

# **CANADIAN MUSEUM FOR HUMAN RIGHTS**

## **QUARTERLY FINANCIAL REPORT**

For the three and six months ended September 30, 2021

(Unaudited)



**CANADIAN MUSEUM FOR  
HUMAN RIGHTS**  
MUSÉE CANADIEN POUR LES  
**DROITS DE LA PERSONNE**

## **Canadian Museum for Human Rights**

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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 six months ended September 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 six months ended September 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 in 14 months. It did not reopen until July 27, 2021. As a result of this closure, the Museum was only open to the public for a total of fifteen weeks during the first six months ending September 30, 2021.

Total on-site visitation during this time was 22,000. This compares to 14,000 visitors in the first six months of the previous year, when the Museum was similarly closed for several weeks due to the pandemic. The Museum also had 242,452 website visits and 10,202 students participate in its virtual field trips during the six months ending September 30, 2021.

The Museum finished the second quarter with an excess of revenues over expenses of \$1.5 million.

### **STATEMENT OF OPERATIONS**

#### *Parliamentary appropriations*

Total parliamentary appropriations, reported on an accrual basis, are \$16 million for the six months ended September 30, 2021. This is \$1.1 million higher than the \$14.9 million in appropriations for the six months that ended September 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). In addition, the Government of Canada is providing funding to support all national museums due to the impacts of the pandemic, including \$3.9 million to the CMHR for 2021-2022 (\$2.2 million in 2020-2021).

#### *Revenues*

Operating revenues for the six months ended September 30, 2021 were \$0.4 million, an increase of \$0.2 million compared to the previous year. This represents revenue from admissions, tours, memberships, Boutique sales, facility rentals and travelling exhibits.

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 \$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.

#### *Expenses*

Total operating expenses were \$18.3 million for the six months ended September 30, 2021, \$0.8 million higher than operating expenses for the six months ended September 30, 2020.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$5.6 million in comparison to \$5.4 million in the previous year. The increase in expenses was due to increased exhibitions, marketing and program development costs compared to the prior year.
- Accommodation expenses were \$10.5 million in comparison to \$9.9 million in the previous year. The increase was due to increased building project costs, as well as additional building operation and security costs.

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- Internal services expenses were \$2.1 million in comparison to \$2.2 million in the previous year. The decrease was due to staff vacancies.

For the six months ended September 30, 2021, the Museum finished the quarter in a positive operating position of \$1.5 million.

#### **STATEMENT OF FINANCIAL POSITION**

Total assets decreased by \$4.4 million from \$287.4 million on March 31, 2021 to \$283.0 million on September 30, 2021. The decrease was due to the amortization of capital assets, offset by an increase in cash and restricted cash.

Total liabilities decreased by \$5.9 million from \$275.8 million on March 31, 2021 to \$269.9 million on September 30, 2021. The decrease was due to a decrease in deferred contributions and a decrease in deferred contributions related to capital assets due to the amortization of the contributions over the same period as the related capital assets offset by an increase in accounts payable and accrued liabilities.

Net assets increased by \$1.5 million from March 31, 2021, representing an excess of revenue over expenses.

#### **RISK ANALYSIS AND 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 persist for several years. Destination Canada, Travel Manitoba and Tourism Winnipeg

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are projecting, on average, 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 findings of systemic racism and discrimination at the Museum, and a transitional plan was approved for 2021-2022. 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.



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Isha Khan, Chief Executive Officer



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Susanne Robertson, FCPA, FCA, Chief Financial Officer

November 17, 2021

Quarterly Financial Statements of

## **CANADIAN MUSEUM FOR HUMAN RIGHTS**

For the three and six months ended September 30, 2021

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## Canadian Museum for Human Rights

### Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	September 30, 2021	March 31, 2021
<b>Assets</b>		
Current assets		
Cash and restricted cash	\$ 10,938	\$ 9,582
Investments	-	1,091
Accounts receivable	132	117
Inventories	161	177
Prepaid expenses	589	559
	11,820	11,526
Investments and restricted investments	12,284	11,176
Collections	1	1
Capital assets	258,933	264,721
<b>Total assets</b>	<b>\$ 283,038</b>	<b>\$ 287,424</b>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,730	\$ 2,934
Deferred revenue	159	202
	3,889	3,136
Deferred contributions (note 4)	12,042	12,933
Deferred contributions related to capital assets (note 5)	253,954	259,742
Total liabilities	269,885	275,811
Net assets		
Unrestricted	8,174	6,634
Invested in capital assets	4,979	4,979
	13,153	11,613
<b>Total liabilities and net assets</b>	<b>\$ 283,038</b>	<b>\$ 287,424</b>

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, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue (Schedule 1)				
Operating	\$ 299	\$ 140	\$ 376	\$ 158
Contributions	1,680	1,670	3,356	3,369
Other income	50	32	101	71
<b>Total revenue</b>	<b>2,029</b>	<b>1,842</b>	<b>3,833</b>	<b>3,598</b>
Expenses (Schedule 2)				
Museum content, programs and engagement	2,775	2,656	5,645	5,393
Accommodation	5,421	5,018	10,500	9,937
Internal services	1,020	1,209	2,123	2,193
<b>Total expenses</b>	<b>9,216</b>	<b>8,883</b>	<b>18,268</b>	<b>17,523</b>
Excess of expenses over revenue before parliamentary appropriations	(7,187)	(7,041)	(14,435)	(13,925)
Parliamentary appropriations (note 6)	7,827	7,712	15,975	14,892
<b>Excess of revenue over expenses</b>	<b>\$ 640</b>	<b>\$ 671</b>	<b>\$ 1,540</b>	<b>\$ 967</b>

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)

### Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

<b>Six months ended September 30,</b>			<b>2021</b>	<b>2020</b>
	<b>Unrestricted</b>	<b>Invested in capital assets</b>		
Net assets, beginning of period	\$ 6,634	\$ 4,979	\$ 11,613	\$ 9,991
Excess of revenue over expenses	1,540	-	1,540	967
<b>Net assets, end of period</b>	<b>\$ 8,174</b>	<b>\$ 4,979</b>	<b>\$ 13,153</b>	<b>\$ 10,958</b>

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)

Six months ended September 30,	2021	2020
Operating activities		
Cash receipts from customers	\$ 281	\$ 290
Cash receipts from contributions	135	104
Cash receipts from parliamentary appropriations	12,365	13,212
Cash receipts from other income	-	38
Cash payments to and on behalf of employees	(5,781)	(6,170)
Cash payments to suppliers	(5,074)	(5,067)
Interest received	118	103
	2,044	2,510
Capital activities		
Payments for acquisition of capital assets	(823)	(272)
	(823)	(272)
Investing activities		
Acquisition of investments	(1,100)	(4,115)
Disposal of investments	1,066	2,037
	(34)	(2,078)
Financing activities		
Parliamentary appropriation for the acquisition of capital assets	152	56
Contributions from non-government sources for capital assets	17	20
	169	76
Increase in cash	1,356	236
Cash and restricted cash, beginning of period	9,582	12,022
Cash and restricted cash, end of period	\$ 10,938	\$ 12,258

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, 2021

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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#### 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

##### **Internal services**

- Corporate governance
- Administration
- Earned-revenue generation

## **Canadian Museum for Human Rights**

### **Notes to Quarterly Financial Statements**

For the three and six months ended September 30, 2021

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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#### **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 and six months ended September 30, 2021 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2021.

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and six months ended September 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:

<b>Six months ended</b>	<b>September 30, 2021</b>
Balance, beginning of period	\$ 12,933
Additions:	
Deferred interest income	17
	17
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(714)
Amounts recognized as revenue	(194)
	(908)
Balance, end of period	\$ 12,042

#### 5. Deferred contributions related to capital assets:

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

<b>Six months ended</b>	<b>September 30, 2021</b>
Balance, beginning of period	\$ 259,742
Amounts transferred from deferred contributions	714
Parliamentary appropriation for the acquisition of capital assets	152
Amortization of deferred contributions related to capital assets	(6,654)
Balance, end of period	\$ 253,954

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2021

(Unaudited)

(In thousands of dollars, unless otherwise noted)

#### 6. Parliamentary appropriations:

	Three months ended		Six months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Main estimates amount provided for operating and capital expenditures	\$ 6,158	\$ 4,686	\$ 12,516	\$ 11,062
Supplementary estimates and transfers	-	2,207	-	2,207
Less current period parliamentary appropriations not recognized as revenue:				
Operating contribution received in advance	-	(1,000)	-	(2,000)
Amounts used to purchase capital assets	(102)	(47)	(152)	(56)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,680	1,765	3,417	3,533
Restricted amounts used in current period for items expensed for accounting purposes	91	101	194	146
	\$ 7,827	\$ 7,712	\$ 15,975	\$ 14,892

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2021

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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#### 7. Allocation of expenses:

The Museum incurs expenses that contribute to multiple museum activities. For the period ending September 30, 2021, \$1.2 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2020 - \$1.5 million).

The expenses have been allocated as follows:

<b>Six months ended September 30,</b>	<b>2021</b>		<b>2020</b>	
Museum content, programs and engagement	\$	602	\$	779
Internal services		424		523
Accommodation		181		166
	\$	1,207	\$	1,468



## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2021

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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#### Schedule 1 – Schedule of Revenues

##### Operating revenues

Six months ended September 30,	2021	2020
Admissions and programs		
General admission	\$ 143	\$ 62
Memberships	15	14
Retail Boutique sales	107	64
Facility rentals	25	3
Restaurant and catering	12	-
Travelling exhibits	74	15
Total	\$ 376	\$ 158

##### Contributions

Six months ended September 30,	2021	2020
Revenue related to the amortization of deferred contributions from other donors	\$ 3,237	\$ 3,249
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	102	52
In-kind donations	-	29
Cash donations and sponsorships	13	36
In-kind and artifact donations	4	3
Total	\$ 3,356	\$ 3,369

##### Other income

Six months ended September 30,	2021	2020
Interest revenue	101	71
Total	\$ 101	\$ 71

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2021

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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#### Schedule 2 – Schedule of Expenses

Six months ended September 30,	2021	2020
Amortization of capital assets	\$ 6,654	\$ 6,782
Personnel costs	6,214	6,276
Payment in lieu of taxes	1,369	1,353
Building operations	1,289	812
Information management infrastructure and systems	600	670
Professional and special services	461	399
Exhibitions	416	309
Protection services	292	218
Marketing and promotion	265	88
Utilities	215	181
Digital reach	146	156
Programming	131	52
Office supplies and administration	118	106
Cost of goods sold	57	37
Permanent collection acquisitions	18	8
Other	16	5
Travel	7	17
Exhibits maintenance	-	54
Total expenses	\$ 18,268	\$ 17,523