

CANADIAN MUSEUM OF HISTORY

Quarterly Financial Statements

For the six-month period ended September 30, 2023

Unaudited

NARRATIVE DISCUSSION

These quarterly financial statements must be read in conjunction with the March 31, 2023, 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.

The Museum's attendance continued to be impacted by inflation and the COVID-19 pandemic due to reduced tourism and the slow progression of regaining visitor confidence in public space attractions. This situation had 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 2022, the Corporation's Board of Trustees unveiled five 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 five Strategic Directions are as follows:

1. Foster an innovative workforce culture that promotes equity, respect and a sense of belonging.
2. Engage Canadians from across the country in diverse histories and stories.
3. Strengthen our commitment to recognizing the rights of Indigenous Peoples and advance reconciliation.
4. Build organizational resilience through sustainable practices.
5. Leverage technology to drive innovation and deepen access to Museum activities.

STATEMENT OF OPERATIONS

The Corporation's net results of operations for the six-month period ended September 30, 2023, reflects a deficit of \$1.4 million, compared to surplus of \$0.1 million for the comparative period of the previous fiscal year.

Parliamentary appropriations for the period total \$40.3 million, compared to \$43.5 million for the same period in the previous fiscal year.

Revenues for the six-month period total \$10.2 million, compared to \$7.2 million for the same period of the previous fiscal year, an increase of \$3.0 million. Operating revenue results for the current period are higher when compared to the prior fiscal year, however, remain lower when compared to pre-pandemic levels.

Operating expenses for the six-month period total \$51.8 million, compared to \$50.7 million for the same period of the previous fiscal year, an increase of \$1.1 million. This increase is partly explained by additional salary, marketing and building operating costs in the current year off-set by lower collection acquisition expenses.

STATEMENT OF FINANCIAL POSITION

The Museum's unrestricted net assets as of September 30, 2023, represent \$5.6 million, \$7.0 million as of September 30, 2022.

To date, the Museum restricted net assets totaling \$20 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. Local and North American tourism appears to be recovering at a faster pace than what had been predicted. International tourism seems to have a slower recovery. Steps have been taken to increase revenues to almost pre-pandemic levels.

Operating costs are increasing due to the rise in inflation and the labour market remains an additional challenge.

The Museum receives an annual base capital funding of \$2.5 million in 2023–2024. 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. Budget 2023 has provided an additional \$5.1 million for 2023-2024 and 2024-2025 but also indicated a possible reduction of at least 3% of regular appropriations. 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



Eric Doiron, CPA
Chief Financial Officer and Vice-President of Finance and Infrastructure

Gatineau, Quebec

November 23, 2023

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Statement of Financial Position

As at

(In thousands of dollars)

	September 30, 2023	March 31, 2023
Assets		
Current assets		
Cash	\$ 12,374	\$ 20,648
Restricted cash	3,178	3,699
Restricted investments	6,748	9,061
Investments	29,630	37,413
Accounts receivable	2,251	2,257
Inventories	636	602
Prepaid expenses	1,351	466
	<u>56,168</u>	<u>74,146</u>
Restricted investments	8,662	5,347
Investments	63,631	55,171
Collections	1	1
Capital assets	<u>178,894</u>	<u>183,359</u>
	<u>\$ 307,356</u>	<u>\$ 318,024</u>
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,914	\$ 21,188
Deferred contributions (note 3)	25,200	26,026
Deferred revenues	606	576
	<u>43,720</u>	<u>47,790</u>
Deferred contributions - National Collection Fund (note 4)	11,319	11,142
Deferred contributions related to capital assets (note 5)	165,357	171,276
Employee future benefits	16,200	15,455
Asset retirement obligations	5,164	5,164
	<u>241,760</u>	<u>250,827</u>
Net assets		
Unrestricted	5,630	6,979
Restricted for permanent exhibit renewal	19,685	19,707
Investment in capital assets	40,868	40,868
Accumulated remeasurement losses	(587)	(357)
	<u>65,596</u>	<u>67,197</u>
	<u>\$ 307,356</u>	<u>\$ 318,024</u>

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	
	2023	2022	2023	2022
Revenues				
Donations and sponsorships (note 6)	\$ 144	\$ 237	\$ 249	\$ 324
Net investments	915	612	1,737	1,102
Operating (schedule 1)	4,603	3,806	8,209	5,810
	5,662	4,655	10,195	7,236
Expenses (schedule 2)				
Collect and research	\$ 4,257	\$ 4,074	\$ 7,571	\$ 8,696
Exhibit, educate and communicate	6,383	6,495	13,312	12,258
Accommodation	9,545	10,114	18,905	19,144
Corporate management	6,067	5,200	12,041	10,562
	26,252	25,883	51,829	50,660
Net result of operations before parliamentary appropriations	(20,590)	(21,228)	(41,634)	(43,424)
Parliamentary appropriations (note 7)	21,382	23,925	40,263	43,532
Net result of operations	\$ 792	\$ 2,697	\$ (1,371)	\$ 108

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

Statement of Remeasurement Gains and Losses

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	
	2023	2022	2023	2022
Accumulated remeasurement gains (losses), beginning of period	\$ (532)	\$ (575)	\$ (357)	\$ (226)
Unrealized gains (losses) attributed to investments	(94)	(213)	(307)	(649)
Amounts reclassified to the Statement of Operations - Net investments	39	51	77	138
Net change in accumulated remeasurement gains (losses) for the period	(55)	(162)	(230)	(511)
Accumulated remeasurement gains (losses), end of period	\$ (587)	\$ (737)	\$ (587)	\$ (737)

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	Accumulated remeasurement losses	September 30 2023	September 30 2022
Net assets, beginning of period	\$ 4,827	\$ 19,696	\$ 40,868	\$ (532)	\$ 64,859	\$ 68,990
Net result of operations	803	(11)	-	-	792	2,697
Net change in accumulated gains (losses)	-	-	-	(55)	(55)	(162)
Net assets, end of period	\$ 5,630	\$ 19,685	\$ 40,868	\$ (587)	\$ 65,596	\$ 71,525

For the six month period ended	Unrestricted	Restricted for permanent exhibit renewal	Investment in capital assets	Accumulated remeasurement losses	September 30 2023	September 30 2022
Net assets, beginning of period	\$ 6,979	\$ 19,707	\$ 40,868	\$ (357)	\$ 67,197	\$ 71,928
Net result of operations	(1,349)	(22)	-	-	(1,371)	108
Net change in accumulated gains (losses)	-	-	-	(230)	(230)	(511)
Net assets, end of period	\$ 5,630	\$ 19,685	\$ 40,868	\$ (587)	\$ 65,596	\$ 71,525

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	
	2023	2022	2023	2022
Operating activities				
Cash receipts from clients and other receivables	\$ 5,804	\$ 4,774	\$ 10,452	\$ 7,736
Cash receipts from parliamentary appropriations	16,907	19,455	29,882	33,577
Cash paid to and on behalf of employees	(10,767)	(11,305)	(20,907)	(20,935)
Cash paid to suppliers	(17,639)	(12,950)	(27,009)	(22,151)
Restricted contributions and related investment income	212	318	481	720
Interest received	943	572	1,989	1,399
Net cash through operating activities	(4,540)	864	(5,112)	346
Investing activities				
Increase in investments and restricted investments	(21,207)	(6,695)	(37,559)	(30,049)
Decrease in investments and restricted investments	20,247	6,402	35,351	25,864
Net cash through investing activities	(960)	(293)	(2,208)	(4,185)
Capital activities				
Acquisition of capital assets	(1,738)	(2,133)	(4,759)	(4,145)
Financing activities				
Parliamentary appropriations for the acquisition of capital assets	1,231	(281)	3,284	191
Decrease in cash and restricted cash	(6,007)	(1,843)	(8,795)	(7,793)
Cash and restricted cash, beginning of period				
Cash	18,593	18,725	20,648	25,073
Restricted cash	2,966	4,064	3,699	3,666
	21,559	22,789	24,347	28,739
Cash and restricted cash, end of period				
Cash	12,374	16,742	12,374	16,742
Restricted cash	3,178	4,204	3,178	4,204
	\$ 15,552	\$ 20,946	\$ 15,552	\$ 20,946

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, 2023

(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, 2023

(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, the estimated useful lives of capital assets and asset retirement obligations 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, 2023

(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, 2023 (6 months)	March 31, 2023 (12 months)
Balance, beginning of year	\$ 7,071	\$ 18,955	\$ 26,026	\$ 26,740
Additions				
Amounts received during the period	269	-	269	5,081
Deferred investment income	117	-	117	177
	386	-	386	5,258
Deductions				
Amounts recognized as revenue	-	(1,212)	(1,212)	(5,972)
Balance, end of period	\$ 7,457	\$ 17,743	\$ 25,200	\$ 26,026

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the six-month period ended September 30, 2023

(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, 2023 (6 months)	March 31, 2023 (12 months)
Balance, beginning of year	\$ 9,987	\$ 1,155	\$ 11,142	\$ 10,973
Additions				
Amounts received during the period	-	-	-	1
Deferred investment income	158	19	177	248
	158	19	177	249
Deductions				
Amounts recognized as revenue	-	-	-	(80)
Balance, end of period	\$ 10,145	\$ 1,174	\$ 11,319	\$ 11,142

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the six-month period ended September 30, 2023

(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,	March 31,
	Non-government sources	Parliamentary appropriations	Parliamentary appropriations	Parliamentary appropriations	2023 (6 months)	2023 (12 months)
Balance, beginning of year	\$ 1,445	\$ 140,108	\$ 29,723	\$ 171,276	\$ 183,019	
Additions						
Capital asset acquisitions	-	3,194	-	3,194	10,385	
Parliamentary appropriations deferred for capital asset acquisitions in future periods	-	-	-	-	2,516	
	-	3,194	-	3,194	12,901	
Deductions						
Amounts used during the period	(34)	(7,604)	(1,475)	(9,113)	(24,644)	
Balance, end of period	\$ 1,411	\$ 135,698	\$ 28,248	\$ 165,357	\$ 171,276	

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, 2023

(In thousands of dollars)

6. Donations and sponsorships

Donations and sponsorships revenue is composed of:

	September 30, 2023	September 30, 2022
Cash donations and sponsorships	\$ 163	\$ 218
In-kind sponsorships and artifact donations	86	106
	\$ 249	\$ 324

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, 2023	September 30, 2022
Main Estimates amount provided for operating and capital activities	\$ 33,166	\$ 33,647
Less current period Parliamentary appropriations not recognized as revenue:		
Used for capital asset acquisitions	(1,719)	(727)
Add prior period Parliamentary appropriations recognized as revenue in current period:		
Amortization of deferred capital funding	7,604	7,861
Restricted amounts used in current period	1,212	2,751
Parliamentary appropriations recognized as revenue	\$ 40,263	\$ 43,532

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Schedule 1 - Operating Revenues

For the six-month period ended September 30
(In thousands of dollars)

	Three month period ended September 30		Six month period ended September 30	
	2023	2022	2023	2022
General admission and programmes	\$ 2,447	\$ 2,041	\$ 4,100	\$ 2,999
Facility rental, events and concessions	857	770	1,839	1,228
Boutique sales	626	500	1,070	777
Parking	516	422	896	661
Memberships	111	39	220	86
Travelling exhibits	19	10	33	23
Other	27	24	51	36
	\$ 4,603	\$ 3,806	\$ 8,209	\$ 5,810

Schedule 2 - Expenses

For the six-month period ended September 30
(In thousands of dollars)

	Three month period ended September 30		Six month period ended September 30	
	2023	2022	2023	2022
Personnel costs	\$ 12,030	\$ 11,617	\$ 23,951	\$ 23,099
Amortization of capital assets	3,829	3,950	7,658	7,911
Payments in lieu of property taxes	2,242	2,822	4,484	4,915
Building operations	1,881	1,535	3,444	2,834
Online programs assistance	884	745	1,763	1,611
Professional and special services	728	1,317	1,535	2,088
Repairs and maintenance	773	656	1,467	1,319
Utilities	646	616	1,342	1,239
Marketing and advertising	575	255	1,088	373
IT infrastructure and systems	496	553	1,083	1,133
Collection acquisitions	629	184	1,013	1,694
Exhibit fabrication and rental	398	722	853	967
Materials and supplies	423	319	754	533
Cost of goods sold	302	306	574	449
Travel and hospitality	136	51	314	109
Rentals and leases	59	76	116	123
Royalties	18	10	42	15
Other	203	149	348	248
	\$ 26,252	\$ 25,883	\$ 51,829	\$ 50,660