



Consolidated Financial Statements of

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

Year ended March 31, 2016



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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, 2016, the consolidated statements of financial operations and changes in fund balances, cash flows and remeasurement gains 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, 2016, 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.

December 15, 2016
Chartered Professional Accountants
Saint John, Canada

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Financial Statements

Year ended March 31, 2016

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Changes in Fund Balances	2
Consolidated Statement of Cash Flows	3
Consolidated Statement of Remeasurement Gains	4
Notes to the Consolidated Financial Statements	5 - 12

These financial statements are also available in French.

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

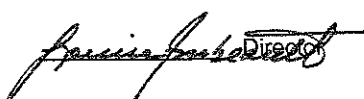

	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2016	2015
Assets						
Current assets:						
Cash	\$ 24,558	\$ —	\$ 5,032	\$ 7,702	\$ 37,292	\$ 22,954
Short-term investments (note 2)	200,800	—	13,272	352,670	566,742	448,862
Accounts receivable:						
Trade	26,738	—	—	—	26,738	42,484
Grants	1,170	—	129,944	9,464	140,578	61,675
Due from Province of New Brunswick	228,611	—	217,184	—	445,795	471,586
Prepaid expenses	52,488	—	12,666	—	65,154	59,117
Inventory	39,776	—	—	—	39,776	53,817
	574,141	—	378,098	369,836	1,322,075	1,160,495
Investments (note 2)	—	—	—	1,775,108	1,775,108	1,760,701
Property and equipment (note 3)	—	28,522	—	—	28,522	19,047
Collection and accessions	2	—	—	—	2	2
	\$ 574,143	\$ 28,522	\$ 378,098	\$ 2,144,944	\$ 3,125,707	\$ 2,940,245

Liabilities and Fund Balances

Current liabilities:						
Accounts payable and accrued liabilities	\$ 193,531	\$ —	\$ 8,899	\$ —	\$ 202,430	\$ 210,882
Interfund loans	353,140	—	(290,575)	(62,565)	—	—
	546,671	—	(281,676)	(62,565)	202,430	210,882
Fund Balances:						
Unrestricted	27,472	—	—	—	27,472	26,427
Internally restricted	—	—	153,398	30,000	183,398	136,764
Externally restricted	—	—	506,376	—	506,376	419,492
Endowments	—	—	—	1,839,740	1,839,740	1,762,730
Accumulated remeasurement gains	—	—	—	337,769	337,769	364,903
Property and equipment	—	28,522	—	—	28,522	19,047
	27,472	28,522	659,774	2,207,509	2,923,277	2,729,363
	\$ 574,143	\$ 28,522	\$ 378,098	\$ 2,144,944	\$ 3,125,707	\$ 2,940,245

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, 2016, with comparative information for 2015

	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2016	2015
Revenues:						
Grants:						
Provincial	\$ 2,656,691	\$ -	\$ 452,014	\$ -	\$ 3,108,705	\$ 3,115,555
Federal	-	-	45,232	-	45,232	213,533
Interest income	3,375	-	43	62,921	66,339	71,467
Webster Foundation	-	-	-	36,690	36,690	38,510
Museum services (note 5)	167,450	-	12,762	-	180,212	161,876
Other grants	-	-	285,134	-	285,134	105,092
Bequests and donations	-	-	60,573	61,050	121,623	77,933
	<u>2,827,516</u>	<u>-</u>	<u>855,758</u>	<u>160,661</u>	<u>3,843,935</u>	<u>3,783,966</u>
Expenditures:						
Salaries and benefits	2,145,691	-	225,812	-	2,371,503	2,181,730
Materials, supplies and services	595,277	-	553,315	17,889	1,166,481	1,508,177
Amortization	-	11,788	-	-	11,788	21,071
Collections and accessions	62,479	-	9,064	-	71,543	49,224
Research grants	-	-	2,500	-	2,500	3,500
	<u>2,803,447</u>	<u>11,788</u>	<u>790,691</u>	<u>17,889</u>	<u>3,623,815</u>	<u>3,763,702</u>
Excess (deficiency) of revenues over expenditures	24,069	(11,788)	65,067	142,772	220,120	20,264
Gain on sale of investments	-	-	-	928	928	4,759
Net surplus (deficit)	24,069	(11,788)	65,067	143,700	221,048	25,023
Fund balance, beginning of year	26,427	19,047	556,256	2,127,633	2,729,363	2,650,667
	<u>50,496</u>	<u>7,259</u>	<u>621,323</u>	<u>2,271,333</u>	<u>2,950,411</u>	<u>2,675,690</u>
Interfund transfers	(23,024)	21,263	38,451	(36,690)	-	-
Remeasurement gains (losses)	-	-	-	(27,134)	(27,134)	53,673
Fund balance, end of year	\$ 27,472	\$ 28,522	\$ 659,774	\$ 2,207,509	\$ 2,923,277	\$ 2,729,363

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, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	\$ 221,048	\$ 25,023
Items not involving cash:		
Amortization	11,788	21,071
Gain on sale of investments	(928)	(4,759)
	<u>231,908</u>	<u>41,335</u>
Change in non-cash operating working capital:		
Accounts receivable:		
Trade	15,746	(2,615)
Grants	(78,903)	33,911
Due from Province of New Brunswick	25,791	(366,688)
Prepaid expenses	(6,037)	7,346
Inventory	14,041	(7,901)
Accounts payable and accrued liabilities	(8,452)	(918)
	<u>194,094</u>	<u>(295,530)</u>
Investments:		
Proceeds from sale of investments	376,025	487,319
Purchase of investments	(534,518)	(200,636)
	<u>(158,493)</u>	<u>286,683</u>
Capital activities		
Property and equipment acquired	(21,263)	(4,801)
	<u>14,338</u>	<u>(13,648)</u>
Increase (decrease) in cash	14,338	(13,648)
Cash, beginning of year	22,954	36,602
Cash, end of year	<u>\$ 37,292</u>	<u>\$ 22,954</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, 2016, with comparative information for 2015

	2016	2015
Accumulated remeasurement gains, beginning of the year	\$ 364,903	\$ 311,230
Unrealized gains (losses) attributable to:		
Long-term investments		
Fixed income	(7,255)	(2,641)
Equity instruments	(19,879)	56,314
	(27,134)	53,673
Accumulated remeasurement gains, end of the year	\$ 337,769	\$ 364,903

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, 2016

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 consolidated 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, 2016

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, 2016

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, 2016

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 consolidated statement of remeasurement gains until they are realized, when they are transferred to the consolidated statement of operations and changes in fund balances.

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 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, 2016

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 380,000 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 consolidated financial statements.

(g) Management estimates:

The preparation of consolidated 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:

	2016	2015
Short-term investments:		
Treasury bills and mutual funds	\$ 270,419	\$ 150,635
Bonds maturing within one year	296,323	298,227
	\$ 566,742	\$ 448,862
Long-term investments:		
Bonds	\$ 730,443	\$ 771,839
Equities	1,044,665	988,862
	\$ 1,775,108	\$ 1,760,701

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

3. Property and equipment:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 190,872	\$ 188,476	\$ 2,396	\$ 3,230
Equipment	440,826	416,921	23,905	13,786
Furniture	87,092	84,871	2,221	2,031
	\$ 718,790	\$ 690,268	\$ 28,522	\$ 19,047

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

	2016	2016
	Actual	Budget (unaudited)
Revenues:		
Provincial grants	\$ 2,656,691	\$ 2,636,000
Museum services	167,450	165,000
Interest income	3,375	4,000
	2,827,516	2,805,000
Expenditures:		
Salaries and benefits	2,145,691	2,150,000
Operations	287,865	300,000
Marketing and Development	91,628	100,000
Curatorial and Library	144,353	120,000
Exhibition and Technical services	69,986	76,000
Visitor Services	12,868	15,000
Outreach	51,056	30,000
	2,803,447	2,791,000
Excess of revenues over expenditures	\$ 24,069	\$ 14,000

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

5. Museum services:

Museum services consist of the following revenue and expenditures:

	2016	2015
Revenues:		
Gift Shop, programs and other	\$ 262,550	\$ 245,341
Admissions	92,655	88,048
Facility Rentals	21,326	13,320
Membership	10,361	11,501
	<u>386,892</u>	<u>358,210</u>
Expenditures:		
Gift Shop, programs and other	219,442	213,677
	<u>\$ 167,450</u>	<u>\$ 144,533</u>

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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 93% 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 April 2016 to June 2021 and yield interest at varying rates ranging from 1.85% to 5.10%.