

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2021

(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 ("CMHR" or "the Museum") during the three months ended June 30, 2021. It must be read in conjunction with the March 31, 2021 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the three months ended June 30, 2021 includes the following:

OVERVIEW

On May 8, 2021, due to public health risks associated with the COVID-19 pandemic, Manitoba returned to "Code Red" pandemic status, and the Museum closed for a third time. It did not reopen until July 27, 2021. As a result of this closure, the Museum was open to the public for a total of only six weeks during the first quarter ending June 30, 2021.

Total on-site visitation during this time was 2,796. This compares to 1,757 visitors in Q1 of the previous year, when the museum was only open for two weeks due to the pandemic. The Museum also had 194,289 website visits and 9,559 students participate in its virtual tours of the Museum during the quarter.

The Museum finished the first quarter with a surplus of revenues over expenses of \$0.9 million.

STATEMENT OF OPERATIONS

Parliamentary appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$8.2 million for the three months ended June 30, 2021. This is \$1 million higher than the \$7.2 million in appropriations for the three months that ended June 30, 2020.

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For the fiscal year 2021-2022, the total voted main estimate appropriations are \$25.4 million (\$25.5 million in 2020-2021). The Government of Canada will also be providing emergency funding to all national museums, including \$3.9 million to the Museum for 2021-2022 (\$2.2 million was provided in 2020-2021).

Revenues

Operating revenues for the three months ended June 30, 2021 were \$77,000, primarily representing earnings from travelling exhibition fees. Other sources of revenue were admissions, memberships and Boutique sales when the Museum was open to the public.

This figure represents a small increase from the \$18,000 in operating revenues for the first quarter of the prior year.

Revenues have been negatively impacted by the pandemic closure, low visitation during open periods reflecting national and global travel restrictions as well as local behaviour influenced by public health orders and advisories.

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 \$9.1 million for the three months ended June 30, 2021, \$0.5 million higher than operating expenses for the three months ended June 30, 2020.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$2.8 million in comparison to \$2.7 million in the previous year. The increase in expenses was due to increased exhibitions and program development costs compared to the prior year.
- Accommodation expenses were \$5.1 million in comparison to \$4.9 million in the previous year. The increase was due to increased building project costs, as well

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- as additional building operation and security costs due to being open to the public for longer in this quarter compared to the prior year.
- Internal services expenses were \$1.1 million in comparison to \$1.0 million in the previous year. The increase was due to an increase in professional services.

For the three months ended June 30, 2021, the Museum finished the quarter in a positive operating position of \$0.9 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$1.4 million from \$287.4 million on March 31, 2021 to \$286.0 million on June 30, 2021. The decrease was due to the amortization of capital assets, offset by an increase in cash and restricted cash and prepaid expenses.

Total liabilities decreased by \$2.3 million from \$275.8 million on March 31, 2021 to \$273.5 million on June 30, 2021. 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 accrued liabilities.

Net assets increased by \$0.9 million from March 31, 2021 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.

The Museum is currently undertaking a full risk re-assessment in light of the ongoing impact of the pandemic and issues related to findings of systemic racism and discrimination at the Museum.

The Museum is committed to building upon its considerable successes since opening in 2014. However, its operations in the short-term (and potentially the longer-term) have been significantly impacted by the global pandemic.

The pandemic has had, and will continue to have, a significant impact on the Museum's revenue generation and operations. Ongoing travel restrictions and health concerns will

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persist for several years. Destination Canada, Travel Manitoba and Tourism Winnipeg are projecting a five-year recovery before people start travelling and engaging in cultural and tourism activities at 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 strategic plan approved by the Board of Trustees in 2020-2021 has been re-assessed in light of issues relating to the pandemic and a transitional plan approved for 2021-22. The transitional plan takes into consideration the ongoing impact of the pandemic and the requirements to incorporate anti-racist and anti-oppressive practices into all areas of the Museum's work.

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, work required to create an equitable museum, and the significant capital requirements of maintaining a digitally based museum in an iconic building.

The Museum is grateful to the federal government for \$3.9 million for 2021-2022 provided through Budget 2021 in recognition of the unique difficulties in operating a national cultural institution during these challenging times.

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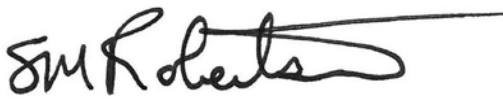
STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

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, Chief Executive Officer



Susanne Robertson, FCPA, FCA, Chief Financial Officer

August 23, 2021

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2021

(Unaudited)



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Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	June 30, 2021	March 31, 2021
Assets		
Current assets		
Cash and restricted cash	\$ 11,055	\$ 9,582
Investments	1,096	1,091
Accounts receivable	80	117
Inventories	177	177
Prepaid expenses	784	559
	13,192	11,526
Investments and restricted investments	11,179	11,176
Collections	1	1
Capital assets	261,656	264,721
Total assets	\$ 286,028	\$ 287,424
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,108	\$ 2,934
Deferred revenue	131	202
	4,239	3,136
Deferred contributions (note 4)	12,599	12,933
Deferred contributions related to capital assets (note 5)	256,677	259,742
Total liabilities	273,515	275,811
Net assets		
Unrestricted	7,534	6,634
Invested in capital assets	4,979	4,979
	12,513	11,613
Total liabilities and net assets	\$ 286,028	\$ 287,424

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,	2021	2020
Revenue (Schedule 1)		
Operating	\$ 77	\$ 18
Contributions	1,676	1,699
Other income	51	39
Total revenue	1,804	1,756
Expenses (Schedule 2)		
Museum content, programs and engagement	2,870	2,737
Accommodation	5,079	4,919
Internal services	1,103	984
Total expenses	9,052	8,640
Excess of expenses over revenue before parliamentary appropriations	(7,248)	(6,884)
Parliamentary appropriations (note 7)	8,148	7,180
Excess of revenue over expenses	\$ 900	\$ 296

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,			2021	2020
	Unrestricted	Invested in capital assets		
Net assets, beginning of period	\$ 6,634	\$ 4,979	\$ 11,613	\$ 9,991
Excess of revenue over expenses	900	-	900	296
Net assets, end of period	\$ 7,534	\$ 4,979	\$ 12,513	\$ 10,287

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,	2021	2020
Operating activities		
Cash receipts from customers	\$ 36	\$ 163
Cash receipts from contributions	27	44
Cash receipts from parliamentary appropriations	6,309	6,366
Cash receipts from other income	-	38
Cash payments to and on behalf of employees	(2,813)	(3,389)
Cash payments to suppliers	(1,872)	(1,656)
Interest received	43	9
	1,730	1,575
Capital activities		
Payments for acquisition of capital assets	(317)	(208)
	(317)	(208)
Investing activities		
Acquisition of investments	-	(1,601)
	-	(1,601)
Financing activities		
Parliamentary appropriation for the acquisition of capital assets	50	9
Contributions from non-government sources for capital assets	10	9
	60	18
Increase/(decrease) in cash	1,473	(216)
Cash and restricted cash, beginning of period	9,582	12,022
Cash and restricted cash, end of period	\$ 11,055	\$ 11,806

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, 2021

(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*.

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 2020-2021 to 2024-2025 planning period. The Corporate Plan Summary was tabled on April 15, 2021 and is available on the Museum’s website. The Museum’s corporate plan for the 2021-2022 to 2025-2026 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
- 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 months ended June 30, 2021

(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, 2021 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 months ended June 30, 2021 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2021.

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Notes to Quarterly Financial Statements

For the three months ended June 30, 2021

(Unaudited)

(In thousands of dollars, unless otherwise noted)

4. Deferred contributions:

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

Three months ended	June 30, 2021
Balance, beginning of period	\$ 12,933
Additions:	
Deferred interest income	10
	10
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(241)
Amounts recognized as revenue	(103)
	(344)
Balance, end of period	\$ 12,599

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, 2021
Balance, beginning of period	\$ 259,742
Amounts transferred from deferred contributions	241
Parliamentary appropriation for the acquisition of capital assets	50
Amortization of deferred contributions related to capital assets	(3,356)
Balance, end of period	\$ 256,677

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(In thousands of dollars, unless otherwise noted)

6. Parliamentary appropriations:

Three months ended June 30,	2021	2020
Main estimates amount provided for operating and capital expenditures	\$ 6,358	\$ 6,376
Less current period parliamentary appropriations not recognized as revenue:		
Operating contribution received in advance	-	(1,000)
Amounts used to purchase capital assets	(50)	(9)
Add prior year parliamentary appropriations recognized as revenue in the current period:		
Amortization of deferred contributions related to capital assets	1,737	1,768
Restricted amounts used in current period for items expensed for accounting purposes	103	45
	\$ 8,148	\$ 7,180

7. Allocation of expenses:

The Museum incurs expenses that contribute to multiple museum activities. For the period ending June 30, 2021, \$0.6 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2020 - \$0.6 million).

The expenses have been allocated as follows:

Three months ended June 30,	2021	2020
Museum content, programs and engagement	\$ 330	\$ 338
Internal services	217	232
Accommodation	64	74
	\$ 611	\$ 644

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating revenues

Three months ended June 30,	2021	2020
Admissions and programs		
General admission	\$ 13	\$ 5
Memberships	5	2
Retail Boutique sales	18	11
Travelling exhibits	41	-
Total	\$ 77	\$ 18

Contributions

Three months ended June 30,	2021	2020
Revenue related to the amortization of deferred contributions from other donors	\$ 1,619	\$ 1,626
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	55	20
In-kind donations	-	25
Cash donations and sponsorships	-	25
In-kind and artifact donations	2	3
Total	\$ 1,676	\$ 1,699

Other income

Three months ended June 30,	2021	2020
Interest revenue	51	39
Total	\$ 51	\$ 39

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Three months ended June 30,	2021	2020
Amortization of capital assets	\$ 3,356	\$ 3,394
Personnel costs	3,138	3,084
Payment in lieu of taxes	705	700
Building operations	470	368
Information management infrastructure and systems	347	301
Professional and special services	283	135
Exhibitions	220	190
Protection services	125	94
Utilities	110	80
Digital reach	83	99
Office supplies and administration	76	56
Programming	62	31
Marketing and promotion	43	47
Permanent collection acquisitions	14	3
Cost of goods sold	10	7
Other	9	1
Travel	1	(2)
Exhibits maintenance	-	52
Total expenses	\$ 9,052	\$ 8,640