

Consolidated Financial Statements of

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

Year ended March 31, 2018



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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 / Le Musée du Nouveau-Brunswick (the Museum), which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of 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 Museum as at March 31, 2018, and its consolidated results of operations and changes in fund balances, its consolidated cash flows and consolidated remeasurement gains for the year then ended, in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

Saint John, Canada  
June 25, 2018

# THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Financial Statements

Year ended March 31, 2018

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# THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2018	2017
<b>Assets</b>						
<b>Current assets:</b>						
Cash	\$ 46,773	\$ -	\$ 8,685	\$ 9,339	\$ 64,797	\$ 137,624
Short-term investments (note 2)	275,010	-	-	204,820	479,830	265,759
Accounts receivable:						
Trade	36,313	-	-	9,812	46,125	71,517
Grants	-	-	158,409	-	158,409	291,952
Due from Province	9,596	-	236,198	-	245,794	135,356
Prepaid expenses	64,694	-	850	-	65,544	93,658
Inventories	45,520	-	-	-	45,520	49,673
	477,906	-	404,142	223,971	1,106,019	1,045,539
Investments (note 2)	-	-	-	2,097,245	2,097,245	2,090,458
Property and equipment (note 3)	-	115,618	-	-	115,618	153,395
Collection and accessions	2	-	-	-	2	2
	\$ 477,908	\$ 115,618	\$ 404,142	\$ 2,321,216	\$ 3,318,884	\$ 3,289,394


## Liabilities and Fund Balances

<b>Current liabilities:</b>						
Accounts payable and accrued liabilities	\$ 180,026	\$ -	\$ 300	\$ -	\$ 180,326	\$ 238,889
Interfund loans	309,984	-	(292,769)	(17,215)	-	-
	490,010	-	(292,469)	(17,215)	180,326	238,889
<b>Fund Balances:</b>						
Unrestricted	(12,102)	-	-	-	(12,102)	(77,662)
Internally restricted	-	-	19,834	21,768	41,602	71,309
Externally restricted	-	-	676,777	-	676,777	584,309
Endowments	-	-	-	1,934,130	1,934,130	1,889,220
Accumulated rereasurement gains	-	-	-	382,533	382,533	429,934
Property and equipment	-	115,618	-	-	115,618	153,395
	(12,102)	115,618	696,611	2,338,431	3,138,558	3,050,505
Commitments (note 6)						
	\$ 477,908	\$ 115,618	\$ 404,142	\$ 2,321,216	\$ 3,318,884	\$ 3,289,394

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, 2018, with comparative information for 2017

	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2018	2017
<b>Revenues:</b>						
Grants:						
Provincial	\$ 2,738,160	\$ -	\$ 621,343	\$ -	\$ 3,359,503	\$ 3,323,732
Federal	-	-	36,953	-	36,953	137,724
Interest income	3,093	-	62	63,715	66,870	66,750
Webster Foundation	-	-	-	29,602	29,602	31,443
Museum services (note 5)	199,383	-	42,814	-	242,197	262,740
Other grants	-	-	154,393	-	154,393	189,819
Bequests and donations	-	-	24,020	15,030	39,050	31,313
	<u>2,940,636</u>	<u>-</u>	<u>879,585</u>	<u>108,347</u>	<u>3,928,568</u>	<u>4,043,521</u>
<b>Expenditures:</b>						
Salaries and benefits	2,300,716	-	193,666	-	2,494,382	2,585,601
Materials, supplies and services	572,827	-	613,674	19,537	1,206,038	1,327,816
Amortization	-	54,458	-	-	54,458	56,544
Collections and accessions	38,641	-	3,143	-	41,784	66,217
Research grants	-	-	3,921	-	-3,921	-3,577
	<u>2,912,184</u>	<u>54,458</u>	<u>814,404</u>	<u>19,537</u>	<u>3,800,583</u>	<u>4,039,755</u>
Excess (deficiency) of revenues over expenditures	28,452	(54,458)	65,181	88,810	127,985	3,766
Gain on sale of investments	-	-	-	7,469	7,469	31,297
Net surplus (deficit)	28,452	(54,458)	65,181	96,279	135,454	35,063
Fund balance, beginning of year	(77,662)	153,395	614,374	2,360,398	3,050,505	2,923,277
	(49,210)	98,937	679,555	2,456,677	3,185,959	2,958,340
Interfund transfers	37,108	16,681	17,056	(70,845)	-	-
Remeasurement gains (losses)	-	-	-	(47,401)	(47,401)	92,165
Fund balance, end of year	\$ (12,102)	\$ 115,618	\$ 696,611	\$ 2,338,431	\$ 3,138,558	\$ 3,050,505

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, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Net surplus	\$ 135,454	\$ 35,063
Items not involving cash:		
Amortization	54,458	56,544
Gain on sale of investments	(7,469)	(31,297)
	<u>182,443</u>	<u>60,310</u>
Change in non-cash operating working capital:		
Accounts receivable:		
Trade	25,392	(44,779)
Grants	133,543	(151,374)
Due from Province	(110,438)	310,439
Prepaid expenses	28,114	(28,504)
Inventories	4,153	(9,897)
Accounts payable and accrued liabilities	(58,563)	36,459
	<u>204,644</u>	<u>172,654</u>
Investments:		
Proceeds from sale of investments	364,736	644,396
Purchase of investments	(625,526)	(535,301)
	<u>(260,790)</u>	<u>109,095</u>
Capital activities		
Property and equipment acquired	(16,681)	(181,417)
Increase (decrease) in cash	(72,827)	100,332
Cash, beginning of year	137,624	37,292
Cash, end of year	<u>\$ 64,797</u>	<u>\$ 137,624</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, 2018, with comparative information for 2017

	2018	2017
Accumulated remeasurement gains, beginning of the year	\$ 429,934	\$ 337,769
Unrealized gains (losses) attributable to:		
Long-term investments		
Fixed income	(15,246)	933
Equity instruments	(32,155)	91,232
	(47,401)	92,165
Accumulated remeasurement gains, end of the year	\$ 382,533	\$ 429,934

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, 2018

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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, 2018

### 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, 2018

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### 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, 2018

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### 1. Significant accounting policies (continued):

#### (b) 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.

#### (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) 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.

# THE NEW BRUNSWICK MUSEUM

## LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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### 1. Significant accounting policies (continued):

#### (e) 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.

Financial instruments measured at fair value are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Equities are classified as Level 1 and bonds, treasury bills, and mutual funds are classified as level 2. There were no transfers between Level 1 and Level 2 during the year.

#### (f) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the statement of operations and the unrealized balances are reversed from the statement of measurement gains and losses.

# THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (g) 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.

### (h) Use of estimates:

The preparation of consolidated financial statements 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 useful lives of property and equipment. Actual results could differ from those estimates.

During the year, management established an allowance for doubtful accounts receivable in the general fund totaling nil (2017 - \$ 5,185) and allowance for doubtful accounts receivable in the restricted fund totaling nil (2017 - \$9,050). - - - - -

### (i) Accounting changes:

On April 1, 2017, the Museum adopted the following Canadian public sector accounting standards:

- PS 2200 Related party disclosures, defines a related party and establishes disclosures required for related party transactions.
- PS 3210 Assets, provides guidance for applying the definition of assets in PS 1000, Financial Statement Concepts and establishes general disclosure standards for assets.
- PS 3320 Contingent Assets, establishes disclosure standards on contingent assets.
- PS 3380 Contractual rights, defines and establishes disclosure standards on rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- PS 3420 Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise the reporting entity. This standard provides that inter-entity transactions should generally be recorded at the carrying amount at the transaction date, except in certain circumstances.

The adoption of these standards did not result in an accounting policy change and did not result in any adjustments to the financial statements as at April 1, 2017.

# THE NEW BRUNSWICK MUSEUM

## LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

### 2. Investments:

	2018	2017
Short-term investments:		
Cash, treasury bills and mutual funds	\$ 299,823	\$ 95,323
Bonds maturing within one year	180,007	170,436
	<u>\$ 479,830</u>	<u>\$ 265,759</u>
Long-term investments:		
Bonds	\$ 1,023,981	\$ 983,893
Equities	1,073,264	1,106,565
	<u>\$ 2,097,245</u>	<u>\$ 2,090,458</u>

### 3. Property and equipment:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 245,676	\$ 225,138	\$ 20,538	\$ 34,848
Equipment	580,177	486,033	94,144	116,968
Furniture	87,091	86,155	936	1,579
	<u>\$ 912,944</u>	<u>\$ 797,326</u>	<u>\$ 115,618</u>	<u>\$ 153,395</u>

# THE NEW BRUNSWICK MUSEUM

## LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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

	2018	2018
	Actual	Budget
<b>Revenues:</b>		
Provincial grants	\$ 2,738,160	\$ 2,681,600
Museum services	200,342	185,000
Interest income	3,093	4,500
	<u>2,941,595</u>	<u>2,871,100</u>
<b>Expenditures:</b>		
Salaries and benefits	2,300,716	2,260,682
Operations	278,881	305,000
Marketing and Development	85,701	104,500
Curatorial and Library	111,273	100,000
Exhibition and Technical services	85,586	60,500
Visitor Services	24,706	19,500
Outreach	26,280	30,000
	<u>2,913,143</u>	<u>2,880,182</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>\$ 28,452</u>	<u>\$ (9,082)</u>

#### 5. Museum services:

Museum services consist of the following revenue and expenditures:

	2018	2017
<b>Revenues:</b>		
Gift Shop, programs and other	\$ 315,618	\$ 276,660
Admissions	129,999	123,640
Facility rentals	14,015	17,604
Membership	10,632	10,866
	<u>470,264</u>	<u>428,770</u>
<b>Expenditures:</b>		
Gift Shop, programs and other	270,881	243,066
	<u>\$ 199,383</u>	<u>\$ 185,704</u>

# THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 6. Commitments:

The Museum is committed to payments for the purpose of acquiring an artistic collection through 2023. Annual payments are scheduled as follows: 2019 - \$25,000; 2020 - \$25,000; 2021 - \$25,000; 2022 - \$25,000; and 2023 - \$23,000.

## 7. Related party transactions:

Pursuant to the New Brunswick Museum Act, the Museum and the Province of New Brunswick (Province), including its various ministries, departments and other Crown Corporations are related parties.

During the period, the Museum received \$3,359,503 (2017 - \$3,323,732) in grants from the Province, which are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties:

Contributed services are received from the Province for various unallocated operating costs. The Museum has elected not to recognize these as expenses. The contributed services include, the use of premises, payroll, benefits, including pension, and certain professional services.

Amounts owing from the Province at March 31, 2018 total \$245,794 (2017 - \$135,356) and are included in the due from Province.

## 8. 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 a majority 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 Museum holds \$124,584 in equity securities denominated in USD.



# THE NEW BRUNSWICK MUSEUM

## LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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### 8. Financial risks (continued):

#### (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 2018 to March 2023 and yield interest at varying rates ranging from 1.81% to 3.16%.