

CANADIAN MUSEUM OF HISTORY

Quarterly Financial Statements

For the six-month period ended September 30, 2024

Unaudited

NARRATIVE DISCUSSION

These quarterly financial statements must be read in conjunction with the March 31, 2024, 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 continues to be impacted by inflation, reduced tourism and the slow progression of regaining visitor confidence in public space attractions. This has 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, 2024, reflects a surplus of \$1.1 million, compared to a deficit of \$1.4 million for the comparative period of the previous fiscal year.

Parliamentary appropriations for the period total \$45.5 million, compared to \$40.3 million for the same period in the previous fiscal year.

Revenues for the six-month period total \$11.7 million, compared to \$10.2 million for the same period of the previous fiscal year, an increase of \$1.5 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 \$56.1 million, compared to \$51.8 million for the same period of the previous fiscal year, an increase of \$4.3 million. This is partly explained by increases in salary, repairs and maintenance and building operating costs.

STATEMENT OF FINANCIAL POSITION

The Museum's unrestricted net assets as of September 30, 2024, represent \$8.8 million. They were \$7.7 million as of March 31, 2024.

To date, the Museum's restricted net assets totaling \$20 million are for the renewal of permanent exhibition galleries, including the Canadian Children's Museum Renewal project. In 2017–2018, an upgrade to a permanent gallery was completed at the Canadian War Museum.

OUTLOOK

Inflation, reduced tourism and the slow progression of visitor confidence in public space attractions continue to affect the Museum's attendance and operations. The local and North American tourism industry appears to be recovering at a faster pace than what had been predicted. International tourism seems to have a slower recovery. Other strategies have been implemented to increase revenues to almost pre-pandemic levels.

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

The Museum receives an annual base capital funding of \$2.5 million. This 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. 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, Infrastructure and Visitor Services

Gatineau, Quebec

November 21, 2024

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Statement of Financial Position

As at September 30

(In thousands of dollars)

	September 30, 2024	March 31, 2024
Assets		
Current assets		
Cash	\$ 2,069	\$ 15,211
Restricted cash and investments	4,347	4,328
Investments	10,603	20,089
Accounts receivable	2,532	3,407
Inventories	661	665
Prepaid expenses	1,569	1,128
	21,781	44,828
Restricted investments	14,001	13,890
Investments	86,796	75,311
Collections	1	1
Capital assets	179,673	179,785
	\$ 302,252	\$ 313,815
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 14,110	\$ 20,359
Deferred contributions (note 3)	22,984	24,002
Unearned revenues	661	597
	37,755	44,958
Deferred contributions - National Collection Fund (note 4)	11,671	11,471
Deferred contributions related to capital assets (note 5)	160,045	166,878
Employee future benefits	17,496	16,869
Asset retirement obligations	5,164	5,164
	232,131	245,340
Net assets		
Unrestricted	8,785	7,705
Restricted for permanent exhibit renewal	19,642	19,664
Investment in capital assets	40,868	40,868
Accumulated remeasurement gains and (losses)	826	238
	70,121	68,475
	\$ 302,252	\$ 313,815

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	
	2024	2023	2024	2023
Revenues				
Donations and sponsorships (note 6)	\$ 418	\$ 144	\$ 890	\$ 249
Net investments	1,233	915	2,298	1,737
Operating (schedule 1)	4,670	4,603	8,506	8,209
	6,321	5,662	11,694	10,195
Expenses (schedule 2)				
Collect and research	\$ 4,037	\$ 4,257	\$ 7,833	\$ 7,571
Exhibit, educate and communicate	7,110	6,383	15,030	13,312
Accommodation	10,533	9,545	21,504	18,905
Corporate management	5,875	6,067	11,737	12,041
	27,555	26,252	56,104	51,829
Net result of operations before parliamentary appropriations	(21,234)	(20,590)	(44,410)	(41,634)
Parliamentary appropriations (note 7)	24,433	21,382	45,468	40,263
Net result of operations	\$ 3,199	\$ 792	\$ 1,058	\$ (1,371)

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	
	2024	2023	2024	2023
Accumulated remeasurement gains (losses), beginning of period	\$ 290	\$ (532)	\$ 238	\$ (357)
Unrealized gains (losses) attributed to investments	443	(94)	716	(307)
Amounts reclassified to the Statement of Operations - investments	93	39	(128)	77
Net change in accumulated remeasurement gains (losses) for the period	536	(55)	588	(230)
Accumulated remeasurement gains (losses), end of period	\$ 826	\$ (587)	\$ 826	\$ (587)

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 gains (losses)	September 30 2024	September 30 2023
Net assets, beginning of period	\$ 5,575	\$ 19,653	\$ 40,868	\$ 290	\$ 66,386	\$ 64,859
Net result of operations	3,210	(11)	-	-	3,199	792
Net change in accumulated gains (losses)	-	-	-	536	536	(55)
Net assets, end of period	\$ 8,785	\$ 19,642	\$ 40,868	\$ 826	\$ 70,121	\$ 65,596

For the six month period ended	Unrestricted	Restricted for permanent exhibit renewal	Investment in capital assets	Accumulated remeasurement gains (losses)	September 30 2024	September 30 2023
Net assets, beginning of period	\$ 7,705	\$ 19,664	\$ 40,868	\$ 238	\$ 68,475	\$ 67,197
Net result of operations	1,080	(22)	-	-	1,058	(1,371)
Net change in accumulated gains (losses)	-	-	-	588	588	(230)
Net assets, end of period	\$ 8,785	\$ 19,642	\$ 40,868	\$ 826	\$ 70,121	\$ 65,596

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	
	2024	2023	2024	2023
Operating activities				
Cash receipts from clients and other receivables	\$ 6,157	\$ 5,804	\$ 11,379	\$ 10,452
Cash receipts from parliamentary appropriations	13,973	16,907	30,518	29,882
Cash paid to and on behalf of employees	(17,542)	(10,767)	(28,123)	(20,907)
Cash paid to suppliers	(15,590)	(17,639)	(27,509)	(27,009)
Restricted contributions and related investment income	(828)	212	492	481
Interest received	664	943	1,850	1,989
Net cash through operating activities	(13,166)	(4,540)	(11,393)	(5,112)
Investing activities				
Principal repayments of investments	-	-	-	-
Increase in investments and restricted investments	(8,383)	(21,207)	(24,768)	(37,559)
Decrease in investments and restricted investments	6,615	20,247	24,446	35,351
Net cash through investing activities	(1,768)	(960)	(322)	(2,208)
Capital activities				
Acquisition of capital assets	(5,156)	(1,738)	(9,071)	(4,759)
Financing activities				
Parliamentary appropriations for the acquisition of capital assets	6,628	1,231	7,635	3,284
Decrease in cash and restricted cash	(13,462)	(6,007)	(13,151)	(8,795)
Cash and restricted cash, beginning of year				
Cash	14,370	18,593	15,211	20,648
Restricted cash	3,535	2,966	2,383	3,699
	17,905	21,559	17,594	24,347
Cash and restricted cash, end of period				
Cash	2,069	12,374	2,069	12,374
Restricted cash	2,374	3,178	2,374	3,178
	\$ 4,443	\$ 15,552	\$ 4,443	\$ 15,552

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, 2024

(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, 2024

(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, 2024. Accordingly, they should be read in conjunction with the audited annual financial statements. The interim financial statements are unaudited for all periods presented. The accounting policies used in the preparation of these interim condensed financial statements are consistent with those disclosed in the Corporation's last audited annual financial statements.

Contingencies

In the normal course of its operations, the Corporation becomes involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the Corporation's financial statements.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Employee future benefits, artifact donations and the estimated useful lives of capital assets are the most significant items where estimates are used. Actual results could differ significantly from those estimated.

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the six-month period ended September 30, 2024

(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, 2024 (6 months)	March 31, 2024 (12 months)
Balance, beginning of year	\$ 6,903	\$ 17,099	\$ 24,002	\$ 26,026
Additions				
Amounts received during the period	175	-	175	3,141
Deferred investment income	123	-	123	261
	298	-	298	3,402
Deductions				
Amounts recognized as revenue	(646)	(670)	(1,316)	(5,426)
Balance, end of period	\$ 6,555	\$ 16,429	\$ 22,984	\$ 24,002

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the six-month period ended September 30, 2024

(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, 2024 (6 months)	March 31, 2024 (12 months)
Balance, beginning of year	\$ 10,337	\$ 1,134	\$ 11,471	\$ 11,142
Additions				
Amounts received during the period	-	-	-	1
Deferred investment income	180	20	200	391
	180	20	200	392
Deductions				
Amounts recognized as revenue	-	-	-	(63)
Balance, end of period	\$ 10,517	\$ 1,154	\$ 11,671	\$ 11,471

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Notes to the Financial Statements

For the six-month period ended September 30, 2024

(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, 2024 (6 months)	March 31, 2024 (12 months)
	Non- government sources	Parliamentary appropriations	Parliamentary appropriations			
Balance, beginning of year	\$ 1,379	\$ 135,976	\$ 29,523	\$ 166,878	\$ 171,276	
Additions						
Capital asset acquisitions	-	7,435	-	7,435	11,200	
Parliamentary appropriations deferred for capital asset acquisitions in future periods	-	-	-	-	8,500	
	-	7,435	-	7,435	19,700	
Deductions						
Amounts used during the period	(16)	(7,912)	(6,340)	(14,268)	(24,098)	
Balance, end of period	\$ 1,363	\$ 135,499	\$ 23,183	\$ 160,045	\$ 166,878	

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, 2024

(In thousands of dollars)

6. Donations and sponsorships

Donations and sponsorships revenue is composed of:

	September 30, 2024	September 30, 2023
Cash donations and sponsorships	\$ 843	\$ 163
In-kind sponsorships and artifact donations	47	86
	\$ 890	\$ 249

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, 2024	September 30, 2023
Main Estimates amount provided for operating and capital activities	\$ 37,981	\$ 33,166
Less current period Parliamentary appropriations not recognized as revenue:		
Used for capital asset acquisitions	(1,095)	(1,719)
Add prior period Parliamentary appropriations recognized as revenue in current period:		
Amortization of deferred capital funding	7,912	7,604
Restricted amounts used in current period	670	1,212
Parliamentary appropriations recognized as revenue	\$ 45,468	\$ 40,263

CANADIAN MUSEUM OF HISTORY

(Unaudited)

Schedule 1 - Operating Revenues

For the six-month period ended September 30, 2024
(In thousands of dollars)

	Three month period ended		Six month period ended	
	September 30		September 30	
	2024	2023	2024	2023
General admission and programmes	\$ 2,511	\$ 2,447	\$ 4,311	\$ 4,100
Facility rental, events and concessions	780	857	1,700	1,839
Boutique sales	640	626	1,149	1,070
Parking	557	516	1,008	896
Memberships	130	111	248	220
Travelling exhibits	30	19	40	33
Other	22	27	50	51
	\$ 4,670	\$ 4,603	\$ 8,506	\$ 8,209

Schedule 2 - Expenses

For the six-month period ended September 30, 2024
(In thousands of dollars)

	Three month period ended		Six month period ended	
	September 30		September 30	
	2024	2023	2024	2023
Personnel costs	\$ 12,231	\$ 12,030	\$ 25,141	\$ 23,951
Amortization of capital assets	3,978	3,829	7,950	7,658
Payments in lieu of property taxes	2,436	2,242	4,886	4,484
Building operations	1,973	1,881	4,294	3,444
Professional and special services	1,044	728	1,913	1,535
Online programs assistance	953	884	1,909	1,763
Repairs and maintenance	998	773	1,908	1,467
Exhibit fabrication and rental	646	398	1,566	853
Utilities	669	646	1,436	1,342
Marketing and advertising	726	575	1,281	1,088
IT infrastructure and systems	441	496	1,099	1,083
Materials and supplies	383	423	652	754
Cost of goods sold	347	302	609	574
Travel and hospitality	184	136	532	314
Collection acquisitions	224	629	354	1,013
Rentals and leases	74	59	133	116
Royalties	43	18	68	42
Other	205	203	373	348
	\$ 27,555	\$ 26,252	\$ 56,104	\$ 51,829