



Consolidated Financial Statements of

**THE NEW BRUNSWICK MUSEUM
LE MUSÉE DU NOUVEAU-BRUNSWICK**

Year ended March 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Directors of The New Brunswick Museum / Le Musée du Nouveau-Brunswick

We have audited the accompanying consolidated financial statements of The New Brunswick Museum, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of financial operations and changes in fund balances, cash flows and remeasurement gain for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The New Brunswick Museum as at March 31, 2014, and its consolidated results of operations, its consolidated cash flows and consolidated remeasurement gains for the year then ended, in accordance with Canadian public sector accounting standards.

Chartered Accountants

July 18, 2014

Saint John, Canada

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Financial Statements

Year ended March 31, 2014

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These financial statements are also available in French.

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Statement of Financial Position

March 31, 2014, with comparative information for 2013

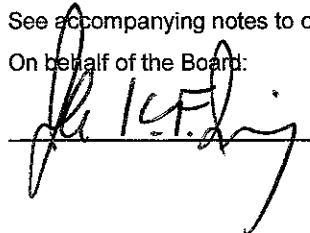
	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2014	2013
Assets						
Current assets:						
Cash	\$ 26,153	\$ -	\$ 5,031	\$ 5,418	\$ 36,602	\$ 6,797
Short-term investments (note 2)	399,305	-	13,184	174,500	586,989	197,940
Accounts receivable:						
Trade	39,869	-	-	-	39,869	64,955
Grants	8,029	-	79,049	8,508	95,586	242,103
Due from Province of New Brunswick	-	-	104,898	-	104,898	290,872
Prepaid expenses	51,439	-	15,024	-	66,463	48,312
Inventory	45,916	-	-	-	45,916	43,480
	570,711	-	217,186	188,426	976,323	894,459
Investments (note 2)	-	-	-	1,850,825	1,850,825	1,629,039
Property and equipment (note 3)	-	35,317	-	-	35,317	45,944
Collection and accessions	2	-	-	-	2	2
	\$ 570,713	\$ 35,317	\$ 217,186	\$ 2,039,251	\$ 2,862,467	\$ 2,569,444

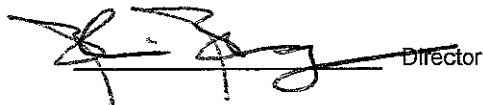
Liabilities and Fund Balances

Current liabilities:						
Cheques issued in excess of funds on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,447
Accounts payable and accrued liabilities	210,001	-	1,799	-	211,800	186,105
Interfund loans	335,113	-	(325,380)	(9,733)	-	-
	545,114	-	(323,581)	(9,733)	211,800	189,552
Fund Balances:						
Unrestricted	25,599	-	-	-	25,599	24,769
Internally restricted	-	-	85,636	44,194	129,830	110,746
Externally restricted	-	-	455,131	-	455,131	386,664
Endowments	-	-	-	1,693,560	1,693,560	1,570,278
Accumulated remeasurement gains	-	-	-	311,230	311,230	241,491
Property and equipment	-	35,317	-	-	35,317	45,944
	25,599	35,317	540,767	2,048,984	2,650,667	2,379,892
	\$ 570,713	\$ 35,317	\$ 217,186	\$ 2,039,251	\$ 2,862,467	\$ 2,569,444

See accompanying notes to consolidated financial statements.

On behalf of the Board:


Director


Director

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Statement of Operations and Changes in Fund Balances

Year ended March 31, 2014, with comparative information for 2013

	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2014	2013
Revenues:						
Grants:						
Provincial	\$ 2,235,000	\$ -	\$ 481,316	\$ -	\$ 2,716,316	\$ 2,708,011
Federal	-	-	49,175	-	49,175	82,878
Interest income	4,308	-	47	59,628	63,983	59,651
Webster Foundation	-	-	-	36,284	36,284	38,835
Museum services (note 5)	182,214	-	23,241	-	205,455	193,338
Other grants	-	-	144,789	-	144,789	142,961
Bequests and donations	-	-	109,333	108,167	217,500	76,265
	<u>2,421,522</u>	<u>-</u>	<u>807,901</u>	<u>204,079</u>	<u>3,433,502</u>	<u>3,301,939</u>
Expenditures:						
Salaries and benefits	1,990,809	-	182,676	-	2,173,485	2,072,852
Materials, supplies and services	461,414	-	495,342	15,650	972,406	1,028,105
Amortization	-	22,971	-	-	22,971	33,404
Collections and accessions	18,092	-	57,843	-	75,935	55,684
Research grants	-	-	3,000	-	3,000	4,000
	<u>2,470,315</u>	<u>22,971</u>	<u>738,861</u>	<u>15,650</u>	<u>3,247,797</u>	<u>3,194,045</u>
Excess (deficiency) of revenues over expenditures	(48,793)	(22,971)	69,040	188,429	185,705	107,894
Gain on sale of investments	-	-	-	15,331	15,331	16,395
Net surplus (deficit)	(48,793)	(22,971)	69,040	203,760	201,036	124,289
Fund balance, beginning of year	24,769	45,944	473,219	1,835,960	2,379,892	2,211,668
	(24,024)	22,973	542,259	2,039,720	2,580,928	2,335,957
Interfund transfers	49,623	12,344	(1,492)	(60,475)	-	-
Remeasurement gains	-	-	-	69,739	69,739	43,935
Fund balance, end of year	\$ 25,599	\$ 35,317	\$ 540,767	\$ 2,048,984	\$ 2,650,667	\$ 2,379,892

See accompanying notes to consolidated financial statements.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 201,036	\$ 124,289
Items not involving cash:		
Amortization	22,971	33,404
Gain on sale of investments	(15,331)	(16,395)
	<u>208,676</u>	<u>141,298</u>
Change in non-cash operating working capital:		
Accounts receivable:		
Trade	25,084	(207)
Grants	146,517	(100,383)
Due from Province of New Brunswick	185,974	(23,947)
Prepaid expenses	(18,151)	8,552
Inventory	(2,436)	(5,096)
Accounts payable and accrued liabilities	25,697	(20,959)
	<u>571,361</u>	<u>(742)</u>
Investments:		
Proceeds from sale of investments	296,083	286,137
Purchase of investments	(821,848)	(304,403)
	<u>(525,765)</u>	<u>(18,266)</u>
Capital activities		
Property and equipment acquired	(12,344)	(29,173)
Increase (decrease) in cash	33,252	(48,181)
Cash, beginning of year	3,350	51,531
Cash, end of year	<u>\$ 36,602</u>	<u>\$ 3,350</u>
Cash at the end of the year consists of:		
Cash	\$ 36,602	\$ 6,797
Cheques issued in excess of funds on deposit	-	(3,447)
	<u>\$ 36,602</u>	<u>\$ 3,350</u>

See accompanying notes to consolidated financial statements.

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Statement of Remeasurement Gains

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Accumulated remeasurement gains, beginning of the year	\$ 241,491	\$ 197,556
Unrealized gains (losses) attributable to:		
Long-term investments		
Fixed income	(10,210)	(3,056)
Equity instruments	79,949	46,991
	69,739	43,935
Accumulated remeasurement gains, end of the year	\$ 311,230	\$ 241,491

See accompanying notes to consolidated financial statements.

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements

Year ended March 31, 2014

The New Brunswick Museum (the "Museum") is incorporated under the laws of the Province of New Brunswick. As New Brunswick's provincial museum, it is the principal repository and steward of material that documents or represents the natural and human history of New Brunswick and other related regions. The Museum works in partnership with institutions and communities to collect, preserve, research and interpret material to foster a greater understanding and appreciation of New Brunswick provincially and globally.

The Museum is registered as a charitable organization under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act the Museum must meet certain requirements within the Act. In the opinion of management these requirements have been met.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. The Museum has elected to apply the section 4200 series for government not-for-profit organizations.

(a) Financial statement presentation:

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Museum, the accounts of the Museum are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into separate funds. These funds are held in accordance with the objectives specified by the Board of Directors (the "Board"), and/or with directives issued by various funding authorities, and/or by donors.

These consolidated financial statements include the accounts of the Museum and its subsidiary, The New Brunswick Museum Foundation, Inc. Foundation amounts are included in the restricted fund.

For financial reporting purposes, the accounts have been classified into the following four groupings.

(i) General Fund:

This fund reflects the day-to-day operating transactions of the Museum.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(a) Financial statement presentation (continued):

(ii) Property and Equipment Fund:

This fund reports the property and equipment owned by the Museum. The Museum's premises are provided by the Province of New Brunswick.

Assets are stated at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Computer equipment	33%
Equipment	20%
Furniture	10%

In the year of acquisition, amortization is calculated over the number of months the related asset is available for use.

(iii) Restricted Fund:

This fund includes amounts received by the Museum which are designated to be for certain restricted activities. Such restricted activities include the following:

Grants - Amounts received from various governments and private agencies to finance specific projects.

Department of Canadian Heritage - Amounts received from the Department of Canadian Heritage for specific projects that foster access by present and future generations of Canadians to their human, natural, artistic and scientific heritage.

Bequests and donations - Amounts received from sources which place specific restrictions on their use.

Internally restricted funds - Amounts restricted by the Board for various activities, including exhibitions and gallery upgrades. This also includes funds received from activities of the staff to assist in financing specific project expenditures.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(a) Financial statement presentation (continued):

(iv) Endowment Fund:

This fund includes amounts held for the long-term benefit of the Museum, the income from which is to be used for various restricted purposes. The Endowment Fund includes the following individual funds whose stated purpose is as follows:

General Donation Fund - All undesignated donations are applied to this Fund upon receipt. Board Resolution may subsequently transfer these donations to the Legacy, Collection or Named Donor Endowment Funds. Principal and income deriving from the Fund may be used for programs or collections of the Museum at the discretion of the Board.

Legacy Endowment Fund - Income from the Legacy Endowment Fund is used to fund programs of the Museum.

Collection Endowment Fund - Income from the Collections Fund is designated for the acquisition of artifacts for the Museum's collection.

Research Endowment Funds

Matthew Research Fund - Established by the Museum in 1987 to support geological research in New Brunswick by non-staff researchers. Research grants are reviewed and approved by Management upon recommendation of the Curator of Geology.

Christie Research Fund - Established by the Museum in 1987 to support research in natural science by non-staff researchers. Research grants are reviewed and approved by Management upon recommendation of the Curator of Zoology.

Named Donor Endowment Funds - These funds comprise individual trusts established to carry out the terms and conditions of certain bequests as required. Disbursements from these trusts are made in accordance with the terms set by the donor.

Webster Fund - Funds received from the Webster Foundation are applied toward certain humanities programs under the General Fund.

Interest income earned on these contributions is classified as externally restricted assets to be applied towards the programs described above. Amounts approved by the Board to be transferred to the General Funds in the following financial year to fund such projects are classified as internally restricted assets.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains until they are realized, when they are transferred to the statement of operations.

Fair value is determined by reference to their quoted bid price. Sales and purchases of investments are recorded on the trade date, transactions costs are expensed.

(c) Revenue recognition:

(i) General revenue:

Grants from the Province of New Brunswick and other government agencies are recognized when there is evidence that an arrangement exists, the services have been provided and collection is reasonably assured. Bequests and donations are recognized when received. Other revenue from sales and services is recognized when the transaction is completed and collection is reasonably assured.

(ii) Investment revenue:

Investment income comprises interest from fixed income investments dividends from equity investments and realized gains on the sale of investments. Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

(d) Inventories:

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs. The cost of inventories comprised all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties and non-recoverable taxes directly attributable to the acquisition of inventory.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(e) Collections and accessions:

Collections and accessions are recorded at a nominal value. Additions to the collections are expensed in the year of acquisition.

The collections of the Museum comprise a wide range of subject matter in the fields of Humanities, Archives and Research Library and Natural Sciences. These collections are relevant to New Brunswick and have been continually acquired since the institution's foundation in 1842. The Humanities holdings, numbering approximately 125,000 artifacts, include history and technology artifacts, cultural and social materials and fine and decorative arts. The Archives and Research Library holds approximately 380 meters of archival material, 35,000 photographs and 46,500 monographs including 500 periodical titles. The Natural Sciences holdings, numbering approximately 360,000 specimens or specimen lots, include geological, paleontological, botanical, mycological and zoological collections.

(f) Contributed Services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(g) Management estimates:

The preparation of financial statements in conformity with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the reporting period. Estimates are used for, but not limited to, provisions for doubtful accounts and inventory obsolescence and amortization. Actual results could differ from those estimates.

2. Investments:

	2014	2013
Short-term investments:		
Treasury bills and mutual funds	\$ 470,969	\$ 35,322
Bonds maturing within one year	116,020	162,618
	\$ 586,989	\$ 197,940
Long-term investments:		
Bonds	\$ 958,569	\$ 899,611
Equities	892,256	729,428
	\$ 1,850,825	\$ 1,629,039

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

3. Property and equipment:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 263,673	\$ 261,390	\$ 2,283	\$ 6,992
Equipment	431,781	401,707	30,074	34,712
Furniture	85,996	83,036	2,960	4,240
	<u>\$ 781,450</u>	<u>\$ 746,133</u>	<u>\$ 35,317</u>	<u>\$ 45,944</u>

4. General Funds Revenues and Expenditures - Detailed Comparison to Budget:

	2014	2014
	Actual	Budget (unaudited)
Revenues:		
Provincial grants	\$ 2,235,000	\$ 2,235,000
Museum services	182,214	188,400
Interest income	4,308	2,500
	<u>2,421,522</u>	<u>2,425,900</u>
Expenditures:		
Salaries and benefits	1,990,626	2,027,364
Operations	264,299	240,000
Marketing and Development	84,869	70,000
Curatorial and Library	53,445	60,000
Exhibition and Technical services	44,026	52,500
Visitor Services	16,800	17,500
Outreach	16,250	10,000
	<u>2,470,315</u>	<u>2,477,364</u>
Deficiency of revenues over expenditures	<u>\$ (48,793)</u>	<u>\$ (51,464)</u>

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

5. Museum services:

Museum services consist of the following revenue and expenditures:

	2014	2013
Revenues:		
Gift Shop, programs and other	\$ 308,418	\$ 293,359
Admissions	98,338	95,525
Facility Rentals	18,193	18,994
Membership	10,029	12,703
	<hr/> 434,978	<hr/> 420,581
Expenditures:		
Gift Shop, programs and other	252,764	233,633
	<hr/> \$ 182,214	<hr/> \$ 186,948

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

6. Financial risks:

(a) Credit risk:

The Museum is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. Specifically, the risk that bond issuers will default on the payment of interest or principal upon maturity, or that the Museum's accounts receivables will not be collected. Credit risk on bonds is largely mitigated by the Museum's investment policy which only allows high quality bonds to be purchased. Credit risk on accounts receivable is mitigated by the fact that 65% of accounts receivable are due from Canadian governments, governmental organizations, or related to the above mentioned bonds.

(b) Currency risk:

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The functional currency of the Museum is the Canadian dollar. The Museum infrequently carries out transactions in U.S. dollars and does not use foreign exchange forward contracts. The investment portfolio of the Museum is held primarily in Canadian bonds and securities and is therefore exposed to minimal currency risk.

(c) Market risk:

The Museum is exposed to market risk through the fluctuation of financial instrument fair values due to changes in market prices.

The Museum has an Investment Fund Policy and the Endowment Fund investments are managed by a professional fund manager. The Investment Policy of the Museum is designed to ensure that the Museum's assets are invested in prudent manner. In order to optimise returns at an appropriate level of risk the Policy provides guidelines for asset quality diversity and asset mix consisting of 0% to 10% cash and equivalent, 50% to 65% fixed income investments and 30% to 50% equities.

(d) Interest rate risk:

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The interest rate exposure of the Museum arises from its interest bearing assets. The Museum has no interest bearing liabilities.

The Museum manages the interest rate risk exposure of its fixed income investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations. Investments in equity securities are not exposed to significant interest rate risk.

Investments mature at varying dates ranging from June 2014 to January 2019 and yield interest at varying rates ranging from 1.85% to 5.161%.