

CANADIAN MUSEUM OF HISTORY

Quarterly Financial Statements

For the nine month period ended December 31, 2022

Unaudited

NARRATIVE DISCUSSION

These quarterly financial statements must be read in conjunction with the March 31, 2022, 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.

In the current period, the Museum was open to the public including the reopening of the Canadian Children's Museum on May 18, 2022. This was an important step as the closure of the Canadian Children's Museum significantly impacted the ability to attract families to the Canadian Museum of History. The Museum's attendance continues to be impacted by the COVID-19 pandemic due to reduced tourism and the slow progression of regaining visitor confidence in public space attractions. This situation had significant negative effects on the Corporation's revenues and operations.

The Museum also 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 nine-month period ended December 31, 2022, reflects a deficit of \$2.9 million, compared to a surplus of \$5.0 million for the comparative period of the previous fiscal year.

Parliamentary appropriations for the current period total \$63.1 million, an equivalent amount compared to the same period in the previous fiscal year.

Revenues for the nine-month period total \$10.9 million, compared to \$6.0 million for the same period of the previous fiscal year, an increase of \$4.9 million. Operating revenue results for the current period are higher when compared to the same period of the prior fiscal year however remain significantly lower when compared to pre-pandemic levels.

Operating expenses for the nine-month period total \$76.9 million, compared to \$64.1 million for the same period of the previous fiscal year, an increase of \$12.8 million. This increase is partly explained by additional salary and operating expenses incurred due to the Museum being fully reopened in the current period and increased artifact acquisitions mainly related to the Canadian Sports Hall of Fame collection.

STATEMENT OF FINANCIAL POSITION

The Museum's unrestricted net assets as of December 31, 2022, represent \$13.6 million, \$20.8 million as of December 31, 2021.

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 impact the attendance and the operations of the Museum. It is anticipated that this situation will continue to impact the operating revenues of the 2022–2023 fiscal year and beyond.

The Museum receives an annual base capital funding of \$2.5 million in 2022–2023. 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
President and Chief Executive Officer



Suzanne Bouchard, CPA, CMA
Acting Chief Financial Officer and Vice-President of Finance and Infrastructure

Gatineau, Quebec

February 23, 2023

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Statement of Financial Position

As at

(In thousands of dollars)

	December 31, 2022	March 31, 2022
Assets		
Current assets		
Cash	\$ 12,813	\$ 25,073
Restricted cash	4,634	3,666
Restricted investments	7,071	2,247
Investments	30,143	20,407
Accounts receivable	2,413	1,668
Inventories	593	625
Prepaid expenses	626	495
	58,293	54,181
Restricted investments	7,322	12,056
Investments	61,358	67,672
Collections	1	1
Capital assets	186,521	190,991
	\$ 313,495	\$ 324,901
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 21,524	\$ 17,933
Deferred contributions (note 3)	24,274	26,740
Deferred revenues	515	594
	46,313	45,267
Deferred contributions - National Collection Fund (note 4)	11,144	10,973
Deferred contributions related to capital assets (note 5)	172,384	183,019
Employee future benefits	15,039	13,714
	244,880	252,973
Net assets		
Unrestricted	13,623	16,536
Restricted for permanent exhibit renewal	14,717	14,750
Investment in capital assets	40,868	40,868
Accumulated remeasurement losses	(593)	(226)
	68,615	71,928
	\$ 313,495	\$ 324,901

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 nine month periods ended December 31

(In thousands of dollars)

	Three month period ended December 31		Nine month period ended December 31	
	2022	2021	2022	2021
Revenues				
Donations and sponsorships (note 6)	\$ 633	\$ 599	\$ 957	\$ 1,215
Net investments	649	375	1,751	1,119
Operating (schedule 1)	2,360	1,097	8,170	3,638
	3,642	2,071	10,878	5,972
Expenses (schedule 2)				
Collect and research	\$ 3,875	\$ 2,816	\$ 12,571	\$ 8,373
Exhibit, educate and communicate	6,206	5,885	18,464	17,410
Accommodation	9,986	8,633	29,130	25,468
Corporate management	6,168	4,689	16,730	12,825
	26,235	22,023	76,895	64,076
Net result of operations before parliamentary appropriations	(22,593)	(19,952)	(66,017)	(58,104)
Parliamentary appropriations (note 7)	19,539	20,922	63,071	63,135
Net result of operations	\$ (3,054)	\$ 970	\$ (2,946)	\$ 5,031

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

Statement of Remeasurement Gains and Losses

For the three and nine month periods ended December 31

(In thousands of dollars)

	Three month period ended December 31		Nine month period ended December 31	
	2022	2021	2022	2021
Accumulated remeasurement gains (losses), beginning of period	\$ (737)	\$ -	\$ (226)	\$ -
Unrealized gains (losses) attributed to investments	94	-	(555)	-
Amounts reclassified to the Statement of Operations - Net investments	50	-	188	-
Net change in accumulated remeasurement gains (losses) for the period	144	-	(367)	-
Accumulated remeasurement gains (losses), end of period	\$ (593)	\$ -	\$ (593)	\$ -

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 nine month periods ended December 31

(In thousands of dollars)

For the three month period ended	Unrestricted	Restricted for permanent exhibit renewal	Investment in capital assets	Accumulated remeasurement losses	December 31 2022	December 31 2021
Net assets, beginning of period	\$ 16,666	\$ 14,728	\$ 40,868	\$ (737)	\$ 71,525	\$ 75,483
Net result of operations	(3,043)	(11)	-	-	(3,054)	970
Net change in accumulated gains (losses)	-	-	-	144	144	-
Net assets, end of period	\$ 13,623	\$ 14,717	\$ 40,868	\$ (593)	\$ 68,615	\$ 76,453

For the nine month period ended	Unrestricted	Restricted for permanent exhibit renewal	Investment in capital assets	Accumulated remeasurement losses	December 31 2022	December 31 2021
Net assets, beginning of period	\$ 16,536	\$ 14,750	\$ 40,868	\$ (226)	\$ 71,928	\$ 71,422
Net result of operations	(2,913)	(33)	-	-	(2,946)	5,031
Net change in accumulated gains (losses)	-	-	-	(367)	(367)	-
Net assets, end of period	\$ 13,623	\$ 14,717	\$ 40,868	\$ (593)	\$ 68,615	\$ 76,453

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 nine month periods ended December 31

(In thousands of dollars)

	Three month period ended December 31		Nine month period ended December 31	
	2022	2021	2022	2021
Operating activities				
Cash receipts from clients and other receivables	\$ 3,308	\$ 1,790	\$ 11,044	\$ 6,203
Cash receipts from parliamentary appropriations	14,650	16,329	48,227	50,332
Cash paid to and on behalf of employees	(10,382)	(9,042)	(31,317)	(27,940)
Cash paid to suppliers	(9,856)	(7,566)	(32,007)	(23,908)
Restricted contributions and related investment income	572	1,110	1,292	2,038
Interest received	834	361	2,233	1,061
Net cash through operating activities	(874)	2,982	(528)	7,786
Investing activities				
Increase in investments and restricted investments	(17,181)	(27,660)	(47,230)	(34,160)
Decrease in investments and restricted investments	16,797	2,190	42,661	6,290
Net cash through investing activities	(384)	(25,470)	(4,569)	(27,870)
Capital activities				
Acquisition of capital assets	(3,023)	(563)	(7,168)	(2,027)
Financing activities				
Parliamentary appropriations for the acquisition of capital assets	782	1,108	973	1,633
Decrease in cash and restricted cash	(3,499)	(21,943)	(11,292)	(20,478)
Cash and restricted cash, beginning of period				
Cash	16,742	46,565	25,073	46,000
Restricted cash	4,204	8,193	3,666	7,293
	20,946	54,758	28,739	53,293
Cash and restricted cash, end of period				
Cash	12,813	28,667	12,813	28,667
Restricted cash	4,634	4,148	4,634	4,148
	\$ 17,447	\$ 32,815	\$ 17,447	\$ 32,815

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 nine month period ended December 31, 2022
(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 nine month period ended December 31, 2022

(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, 2022. 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 nine month period ended December 31, 2022

(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	December 31, 2022 (9 months)	March 31, 2022 (12 months)
Balance, beginning of year	\$ 7,077	\$ 19,663	\$ 26,740	\$ 18,337
Additions				
Amounts received during the period	970	-	970	10,960
Deferred investment income	118	-	118	96
	1,088	-	1,088	11,056
Deductions				
Amounts recognized as revenue	(149)	(3,405)	(3,554)	(2,653)
Balance, end of period	\$ 8,016	\$ 16,258	\$ 24,274	\$ 26,740

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the nine month period ended December 31, 2022

(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	December 31, 2022 (9 months)	March 31, 2022 (12 months)
Balance, beginning of year	\$ 9,779	\$ 1,194	\$ 10,973	\$ 10,910
Additions				
Amounts received during the period	-	-	-	2
Deferred investment income	153	18	171	160
	153	18	171	162
Deductions				
Amounts recognized as revenue	-	-	-	(99)
Balance, end of period	\$ 9,932	\$ 1,212	\$ 11,144	\$ 10,973

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the nine month period ended December 31, 2022

(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>		December 31,	March 31,
	Non- government sources	Parliamentary appropriations	Parliamentary appropriations	Parliamentary appropriations	2022 (9 months)	2022 (12 months)
Balance, beginning of year	\$ 1,511	\$ 145,400	\$ 36,108	\$ 183,019	\$ 191,736	
Additions						
Capital asset acquisitions	-	7,367	-	7,367	3,483	
Parliamentary appropriations deferred for capital asset acquisitions in future periods	-	-	-	-	6,537	
	-	7,367	-	7,367	10,020	
Deductions						
Amounts used during the period	(49)	(11,758)	(6,195)	(18,002)	(18,737)	
Balance, end of period	\$ 1,462	\$ 141,009	\$ 29,913	\$ 172,384	\$ 183,019	

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 nine month period ended December 31, 2022

(In thousands of dollars)

6. Donations and sponsorships

Donations and sponsorships revenue is composed of:

	December 31, 2022	December 31, 2021
Cash donations and sponsorships	\$ 696	\$ 862
In-kind sponsorships and artifact donations	261	353
	\$ 957	\$ 1,215

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.

	December 31, 2022	December 31, 2021
Main Estimates amount provided for operating and capital activities	\$ 49,080	\$ 50,236
Supplementary estimates and transfers	-	1,728
Less current period Parliamentary appropriations not recognized as revenue:		
Used for capital asset acquisitions	(1,172)	(370)
Deferred for future capital asset acquisitions	-	(1,507)
Restricted for specific purposes	-	(400)
Add prior period Parliamentary appropriations recognized as revenue in current period:		
Amortization of deferred capital funding	11,758	12,208
Restricted amounts used in current period	3,405	1,240
Parliamentary appropriations recognized as revenue	\$ 63,071	\$ 63,135

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Schedule 1 - Operating Revenues

For the three and nine month periods ended December 31
(In thousands of dollars)

	Three month period ended		Nine month period ended	
	December 31		December 31	
	2022	2021	2022	2021
General admission and programmes	\$ 947	\$ 479	\$ 3,946	\$ 1,781
Facility rental, events and concessions	734	120	1,962	362
Boutique sales	314	216	1,091	651
Parking	278	145	939	492
Memberships	56	96	142	224
Travelling exhibits	14	21	37	63
Other	17	20	53	65
	\$ 2,360	\$ 1,097	\$ 8,170	\$ 3,638

Schedule 2 - Expenses

For the three and nine month periods ended December 31
(In thousands of dollars)

	Three month period ended		Nine month period ended	
	December 31		December 31	
	2022	2021	2022	2021
Personnel costs	\$ 10,960	\$ 9,112	\$ 34,059	\$ 27,972
Amortization of capital assets	3,925	4,049	11,836	12,289
Payments in lieu of property taxes	2,822	2,082	7,737	6,241
Building operations	1,607	1,306	4,441	3,327
Professional and special services	1,521	923	3,609	2,006
Online programs assistance	861	1,015	2,472	2,796
Repairs and maintenance	889	731	2,208	1,604
Collection acquisitions	277	168	1,971	623
Utilities	634	589	1,873	1,733
IT infrastructure and systems	701	650	1,834	1,730
Exhibit fabrication and rental	473	532	1,440	1,637
Marketing and advertising	600	248	973	709
Materials and supplies	346	231	879	494
Cost of goods sold	124	96	573	312
Travel and hospitality	132	16	241	21
Rentals and leases	50	72	173	170
Royalties	11	6	26	25
Other	302	197	550	387
	\$ 26,235	\$ 22,023	\$ 76,895	\$ 64,076