

CANADIAN MUSEUM FOR HUMAN RIGHTS QUARTERLY FINANCIAL REPORT

For the three and six months ended September 30, 2011

(Unaudited)

Canadian Museum for Human Rights

Quarterly Financial Report

For the three and six months ended September 30, 2011

The quarterly financial statements for the Canadian Museum for Human Rights (CMHR) (the Corporation) must be read in conjunction with the March 31, 2011 management discussion and analysis and annual audited financial statements.

The statements at September 30, 2011 are prepared in accordance with Public Sector Accounting Standards (PSAS). Effective April 1, 2011, the Corporation adopted public sector accounting standards applicable for a government not-for-profit organization (GNPO). These amended standards were retrospectively adopted and therefore the March 31, 2011 comparative figures have been restated. Key adjustments resulting from the adoption of these accounting standards are as follows:

- Other comprehensive income is not recognized under public sector accounting standards applicable for a government not-for-profit organization. Consequently, other comprehensive income and comprehensive income are no longer reported on the Corporation's Statement of Operations. The March 31, 2011 annual financial statements have been adjusted to record amounts previously recognized as other comprehensive income as deferred contributions (related to depreciable assets) and net assets invested in capital assets (relating to non-depreciable assets). As a result previously reported accumulated other comprehensive income of \$45.659 million has been reclassified to Deferred contributions and \$4.979 million has been reclassified to Net assets (Investment in capital assets) which represents the investment in the land. Other comprehensive income previously recognized as income in the year ended March 31, 2011 has been reversed.
- Remeasurement gains and losses are recognized on the Statement of Remeasurement Gains and Losses under public sector accounting standards. The March 31, 2011 annual financial statements have not been adjusted as the standards prohibit retroactive application. Comparative amounts for remeasurement gains and losses are presented in accordance with the accounting policies applied by the Corporation as of March 31, 2011.

Canadian Museum for Human Rights

Quarterly Financial Report

For the three and six months ended September 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Refer to Management's Discussion and Analysis as presented in the March 31, 2011 Annual Report. Updates for the quarter ended September 30, 2011 are as follows.

Under PSAS, the Statement of Financial Position current quarter is compared to the most recent audited statements (March 31, 2011) while operations are compared to the prior year's comparative quarter.

Financial Position: September 30, 2011

Total Assets increased \$32.7 million from \$246.6 million at March 31, 2011 to \$279.3 million at September 30, 2011 due to the increase in Assets under construction offset by the use of Restricted cash, cash equivalents and investments that reflects the continued investment in the construction of the museum building and the design of the exhibits.

Total Liabilities and Net Assets increased \$32.7 million from March 31, 2011 primarily due to contributions from the Friends of CMHR of \$20.2 million and appropriations for capital from the Government of Canada of \$8.8 million increasing Deferred contributions and Deferred contributions related to capital assets.

Net assets decreased by \$0.9 million from March 31, 2011 representing the \$0.2 million expenses over revenues and \$0.7 million remeasurement losses recognized on investments primarily in the first quarter due to the new reporting requirements under Public Sector Accounting Standards. The investment portfolio includes bonds that are intended to be held to maturity therefore certain unrealized losses are not expected to be realized.

Operating Budget:

For the three months ended September 30, 2011

Parliamentary appropriations were \$2.8 million for the three months ended September 30, 2011 in comparison to \$1.6 million for the three months ended September 30, 2010 due to a difference in the timing of the requests for appropriations.

Expenses for the three months ended September 30, 2011 were \$2.6 million in comparison to \$2.2 million for the three months ended September 30, 2010. The increase in expenses is mainly attributable to an increase in staffing in Museum Content and Programming required to create the content and exhibitions for this new national museum. The expenses also include \$0.1 million in costs related to projects which were commenced and funded in 2010-2011. As the revenue for these projects was recorded in 2010-2011 and the expense is carried forward and recorded in 2011-2012, the expenses for the quarter exceed revenue by the carried over amount of \$0.1 million.

Canadian Museum for Human Rights

Quarterly Financial Report

For the three and six months ended September 30, 2011

For the six months ended September 30, 2011

Parliamentary appropriations were \$4.9 million for the six months ended September 30, 2011, consistent with the six months ended September 30, 2010.

Expenses for the six months ended September 30, 2011 were \$5.1 million in comparison to \$4.3 million for the six months ended September 30, 2010. The increase in expenses is mainly attributable to an increase in staffing in Museum Content and Programming required to create the content and exhibitions for this new national museum. The expenses also include \$0.5 million in costs related to projects which were commenced and funded in 2010-2011. As the revenue for these projects was recorded in 2010-2011 and the expense is carried forward and recorded in 2011-2012, the expenses for the six months exceed revenue by the carried over amount of \$0.5 million.

Cash Flow: Quarter results

Cash increased from \$4.4 million at March 31, 2011 to \$5.4 million at September 30, 2011 due to an excess of operational appropriations received over expenses due to the timing of the requests for the appropriations.

Restricted cash and cash equivalents decreased by \$6.9 million since March 31, 2011 and Restricted investments decreased by \$15.3 million due to \$52.0 million used for construction partly offset by the \$29.0 million in restricted funds received from Friends of CMHR and the Government of Canada.

Outlook and Risk Analysis:

Management continues to monitor risks and strategies related to construction of the Museum building. The building continues to be on track for completion in December 2012 and 98% of the base building has now been tendered.

Raising the full amount required to complete the capital project continues to be CMHR's highest priority. Funding depends on the continued fundraising and collection of pledges by the Friends of CMHR. Until the remaining capital funding is secured the operational spending is being carefully managed to ensure that the development of the operational infrastructure aligns with the completion of the capital project.

Canadian Museum for Human Rights

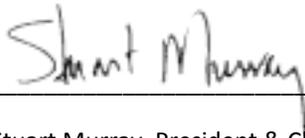
Quarterly Financial Report

For the three and six months ended September 30, 2011

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.



Stuart Murray, President & Chief Executive Officer

Winnipeg, Canada
November 29, 2011



Susanne Robertson, Chief Financial Officer

Winnipeg, Canada
November 29, 2011

Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three and six months ended September 30, 2011

(Unaudited)

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

| | As at September 30, 2011 | As at March 31, 2011 |
|---|---|-------------------------------------|
| | | (Revised note 3) |
| Assets | | |
| Current assets: | | |
| Cash | \$ 5,353 | \$ 4,356 |
| Accounts receivable | 718 | 1,496 |
| Prepaid expenses and other assets | 149 | 231 |
| Current portion of holdback account (note 5) | 5,065 | 4,114 |
| | 11,285 | 10,197 |
| Restricted cash, cash equivalents, and investments (note 4) | 61,039 | 83,280 |
| Holdback account (note 5) | 5,128 | 2,305 |
| Capital assets (note 6): | | |
| In use | 7,489 | 7,544 |
| Assets under construction | 194,397 | 143,318 |
| Total Assets | \$ 279,338 | \$ 246,644 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 8,532 | \$ 10,616 |
| Current portion of holdback account (note 5) | 5,065 | 4,114 |
| | 13,597 | 14,730 |
| Deferred contributions (note 7) | 35,543 | 45,659 |
| Deferred contributions related to capital assets (note 8) | 217,521 | 175,538 |
| Holdback payable (note 5) | 5,128 | 2,305 |
| | 258,192 | 223,502 |
| Net assets: | | |
| Unrestricted | 3,240 | 3,433 |
| Invested in capital assets (note 10) | 4,979 | 4,979 |
| Accumulated remeasurement gains (losses) | (670) | - |
| | 7,549 | 8,412 |
| Contractual obligations (note 11) | | |
| Total Liabilities and Net Assets | \$ 279,338 | \$ 246,644 |

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

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

| | Three months ended September 30, | | Six months ended September 30, | |
|--|-------------------------------------|--------------------------|-----------------------------------|--------------------------|
| | 2011 | 2010 (Revised note 3) | 2011 | 2010 (Revised note 3) |
| Revenue: | | | | |
| Parliamentary appropriations (note 9) | \$ 2,803 | \$ 1,618 | \$ 4,898 | \$ 4,949 |
| Other income | 10 | 3 | 25 | 13 |
| Total revenue | 2,813 | 1,621 | 4,923 | 4,962 |
| Expenses: | | | | |
| Museum content and program | 969 | 805 | 2,015 | 1,545 |
| Permanent building and temporary accommodation | 430 | 259 | 731 | 531 |
| Stewardship and corporate management | 1,250 | 1,095 | 2,370 | 2,273 |
| Total expenses | 2,649 | 2,159 | 5,116 | 4,349 |
| Excess of (expenses over revenue) revenue over expenses | \$ 164 | \$ (538) | \$ (193) | \$ 613 |

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

Statement of Remeasurement Gains and Losses

(Unaudited)

(In thousands of dollars)

| | Three months ended September 30, 2011 | Six months ended September 30, 2011 |
|--|--|--|
| Accumulated remeasurement gains (losses), beginning of period | \$ (679) | \$ - |
| Accumulated unrealized loss reclassified from deferred contributions and deferred contributions related to capital assets | - | (498) |
| Unrealized foreign exchange gain on cash | 196 | 171 |
| Unrealized loss on investments | (309) | (599) |
| Realized loss on investments, reclassified to deferred contributions and deferred contributions related to capital assets | 122 | 256 |
| Accumulated remeasurement gains (losses), end of period | \$ (670) | \$ (670) |

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

Canadian Museum for Human Rights

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

| For the three months ended | Unrestricted | Invested in capital assets | Accumulated remeasure- ment gains and losses | September 30, 2011 | September 30, 2010 (Revised note 3) |
|--|---------------------|---------------------------------------|---|-------------------------------|--|
| Net assets, beginning of period | \$ 3,076 | \$ 4,979 | \$ (679) | \$ 7,376 | \$ 6,186 |
| Excess of (expenses over revenue) revenue over expenses | 164 | - | - | 164 | (538) |
| Net change in accumulated remeasurement gains and losses | - | - | 9 | 9 | - |
| Net assets, end of period | \$ 3,240 | \$ 4,979 | \$ (670) | \$ 7,549 | \$ 5,648 |

| For the six months ended | Unrestricted | Invested in capital assets | Accumulated remeasure- ment gains and losses | September 30, 2011 | September 30, 2010 (Revised note 3) |
|--|---------------------|---------------------------------------|---|-------------------------------|--|
| Net assets, beginning of period | \$ 3,433 | \$ 4,979 | \$ - | \$ 8,412 | \$ 5,035 |
| Excess of (expenses over revenue) revenue over expenses | (193) | - | - | (193) | 613 |
| Net change in accumulated remeasurement gains and losses | - | - | (670) | (670) | - |
| Net assets, end of period | \$ 3,240 | \$ 4,979 | \$ (670) | \$ 7,549 | \$ 5,648 |

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

Canadian Museum for Human Rights

Statement of Cash Flow

(Unaudited) (In thousands of dollars)

| | Three months ended September 30, | | Six months ended September 30, | |
|---|-------------------------------------|--------------------------|-----------------------------------|--------------------------|
| | 2011 | 2010 (Revised note 3) | 2011 | 2010 (Revised note 3) |
| Operating activities: | | | | |
| Cash receipts (parliamentary appropriations) | \$ 4,637 | \$ 3,154 | \$ 5,892 | \$ 6,422 |
| Cash receipts (other income) | 10 | 3 | 25 | 13 |
| Cash paid (employers and suppliers) | (1,764) | (3,579) | (4,567) | (5,435) |
| | 2,883 | (422) | 1,350 | 1,000 |
| Investing activities: | | | | |
| Net acquisition of investments | 11,485 | (41,926) | 15,000 | 120 |
| Unrealized foreign exchange gain (loss) on cash | 196 | (54) | 171 | 40 |
| | 11,681 | (41,980) | 15,171 | 160 |
| Capital activities: | | | | |
| Acquisition of assets under construction | (24,775) | (13,999) | (52,615) | (28,748) |
| Acquisition of capital assets in use | (47) | (54) | (144) | (54) |
| | (24,822) | (14,053) | (52,759) | (28,802) |
| Financing activities: | | | | |
| Parliamentary appropriation for the acquisition of capital assets in use | 30 | 54 | 151 | 54 |
| Other Government of Canada funding for assets under construction and related investment income | 5,782 | 10,076 | 9,378 | 24,180 |
| Contributions from non-government sources for assets under construction and related investment income | 105 | 58 | 20,807 | 22,279 |
| | 5,917 | 10,188 | 30,336 | 46,513 |
| (Decrease)/increase in cash and cash equivalents | (4,341) | (46,267) | (5,902) | 18,871 |
| Cash and cash equivalents, beginning of period | | | | |
| Operating cash | 2,729 | 2,162 | 4,356 | 737 |
| Restricted cash and cash equivalents | 31,149 | 108,202 | 31,083 | 44,489 |
| | 33,878 | 110,364 | 35,439 | 45,226 |
| Cash and cash equivalents, end of period | | | | |
| Operating cash | 5,353 | 2,733 | 5,353 | 2,733 |
| Restricted cash and cash equivalents | 24,184 | 61,364 | 24,184 | 61,364 |
| | \$ 29,537 | \$ 64,097 | \$ 29,537 | \$ 64,097 |

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

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

1. 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 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."

2. Significant accounting policies:

The interim financial statements have been prepared in accordance with Canadian public sector accounting standards 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, 2011 annual audited financial statements other than as follows:

(a) Basis of presentation:

The Corporation has prepared the interim financial statements applying the Section 4200 series of Canadian public sector accounting standards applicable to government not-for-profit organizations (PSAS). They have been prepared using the accounting policies the Corporation expects to adopt in its financial statements as at and for the year ending March 31, 2012 as described below.

As these interim financial statements are prepared using PSAS, certain disclosures that are required to be included in the annual financial statements prepared in accordance with PSAS that were not included in the Corporation's March 31, 2011 annual audited financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles are included in the Corporation's interim financial statements.

The interim financial statements should be read in conjunction with the Corporation's March 31, 2011 annual audited financial statements, with consideration given to the PSAS transition disclosures included in note 3 to these interim financial statements.

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

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

2. Significant accounting policies (continued):

(b) Financial assets and financial liabilities:

Cash, cash equivalents, investments and the Holdback account are classified in the fair value category. These financial assets are recorded at fair value through the Statement of Remeasurement Gains and Losses as determined by reference to their quoted bid price at the reporting date. Fair value adjustments to investments of restricted and non-restricted cash are recorded on the Statement of Remeasurement Gains and Losses. Purchases of investments are recorded on the Statement of Financial Position on the settlement date.

Cash equivalents are assets that are readily convertible into cash, such as money market holdings, short term government bonds or treasury bills, marketable securities and commercial paper. Cash equivalents are distinguished from other investments through their short-term existence as they have original maturities of three months or less.

(c) Revenue Recognition:

i) Donations:

Donations are comprised of contributions received from non-government entities that are not part of the federal government reporting entity, such as individuals, foundations and corporations.

Unrestricted contributions 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.

Contributions externally restricted for specific purposes are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the period in which the related expenditures are recognized. Restricted investment income is recognized as income in the Statement of Operations in the period that the related expenditures are recognized.

ii) Contributions-in-kind:

Contributions-in-kind are recognized as revenue on the Statement of Operations when received. 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 are recorded at the fair value of the asset received.

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

2. Significant accounting policies (continued):

(c) Revenue Recognition (continued):

iii) 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 restricted for specific expenses are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the period in which the related expenses are incurred. Parliamentary appropriations that are not restricted to a specific purpose are recognized in revenue on the Statement of Operations in the period for which the appropriation is authorized.

iv) Assistance from other governments:

Funding may be provided by various levels of government, other than the Government of Canada. Unrestricted government funding is recognized as Assistance from other governments on the Statement of Operations when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Assistance from other governments which is 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.

Assistance from other governments restricted for specific purposes is deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the period in which the related expenditures are recognized. Restricted investment income is recognized as income in the Statement of Operations in the year that the related expenditures are recognized.

(d) Foreign Exchange:

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 on restricted monetary assets are recorded as Deferred contributions and Deferred contributions related to capital assets on the Statement of Financial Position. Other 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 and Losses.

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

3. Adoption of new accounting standards:

Effective April 1, 2011, the Corporation adopted the Canadian public sector accounting standards applicable to government not-for-profit organizations. These amended standards were retrospectively adopted where possible and therefore the 2011 comparative figures have been restated. In addition, effective April 1, 2011 the Corporation early adopted Section PS 3450 Financial Instruments, and PS 2601 Foreign Currency Translation on a prospective basis, without restatement of 2011 comparative figures. Key adjustments resulting from the adoption of these accounting standards are as follows:

(a) Assets under construction represent the costs of construction of the Museum building and are included in the definition of a capital asset under Section PS 4230 Capital assets held by not-for-profit organizations. An adjustment was made to the March 31, 2011 financial statements to reclassify the carrying value of the Assets under construction of \$143,318 to Capital assets: Assets under construction.

(b) Other comprehensive income is not recognized under PSAS. Consequently, Other comprehensive income and Comprehensive income are no longer reported on the Corporation's Statement of Operations. The fiscal 2011 financial statements have been adjusted to record amounts previously recognized as Other comprehensive income as Deferred contributions and Net assets: Invested in capital assets.

As a result, previously reported Accumulated other comprehensive income of \$50,589 at March 31, 2011 (and opening Accumulated other comprehensive income of \$73,570) has been reclassified to Deferred contributions (\$45,659) and Net assets: Invested in capital assets (\$4,930). The Other comprehensive loss of \$22,981 previously recognized in 2011 has been reversed.

(c) The March 31, 2011 financial statements have been adjusted to reclassify Deferred parliamentary appropriations of \$2,565 to Deferred contributions related to capital assets, to be consistent with the presentation requirements under PSAS.

(d) Remeasurement gains and losses are recognized on the Statement of Remeasurement Gains and Losses under PSAS. The March 31, 2011 financial statements have not been adjusted as Sections PS 3450 Financial Instruments and PS 2601 Foreign Currency Translation cannot be applied retroactively. The Corporation adopted these PSAS Sections on a prospective basis, effective April 1, 2011. Comparative amounts for remeasurement gains and losses are presented in accordance with the accounting policies applied by the Corporation as of March 31, 2011.

(e) Retained earnings are presented as Net assets under PSAS and are classified as Net assets: Unrestricted or Net assets: Invested in capital assets. The March 31, 2011 financial statements have been adjusted to reclassify Retained earnings at the beginning and end of the year to Net assets: Unrestricted and Net assets: Invested in capital assets.

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

3. Adoption of new accounting standards (continued):

The impact of these restatements on the March 31, 2011 figures is as follows:

| | March 31, 2011 Audited | Adjustments | March 31, 2011 Revised |
|--|------------------------------|--------------|------------------------------|
| <u>Statement of Financial Position:</u> | | | |
| Assets: | | | |
| Assets under construction (a) | \$ 143,318 | \$ (143,318) | \$ - |
| Capital assets: Assets under construction (a) | - | 143,318 | 143,318 |
| Liabilities: | | | |
| Deferred contributions related to capital assets (c) | 172,973 | 2,565 | 175,538 |
| Deferred parliamentary appropriations (c) | 2,565 | (2,565) | - |
| Deferred contributions (b) | - | 45,659 | 45,659 |
| Net Assets: | | | |
| Beginning of year: | | | |
| Retained earnings (e) | 105 | (105) | - |
| Accumulated other comprehensive income (b) | 73,570 | (73,570) | - |
| Unrestricted (e) | - | 56 | 56 |
| Invested in capital assets (b,e) | - | 4,979 | 4,979 |
| | 73,675 | (68,640) | 5,035 |
| End of year | | | |
| Retained earnings (e) | 3,482 | (3,482) | - |
| Accumulated other comprehensive income (b) | 50,589 | (50,589) | - |
| Unrestricted (e) | - | 3,433 | 3,433 |
| Invested in capital assets (b,e) | - | 4,979 | 4,979 |
| | 54,071 | (45,659) | 8,412 |
| <u>Statement of Operations:</u> | | | |
| Excess of revenue over expenses | 3,377 | - | 3,377 |
| Other comprehensive loss (b) | (22,981) | 22,981 | - |

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

4. Restricted cash, cash equivalents and investments:

Restricted cash, cash equivalents and investments arise from contributions received from non-government entities, assistance from other governments and Parliamentary appropriations for a specified purpose.

| | September 30, 2011 | | | | March 31, 2011 | |
|------------------------------|--------------------|------------------------------|---------------------|------------|----------------|------------|
| | Cost | Unrealized loss ¹ | Interest receivable | Fair Value | Cost | Fair Value |
| Restricted Cash | \$ 2,928 | \$ 15 | - | \$ 2,943 | \$ 1,897 | \$ 1,897 |
| Cash Equivalents | | | | | | |
| Government of Canada T-bills | 6,546 | - | 5 | 6,551 | 8,847 | 8,862 |
| Provincial T-bills | 14,681 | - | 9 | 14,690 | 18,210 | 18,227 |
| Promissory Notes | - | - | - | - | 2,096 | 2,097 |
| Sub-total – Cash Equivalents | 21,227 | - | 14 | 21,241 | 29,153 | 29,186 |
| Investments | | | | | | |
| Government of Canada Bonds | - | - | - | - | 2,752 | 2,751 |
| Provincial Bonds | 10,957 | (415) | - | 10,542 | 7,436 | 7,266 |
| Asset-Backed Securities | 5,617 | (95) | - | 5,522 | 15,287 | 15,184 |
| Corporate Bonds | 21,030 | (239) | - | 20,791 | 23,585 | 23,484 |
| Mortgage-Backed Securities | - | - | - | - | 3,545 | 3,512 |
| Sub-total - Investments | 37,604 | (749) | - | 36,855 | 52,605 | 52,197 |
| | \$ 61,759 | \$ (734) | \$ 14 | \$ 61,039 | \$ 83,655 | \$ 83,280 |

¹ The Corporation plans for bonds to be held until maturity.

The change in restricted cash, cash equivalents and investments is comprised of the following:

| Six months ended | September 30, 2011 |
|--|--------------------|
| Balance, beginning of period | \$ 83,280 |
| Add contributions received during the period | 28,960 |
| Add deferred interest and investment income | 1,048 |
| Less unrealized gain on cash | 106 |
| Less unrealized loss on investments | (342) |
| Less amounts used to purchase capital assets | (52,013) |
| Balance, end of period | \$ 61,039 |

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

5. Holdback cash account:

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 will be 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 September 30, 2011 was \$10.2 million (March 31, 2011 - \$6.4 million), of which \$5.1 million (March 31, 2011 - \$4.1 million) is current.

6. Capital assets:

| | September 30, 2011 | | | March 31, 2011 |
|---------------------------------|--------------------|-----------------------------|-------------------|---------------------------------------|
| | Cost | Accumulated amortization | Net book value | (Revised note 3) Net book value |
| Land | \$ 4,979 | \$ - | \$ 4,979 | \$ 4,979 |
| Computer equipment and hardware | 2,385 | 107 | 2,278 | 2,234 |
| Leasehold improvements | 548 | 423 | 125 | 186 |
| Furniture and equipment | 152 | 58 | 94 | 118 |
| Website development | 70 | 57 | 13 | 27 |
| Sub-total – in use | 8,134 | 645 | 7,489 | 7,544 |
| Assets under construction | 194,397 | - | 194,397 | 143,318 |
| | \$ 202,531 | \$ 645 | \$ 201,886 | \$ 150,862 |

The amortization expense for the three and six months ended September 30, 2011 is \$115 and \$206, respectively. (Three and six months ended September 30, 2010 - \$64 and \$63, respectively).

Assets under construction represent costs incurred for the development and construction of the museum building. The assets under construction are comprised of the following costs incurred to date:

| | September 30, 2011 | March 31, 2011 |
|----------------------------------|-----------------------|-------------------|
| Building design and construction | \$ 187,608 | \$ 137,825 |
| Exhibit design and construction | 6,789 | 5,493 |
| | \$ 194,397 | \$ 143,318 |

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

7. Deferred Contributions:

Parliamentary appropriations and Contributions received from non-government entities and other governments are deferred and recognized as revenue in the period that the related expenses are incurred.

Deferred contributions recorded by the Corporation at September 30, 2011 and March 31, 2011 are as follows:

| | September 30, 2011 | March 31, 2011 |
|---|-----------------------|----------------|
| Deferred parliamentary appropriations | \$ 1,200 | \$ - |
| Deferred contributions from non-government and other government sources | 34,343 | 45,659 |
| Deferred contributions | \$ 35,543 | \$ 45,659 |

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

| Six months ended | September 30, 2011 |
|--|-----------------------|
| Balance, beginning of period | \$ 45,659 |
| Accumulated unrealized losses reclassified to the Statement of Remeasurement Gains and Losses (note 3) | 378 |
| Add deferred parliamentary appropriations | 1,200 |
| Add restricted contributions received from non-government sources | 20,160 |
| Add deferred interest and investment income | 673 |
| Less amounts transferred to deferred contributions related to capital assets: | |
| Province of Manitoba funding | (10,348) |
| City of Winnipeg funding | (4,268) |
| Capital contributions from Friends of the CMHR | (17,911) |
| Balance, end of period | \$ 35,543 |

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

8. Deferred contributions related to capital assets:

(a) Deferred contributions related to capital assets is composed of:

| | September 30, 2011 | March 31, 2011 |
|---|-----------------------|----------------|
| Deferred contributions - Government of Canada | \$ 104,121 | \$ 94,665 |
| Deferred contributions - Province of Manitoba | 36,737 | 26,389 |
| Deferred contributions - City of Winnipeg | 15,070 | 10,802 |
| Deferred contributions - Friends of the CMHR | 61,593 | 43,682 |
| | \$ 217,521 | \$ 175,538 |

i) Government of Canada – Parliamentary appropriations:

Deferred contributions represent the unamortized portion of parliamentary appropriations from the Government of Canada used or to be used to pay for assets under construction and equipment subject to amortization. Deferred contributions – Government of Canada are comprised of the initial capital contribution, interest earned and capitalized items purchased with Parliamentary Appropriations. Deferred contributions are recognized as parliamentary appropriation revenue on the same basis and over the same periods as the related capital asset is amortized.

ii) Assistance from other governments:

Deferred contributions represent the unamortized portion of assistance from other governments used to pay for assets under construction and equipment subject to amortization. Deferred capital contributions are recognized as revenue on the same basis and over the same periods as the related capital asset is amortized.

iii) Deferred contributions (from non-government sources):

Deferred contributions (from non-government sources) represent the unamortized portion of contributions used to pay for assets under construction. Deferred contributions are recognized as contribution revenue on the same basis and over the same periods as the related capital asset is amortized.

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Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

8. Deferred contributions related to capital assets (continued):

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

| Six months ended | September 30, 2011 |
|---|-----------------------|
| Balance, beginning of period | \$ 175,538 |
| Accumulated unrealized losses reclassified to the Statement of Remeasurement | |
| Gains and Losses (note 3) | 120 |
| Government contributions: | |
| Government of Canada funding | 8,800 |
| Other Government of Canada assistance | 408 |
| Province of Manitoba funding transferred from deferred contributions | 10,348 |
| City of Winnipeg funding transferred from deferred contributions | 4,268 |
| Non-government contributions: | |
| Capital contributions from Friends of the CMHR transferred from deferred contributions | 17,911 |
| Interest and investment income on deferred funding | 334 |
| Amortization of deferred contributions related to capital assets – Government of Canada | (206) |
| Balance, end of period | \$ 217,521 |

The unused portion of deferred contributions was \$20,614 (March 31, 2011 - \$29,655).

9. Parliamentary appropriations:

| | Three months ended | | Six months ended | |
|---|--------------------|----------|------------------|----------|
| | September 30, | | September 30, | |
| | 2011 | 2010 | 2011 | 2010 |
| Main estimates amount provided for operating and capital expenditures | \$ 2,850 | \$ 1,700 | \$ 5,100 | \$ 5,050 |
| Amounts used to purchase capital assets | (162) | (146) | (408) | (228) |
| Amortization of deferred contributions related to capital assets – Government of Canada | 115 | 64 | 206 | 127 |
| | \$ 2,803 | \$ 1,618 | \$ 4,898 | \$ 4,949 |

Canadian Museum for Human Rights

Notes to Financial Statements

For the three and six months ended September 30, 2011

(Unaudited)

(In thousands of dollars, unless otherwise noted)

10. Net assets invested in capital assets:

The net investment in capital assets consists of the following:

| | September 30, 2011 | March 31, 2011 |
|--|-------------------------------|---------------------------|
| Capital assets | \$ 201,886 | \$ 150,862 |
| Less amounts financed by deferred contributions and deferred contributions related to capital assets | (196,907) | (145,883) |
| | \$ 4,979 | \$ 4,979 |

11. Contractual Obligations:

In addition to the commitments as at March 31, 2011, the Corporation entered into additional long-term contracts for \$13.4 million relating to construction services for the Building Project which will require payment within one year. The Base Building is planned for completion in 2012.