

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and nine months ended December 31, 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 December 31, 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 nine months ended December 31, 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 nine months ended December 31, 2023 includes the following:

OVERVIEW

Total on-site visitation during this time was 169,364, slightly higher than the 146,977 of the same period last year but below the 238,685 visitors welcomed in the nine months ended December 31, 2019, prior to the pandemic. The Museum's education programming had 13,729 students, teachers and chaperones participating in-person and 4,714 participating in virtual field trips, totalling 18,442, compared to 7,751 students, teachers and chaperones participating in-person and 16,051 students participating in virtual field trips for the nine months ending December 31, 2022.

The Museum's website, humanrights.ca, attracted 892,075 website visits in the nine months ended December 31, 2023, 10 per cent higher than the previous year, with 811,899 website visits.

The Museum finished the third quarter with an excess of expenses over revenues of \$1.7 million, compared to an excess of revenues over expenses of \$1.9 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 \$23.9 million for the nine months ended December 31, 2023. This is \$0.9 million less than the \$24.8 million in appropriations for the nine months that ended December 31, 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 nine months ended December 31, 2023 were \$1.9 million, five percent higher compared to the previous year. This represents revenue from admissions, memberships, programming, Boutique sales, facility rentals, Cloud Coffee sales, restaurant and catering.

Contributions of \$5.2 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 \$33.2 million for the nine months ended December 31, 2023, a \$3.0 million increase from \$30.2 million for the nine months ended December 31, 2022.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$12.0 million in comparison to \$10.3 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 and prepares to open its first blockbuster exhibition post-pandemic on February 2, 2024.

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- Accommodation expenses were \$15.6 million in comparison to \$15.4 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 \$5.5 million in comparison to \$4.5 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 nine months ended December 31, 2023, the Museum finished the period with an excess of expenses over revenue of \$1.7 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$9.2 million from \$273.6 million on March 31, 2023 to \$264.4 million on December 31, 2023. The decrease was due to the amortization of capital assets.

Total liabilities decreased by \$6.8 million from \$260.2 million on March 31, 2023 to \$252.8 million on December 31, 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 \$1.7 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

February 22, 2024

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

For the three and nine months ended December 31, 2023

(Unaudited)



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Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	December 31, 2023	March 31, 2023
Assets		
Current assets		
Cash and restricted cash	\$ 2,019	\$ 3,308
Investments	16,914	13,286
Accounts receivable	242	154
Inventories	177	168
Prepaid expenses	510	565
	19,862	17,481
Investments and restricted investments	11,240	15,473
Collections	1	1
Capital assets	233,314	240,632
Total assets	\$ 264,417	\$ 273,587
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,294	\$ 3,139
Obligation under capital lease (note 4)	82	-
Deferred revenue	466	632
	4,842	3,771
Obligation under capital lease (note 4)	339	-
Deferred contributions (note 5)	19,695	20,796
Deferred contributions related to capital assets (note 6)	227,914	235,653
Total liabilities	252,790	260,220
Net assets		
Unrestricted	6,648	8,388
Invested in capital assets (note 7)	4,979	4,979
	11,627	13,367
Total liabilities and net assets	\$ 264,417	\$ 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		Nine months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Revenue (Schedule 1)				
Operating	\$ 544	\$ 545	\$ 1,886	\$ 1,796
Contributions	1,725	1,802	5,169	5,302
Other income	171	108	517	237
Total revenue	2,440	2,455	7,572	7,335
Expenses (Schedule 2)				
Museum content, programs and engagement	4,074	3,531	12,048	10,305
Accommodation	5,202	5,233	15,631	15,414
Internal services	1,864	1,584	5,520	4,510
Total expenses	11,140	10,348	33,199	30,229
Excess of expenses over revenue before parliamentary appropriations	(8,700)	(7,893)	(25,627)	(22,894)
Parliamentary appropriations (note 8)	7,738	8,868	23,887	24,754
Excess of revenue over expenses (expenses over revenue)	\$ (962)	\$ 975	\$ (1,740)	\$ 1,860

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,	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)	(1,740)	-	(1,740)	1,860
Net assets, end of period	\$ 6,648	\$ 4,979	\$ 11,627	\$ 13,869

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,	2023	2022
Operating activities		
Cash receipts from customers	\$ 1,794	\$ 1,737
Cash receipts from contributions	113	375
Cash receipts from parliamentary appropriations	18,664	19,652
Cash receipts from other income	145	27
Cash payments to and on behalf of employees	(13,326)	(11,697)
Cash payments to suppliers	(9,415)	(8,201)
Interest received	276	(46)
Interest paid	(22)	-
	(1,771)	1,847
Capital activities		
Payments for acquisition of capital assets	(1,425)	(596)
	(1,425)	(596)
Investing activities		
Acquisition of investments	(14,165)	(25,147)
Disposal of investments	15,166	20,115
	1,001	(5,032)
Financing activities		
Obligation under capital lease	(45)	-
Parliamentary appropriation for the acquisition of capital assets	529	220
Contributions from non-government sources for capital assets	422	311
	906	531
Increase (decrease) in cash	(1,289)	(3,250)
Cash and restricted cash, beginning of period	3,308	11,294
Cash and restricted cash, end of period	\$ 2,019	\$ 8,044

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, 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 2023-2024 to 2027-2028 planning period. The Corporate Plan Summary was tabled on November 9, 2023 and is available on the Museum’s website humanrights.ca.

(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

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(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 nine months ended December 31, 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.

	December 31,
	2023
Total minimum future lease payments ⁽¹⁾	\$ 505
Deduct imputed interest	(84)
Present value of financing obligations	421
Current portion	82
Long term portion	339
	\$ 421

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.

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5. 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, 2023
Balance, beginning of period	\$ 20,796
Additions:	
Deferred interest income	720
	720
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(1,312)
Amounts recognized as revenue	(509)
	(1,821)
Balance, end of period	\$ 19,695

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	December 31, 2023
Balance, beginning of period	\$ 235,653
Amounts transferred from deferred contributions	1,312
Parliamentary appropriation for the acquisition of capital assets	529
Sponsorship contributions used for the acquisition of capital assets	37
Amortization of deferred contributions related to capital assets	(9,618)
Balance, end of period	\$ 227,913

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7. Net assets invested in capital assets

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

	December 31, 2023
Capital assets	\$ 233,314
Less amounts financed by	
Capital lease	(422)
Deferred contributions	(227,913)
Balance, end of period	\$ 4,979

8. Parliamentary appropriations:

	Three months ended		Nine months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Main estimates amount provided for operating and capital expenditures	\$ 6,365	\$ 6,030	\$ 19,194	\$ 18,547
Supplementary estimates for operating and capital expenditures	-	1,325	-	1,325
	6,365	7,355	19,194	19,872
Less current period parliamentary appropriations not recognized as revenue:				
Amounts used to purchase capital assets	(463)	(157)	(529)	(220)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,560	1,653	4,714	4,952
Restricted amounts used in current period for items expensed	276	17	508	150
	\$ 7,738	\$ 8,868	\$ 23,887	\$ 24,754

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(In thousands of dollars, unless otherwise noted)

9. Allocation of expenses:

The Museum incurs expenses that contribute to multiple museum activities. For the period ending December 31, 2023, \$2.1 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2022 - \$2.6 million).

The expenses have been allocated as follows:

Nine months ended December 31,	2023		2022	
Museum content, programs and engagement	\$	1,096	\$	1,330
Internal services		736		908
Accommodation		272		369
	\$	2,104	\$	2,607

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating revenues

Nine months ended December 31,	2023	2022
Admissions and programs		
General admission	\$ 647	\$ 632
Memberships	43	58
Public programs	19	9
Education programs	3	18
Retail Boutique sales	488	461
Facility rentals	524	440
Restaurant, catering and coffee kiosk	162	176
Travelling exhibitions	-	2
Total	\$ 1,886	\$ 1,796

Contributions

Nine months ended December 31,	2023	2022
Revenue related to the amortization of deferred contributions	\$ 4,904	\$ 4,867
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	156	155
In-kind donations	30	5
Cash donations and sponsorships	57	254
In-kind and artifact donations	22	21
Total	\$ 5,169	\$ 5,302

Other income

Nine months ended December 31,	2023	2022
Interest revenue	375	170
Friends of the CMHR cost recoveries	123	59
Miscellaneous	19	8
Total	\$ 517	\$ 237

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Nine months ended December 31,	2023	2022
Personnel costs	\$ 13,282	\$ 11,623
Amortization of capital assets	9,618	9,819
Payment in lieu of taxes	1,998	1,873
Building operations	1,742	1,651
Marketing and promotion	1,076	554
Information management infrastructure and systems	1,072	1,321
Professional and special services	918	561
Exhibitions	698	359
Protection services	593	498
Utilities	426	361
Office supplies and administration	403	310
Travel	395	261
Digital reach	291	402
Programming	284	248
Cost of goods sold	268	251
Other	88	108
Exhibits maintenance	25	22
Interest on capital lease obligation	22	-
Permanent collection acquisitions	-	7
Total expenses	\$ 33,199	\$ 30,229