

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and six months ended September 30, 2020

(Unaudited)



Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three and six months ended September 30, 2020

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 six months ended September 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 six months ended September 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 closure meant that there were only 10 days during the first quarter of the current fiscal year (which began April 1, 2020) when the Museum was open to the public.

The pandemic and the closure have had, and will continue to have, a significant impact on the Museum's revenue generation and operations – including visitation, facility rentals and Boutique sales. As the duration and impact of the pandemic remains unclear as of September 30, 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 provided the Museum \$2.2 million in emergency funding that was received in this 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

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recognizing the important role that Canada's national museums play in Canadian society through its emergency investments during the COVID-19 pandemic.

Total visitation for the six months ended September 30, 2020 was 14,000. Due to the effects of the COVID-19 pandemic, including the closure of the Museum, this represents a significant decrease from the 173,200 visitors in the first six months of the prior year.

The Museum finished the second quarter with a surplus of revenues over expenses of \$1.0 million.

STATEMENT OF OPERATIONS

Parliamentary Appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$14.9 million for the six months ended September 30, 2020, or \$0.6 million lower than the \$15.5 million for the six months ended September 30, 2019. Parliamentary appropriations include emergency appropriations of \$2.2 million received in the current quarter.

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 six months ended September 30, 2020 was \$0.2 million, a significant decrease from \$2.1 million in the prior year due to the COVID-19 closure, low visitation after reopening reflecting national and global travel restrictions as well as local behaviour influenced by health safety precautions, and the ongoing restrictions on gatherings. This figure represents revenue from admissions, memberships and Boutique sales since the Museum re-opened to the public on June 17, 2020 as well as travelling exhibit revenue.

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.

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Expenses

Total operating expenses were \$17.5 million for the six months ended September 30, 2020, \$3.2 million lower than operating expenses for the six months ended September 30, 2019.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$5.4 million in comparison to \$7.1 million in the previous year. The decrease in expenses was due to the Museum's closure and low visitation after reopening, which resulted in reduced personnel costs and marketing expenditures as well as on-site programs and exhibition work being deferred or cancelled.
- Accommodation expenses were \$9.9 million in comparison to \$11.1 million in the previous year. The decrease was due to a decrease in the amortization of capital assets and the Museum closure resulting in lower building operations expenses.
- Internal services expenses were \$2.2 million in comparison to \$2.5 million in the previous year. The decrease was due to lower personnel costs and office and administration costs.

The Museum finished the six months ended September 30, 2020 in a positive operating position of \$1.0 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$4.5 million from \$294.4 million on March 31, 2020 to \$289.9 million at September 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 \$5.4 million from \$284.4 million at March 31, 2020 to \$279.0 million at September 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 \$1.0 million from March 31, 2020 representing an excess of revenue over expenses.

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RISK ANALYSIS AND OUTLOOK

The Museum employs 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.

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 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 and Chief Executive Officer



Susanne Robertson, FCPA, FCA, Chief Financial Officer

November 25, 2020

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

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(Unaudited)



Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	September 30, 2020	March 31, 2020
Assets		
Current assets		
Cash and restricted cash	\$ 12,258	\$ 12,022
Investments	5,221	3,175
Accounts receivable	235	357
Inventories	234	246
Prepaid expenses	660	525
	18,608	16,325
Collections	1	1
Capital assets	271,334	278,048
Total assets	\$ 289,943	\$ 294,374
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,913	\$ 3,475
Deferred revenue	262	247
	3,175	3,722
Deferred contributions (note 4)	9,455	7,592
Deferred contributions related to capital assets (note 5)	266,355	273,069
Total liabilities	278,985	284,383
Net assets		
Unrestricted	5,979	5,012
Invested in capital assets (note 6)	4,979	4,979
	10,958	9,991
Total liabilities and net assets	\$ 289,943	\$ 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		Six months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue (Schedule 1)				
Operating	\$ 140	\$ 1,088	\$ 158	\$ 2,051
Contributions	1,670	1,965	3,369	3,866
Other income	32	106	71	181
Total revenue	1,842	3,159	3,598	6,098
Expenses (Schedule 2)				
Museum content, programs and engagement	2,656	3,371	5,393	7,143
Accommodation	5,018	5,505	9,937	11,063
Internal services	1,209	1,302	2,193	2,504
Total expenses	8,883	10,178	17,523	20,710
Excess of expenses over revenue before parliamentary appropriations	(7,041)	(7,019)	(13,925)	(14,612)
Parliamentary appropriations (note 7)	7,712	7,597	14,892	15,456
Excess of revenue over expenses	\$ 671	\$ 578	\$ 967	\$ 844

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)

Six months ended September 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	967	-	967	844
Net assets, end of period	\$ 5,979	\$ 4,979	\$ 10,958	\$ 10,443

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		Six months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Operating activities				
Cash receipts from customers	\$ 127	\$ 1,233	\$ 290	\$ 2,023
Cash receipts from contributions	60	116	104	203
Cash receipts from parliamentary appropriations	6,846	7,266	13,212	13,989
Cash receipts from other income	-	19	38	64
Cash payments to and on behalf of employees	(2,781)	(3,258)	(6,170)	(6,631)
Cash payments to suppliers	(3,411)	(5,276)	(5,067)	(7,972)
Interest received	94	42	103	65
	935	142	2,510	1,741
Capital activities				
Payments for acquisition of capital assets	(64)	(14)	(272)	(187)
	(64)	(14)	(272)	(187)
Investing activities				
Acquisition of investments	(2,514)	(622)	(4,115)	(1,053)
Disposal of investments	2,037	608	2,037	608
	(477)	(14)	(2,078)	(445)
Financing activities				
Parliamentary appropriation for the acquisition of capital assets	47	19	56	35
Parliamentary appropriations (capital) funding for capital assets	-	2,100	-	2,100
Contributions from non-government sources for capital assets	11	26	20	51
	58	2,145	76	2,186
Increase/(decrease) in cash	452	2,259	236	3,295
Cash and restricted cash, beginning of period	11,806	8,252	12,022	7,216
Cash and restricted cash, end of period	\$ 12,258	\$ 10,511	\$ 12,258	\$ 10,511

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, 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.

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(In thousands of dollars, unless otherwise noted)

(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

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 and six months ended September 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

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(In thousands of dollars, unless otherwise noted)

4. Deferred contributions

Deferred contributions recorded by the Museum are as follows:

	September 30, 2020	March 31, 2020
Deferred contributions restricted for the future purchase of capital assets	\$ 9,455	\$ 7,592

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

Six months ended	September 30, 2020
Balance, beginning of period	\$ 7,592
Additions:	
Parliamentary appropriations (operating) received in advance	2,000
Deferred interest income	21
	2,021
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(12)
Amounts recognized as revenue	(146)
	(158)
Balance, end of period	\$ 9,455

5. Deferred contributions related to capital assets

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

Six months ended	September 30, 2020
Balance, beginning of period	\$ 273,069
Amounts transferred from deferred contributions	12
Parliamentary appropriation for the acquisition of capital assets	56
Amortization of deferred contributions related to capital assets	(6,782)
Balance, end of period	\$ 266,355

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2020

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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:

	September 30, 2020	March 31, 2020
Capital assets	\$ 271,334	\$ 278,048
Less amounts financed by deferred contributions related to capital assets	(266,355)	(273,069)
Land	\$ 4,979	\$ 4,979

7. Parliamentary appropriations:

	Three months ended		Six months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Main estimates amount provided for operating and capital expenditures	\$ 4,686	\$ 9,385	\$ 11,062	\$ 16,124
Supplementary Estimates B	2,207	-	2,207	-
Less current period parliamentary appropriations not recognized as revenue:				
Operating contribution received in advance	(1,000)	(1,700)	(2,000)	(2,700)
Capital appropriations deferred	-	(2,100)	-	(2,100)
Amounts used to purchase capital assets	(47)	(19)	(56)	(35)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,765	1,922	3,533	3,850
Restricted amounts used in current period for items expensed for accounting purposes	101	109	146	317
	\$ 7,712	\$ 7,597	\$ 14,892	\$ 15,456

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8. Allocation of expenses:

For the period ending September 30, 2020, \$1.5 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2019 - \$1.5 million).

The expenses have been allocated as follows:

Six months ended September 30,	2020	2019
Museum content, program and engagement	\$ 779	\$ 814
Internal services	523	486
Accommodation	166	156
	\$ 1,468	\$ 1,456

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(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating Revenues

Six months ended September 30,	2020	2019
Admissions and programs		
General admission	\$ 62	\$ 889
Memberships	14	87
Public programs	-	41
Education programs	-	55
Retail boutique sales	64	453
Facility rentals	3	404
Restaurant and catering	-	115
Travelling exhibits	15	7
Total	\$ 158	\$ 2,051

Contributions

Six months ended September 30,	2020	2019
Revenue related to the amortization of deferred contributions from other donors	\$ 3,249	\$ 3,649
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	52	70
In-kind donations	29	125
Cash donations and sponsorships	36	22
In-kind and artifact donations	3	-
Total	\$ 3,369	\$ 3,866

Other income

Six months ended September 30,	2020	2019
Interest revenue	\$ 71	\$ 107
Friends of the CMHR cost recoveries	-	63
Miscellaneous	-	11
Total	\$ 71	\$ 181

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(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Six months ended September 30,	2020	2019
Amortization of capital assets	\$ 6,782	\$ 7,499
Personnel costs	6,276	6,785
Payment in lieu of taxes	1,353	1,346
Building operations	812	1,026
Information management infrastructure and systems	670	579
Professional and special services	399	213
Exhibitions	309	574
Protection services	218	353
Utilities	181	222
Digital reach	156	173
Office supplies and administration	106	272
Marketing and promotion	88	890
Exhibits maintenance	54	106
Programming	52	152
Cost of goods sold	37	230
Travel	17	217
Permanent collection acquisitions	8	12
Other	5	61
Total expenses	\$ 17,523	\$ 20,710