

CANADIAN MUSEUM OF HISTORY

Quarterly Financial Statements

For the three-month period ended June 30, 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 three-month period ended June 30, 2022, reflects a deficit of \$2.6 million, compared to a deficit of \$0.5 million for the comparative period of the previous fiscal year.

Parliamentary appropriations for the period total \$19.6 million, compared to \$19.3 million for the same period in the previous fiscal year.

Revenues for the three-month period total \$2.6 million, compared to \$0.9 million for the same period of the previous fiscal year, an increase of \$1.7 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 three-month period total \$24.8 million, compared to \$20.7 million for the same period of the previous fiscal year, an increase of \$4.1 million. This increase is partly explained by additional salary 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 June 30, 2022, represent \$14.0 million, \$15.3 million as of June 30, 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 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 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, 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 and Infrastructure

Gatineau, Quebec

August 29, 2022

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Statement of Financial Position

As at

(In thousands of dollars)

	June 30, 2022	March 31, 2022
Assets		
Current assets		
Cash	\$ 18,725	\$ 25,073
Restricted cash	4,064	3,666
Restricted investments	4,561	2,247
Investments	25,059	20,407
Accounts receivable	1,366	1,668
Inventories	595	625
Prepaid expenses	929	495
	55,299	54,181
Restricted investments	9,728	12,056
Investments	66,076	67,672
Collections	1	1
Capital assets	189,133	190,991
	\$ 320,237	\$ 324,901
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 20,436	\$ 17,933
Deferred contributions (note 3)	25,332	26,740
Deferred revenues	672	594
	46,440	45,267
Deferred contributions – National Collection Fund (note 4)	11,022	10,973
Deferred contributions related to capital assets (note 5)	179,629	183,019
Employee future benefits	14,156	13,714
	251,247	252,973
Net assets		
Unrestricted	13,958	16,536
Restricted for permanent exhibit renewal	14,739	14,750
Investment in capital assets	40,868	40,868
Accumulated remeasurement losses	(575)	(226)
	68,990	71,928
	\$ 320,237	\$ 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-month period ended June 30

(In thousands of dollars)

	2023	2022
Revenues		
Donations and sponsorships (note 6)	\$ 87	\$ 245
Net investments	490	370
Operating (schedule 1)	2,004	290
	2,581	905
Expenses (schedule 2)		
Collect and research	4,622	2,962
Exhibit, educate and communicate	5,763	5,371
Accommodation	9,030	8,340
Corporate management	5,362	4,055
	24,777	20,728
Net result of operations before parliamentary appropriations	(22,196)	(19,823)
Parliamentary appropriations (note 7)	19,607	19,331
Net result of operations	\$ (2,589)	\$ (492)

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

Statement of Remeasurement Gains and Losses

For the three-month period ended June 30

(In thousands of dollars)

	2023	2022
Accumulated remeasurement losses, beginning of year	\$ (226)	\$ -
Unrealized losses attributed to investments	(436)	-
Amounts reclassified to the Statement of Operations – Net investments	87	-
Net change in accumulated remeasurement losses for the period	(349)	-
Accumulated remeasurement losses, end of period	\$ (575)	\$ -

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-month period ended June 30

(In thousands of dollars)

	Unrestricted	Restricted for permanent exhibit renewal	Investment in capital assets	Accumulated remeasurement losses	2023	2022
Net assets, beginning of year	\$ 16,536	\$ 14,750	\$ 40,868	\$ (226)	\$ 71,928	\$ 71,422
Net result of operations	(2,578)	(11)	-	-	(2,589)	(492)
Net change in accumulated losses	-	-	-	(349)	(349)	-
Net assets, end of period	\$ 13,958	\$ 14,739	\$ 40,868	\$ (575)	\$ 68,990	\$ 70,930

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)

	2023	2022
Operating activities		
Cash receipts from clients and other receivables	\$ 2,962	\$ 1,289
Cash receipts from parliamentary appropriations	14,122	14,417
Cash paid to and on behalf of employees	(9,630)	(8,117)
Cash paid to suppliers	(9,201)	(7,346)
Restricted contributions and related investment income	402	419
Interest received	827	415
Net cash through operating activities	(518)	1,077
Investing activities		
Increase in investments and restricted investments	(23,354)	(6,500)
Decrease in investments and restricted investments	19,462	-
Net cash through investing activities	(3,892)	(6,500)
Capital activities		
Acquisition of capital assets	(2,012)	(1,016)
Financing activities		
Parliamentary appropriations for the acquisition of capital assets	472	538
Decrease in cash and restricted cash	(5,950)	(5,901)
Cash and restricted cash, beginning of year		
Cash	25,073	46,000
Restricted cash	3,666	7,293
	28,739	53,293
Cash and restricted cash, end of period		
Cash	18,725	39,684
Restricted cash	4,064	7,708
	\$ 22,789	\$ 47,392

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, 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 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, 2022 (3 months)	March 31, 2022 (12 months)
Balance, beginning of year	\$ 7,077	\$ 19,663	\$ 26,740	\$ 18,337
Additions				
Amounts received during the period	319	-	319	10,960
Deferred investment income	32	-	32	96
	351	-	351	11,056
Deductions				
Amounts recognized as revenue	-	(1,759)	(1,759)	(2,653)
Balance, end of period	\$ 7,428	\$ 17,904	\$ 25,332	\$ 26,740

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, 2022 (3 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	43	6	49	160
	43	6	49	162
Deductions				
Amounts recognized as revenue	-	-	-	(99)
Balance, end of period	\$ 9,822	\$ 1,200	\$ 11,022	\$ 10,973

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, 2022 (3 months)	March 31, 2022 (12 months)
	Non- government sources	Parliamentary appropriations	Parliamentary appropriations		
Balance, beginning of year	\$ 1,511	\$ 145,400	\$ 36,108	\$ 183,019	\$ 191,736
Additions					
Capital asset acquisitions	-	2,104	-	2,104	3,483
Parliamentary appropriations deferred for capital asset acquisitions in future periods	-	-	-	-	6,537
	-	2,104	-	2,104	10,020
Deductions					
Amounts used during the period	(16)	(3,937)	(1,541)	(5,494)	(18,737)
Balance, end of period	\$ 1,495	\$ 143,567	\$ 34,567	\$ 179,629	\$ 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 three-month period ended June 30

(In thousands of dollars)

6. Donations and sponsorships

Donations and sponsorships revenue is composed of:

	June 30, 2022	June 30, 2021
Cash donations and sponsorships	\$ 22	\$ 18
In-kind sponsorships and artifact donations	65	227
	\$ 87	\$ 245

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, 2022	June 30, 2021
Main Estimates amount provided for operating and capital activities	\$ 14,474	\$ 14,955
Deductions		
Current period Parliamentary appropriations not recognized as revenue:		
Used for capital asset acquisitions	(563)	(38)
Additions		
Prior period Parliamentary appropriations recognized as revenue in current period:		
Amortization of deferred capital funding	3,937	4,120
Restricted amounts used in current period	1,759	294
Parliamentary appropriations recognized as revenue	\$ 19,607	\$ 19,331

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Schedule 1 - Operating Revenues

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

	2023	2022
General admission and programs	\$ 958	\$ 129
Facility rental, events, and concessions	458	15
Boutique sales	277	53
Parking	239	62
Memberships	47	-
Travelling exhibits	13	12
Other	12	19
	\$ 2,004	\$ 290

Schedule 2 - Expenses

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

	2023	2022
Personnel costs	\$ 11,482	\$ 9,697
Amortization of capital assets	3,961	4,147
Payments in lieu of property taxes	2,093	2,077
Collection acquisitions	1,510	369
Building operations	1,299	903
Online programs assistance	866	818
Professional and special services	771	521
Repairs and maintenance	663	444
Utilities	623	560
IT infrastructure and systems	580	527
Exhibit fabrication and rental	245	359
Materials and supplies	214	103
Cost of goods sold	143	26
Marketing and advertising	118	45
Travel and hospitality	58	-
Rentals and leases	47	50
Royalties	5	1
Other	99	81
	\$ 24,777	\$ 20,728