,496	4,488	8,764	9,098
	21,764	20,845	44,519	42,251
Net result of operations before government funding	(16,462)	(16,123)	(35,082)	(33,175)
Parliamentary appropriations (note 8)	19,195	18,086	36,822	34,479
Net result of operations	\$ 2,733	\$ 1,963	\$ 1,740	\$ 1,304

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

**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

## Statement of Remeasurement Gains and Losses

For the six month period ended September 30, 2015

(In thousands of dollars)

	September 30 2015	September 30 2014
Accumulated remeasurement gains, beginning of period	\$ 4,565	\$ 2,867
Unrealized gains (losses) attributed to:		
Investments	(732)	87
Amounts reclassified to the Statement of Operations:		
Investments	129	49
Net change in accumulated remeasurement gains (losses) for the period	(603)	136
Accumulated remeasurement gains, end of period	\$ 3,962	\$ 3,003

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

**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

## Statement of Changes in Net Assets

For the six month period ended September 30, 2015

(In thousands of dollars)

	Unrestricted	Investment in capital assets	Accumulated remeasurement gains	September 30 2015	September 30 2014
Net assets, beginning of period	\$ 18,721	\$ 40,868	\$ 4,565	\$ 64,154	\$ 63,225
Net result of operations	1,740	-	-	1,740	1,304
Net change in accumulated remeasurement gains (losses)	-	-	(603)	(603)	136
Net assets, end of period	\$ 20,461	\$ 40,868	\$ 3,962	\$ 65,291	\$ 64,665

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



**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

## Statement of Cash Flows

For the three and six month periods ended September 30, 2015

(In thousands of dollars)

	Three month period ended September 30		Six month period ended September 30	
	2015	2014	2015	2014
				(Restated Note 3)
Operating activities:				
Cash receipts from clients	\$ 6,890	\$ 5,496	\$ 11,332	\$ 10,535
Cash receipts from parliamentary appropriations	19,382	15,688	36,660	29,112
Cash paid to and on behalf of employees	(8,756)	(9,344)	(16,618)	(16,653)
Cash paid to suppliers	(13,094)	(13,123)	(24,551)	(21,107)
Restricted contributions and related investment income	189	312	415	535
Interest received	324	284	699	659
Net cash through operating activities	4,935	(687)	7,937	3,081
Investing activities:				
Principal repayments of investments	12	27	19	43
Increase in restricted cash and investments	-	(3,870)	-	(8,214)
Decrease in restricted cash and investments	-	885	1,836	3,267
Net cash through investing activities	12	(2,958)	1,855	(4,904)
Capital activities:				
Acquisition of capital assets	(2,787)	(843)	(5,481)	(2,900)
Financing activities:				
Parliamentary appropriations for the acquisition of capital assets	2,537	1,124	2,396	3,033
Increase (decrease) in cash and restricted cash	4,697	(3,364)	6,707	(1,690)
Cash and restricted cash, beginning of period:				
Cash	5,857	6,031	4,070	2,627
Restricted cash	1,352	2,231	1,129	3,961
	7,209	8,262	5,199	6,588
Cash and restricted cash, end of period:				
Cash	10,368	2,354	10,368	2,354
Restricted cash	1,538	2,544	1,538	2,544
	\$ 11,906	\$ 4,898	\$ 11,906	\$ 4,898

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

# CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

(Unaudited)

For the six month period ended September 30, 2015  
(In thousands of dollars)

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## 1. Mission and mandate:

The Canadian Museum of History (the "Corporation"), formerly named the Canadian Museum of Civilization, was established on December 12, 2013 through an amendment to the *Museums Act*. The Canadian Museum of History is an agent Crown corporation named in *Part I of Schedule III to the Financial Administration Act* and is not subject to income tax under the provisions of the *Income Tax Act*. The Canadian Museum of History includes the Canadian War Museum.

The mission, as stated in the *Museums Act*, is as follows:

*"to enhance Canadians' knowledge, understanding and appreciation of events, experiences, people and objects that reflect and have shaped Canada's history and identity, and also to enhance their awareness of world history and cultures."*

The Canadian Museum of History's operations are divided into four mutually supportive activities which work together to meet all aspects of its mandate. These activities are:

### **Collect and research:**

Manages, develops, conserves, and undertakes research on the collections to enhance program delivery and augment the scientific knowledge base.

### **Exhibit, educate and communicate:**

Develops, maintains, and communicates exhibits, programs and activities to further knowledge, critical understanding, appreciation and respect for human cultural achievements and human behaviour.

### **Accommodation:**

Managing and maintaining all facilities and related security and hosting services.

### **Corporate management:**

Governance, corporate management, audit and evaluation, fund raising, commercial activities, finance and administration, human resources and information systems.

# CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

(Unaudited)

For the six month period ended September 30, 2015  
(In thousands of dollars)

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## 2. Significant accounting policies:

### Basis of accounting:

These unaudited financial statements have been prepared in accordance with Canadian public sector accounting standards. The Corporation has elected to apply the Section 4200 series for government-not-for-profit organizations, and the deferral method of accounting for contributions.

### Basis of preparation:

These interim financial statements are intended to provide an update on the latest complete set of audited annual financial statements for the year ended March 31, 2015. Accordingly, they should be read in conjunction with the audited annual financial statements. The interim financial statements are unaudited for all periods presented. The accounting policies used in the preparation of these interim condensed financial statements are consistent with those disclosed in the Corporation's last audited annual financial statements.

### Contingencies:

In the normal course of its operations, the Corporation becomes involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the Corporation's financial statements.

### Measurement uncertainty:

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations 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 income and expenses for the period. Employee future benefits, contingent liabilities, valuation of Master Asset Vehicle notes, artifact donations and the estimated useful lives of capital assets are the most significant items where estimates are used. Actual results could differ significantly from those estimated.

# CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

(Unaudited)

For the six month period ended September 30, 2015  
(In thousands of dollars)

### 3. Accounting changes and restatement:

In fiscal 2014-2015, the Corporation reviewed its approach for the capitalization of permanent exhibition costs as assets. In the past, the Corporation expensed the costs related to permanent exhibitions and recognized any related government funding as revenue. The Corporation concluded that permanent exhibitions should be capitalized. Consequently, the Corporation amended its capital assets, deferred contributions and deferred revenues as well as deferred contributions related to capital assets as at March 31, 2015, resulting in a retroactive restatement of prior years' balances.

In fiscal 2014-2015, the Corporation also revised its approach to calculating cash amounts in the various sub-components of its Statement of Cash Flows. This resulted in the adjustment of certain comparative figures. Finally, other comparative figures in the financial statements have also been reclassified to conform to the presentation adopted in the current year.

While there was no impact on the net result of operations or net assets, the comparative figures for the period ended September 30, 2014 have been restated as follows:

	September 30, 2014 Restated	Adjustments: Permanent Exhibitions	Adjustments: Cash Flow and Other	September 30, 2014 As previously stated
<b>Statement of Operations</b>				
Expenses:				
Exhibit, educate and communicate	\$ 8,604	\$ (750)	\$ -	\$ 9,354
Accommodation	18,872	(45)	(122)	19,039
Corporate management	9,098	-	122	8,976
Net result of operations before government funding	(33,175)	795	-	(33,970)
Parliamentary appropriations	34,479	(795)	-	35,274
<b>Statement of Cash Flows</b>				
Operating Activities:				
Cash receipts from parliamentary appropriations	29,112	(701)	(206)	30,019
Cash paid to and on behalf of employees	(16,653)	534	-	(17,187)
Cash paid to suppliers	(21,107)	167	206	(21,480)
Capital Activities:				
Acquisition of capital assets	(2,900)	(701)	(206)	(1,993)
Financing Activities:				
Parliamentary appropriations for the acquisition of capital assets	3,033	701	206	2,126

**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

## Notes to the Financial Statements

For the six month period ended September 30, 2015

(In thousands of dollars)

**4. Deferred contributions and deferred revenues:**

Deferred contributions and deferred revenues are as follows:

	September 30 2015	March 31 2015
Deferred contributions from non-government sources	\$ 3,533	\$ 3,264
Deferred Parliamentary appropriations	4,929	3,453
Total deferred contributions	8,462	6,717
Deferred revenues - goods and services	1,104	1,079
Deferred revenues - grants and sponsorships	420	495
<b>Balance, end of period</b>	<b>\$ 9,986</b>	<b>\$ 8,291</b>

Changes in the deferred contributions balance during the period were as follows:

	September 30 2015 (6 months)	March 31 2015 (12 months)
Balance, beginning of period	\$ 6,717	\$ 3,125
Additions:		
Restricted contributions received from non-government sources	246	1,082
Restricted Parliamentary appropriations received	2,200	3,216
Deferred investment income	29	45
	2,475	4,343
Deductions:		
Amounts recognized as revenue	(730)	(751)
<b>Balance, end of period</b>	<b>\$ 8,462</b>	<b>\$ 6,717</b>

**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

## Notes to the Financial Statements

For the six month period ended September 30, 2015

(In thousands of dollars)

**5. Deferred contributions - National Collection Fund:**

Deferred contributions for the National Collection Fund consist of the following:

	September 30 2015	March 31 2015
Deferred Parliamentary appropriations	\$ 8,904	\$ 8,920
Contributions from non-government entities	1,856	1,839
<b>Balance, end of period</b>	<b>\$ 10,760</b>	<b>\$ 10,759</b>

Changes in the deferred contributions were as follows:

	September 30 2015 (6 months)	March 31 2015 (12 months)
Balance, beginning of period	\$ 10,759	\$ 10,417
Additions:		
Contributions from non-government entities received in the year	2	39
Deferred realized investment income	138	292
Unrealized gain (loss) on investments	(139)	255
	1	586
Deductions:		
Amounts recognized as revenue	-	(244)
<b>Balance, end of period</b>	<b>\$ 10,760</b>	<b>\$ 10,759</b>

**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

## Notes to the Financial Statements

For the six month period ended September 30, 2015

(In thousands of dollars)

**6. Deferred contributions related to capital assets:**

Deferred contributions related to capital assets is composed of:

	September 30 2015	March 31 2015
Used for acquisitions:		
Deferred capital contributions from non-government entities	\$ 1,939	\$ 1,972
Deferred capital funding through Parliamentary appropriations	198,575	200,452
	200,514	202,424
To be used for future acquisitions:		
Deferred capital funding through Parliamentary appropriations	11,062	8,523
<b>Balance, end of period</b>	<b>\$ 211,576</b>	<b>\$ 210,947</b>

Changes in the deferred contributions balance during the period were as follows:

	September 30 2015 (6 months)	March 31 2015 (12 months)
Balance, beginning of period	\$ 210,947	\$ 217,841
Add:		
Capital asset acquisitions	5,197	5,040
Funded by prior year Parliamentary appropriations	(3,086)	(1,029)
Funded by current period Parliamentary appropriations	2,111	4,011
Parliamentary appropriations deferred for capital asset acquisitions in future periods	5,625	3,412
Parliamentary appropriations	7,736	7,423
Less amounts recognized as revenue:		
Deferred capital contributions	(33)	(65)
Parliamentary appropriations	(7,074)	(14,252)
	(7,107)	(14,317)
<b>Balance, end of period</b>	<b>\$ 211,576</b>	<b>\$ 210,947</b>

**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

Notes to the Financial Statements

For the six month period ended September 30, 2015

(In thousands of dollars)

**7. Donations and sponsorships:**

Donations and sponsorships revenue is composed of:

	September 30 2015	September 30 2014
Cash donations and sponsorships	\$ 118	\$ 247
In-kind sponsorships and artifact donations	171	152
	<u>\$ 289</u>	<u>\$ 399</u>

**8. Parliamentary appropriations:**

Parliamentary appropriations recognized as revenue:

	September 30 2015	September 30 2014 (Restated Note 3)
Main Estimates amount provided for operating and capital expenses	\$ 83,369	\$ 63,430
Supplementary estimates and transfers	-	1,163
	83,369	64,593
Parliamentary appropriations receivable at period end	(44,408)	(33,252)
Parliamentary appropriations received in the current period	38,961	31,341
Deferred Parliamentary appropriations, beginning of year	11,975	6,672
Parliamentary appropriations available for use	50,936	38,013
Portion of amount deferred for specific projects and acquisitions	(15,991)	(9,029)
Amounts used to purchase capital assets	(5,197)	(1,650)
Amortization of deferred capital funding	7,074	7,145
Parliamentary appropriations recognized as revenue	<u>\$ 36,822</u>	<u>\$ 34,479</u>

Reconciliation of deferred parliamentary appropriations:

	September 30 2015	September 30 2014
Deferred Parliamentary appropriations, beginning of period	\$ 11,975	\$ 6,672
Parliamentary appropriations deferred for specific projects and acquisitions in future periods	7,825	2,663
Deferred Parliamentary appropriations used in the current period	(3,809)	(306)
Deferred Parliamentary appropriations, end of period	<u>\$ 15,991</u>	<u>\$ 9,029</u>



**CANADIAN MUSEUM OF HISTORY**

(Unaudited)

## Schedule 1 - Operating Revenues

For the three and six month periods ended September 30, 2015  
(In thousands of dollars)

	Three month period ended September 30		Six month period ended September 30	
	2015	2014	2015	2014
General admission and programmes	\$ 2,361	\$ 1,819	\$ 3,902	\$ 3,273
Facility rental, events and concessions	601	618	1,335	1,441
Boutique sales	769	694	1,330	1,281
Parking	652	545	1,083	940
Imax	349	389	620	711
Memberships	71	65	141	130
Travelling exhibits	26	40	81	81
Other	39	99	87	187
	<b>\$ 4,868</b>	<b>\$ 4,269</b>	<b>\$ 8,579</b>	<b>\$ 8,044</b>

## Schedule 2 - Expenses

For the three and six month periods ended September 30, 2015  
(In thousands of dollars)

	Three month period ended September 30		Six month period ended September 30	
	2015	2014	2015	2014
Personnel costs	\$ 8,456	\$ 8,133	\$ 17,104	\$ 16,737
Amortization of capital assets	3,570	3,599	7,107	7,199
Payments in lieu of property taxes	2,508	2,449	4,964	4,897
Building operations	1,459	1,726	2,805	3,390
Online programs assistance	792	-	1,759	-
Exhibit fabrication and rental	611	592	1,656	1,179
Professional and special services	722	847	1,515	1,611
Utilities	702	636	1,380	1,258
Repairs and maintenance	658	610	1,292	1,294
Collection acquisitions	378	88	1,001	497
IT infrastructure and systems	484	741	988	1,281
Marketing and advertising	318	353	761	731
Cost of goods sold	352	326	616	653
Materials and supplies	242	346	495	535
Travel and hospitality	195	133	475	446
Royalties	77	86	149	171
Other	240	180	452	372
	<b>\$ 21,764</b>	<b>\$ 20,845</b>	<b>\$ 44,519</b>	<b>\$ 42,251</b>

(Restated  
Note 3)