

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2020

(Unaudited)



Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three months ended June 30, 2020

Narrative Discussion

This section of the quarterly financial report presents management's narrative discussion of the Canadian Museum for Human Rights' ("CMHR" or "the Museum") financial performance during the three months ended June 30, 2020. It must be read in conjunction with the March 31, 2020 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the three months ended June 30, 2020 includes the following:

OVERVIEW

On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak to be a pandemic. As a result of this declaration and in accordance with public health recommendations, the Museum, along with all other national museums, made the decision to close to visitors effective March 14, 2020. On March 16, the Museum directed all but a small group of staff required on site to work from home. The Museum reopened to visitors on June 17, 2020.

The pandemic and the closure have had, and will continue to have, a significant impact on the Museum's revenue generation and operations. As the duration and impact of the pandemic remains unclear, at this time it is not possible to reliably predict its full effect on the Museum's operations and financial condition. Recognizing the impact of the closure, the Government of Canada has provided the Museum \$2.2 million in emergency funding that will be received in the second fiscal quarter. Museum management is actively monitoring the organization's financial condition, preparing to address the short and long-term financial impacts.

The Museum acknowledges that the work of our organization is made possible through the financial support of the Government of Canada, which is to be commended for recognizing the important role that Canada's national museums play in Canadian society through its emergency investments during the COVID-19 pandemic.

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Total visitation for the three months ended June 30, 2020 was 1,757. Due to the effects of the COVID-19 pandemic, including the closure of the Museum, this represents a significant decrease from the 86,700 visitors in Q1 of the prior year.

The Museum finished the first quarter with a surplus of revenues over expenses of \$0.3 million.

STATEMENT OF OPERATIONS

Parliamentary appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$7.2 million for the three months ended June 30, 2020, or \$0.7 million lower than the \$7.9 million for the three months ended June 30, 2019.

For the fiscal year 2020-2021, the total voted main estimate appropriations are \$25.5 million (\$27.0 million in 2019-2020).

Revenues

Operating revenue for the three months ended June 30, 2020 was \$18,000, a significant decrease from \$1.0 million in the prior year due to the COVID-19 closure. This figure represents revenue from admissions, memberships and Boutique sales since the Museum re-opened to the public on June 17, 2020.

Contributions of \$1.7 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 \$8.6 million for the three months ended June 30, 2020, \$1.9 million lower than operating expenses for the three months ended June 30, 2019.

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The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$2.7 million in comparison to \$3.8 million in the previous year. The decrease in expenses was due to the Museum's closure, which resulted in reduced marketing expenditures as well as on-site programs and exhibition work being cancelled or deferred.
- Accommodation expenses were \$4.9 million in comparison to \$5.6 million in the previous year. The decrease was due to the Museum closure resulting in lower building operations expenses and there was a decrease in the amortization of capital assets.
- Internal services expenses were \$1.0 million in comparison to \$1.2 million in the previous year. The decrease was due to lower personnel costs and office and administration costs.

For the three months ended June 30, 2020, the Museum finished the quarter in a positive operating position of \$0.3 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$1.9 million from \$294.4 million on March 31, 2020 to \$292.5 million on June 30, 2020. The decrease was due to the amortization of capital assets, offset by an increase in cash and restricted cash and investments.

Total liabilities decreased by \$2.2 million from \$284.4 million on March 31, 2020 to \$282.2 million on June 30, 2020. The decrease was due to the amortization of deferred contributions for capital assets received in previous years offset by an increase in deferred contributions.

Net assets increased by \$0.3 million from March 31, 2020 representing an excess of revenue over expenses.

RISK ANALYSIS & OUTLOOK

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

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The Museum plans to conduct a full risk re-assessment in light of the effects of the pandemic and issues that have arisen about systemic racism and other forms of oppression in the Museum. The new strategic plan approved by the Board of Trustees in 2020-21 will also be re-assessed in light of these issues.

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 and strategic plan, and to address the issues of diversity, systemic racism and other forms of oppression.

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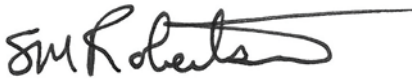
STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

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.



Isha Khan, President & Chief Executive Officer



Susanne Robertson, FCPA, FCA, Chief Financial Officer

August 27, 2020

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2020

(Unaudited)



Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	June 30, 2020	March 31, 2020
Assets		
Current assets		
Cash and restricted cash	\$ 11,806	\$ 12,022
Investments	4,806	3,175
Accounts receivable	245	357
Inventories	249	246
Prepaid expenses	681	525
	17,787	16,325
Collections	1	1
Capital assets	274,663	278,048
Total assets	\$ 292,451	\$ 294,374
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,653	\$ 3,475
Deferred revenue	271	247
	3,924	3,722
Deferred contributions (note 4)	8,556	7,592
Deferred contributions related to capital assets (note 5)	269,684	273,069
Total liabilities	282,164	284,383
Net assets		
Unrestricted	5,308	5,012
Invested in capital assets (note 6)	4,979	4,979
	10,287	9,991
Total liabilities and net assets	\$ 292,451	\$ 294,374

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 June 30,	2020		2019	
Revenue (Schedule 1)				
Operating	\$	18	\$	963
Contributions		1,699		1,901
Other income		39		75
Total revenue		1,756		2,939
Expenses (Schedule 2)				
Museum content, programs and engagement		2,737		3,772
Accommodation		4,919		5,558
Internal services		984		1,202
Total expenses		8,640		10,532
Excess of expenses over revenue before parliamentary appropriations		(6,884)		(7,593)
Parliamentary appropriations (note 7)		7,180		7,859
Excess of revenue over expenses	\$	296	\$	266

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)

Three months ended June 30,	2020		2019					
	Unrestricted	Invested in capital assets						
Net assets, beginning of period	\$	5,012	\$	4,979	\$	9,991	\$	9,599
Excess of revenue over expenses		296		-		296		266
Net assets, end of period	\$	5,308	\$	4,979	\$	10,287	\$	9,865

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 June 30,	2020	2019
Operating activities		
Cash receipts from customers	\$ 163	\$ 790
Cash receipts from contributions	44	87
Cash receipts from parliamentary appropriations	6,366	6,723
Cash receipts from other income	38	45
Cash payments to and on behalf of employees	(3,389)	(3,373)
Cash payments to suppliers	(1,656)	(2,696)
Interest received	9	23
	1,575	1,599
Capital activities		
Payments for acquisition of capital assets	(208)	(173)
	(208)	(173)
Investing activities		
Acquisition of investments	(1,601)	(431)
	(1,601)	(431)
Financing activities		
Parliamentary appropriation for the acquisition of capital assets	9	16
Contributions from non-government sources for capital assets	9	25
	18	41
(Decrease)/increase in cash	(216)	1,036
Cash and restricted cash, beginning of period	12,022	7,216
Cash and restricted cash, end of period	\$ 11,806	\$ 8,252

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 months ended June 30, 2020

(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 Canadian Museum for Human Rights reports to Parliament through the Minister of Canadian Heritage.

The mandate, as stated in the 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 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.

Canadian Museum for Human Rights

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(b) Operations

The operations of the Museum are divided into three mutually supportive activities 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

Accommodations

- Building operations
- Protection services
- Information technology infrastructure

Internal services

- Corporate governance
- Administration
- Earned-revenue generation

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, 2020 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 months ended June 30, 2020 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2020.

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2020

(Unaudited)

(In thousands of dollars, unless otherwise noted)

4. Deferred contributions:

Deferred contributions recorded by the Museum are as follows:

	June 30, 2020	March 31, 2020
Deferred contributions restricted for the future purchase of capital assets	\$ 8,556	\$ 7,592

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

Three months ended	June 30, 2020
Balance, beginning of period	\$ 7,592
Additions:	
Deferred interest income	9
Parliamentary appropriations received in advance	1,000
	1,009
Deductions:	
Amounts recognized as revenue	(45)
	(45)
Balance, end of period	\$ 8,556

5. Deferred contributions related to capital assets:

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

Three months ended	June 30, 2020
Balance, beginning of period	\$ 273,069
Parliamentary appropriation for the acquisition of capital assets	9
Amortization of deferred contributions related to capital assets	(3,394)
Balance, end of period	\$ 269,684

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

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(In thousands of dollars, unless otherwise noted)

6. 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:

	June 30, 2020	March 31, 2020
Capital assets	\$ 274,663	\$ 278,048
Less amounts financed by deferred contributions related to capital assets	(269,684)	(273,069)
Land	\$ 4,979	\$ 4,979

7. Parliamentary appropriations:

Three months ended June 30,	2020	2019
Main estimates amount provided for operating and capital expenditures	\$ 6,376	\$ 6,739
Less current period parliamentary appropriations not recognized as revenue:		
Operating contribution received in advance	(1,000)	(1,000)
Amounts used to purchase capital assets	(9)	(16)
Add prior year parliamentary appropriations recognized as revenue in the current period:		
Amortization of deferred contributions related to capital assets	1,768	1,928
Restricted amounts used in current period for items expensed for accounting purposes	45	208
	\$ 7,180	\$ 7,859

Canadian Museum for Human Rights

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For the three months ended June 30, 2020

(Unaudited)

(In thousands of dollars, unless otherwise noted)

8. Allocation of expenses:

For the period ending June 30, 2020, \$0.6 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2019 - \$0.8 million).

The expenses have been allocated as follows:

Three months ended June 30,	2020	2019
Museum content, programs and engagement	\$ 338	\$ 417
Internal services	232	256
Accommodation	74	88
	\$ 644	\$ 761

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating Revenues

Three months ended June 30,	2020	2019
Admissions and programs		
General admission	\$ 5	\$ 338
Memberships	2	42
Public programs	-	18
Education programs	-	47
Retail Boutique sales	11	191
Facility rentals	-	249
Restaurant and catering	-	78
Total	\$ 18	\$ 963

Contributions

Three months ended June 30,	2020	2019
Revenue related to the amortization of deferred contributions from other donors	\$ 1,626	\$ 1,825
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	20	35
In-kind donations	25	21
Cash donations and sponsorships	25	20
In-kind and artifact donations	3	-
Total	\$ 1,699	\$ 1,901

Other income

Three months ended June 30,	2020	2019
Interest revenue	39	50
Friends of the CMHR cost recoveries	-	25
Total	\$ 39	\$ 75

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(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Three months ended June 30,	2020	2019
Amortization of capital assets	\$ 3,394	\$ 3,752
Personnel costs	3,084	3,363
Payment in lieu of taxes	700	667
Building operations	368	537
Information management infrastructure and systems	301	334
Exhibitions	190	375
Professional and special services	135	92
Digital reach	99	97
Protection services	94	177
Utilities	80	110
Office supplies and administration	56	110
Exhibits maintenance	52	39
Marketing and promotion	47	514
Programming	31	91
Cost of goods sold	7	96
Permanent collection acquisitions	3	12
Other	1	18
Travel	(2)	148
Total expenses	\$ 8,640	\$ 10,532