

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2018

(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, 2018

Narrative Discussion

This section of the quarterly financial report presents management's narrative discussion of the Canadian Museum for Human Rights' (CMHR) (the Museum) financial performance during the three months ended June 30, 2018. It must be read in conjunction with the March 31, 2018 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the three months ended June 30, 2018 includes the following:

OVERVIEW

The Museum had a strong first quarter for 2018-2019, the Museum's fourth full fiscal year of operations. It finished the quarter with a surplus of revenues over expenses of \$0.3 million.

Total visitation for the three months ended June 30, 2018 was 79,200, a decrease from the 85,000 visitors in Q1 of the prior year. We are pleased to note that visitation has, however, increased since the June 8 opening of *Mandela: Struggle for Freedom* in the Level 1 Gallery. This travelling exhibition, which was developed by CMHR in collaboration with the Apartheid Museum in South Africa, explores the life and legacy of Nelson Mandela.

The CMHR continues to attract visitors from all over Canada and internationally. 72% of the Museum's visitors this quarter were from outside of Winnipeg, coming from other parts of Manitoba, Canada, the United States and countries from around the world. The Museum's education programs continue to be well attended with 13,200 students, teachers and chaperones participating during this quarter.

Canadian Museum for Human Rights

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STATEMENT OF OPERATIONS

Parliamentary Appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$7.0 million for the three months ended June 30, 2018, or \$0.8 million lower than the \$7.8 million for the three months ended June 30, 2017.

For the fiscal year 2018-2019, the total voted main estimate appropriations are \$21.3 million (\$24.9 million in 2017-2018). The decrease from the prior year is due to the planned reduction in appropriations resulting from the Museum having moved a portion of its base operating appropriations to 2012-13 in order to complete the museum facility. This reduction in appropriations is to be offset by the funding for operations provided through Federal Budget 2018, expected to be received through Supplementary Estimates B.

Revenues

Operating revenue for the three months ended June 30, 2018 was \$0.9 million, consistent with the prior year. Operating revenue includes revenue from admissions, tours, education programs, boutique sales, facility rentals and commissions on the restaurant and catering sales and travelling exhibits.

Contributions of \$2.0 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. Contributions increased from \$1.9 million in the prior year due to sponsorship revenue related to *Mandela: Struggle for Freedom*.

Expenses

Total operating expenses were \$9.7 million for the three months ended June 30, 2018, consistent with the operating expenses for the three months ended June 30, 2017.

For the three months ended June 30, 2018, the Museum finished the quarter in a positive operating position of \$0.3 million.

Canadian Museum for Human Rights

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(Unaudited)

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STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$4.4 million from \$317.9 million at March 31, 2018 to \$313.5 million at June 30, 2018. The decrease was due to the amortization of capital assets and the decrease in cash and restricted cash offset by an increase in short-term investments.

Total liabilities decreased by \$4.7 million from \$308.9 million at March 31, 2018 to \$304.1 million at June 30, 2018. The decrease was due to the amortization of deferred contributions for capital assets received in previous years as well as a decrease in accounts payable and accrued liabilities, deferred contributions and deferred revenue.

Net assets increased by \$0.3 million from March 31, 2018 representing an excess of revenue over expenses.

RISK ANALYSIS & 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 completed a facilitated risk evaluation in 2015-2016 to ensure the organization can appropriately manage and respond to identified risks through its first five years as a fully operating national museum.

The Museum will continue to work closely with its partners, the Government of Canada and the Friends of CMHR to assess its long-term funding requirements.

The work of our organization is made possible through the financial support of the Government of Canada. The Museum will continue in its efforts to maximize its revenues from all possible sources. 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

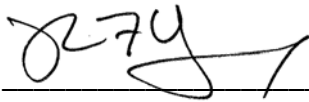
(Unaudited)

For the three months ended June 30, 2018

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.



John Young, President & Chief Executive Officer



Susanne Robertson, Chief Financial Officer

August 23, 2018

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2018

(Unaudited)



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MUSÉE CANADIEN POUR LES
DROITS DE LA PERSONNE

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	June 30, 2018	March 31, 2018
Assets		
Current assets		
Cash and restricted cash	\$ 7,810	\$ 10,156
Investments	4,189	3,115
Accounts receivable	769	962
Inventories	225	192
Prepaid expenses	298	357
	13,291	14,782
Collections	1	1
Capital assets	300,179	303,138
Total assets	\$ 313,471	\$ 317,921
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,397	\$ 5,504
Deferred revenue	74	168
	4,471	5,672
Deferred contributions (note 4)	4,671	5,211
Deferred contributions related to capital assets (note 5)	294,911	297,870
Total Liabilities	304,053	308,753
Net assets		
Unrestricted	4,439	4,189
Invested in capital assets (note 6)	4,979	4,979
	9,418	9,168
Total liabilities and net assets	\$ 313,471	\$ 317,921

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,	2018		2017	
Revenue (Schedule 1)				
Operating	\$	855	\$	867
Contributions		2,035		1,860
Other income		86		17
Total revenue		2,976		2,744
Expenses (Schedule 2)				
Museum content, program and engagement		3,219		3,084
Accommodation		5,257		5,296
Internal services		1,254		1,377
Total expenses		9,730		9,757
Excess of expenses over revenue before parliamentary appropriations		(6,754)		(7,013)
Parliamentary appropriations (note 7)		7,004		7,771
Excess of revenue over expenses	\$	250	\$	758

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,			2018		2017	
	Unrestricted	Invested in capital assets				
Net assets, beginning of period	\$	4,189	\$	4,979	\$	9,168
Excess of revenue over expenses		250		-		758
Net change in accumulated remeasurement losses		-		-		(3)
Net assets, end of period	\$	4,439	\$	4,979	\$	9,418

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,	2018	2017
Operating activities		
Cash receipts from customers	\$ 595	\$ 734
Cash receipts from contributions	182	5
Cash receipts from parliamentary appropriations	5,271	5,929
Cash receipts from other income	-	1
Cash payments to and on behalf of employees	(4,008)	(2,482)
Cash payments to suppliers	(2,816)	(2,378)
Interest received	33	17
	(743)	1,826
Capital activities		
Payments for acquisition of capital assets	(1,112)	(267)
	(1,112)	(267)
Investing activities		
Acquisition of investments	(1,064)	-
	(1,064)	-
Financing activities		
Parliamentary appropriation for the acquisition of capital assets	56	71
Parliamentary appropriations (capital) funding for capital assets	-	64
Contributions from non-government sources for capital assets	517	510
	573	645
(Decrease) increase in cash	(2,346)	2,204
Cash, beginning of period		
Cash and restricted cash	10,156	9,613
Holdback account	-	42
	10,156	9,655
Cash, end of period		
Cash and restricted cash	7,810	11,817
Holdback account	-	42
	\$ 7,810	\$ 11,859

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, 2018

(Unaudited)

(In thousands of dollars, unless otherwise noted)

1. (a) Authority and mandate

The Canadian Museum for Human Rights (the “Museum”) was established through an amendment to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* (FAA). The Museum is not subject to income tax under the provisions of the *Income Tax Act*.

The Museum is the first national museum established outside of the National Capital Region and the first to be constructed with funding received from the Government of Canada as well as other levels of government. The Province of Manitoba, the City of Winnipeg, and the Friends of the Canadian Museum for Human Rights (Friends of the CMHR), (representing mostly private sector, organizational and individual donors) also funded the Capital Project (building and exhibits). The Canadian Museum for Human Rights reports to Parliament through the Minister of Canadian Heritage.

The mandate, as stated in the 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.”

The Governor in Council has not approved the Museum’s five-year Corporate Plans since 2013-2014 and, as a result, the related five-year Corporate Plan summaries have not been tabled in Parliament as contemplated by the FAA. The Museum is working with the federal government to obtain approval for the plans.

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2018

(Unaudited)

(In thousands of dollars, unless otherwise noted)

(b) Operations

The operations of the Museum are divided into three mutually supportive Core Responsibilities which work together to meet all aspects of its mandate. Effective April 1, 2018, these activities are:

Museum content, programs and engagement

- Accessible and engaging exhibitions
- Programming that promotes reflection and dialogue
- Sound and balanced research, scholarship and collections management
- National outreach, engagement and service
- Communications, marketing and collaborative relationships

Accommodations

- Building operations
- Protection services
- Information technology infrastructure

Internal services

- Corporate governance
- Administration
- Earned-revenue generation

2. Significant accounting policies

The quarterly financial statements have been prepared in accordance with the 4200 series of the Canadian Public Sector Accounting Standards (PSAS) for government not-for-profit organizations. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared to the March 31, 2018 Annual Audited Financial Statements.

3. Basis of presentation

The note disclosures in these unaudited financial statements do not conform in all respects to the requirements of Canadian Public Sector Accounting Standards for government not-for-profit organizations for annual audited financial statements. These unaudited financial statements should be read in conjunction with the Narrative Discussion for the three months ended June 30, 2018 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2018.

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2018

(Unaudited)

(In thousands of dollars, unless otherwise noted)

4. Deferred contributions:

Deferred contributions recorded by the Museum are as follows:

	June 30, 2018	March 31, 2018
Deferred contributions restricted for the future purchase of capital assets	\$ 4,671	\$ 5,211

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

Three months ended	June 30, 2018
Balance, beginning of period	\$ 5,211
Additions:	
Deferred interest income	17
	17
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(545)
Amounts recognized as revenue	(12)
	(557)
Balance, end of period	\$ 4,671

5. Deferred contributions related to capital assets:

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

Three months ended	June 30, 2018
Balance, beginning of period	\$ 297,870
Amounts transferred from deferred contributions	545
Parliamentary appropriation for the acquisition of capital assets	56
Amortization of deferred contributions related to capital assets	(3,560)
Balance, end of period	\$ 294,911

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2018

(Unaudited)

(In thousands of dollars, unless otherwise noted)

6. Net assets invested in capital assets:

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

	June 30, 2018	March 31, 2018
Capital assets	\$ 300,179	\$ 303,138
Less amounts financed by deferred contributions related to capital assets	(294,911)	(297,870)
Less amounts to be financed by deferred contributions	(289)	(289)
Land	\$ 4,979	\$ 4,979

7. Parliamentary appropriations:

Three months ended June 30,	2018	2017
Main estimates amount provided for operating and capital expenditures	\$ 5,327	\$ 6,064
Less current period Parliamentary appropriations not recognized as revenue:		
Capital appropriations deferred	-	(64)
Amounts used to purchase capital assets	(56)	(71)
Add prior year Parliamentary appropriations recognized as revenue in the current period:		
Amortization of deferred contributions related to capital assets	1,722	1,742
Restricted amounts used in current period for items expensed for accounting purposes	11	100
	\$ 7,004	\$ 7,771

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2018

(Unaudited)

(In thousands of dollars, unless otherwise noted)

8. Allocation of expenses:

For the period ending June 30, 2018, \$0.7 million of personnel costs, information management infrastructure and systems, and protection services have been allocated. For the three months ended June 30, 2017, \$1.3 million of personnel costs, information management infrastructure and systems, marketing and promotion, and protection services were allocated. The new Core Responsibilities adopted in the current year require fewer allocations compared to the prior period related to communications, marketing and stakeholder relations.

The expenses have been allocated as follows:

Three months ended June 30,	2018		2017	
Museum content, program and engagement	\$	358	\$	750
Internal services		250		449
Accommodation		114		115
	\$	722	\$	1,314

9. 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 months ended June 30, 2018

(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating Revenues

Three months ended June 30,	2018	2017
Admissions and programs		
General admission	\$ 287	\$ 322
Memberships	34	34
Public program	10	18
Education program	43	46
Retail boutique sales	194	204
Facility rentals	223	187
Restaurant and catering	63	56
Travelling exhibits	1	-
Total	\$ 855	\$ 867

Contributions

Three months ended June 30,	2018	2017
Revenue related to the amortization of deferred contributions from other donors	\$ 1,838	\$ 1,838
Cash donations and sponsorships	197	5
In kind and artifact donations	-	17
Total	\$ 2,035	\$ 1,860

Other income

Three months ended June 30,	2018	2017
Interest revenue	43	17
Miscellaneous	43	-
Total	\$ 86	\$ 17

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2018

(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Three months ended June 30,	2018	2017
Amortization of capital assets	\$ 3,560	\$ 3,580
Personnel costs	3,352	3,209
Payment in lieu of taxes	658	692
Building operations	442	429
Marketing and promotion	382	180
Information management infrastructure and systems	171	283
Digital reach	156	53
Professional and special services	143	129
Protection services	136	183
Programming	126	124
Office supplies and administration	125	118
Utilities	114	105
Exhibitions	106	262
Cost of goods sold	101	104
Travel	101	178
Exhibits maintenance	31	120
Other	21	8
Permanent collection acquisitions	5	-
Total expenses	\$ 9,730	\$ 9,757