

CANADIAN MUSEUM OF HISTORY

Quarterly Financial Statements

For the three-month period ended June 30, 2021

Unaudited

NARRATIVE DISCUSSION

These quarterly financial statements must be read in conjunction with the March 31, 2021 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.

During the current fiscal year, the Museum continued to be impacted by the COVID-19 pandemic as the Quebec and Ontario Provincial Governments announced increased restrictions in early April 2021, resulting in the closure of both museums. The Canadian War Museum remained closed during the first quarter while the Canadian Museum of History reopened on June 2, 2021. This situation had significant negative effects on the Corporation's attendance, revenues and operations.

Relief funding to support the national museums in facing the impacts of the COVID-19 pandemic was confirmed through Federal Budget 2021, with the Museum to receive \$4.9 million in 2021–2022. This funding will alleviate some of the financial pressures the Corporation is currently experiencing.

The Museum remains connected with its audience through its digital offer with Museum at Home, Digital Museums Canada and its online programming offer.

STRATEGIC DIRECTIONS

In September 2019, the Corporation's Board of Trustees unveiled six Strategic Directions, building on the previous ones, and maintaining their overall intent. A detailed set of goals and objectives addresses each direction. The Corporation's six Strategic Directions are as follows:

1. Inspire Canadians across the country to engage in a greater understanding of their shared history.
2. Position the Museum as a trusted source of research and knowledge about Canadian history.
3. Strengthen relationships with Indigenous peoples through respectful collaboration and shared stewardship of Indigenous collections and intangible heritage.
4. Build and share a collection that best reflects Canada's history and distinctiveness.
5. Pursue cultural diplomacy to exchange ideas and values and advance mutually beneficial projects, both nationally and internationally.
6. Ensure sustainability, capacity and museological excellence by continuing to develop an empowering corporate culture.

STATEMENT OF OPERATIONS

The Corporation's net results of operations for the three-month period ended June 30, 2021, reflects a deficit of \$0.5 million, compared to a surplus of \$2.9 million for the comparative period of the previous fiscal year.

Parliamentary appropriations for the period total \$19.3 million, compared to the \$22.2 million for the same period in the previous fiscal year.

Revenues for the three-month period total \$0.9 million, compared to \$0.8 million for the same period of the previous fiscal year, an increase of \$0.1 million. Revenue results reflect one month of operations at the Canadian Museum of History. The museums remained closed throughout the first quarter in the comparative year.

Operating expenses for the three-month period total \$20.7 million, compared to \$20.1 million for the same period of the previous fiscal year, an increase of \$0.6 million. This increase is partly explained by the expenses incurred for the preparation of the *Queens of Egypt* exhibition, presented during the summer of 2021. In the first quarter of 2020-2021, the Museum limited its expenses to essential services and business continuity.

STATEMENT OF FINANCIAL POSITION

The Museum's unrestricted net assets as of June 30, 2021, represent \$15.3 million, \$15.8 million as of June 30, 2020.

The Museum restricted net assets in 2016–2017, totaling \$15 million, for the renewal of permanent exhibition galleries, including the transformation of the Canadian Children's Museum. In 2017–2018, an upgrade to a permanent gallery was completed at the Canadian War Museum. The decrease of restricted net assets for permanent exhibit renewal is equivalent to the amortization of this upgrade and non-capital expenses incurred to date for the Children's Museum Renewal project.

OUTLOOK

The current situation related to the global pandemic continues to significantly impact the attendance and the operations of the Museum. It is anticipated that this situation will have a significant negative impact on the operating revenues of the 2021–2022 fiscal year and beyond.

In addition to the financial pressures caused by the COVID-19 pandemic, escalating non-discretionary accommodation costs and capital repairs also remain a challenge. The Corporation is responsible for two iconic national sites, one of which is 31 years old, and the other is 16 years old.

The Museum has returned to an annual base capital funding of \$2.5 million as 2020–2021 was the last year of the five-year one-time funding allocation, approved through Budget 2016 to complete health and safety related projects. Base funding remains below the level necessary to keep two aging buildings in good condition and to address the requirements associated with the IT and security infrastructure. The Corporation will continue to work with the Department of Canadian Heritage on a long-term solution to address operating challenges such as escalating non-discretionary costs and the need to address critical capital projects.

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, changes in net assets and cash flows of the Corporation, as at the date of and for the periods presented in the quarterly financial statements.



Caroline Dromaguet
Acting President and Chief Executive Officer



Marie-Josée Lacombe, CPA, CGA
Chief Financial Officer and Vice-President of Finance

Gatineau, Quebec

August 29, 2021

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Statement of Financial Position

As at

(In thousands of dollars)

	June 30, 2021	March 31, 2021
Assets		
Current assets		
Cash	\$ 39,684	\$ 46,000
Restricted cash	7,708	7,293
Restricted investments	5,040	5,042
Investments	18,894	12,384
Accounts receivable	855	1,320
Inventories	725	740
Prepaid expenses	1,033	397
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	73,939	73,176
Restricted investments	4,673	4,676
Investments	37,085	37,103
Collections	1	1
Capital assets	200,132	203,763
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	\$ 315,830	\$ 318,719
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 15,053	\$ 13,672
Deferred contributions (note 3)	18,421	18,337
Deferred revenues	806	794
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	34,280	32,803
Deferred contributions – National Collection Fund (note 4)	10,951	10,910
Deferred contributions related to capital assets (note 5)	187,637	191,736
Employee future benefits	12,032	11,848
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	244,900	247,297
Net assets		
Unrestricted	15,280	15,761
Restricted for permanent exhibit renewal	14,782	14,793
Investment in capital assets	40,868	40,868
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	70,930	71,422
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	\$ 315,830	\$ 318,719

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

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Statement of Operations

For the three-month period ended June 30

(In thousands of dollars)

	2022	2021
Revenues		
Donations and sponsorships (note 6)	\$ 245	\$ 405
Investment income	370	396
Operating (schedule 1)	290	13
	905	814
Expenses (schedule 2)		
Collect and research	2,962	2,554
Exhibit, educate and communicate	5,371	5,844
Accommodation	8,340	8,144
Corporate management	4,055	3,633
	20,728	20,175
Net result of operations before parliamentary appropriations	(19,823)	(19,361)
Parliamentary appropriations (note 7)	19,331	22,227
Net result of operations	\$ (492)	\$ 2,866

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

Statement of Changes in Net Assets

For the three-month period ended June 30

(In thousands of dollars)

	Unrestricted	Restricted for permanent exhibit renewal	Investment in capital assets	2022	2021
Net assets, beginning of year	\$ 15,761	\$ 14,793	\$ 40,868	\$ 71,422	\$ 69,186
Net result of operations	(481)	(11)	-	(492)	2,866
Net assets, end of period	\$ 15,280	\$ 14,782	\$ 40,868	\$ 70,930	\$ 72,052

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-month period ended June 30

(In thousands of dollars)

	2022	2021
Operating activities		
Cash receipts from clients and other receivables	\$ 1,289	\$ 2,010
Cash receipts from parliamentary appropriations	14,417	16,083
Cash paid to and on behalf of employees	(8,117)	(10,351)
Cash paid to suppliers	(7,346)	(6,440)
Restricted contributions and related investment income	419	585
Interest received	415	436
Net cash through operating activities	1,077	2,323
Investing activities		
Increase in investments and restricted investments	(6,500)	-
Decrease in investments and restricted investments	-	-
Net cash through investing activities	(6,500)	-
Capital activities		
Acquisition of capital assets	(1,016)	(2,106)
Financing activities		
Parliamentary appropriations for the acquisition of capital assets	538	1,933
Increase (decrease) in cash and restricted cash	(5,901)	2,150
Cash and restricted cash, beginning of year		
Cash	46,000	19,869
Restricted cash	7,293	2,515
	53,293	22,384
Cash and restricted cash, end of period		
Cash	39,684	21,428
Restricted cash	7,708	3,106
	\$ 47,392	\$ 24,534

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

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the three-month period ended June 30
(In thousands of dollars)

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, fundraising, commercial activities, finance and administration, human resources and information systems.

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the three-month period ended June 30
(In thousands of dollars)

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, 2021. 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, 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

(Unaudited)

Notes to the Financial Statements

For the three-month period ended June 30

(In thousands of dollars)

3. Deferred contributions

Deferred contributions represent contributions from non-government sources and Parliamentary appropriations received by the Corporation that are restricted for specific purposes.

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

	Non- government sources	Parliamentary appropriations	June 30, 2021 (3 months)	March 31, 2021 (12 months)
Balance, beginning of year	\$ 6,154	\$ 12,183	\$ 18,337	\$ 14,508
Additions				
Amounts received during the period	358	-	358	6,345
Deferred investment income	22	-	22	85
	380	-	380	6,430
Deductions				
Amounts recognized as revenue	(2)	(294)	(296)	(2,601)
Balance, end of period	\$ 6,532	\$ 11,889	\$ 18,421	\$ 18,337

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the three-month period ended June 30

(In thousands of dollars)

4. Deferred contributions - National Collection Fund

The National Collection Fund represents funds for the acquisition of artifacts by the Canadian Museum of History and the Canadian War Museum. Funds are deducted from the National Collection Fund upon acquisition of selected artifacts.

Changes in the National Collection Fund balance during the period were as follows:

	Parliamentary appropriations	Non- government entities	June 30, 2021 (3 months)	March 31, 2021 (12 months)
Balance, beginning of year	\$ 9,659	\$ 1,251	\$ 10,910	\$ 10,714
Additions				
Amounts received during the period	-	-	-	5
Deferred investment income	36	5	41	206
	36	5	41	211
Deductions				
Amounts recognized as revenue	-	-	-	(15)
Balance, end of period	\$ 9,695	\$ 1,256	\$ 10,951	\$ 10,910

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the three-month period ended June 30
(In thousands of dollars)

5. Deferred contributions related to capital assets

Changes in the deferred contributions related to capital assets balance during the period were as follows:

	<u>Used for acquisitions</u>		<u>To be used for capital asset acquisitions</u>	June 30, 2021 (3 months)	March 31, 2021 (12 months)
	Non- government sources	Parliamentary appropriations	Parliamentary appropriations		
Balance, beginning of year	\$ 1,578	\$ 158,067	\$ 32,091	\$ 191,736	\$ 195,335
Additions					
Capital asset acquisitions	-	516	-	516	3,776
Parliamentary appropriations deferred for capital asset acquisitions in future periods	-	-	-	-	10,833
	-	516	-	516	14,609
Deductions					
Amounts used during the period	(17)	(4,120)	(478)	(4,615)	(18,208)
Balance, end of period	\$ 1,561	\$ 154,463	\$ 31,613	\$ 187,637	\$ 191,736

Deferred capital contributions from non-government sources represent the unamortized portion of donations from non-government sources restricted and used to acquire depreciable capital assets.

Deferred capital funding through Parliamentary appropriations represents the unamortized portion of Parliamentary appropriations restricted and used to acquire depreciable capital assets or restricted to be used for future acquisitions of depreciable capital assets.

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the three-month period ended June 30

(In thousands of dollars)

6. Donations and sponsorships

Donations and sponsorships revenue is composed of:

	June 30, 2021	June 30, 2020
Cash donations and sponsorships	\$ 18	\$ 317
In-kind sponsorships and artifact donations	227	88
	\$ 245	\$ 405

7. Parliamentary appropriations

The Corporation receives Parliamentary appropriations from the Government of Canada to support its operating and capital activities. The table below illustrates the Parliamentary appropriations received during the period, and the accounting adjustments required to arrive at the calculation of revenue that conforms to public sector accounting standards.

	June 30, 2021	June 30, 2020
Main Estimates amount provided for operating and capital activities	\$ 14,955	\$ 17,979
Deductions		
Current period Parliamentary appropriations not recognized as revenue:		
Used for capital asset acquisitions	(38)	(239)
Additions		
Prior period Parliamentary appropriations recognized as revenue in current period:		
Amortization of deferred capital funding	4,120	4,157
Restricted amounts used in current period	294	330
Parliamentary appropriations recognized as revenue	\$ 19,331	\$ 22,227

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Schedule 1 - Operating Revenues

For the three-month period ended June 30
(In thousands of dollars)

	2022	2021
General admission and programs	\$ 129	\$ -
Parking	62	2
Boutique sales	53	-
Facility rental, events, and concessions	15	-
Travelling exhibits	12	-
Memberships	-	-
Other	19	11
	\$ 290	\$ 13

Schedule 2 - Expenses

For the three-month period ended June 30
(In thousands of dollars)

	2022	2021
Personnel costs	\$ 9,697	\$ 10,100
Amortization of capital assets	4,147	4,184
Payments in lieu of property taxes	2,077	2,038
Building operations	903	794
Online programs assistance	818	855
Utilities	560	528
IT infrastructure and systems	527	467
Professional and special services	521	325
Repairs and maintenance	444	315
Collection acquisitions	369	88
Exhibit fabrication and rental	359	57
Materials and supplies	103	286
Rentals and leases	50	46
Marketing and advertising	45	16
Cost of goods sold	26	1
Royalties	1	-
Travel and hospitality	-	9
Other	81	66
	\$ 20,728	\$ 20,175