

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and nine months ended December 31, 2022

(Unaudited)



**CANADIAN MUSEUM FOR
HUMAN RIGHTS**
MUSÉE CANADIEN POUR LES
DROITS DE LA PERSONNE

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

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Narrative Discussion

This section of the quarterly financial report presents management's narrative discussion of the financial performance of the Canadian Museum for Human Rights ("the CMHR" or "the Museum") during the nine months ended December 31, 2022. It must be read in conjunction with the March 31, 2022 Management Discussion and Analysis and annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the nine months ended December 31, 2022 includes the following:

OVERVIEW

Total on-site visitation during this time was 146,977. This is a significant increase from the 41,400 visitors in the first nine months of the previous year, when the Museum was only open to the public for six months due to the pandemic. The Museum's in-person education programming resumed with 7,751 students, teachers and chaperones participating during the first nine months of the year. The Museum also had 811,899 website visits and 16,051 students participate in its virtual field trips during the nine months ending December 31, 2022, compared to 667,100 website visits and 14,200 students taking a virtual field trip for the nine months ending December 31, 2021.

The Museum finished the third quarter with an excess of revenues over expenses of \$1.9 million, compared to an excess of \$1.3 million in the same period of the previous year.

STATEMENT OF OPERATIONS

Parliamentary appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$24.8 million for the nine months ended December 31, 2022 which includes pandemic-related funding of \$1.3 million. This is \$1.5 million higher than the \$23.3 million in appropriations for the nine months that ended December 31, 2021. For the fiscal year 2022-2023, the total voted main estimate appropriations are \$25.4 million, consistent with 2021-2022. The Government of Canada will also be providing pandemic-related funding to all national

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museums, including \$5.3 million to the Museum for 2022-2023 (\$3.9 million was provided in 2021-2022).

Revenues

Operating revenues for the nine months ended December 31, 2022 were \$1.8 million, an increase of \$1.0 million compared to the \$0.8 million recorded in the previous year due to an increase in visitation and facility rentals as the Museum was open for the entire period this year compared to only 6 months in the year before. This represents revenue from admissions, memberships, programming, Boutique sales, facility rentals, coffee cart sales and catering.

Contributions of \$5.3 million are largely comprised of the amortization of deferred contributions related to capital assets received in previous periods from funding partners other than the Government of Canada (the Province of Manitoba, the City of Winnipeg and the Friends of the CMHR), which are amortized over the same period as the capital asset purchased with the contributions.

Expenses

Total operating expenses were \$30.2 million for the nine months ended December 31, 2022, \$2.1 million higher than operating expenses for the nine months ended December 31, 2021.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$10.3 million in comparison to \$8.8 million in the previous year. The increase was due to higher costs for personnel, digital outreach, travel and programming as the Museum was open for the entire period compared to the previous year.
- Accommodation expenses were \$15.4 million in comparison to \$15.6 million in the previous year. The decrease was due to a decrease in payments in lieu of taxes and amortization offset by an increase in personnel costs.
- Internal services expenses were \$4.5 million in comparison to \$3.8 million in the previous year. The increase was due to higher personnel costs and travel offset by a decrease in professional services.

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For the nine months ended December 31, 2022, the Museum finished the quarter in a positive operating position of \$1.9 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$7.0 million from \$281.0 million on March 31, 2022 to \$274.0 million on December 31, 2022. The decrease was due to the amortization of capital assets, offset by an increase in investments.

Total liabilities decreased by \$8.8 million from \$269.0 million on March 31, 2022 to \$260.2 million on December 31, 2022. The decrease was due to the amortization of deferred contributions for capital assets received in previous years.

Net assets increased by \$1.9 million from March 31, 2022, representing an excess of revenue over expenses.

RISK ANALYSIS AND OUTLOOK

The Museum employs a continually updated risk-management framework to identify, evaluate and mitigate all factors that pose a substantive threat to its ongoing operations or long-term success.

The Museum is committed to building upon its considerable successes since opening in 2014. However, its operations and revenue generation have been significantly impacted by the global pandemic. Projections from tourism industry partners in 2021 (Destination Canada, Travel Manitoba and Tourism Winnipeg) were for a four- to six-year recovery period before travel reached pre-pandemic levels. At this time, it is not possible to reliably predict the full effect of this on the Museum's operations and financial condition. Management will continue to actively monitor the organization's financial condition.

The Museum will continue to work closely with its partners, the Government of Canada and the Friends of Canadian Museum for Human Rights, to assess its long-term funding requirements. Future pressures on the Museum's operating and capital budgets include the ongoing impact of the pandemic, increasing inflation and its impact on consumer spending, work required to create an equitable museum and the significant capital requirements of maintaining a digitally based museum in an iconic building.

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The Museum is grateful to the federal government for \$5.3 million for 2022-2023 provided through Budget 2022 in recognition of the unique difficulties in operating a national cultural institution during these challenging times.

Looking forward, the Museum has identified the development of a Digital Learning Centre (DLC) as a priority, providing greater opportunities to realize its mandate. The DLC will be a 465-square-metre space unlike any other in Western Canada. Integrated, advanced audio-visual technology will be used to virtually connect remote audiences with on-site programming ranging from discussions and lectures to school programs and public performances. This multi-purpose gathering place and education centre will also accommodate community gatherings, facility rentals, conference seminars and more.

Completion of the DLC will enable all Canadians to participate in cultural, educational and reconciliation-oriented human rights programs via integrated livestream broadcasts from the Museum. It will be fully accessible to visitors of all abilities, incorporating the latest principles of inclusive design. It will also enable people across Canada to access new ways to connect and re-connect in the aftermath of the COVID-19 pandemic.

The Museum will continue its efforts to maximize earned revenue. In partnership with the Friends, the Museum also plans to supplement its parliamentary appropriations through sponsorships and philanthropic support.

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STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines are necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



Isha Khan, Chief Executive Officer



Michael Schroeder, CPA, CGA, Chief Financial Officer

February 24, 2023

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

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Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	December 31, 2022	March 31, 2022
Assets		
Current assets		
Cash and restricted cash	\$ 8,044	\$ 11,294
Investments	1,384	4,000
Accounts receivable	312	117
Inventories	153	144
Prepaid expenses	473	564
	10,366	16,119
Investments and restricted investments	20,147	12,282
Collections	1	1
Capital assets	243,520	252,629
Total assets	\$ 274,034	\$ 281,031
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,696	\$ 4,091
Deferred revenue	427	447
	5,123	4,538
Deferred contributions (note 4)	16,501	16,834
Deferred contributions related to capital assets (note 5)	238,541	247,650
Total liabilities	260,165	269,022
Net assets		
Unrestricted	8,890	7,030
Invested in capital assets	4,979	4,979
	13,869	12,009
Total liabilities and net assets	\$ 274,034	\$ 281,031

The accompanying notes and schedules form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

	Three months ended		Nine months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenue (Schedule 1)				
Operating	\$ 545	\$ 385	\$ 1,796	\$ 761
Contributions	1,802	1,950	5,302	5,306
Other income	108	53	237	154
Total revenue	2,455	2,388	7,335	6,221
Expenses (Schedule 2)				
Museum content, programs and engagement	3,531	3,107	10,305	8,752
Accommodation	5,233	5,069	15,414	15,569
Internal services	1,584	1,686	4,510	3,809
Total expenses	10,348	9,862	30,229	28,130
Excess of expenses over revenue before parliamentary appropriations	(7,893)	(7,474)	(22,894)	(21,909)
Parliamentary appropriations (note 6)	8,868	7,282	24,754	23,257
Excess of revenue over expenses	\$ 975	\$ (192)	\$ 1,860	\$ 1,348

The accompanying notes and schedules form an integral part of the quarterly financial statements.

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

Nine months ended December 31,			2022	2021
	Unrestricted	Invested in capital assets		
Net assets, beginning of period	\$ 7,030	\$ 4,979	\$ 12,009	\$ 11,613
Excess of revenue over expenses	1,860	-	1,860	1,348
Net assets, end of period	\$ 8,890	\$ 4,979	\$ 13,869	\$ 12,961

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Cash Flows

(Unaudited)

(In thousands of dollars)

Nine months ended December 31,	2022	2021
Operating activities		
Cash receipts from customers	\$ 1,737	\$ 763
Cash receipts from contributions	375	447
Cash receipts from parliamentary appropriations	19,652	18,113
Cash receipts from other income	27	4
Cash payments to and on behalf of employees	(11,697)	(9,390)
Cash payments to suppliers	(8,201)	(7,383)
Interest received	(46)	126
	1,847	2,680
Capital activities		
Payments for acquisition of capital assets	(596)	(1,435)
	(596)	(1,435)
Investing activities		
Acquisition of investments	(25,147)	(1,100)
Disposal of investments	20,115	1,066
	(5,032)	(34)
Financing activities		
Parliamentary appropriation for the acquisition of capital assets	220	434
Contributions from non-government sources for capital assets	311	24
	531	458
Increase in cash	(3,250)	1,669
Cash and restricted cash, beginning of period	11,294	9,582
Cash and restricted cash, end of period	\$ 8,044	\$ 11,251

The accompanying notes and schedules form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2022

(Unaudited)

(In thousands of dollars, unless otherwise noted)

1. (a) Authority and mandate

The Canadian Museum for Human Rights (the “Museum”) was established through an amendment to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* (FAA). It is accountable to Parliament through the Minister of Canadian Heritage.

The Museum is not subject to income tax under the provisions of the *Income Tax Act of Canada*.

The Museum’s mandate, as stated in an amendment to the *Museums Act*, is as follows:

“to explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public’s understanding of human rights, to promote respect for others and to encourage reflection and dialogue.”

The Government of Canada has approved the Museum’s corporate plan for the 2022-2023 to 2026-2027 planning period. The Corporate Plan Summary was tabled on November 18, 2022 and is available on the Museum’s website.

(b) Operations

To meet all aspects of its mandate, the Museum has divided its operations into three mutually supportive activities:

Museum content, programs and engagement

- Accessible and engaging exhibitions
- Programming that promotes reflection and dialogue
- Sound and balanced research, scholarship and collections management
- National outreach, engagement and service
- Communications, marketing and collaborative relationships

Accommodation

- Building operations
- Protection services
- Information technology infrastructure

Internal services

- Corporate governance
- Administration
- Earned-revenue generation

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2022

(Unaudited)

(In thousands of dollars, unless otherwise noted)

2. Significant accounting policies

The quarterly financial statements have been prepared in accordance with the Canadian public sector accounting standards (PSAS) for government not-for-profit organizations. The Museum has elected to apply the 4200 series for government-not-for-profit organizations and applies the deferral method of accounting for contributions for not-for-profit organizations. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared to the March 31, 2022 Annual Audited Financial Statements.

3. Basis of presentation

The note disclosures in these unaudited financial statements do not conform in all respects to the requirements of PSAS for government not-for-profit organizations for annual audited financial statements. These unaudited financial statements should be read in conjunction with the narrative discussion for the three and nine months ended December 31, 2022 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2022.

4. Deferred contributions:

Changes in the deferred contributions, restricted for the future purchase of capital assets, during the year were as follows:

Nine months ended	December 31, 2022
Balance, beginning of period	\$ 16,834
Additions:	
Deferred interest income	311
	311
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(490)
Amounts recognized as revenue	(154)
	(644)
Balance, end of period	\$ 16,501

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5. Deferred contributions related to capital assets:

Changes in the deferred contributions related to capital assets, purchased but not fully amortized during the current period were as, are composed of:

Nine months ended	December 31, 2022
Balance, beginning of period	\$ 247,650
Amounts transferred from deferred contributions	490
Parliamentary appropriation for the acquisition of capital assets	220
Amortization of deferred contributions related to capital assets	(9,819)
Balance, end of period	\$ 238,541

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6. Parliamentary appropriations:

	Three months ended		Nine months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Main estimates amount provided for operating and capital expenditures	\$ 6,030	\$ 6,030	\$ 18,547	\$ 18,546
Supplementary estimates for operating and capital expenditures	1,325	-	1,325	-
Less current period parliamentary appropriations not recognized as revenue:				
Amounts used to purchase capital assets	(157)	(282)	(220)	(434)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,653	1,726	4,952	5,143
Restricted amounts used in current period for items expensed	17	(192)	150	2
	\$ 8,868	\$ 7,282	\$ 24,754	\$ 23,257

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7. Allocation of expenses:

The Museum incurs expenses that contribute to multiple museum activities. For the period ending December 31, 2022, \$2.6 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2021 - \$1.9 million).

The expenses have been allocated as follows:

Six months ended December 31,	2022		2021	
Museum content, programs and engagement	\$	1,330	\$	927
Internal services		908		658
Accommodation		369		274
	\$	2,607	\$	1,859

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating revenues

Nine months ended December 31,	2022	2021
Admissions and programs		
General admission	\$ 632	\$ 254
Memberships	58	43
Public programs	9	2
Education programs	18	1
Retail Boutique sales	461	253
Facility rentals	440	96
Coffee cart and catering	176	38
Travelling exhibitions	2	74
Total	\$ 1,796	\$ 761

Contributions

Nine months ended December 31,	2022	2021
Revenue related to the amortization of deferred contributions	\$ 4,867	\$ 4,856
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	155	411
In-kind donations	5	19
Cash donations and sponsorships	254	13
In-kind and artifact donations	21	7
Total	\$ 5,302	\$ 5,306

Other income

Nine months ended December 31,	2022	2021
Interest revenue	170	150
Friends of the CMHR cost recoveries	59	-
Miscellaneous	8	4
Total	\$ 237	\$ 154

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Schedule 2 – Schedule of Expenses

Nine months ended December 31,	2022	2021
Personnel costs	\$ 11,623	\$ 9,404
Amortization of capital assets	9,819	9,999
Payment in lieu of taxes	1,873	2,033
Building operations	1,651	1,740
Information management infrastructure and systems	1,321	957
Professional and special services	561	888
Marketing and promotion	554	720
Protection services	498	426
Digital reach	402	220
Utilities	361	347
Exhibitions	359	700
Office supplies and administration	310	212
Travel	261	27
Cost of goods sold	251	139
Programming	248	208
Other	108	44
Exhibits maintenance	22	48
Permanent collection acquisitions	7	18
Total expenses	\$ 30,229	\$ 28,130