

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and nine months ended December 31, 2019

(Unaudited)



Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three and nine months ended December 31, 2019

Narrative Discussion

This section of the quarterly financial report presents management's narrative discussion of the Canadian Museum for Human Rights' (CMHR) (the Museum) financial performance during the nine months ended December 31, 2019. It must be read in conjunction with the March 31, 2019 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the nine months ended December 31, 2019 includes the following:

OVERVIEW

The Museum had a strong third quarter for 2019-2020, the Museum's fifth full fiscal year of operations. It finished the period with a surplus of revenues over expenses of \$0.9 million.

Total visitation for the nine months ended December 31, 2019 was 238,685, slightly ahead of last year's 237,158 visitors in the nine months ended December 31, 2018.

The CMHR continues to attract visitors from all over Canada and internationally. For the year-to-date, 71% of the Museum's paid visitors were from outside of Winnipeg, coming from other parts of Manitoba, Canada, the United States and countries from around the world. The Museum's education programs continue to be well attended with 20,600 students, teachers and chaperones participating during the first nine months of the year, up from 19,600 during the same period in the previous year.

STATEMENT OF OPERATIONS

Parliamentary Appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$23.0 million for the nine months ended December 31, 2019, or \$1.2 million higher than the \$21.8 million for the nine months ended December 31, 2018.

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Revenues

Operating revenue for the nine months ended December 31, 2019 was \$2.9 million, consistent with the previous year. This represents revenue from admissions, tours, memberships, education programs, Boutique sales, facility rentals, commissions on the restaurant and catering sales and travelling exhibitions.

Contributions of \$5.7 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 \$30.9 million for the nine months ended December 31, 2019, compared to \$29.8 million for the nine months ended December 31, 2018.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$10.6 million in comparison to \$9.6 million in the previous year. The increase was primarily due to an increase in personnel, exhibition, building operations and marketing expenses.
- Accommodation expenses were \$16.5 million in comparison to \$16.3 million in the previous year. The increase was mainly due to an increase in building operations expenses and an annual increase in payment in lieu of taxes.
- Internal services expenses remained consistent at \$3.9 million in both the current and previous year.

The Museum finished the nine months ended December 31, 2019 in a positive operating position of \$0.9 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$7.8 million from \$303.8 million at March 31, 2019 to \$296.0 million at December 31, 2019. The decrease was due to the amortization of capital assets offset by an increase in cash and restricted cash and short-term investments.

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Total liabilities decreased by \$8.8 million from \$294.2 million at March 31, 2019 to \$285.4 million at December 31, 2019. The decrease was due to the amortization of deferred contributions for capital assets received in previous years and a decrease in accounts payable offset by an increase in deferred contributions.

Net assets increased by \$0.9 million from March 31, 2019 representing an excess of revenue over expenses.

RISK ANALYSIS & 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. Potential risks are monitored on a regular basis to ensure that appropriate strategies to manage and mitigate the risks are in place.

The Museum will continue to work closely with its partners, the Government of Canada and the Friends of CMHR to assess its long-term funding requirements in order to expand its reach and impact across Canada and the world and to ensure offerings remain impactful and relevant.

The work of our organization is made possible through the financial support of the Government of Canada. The Museum will continue in its efforts to maximize its earned revenues. In partnership with the Friends of CMHR, the Museum also plans to supplement its parliamentary appropriations through sponsorships and philanthropic support.

Canadian Museum for Human Rights

Quarterly Financial Report

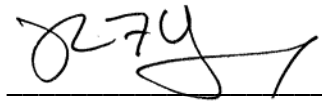
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STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

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 is 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.



John Young, President & Chief Executive Officer



Susanne Robertson, FCPA, FCA, Chief Financial Officer

February 26, 2020

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

For the three and nine months ended December 31, 2019

(Unaudited)



Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	December 31, 2019	March 31, 2019
Assets		
Current assets		
Cash and restricted cash	\$ 8,557	\$ 7,216
Investments	4,747	4,230
Accounts receivable	410	303
Inventories	237	224
Prepaid expenses	637	570
	14,588	12,543
Collections	1	1
Capital assets	281,373	291,221
Total assets	\$ 295,962	\$ 303,765
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,348	\$ 3,133
Deferred revenue	190	83
	2,538	3,216
Deferred contributions (note 4)	6,484	4,708
Deferred contributions related to capital assets (note 5)	276,394	286,242
Total liabilities	285,416	294,166
Net assets		
Unrestricted	5,567	4,620
Invested in capital assets (note 6)	4,979	4,979
	10,546	9,599
Total liabilities and net assets	\$ 295,962	\$ 303,765

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, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenue (Schedule 1)				
Operating	\$ 893	\$ 839	\$ 2,944	\$ 2,929
Contributions	1,792	1,884	5,658	5,845
Other income	100	70	281	173
Total revenue	2,785	2,793	8,883	8,947
Expenses (Schedule 2)				
Museum content, programs and engagement	3,421	2,966	10,564	9,563
Accommodation	5,421	5,599	16,484	16,271
Internal services	1,361	1,291	3,865	3,939
Total expenses	10,203	9,856	30,913	29,773
Excess of expenses over revenue before parliamentary appropriations	(7,418)	(7,063)	(22,030)	(20,826)
Parliamentary appropriations (note 7)	7,521	6,688	22,977	21,836
Excess of revenue over expenses (expenses over revenue)	\$ 103	\$ (375)	\$ 947	\$ 1,010

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

Canadian Museum for Human Rights

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

Nine months ended December 31,			2019	2018
	Unrestricted	Invested in capital assets		
Net assets, beginning of period	\$ 4,620	\$ 4,979	\$ 9,599	\$ 9,168
Excess of revenue over expenses	947	-	947	1,010
Net assets, end of period	\$ 5,567	\$ 4,979	\$ 10,546	\$ 10,178

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)

	Three months ended		Nine months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Operating activities				
Cash receipts from customers	\$ 824	\$ 883	\$ 2,847	\$ 2,625
Cash receipts from contributions	142	11	345	246
Cash receipts from parliamentary appropriations	3,819	5,914	17,808	17,579
Cash receipts from other income	116	8	180	8
Cash payments to and on behalf of employees	(4,144)	(3,101)	(10,775)	(10,417)
Cash payments to suppliers	(2,308)	(2,436)	(10,280)	(10,629)
Interest received	28	57	93	116
	(1,523)	1,336	218	(472)
Capital activities				
Payments for acquisition of capital assets	(714)	(652)	(901)	(2,395)
	(714)	(652)	(901)	(2,395)
Investing activities				
Acquisition of investments	-	2,000	(1,053)	928
Disposal of investments	-	-	608	-
	-	2,000	(445)	928
Financing activities				
Parliamentary appropriation for the acquisition of capital assets	156	763	191	825
Parliamentary appropriations (capital) funding for the acquisition of capital assets	103	317	2,203	567
Contributions from non-government sources for capital assets	24	25	75	564
	283	1,105	2,469	1,956
(Decrease) increase in cash	(1,954)	3,789	1,341	17
Cash and restricted cash, beginning of period	10,511	6,384	7,216	10,156
Cash and restricted cash, end of period	\$ 8,557	\$ 10,173	\$ 8,557	\$ 10,173

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, 2019

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

The Museum is the first national museum established outside of the National Capital Region and the first to be constructed with funding received from the Government of Canada as well as other levels of government. The Province of Manitoba, the City of Winnipeg, and the Friends of the Canadian Museum for Human Rights (Friends of the CMHR), (representing mostly private sector, organizational and individual donors) also funded the Capital Project (building and exhibits). The Museum reports to Parliament through the Minister of Canadian Heritage.

The mandate, as stated in the amendments 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 2019-2020 to 2023-2024 planning period. The corporate plan summary was tabled on August 12, 2019 and is available on the Museum’s web site.

(b) Operations

The operations of the Museum are divided into three mutually supportive Core Responsibilities which work together to meet all aspects of its mandate. These activities are:

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, 2019

(Unaudited)

(In thousands of dollars, unless otherwise noted)

2. Significant accounting policies

The quarterly financial statements have been prepared in accordance with the 4200 series of the Canadian Public Sector Accounting Standards (PSAS) for government 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, 2019 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 Canadian Public Sector Accounting Standards 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, 2019 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2019.

4. Deferred contributions

Deferred contributions recorded by the Museum are as follows:

	December 31, 2019	March 31, 2019
Deferred contributions restricted for the future purchase of capital assets	\$ 6,484	\$ 4,708

Changes in the deferred contributions balance during the period were as follows:

Nine months ended	December 31, 2019
Balance, beginning of period	\$ 4,708
Additions:	
Parliamentary appropriations (capital)	2,203
Parliamentary appropriations (operating) received in advance	1,000
Deferred interest income	75
	3,278
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(976)
Amounts recognized as revenue	(526)
	(1,502)
Balance, end of period	\$ 6,484

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2019

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(In thousands of dollars, unless otherwise noted)

5. Deferred contributions related to capital assets

Changes in the deferred contributions related to capital assets, purchased but not fully amortized, are composed of:

Nine months ended	December 31, 2019	
Balance, beginning of period	\$	286,242
Amounts transferred from deferred contributions		976
Parliamentary appropriation for the acquisition of capital assets available for use		191
Amortization of deferred contributions related to capital assets available for use		(11,015)
Balance, end of period	\$	276,394

6. Net assets invested in capital assets:

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

	December 31, 2019		March 31, 2019	
Capital assets	\$	281,373	\$	291,221
Less amounts financed by deferred contributions related to capital assets		(276,394)		(286,242)
Land	\$	4,979	\$	4,979

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

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(In thousands of dollars, unless otherwise noted)

7. Parliamentary appropriations:

	Three months ended		Nine months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Main estimates amount provided for operating and capital expenditures	\$ 4,078	\$ 6,967	\$ 20,202	\$ 18,944
Supplementary Estimates B	-	27	-	27
Less current period Parliamentary appropriations not recognized as revenue:				
Operating contribution received in advance	1,700	(1,300)	(1,000)	(1,300)
Capital appropriations deferred	(103)	(317)	(2,203)	(567)
Amounts used to purchase capital assets	(156)	(763)	(191)	(825)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,793	2,061	5,643	5,509
Restricted amounts used in current period for items expensed for accounting purposes	209	13	526	48
	\$ 7,521	\$ 6,688	\$ 22,977	\$ 21,836

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8. Allocation of expenses:

For the period ending December 31, 2019, \$2.3 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2018 – 2.3 million).

The expenses have been allocated as follows:

Nine months ended December 31,	2019	2018
Museum content, programs and engagement	\$ 1,258	\$ 1,222
Internal services	765	810
Accommodation	243	285
	\$ 2,266	\$ 2,317

9. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating Revenues

Nine months ended December 31,	2019	2018
Admissions and programs		
General admission	\$ 1,104	\$ 1,200
Memberships	124	127
Public program	50	66
Education program	78	95
Retail boutique sales	683	692
Facility rental	626	559
Restaurant and catering	202	185
Travelling exhibits	77	5
Total	\$ 2,944	\$ 2,929

Contributions

Nine months ended December 31,	2019	2018
Revenue related to the amortization of deferred contributions from other donors	\$ 5,372	\$ 5,509
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	95	26
In-kind donations	141	120
Cash donations and sponsorships	44	182
In kind and artifact donations	6	8
Total	\$ 5,658	\$ 5,845

Other income

Nine months ended December 31,	2019	2018
Interest revenue	\$ 165	\$ 119
Friends of the CMHR cost recoveries	100	46
Miscellaneous	16	8
Total	\$ 281	\$ 173

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Schedule 2 – Schedule of Expenses

Nine months ended December 31,	2019	2018
Amortization of capital assets	\$ 11,015	\$ 11,018
Personnel costs	10,170	9,478
Payment in lieu of taxes	2,025	1,975
Building operations	1,635	1,473
Marketing and promotion	1,184	1,065
Information management infrastructure and systems	928	907
Exhibitions	780	333
Protection services	536	501
Office supplies and administration	388	401
Professional and special services	367	513
Cost of goods sold	354	359
Travel	346	395
Utilities	343	331
Digital reach	302	397
Programming	263	379
Exhibits maintenance	183	169
Other	81	68
Permanent collection acquisitions	13	11
Total expenses	\$ 30,913	\$ 29,773