

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and six months ended September 30, 2023

(Unaudited)



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

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three and nine months ended September 30, 2023

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 ("CMHR" or "the Museum") during the six months ended September 30, 2023. It must be read in conjunction with the March 31, 2023 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the six months ended September 30, 2023 includes the following:

OVERVIEW

Total on-site visitation during this time was 111,447, slightly lower than the 111,939 of the same period last year but below the 173,200 visitors welcomed in the six months ended September 30, 2019, prior to the pandemic. The Museum's education programming had 7,946 students, teachers and chaperones participating in-person and 1,796 participating in virtual field trips, totalling 9,742, compared to 10,735 virtual participants in the same six month period of last year.

The Museum's website, humanrights.ca, attracted 437,750 website visits in the six months ended September 30, 2023, 19 per cent lower than the previous year, with 520,604 website visits.

The Museum finished the second quarter with an excess of expenses over revenues of \$0.8 million, compared to an excess of revenues over expenses of \$0.9 million in the same period of the previous year. The decrease in the current period was due to increased expenses primarily in personnel costs as vacancies have been filled, professional services and marketing.

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STATEMENT OF OPERATIONS

Parliamentary appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$16.1 million for the six months ended September 30, 2023. This is \$0.2 million higher than the \$15.9 million in appropriations for the six months that ended September 30, 2022.

For the fiscal year 2023-2024, the total voted main estimate appropriations are \$25.5 million, \$0.1 million higher than 2022-2023.

Revenues

Operating revenues for the six months ended September 30, 2023 were \$1.3 million, seven percent higher compared to the previous year. This represents revenue from admissions, memberships, programming, Boutique sales, facility rentals, Cloud Coffee sales and catering.

Contributions of \$3.4 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 \$22.1 million for the six months ended September 30, 2023, a \$2.2 million increase from \$19.9 million for the six months ended September 30, 2022.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$7.9 million in comparison to \$6.8 million in the previous year. The increase was due to higher costs for personnel, marketing, travel, and programming as the Museum returns to regular operations.

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- Accommodation expenses were \$10.4 million in comparison to \$10.2 million in the previous year. The increase was due to higher costs for personnel, the workplace refresh and increased building operating expenses related to extended open hours compared to the same period in the previous year.
- Internal services expenses were \$3.7 million in comparison to \$2.9 million in the previous year. The increase was due to higher costs for personnel, professional services related to strategic planning, and travel costs as the Museum returns to regular operations.

For the six months ended September 30, 2023, the Museum finished the period with an excess of expenses over revenue of \$0.8 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$6.7 million from \$273.6 million on March 31, 2023 to \$266.9 million on September 30, 2023. The decrease was due to the amortization of capital assets.

Total liabilities decreased by \$5.9 million from \$260.2 million on March 31, 2023 to \$254.3 million on September 30, 2023. The decrease was due to the amortization of deferred contributions for capital assets received in previous years offset by an increase in accounts payable and obligations under capital lease.

Net assets decreased by \$0.8 million from March 31, 2023, representing an excess of expenses over revenue.

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RISK ANALYSIS AND OUTLOOK

The Museum continually updates its risk-management framework to identify, evaluate and mitigate all factors that pose a substantive threat to its ongoing operations or long-term success. Risks will continue to be monitored on an ongoing basis.

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. Current pressures on the Museum's operating and capital budgets include the ongoing impact of issues related to recovery from the COVID-19 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.

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, human rights, educational and reconciliation-oriented 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.

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

November 9, 2023

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

For the three and six months ended September 30, 2023

(Unaudited)



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Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	September 30, 2023	March 31, 2023
Assets		
Current assets		
Cash and restricted cash	\$ 2,980	\$ 3,308
Investments	12,478	13,286
Accounts receivable	304	154
Inventories	189	168
Prepaid expenses	811	565
	16,762	17,481
Investments and restricted investments	15,355	15,473
Collections	1	1
Capital assets	234,744	240,632
Total assets	\$ 266,862	\$ 273,587
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,948	\$ 3,139
Obligation under capital lease (note 4)	81	-
Deferred revenue	551	632
	3,580	3,771
Obligation under capital lease (note 4)	360	-
Deferred contributions (note 5)	21,009	20,796
Deferred contributions related to capital assets (note 6)	229,324	235,653
Total liabilities	254,273	260,220
Net assets		
Unrestricted	7,610	8,388
Invested in capital assets (note 7)	4,979	4,979
	12,589	13,367
Total liabilities and net assets	\$ 266,862	\$ 273,587

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		Six months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue (Schedule 1)				
Operating	\$ 745	\$ 722	\$ 1,342	\$ 1,251
Contributions	1,676	1,775	3,444	3,500
Other income	163	60	346	129
Total revenue	2,584	2,557	5,132	4,880
Expenses (Schedule 2)				
Museum content, programs and engagement	4,037	3,445	7,974	6,774
Accommodation	5,090	5,074	10,429	10,180
Internal services	1,777	1,514	3,656	2,926
Total expenses	10,904	10,033	22,059	19,880
Excess of expenses over revenue before parliamentary appropriations	(8,320)	(7,476)	(16,927)	(15,000)
Parliamentary appropriations (note 8)	8,078	7,856	16,149	15,886
Excess of revenue over expenses (expenses over revenue)	\$ (242)	\$ 380	\$ (778)	\$ 886

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)

Six months ended September 30,			2023	2022
	Unrestricted	Invested in capital assets		
Net assets, beginning of period	\$ 8,388	\$ 4,979	\$ 13,367	\$ 12,009
Excess of revenue over expenses (expenses over revenue)	(778)	-	(778)	886
Net assets, end of period	\$ 7,610	\$ 4,979	\$ 12,589	\$ 12,895

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)

Six months ended September 30,	2023	2022
Operating activities		
Cash receipts from customers	\$ 1,178	\$ 1,124
Cash receipts from contributions	83	194
Cash receipts from parliamentary appropriations	12,762	12,454
Cash receipts from other income	97	-
Cash payments to and on behalf of employees	(8,943)	(7,681)
Cash payments to suppliers	(7,011)	(5,660)
Interest received	254	31
Interest paid	(13)	-
	(1,593)	462
Capital activities		
Payments for acquisition of capital assets	(176)	(372)
	(176)	(372)
Investing activities		
Acquisition of investments	(14,165)	(16,062)
Disposal of investments	15,166	15,115
	1,001	(947)
Financing activities		
Obligation under capital lease	(25)	-
Parliamentary appropriation for the acquisition of capital assets	66	63
Contributions from non-government sources for capital assets	399	103
	440	166
Increase (decrease) in cash	(328)	(691)
Cash and restricted cash, beginning of period	3,308	11,294
Cash and restricted cash, end of period	\$ 2,980	\$ 10,603

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 six months ended September 30, 2023

(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 humanrights.ca. The Museum’s corporate plan for the 2023-2024 to 2027-2028 planning period has been submitted and is pending approval.

(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 including online
- Programming that promotes reflection and dialogue
- Sound and balanced research, scholarship and collections management
- National outreach, engagement and service
- Communications and marketing

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 six months ended September 30, 2023

(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, 2023 Annual Audited Financial Statements with the addition of the following to the Capital assets policy:

Assets recorded as capital leases are initially recorded at the present value of the minimum lease payments at the inception of the lease.

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 six months ended September 30, 2023 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2023.

4. Obligation under capital lease

The Museum is implementing an upgrade and replacement of its core information technology network through a lease-purchase agreement with a term of five years. Management intends to completely discharge its obligation under the lease and obtain ownership of all network computer equipment, hardware and software in 2028-29, upon final payment.

	September 30,
	2023
Total minimum future lease payments ⁽¹⁾	\$ 533
Deduct imputed interest	(92)
Present value of financing obligations	441
Current portion	81
Long term portion	360
	441

1) The amounts payable under the capital lease are based on the fixed interest rate of 8.31%, for a period of five years, established at the time of signing the agreement.

Canadian Museum for Human Rights

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(In thousands of dollars, unless otherwise noted)

5. Deferred contributions:

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

Six months ended	September 30, 2023
Balance, beginning of period	\$ 20,796
Additions:	
Deferred interest income	474
	474
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(28)
Amounts recognized as revenue	(233)
	(261)
Balance, end of period	\$ 21,009

6. 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:

Six months ended	September 30, 2023
Balance, beginning of period	\$ 235,653
Amounts transferred from deferred contributions	28
Parliamentary appropriation for the acquisition of capital assets	66
Amortization of deferred contributions related to capital assets	(6,423)
Balance, end of period	\$ 229,324

Canadian Museum for Human Rights

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7. Net assets invested in capital assets

The net assets invested in capital assets consists of the land donated by the City of Winnipeg and The Forks Renewal Corporation as follows:

	September 30, 2023
Capital assets	\$ 234,744
Less amounts financed by	
Capital lease	(441)
Deferred contributions	(229,324)
Balance, end of period	\$ 4,979

8. Parliamentary appropriations:

	Three months ended		Six months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Main estimates amount provided for operating and capital expenditures	\$ 6,464	\$ 6,159	\$ 12,829	\$ 12,517
Less current period parliamentary appropriations not recognized as revenue:				
Amounts used to purchase capital assets	(29)	(35)	(66)	(63)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,564	1,646	3,154	3,299
Restricted amounts used in current period for items expensed	79	86	232	133
	\$ 8,078	\$ 7,856	\$ 16,149	\$ 15,886

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9. Allocation of expenses:

The Museum incurs expenses that contribute to multiple museum activities. For the period ending September 30, 2023, \$1.4 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2022 - \$1.9 million).

The expenses have been allocated as follows:

Six months ended September 30,	2023		2022	
Museum content, programs and engagement	\$	732	\$	948
Internal services		500		647
Accommodation		171		268
	\$	1,403	\$	1,863

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating revenues

Six months ended September 30,	2023	2022
Admissions and programs		
General admission	\$ 503	\$ 479
Memberships	25	31
Public programs	12	4
Education programs	-	19
Retail Boutique sales	342	299
Facility rentals	354	301
Coffee kiosk and catering	106	118
Total	\$ 1,342	\$ 1,251

Contributions

Six months ended September 30,	2023	2022
Revenue related to the amortization of deferred contributions	\$ 3,269	\$ 3,239
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	110	198
In-kind donations	27	5
Cash donations and sponsorships	23	40
In-kind and artifact donations	15	18
Total	\$ 3,444	\$ 3,500

Other income

Six months ended September 30,	2023	2022
Interest revenue	254	90
Friends of the CMHR cost recoveries	82	39
Miscellaneous	10	-
Total	\$ 346	\$ 129

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(Unaudited)

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Schedule 2 – Schedule of Expenses

Six months ended September 30,	2023	2022
Personnel costs	\$ 8,877	\$ 7,766
Amortization of capital assets	6,423	6,538
Payment in lieu of taxes	1,331	1,228
Building operations	1,074	1,046
Information management infrastructure and systems	742	873
Marketing and promotion	617	305
Professional and special services	596	342
Exhibitions	489	276
Protection services	401	311
Travel	299	150
Office supplies and administration	292	195
Utilities	282	233
Digital reach	212	229
Cost of goods sold	183	158
Programming	149	168
Exhibits maintenance	23	3
Interest on capital lease obligation	13	-
Permanent collection acquisitions	-	7
Other	56	52
Total expenses	\$ 22,059	\$ 19,880