

MANAGEMENT DISCUSSION AND ANALYSIS

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.

STRATEGIC DIRECTION

In June 2014, the Corporation's Board of Trustees unveiled five Strategic Directions that introduced new priorities and broadened the Corporation's scope of activities. A detailed set of goals and objectives addresses each direction. The Corporation's five Strategic Directions are as follows:

Establish the Museum as a hub of Canadian history for Canada and the world;

Connect Canadians to their history and reflect this personal connection in all aspects of the Museum experience;

Develop a collection that better reflects Canada's history and distinctiveness;

Engage dynamic partnerships and networks across Canada and internationally for mutual benefit; and

Ensure the Museum has the financial resources to carry out its Mandate.

EXTERNAL ENVIRONMENT

The Corporation is highly dependent on attendance to meet its mandate and generate revenue. Museum attendance is influenced by not only the quality, diversity and appeal of the visitor offer, but also the domestic and international economies and tourism markets.

2017 was a record-setting year for Canadian tourism. International arrivals reached a new all-time high of 20.8 million, increasing by 4% compared to 2016. Canada's 150th celebrations, a low Canadian dollar and increased global concern about safety and security were key drivers of the 2017 increase.

FINANCIAL OVERVIEW

The Canadian Museum of History and the Canadian War Museum welcomed a record number of visitors in 2017-18. The opening of the Canadian History Hall, the Commemoration of the Vimy Battle and Canada's 150th anniversary of confederation in 2017 was an opportunity for the Museum to increase the number of visitors and develop partnership and outreach opportunities.

The exceptional attendance in 2017-18 at both museums favourably impacted audience-driven revenues such as admissions, boutique sales, and parking.

The increasing non-discretionary costs to operate the Corporation's buildings have resulted, however, in a fiscal environment that remains challenging.

STATEMENT OF OPERATIONS

The Corporation's net results of operations for fiscal year 2017-18 reflects a surplus of \$0.8 million, compared to a surplus of \$1.1 million in fiscal year 2016-17.

Parliamentary Appropriations

The Corporation received \$80.3 million of parliamentary appropriations in 2017-18, an increase \$2.4 million when compared to the 2016-17 fiscal year.

The Museum welcomed favorably the reinstatement of the economic salary funding, announced in 2017-18. The Corporation received, in 2017-18, economic salary funding covering the current and previous fiscal year.

The 2017-18 parliamentary appropriations also include the second year of a five-year approval for additional capital funding, approved in Budget 2016, to address urgent health and safety related capital projects.

Donations and Sponsorships

Donations and sponsorships increased by \$6.6 million in 2017-18, from \$2.0 million to \$8.6 million. The implementation of new fundraising and stewardship strategies has resulted in record-high donations to the Museum and enabled the Museum to exceed its fundraising goal for the Canadian History Hall.

The donations received towards the Canadian History Hall received in previous fiscal years were presented as deferred contributions in the Statement of Financial Position and were recognized as revenues in 2017-18, upon opening of the Canadian History Hall.

Donations in-kind include a collection of Inuit art and ethnographic material and a collection of military vehicles.

Net investment Income

Net investment income totalled \$1.7 million in 2017-18, \$4.2 million for the comparative year. 2016-17 net investment income included a gain on investments resulting from the principal repayments of Master Asset Vehicle Notes.

Operating Revenues

Operating revenues for the current fiscal year were \$18.3 million compared to \$14.9 million for the previous fiscal year, an increase of \$3.4 million. The twenty-two per cent increase in

operating revenues is explained by exceptional attendance levels in 2017-18 due to the opening of the Canadian History Hall in July 2017, exhibitions to commemorate the Centenary of the First World War and higher numbers of tourists in the National Capital Region in 2017 to celebrate Canada's 150th anniversary of Confederation.

Expenses

The Corporation's operating expenses were \$108.0 million in 2017-18, in comparison to \$97.9 million in 2016-17. The increase is mainly explained by higher collection costs in 2017-18 following the acquisition of the Mike Wilson and Debra Thuet Ultimate Leaf Fan Collection and three Victoria Cross medal sets. Amortization expenses also increased due to the completion of the Canadian History Hall.

Personnel costs increased in 2017-18 as a result of salary increases negotiated through collective agreements. In comparison to the previous fiscal year, personnel costs remained stable as the 2016-17 results included one-time costs associated with the amendment of the benefit plan for retirees.

STATEMENT OF FINANCIAL POSITION

The Museum's unrestricted net assets as of March 31, 2018 represent \$10.8 million.

The Museum restricted, in 2016-17, net assets, totalling \$15 million, for the refurbishment of permanent exhibition galleries, including the transformation of the Canadian Children's Museum. In 2017-18, an upgrade to a permanent gallery was completed at the CWM. The decrease of restricted net assets is equivalent to the amortization of this upgrade.

CHANGE IN ACCOUNTING POLICY

As of April 1, 2017, the Corporation reviewed its accounting policy regarding the classification of its portfolio under the Canadian public sector accounting standards applicable to government-not-for-profit organizations to determine if existing classifications remain appropriate based on the nature of the remaining investments held.

Since 2017, the vast majority of investments in its portfolio were fixed income in nature and have an expectation of minimal fluctuations between cost and market value, the Corporation determined that it would no longer manage and evaluate its portfolio on a fair value basis. In this regard, the Corporation is required under PSAS to change its classification of its portfolio and value it at amortized cost whereby all investments and restricted investments will be measured using the effective interest method as of the financial statement date. This change in accounting policy has been applied retroactively.

The impact of this change in accounting policy is explained in note 4 of the financial statements.

OUTLOOK

The Corporation is embarking on a major renewal of the Canadian Children's Museum (CCM). Since its opening in 1989, the CCM has been immensely popular, offering directed and self-directed role-playing, hands-on handling of objects in cultural settings, and exploration of cultural similarities and differences through its concept of *The Great Adventure* – a trip around the world to nineteen destinations. Currently in the planning phase, the renewal is an important opportunity to find new and creative ways to engage with young visitors and their families.

The Corporation continues to be challenged by escalating non-discretionary accommodation costs and capital repairs. It is responsible for two iconic national sites, one of which – the CMH – is almost thirty years old, and therefore many of its components have reached or will soon be reaching the end of their expected life cycle. The Corporation's appropriation remains constant and despite the robustness of recent attendance and revenue generation results, the Corporation will not be able to rely on revenue growth to cover these costs. The Corporation is working with the Department of Canadian Heritage on a long-term solution to escalating non-discretionary costs and aging infrastructure.

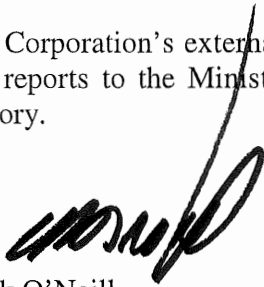
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this Annual Report have been prepared by Management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and the integrity and objectivity of the data in these financial statements is Management's responsibility. Financial information presented throughout the Annual Report is consistent with the financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the *Financial Administration Act* and regulations as well as the *Museums Act*, the by-laws of the Corporation and the directive issued pursuant to section 89 of the *Financial Administration Act*.

The Board of Trustees is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee, which includes a majority of members who are not officers of the Corporation. The Committee meets with Management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Trustees. The Board of Trustees has reviewed and approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, examines the financial statements and reports to the Minister of Canadian Heritage, who is responsible for the Canadian Museum of History.



Mark O'Neill
President and Chief Executive Officer



Marie-Josée Lacombe, CPA, CGA
Chief Financial Officer

June 22, 2018

INDEPENDENT AUDITOR'S REPORT

To the Minister of Canadian Heritage

Report on the Financial Statements

I have audited the accompanying financial statements of the Canadian Museum of History, which comprise the statement of financial position as at 31 March 2018, and the statement of operations, statement of remeasurement gains and losses, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Museum of History as at 31 March 2018, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied, after giving retroactive effect to the change in the method of accounting for investments and restricted investments as explained in Note 4 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Canadian Museum of History that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Museums Act* and regulations, the by-laws of the Canadian Museum of History, and the directive issued pursuant to section 89 of the *Financial Administration Act*.



Riowen Yves Abgrall, CPA, CA
Principal
for the Auditor General of Canada

22 June 2018
Ottawa, Canada

CANADIAN MUSEUM OF HISTORY

Year ended March 31, 2018

CANADIAN MUSEUM OF HISTORY

Statement of Financial Position

As at March 31

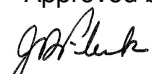
(In thousands of dollars)

	2018	2017 Restated Note 4
Assets		
Current assets		
Cash	\$ 9,376	\$ 4,449
Restricted cash (note 5)	1,821	5,078
Restricted investments (note 5)	1,808	1,002
Investments (note 6)	3,755	3,719
Accounts receivable	2,914	2,847
Inventories	806	843
Prepaid expenses	592	720
	21,072	18,658
Restricted investments (note 5)	10,610	11,488
Investments (note 6)	53,013	53,232
Collections (note 7)	1	1
Capital assets (note 8)	238,727	247,181
	\$ 323,423	\$ 330,560
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 16,201	\$ 15,252
Deferred contributions (note 10)	10,157	12,371
Deferred revenues	1,597	1,557
	27,955	29,180
Deferred contributions – National Collection Fund (note 11)	10,295	10,489
Deferred contributions related to capital assets (note 12)	208,963	216,107
Employee future benefits (note 13)	9,571	8,976
	256,784	264,752
Net assets		
Unrestricted	10,813	9,940
Restricted for permanent exhibit renewal	14,958	15,000
Investment in capital assets	40,868	40,868
Accumulated remeasurement gains	-	-
	66,639	65,808
	\$ 323,423	\$ 330,560

Contingencies and contractual rights and obligations (notes 18 and 19)

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

Approved by the Board of Trustees


Chairperson


Trustee

CANADIAN MUSEUM OF HISTORY

Statement of Operations

For the year ended March 31

(In thousands of dollars)

	2018	2017 Restated Note 4
Revenues		
Donations and sponsorships (note 14)	\$ 8,617	\$ 2,048
Net investment income (note 15)	1,720	4,120
Operating (schedule 1)	18,280	14,933
	28,617	21,101
Expenses (schedule 2)		
Collect and research	17,993	13,435
Exhibit, educate and communicate	30,527	27,359
Accommodation	40,224	38,894
Corporate management	19,298	18,221
	108,042	97,909
Net result of operations before parliamentary appropriations	(79,425)	(76,808)
Parliamentary appropriations (note 16)	80,256	77,888
Net result of operations	\$ 831	\$ 1,080

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

Statement of Remeasurement Gains and Losses

For the year ended March 31

(In thousands of dollars)

	2018	2017 Restated Note 4
Accumulated remeasurement gains (losses), beginning of year	\$ -	\$ -
Unrealized gains (losses) attributed to investments	-	-
Amounts reclassified to the Statement of Operations – investments	-	-
Net change in accumulated remeasurement gains (losses) for the year	-	-
Accumulated remeasurement gains (losses), end of year	\$ -	\$ -

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

CANADIAN MUSEUM OF HISTORY

Statement of Changes in Net Assets

For the year ended March 31

(In thousands of dollars)

	Unrestricted	Restricted for permanent exhibit renewal	Investment in capital assets	Accumulated remeasurement gains	2018	2017 Restated Note 4
Net assets, beginning of year, restated	\$ 9,940	\$ 15,000	\$ 40,868	\$ -	\$ 65,808	\$ 64,728
Net result of operations	873	(42)	-	-	831	1,080
Accumulated remeasurement gains (losses)	-	-	-	-	-	-
Net assets, end of year	\$ 10,813	\$ 14,958	\$ 40,868	\$ -	\$ 66,639	\$ 65,808

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

CANADIAN MUSEUM OF HISTORY

Statement of Cash Flows

For the year ended March 31

(In thousands of dollars)

	2018	2017
Operating activities		
Cash receipts from clients and other receivables	\$ 24,550	\$ 20,387
Cash receipts from parliamentary appropriations	63,648	62,534
Cash paid to and on behalf of employees	(36,690)	(34,905)
Cash paid to suppliers	(56,040)	(54,630)
Restricted contributions and related investment income	2,542	4,968
Interest received	1,568	1,557
Net cash through operating activities	(422)	(89)
Investing activities		
Principal repayments of investments	231	9,964
Increase in investments and restricted investments	(4,897)	(21,522)
Decrease in investments and restricted investments	4,795	4,718
Net cash through investing activities	129	(6,840)
Capital activities		
Acquisition of capital assets	(8,160)	(21,298)
Financing activities		
Parliamentary appropriations for the acquisition of capital assets	10,123	15,431
Increase (decrease) in cash and restricted cash	1,670	(12,796)
Cash and restricted cash, beginning of year		
Cash	4,449	20,481
Restricted cash	5,078	1,842
	9,527	22,323
Cash and restricted cash, end of year		
Cash	9,376	4,449
Restricted cash	1,821	5,078
	\$ 11,197	\$ 9,527

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

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(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, fund raising, commercial activities, finance and administration, human resources and information systems.

Travel, hospitality, conference and event expenditures

In July 2015, the Corporation, along with other federal Crown corporations, was issued a directive (P.C. 2015-1105) pursuant to section 89 of the *Financial Administration Act* to a) align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and b) to report on the implementation of this directive in the Corporation’s corporate plan.

Effective March 31, 2016, the Corporation has aligned its policies and practices to the Treasury Board instruments and reported on its compliance with this directive in the 2017-18 corporate plan.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

2. Significant accounting policies

The 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.

Significant accounting policies are as follows.

(a) Financial assets and financial liabilities

Restricted and non-restricted investments are bonds and guaranteed investment certificates and are measured at amortized cost using the effective interest rate method through the Statement of Operations.

Transaction costs related to the acquisition of investments are added to the amortized cost.

Financial instruments are tested annually for impairment at the financial statement date, and any permanent impairment is reflected in the Statement of Operations.

Cash is composed of deposits with financial institutions that can be withdrawn without prior notice or penalty.

Accounts receivable, accounts payable and accrued liabilities: After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method through the Statement of Operations.

(b) Inventories

Inventories, which consist of materials for the boutiques and publications, are valued at the lower of cost and net realizable value.

(c) Collections

The artifact collections form the largest part of the assets of the Corporation and are presented in the Statement of Financial Position at a nominal value of \$1, due to the practical difficulties of determining a meaningful value for these assets.

Objects purchased for the collections of the Corporation are recorded as an expense in the year of acquisition.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

2. Significant accounting policies (continued)

(d) Capital assets

Capital assets owned by the Corporation are recorded at cost, net of accumulated amortization. Buildings owned by the Government of Canada, which are under the administrative control of the Corporation, are recorded at their estimated historical cost, less accumulated amortization. Lands owned by the Government of Canada, which are under the administrative control of the Corporation, are recorded at their estimated historical cost with a corresponding amount credited directly to the net assets of the Corporation.

Permanent exhibits represent costs that are directly attributable to the exhibit and meet the definition of a capital asset. They may include employee salaries and benefits, professional service fees, permanent exhibit and building structures as well as images and copyright.

Work in progress represents the costs incurred to date on a capital project that is incomplete and not in use, or for system implementations, when the system is not in production at the end of an accounting period. Incomplete capital projects are not amortized.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets as follows:

Asset	Useful life
Buildings	40 years
Building improvements	10 years
Technical and informatics equipment	5 and 8 years
Office furniture and equipment	8 years
Motor vehicles	5 years
Permanent exhibits	10 years

(e) Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated using rates at March 31. Realized gains and losses resulting from foreign currency translation are reported on the Statement of Operations.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

2. Significant accounting policies (continued)

(f) Employee future benefits

(i) Pension benefits

Eligible employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

(ii) Sick leave, severance and post-retirement benefits

The Corporation provides sick leave benefits for employees that accumulate but do not vest. The Corporation recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits.

Eligible employees were entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits was accrued as the employees rendered the services necessary to earn them. Since April 1, 2013 employees no longer accumulate severance benefits upon resignation or retirement. Consequently, eligible employees were given the choice to receive their severance benefit payment immediately, defer the payment until retirement or a combination of the two options, based on their continuous years of service with the Corporation as of March 31, 2013. The severance benefit liability represents the portion that employees chose to defer.

The Corporation provides unfunded defined benefit health and dental care plans for eligible retirees and employees.

The cost of the accrued benefit obligations earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimates of future costs and events. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. Actuarial gains (losses) are recognized on a systematic basis over the remaining service life of active employees covered by these benefits.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

2. Significant accounting policies (continued)

(g) Revenue recognition

(i) Museum operations

Revenues from Museum operations include the sale of general admissions and programmes, facility rentals, events and concessions, boutique sales, parking, travelling exhibits, memberships and other revenues. They are recognized in the year in which the sale of goods is completed or the services are provided.

(ii) Interest on cash and investments

Interest on cash and investments is recognized in the year it is earned.

(iii) Cash donations, sponsorships and contributions

Unrestricted donations, sponsorships and contributions are recognized as revenue on the Statement of Operations when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, sponsorships and contributions are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the year in which the related obligations are fulfilled and the related expenses are recognized. Restricted investment income is recognized as revenue in the year that the related expenses are recognized.

Contributions which are externally restricted for the purchase of depreciable capital assets are deferred and recognized as revenue on the same basis and over the same periods as the related capital assets acquired.

(iv) In-kind sponsorships and artifact donations

Revenues and offsetting expenses from goods and services received in-kind are recorded at fair value upon receipt. Artifact donations are recorded as revenue at fair value in the period when the last of three specific criteria are met i) the artifact donation has been approved by the Corporation's Collections Acquisition Committee ii) legal transfer has taken place between the donor and the Corporation and iii) a fair value has been assigned to the artifact donation. The recording of artifact donations results in an offsetting expense to collection acquisitions.

(v) Volunteer services

Volunteers contribute a significant number of hours of service per year. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

2. Significant accounting policies (continued)

(g) Revenue recognition (continued)

(vi) Parliamentary appropriations

The Government of Canada provides contribution funding to the Corporation through Parliamentary appropriations.

Parliamentary appropriations which are externally restricted for the purchase of capital assets subject to amortization are deferred and recognized as revenue on the same basis and over the same periods as the related capital assets acquired.

Parliamentary appropriations restricted for specific projects are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the period that those expenses are incurred. Parliamentary appropriations that are not restricted to a specific purpose are recognized as revenue in the Statement of Operations in the period for which the appropriation is authorized.

(h) 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.

(i) 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 year. 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.

(j) Related party transactions

(i) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- Inter-entity transactions are measured at the exchange amount when undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

2. Significant accounting policies (continued)

(j) Related party transactions (continued)

(i) Inter-entity transactions (continued)

- Goods or services received without charge between commonly controlled entities, when used in the normal course of the Corporation's operations and would otherwise have been purchased, are recorded as revenues and expenses at their estimated fair value.

(ii) Other related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

3. Adoption of new accounting standards

The Public Sector Accounting Board (PSAB) issued new accounting standards effective for fiscal years beginning on or after April 1, 2017.

As a result, the Corporation adopted an accounting policy for Inter-entity transactions (PS 3420). This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient's perspective. The adoption of this new standard did not result in any financial impact on the Corporation's financial statements. See Note 2(j)(i) for the Corporation's inter-entity transactions accounting policy.

The Corporation also adopted the new accounting standards Related party disclosures (PS 2200), Contingent assets (PS 3320) and Contractual rights (PS 3380). These new accounting standards only impact note disclosures. The adoption of PS 2200 and PS 3320 did not result in a significant impact on the disclosures included in the Corporation's financial statements. The adoption of PS 3380 required additional information to be disclosed, see Note 19 for Contractual rights and obligations disclosure.

4. Change in accounting policy

On April 1, 2012, as of PSAS transition, the Corporation elected the fair value classification for its investments and restricted investments, as it was managing and evaluating its portfolio on that basis. Consequently, the unrealized gains or losses arising from changes in the fair value of its portfolio were recognized through the Statements of Remeasurement Gains and Losses at each period end.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

4. Change in accounting policy (continued)

As of April 1, 2017, the Corporation reviewed its accounting policy regarding the classification of its portfolio under the Canadian public sector accounting standards applicable to government-not-for-profit organizations to determine if existing classifications remain appropriate based on the nature of the remaining investments held.

Since 2017, the vast majority of investments in its portfolio were fixed income in nature and have an expectation of minimal fluctuations between cost and market value, the Corporation determined that it would no longer manage and evaluate its portfolio on a fair value basis. In this regard, the Corporation is required under PSAS to change its classification of its portfolio and value it at amortized cost whereby all investments and restricted investments will be measured using the effective interest method as of the financial statement date. This change in accounting policy has been applied retroactively. Consequently, the Statement of Remeasurement Gains and Losses will no longer exist.

The impact of this accounting policy change on the comparative figures, including reclassification changes to conform to the presentation adopted in the current year, is as follows:

	March 31, 2017 As previously stated	Adjustments	March 31, 2017 Restated
Statement of Financial Position			
Current assets:			
Restricted investments	-	1,002	1,002
Investments	3,770	(51)	3,719
Long-term assets:			
Restricted investments	12,683	(1,195)	11,488
Investments	54,853	(1,621)	53,232
Liabilities:			
Deferred contributions	12,402	(31)	12,371
Deferred contributions – National Collection Fund	10,651	(162)	10,489
Net assets:			
Unrestricted	9,918	22	9,940
Accumulated remeasurement gains	1,694	(1,694)	-
Statement of Operations			
Revenues:			
Net investment income	4,155	(35)	4,120

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

4. Change in accounting policy (continued)

Statement of Remeasurement Gains and Losses

Accumulated remeasurement gains (losses), beginning of year	3,989	(3,989)	-
Unrealized gains (losses) attributed to investments	(538)	538	-
Amounts reclassified to the Statement of Operations - investments	(1,757)	1,757	-
Net change in accumulated remeasurement gains (losses) for the year	(2,295)	2,295	-
Accumulated remeasurement gains (losses), end year	1,694	(1,694)	-

Statement of Changes in Net Assets

Net assets, beginning of year	68,660	(3,932)	64,728
Net results of operations	1,115	(35)	1,080
Net change in accumulated remeasurement gains (losses)	(2,295)	2,295	-
Net assets, end of year	67,480	(1,672)	65,808

5. Restricted cash and investments

Restricted assets reflect the Corporation's practice to designate assets required for future obligations, as follows:

	2018	2017 Restated Note 4
Deferred contributions from non-government sources	\$ 3,944	\$ 7,079
Deferred contributions - National Collection Fund (note 11)	10,295	10,489
	\$ 14,239	\$ 17,568

Restricted cash and investments consist of the following:

	2018	2017 Restated Note 4
Restricted cash	\$ 1,821	\$ 5,078
Guaranteed investment certificates	3,173	3,173
Corporate and government bonds	9,245	9,317
	14,239	17,568
Short-term restricted cash and investments	(3,629)	(6,080)
Long-term portion	\$ 10,610	\$ 11,488

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

5. Restricted cash and investments (continued)

At March 31, 2018, the Corporation held guaranteed investment certificates and long-term bonds with a face value of \$12,186 (2017 - \$12,249), annual yield percentages ranging from 1.81% to 2.80% (2017 – 1.81% to 2.80%), and maturity dates ranging from September 8, 2018 to June 15, 2024 (2017 - September 8, 2017 to June 15, 2024). The fair value of restricted investments is \$12,384 (2017 - \$12,683).

Additional assets, included in cash and investments (note 6), totalling \$18,054 (2017 - \$15,256) are related to deferred parliamentary appropriations (notes 10 and 12).

6. Investments

	2018	2017 Restated Note 4
Corporate and government bonds	\$ 41,868	\$ 41,815
Guaranteed investment certificates	14,900	14,900
Master Asset Vehicle notes	-	236
	56,768	56,951
Portion maturing in the next fiscal year	(3,755)	(3,719)
Long-term portion	\$ 53,013	\$ 53,232

Bonds and guaranteed investment certificates

At March 31, 2018, the Corporation held corporate and government bonds and guaranteed investment certificates with a face value of \$56,310 (2017 - \$56,111), annual yield percentages ranging from 1.29% to 4.1% (2017 - 1.72% to 4.1%), and maturity dates ranging from December 15, 2018 to June 2, 2025 (2017 - June 1, 2017 to June 2, 2025). The fair value of investments is \$57,162 (2017 - \$58,623).

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

7. Collections

The Corporation maintains the material culture collections of artifacts, objects, specimens and their related information. These collections are developed by various research areas within the Corporation. The collections are divided into the following seven discipline-related groups:

Ethnology - ethnographic and fine art collections principally related to North American First Peoples in post-European contact

Folk Culture - folk culture and fine craft collections illustrating the diversity of cultural influences on Canadian culture

History - collections which illustrate the experience of the common person as well as famous Canadians

Canadian Children's Museum - collections which emphasize intercultural understanding and experience, as well as supporting a rich animation programme

Living History - collection of properties, costumes and didactic resources which are used by animators, educators and other staff to promote and enliven the Museum's programming

Canadian War Museum - collections of weapons and technological artifacts illustrating the development of military technologies, dress and insignia collections of uniforms, medals, accoutrements and regalia of the Canadian Armed Forces and its allies, and war art collections of paintings, drawings, prints and sculptures from the Canadian War Artist programmes and modern art works illustrating Canadian Peacekeeping efforts

Archaeology - archaeological collections of material culture, physical anthropology, flora and fauna recovered from dig sites and principally illustrating indigenous North American culture prior to European contact.

During the fiscal year ended March 31, 2018, the Corporation purchased \$4,311 (2017 - \$466), and acquired through donation \$2,053 (2017 - \$811), of items for this collection.

In the year, the Corporation acquired through purchase the Mike Wilson and Debra Thuet Ultimate Leaf Fan Collection valued at \$1,942. In addition, three Victoria Cross medal sets were purchased for a total of \$1,560.

The Corporation did not record any revenues for the fiscal years ended March 31, 2018 or 2017 related to the sales of collection items.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

8. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 40,868	\$ -	\$ 40,868	\$ 40,868
Buildings	356,909	211,359	145,550	154,473
Building improvements	76,173	61,549	14,624	15,821
Technical and informatics equipment	8,275	4,893	3,382	3,064
Office furniture and equipment	1,033	561	472	215
Motor vehicles	373	212	161	220
Permanent exhibits	32,835	2,654	30,181	252
Work in progress	3,489	-	3,489	32,268
	\$ 519,955	\$ 281,228	\$ 238,727	\$ 247,181

The current year amortization expense is \$16,502 (2017 - \$14,192). Most of the expense \$13,629 (2017 - \$13,809) is allocated to accommodation expenses as it relates to the actual amortization of buildings and building improvements. Cost and accumulated amortization at March 31, 2017 amount to \$513,800 and \$266,619 respectively.

During the year, out-of-use assets with an original book value of \$1,893 were removed from this schedule.

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as follows:

	2018	2017
Trade accounts payable	\$ 8,862	\$ 7,436
Government departments, agencies and crown corporations	3,694	2,906
Accrued salaries and benefits	3,511	4,720
Current portion of employee future benefits (note 13)	134	190
	\$ 16,201	\$ 15,252

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

10. 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 fiscal year were as follows:

	Non- government sources	Parliamentary appropriations	2018	2017 Restated Note 4
Balance, beginning of year, restated	\$ 7,079	\$ 5,292	\$ 12,371	\$ 7,755
Additions				
Amounts received during the year	1,495	2,465	3,960	7,389
Deferred investment income	107	-	107	80
	1,602	2,465	4,067	7,469
Deductions				
Amounts recognized as revenue	(4,651)	(1,630)	(6,281)	(2,853)
Balance, end of year	\$ 4,030	\$ 6,127	\$ 10,157	\$ 12,371

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

11. 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 removed from the National Collection Fund upon acquisition of selected artifacts.

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

	Parliamentary appropriations	Non- government entities	2018	2017 Restated Note 4
Balance, beginning of year, restated	\$ 8,922	\$ 1,567	\$ 10,489	\$ 10,367
Additions				
Amounts received during the year	-	9	9	1
Deferred investment income	180	32	212	214
	180	41	221	215
Deductions				
Amounts recognized as revenue	-	(415)	(415)	(93)
	-	(415)	(415)	(93)
Balance, end of year	\$ 9,102	\$ 1,193	\$ 10,295	\$ 10,489

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

12. Deferred contributions related to capital assets

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

	<u>Used for acquisitions</u>		<u>To be used</u>	2018	2017
	<u>Non- government sources</u>	<u>Parliamentary appropriations</u>	<u>for capital asset acquisitions</u> <u>Parliamentary appropriations</u>		
Balance, beginning of year	\$ 1,840	\$ 204,303	\$ 9,964	\$ 216,107	\$ 217,171
Additions					
Capital asset acquisitions	-	7,364	-	7,364	18,995
Parliamentary appropriations deferred for capital asset acquisitions in future years	-	-	4,923	4,923	6,832
	-	7,364	4,923	12,287	25,827
Deductions					
Amount used during the year	(66)	(16,404)	(2,961)	(19,431)	(26,891)
Balance, end of year	\$ 1,774	\$ 195,263	\$ 11,926	\$ 208,963	\$ 216,107

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

12. Deferred contributions related to capital assets (continued)

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.

13. Employee future benefits

Information, measured as at the Statement of Financial Position date, is as follows:

	Other post- retirement benefits	Accumulated sick leave benefit liability	Severance benefits	2018	2017
Balance, beginning of year	\$ 8,235	\$ 355	\$ 576	\$ 9,166	\$ 6,032
Expense for the year	855	346	53	1,254	3,599
Benefit usage and benefit payments	(239)	(263)	(213)	(715)	(465)
Balance, end of year	8,851	438	416	9,705	9,166
Less: current portion	-	-	(134)	(134)	(190)
Long-term portion	\$ 8,851	\$ 438	\$ 282	\$ 9,571	\$ 8,976

(a) Other post-retirement benefits

On July 1, 2006, the Corporation introduced defined benefit post-retirement health care and dental benefit plans for eligible employees. The cost of this plan is charged to income as benefits are earned by employees on the basis of service rendered. The plans are unfunded resulting in a plan deficit equal to the accrued benefit obligation. Actuarial gains (losses) are recognized on a systematic basis over the remaining service life of active employees covered by these post-retirement benefits which is 12.5 years.

On January 1, 2017, the Corporation made an amendment to the post-retirement benefit plan. The cost of this amendment related to prior period employee service is recognised in the period of the plan amendment.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

13. Employee future benefits (continued)

(b) Accumulated sick leave benefit liability

The cost of the accrued benefit obligations related to sick leave entitlement earned by employees is actuarially determined using the projected benefit method. Actuarial gains (losses) are recognized on a systematic basis over the remaining service life of active employees covered by these sick leave benefits which is 12.5 years.

(c) Severance benefits

This benefit is unfunded and thus has no assets, resulting in a deficit equal to the accrued benefit obligation. Actuarial gains (losses) are recognized on a systematic basis over the remaining service life of active employees covered by these severance benefits which is 7.7 years.

(d) Accrued benefit obligation

The most recent actuarial valuation for other post-retirement benefits, sick leave and severance benefits was completed by an independent actuary as at March 31, 2018. The Corporation measures its accrued benefit obligation for accounting purposes as at March 31 of each year.

A reconciliation of the accrued benefit obligation and liability is as follows:

	2018	2017
Accrued benefit obligation, beginning of year	\$ 11,680	\$ 7,807
Current service cost	774	633
Prior period cost of plan amendment incurred during the year	-	2,646
Interest costs	263	163
Actuarial loss	96	896
Benefits paid	(715)	(465)
Accrued benefit obligation, end of year	12,098	11,680
Unamortized actuarial losses	(2,393)	(2,514)
Accrued benefit liability, end of year	9,705	9,166
Less: current portion of employee future benefits (note 9)	(134)	(190)
	\$ 9,571	\$ 8,976

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

13. Employee future benefits (continued)

(d) Accrued benefit obligation (continued)

The significant actuarial assumptions used are as follows:

	2018	2017
Discount rate used to determine accrued benefit obligation:		
Post-retirement benefits	2.22%	2.33%
Severance and sick leave benefits	2.10%	1.60%
Inflation	2.0%	2.0%
Rate of increase in dental benefit costs	8% every 4 years	8% every 4 years
Rate of increase in health care benefit costs	8% every 4 years	8% every 4 years
Real wage increase	1% for the first 10 years	1% for the first 10 years

(e) Pension benefits

All eligible employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The Government of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on when the employee joined the plan. For plan start dates before January 1, 2013, the Corporation's contribution rate effective at year end was 1.01 times the employee's contribution (2017 – 1.01); and for plan start dates after December 31, 2012, the Corporation's contribution rate effective at year end was 1.00 times the employee's contribution (2017 – 1.00).

The Museum's and employees' contributions to the Plan for the year were as follows:

	2018	2017
Corporation's contributions	\$ 3,112	\$ 3,020
Employees' contributions	2,834	2,531

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

13. Employee future benefits (continued)

(e) Pension benefits (continued)

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada / Québec Pension Plan benefits and they are indexed to inflation.

14. Donations and sponsorships

Donations and sponsorships revenue is composed of:

	2018	2017
Cash donations and sponsorships	\$ 6,564	\$ 1,225
In-kind sponsorships and artifact donations	2,053	823
	\$ 8,617	\$ 2,048

15. Net investment income

Net investment income is composed of:

	2018	2017 Restated Note 4
Interest	\$ 1,725	\$ 1,592
Gain (loss) on investments	(5)	2,528
	\$ 1,720	\$ 4,120

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

16. Parliamentary appropriations

Parliamentary appropriations recognized as revenue:

	2018	2017
Main Estimates amount provided		
for operating and capital expenses	\$ 71,601	\$ 66,199
Supplementary estimates and transfers ¹	2,413	11,547
Total Parliamentary appropriations approved in year	74,014	77,746
Less current year Parliamentary appropriations not recognized as revenue:		
Used for capital asset acquisitions	(4,403)	(6,296)
Deferred for future capital asset acquisitions	(4,923)	(6,832)
Restricted for specific purposes	(2,466)	(2,765)
Add prior year Parliamentary appropriations recognized as revenue in current year:		
Amortization of deferred capital funding	16,404	14,126
Restricted amounts used in current year	1,630	1,909
Parliamentary appropriations recognized as revenue	\$ 80,256	\$ 77,888

¹ 2016-17 supplementary estimates and transfers include funding approved under Budget 2016. This included non-recurring funding of \$7.2 million to address the accumulated Payment in lieu of taxes (PILT) payable.

17. Related party transactions

The Corporation is related to all Government of Canada departments, agencies and Crown corporations, as well as key management personnel having authority and responsibility for planning, directing and controlling the activities of the Corporation. This includes senior management, all members of the Board of Trustees and immediate family members thereof. The Corporation enters into transactions with these parties in the normal course of business. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Corporation incurred expenses totalling \$14,081 (2017 - \$14,032) primarily related to payments in lieu of property taxes and employer contributions to employee benefits. The Museum recorded operations revenue of \$904 (2017 - \$884) with related parties.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

17. Related party transactions (continued)

As at March 31, the Corporation had the following balances on the statement of financial position related to transactions with this category of related party:

	2018	2017
Appropriations receivable	\$ 243	\$ -
Refundable taxes	562	962
Other receivables	556	229
Accounts payable and accrued liabilities	3,694	2,906
Deferred revenues	155	34

18. Contingencies

No amount has been included in the Statement of Financial Position for contingent liabilities.

19. Contractual rights and obligations

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. Contractual obligations are obligations that will become liabilities in the future when the terms of those contracts or agreements are met.

As at March 31, 2018, the Corporation's contractual rights arise due to revenue contracts entered into which include donations and sponsorships, facility rental, events and food concessions and travelling exhibits.

The Corporation's contractual obligations arise due to supplier agreements entered into which include information technology, building operations and maintenance, security and point-of-sale outsource services.

The future minimum annual payments are as follows:

	Contractual Rights	Contractual Obligations
2018-19	\$ 2,407	\$ 16,898
2019-20	1,237	9,684
2020-21	442	5,900
2021-22	623	2,321
2022-23	300	55
2023 +	900	87
	<u>\$ 5,909</u>	<u>\$ 34,945</u>

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

20. Financial risk management

The Corporation has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board of Trustees ensures that the Corporation has identified its major risks and developed responses to mitigate their impact. The Audit Committee oversees the Corporation's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk. The Audit Committee reports regularly to the Board of Trustees on its activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of accounts receivable, cash, restricted cash and investments and long-term investments.

The maximum exposure to credit risk of the Corporation at March 31, 2018 is the carrying value of these assets.

(i) Accounts receivable

The Corporation's exposure to credit risk associated with accounts receivable is assessed as being low mainly due to the demographics of the Corporation's debtors, including the type of debtor and the country in which the debtor operates.

The maximum exposure to credit risk for accounts receivable by type of customer as at March 31 is as follows:

	2018	2017
Government of Canada	\$ 1,366	\$ 1,201
Other governments	701	1,023
Consumers	277	269
	2,344	2,493
Financial institutions	570	354
	\$ 2,914	\$ 2,847

The Corporation seeks to reduce its credit exposure by performing credit checks on customers in advance of providing credit and obtaining deposits or prepayments where deemed appropriate.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

20. Financial risk management (continued)

(a) Credit risk (continued)

(i) Accounts receivable (continued)

The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable and is based on specific accounts considering the Corporation's knowledge of the financial condition of its customers, the aging of accounts receivable, and other applicable factors. Accounts receivable from governments comprise more than 88% (2017 - 89%) of the Corporation's accounts receivable, excluding interest, and no allowance has been provided for related to these amounts.

An aging of accounts receivable is as follows:

	2018	2017
Less than 30 days past billing date	\$ 2,010	\$ 1,867
30 to 60 days past billing date	296	378
61 to 90 days past billing date	1	208
Greater than 90 days past billing date	37	40
	2,344	2,493
Interest receivable	570	354
	\$ 2,914	\$ 2,847

(ii) Cash, investments and restricted cash and investments

The Corporation manages its credit risk surrounding cash, restricted cash and investments and long-term investments by dealing solely with reputable banks and financial institutions, and utilizing an investment policy to guide their investment decisions. The Corporation invests surplus funds to earn investment income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements.

Credit risk is minimized substantially by ensuring that assets are invested in instruments that are securities of or guaranteed by the Canadian federal and provincial governments and Canadian Schedule 1 Banks.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation is not subject to significant price risk.

CANADIAN MUSEUM OF HISTORY

Notes to the Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

20. Financial risk management (continued)

(b) Market risk (continued)

(i) Currency risk

The Corporation operates primarily within Canada, but in the normal course of operations is party to exchange of exhibits and collections on an international basis, as well as holding cash and investments denominated in foreign currencies. Foreign exchange risk arises from exhibit and collection related transactions denominated in a currency other than the Canadian dollar, which is the functional currency of the Corporation. The currencies in which these transactions primarily are denominated are the Canadian dollar, the US dollar and the Euro.

The Corporation believes that it is not subject to significant foreign exchange risk from its financial instruments due to relatively low frequency and dollar value of foreign currency denominated transactions.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. The Corporation's investments include both fixed rate bonds and floating rate notes.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

As at March 31, 2018 had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the Corporation's financial instruments would have decreased or increased by a net amount of approximately \$2,227 (2017 - \$2,476), approximately 3.20% of the fair value of investments (2017 – 3.46%).

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due.

The Corporation manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing, capital and financing activities.

All of the Corporation's financial liabilities have contractual maturities of less than 365 days.

CANADIAN MUSEUM OF HISTORY

Schedule 1 - Operating Revenues

Year ended March 31, 2018
(In thousands of dollars)

	2018	2017
General admission and programmes	\$ 8,864	\$ 6,665
Facility rental, events and concessions	3,387	3,059
Boutique sales	2,570	2,089
Parking	2,168	1,979
Memberships	522	389
Travelling exhibits	443	318
Other	326	434
	\$ 18,280	\$ 14,933

Schedule 2 - Expenses

Year ended March 31, 2018
(In thousands of dollars)

	2018	2017
Personnel costs	\$ 39,337	\$ 39,499
Amortization of capital assets	16,502	14,192
Payments in lieu of property taxes	9,565	9,261
Building operations	7,064	6,039
Collection acquisitions (note 7)	6,364	1,277
Professional and special services	4,562	4,202
Exhibit fabrication and rental	4,110	4,302
Online programs assistance	3,717	4,008
Repairs and maintenance	3,311	2,912
Utilities	2,957	3,029
Marketing and advertising	2,869	1,736
IT infrastructure and systems	2,337	2,269
Materials and supplies	1,619	1,771
Cost of goods sold	1,354	1,140
Travel and hospitality	1,313	1,111
Rentals and leases	286	310
Royalties	81	195
Other	694	656
	\$ 108,042	\$ 97,909