

Quarterly Financial Reports of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

September 30, 2017

NARRATIVE DISCUSSION

For the six months ended September 30, 2017

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, 2017 management discussion and analysis and annual audited financial statements.

OUTLOOK

The second quarter of 2017-18 saw progress in all areas with more than 76,000 people visiting the Museum. Online visitation was also strong with more than 200,000 people visiting the website in the first two quarters of the year. The significant project to catalogue the collection to make it available online continues and will attract additional web visitors and enhance online access to the collection.

The Museum’s legacy project for Canada 150, its first travelling exhibit, *Canada: Day 1* continued its tour across Canada and is currently on display at the Canadian Museum of History until January 2018. At the same time, an expanded version was created for exhibition at the Museum and will be on display until November 2017. *Canada: Day 1* tells the stories of newcomers’ experiences on their first day in Canada. Smaller *Canada: Day 1* exhibits have been developed in partnership with Immigration, Refugees and Citizenship Canada and Global Affairs Canada and are being exhibited internationally. Work continues on the Museum’s next temporary and travelling exhibit, *Refuge Canada*, which will explore the refugee experience in Canada. The launch is planned for 2018-19.

Partnerships continue to be a key focus area for the Museum with Canada 150 events being a priority. In the second quarter of 2017-18, the Museum hosted its popular Canada Day celebration on July 1 with more than 12,700 participants. The Museum also hosted the Journey of a Lifetime colonist car exhibit and play, and was a venue for other Canada 150 events. Events will continue throughout the year and, coupled with strong marketing and communications efforts, will draw new and repeat visitors to the Museum.

FINANCIAL RESULTS

Operations

The net result of operations for the six months ended September 30, 2017 was a net income of \$917,000 compared to a net income of \$640,000 for the six months ended September 30, 2016. When combined with the \$3,007,000 in unrestricted net assets at March 31, 2017, this results in unrestricted net assets at September 30, 2017 of \$3,924,000.

For the six months ended September 30, 2017, self-generated revenues increased \$358,000 from \$1,533,000 in 2016 to \$1,891,000 in 2017. Self-generated revenues include operating revenues, donations, and interest and other revenues. The increase in operating revenues is primarily due to a successful special event fundraiser and higher ticket sales. The California Wine Dinner, held in May 2017, raised close to \$210,000 -- its highest result to date. Despite having a slightly lower number of visitors compared to 2016, tickets sales increased following the ticket price increase in January 2017. Donations were higher mainly due to the timing of the receipt of two new major gifts totalling \$250,000 received in the first quarter but budgeted for the fourth quarter of 2017-18.

Net income earned on the endowment investments of \$15,000 is included in the Statement of Operations for the six months ended September 30, 2017. 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 \$33,000 was recorded for the six months, which results in an overall negative performance for the endowment investments of \$18,000 for the six months ended September 30, 2017. This compares to an overall positive performance of \$278,000 for the six months ended September 30, 2016.

Expenses for the six months ended September 30, 2017 increased \$152,000, from \$6,089,000 in 2016 to \$6,241,000 in 2017, and were lower than budget. The increase is mainly due to the planned increase in personnel costs and the higher costs for travelling and temporary exhibits. The Museum's first travelling exhibit, *Canada: Day 1*, had been on the road since June 2014 and was in need of some updates before being displayed at the Canadian Museum of History. The Museum is also developing its next temporary and travelling exhibit *Refuge Canada* planned to open in March 2018.

Financial Position

Total assets decreased by \$472,000 at September 30, 2017 to \$29,537,000 primarily due to the decrease in capital assets offset by the increase in cash. The decrease in capital assets is attributable to the amortization net of acquisitions. The increase in cash is mainly attributable to higher self-generated revenues.

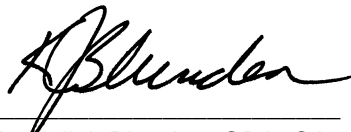
Total liabilities decreased by \$1,357,000 to \$17,269,000 at September 30, 2017 mainly due to the decrease in deferred contributions related to capital assets attributable to the amortization.

BUSINESS RISKS

Management has not identified any new business risks to those discussed in the 2016-17 annual Management Discussion and Analysis.



Marie Chapman
Chief Executive Officer



Kendall J. Blunden, CPA, CA
Chief Financial Officer

Unaudited Financial Statements of

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

September 30, 2017

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



Wendall J. Blunden, CPA, CA
Chief Financial Officer

Halifax, Canada
November 15, 2017

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Statement of Financial Position (Unaudited)

(in thousands of dollars)

	September 30 2017	March 31 2017
Assets		
Current assets		
Cash	\$ 4,390	\$ 3,585
Accounts receivable	114	228
Inventory	189	151
Prepaid expenses	85	102
	4,778	4,066
Endowment cash and investments (note 4)	8,346	8,363
Capital assets	16,412	17,579
Collections	1	1
	\$ 29,537	\$ 30,009
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 685	\$ 787
Deferred revenue	138	226
Deferred contributions related to capital assets (note 5)	16,446	17,613
Net assets		
Unrestricted	3,924	3,007
Internally restricted	352	352
Accumulated remeasurement gains	215	248
Endowment	7,777	7,776
	12,268	11,383
	\$ 29,537	\$ 30,009

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 September 30		Six months ended September 30	
	2017	2016	2017	2016
Revenues				
Operating (schedule 1)	\$ 725	\$ 694	\$ 1,372	\$ 1,268
Amortization of deferred contributions related to capital assets received from a related party	23	23	46	46
Donations	128	144	503	253
Interest and other	9	6	16	12
	<u>885</u>	<u>867</u>	<u>1,937</u>	<u>1,579</u>
Expenses (schedule 2)				
Visitor experience and connections	773	694	1,568	1,384
Accommodation	1,243	1,269	2,500	2,528
Internal services	1,061	1,126	2,173	2,177
	<u>3,077</u>	<u>3,089</u>	<u>6,241</u>	<u>6,089</u>
Net result of operations before appropriations and endowment investment net income	(2,192)	(2,222)	(4,304)	(4,510)
Appropriations (note 6)	2,678	2,640	5,206	5,131
Endowment investment net income	–	33	15	19
Net result of operations	<u>\$ 486</u>	<u>\$ 451</u>	<u>\$ 917</u>	<u>\$ 640</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)

(in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2017	2016	2017	2016
Accumulated remeasurement gains (losses), beginning of period	\$ 268	\$ 203	\$ 248	\$ 74
Realized (gains) losses on endowment investments reclassified to operations	41	(47)	59	(61)
Unrealized gains (losses) on endowment investments	(94)	177	(92)	320
Accumulated remeasurement gains (losses), end of period	\$ 215	\$ 333	\$ 215	\$ 333

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	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	September 30 2017	September 30 2016
Net assets, beginning of period	\$ 3,438	\$ 352	\$ 268	\$ 7,776	\$ 11,834	\$ 10,579
Net result of operations	486	–	–	–	486	451
Remeasurement gains (losses)	–	–	(53)	–	(53)	130
Contributions received for endowment	–	–	–	1	1	10
Net assets, end of period	\$ 3,924	\$ 352	\$ 215	\$ 7,777	\$ 12,268	\$ 11,170

For the six months ended	Unrestricted	Internally restricted	Accumulated remeasurement gains (losses)	Endowment	September 30 2017	September 30 2016
Net assets, beginning of period	\$ 3,007	\$ 352	\$ 248	\$ 7,776	\$ 11,383	\$ 10,261
Net result of operations	917	–	–	–	917	640
Remeasurement gains (losses)	–	–	(33)	–	(33)	259
Contributions received for endowment	–	–	–	1	1	10
Net assets, end of period	\$ 3,924	\$ 352	\$ 215	\$ 7,777	\$ 12,268	\$ 11,170

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 September 30		Six months ended September 30	
	2017	2016	2017	2016
Operating activities				
Appropriations received	\$ 2,130	\$ 2,795	\$ 4,085	\$ 4,720
Other cash received	919	970	1,916	1,615
Cash paid to employees and suppliers	(2,479)	(2,278)	(5,158)	(4,726)
Interest received	9	6	16	11
	579	1,493	859	1,620
Capital activities				
Acquisition of capital assets	–	(46)	(39)	(253)
	–	(46)	(39)	(253)
Investing activities				
Acquisition of endowment investments	(4,026)	(52)	(4,041)	(94)
Disposal of endowment investments	4,025	2	4,025	4
	(1)	(50)	(16)	(90)
Financing activities				
Appropriations received for the acquisition of capital assets	–	–	–	–
Contributions received for endowment	1	10	1	10
	1	10	1	10
Increase in cash	579	1,407	805	1,287
Cash, beginning of period	3,811	2,816	3,585	2,936
Cash, end of period	\$ 4,390	\$ 4,223	4,390	\$ 4,223

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 six months ended September 30, 2017
(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, 2017.

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 six months ended September 30, 2017 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2017.

4. Endowment

Endowment cash and investments consist of the following:

	September 30 2017		March 31 2017	
	Cost	Fair Value	Cost	Fair value
Cash and cash equivalents	\$ 6	\$ 6	\$ 170	\$ 170
	6	6	170	170
Investment funds				
Fixed income	4,483	4,531	4,925	4,995
Global equity	431	432	—	—
Alternatives	3,211	3,377	3,020	3,198
	8,125	8,340	7,945	8,193
	\$ 8,131	\$ 8,346	\$ 8,115	\$ 8,363

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Notes to the Financial Statements (Unaudited)

For the six months ended September 30, 2017
(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	Appropriations	Other contributions	September 30 2017
Balance, beginning of period	\$ 16,005	\$ 1,012	\$ 17,017
Less:			
Amortization of deferred contributions related to capital assets	(548)	(23)	(571)
Balance, end of period	\$ 15,457	\$ 989	\$ 16,446

For the six months ended	Appropriations	Other contributions	September 30 2017
Balance, beginning of period	\$ 16,578	\$ 1,035	\$ 17,613
Less:			
Amortization of deferred contributions related to capital assets	(1,121)	(46)	(1,167)
Balance, end of period	\$ 15,457	\$ 989	\$ 16,446

For the year ended	Appropriations	Other contributions	March 31 2017
Balance, beginning of year	\$ 18,656	\$ 1,127	\$ 19,783
Add:			
Appropriations received to acquire capital assets	200	–	200
Less:			
Amortization of deferred contributions related to capital assets	(2,278)	(92)	(2,370)
Balance, end of year	\$ 16,578	\$ 1,035	\$ 17,613

The unused portion of deferred contributions related to capital assets was \$34 at September 30, 2017 (March 31, 2017 – \$34). 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 six months ended September 30, 2017
(in thousands of dollars)

6. Appropriations

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

	Three months ended September 30		Six months ended September 30	
	2017	2016	2017	2016
Parliamentary appropriations provided				
Main estimates	\$ 7,700	\$ 7,700	\$ 7,700	\$ 7,700
Portion of appropriation for future expenses	(3,615)	(3,705)	(3,615)	(3,705)
Amount received in prior quarter	(1,955)	(1,925)	–	–
Appropriations received for operating in the current period	2,130	2,070	4,085	3,995
Amortization of deferred contributions related to capital assets	548	570	1,121	1,136
Appropriations recognized as revenue	\$ 2,678	\$ 2,640	\$ 5,206	\$ 5,131

CANADIAN MUSEUM OF IMMIGRATION AT PIER 21

Schedule 1 – Operating Revenue (Unaudited)

(in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2017	2016	2017	2016
Exhibition hall ticket sales	\$ 348	\$ 317	\$ 462	\$ 418
Special events	–	–	264	197
Hall rental	134	112	260	252
Gift shop	172	179	244	250
Family history centre	64	67	89	92
Programming	7	19	53	59
	\$ 725	\$ 694	\$ 1,372	\$ 1,268

Schedule 2 – Expenses (Unaudited)

(in thousands of dollars)

	Three months ended September 30		Six months ended September 30	
	2017	2016	2017	2016
Personnel costs	\$ 1,487	\$ 1,330	\$ 2,906	\$ 2,706
Amortization of capital assets	571	593	1,167	1,182
Rent and related costs	405	405	810	810
Marketing, promotion and recognition	80	159	200	226
Repairs and maintenance and building operation	114	89	198	180
Cost of goods sold	95	98	189	188
Utilities	88	87	162	165
Operating supplies and services	62	81	132	122
Exhibition and programming	35	31	122	78
Travel and hospitality	38	60	109	115
Office supplies and administration	48	51	106	114
Payment in lieu of taxes	25	55	80	110
Professional and special services	29	50	60	93
	\$ 3,077	\$ 3,089	\$ 6,241	\$ 6,089