



Financial Statements of

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

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of The New Brunswick Museum / Le Musée du Nouveau-Brunswick (the "Museum"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- and notes to the 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 financial position of the Museum as at March 31, 2023, and its results of operations and changes in fund balances, its cash flows and its remeasurement gains and losses 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.



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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.

Auditor's 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 auditor's 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.



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- 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 auditor's 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 auditor's 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

August 8, 2023

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Financial Statements

Year ended March 31, 2023

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THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Statement of Financial Position

March 31, 2023, with comparative information for 2022

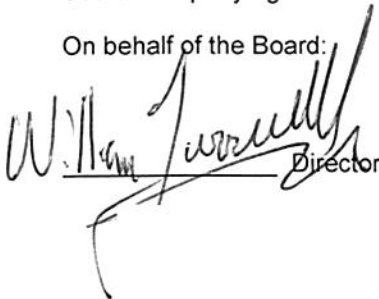
	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2023	2022
Assets						
Current assets:						
Cash	\$ 53,353	\$ -	\$ -	\$ 9,648	\$ 63,001	\$ 15,110
Short-term investments (note 2)	730,041	-	-	-	730,041	443,663
Accounts receivable:						
Trade	19,369	-	-	13,003	32,372	42,269
Grants	-	-	297,500	-	297,500	118,097
Due from Province	651,224	-	419,271	-	1,070,495	662,220
Prepaid expenses	58,974	-	-	-	58,974	54,328
Inventories	54,454	-	-	-	54,454	48,264
	1,567,415	-	716,771	22,651	2,306,837	1,383,951
Investments (note 2)	-	-	-	2,775,564	2,775,564	2,945,409
Property and equipment (note 3)	-	315,434	-	-	315,434	405,215
Collection and accessions	2	-	-	-	2	2
	\$ 1,567,417	\$ 315,434	\$ 716,771	\$ 2,798,215	\$ 5,397,837	\$ 4,734,577

Liabilities and Fund Balances

Current liabilities:						
Cheques issued in excess of funds on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,616
Accounts payable and accrued liabilities	349,755	-	1,919	-	351,674	383,578
Interfund loans	1,156,141	-	(1,128,280)	(27,861)	-	-
	1,505,896	-	(1,126,361)	(27,861)	351,674	400,194
Fund Balances:						
Unrestricted	61,521	-	-	-	61,521	61,521
Internally restricted	-	-	319,782	-	319,782	160,641
Externally restricted	-	-	1,523,350	-	1,523,350	851,034
Endowments	-	-	-	2,247,425	2,247,425	2,168,897
Accumulated remeasurement gains	-	-	-	578,651	578,651	687,075
Property and equipment	-	315,434	-	-	315,434	405,215
	61,521	315,434	1,843,132	2,826,076	5,046,163	4,334,383
Commitments (note 6)						
	\$ 1,567,417	\$ 315,434	\$ 716,771	\$ 2,798,215	\$ 5,397,837	\$ 4,734,577

See accompanying notes to financial statements.

On behalf of the Board:


Director


Director

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	General Fund	Property and Equipment Fund	Restricted Fund	Endowment Fund	2023	2022
Revenues:						
Grants:						
Provincial	\$ 2,833,067	\$ -	\$ 1,258,417	\$ -	\$ 4,091,484	\$ 3,283,395
Federal	-	-	149,521	-	149,521	28,682
Interest income	31,378	-	-	85,688	117,066	90,371
Webster Foundation	-	-	-	63,639	63,639	25,292
Museum services (note 5)	(133,126)	-	2,334	-	(130,792)	(24,942)
Other grants	-	-	88,168	-	88,168	24,653
Bequests and donations	-	-	67,433	13,691	81,124	94,653
	2,731,319	-	1,565,873	163,018	4,460,210	3,522,104
Expenditures:						
Salaries and benefits	2,419,484	-	172,944	-	2,592,428	2,815,370
Materials, supplies and services	438,785	-	429,244	24,499	892,528	924,039
Amortization	-	129,105	-	-	129,105	129,521
Collections and accessions	27,243	-	1,351	-	28,594	68,165
Grants	-	-	999	-	999	21,925
	2,885,512	129,105	604,538	24,499	3,643,654	3,959,020
Excess (deficiency) of revenues over expenditures	(154,193)	(129,105)	961,335	138,519	816,556	(436,916)
Gain on sale of investments	-	-	-	3,648	3,648	79,762
Net surplus (deficit)	(154,193)	(129,105)	961,335	142,167	820,204	(357,154)
Fund balance, beginning of year	61,521	405,215	867,388	3,000,259	4,334,383	4,547,877
	(92,672)	276,110	1,828,723	3,142,426	5,154,587	4,190,723
Interfund transfers	154,193	39,324	14,409	(207,926)	-	-
Net remeasurement gains	-	-	-	(108,424)	(108,424)	143,660
Fund balance, end of year	\$ 61,521	\$ 315,434	\$ 1,843,132	\$ 2,826,076	\$ 5,046,163	\$ 4,334,383

See accompanying notes to financial statements.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Net surplus (deficit)	\$ 820,204	\$ (357,154)
Items not involving cash:		
Amortization	129,105	129,521
Gain on sale of investments	(3,648)	(79,762)
	945,661	(307,395)
Change in non-cash operating working capital:		
Accounts receivable:		
Trade	9,897	44,815
Grants	(179,403)	143,749
Due from Province	(408,275)	39,166
Prepaid expenses	(4,646)	2,553
Inventories	(6,190)	107
Accounts payable and accrued liabilities	(31,904)	11,504
	325,140	(65,501)
Investments:		
Proceeds from sale of investments	352,069	997,029
Purchase of investments	(573,378)	(609,333)
	(221,309)	387,696
Capital activities:		
Property and equipment acquired	(39,324)	(332,386)
Increase (decrease) in cash	64,507	(10,191)
Cash (cheques issued in excess of funds on deposit), beginning of year	(1,506)	8,685
Cash (cheques issued in excess of funds on deposit), end of year	\$ 63,001	\$ (1,506)
Cash (cheques issued in excess of funds on deposit), at the end of year consists of:		
Cash	\$ 63,001	\$ 15,110
Cheques issued in excess of funds on deposit	-	(16,616)
	\$ 63,001	\$ (1,506)

See accompanying notes to financial statements.

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Statement of Remeasurement Gains and Losses

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gains, beginning of the year	\$ 687,075	\$ 543,415
Unrealized gains (losses) attributable to:		
Long-term investments		
Fixed income	(713)	(11,600)
Equity instruments	(111,359)	75,498
	(112,072)	63,898
Realized gains, reclassified to statement of operations:		
Long-term investments	3,648	79,762
Net remeasurement gains (losses)	(108,424)	143,660
Accumulated remeasurement gains, end of the year	\$ 578,651	\$ 687,075

See accompanying notes to financial statements.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements

Year ended March 31, 2023

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 accordingly is exempt from income taxes, provided certain requirements of the Act are 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.

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.

(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 (Province).

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%

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(a) Financial statement presentation (continued):

(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 funding 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.

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.

(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.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(a) Financial statement presentation (continued):

(iv) Endowment Fund (continued)

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.

(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 inventories.

(c) Revenue recognition:

(i) General revenue:

Grants from the Province 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 as revenue when earned.

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(d) Collections and accessions:

Collections and accessions are recorded at a nominal value due to the practical difficulties of determining a meaningful value for these assets. 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 collections are divided into the following groups:

- The Humanities holdings, which include history and technology artifacts, cultural and social materials and fine and decorative arts;
- The Archives and Research Library, which includes archival material, photographs and monographs including periodical titles; and
- The Natural Sciences holdings, which includes specimens or specimen lots, include geological, paleontological, botanical, mycological and zoological collections.

There were no significant changes to the Museum's collections and accessions during the year.

(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 statement of remeasurement gains and losses until they are realized, when they are transferred to the 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.

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

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, guaranteed investment certificates, and pooled 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.

(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 financial statements.

(h) Use of estimates:

The preparation of 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.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(i) Adoption of new accounting standards:

On April 1, 2022, the Museum adopted Public Sector Accounting Standard PS 3280 – Asset Retirement Obligations. This new accounting standard addresses the reporting of legal obligations associated with the retirement of certain property and equipment by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption.

The implementation of this standard did not require the Museum to reflect any adjustments in these financial statements as the Museum does not have any significant legal obligations with respect to the retirement of its property and equipment.

2. Investments:

	2023	2022
Short-term investments:		
Cash - bearing interest at Bank of Canada's rate plus 0.05%	\$ 730,041	\$ 443,663
Long-term investments:		
Bonds and guaranteed investment certificates	\$ 1,126,803	\$ 1,155,241
Equities	1,639,328	1,758,166
Pooled funds	9,433	32,002
	\$ 2,775,564	\$ 2,945,409

3. Property and equipment:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 160,920	\$ 144,235	\$ 16,685	\$ 18,592
Equipment	1,092,243	808,815	283,428	386,256
Furniture	68,400	53,079	15,321	367
	\$ 1,321,563	\$ 1,006,129	\$ 315,434	\$ 405,215

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements (continued)

Year ended March 31, 2023

4. General funds revenues and expenditures - detailed comparison to budget:

	2023	2023
	Actual	Budget
Revenues:		
Provincial grants	\$ 2,833,067	\$ 2,942,600
Museum services	(133,126)	(120,978)
Interest income	31,378	5,000
	<u>2,731,319</u>	<u>2,826,622</u>
Expenditures:		
Salaries and benefits	2,419,484	2,494,557
Operations	350,179	319,185
Marketing and Development	16,275	46,033
Curatorial and Library	83,481	80,909
Exhibition and Technical services	14,142	8,227
Visitor Services	1,951	8,276
Outreach	-	-
	<u>2,885,512</u>	<u>2,957,187</u>
Deficiency of revenues over expenditures	<u>\$ (154,193)</u>	<u>\$ (130,565)</u>

5. Museum services:

Museum services consist of the following revenue and expenditures:

	2023	2022
Revenues:		
Gift Shop, programs and other	\$ 291,891	\$ 107,013
Membership	458	3,474
	<u>292,349</u>	<u>110,487</u>
Expenditures:		
Gift Shop, programs and other	425,475	144,897
Deficiency of revenues over expenditures	<u>\$ (133,126)</u>	<u>\$ (34,410)</u>

THE NEW BRUNSWICK MUSEUM LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements (continued)

Year ended March 31, 2023

6. Commitments:

The Company rents a premise under operating lease. The annual rent is \$136,180.

The Museum is currently in the planning stage for the renovating and expanding the existing museum. The expenditures for the renovating and expanding of the facility is expected to be funded through the Province, Federal governments, and a capital campaign. Subsequent to the year-end, the Museum signed a contract in the amount of \$9.1 million and a funding agreement in the amount of \$8.4 million relating to the project.

7. Related party transactions:

The Foundation for The New Brunswick Museum/Fondation du Musée du Nouveau-Brunswick (the Foundation) is incorporated under the laws of New Brunswick without share capital and its principal activities include the managing of fundraising projects for the benefit of the Museum. The Museum and the Foundation have separate board of directors with certain directors belonging to both boards.

During the year, the Museum received contributions in the amount of \$21,583 (2022 - \$53,562) from the Foundation. These contributions are included in the bequests and donations revenues in the Restricted Fund in the amount of \$21,250 (2022 - \$51,000) and the Endowment Fund in the amount of \$333 (2022 - \$2,562). At March 31, 2023, the Foundation owed the Museum \$120,069 (2022 - \$97,921), which is included in grants receivable in the Restricted Fund.

The Foundation has not been consolidated in the Museum's financial statements. Financial statements of the Foundation are available on request. Financial summaries of this non-consolidated entity as at March 31, 2023 and for the year then ended are as follows:

	2023	2022
Financial Position		
Total assets	\$ 182,000	\$ 146,000
Total liabilities	\$ 174,000	\$ 138,000
Unrestricted	8,000	8,000
	\$ 182,000	\$ 146,000
Results of Operations		
Total revenues	\$ 25,000	\$ 63,000
Total expenses	25,000	76,000
Excess (deficiency) of revenues over expenses	\$ -	\$ (13,000)

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements (continued)

Year ended March 31, 2023

7. Related party transactions (continued):

Pursuant to the New Brunswick Museum Act, the Museum and the Province, including its various ministries, departments and other Crown Corporations are related parties. The Museum is funded by the Province of New Brunswick in accordance with budget arrangements and is economically dependent on this funding.

During the period, the Museum received \$4,091,484 (2022 - \$3,283,395) 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 and certain professional services, including payroll and human resource services.

Amounts owing from the Province at March 31, 2023 total \$1,070,495 (2022 - \$662,220) 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 \$110,655 (2022 - \$216,597) in equity securities denominated in USD.

(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.

THE NEW BRUNSWICK MUSEUM

LE MUSÉE DU NOUVEAU-BRUNSWICK

Notes to Financial Statements (continued)

Year ended March 31, 2023

8. Financial risks (continued):

(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 July 2023 to March 2028 and yield interest at varying rates ranging from 1.10% to 4.85%.

(e) Liquidity risk

Liquidity risk is the risk that the Museum will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Museum manages its liquidity risk by monitoring its cash and working capital to ensure it has sufficient funds to fulfill its obligations. The Museum is funded by the Province of New Brunswick and is economically dependent on this funding for operation.