



Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2019

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And Independent Auditors' Report thereon

Year ended March 31, 2019



KPMG LLP  
306-133 Prince William Street  
PO Box 2388  
Saint John NB E2L 3V6  
Canada  
Tel (506) 634-1000  
Fax (506) 633-8828

## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the 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, 2019
- the consolidated statement of operations and changes in fund balances for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement gains for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Museum as at March 31, 2019, and its consolidated results of operations, its consolidated cash flows, and its consolidated remeasurement gains for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Museum in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing the Museum's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Museum or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Museum's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Museum's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Museum's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Museum to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Saint John, Canada

December 9, 2019

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

Consolidated Financial Statements

Year ended March 31, 2019

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# THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2019	2018
<b>Assets</b>						
<b>Current assets:</b>						
Cash	\$ 246,653	\$ -	\$ 8,685	\$ 8,166	\$ 263,504	\$ 64,797
Short-term investments (note 2)	331,111	-	-	317,535	648,646	479,830
Accounts receivable:						
Trade	37,135	-	-	10,795	47,930	46,125
Grants	-	-	120,144	-	120,144	158,409
Due from Province	-	-	185,136	-	185,136	245,794
Prepaid expenses	77,594	-	16,540	-	94,134	65,544
Inventories	41,334	-	-	-	41,334	45,520
	733,827	-	330,505	336,496	1,400,828	1,106,019
Investments (note 2)	-	-	-	2,093,190	2,093,190	2,097,245
Property and equipment (note 3)	-	64,412	-	-	64,412	115,618
Collection and accessions	2	-	-	-	2	2
	\$ 733,829	\$ 64,412	\$ 330,505	\$ 2,429,686	\$ 3,558,432	\$ 3,318,884


## Liabilities and Fund Balances

<b>Current liabilities:</b>						
Accounts payable and accrued liabilities	\$ 250,936	\$ -	\$ 799	\$ -	\$ 251,735	\$ 180,326
Interfund loans	441,501	-	(419,631)	(21,870)	-	-
	692,437	-	(418,832)	(21,870)	251,735	180,326
<b>Fund Balances:</b>						
Unrestricted	41,392	-	-	-	41,392	(12,102)
Internally restricted	-	-	15,667	15,303	30,970	41,602
Externally restricted	-	-	733,670	-	733,670	676,777
Endowments	-	-	-	2,023,935	2,023,935	1,934,130
Accumulated remeasurement gains	-	-	-	412,318	412,318	382,533
Property and equipment	-	64,412	-	-	64,412	115,618
	41,392	64,412	749,337	2,451,556	3,306,697	3,138,558
Commitments (note 6)						
Contingencies (note 9)						
	\$ 733,829	\$ 64,412	\$ 330,505	\$ 2,429,686	\$ 3,558,432	\$ 3,318,884

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, 2019, with comparative information for 2018

	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2019	2018
<b>Revenues:</b>						
<b>Grants:</b>						
Provincial	\$ 2,697,500	\$ -	\$ 463,087	\$ -	\$ 3,160,587	\$ 3,359,503
Federal	-	-	46,777	-	46,777	36,953
Interest income	11,101	-	-	67,361	78,462	66,870
Webster Foundation	-	-	-	30,611	30,611	29,602
Museum services (note 5)	214,690	-	23,958	-	238,648	242,197
Other grants	-	-	209,098	-	209,098	154,393
Bequests and donations	-	-	25,451	17,074	42,525	39,050
	2,923,291	-	768,371	115,046	3,806,708	3,928,568
<b>Expenditures:</b>						
Salaries and benefits	2,282,047	-	108,305	-	2,390,352	2,494,382
Materials, supplies and services	582,251	-	590,766	19,960	1,192,977	1,206,038
Amortization	-	51,206	-	-	51,206	54,458
Collections and accessions	51,197	-	23,255	-	74,452	41,784
Research grants	-	-	-	-	-	3,921
	2,915,495	51,206	722,326	19,960	3,708,987	3,800,583
Excess (deficiency) of revenues over expenditures	7,796	(51,206)	46,045	95,086	97,721	127,985
Gain on sale of investments	-	-	-	40,633	40,633	7,469
Net surplus (deficit)	7,796	(51,206)	46,045	135,719	138,354	135,454
Fund balance, beginning of year	(12,102)	115,618	696,611	2,338,431	3,138,558	3,050,505
	(4,306)	64,412	742,656	2,474,150	3,276,912	3,185,959
Interfund transfers	45,698	-	6,681	(52,379)	-	-
Remeasurement gains (losses)	-	-	-	29,785	29,785	(47,401)
Fund balance, end of year	\$ 41,392	\$ 64,412	\$ 749,337	\$ 2,451,556	\$ 3,306,697	\$ 3,138,558

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, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Net surplus	\$ 138,354	\$ 135,454
Items not involving cash:		
Amortization	51,206	54,458
Gain on sale of investments	(40,633)	(7,469)
	148,927	182,443
Change in non-cash operating working capital:		
Accounts receivable:		
Trade	(1,805)	25,392
Grants	38,265	133,543
Due from Province	60,658	(110,438)
Prepaid expenses	(28,590)	28,114
Inventories	4,186	4,153
Accounts payable and accrued liabilities	71,409	(58,563)
	293,050	204,644
Investments:		
Proceeds from sale of investments	424,103	364,736
Purchase of investments	(518,446)	(625,526)
	(94,343)	(260,790)
Capital activities		
Property and equipment acquired	-	(16,681)
Increase (decrease) in cash	198,707	(72,827)
Cash, beginning of year	64,797	137,624
Cash, end of year	\$ 263,504	\$ 64,797

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, 2019, with comparative information for 2018

	2019	2018
Accumulated remeasurement gains, beginning of the year	\$ 382,533	\$ 429,934
Unrealized gains (losses) attributable to:		
Long-term investments		
Fixed income	8,180	(15,246)
Equity instruments	21,605	(32,155)
	<u>29,785</u>	<u>(47,401)</u>
Accumulated remeasurement gains, end of the year	<u>\$ 412,318</u>	<u>\$ 382,533</u>

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, 2019

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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 The New Brunswick Museum Foundation, Inc./Foundation Du Musée Du Nouveau-Brunswick Inc. (NBMF), an entity under common control. NBMF's purpose is to manage fundraising projects for the benefit of the Museum. NBMF's accounts 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, 2019

### 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.

Stonehammer UNESCO Global Geopark - a community-led initiative, with founding support from the New Brunswick Museum. Stonehammer includes a 2,500 square kilometre region in southern New Brunswick. The activities of Stonehammer speak to conservation, preservation, increasing knowledge of and access to New Brunswick's cultural heritage, activities, sites and objects as well as our natural heritage.

As at March 31, 2019, there was shortfall in funding to cover expenses in the amount of \$68,089. Negotiations are underway to address this shortfall.

*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, 2019

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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, 2019

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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, 2019

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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, 2019

### 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.

### 2. Investments:

	2019	2018
<b>Short-term investments:</b>		
Cash, treasury bills and mutual funds	\$ 385,531	\$ 299,823
Bonds maturing within one year	263,115	180,007
	<b>\$ 648,646</b>	<b>\$ 479,830</b>
<b>Long-term investments:</b>		
Bonds	\$ 1,029,705	\$ 1,023,981
Equities	1,063,485	1,073,264
	<b>\$ 2,093,190</b>	<b>\$ 2,097,245</b>

### 3. Property and equipment:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 245,676	\$ 243,996	\$ 1,680	\$ 20,538
Equipment	580,177	518,143	62,034	94,144
Furniture	87,091	86,393	698	936
	<b>\$ 912,944</b>	<b>\$ 848,532</b>	<b>\$ 64,412</b>	<b>\$ 115,618</b>



# THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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

	2019 Actual	2019 Budget
<b>Revenues:</b>		
Provincial grants	\$ 2,697,500	\$ 2,817,500
Museum services	214,690	195,000
Interest income	11,101	3,300
	<u>2,923,291</u>	<u>3,015,800</u>
<b>Expenditures:</b>		
Salaries and benefits	2,282,047	2,436,855
Operations	318,154	276,500
Marketing and Development	85,585	90,000
Curatorial and Library	116,264	86,032
Exhibition and Technical services	83,096	117,000
Visitor Services	21,154	24,500
Outreach	9,195	31,000
	<u>2,915,495</u>	<u>3,061,887</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>\$ 7,796</u>	<u>\$ (46,087)</u>

#### 5. Museum services:

Museum services consist of the following revenue and expenditures:

	2019	2018
<b>Revenues:</b>		
Gift Shop, programs and other	\$ 299,132	\$ 315,618
Admissions	136,543	129,999
Facility rentals	20,213	14,015
Membership	9,260	10,632
	<u>465,148</u>	<u>470,264</u>
<b>Expenditures:</b>		
Gift Shop, programs and other	250,458	270,881
	<u>\$ 214,690</u>	<u>\$ 199,383</u>

# THE NEW BRUNSWICK MUSEUM

## LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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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: 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 \$3,160,587 (2018 - \$3,359,503) 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, 2019 total \$185,136 (2018 - \$245,794) 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 \$142,329 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, 2019

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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 2019 to August 2023 and yield interest at varying rates ranging from 1.81% to 3.54%.

### 9. Contingencies:

In 2014, there were changes to the New Brunswick Public Service Pension Plan (NBPSPP) that brought consideration if the Museum's long term casual employees would be eligible for the plan. Initially, it was indicated that the Museum's long term casual employees were not eligible. In February 2018, it was determined that the Museum's long term casual employees should have been contributing to the pension plan since 2014. The Museum and the Province of New Brunswick are reviewing several options to resolve this situation. The financial impact to the Museum is not yet determinable and therefore no amount has been included in accounts payable and accrued liabilities with regards to this matter.