

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and six months ended September 30, 2022

(Unaudited)



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

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three and nine months ended September 30, 2022

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, 2022. It must be read in conjunction with the March 31, 2022 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the six months ended September 30, 2022 includes the following:

OVERVIEW

Total on-site visitation during this time was 111,939. This is a significant increase from the 22,000 visitors in the first six months of the previous year, when the Museum was only open to the public for 15 weeks due to the pandemic. The Museum's in-person education programming resumed with 564 students, teachers and chaperones participating during the first six months of the year. The Museum also had 520,604 website visits and 10,735 students participate in its virtual field trips during the six months ending September 30, 2022, up from 436,741 website visits and 10,202 students for the six months ending September 30, 2021.

The Museum finished the second quarter with an excess of revenues over expenses of \$0.9 million, compared to an excess of \$1.5 million in the same period of the previous year. The lower excess of revenues over expenses was due to increased expenses primarily in personnel costs.

STATEMENT OF OPERATIONS

Parliamentary appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$15.9 million for the six months ended September 30, 2022. This is \$0.1 million higher than the \$16.0 million in appropriations for the six months that ended September 30, 2021.

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For the fiscal year 2022-2023, the total voted main estimate appropriations are \$25.4 million, consistent with 2021-2022.

Revenues

Operating revenues for the six months ended September 30, 2022 were \$1.3 million, an increase of over 200% from the \$0.4 million recorded in the previous year due to an increase in visitation as the Museum was open for the entire period this year compared to only 15 weeks in the year before. This represents revenue from admissions, memberships, programming, Boutique sales, facility rentals, coffee cart sales and catering.

Contributions of \$3.5 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 \$19.9 million for the six months ended September 30, 2022, \$1.6 million higher than operating expenses for the six months ended September 30, 2021.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$6.8 million in comparison to \$5.6 million in the previous year. The increase was due to higher costs for personnel, marketing, travel and programming as the Museum was open for the entire period compared to the previous year.
- Accommodation expenses were \$10.2 million in comparison to \$10.5 million in the previous year. The decrease was due to a decrease in payments in lieu of taxes and amortization.
- Internal services expenses were \$2.9 million in comparison to \$2.1 million in the previous year. The increase was due to higher personnel costs offset by a decrease in professional services.

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For the three months ended September 30, 2022, the Museum finished the quarter in a positive operating position of \$0.9 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$5.4 million from \$281.0 million on March 31, 2022 to \$275.6 million on September 30, 2022. The decrease was due to the amortization of capital assets, offset by an increase in investments.

Total liabilities decreased by \$6.3 million from \$269.0 million on March 31, 2022 to \$262.7 million on September 30, 2022. The decrease was due to the amortization of deferred contributions for capital assets received in previous years.

Net assets increased by \$0.9 million from March 31, 2022, 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 committed to building upon its considerable successes since opening in 2014. However, its operations and revenue generation have been significantly impacted by the global pandemic. Projections from tourism industry partners in 2021 (Destination Canada, Travel Manitoba and Tourism Winnipeg) were for a four- to six-year recovery period before travel reached 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 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, increasing inflation and its impact on consumer spending, work required to create an equitable museum and the significant capital requirements of maintaining a digitally based museum in an iconic building.

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Looking forward, the Museum has identified the development of a Digital Learning Centre (DLC) as a priority, providing greater opportunities to realize its mandate. The DLC will be a 465-square-metre space unlike any other in Western Canada. Integrated, advanced audio-visual technology will be used to virtually connect remote audiences with on-site programming ranging from discussions and lectures to school programs and public performances. This multi-purpose gathering place and education centre will also accommodate community gatherings, facility rentals, conference seminars and more.

Completion of the DLC will enable all Canadians to participate in cultural, human rights, educational and reconciliation-oriented programs via integrated livestream broadcasts from the Museum. It will be fully accessible to visitors of all abilities, incorporating the latest principles of inclusive design. It will also enable people across Canada to access new ways to connect and re-connect in the aftermath of the COVID-19 pandemic.

The Museum will continue its efforts to maximize earned revenue. In partnership with the Friends, the Museum also plans to supplement its parliamentary appropriations through sponsorships and philanthropic support.

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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 are 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



Michael Schroeder, CPA, CGA, Chief Financial Officer

November 9, 2022

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

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Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	September 30, 2022	March 31, 2022
Assets		
Current assets		
Cash and restricted cash	\$ 10,603	\$ 11,294
Investments	7,046	4,000
Accounts receivable	385	117
Inventories	154	144
Prepaid expenses	633	564
	18,821	16,119
Investments and restricted investments	10,241	12,282
Collections	1	1
Capital assets	246,577	252,629
Total assets	\$ 275,640	\$ 281,031
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,341	\$ 4,091
Deferred revenue	431	447
	4,772	4,538
Deferred contributions (note 4)	16,375	16,834
Deferred contributions related to capital assets (note 5)	241,598	247,650
Total liabilities	262,745	269,022
Net assets		
Unrestricted	7,916	7,030
Invested in capital assets	4,979	4,979
	12,895	12,009
Total liabilities and net assets	\$ 275,640	\$ 281,031

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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue (Schedule 1)				
Operating	\$ 722	\$ 299	\$ 1,251	\$ 376
Contributions	1,775	1,680	3,500	3,356
Other income	60	50	129	101
Total revenue	2,557	2,029	4,880	3,833
Expenses (Schedule 2)				
Museum content, programs and engagement	3,445	2,775	6,774	5,645
Accommodation	5,074	5,421	10,180	10,500
Internal services	1,514	1,020	2,926	2,123
Total expenses	10,033	9,216	19,880	18,268
Excess of expenses over revenue before parliamentary appropriations	(7,476)	(7,187)	(15,000)	(14,435)
Parliamentary appropriations (note 6)	7,856	7,827	15,886	15,975
Excess of revenue over expenses	\$ 380	\$ 640	\$ 886	\$ 1,540

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)

Six months ended September 30,			2022	2021
	Unrestricted	Invested in capital assets		
Net assets, beginning of period	\$ 7,030	\$ 4,979	\$ 12,009	\$ 11,613
Excess of revenue over expenses	886	-	886	1,540
Net assets, end of period	\$ 7,916	\$ 4,979	\$ 12,895	\$ 13,153

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,	2022	2021
Operating activities		
Cash receipts from customers	\$ 1,124	\$ 281
Cash receipts from contributions	194	135
Cash receipts from parliamentary appropriations	12,454	12,365
Cash payments to and on behalf of employees	(7,681)	(5,781)
Cash payments to suppliers	(5,660)	(5,074)
Interest received	31	118
	462	2,044
Capital activities		
Payments for acquisition of capital assets	(372)	(823)
	(372)	(823)
Investing activities		
Acquisition of investments	(16,062)	(1,100)
Disposal of investments	15,115	1,066
	(947)	(34)
Financing activities		
Parliamentary appropriation for the acquisition of capital assets	63	152
Contributions from non-government sources for capital assets	103	17
	166	169
Increase in cash	(691)	1,356
Cash and restricted cash, beginning of period	11,294	9,582
Cash and restricted cash, end of period	\$ 10,603	\$ 10,938

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, 2022

(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 of Canada*.

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 2021-2022 to 2025-2026 planning period. The Corporate Plan Summary was tabled on February 11, 2022 and is available on the Museum’s website. The Museum’s corporate plan for the 2022-2023 to 2026-2027 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 and six months ended September 30, 2022

(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, 2022 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, 2022 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2022.

4. Deferred contributions:

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

Six months ended	September 30, 2022
Balance, beginning of period	\$ 16,834
Additions:	
Deferred interest income	103
	103
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(423)
Amounts recognized as revenue	(139)
	(562)
Balance, end of period	\$ 16,375

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5. Deferred contributions related to capital assets:

Changes in the deferred contributions related to capital assets, purchased but not fully amortized during the current period were as, are composed of:

Six months ended	September 30, 2022
Balance, beginning of period	\$ 247,650
Amounts transferred from deferred contributions	423
Parliamentary appropriation for the acquisition of capital assets	63
Amortization of deferred contributions related to capital assets	(6,538)
Balance, end of period	\$ 241,598

6. Parliamentary appropriations:

	Three months ended		Six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Main estimates amount provided for operating and capital expenditures	\$ 6,159	\$ 6,158	\$ 12,517	\$ 12,516
Less current period parliamentary appropriations not recognized as revenue:				
Amounts used to purchase capital assets	(35)	(102)	(63)	(152)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,646	1,680	3,299	3,417
Restricted amounts used in current period for items expensed for accounting purposes	86	91	133	194
	\$ 7,856	\$ 7,827	\$ 15,886	\$ 15,975

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7. Allocation of expenses:

The Museum incurs expenses that contribute to multiple museum activities. For the period ending September 30, 2022, \$1.9 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2021 - \$1.2 million).

The expenses have been allocated as follows:

Six months ended September 30,	2022		2021	
Museum content, programs and engagement	\$	948	\$	602
Internal services		647		424
Accommodation		268		181
	\$	1,863	\$	1,207

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(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating revenues

Six months ended September 30,	2022	2021
Admissions and programs		
General admission	\$ 479	\$ 143
Memberships	31	15
Public programs	4	-
Education programs	19	-
Retail Boutique sales	299	107
Facility rentals	301	25
Coffee cart and catering	118	12
Travelling exhibitions	-	74
Total	\$ 1,251	\$ 376

Contributions

Six months ended September 30,	2022	2021
Revenue related to the amortization of deferred contributions	\$ 3,239	\$ 3,237
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	198	102
In-kind donations	5	-
Cash donations and sponsorships	40	13
In-kind and artifact donations	18	4
Total	\$ 3,500	\$ 3,356

Other income

Six months ended September 30,	2022	2021
Interest revenue	90	101
Friends of the CMHR cost recoveries	39	-
Total	\$ 129	\$ 101

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Schedule 2 – Schedule of Expenses

Six months ended September 30,	2022	2021
Personnel costs	\$ 7,766	\$ 6,214
Amortization of capital assets	6,538	6,654
Payment in lieu of taxes	1,228	1,369
Building operations	1,046	1,289
Information management infrastructure and systems	873	600
Professional and special services	342	461
Protection services	311	292
Marketing and promotion	305	265
Exhibitions	276	416
Utilities	233	215
Digital reach	229	146
Office supplies and administration	195	118
Programming	168	131
Cost of goods sold	158	57
Travel	150	7
Permanent collection acquisitions	7	18
Exhibits maintenance	3	-
Other	52	16
Total expenses	\$ 19,880	\$ 18,268