

CANADIAN MUSEUM OF HISTORY

Quarterly Financial Statements

For the six month period ended September 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. The Quebec and Ontario provincial governments have maintained restrictions around space capacity which has negatively impacted visitor levels at both Museums. The Canadian Children's Museum continues to remain closed to the public, due to the highly interactive experience it offers, and the way children and families use the space. This continued closure has impacted the ability to attract families to the Canadian Museum of History. 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 six-month period ended September 30, 2021, reflects a surplus of \$4.1 million, compared to a surplus of \$6.1 million for the comparative period of the previous fiscal year.

Parliamentary appropriations for the period total \$42.2 million, compared to the \$45.2 million for the same period in the previous fiscal year.

Revenues for the six-month period total \$3.9 million, compared to \$1.5 million for the same period of the previous fiscal year, an increase of \$2.4 million. Revenue results for the current period reflect partial operations, with capacity restrictions, at the Canadian Museum of History and the Canadian War Museum. The museums remained closed throughout the first quarter, and for most of the second quarter, in the comparative year.

Operating expenses for the six-month period total \$42.1 million, compared to \$40.6 million for the same period of the previous fiscal year, an increase of \$1.5 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, and an increase in front-line operating costs. In the first and second quarters 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 September 30, 2021, represent \$19.8 million, \$19.6 million as of September 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, 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

November 23, 2021

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Statement of Financial Position

As at

(In thousands of dollars)

	September 30, 2021	March 31, 2021
Assets		
Current assets		
Cash	\$ 46,565	\$ 46,000
Restricted cash	8,193	7,293
Restricted investments	5,038	5,042
Investments	16,804	12,384
Accounts receivable	1,038	1,320
Inventories	637	740
Prepaid expenses	518	397
	78,793	73,176
Restricted investments	4,670	4,676
Investments	35,064	37,103
Collections	1	1
Capital assets	196,604	203,763
	\$ 315,132	\$ 318,719
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,514	\$ 13,672
Deferred contributions (note 3)	18,443	18,337
Deferred revenues	718	794
	31,675	32,803
Deferred contributions - National Collection Fund (note 4)	10,992	10,910
Deferred contributions related to capital assets (note 5)	184,766	191,736
Employee future benefits	12,216	11,848
	239,649	247,297
Net assets		
Unrestricted	19,844	15,761
Restricted for permanent exhibit renewal	14,771	14,793
Investment in capital assets	40,868	40,868
	75,483	71,422
	\$ 315,132	\$ 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 and six month periods ended September 30

(In thousands of dollars)

	Three month period ended September 30		Six month period ended September 30	
	2021	2020	2021	2020
Revenues				
Donations and sponsorships (note 6)	\$ 371	\$ 37	\$ 616	\$ 442
Net investment income	374	407	744	803
Operating (schedule 1)	2,251	236	2,541	249
	2,996	680	3,901	1,494
Expenses (schedule 2)				
Collect and research	\$ 2,595	\$ 2,531	\$ 5,557	\$ 5,085
Exhibit, educate and communicate	6,154	5,205	11,525	11,049
Accommodation	8,495	8,884	16,835	17,028
Corporate management	4,081	3,806	8,136	7,439
	21,325	20,426	42,053	40,601
Net result of operations before parliamentary appropriations	(18,329)	(19,746)	(38,152)	(39,107)
Parliamentary appropriations (note 7)	22,882	22,976	42,213	45,203
Net result of operations	\$ 4,553	\$ 3,230	\$ 4,061	\$ 6,096

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 three and six month periods ended September 30

(In thousands of dollars)

For the three month period ended	Unrestricted	Restricted for permanent exhibit renewal	Investment in capital assets	September 30 2021	September 30 2020
Net assets, beginning of period	\$ 15,280	\$ 14,782	\$ 40,868	\$ 70,930	\$ 72,052
Net result of operations	4,564	(11)	-	4,553	3,230
Net assets, end of period	\$ 19,844	\$ 14,771	\$ 40,868	\$ 75,483	\$ 75,282

For the six month period ended	Unrestricted	Restricted for permanent exhibit renewal	Investment in capital assets	September 30 2021	September 30 2020
Net assets, beginning of period	\$ 15,761	\$ 14,793	\$ 40,868	\$ 71,422	\$ 69,186
Net result of operations	4,083	(22)	-	4,061	6,096
Net assets, end of period	\$ 19,844	\$ 14,771	\$ 40,868	\$ 75,483	\$ 75,282

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

(In thousands of dollars)

	Three month period ended September 30		Six month period ended September 30	
	2021	2020	2021	2020
Operating activities				
Cash receipts from clients and other receivables	\$ 3,124	\$ 878	\$ 4,413	\$ 2,888
Cash receipts from parliamentary appropriations	19,586	19,573	34,003	35,656
Cash paid to and on behalf of employees	(10,781)	(9,711)	(18,898)	(20,062)
Cash paid to suppliers	(8,996)	(9,210)	(16,342)	(15,650)
Restricted contributions and related investment income	509	158	928	743
Interest received	285	278	700	714
Net cash through operating activities	3,727	1,966	4,804	4,289
Investing activities				
Principal repayments of investments	-	-	-	-
Increase in investments and restricted investments	-	-	(6,500)	-
Decrease in investments and restricted investments	4,100	-	4,100	-
Net cash through investing activities	4,100	-	(2,400)	-
Capital activities				
Acquisition of capital assets	(448)	(592)	(1,464)	(2,698)
Financing activities				
Parliamentary appropriations for the acquisition of capital assets	(13)	1,433	525	3,366
Increase in cash and restricted cash	7,366	2,807	1,465	4,957
Cash and restricted cash, beginning of period				
Cash	39,684	21,428	46,000	19,869
Restricted cash	7,708	3,106	7,293	2,515
	47,392	24,534	53,293	22,384
Cash and restricted cash, end of period				
Cash	46,565	24,075	46,565	24,075
Restricted cash	8,193	3,266	8,193	3,266
	\$ 54,758	\$ 27,341	\$ 54,758	\$ 27,341

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 six month period ended September 30, 2021
(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 six month period ended September 30, 2021

(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 six month period ended September 30, 2021

(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	September 30, 2021 (6 months)	March 31, 2021 (12 months)
Balance, beginning of year	\$ 6,154	\$ 12,183	\$ 18,337	\$ 14,508
Additions				
Amounts received during the period	812	-	812	6,345
Deferred investment income	44	-	44	85
	856	-	856	6,430
Deductions				
Amounts recognized as revenue	-	(750)	(750)	(2,601)
Balance, end of period	\$ 7,010	\$ 11,433	\$ 18,443	\$ 18,337

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the six month period ended September 30, 2021

(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	September 30, 2021 (6 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	72	10	82	206
	72	10	82	211
Deductions				
Amounts recognized as revenue	-	-	-	(15)
Balance, end of period	\$ 9,731	\$ 1,261	\$ 10,992	\$ 10,910

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the six month period ended September 30, 2021

(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>	September 30, 2021 (6 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	-	1,082	-	1,082	3,776
Parliamentary appropriations deferred for capital asset acquisitions in future periods	-	-	1,107	1,107	10,833
	-	1,082	1,107	2,189	14,609
Deductions					
Amounts used during the period	(35)	(8,186)	(938)	(9,159)	(18,208)
Balance, end of period	\$ 1,543	\$ 150,963	\$ 32,260	\$ 184,766	\$ 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 six month period ended September 30, 2021

(In thousands of dollars)

6. Donations and sponsorships

Donations and sponsorships revenue is composed of:

	September 30, 2021	September 30, 2020
Cash donations and sponsorships	\$ 361	\$ 334
In-kind sponsorships and artifact donations	255	108
	\$ 616	\$ 442

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.

	September 30, 2021	September 30, 2020
Main Estimates amount provided for operating and capital activities	\$ 34,528	\$ 34,729
Supplementary estimates and transfers	-	4,256
Less current period Parliamentary appropriations not recognized as revenue:		
Used for capital asset acquisitions	(144)	(686)
Deferred for future capital asset acquisitions	(1,107)	(1,365)
Restricted for specific purposes	-	(680)
Add prior period Parliamentary appropriations recognized as revenue in current period:		
Amortization of deferred capital funding	8,186	8,336
Restricted amounts used in current period	750	613
Parliamentary appropriations recognized as revenue	\$ 42,213	\$ 45,203

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Schedule 1 - Operating Revenues

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

	Three month period ended September 30		Six month period ended September 30	
	2021	2020	2021	2020
General admission and programmes	\$ 1,173	\$ 88	\$ 1,302	\$ 88
Boutique sales	382	33	435	33
Parking	285	57	347	59
Facility rental, events and concessions	227	15	242	15
Memberships	128	-	128	-
Travelling exhibits	30	31	42	31
Other	26	12	45	23
	\$ 2,251	\$ 236	\$ 2,541	\$ 249

Schedule 2 - Expenses

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

	Three month period ended September 30		Six month period ended September 30	
	2021	2020	2021	2020
Personnel costs	\$ 9,163	\$ 9,527	\$ 18,860	\$ 19,627
Amortization of capital assets	4,093	4,207	8,240	8,391
Payments in lieu of property taxes	2,082	2,180	4,159	4,218
Building operations	1,118	1,134	2,021	1,928
Online programs assistance	963	837	1,781	1,692
Utilities	584	585	1,144	1,113
Exhibit fabrication and rental	746	104	1,105	161
Professional and special services	562	396	1,083	721
IT infrastructure and systems	553	515	1,080	982
Repairs and maintenance	429	495	873	810
Marketing and advertising	416	98	461	114
Collection acquisitions	86	19	455	107
Materials and supplies	160	204	263	490
Cost of goods sold	190	37	216	38
Rentals and leases	48	21	98	67
Royalties	18	-	19	-
Travel and hospitality	5	3	5	12
Other	109	64	190	130
	\$ 21,325	\$ 20,426	\$ 42,053	\$ 40,601