

# **CANADIAN MUSEUM FOR HUMAN RIGHTS**

## **QUARTERLY FINANCIAL REPORT**

For the three and nine months ended December 31, 2014

(Unaudited)



CANADIAN MUSEUM FOR  
HUMAN RIGHTS

MUSÉE CANADIEN POUR LES  
DROITS DE LA PERSONNE

## Canadian Museum for Human Rights

### Quarterly Financial Report

For the three and nine months ended December 31, 2014

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## Narrative Discussion

This section of the quarterly financial report presents management's narrative discussion of the Canadian Museum for Human Rights' (the Corporation) financial performance during the nine months ended December 31, 2014. It must be read in conjunction with the March 31, 2014 Management Discussion and Analysis and Annual Audited Financial Statements.

### FINANCIAL RESULTS

A summary of the financial activity for the nine months ended December 31, 2014 includes the following:

#### Overview

The Corporation's primary objective is to fulfill its national mandate as described in the *Museums Act*, within the context of the governance and accountability regime established in that Act and in Part X of the *Financial Administration Act*. The September 2014 opening of the Corporation was a pivotal point in the Museum's transition from developing exhibits, content and programs in preparation for inauguration to becoming a fully operational Museum. Five of the Museum's core galleries, as well as the Museum's retail and restaurant operations, were opened to the public following the September inaugural weekend. All eleven galleries were open to visitors as of November 12, 2014.

With the transition from planning to operations now fully complete, the Museum's strategic priorities include maximizing visitation and revenue, delivering a world-class museum experience that consistently exceeds visitor expectations and building toward long-term financial sustainability. The execution of these key operational priorities continue with the implementation of Public and Education programs before the end of the 2014-15 fiscal year and the projected completion of the Temporary Gallery in the first quarter of 2015-16.

#### Statement of Financial Position

Total assets increased \$8.0 million from \$349.4 million at March 31, 2014 to \$357.4 million at December 31, 2014 primarily due to an increase in capital assets available for use which reflects the completion of the capital project offset by a decrease in overall cash used in the funding of the capital assets.

Total Liabilities increased \$8.0 million from March 31, 2014 primarily due to an increase in deferred contributions related to capital assets.

Net assets are consistent with March 31, 2014, reflecting a breakeven in operations for the nine months ended December 31, 2014.

#### Statement of Operations

Total revenue for the nine months ended December 31, 2014 was \$5.1 million, an increase of \$5.0 million compared to the same period last year. The increase in revenues is due to the September 20, 2014 opening of the Museum which introduced new operating revenue from membership, admission fees,

## Canadian Museum for Human Rights

### Quarterly Financial Report

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public programs, facility rentals, restaurant and catering income and boutique sales and the amortization of deferred contributions received in previous periods.

Total Parliamentary appropriations, reported on an accrual basis, are \$21.6 million for the nine months ended December 31, 2014 (\$14.3 million in 2013-14). The increase is due to the recognition of deferred contributions for capital assets received in previous periods. For the fiscal year 2014-15, the total voted appropriation is \$21.7 million (\$21.7 million in 2013-14).

Expenses for the nine months ended December 31, 2014 were \$26.7 million in comparison to \$13.0 million for the nine months ended December 31, 2013.

Permanent building and temporary accommodation expenses increased by \$8.7 million including a \$7.7 million increase in amortization of capital assets related to the base building and exhibits and \$1.0 million increase in facility costs related to operating costs for the new building.

Museum content and program expenses increased by \$4.0 million. Staffing costs increased by \$1.6 million largely due to hiring and training front line staff in the areas of visitor services, learning and programming.

A celebration of the Museum's opening, the first new national museum in over 45 years, was broadcast live across the country and included over 800 guests representing the many stakeholders in the project. The net cost of the event was \$613,000.

In order to build interest and increase awareness of the Museum, encouraging future visitation, a number of community outreach activities were held including Rightsfest - a weekend of family activities and entertainment featuring local artists and musicians (\$365,000), a nationally broadcast human rights concert featuring leading Canadian entertainers (\$802,000) and preview tours that welcomed over 9,000 visitors to the Museum (\$109,000).

Leading up to inauguration, public service announcements were aired over 13,000 times across Canada. From 2013 to 2014, awareness of the Museum increased by 18% in Manitoba, from 76% to 90%, and by 311% across Canada, from 9% to 28%.

For the nine months ended December 31, 2014 the Corporation finished the period in a break even position.

#### **Cash Flow**

Cash decreased by \$4.8 million in the nine months ended December 31, 2014 primarily due to \$23.1 million used for assets available for use offset by \$17.0 million in restricted funds received from Friends of CMHR and \$1.5 million in Government of Canada funding for soft costs in assets under construction. This is compared to a decrease of \$21.5 million in the nine months ended December 31, 2013 primarily due to \$38.1 million used for assets under construction and available for use offset by \$11.0 million in Government of Canada funding for assets under construction, \$0.9 million in parliamentary appropriations used for acquisitions of assets available for use and \$4.2 million from operating activities.

## **Canadian Museum for Human Rights**

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#### **RISK ANALYSIS:**

While the Museum has commenced full time operations, evaluation of projected post-inauguration operating needs is ongoing. Estimates and timing of the Corporation's ongoing requirements will continue to be affirmed and/or re-adjusted during the remainder of 2014-15 as exhibits, public & education programs, information technology infrastructure, operating systems and revenue-generating initiatives are fully implemented and/or continue to mature.

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. A process of facilitated risk evaluation through 2015-16 will ensure the organization can appropriately manage and respond to identified risks through its first five years of full time operations. In 2015-2016, the Minister of Canadian Heritage will return to Cabinet for approval of future parliamentary appropriations in order to base the request on actual operational results.

## Canadian Museum for Human Rights

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For the three and nine months ended December 31, 2014

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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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Gail Stephens, FCGA, Interim President & Chief Executive Officer

Winnipeg, Canada  
February 27, 2015



Susanne Robertson, CPA, CA, Chief Financial Officer

Winnipeg, Canada  
February 27, 2015

Quarterly Financial Statements of

**CANADIAN MUSEUM FOR HUMAN RIGHTS**

For the three and nine months ended December 31, 2014

(Unaudited)

# Canadian Museum for Human Rights

## Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	December 31, 2014	March 31, 2014
<b>Assets</b>		
Current assets:		
Cash	\$ 9,544	\$ 6,996
Restricted cash (note 3)	4,843	10,926
Accounts receivable	757	696
Inventories	140	14
Prepaid expenses	298	450
Holdback account (note 4)	283	1,558
	15,865	20,640
Collections (note 5)	1	-
Capital assets (note 6):		
Assets available for use	341,394	290,721
Assets under construction	164	38,051
<b>Total Assets</b>	<b>\$ 357,424</b>	<b>\$ 349,412</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 11,928	\$ 12,205
Holdback payable (note 4)	283	1,558
Deferred contributions and deferred revenues (note 7)	(1,159)	2,117
	11,052	15,880
Deferred contributions related to capital assets (note 8)	336,579	323,793
<b>Total Liabilities</b>	<b>347,631</b>	<b>339,673</b>
Net assets:		
Unrestricted	4,658	4,604
Invested in capital assets (note 10)	4,979	4,979
Accumulated remeasurement gains	156	156
	9,793	9,739
<b>Total Liabilities and Net Assets</b>	<b>\$ 357,424</b>	<b>\$ 349,412</b>

Contractual obligations and Contingent Liabilities (notes 12 and 13)

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		Nine months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Revenue (Schedule 1):				
Operating	\$ 1,024	\$ -	\$ 1,150	\$ -
Contributions	1,494	-	3,831	-
Other income	50	42	114	110
Total revenue	2,568	42	5,095	110
Expenses (Schedule 2):				
Museum content and program	2,419	1,604	8,759	4,739
Permanent building and temporary accommodation	4,822	1,449	12,385	3,661
Stewardship and corporate management	1,952	1,635	5,537	4,605
Total expenses	9,193	4,688	26,681	13,005
Excess of expenses over revenue before Parliamentary appropriations	(6,625)	(4,646)	(21,586)	(12,895)
Parliamentary appropriations (note 8)	6,663	5,015	21,640	14,250
<b>Excess of revenue over expenses after Parliamentary appropriations</b>	<b>\$ 38</b>	<b>\$ 369</b>	<b>\$ 54</b>	<b>\$ 1,355</b>

The accompanying notes and schedules form an integral part of the quarterly financial statements.



**Canadian Museum for Human Rights**  
**Statement of Remeasurement Gains and Losses**

(Unaudited)

(In thousands of dollars)

	Three months ended		Nine months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Accumulated remeasurement gains, beginning of period	\$ 150	\$ 81	\$ 156	\$ 45
Unrealized gains (losses) attributable to:				
Foreign exchange	3	33	(2)	69
Amounts reclassified to the Statement of Operations:				
Foreign exchange	3	5	2	5
Net remeasurement gains for the period	6	38	-	74
Accumulated remeasurement gains end of period	\$ 156	\$ 119	\$ 156	\$ 119

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)

<b>Three months ended December 31,</b>				<b>2014</b>		<b>2013</b>	
	<b>Unrestricted</b>	<b>Invested in capital assets</b>	<b>Accumulated remeasure- ment gains and losses</b>				
Net assets, beginning of period	\$ 4,620	\$ 4,979	\$ 150	\$ 9,749	\$	10,218	
Excess of revenue over expenses after Parliamentary appropriations	38	-	-	38		369	
Net change in accumulated remeasurement gains and losses	-	-	6	6		38	
<b>Net assets, end of period</b>	<b>\$ 4,658</b>	<b>\$ 4,979</b>	<b>\$ 156</b>	<b>\$ 9,793</b>	<b>\$</b>	<b>10,625</b>	

  

<b>Nine months ended December 31,</b>				<b>2014</b>		<b>2013</b>	
	<b>Unrestricted</b>	<b>Invested in capital assets</b>	<b>Accumulated remeasure- ment gains and losses</b>				
Net assets, beginning of period	\$ 4,604	\$ 4,979	\$ 156	\$ 9,739	\$	9,196	
Excess of revenue over expenses after Parliamentary appropriations	54	-	-	54		1,355	
Net change in accumulated remeasurement gains and losses	-	-	-	-		74	
<b>Net assets, end of period</b>	<b>\$ 4,658</b>	<b>\$ 4,979</b>	<b>\$ 156</b>	<b>\$ 9,793</b>	<b>\$</b>	<b>10,625</b>	

The accompanying notes and schedules 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		Nine months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Operating activities:				
Cash receipts (customers)	\$ 835	\$ -	\$ 960	\$ -
Cash receipts (Parliamentary appropriations)	2,542	5,203	15,202	15,387
Cash receipts (other income)	54	32	122	102
Cash payments to and on behalf of employees	(3,007)	(2,056)	(8,044)	(6,086)
Cash payments to suppliers	(1,661)	(534)	(8,531)	(5,230)
	(1,237)	2,645	(291)	4,173
Capital activities:				
Acquisition of assets under construction	12,128	(8,255)	-	(35,892)
Acquisition of assets available for use	(21,913)	(724)	(23,157)	(2,194)
	(9,785)	(8,979)	(23,157)	(38,086)
Investing activities:				
Revaluation of US currency	7	37	6	73
	7	37	6	73
Financing activities:				
Parliamentary appropriation for the acquisition of capital assets available for use	757	998	1,537	851
Government of Canada funding for assets under construction and related investment income	-	38	-	11,001
Contributions from non-government sources for assets under construction and related investment income	5,023	-	17,095	500
	5,780	1,036	18,632	12,532
Increase/(decrease) in cash	(5,235)	(5,261)	(4,810)	(21,488)
Cash, beginning of period				
Operating cash	13,144	7,878	6,996	6,871
Restricted cash	5,616	15,990	10,926	22,160
Holdback account	1,145	733	1,558	11,797
	19,905	24,601	19,480	40,828
Cash, end of period				
Operating cash	9,544	9,932	9,544	9,932
Restricted cash	4,843	8,321	4,843	8,321
Holdback account	283	1,087	283	1,087
	\$ 14,670	\$ 19,340	\$ 14,670	\$ 19,340

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 nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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#### 1 (a). Authority and mandate:

The Canadian Museum for Human Rights (the "Corporation") was established through amendments 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*. The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

The Canadian Museum for Human Rights, built in Winnipeg, Manitoba, was the first national museum to be located outside of the National Capital Region at the time of its creation and the first to be constructed with funding from three levels of government and the private sector. In addition to the Government of Canada, funding for the Capital Project (building and exhibits) was provided by the Province of Manitoba, the City of Winnipeg, and the Friends of the Canadian Museum for Human Rights (representing mostly private sector donors). A Definitive Agreement, setting forth the terms, provisions and conditions for the parties' undertakings, including the transfer of land, was signed by all parties on February 1, 2008. The Canadian Museum for Human Rights reports to Parliament through the Minister of Canadian Heritage and Official Languages.

The mandate, as stated in the amendments 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."*

#### 1 (b). Operations:

The operations of the Corporation are divided into three mutually supportive activities which work together to meet all aspects of its mandate. These activities and their respective descriptions are:

##### **Museum Content and Program:**

That the Museum's content and programming is objective, innovative and accessible and affects the way people think and behave towards the rights of others, and that it is developed through ongoing community engagement.

##### **Permanent Building and Temporary Accommodation:**

The Corporation provides a secure and functional facility that meets or exceeds all safety and building code requirements and is easily accessible to the public. That all aspects of the Building Construction Project are managed in a fiscally sound, transparent and accountable manner, ensuring environmental stewardship and employing effective project and risk-management practices throughout.

##### **Stewardship and Corporate Management:**

That the Museum adopts sound and efficient governance and stewardship practices that facilitate the alignment of resources with priorities and full accountability and transparency to Canadians for results; the Museum recruits and retains the necessary human resources both for the start-up and the longer-term; and

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

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(Unaudited)

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the Museum supports the Friends' fundraising campaign to assist with capital costs in the short term and to support programming and other activities within the Museum in the long-term.

#### 2. Significant accounting policies:

(a) Basis of presentation:

These 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 Corporation applies the deferral method of accounting for contributions for not-for-profit organizations.

(b) Financial assets and financial liabilities:

Cash, restricted cash and the holdback account are classified in the fair value category. Changes in fair value of financial assets are recognized through the Statement of Remeasurement Gains (Losses) as determined by reference to their quoted bid price at the reporting date. Any realized gains and losses are recognized on the Statement of Operations.

Accounts receivable and accounts payable and accrued liabilities are classified in the cost category. They are recorded at cost.

(c) Cash:

Cash is composed of deposits with financial institutions that can be withdrawn without prior notice or penalty.

(d) Inventories:

Inventories, which consist of materials for the boutique, are valued at the lower of cost and net realizable value.

(e) Capital assets:

Property and equipment owned by the Corporation are valued at cost, net of accumulated amortization. When the construction of a capital asset is completed, it is transferred from assets under construction to the appropriate capital asset. Component classification is applied to the building transfer and amortization is calculated using the straight-line method, over the estimated useful lives of assets or components as follows:

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

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(In thousands of dollars, unless otherwise noted)

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<b>Asset</b>	<b>Useful Life</b>
Building:	
Base	40 years
Mechanical and Electrical	20 years
Exhibits	5 to 15 years
Computer equipment, hardware and software	3 to 5 years
Building improvements	5 to 20 years
Leasehold improvements	Lesser of term of lease and 5 years
Furniture and equipment	3 to 10 years
Enterprise program development	5 years
Films	2 to 3 years
Website development	2 to 5 years

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(f) Employee future benefits:

i) Pension Benefits:

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

ii) Sick leave benefits:

The Corporation provides sick leave benefits for employees that accumulate but do not vest. The cost of the accrued benefit obligations related to sick leave entitlement earned by employees is determined by Management's best estimate considering assumptions based on employee demographics and sick leave usage of active employees.

iii) Maternity/Parental benefits:

Employees are entitled to maternity/parental benefits as provided for under labour contracts and conditions of employment. The cost of these benefits is event driven. Management determined the accrued benefit obligation using a method based upon assumptions and best estimates relating to maternity/parental leave.

(g) Revenue recognition:

i) Museum Operations

Revenues from museum operations include the sale of general admission and programs, boutique sales, facility rentals, memberships and a percentage of restaurant and catering sales. They are recognized in the year in which the sale of goods is completed or the services are provided.

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### Notes to Quarterly Financial Statements

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(In thousands of dollars, unless otherwise noted)

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ii) Parliamentary appropriations:

The Government of Canada provides funding to the Corporation through Parliamentary appropriations.

Parliamentary appropriations which are explicitly or implicitly restricted for the purchase of capital assets subject to amortization are deferred and recognized as revenue on the same basis and over the same periods as the related capital assets acquired.

Parliamentary appropriations that are not restricted to a specific purpose are recognized as revenue on the Statement of Operations in the year for which the appropriation is authorized.

Appropriations and contributions received from other governments and donations that are restricted for use are recorded in Deferred contributions and are transferred to Deferred contributions related to capital assets as the funds are used for the Capital Project.

iii) Contributions from other governments and non-government sources:

Funding may be provided by various levels of government, other than the Government of Canada and other non-government sources.

Contributions from other governments, assistance from non-government sources and donations which are explicitly or implicitly restricted for the purchase of capital assets subject to amortization are deferred and recognized as revenue on the same basis and over the same periods as the related capital assets acquired.

Contributions from other governments, non-government sources and donations that are not restricted to a specific purpose are recognized as revenue on the Statement of Operations when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

iv) In-kind contributions and artefact donations:

Revenues and offsetting expenses from goods and services received in-kind are recorded at fair market value upon receipt. Artefact donations are recorded at fair market value in the period when the last of three specific criteria are met i) the artefact donation has been approved by the Corporation's Collections Department ii) legal transfer has taken place between the donor and the Corporation and iii) a fair market value has been assigned to the artefact donation.

If the donated artefact is designated as part of the Corporation's Library or Working Collection:

- it will be capitalized if fair market value exceeds established capitalization threshold; or
- it will be recorded as revenue with an offsetting expense to collection acquisitions if fair market value is less than established capitalization threshold.

If the donated artefact is designated as part of the Corporation's Permanent Collection, it will be recorded as revenue with an offsetting expense to collection acquisitions.

Contributions-in-kind related to capital assets subject to amortization are recorded as deferred contributions related to capital assets on the Statement of Financial Position. Contributions-in-kind

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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related to capital assets not subject to amortization are recorded as net assets invested in capital assets on the Statement of Financial Position.

Contributions-in-kind are recorded at the fair value of the asset received.

v) Interest on cash and investments:

Interest on cash and investments is recognized in the period it is earned.

Restricted investment income is recognized as income in the Statement of Operations in the year that the related expenditures are recognized.

vi) Volunteer Services:

Volunteers contribute a significant number of hours of service per year. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(h) Expenses:

An expense that contributes directly to an activity as described in note 1 (b) is allocated fully to that activity. Certain expenses contribute to more than one activity and are allocated based on the estimated time spent on each activity.

(i) Foreign exchange:

Monetary assets and liabilities denominated in US dollars are translated into Canadian dollars using the exchange rate at the Statement of Financial Position date. Foreign exchange is recorded on US dollar denominated transactions at the noon exchange rate on the invoice payment date.

Realized foreign currency gains and losses are recorded in Other income on the Statement of Operations.

Unrealized foreign currency gains and losses on monetary assets are recorded on the Statement of Remeasurement Gains (Losses).

(j) Friends of the Canadian Museum for Human Rights:

The Corporation and the Friends of the Canadian Museum for Human Rights ("Friends of CMHR") are related by virtue of the Corporation's significant influence over the Friends of CMHR. The Friends of CMHR is a separate legal entity, with a mandate to seek and obtain major donations to support the Corporation's mandate and assist in achieving the Corporation's vision. The financial statements of the Friends of CMHR have been audited but have not been consolidated in the Corporation's financial statements.

(k) Contingent liabilities:

In the normal course of its operations, the Corporation may become involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a



## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

reasonable estimate of the loss can be made, a liability will be accrued and an expense recorded in the Corporation's financial statements.

(l) Measurement uncertainty:

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the year. Accrued liabilities, contingent liabilities, and estimated useful lives of capital assets are the most significant items where estimates are used. Actual results could differ significantly from those estimates. These estimates are reviewed quarterly and as adjustments become necessary, they are recorded in the financial statements in the period which they become known.

### 3. Restricted cash

Restricted cash is restricted for use in the Capital Project and arise from contributions received from non-government entities, assistance from other governments and Parliamentary appropriations.

	December 31, 2014			March 31, 2014	
	Cost	Unrealized gains	Fair value	Cost	Fair value
<b>Restricted cash</b>	\$ 4,751	\$ 92	\$ 4,843	\$ 10,834	\$ 10,926

The change in restricted cash is comprised of the following:

<b>Nine months ended</b>	<b>December 31, 2014</b>
Balance, beginning of period	\$ 10,926
Add contributions received during the period	17,000
Add deferred interest income	88
Less amounts used for items expensed for accounting purposes	(712)
Less amounts used to purchase capital assets	(22,459)
<b>Balance, end of period</b>	<b>\$ 4,843</b>

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

#### 4. Holdback account and holdback payable:

	December 31, 2014	March 31, 2014
Balance, beginning of period	\$ 1,558	\$ 11,797
Additions for the period	524	1,773
Holdback paid during period	(1,799)	(11,807)
Interest paid during the period	-	(205)
Balance, end of period	\$ 283	\$ 1,558

In accordance with the construction contract for the Museum building and the *Builder's Lien Act* of Manitoba, the Corporation is required to holdback 7.5% of progress billings. These amounts are restricted in nature and recorded as an asset and liability. The restricted funds are paid out upon certified completion of the subcontracts in accordance with the *Builder's Lien Act* of Manitoba. The total holdback cash account balance and related liability at December 31, 2014 was \$0.3 million (March 31, 2014 - \$1.6 million), of which \$0.3 million (March 31, 2014 - \$1.6 million) is current. As of December 31, 2014 the holdback primarily relates to building construction.

#### 5. Collections:

The Corporation maintains three separate, but related collections that support Museum activities and programs in fulfillment of the CMHR mandate, as noted below:

- Permanent collection - archives, artefacts and artworks
- Library collection - bilingual published materials including electronic publications and
- Working collection – materials constructed or purchased for public programming or exhibits and may be deemed expendable

Only acquisitions designated as part of the Permanent collection meet the accounting requirements of a Collection as defined in PSAS. Acquisitions designated as part of the Library or Working collection are subject to regular capitalization or expense accounting rules based on the Corporation's established capitalization threshold level.

During the December 31, 2014 quarter, the Corporation acquired \$396K of artefacts and received \$7K of donated artefacts for the permanent collection.

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

#### 6. Capital assets:

	Cost March 31, 2014	Additions	Disposals	Cost December 31, 2014
Land	\$ 4,979	\$ -	\$ -	\$ 4,979
Building				
Base	234,671	3,299	-	237,970
Mechanical and Electrical	48,059	594	-	48,653
Exhibits	-	47,551	-	47,551
Computer equipment, hardware and software	5,681	719	-	6,400
Building improvements	-	4,659	-	4,659
Furniture and equipment	1,099	490	-	1,589
Website development	57	836	-	893
Enterprise program development	-	808	-	808
Leasehold improvements	563	-	563	-
Films	61	36	-	97
Sub-total – Assets available for use	295,170	58,992	563	353,599
Assets under construction	38,051	(37,887)	-	164
	\$ 333,221	\$ 21,105	\$ 563	\$ 353,763

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

	Accumulated amortization March 31, 2014	Amortization expense	Disposals	Accumulated amortization December 31, 2014
Land	\$ -	\$ -	\$ -	\$ -
Building				
Base	1,388	4,426	-	5,814
Mechanical and Electrical	569	1,811	-	2,380
Exhibits	-	469	-	469
Computer equipment, hardware and software	1,684	1,363	-	3,047
Building improvements	-	70	-	70
Furniture and equipment	188	91	-	279
Website development	57	38	-	95
Enterprise Program Development	-	32	-	32
Leasehold improvements	563	-	563	-
Films	-	19	-	19
Sub-total – Assets available for use	4,449	8,319	563	12,205
Assets under construction	-	-	-	-
	\$ 4,449	\$ 8,319	\$ 563	\$ 12,205

	Net book value March 31, 2014	Net book value December 31, 2014
Land	\$ 4,979	\$ 4,979
Building		
Base	233,283	232,156
Mechanical and Electrical	47,490	46,273
Exhibits	-	47,082
Computer equipment, hardware and software	3,997	3,353
Building improvements	-	4,589
Furniture and equipment	911	1,310
Website development	57	798
Enterprise program development	-	776
Leasehold improvements	-	-
Films	61	78
Sub-total – Assets available for use	290,721	341,394
Assets under construction	38,051	164
	\$ 328,772	\$ 341,558

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

On April 15, 2009, the Corporation acquired land for the Museum project from the City of Winnipeg and The Forks Renewal Corporation. The ownership of land reverts back to the City of Winnipeg and The Forks Renewal Corporation should the land no longer be used for the purposes of the Museum, or such other purposes as approved by the previous owners. The Corporation's Management estimated that the Museum's river-front parcel should be valued at \$4.9 million plus related legal costs based on the information provided by an independent market evaluation.

The amortization expense for the three and nine months ended December 31, 2014 is \$3.3 million and \$8.3 million, respectively. (Three and nine months ended December 31, 2013 - \$258K and \$604K, respectively). Assets under construction represent costs incurred for the development and construction of the Capital Project. The assets under construction are comprised of the following costs incurred to date:

	<b>December 31, 2014</b>	<b>March 31, 2014</b>
Building design and construction	\$ 158	\$ 726
Exhibit fit up, design and fabrication	6	36,529
Website development (Version 3)	-	371
Enterprise Content Management System	-	425
	<b>\$ 164</b>	<b>\$ 38,051</b>

#### 7. Deferred contributions and deferred revenues:

Deferred contributions and deferred revenues recorded by the Corporation are as follows:

	<b>December 31, 2014</b>	<b>March 31, 2014</b>
Deferred contributions restricted for the purchase of capital assets	\$ (1,181)	\$ 2,117
Deferred revenues – goods and services	22	-
Balance, end of period	<b>\$ (1,159)</b>	<b>\$ 2,117</b>

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

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

<b>Nine months ended</b>	<b>December 31, 2014</b>
Balance, beginning of period	\$ 2,117
Additions:	
Government of Canada appropriations <sup>1</sup>	-
Non-government and other government sources	17,000
Deferred investment income	95
Deferred revenue for the provision of goods and services	24
	17,119
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(18,202)
Amounts recognized as revenue	(2,191)
Deferred revenue for the provision of goods and services recognized	(2)
	(20,395)
Balance, end of period	\$ (1,159)

<sup>1</sup> In June 2012, the Government of Canada approved the use of \$35 million of future years' operating and capital appropriations, of which \$25 million was authorized for 2012-2013 and \$10 million for 2013-2014. The Corporation plans to decrease its level of appropriations over six years commencing in 2018-2019.

#### 8. Deferred contributions related to capital assets

Changes in the deferred contributions related to capital assets are composed of:

<b>Nine months ended</b>	<b>December 31, 2014</b>
Balance, beginning of period	\$ 323,793
Amounts transferred from deferred contributions	18,202
Government contributions:	
Other Government of Canada assistance	1,504
Non-government contributions:	
Capital contributions-in-kind from Friends of CMHR and other	1,243
Capital contributions-in-kind from the City of Winnipeg	156
Amortization of deferred contributions related to capital assets available for use	(8,319)
Balance, end of period	\$ 336,579

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

#### 9. Parliamentary appropriations:

	Three months ended		Nine months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Main estimates amount provided for operating and capital expenditures	\$ 5,150	\$ 6,200	\$ 16,525	\$ 17,000
Reimbursement of payroll expenditures	(216)	-	(60)	134
Total Parliamentary appropriations approved in the period:	4,934	6,200	16,465	17,134
Less current period Parliamentary appropriations not recognized as revenue:				
Amounts used to purchase capital assets	(757)	(379)	(1,504)	(1,036)
Operating contribution received in advance	-	(400)	-	(2,200)
Restricted for capital asset acquisitions (deferred contribution)	-	(1,000)	-	(1,000)
Add prior year Parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets available for use	1,928	258	5,200	604
Restricted amounts used in the current period for items expensed for accounting purposes –	559	336	1,479	748
	\$ 6,664	\$ 5,015	\$ 21,640	\$ 14,250

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

#### 10. 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:

	<b>December 31, 2014</b>	<b>March 31, 2014</b>
Capital assets	\$ 341,558	\$ 328,772
Less amounts financed by deferred contributions related to capital assets	(336,579)	(323,793)
	<b>\$ 4,979</b>	<b>\$ 4,979</b>

#### 11. Allocation of Expenses:

Corporate communication, general support services and information technology department expenses of \$2.9 million (2013 - \$0.7 million) have been allocated as follows:

<b>Nine months ended December 31,</b>	<b>2014</b>	<b>2013</b>
Museum content and program	\$ 1,644	\$ 361
Permanent building and temporary accommodation	252	-
Stewardship and corporate management	1,033	361
	<b>\$ 2,929</b>	<b>\$ 722</b>

#### 12. Contractual obligations:

In addition to the commitments as at March 31, 2014, the Corporation entered into additional long-term contracts for \$4.7 million for exhibit audio visual equipment maintenance, security services and installation of flood pumps of which \$1.4 million will require payment within one year.

#### 13. Contingent Liabilities:

A statement of claim related to the base building construction has been filed by a sub-trade against the Construction Manager for an amount higher than has been accrued in the financial statements. A reasonable estimate of any additional liability cannot be made at this time.

#### 14. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.



## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

#### Schedule 1 – Schedule of Revenues

##### Operating Revenues

<b>Nine months ended December 31,</b>	<b>2014</b>	<b>2013</b>
Admissions and Programs		
General Admission –	\$ 430	\$ -
Memberships -	108	-
Public Programs -	18	-
Retail Boutique Sales	262	-
Facility Rental	221	-
Restaurant and catering -	111	-
<b>Total</b>	<b>\$ 1,150</b>	<b>\$ -</b>

The Museum opened September 20, 2014 therefore there are no comparative operating revenues.

##### Contributions

<b>Nine months ended December 31,</b>	<b>2014</b>	<b>2013</b>
Revenue related to the amortization of deferred contributions from other donors	\$ 3,119	\$ -
Restricted amounts from other donors used in current period for items expensed for accounting purposes -	712	-
<b>Total</b>	<b>\$ 3,831</b>	<b>\$ -</b>

Amortization of deferred contributions from other donors commenced when the base building was put into use in January, 2014 and when the exhibits and public areas were fully open to the public in November, 2014, therefore there are no comparative contribution amounts.

##### Other income

<b>Nine months ended December 31,</b>	<b>2014</b>	<b>2013</b>
In kind contributions and artefact donations	\$ 31	\$ 16
Interest revenue	74	77
Miscellaneous	9	(4)
<b>Total</b>	<b>\$ 114</b>	<b>\$ 89</b>

## Canadian Museum for Human Rights

### Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2014

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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#### Schedule 2 – Schedule of Expenses

<b>Nine months ended December 31,</b>	<b>2014</b>	<b>2013</b>
Personnel costs	\$ 8,599	\$ 6,407
Amortization of capital assets	8,319	605
Facilities	2,043	1,488
Professional and special services	1,915	1,779
Community outreach activities	1,276	-
Exhibit content development	1,122	519
Office supplies and administration	1,021	1,057
Inaugural opening event & broadcast	613	-
Property taxes <sup>1</sup>	600	575
Computers and furniture	534	213
Marketing and promotion	363	71
Travel	139	278
Cost of goods sold	137	13
<b>Total expenses</b>	<b>\$ 26,681</b>	<b>\$ 13,005</b>

<sup>1</sup> As a Crown Corporation, the Museum falls under the *Payments in Lieu of Taxes Act* which governs the payment of property taxes. An allowance for property taxes has been made based on the amounts paid by Public Works and Government Services Canada (PWGSC) on the Museum's behalf. The final assessment amount is being negotiated between the City of Winnipeg and PWGSC and, when finalized, could result in a property tax amount which is different than the amount recorded above.