

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2023

(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 months ended June 30, 2023

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, 2023. It must be read in conjunction with the March 31, 2023 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the three months ended June 30, 2023 includes the following:

OVERVIEW

Total on-site visitation during this time was 52,035, slightly higher than the 49,895 of the same period last year but below the 86,700 visitors welcomed in Q1 2019-20, prior to the pandemic. The Museum's education programming had 7,538 students, teachers and chaperones participating in-person and 1,666 participating in virtual field trips, totalling 9,204, compared to 10,735 virtual participants in Q1 of last year.

The Museum's website, humanrights.ca, attracted 266,495 website visits in the quarter, six per cent lower than the previous year, with 283,017 website visits.

The Museum finished the first quarter with an excess of expenses over revenues of \$0.5 million, a \$1.0 million decrease compared to an excess of revenue over expenses of \$0.5 million recorded in Q1 of the previous year. The decrease in the current quarter was due to increased expenses primarily in personnel costs as vacancies have been filled, professional services and marketing.

STATEMENT OF OPERATIONS

Parliamentary appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$8.1 million for the three months ended June 30, 2023. This is \$0.1 million higher than the \$8.0 million in appropriations for the three months that ended June 30, 2022.

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three months ended June 30, 2023

For the fiscal year 2023-2024, the total voted main estimate appropriations are \$25.5 million, \$0.1 million higher than 2022-2023.

Revenues

Operating revenues for the three months ended June 30, 2023 were \$0.6 million, up from \$0.5 million in the first quarter of the prior year, due to a slight increase in visitation. This figure represents revenue from admissions, memberships, programming, Boutique sales, facility rentals, Cloud Coffee sales and catering.

Contributions of \$1.8 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 \$11.2 million for the three months ended June 30, 2023, a \$1.3 million increase from \$9.8 million for the three months ended June 30, 2022.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$3.9 million in comparison to \$3.3 million in the previous year. The increase was due to higher costs for personnel, marketing and travel costs as the Museum returns to regular operations.
- Accommodation expenses were \$5.3 million in comparison to \$5.1 million in the previous year. The increase was due to higher costs for personnel, the workplace refresh and increased building operating expenses related to extended open hours compared to the same period in the previous year.
- Internal services expenses were \$1.9 million in comparison to \$1.4 million in the previous year. The increase was due to higher costs for personnel, professional services related to strategic planning, and travel costs as the Museum returns to regular operations.

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three months ended June 30, 2023

For the three months ended June 30, 2023, the Museum finished the quarter with an excess of expenses over revenue of \$0.5 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$2.4 million from \$273.6 million on March 31, 2023 to \$271.2 million on June 30, 2023. The decrease was due to the amortization of capital assets.

Total liabilities decreased by \$1.8 million from \$260.2 million on March 31, 2023 to \$258.3 million on June 30, 2023. 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 obligations under capital lease.

Net assets decreased by \$0.5 million from March 31, 2023 representing an excess of expenses over revenue.

RISK ANALYSIS AND OUTLOOK

The Museum continually updates its risk-management framework to identify, evaluate and mitigate all factors that pose a substantive threat to its ongoing operations or long-term success. Risks will continue to be monitored on an ongoing basis.

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. Current pressures on the Museum's operating and capital budgets include the ongoing impact of issues related to recovery from the COVID-19 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.

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.

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three months ended June 30, 2023

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.

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.

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three months ended June 30, 2023

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



Michael Schroeder, CPA, CGA, Chief Financial Officer

August 24, 2023

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2023

(Unaudited)



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Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	June 30, 2023	March 31, 2023
Assets		
Current assets		
Cash and restricted cash	\$ 3,041	\$ 3,308
Investments and restricted investments	13,438	13,286
Accounts receivable	219	154
Inventories	193	168
Prepaid expenses	794	565
	17,685	17,481
Investments and restricted investments	15,629	15,473
Collections	1	1
Capital assets	237,898	240,632
Total assets	\$ 271,213	\$ 273,587
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,034	\$ 3,139
Obligation under capital lease (Note 4)	73	-
Deferred revenue	558	632
	4,665	3,771
Obligation under capital lease (Note 4)	381	-
Deferred contributions (note 5)	20,871	20,796
Deferred contributions related to capital assets (note 6)	232,465	235,653
Total liabilities	258,382	260,220
Net assets		
Unrestricted	7,852	8,388
Invested in capital assets (Note 7)	4,979	4,979
	12,831	13,367
Total liabilities and net assets	\$ 271,213	\$ 273,587

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,	2023	2022
Revenue (Schedule 1)		
Operating	\$ 597	\$ 529
Contributions	1,768	1,725
Other income	183	69
Total revenue	2,548	2,323
Expenses (Schedule 2)		
Museum content, programs and engagement	3,937	3,329
Accommodation	5,339	5,106
Internal services	1,879	1,412
Total expenses	11,155	9,847
Excess of expenses over revenue before parliamentary appropriations	(8,607)	(7,524)
Parliamentary appropriations (note 8)	8,071	8,030
Excess of revenue over expenses (expenses over revenue)	\$ (536)	\$ 506

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,			2023	2022
	Unrestricted	Invested in capital assets		
Net assets, beginning of period	\$ 8,388	\$ 4,979	\$ 13,367	\$ 12,009
Excess of revenue over expenses (expenses over revenue)	(536)	-	(536)	506
Net assets, end of period	\$ 7,852	\$ 4,979	\$ 12,831	\$ 12,515

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,	2023	2022
Operating activities		
Cash receipts from customers	\$ 501	\$ 450
Cash receipts from contributions	58	54
Cash receipts from parliamentary appropriations	6,327	6,331
Cash receipts from other income	52	-
Cash payments to and on behalf of employees	(5,005)	(4,367)
Cash payments to suppliers	(2,156)	(2,355)
Interest received	48	11
Interest paid	(6)	-
	(181)	124
Capital activities		
Payments for acquisition of capital assets	(118)	(147)
	(118)	(147)
Investing activities		
Acquisition of investments	(7,066)	(5,000)
Disposal of investments	7,000	-
	(66)	(5,000)
Financing activities		
Obligation under capital lease	(13)	-
Parliamentary appropriation for the acquisition of capital assets	38	28
Contributions from non-government sources for capital assets	73	57
	98	85
Increase (decrease) in cash	(267)	(4,938)
Cash and restricted cash, beginning of period	3,308	11,294
Cash and restricted cash, end of period	\$ 3,041	\$ 6,356

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, 2023

(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 2022-2023 to 2026-2027 planning period. The Corporate Plan Summary was tabled on November 18, 2022 and is available on the Museum’s website humanrights.ca. The Museum’s corporate plan for the 2023-2024 to 2027-2028 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 including online
- Programming that promotes reflection and dialogue
- Sound and balanced research, scholarship and collections management
- National outreach, engagement and service
- Communications and marketing

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, 2023

(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, 2023 Annual Audited Financial Statements with the addition of the following to the Capital assets policy:

Assets recorded as capital leases are initially recorded at the present value of the minimum lease payments at the inception of the lease.

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, 2023 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2023.

4. Obligation under capital lease

The Museum is implementing an upgrade and replacement of its core information technology network through a lease-purchase agreement with a term of five years. Management intends to completely discharge its obligation under the lease and obtain ownership of all network computer equipment, hardware and software in 2028-29, upon final payment.

	June 30, 2023
Total minimum future lease payments ⁽¹⁾	\$ 552
Deduct imputed interest	(98)
Present value of financing obligations	454
Current portion	73
Long term portion	381
	454

¹⁾ The amounts payable under the capital lease are based on the fixed interest rate of 8.31%, for a period of five years, established at the time of signing the agreement.

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2023

(Unaudited)

(In thousands of dollars, unless otherwise noted)

5. Deferred contributions

Changes in the deferred contributions, restricted for the future capital and operational requirements during the period were as follows:

Three months ended	June 30, 2023
Balance, beginning of period	\$ 20,796
Additions	
Deferred interest income	229
	229
Deductions	
Amounts recognized as revenue	(154)
	(154)
Balance, end of period	\$ 20,871

6. 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 follows:

Three months ended	June 30, 2023
Balance, beginning of period	\$ 235,653
Parliamentary appropriation for the acquisition of capital assets	37
Amortization of deferred contributions related to capital assets	(3,225)
Balance, end of period	\$ 232,465

7. Net assets invested in capital assets

The net assets invested in capital assets consists of the land donated by the City of Winnipeg and The Forks Renewal Corporation as follows:

	June 30, 2023
Capital assets	\$ 237,898
Less amounts financed by	
Capital lease	(454)
Deferred contributions	(232,465)
Balance, end of period	\$ 4,979

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2023

(Unaudited)

(In thousands of dollars, unless otherwise noted)

8. Parliamentary appropriations

Three months ended June 30,	2023		2022	
Main estimates amount provided for operating and capital expenditures	\$	6,365	\$	6,358
Less current period parliamentary appropriations not recognized as revenue:				
Amounts used to purchase capital assets		(37)		(28)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets		1,590		1,653
Restricted amounts used in current period for items expensed		153		47
Parliamentary appropriations recognized as revenue for the period	\$	8,071	\$	8,030

9. Allocation of expenses

The Museum incurs expenses that contribute to multiple museum activities. For the period ending June 30, 2023, \$0.7 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2022 - \$1.0 million).

The expenses have been allocated as follows:

Three months ended June 30,	2023		2022	
Museum content, programs and engagement	\$	374	\$	501
Internal services		258		336
Accommodation		73		136
Total	\$	705	\$	973

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2023

(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenue

Operating revenue

Three months ended June 30,	2023	2022
Admissions and programs		
General admission	\$ 201	\$ 186
Memberships	12	14
Public programs	8	2
Education programs	-	18
Retail Boutique sales	150	122
Facility rentals	170	152
Coffee kiosk and catering	56	35
Total	\$ 597	\$ 529

Contributions

Three months ended June 30,	2023	2022
Revenue related to the amortization of deferred contributions	\$ 1,635	\$ 1,619
Contributions from Friends of the CMHR		
Cash donations and sponsorships	85	78
In-kind donations	23	5
Cash donations and sponsorships	23	20
In-kind and artifact donations	2	3
Total	\$ 1,768	\$ 1,725

Other income

Three months ended June 30,	2023	2022
Interest revenue	135	49
Friends of the CMHR cost recoveries	41	20
Miscellaneous	7	-
Total	\$ 183	\$ 69

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2023

(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Three months ended June 30,	2023	2022
Personnel costs	\$ 4,565	\$ 3,797
Amortization of capital assets	3,225	3,272
Payment in lieu of taxes	664	705
Building operations	585	477
Information management infrastructure and systems	389	457
Professional and special services	306	150
Marketing and promotion	225	82
Exhibitions	219	198
Programming	104	116
Office supplies and administration	170	82
Utilities	139	111
Protection services	184	138
Digital reach	104	85
Travel	172	81
Cost of goods sold	78	65
Permanent collection acquisitions	-	7
Interest on capital lease obligation	6	-
Other	20	24
Total expenses	\$ 11,155	\$ 9,847